



MAY 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 | **5,879.4**

Annual change | **-1.4%**

Quarterly change | **-0.7%**

Monthly change | **-0.2%**

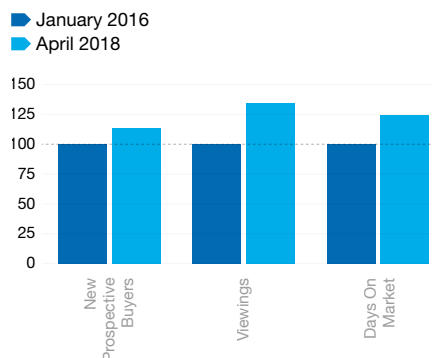
Figure 1 The number of new buyers registering has risen 13% since January 2016 as asking prices more fully reflect higher rates of stamp duty. However, buyers are scrutinizing the market more closely amid wider political uncertainty. As a result, viewing levels rose 35% over the same period and the average number of days on the market rose by a quarter.

Figure 2 The ratio of new prospective buyers to new sales listings, an indicator of the strength of demand versus supply, has strengthened in the last two months. It follows a dip earlier this year that is likely to have put downwards pressure on pricing.

FIGURE 1

Time on market rises as buyers remain cautious

Rolling 12-month average, rebased to 100 in Jan 2016

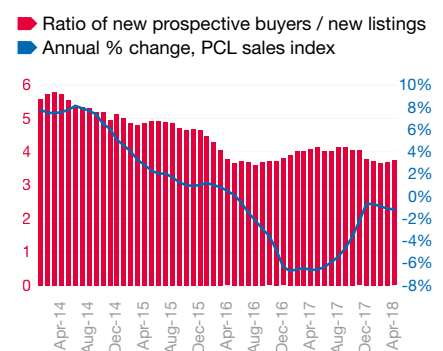


Source: Knight Frank Research

FIGURE 2

Demand stabilises compared to supply

Rolling 12-month average



Source: Knight Frank Research

PRIME OUTER LONDON

Prime outer London index | **280.4**

Annual change | **-3.4%**

Quarterly change | **-0.6%**

Monthly change | **-0.2%**

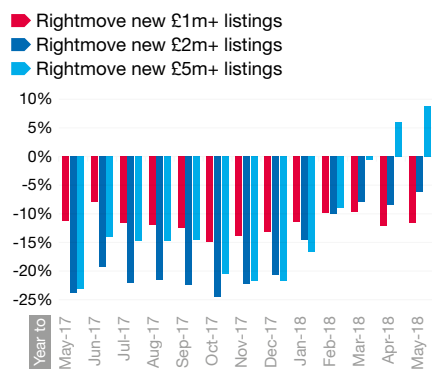
Figure 3 The number of higher-value properties listed for sale in prime outer London is rising. This is an indication of greater uncertainty in the lettings market due to recent tax changes but also increased confidence that higher rates of stamp duty have been more fully absorbed in higher price brackets.

Figure 4 In a further indication of confidence returning to the prime London market, the number of £1m-plus and £2m-plus sales across the whole of the capital are strengthening after a period of more marked declines during 2017.

FIGURE 3

Higher-value listings increase in POL

Annualised % change

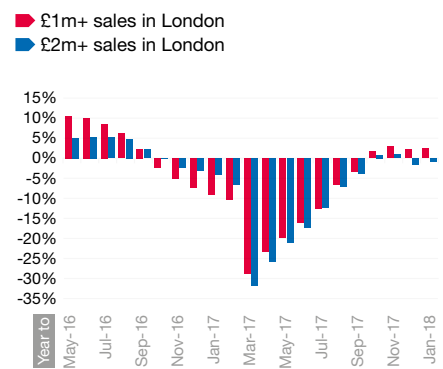


Source: Knight Frank Research / Rightmove

FIGURE 4

Prime sales volumes recover in London

Annualised % change



Source: Knight Frank Research / Land Registry

ECONOMIC DATA

Figure 5 Despite data from Lloyds Bank showing that confidence in the UK economy ticked up in May, uncertainty surrounding post-Brexit trading arrangements and the timing of the next interest rate rise have contributed to sterling weakening against the dollar in recent weeks, reversing gains made this year.

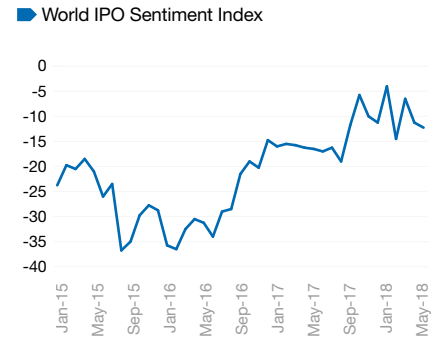
Figure 6 Strong equity markets, low interest rates and generally robust global economic growth have combined to increase IPO activity on global stock markets over the last 12 months. Financial services remains a key driver of activity in prime sales and lettings markets in London.

FIGURE 5
Sterling weakens on Brexit and rate rise uncertainty



Source: Knight Frank Research

FIGURE 6
Appetite for new stock market listings rises



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 | -0.5% | -0.2% | -0.2% | -0.1% | 0.0% | -0.3% | -0.1% |
| 3 months | -0.6% | -0.9% | -0.7% | -0.3% | -0.2% | -0.9% | -0.2% |
| 6 months | -1.3% | -1.2% | -1.4% | -0.6% | -0.8% | -1.5% | -0.5% |
| 1 year | -2.2% | -1.6% | -2.1% | 1.1% | -0.3% | -2.0% | 0.1% |
| YTD | -1.2% | -1.0% | -1.2% | -0.6% | -0.8% | -1.3% | -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% | -0.2% | 0.0% | -0.8% | -0.1% | 0.0% | -0.3% | -0.1% |
| 3 months | -0.8% | -0.7% | -0.2% | -1.8% | -0.7% | 0.0% | -0.9% | -0.5% |
| 6 months | -2.0% | -2.1% | -1.9% | -3.6% | -2.2% | -2.5% | -2.5% | -2.1% |
| 1 year | -3.7% | -4.1% | -3.8% | -4.3% | -1.7% | -2.0% | -4.0% | -3.4% |
| YTD | -1.4% | -1.7% | -1.1% | -1.9% | -1.9% | -1.7% | -1.8% | -1.4% |

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



Tom Bill
Head of London Residential Research
+44 20 7861 1492
tom.bill@knightfrank.com

PRESS OFFICE

Harry Turner
+44 20 3861 6974
harry.turner@knightfrank.com



Important Notice
© Knight Frank LLP 2018 - This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.