

## JANUARY 2019

The prime London sales indices are based on repeat valuations of second-hand stock and do not include new-built property, although units from completed developments are included over time.

### PRIME CENTRAL LONDON

Prime central London index | **5,653.1**

Annual change | **-4.6%**

Quarterly change | **-1.5%**

Monthly change | **-0.5%**

### PRIME OUTER LONDON

Prime outer London index | **269.9**

Annual change | **-4.6%**

Quarterly change | **-1.6%**

Monthly change | **-0.4%**

**Figure 1** Average prices in prime central are at the same level they were in the first quarter of 2013 as buyers and sellers adjust to higher transaction costs and political uncertainty. In prime outer London, prices have fallen back to levels last seen in the first quarter of 2014.

**Figure 2** The average number of days between listing and going under offer began falling on a year-on-year basis at the end of 2018. It underlines how more appropriately-priced property is going under offer more quickly as vendors adjust pricing expectations.

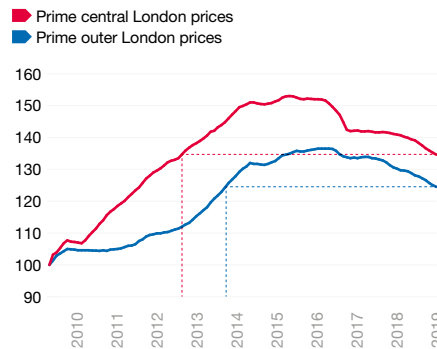
**Figure 3** The average number of new prospective buyers per new property listing rose to 4.8 in the final quarter of 2018 in prime central and outer London. It was the highest figure in two years, underlining how pent-up demand has formed against the backdrop of political uncertainty in the UK.

**Figure 4** Both pricing and sales volumes were on a downwards trajectory in the second half of 2018 after showing signs of stabilising in the first six months of the year, highlighting the impact of political uncertainty over the last six months.

FIGURE 1

#### Pricing in perspective

Rebased to 100 at January 2010

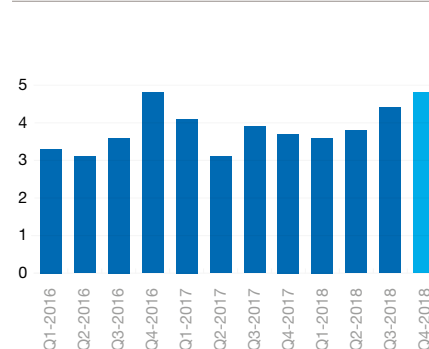


Source: Knight Frank Research

FIGURE 3

#### Demand vs supply hits two-year high

Ratio of new prospective buyers / new listings

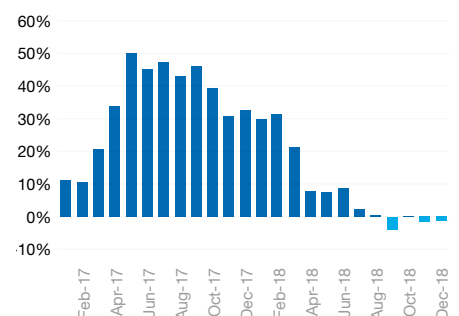


Source: Knight Frank Research

FIGURE 2

#### Property goes under offer more quickly

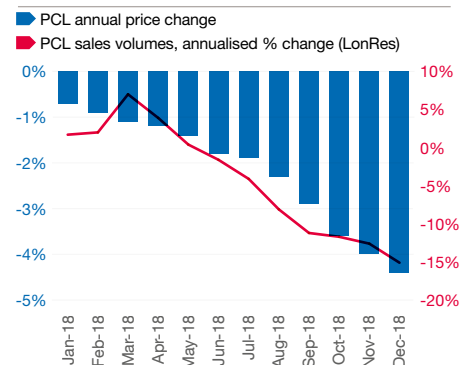
Average number of days between listing and going under offer, annualised % change



Source: Knight Frank Research

FIGURE 4

#### Volumes and pricing dip during 2018



Source: Knight Frank Research / LonRes

ECONOMIC DATA

**Figure 5** The pound showed tentative signs of strengthening against the US dollar in recent weeks as the prospect of the UK leaving the EU without a deal appeared to recede following interventions from lawmakers. However, the current ability of Parliament to prevent a “no-deal” Brexit is unclear. A disorderly exit represents the primary risk for prime London property markets.

