



## JUNE 2018

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

### PRIME CENTRAL LONDON

Prime central London index | **5,857.1**

Annual change | **-1.8%**

Quarterly change | **-0.9%**

Monthly change | **-0.4%**

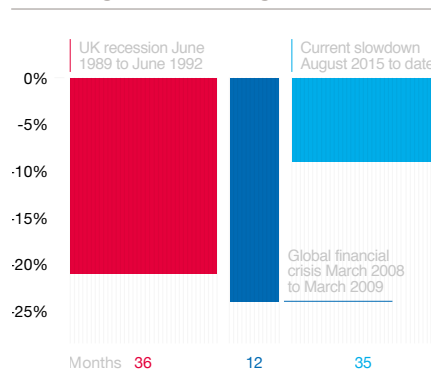
**Figure 1** The current period of price declines in prime central London has lasted for almost the same length of time as that recorded in the early 1990s. However, the current peak-to-trough decrease of -9% is considerably lower than then. Demand remains price-sensitive and driven to an increasing extent by buyers with a need to move, such as schooling or downsizing.

**Figure 2** Supply has risen as more landlords attempt to sell following tax changes and as sales pricing appears to bottom out. Some properties have gone back to the lettings market as asking prices are not met but the trend may still weigh on sales prices.

FIGURE 1

#### The length and depth of previous downturns

Peak to trough % decline and length in months

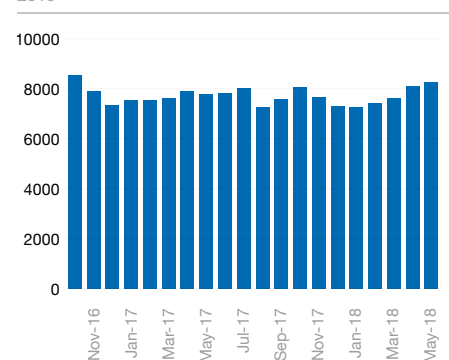


Source: Knight Frank Research

FIGURE 2

#### Rising stock levels in prime central London

£1m+ listings in May were the highest since October 2016



Source: Knight Frank Research / Rightmove

### PRIME OUTER LONDON

Prime outer London index | **279.1**

Annual change | **-3.8%**

Quarterly change | **-0.8%**

Monthly change | **-0.5%**

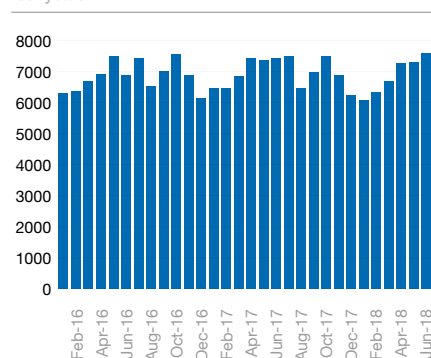
**Figure 3** In a similar fashion to the sales market in prime central London, the number of £1m+ properties listed for sale in prime outer London rose in May. The figure is the highest in more than four years and the trend may impact pricing in some locations.

**Figure 4** The ratio between new prospective buyers and new property listings in prime outer London rose to 5.7 in May. The trend, which to some extent is subject to seasonality, highlights the underlying strength of demand despite the fact that supply levels are rising.

FIGURE 3

#### Rising stock levels in prime outer London

£1m+ stock levels in May were the highest in more than four years

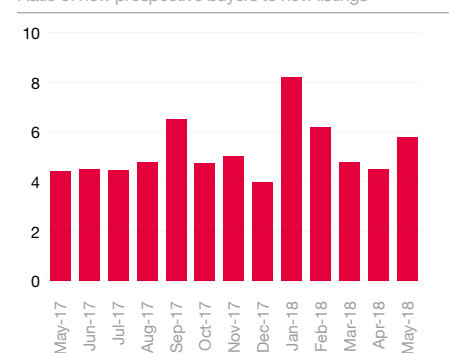


Source: Knight Frank Research / Rightmove

FIGURE 4

#### Proportion of new properties to new buyers rises in May

Ratio of new prospective buyers to new listings



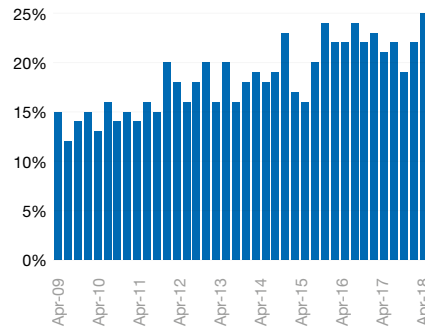
Source: Knight Frank Research

ECONOMIC DATA

**Figure 5** A quarter of respondents to a Bank of England survey said they had “no idea” regarding the likely direction of interest rates over the following 12 months, the highest figure since the survey began in 1999. Mixed economic data has increased uncertainty but most economists expect a rise this year.

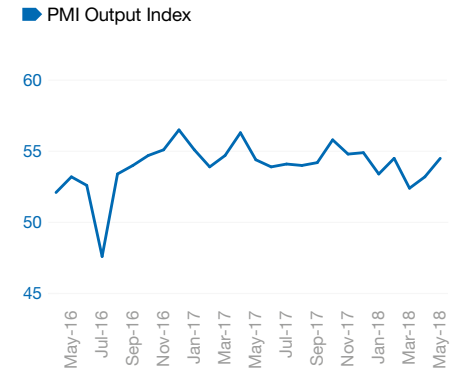
**Figure 6** Although the flow of economic data has been mixed since the start of the year, the composite Purchasing Managers Index showed economic activity picking up in May. The index rose to 54.5 from 53.2 in April, with a figure over 50 suggesting growth.

FIGURE 5  
**People puzzle over interest rates**  
Record number of people unsure over rate direction



Source: Knight Frank Research

FIGURE 6  
**Business sentiment picks up in May**



Source: Knight Frank Research

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	-0.2%	-0.5%	-0.2%	-0.6%	-0.2%	-0.4%	-0.3%
3 months	-1.0%	-1.1%	-0.8%	-0.9%	-0.4%	-1.1%	-0.6%
6 months	-1.4%	-1.6%	-1.4%	-1.2%	-1.0%	-1.7%	-0.7%
1 year	-2.4%	-2.2%	-2.0%	-0.3%	-0.5%	-2.4%	-0.6%
YTD	-1.4%	-1.6%	-1.4%	-1.2%	-1.0%	-1.7%	-0.7%

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	-0.4%	-0.5%	-0.4%	-0.9%	0.0%	-0.5%	-0.5%	-0.4%
3 months	-0.7%	-0.9%	-0.3%	-1.7%	-0.2%	-0.3%	-1.0%	-0.6%
6 months	-1.8%	-2.1%	-1.5%	-3.4%	-1.9%	-2.2%	-2.4%	-1.8%
1 year	-4.2%	-4.5%	-4.0%	-5.0%	-1.6%	-2.7%	-4.6%	-3.7%
YTD	-1.8%	-2.1%	-1.5%	-3.4%	-1.9%	-2.2%	-2.4%	-1.8%

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.

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