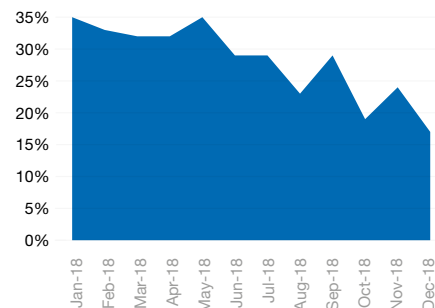
**Figure 6** Declining sentiment over the course of 2018 had an impact on a range of economic indicators as well as property markets. The Lloyds Business Barometer fell from 35% at the start of the year to 17% by the end of the year.

**FIGURE 5**  
**Pound shows tentative signs of strengthening**  
 Pound versus US dollar



Source: Knight Frank Research

**FIGURE 6**  
**Business confidence dips during 2018**  
 The Lloyds Business Barometer, net balance of positive vs negative



Source: Knight Frank Research / Lloyds Bank

**FIGURE 7**  
**PRIME CENTRAL LONDON Price growth by price band, time period and property type**

	up to £1m	£1m to £2m	£2m to £5m	£5m to £10m	over £10m	Flat	House
1 month	-0.5%	-0.5%	-0.5%	-0.3%	-0.7%	-0.5%	-0.4%
3 months	-1.7%	-1.7%	-1.6%	-0.8%	-1.3%	-1.7%	-1.1%
6 months	-4.0%	-3.2%	-3.6%	-2.2%	-1.7%	-3.7%	-2.2%
1 year	-5.4%	-4.9%	-4.8%	-3.1%	-2.6%	-5.4%	-2.8%
YTD	-0.5%	-0.5%	-0.5%	-0.3%	-0.7%	-0.5%	-0.4%

**FIGURE 8**  
**PRIME OUTER LONDON Price growth by price band, time period and property type**

	up to £1m	£1m - £2m	£2m - £3m	£3m - £4m	£4m - £5m	over £5m	Flat	House
1 month	-0.3%	-0.3%	-0.4%	-0.2%	-1.3%	-0.2%	-0.4%	-0.3%
3 months	-1.6%	-1.6%	-2.3%	-0.9%	-2.9%	-0.5%	-1.7%	-1.5%
6 months	-2.6%	-2.9%	-3.8%	-2.0%	-6.0%	-0.7%	-3.3%	-2.5%
1 year	-4.4%	-4.5%	-6.1%	-4.9%	-7.5%	-2.7%	-5.5%	-4.1%
YTD	-0.3%	-0.3%	-0.4%	-0.2%	-1.3%	-0.2%	-0.4%	-0.3%

DATA DIGEST

The Knight Frank Prime Central London Index, established in 1976, is the longest running and most comprehensive index covering the prime central London residential marketplace. The index is based on a repeat valuation methodology that tracks capital values of prime central London residential property.

**Prime central London** is defined in the index as covering: Aldgate & the City, Belgravia, Chelsea, Hyde Park, Islington, Kensington, Knightsbridge, Marylebone, Mayfair, Notting Hill, Riverside, South Kensington, St John’s Wood, Tower Bridge and Victoria.

**Prime Outer London** comprises Barnes, Battersea, Belsize Park, Canary Wharf, Chiswick, Clapham, Dulwich, Fulham, Hampstead, Queen’s Park, Richmond, Wandsworth, Wapping and Wimbledon.

RESIDENTIAL RESEARCH



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 If you are looking to buy or sell or would just like some property advice, we would love to hear from you.



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