



OCTOBER 2018

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 | **5,739.5** Annual change | **-3.6%** Quarterly change | **-1.8%** Monthly change | **-0.7%**

PRIME OUTER LONDON

Prime outer London index | **274.4** Annual change | **-4.7%** Quarterly change | **-1.2%** Monthly change | **-0.5%**

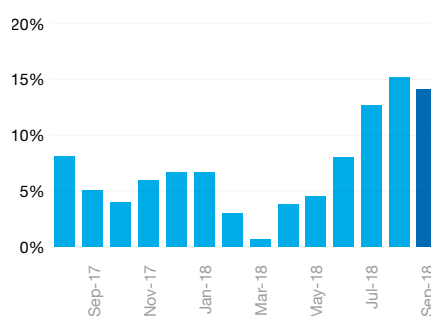
Figure 1 The total number of prospective buyers that registered with a Knight Frank office rose 14.1% in September compared to the same month last year in prime central and prime outer London. This upwards trend since the summer highlights how pent-up demand is forming as buyers await the outcome of Brexit negotiations.

Figure 2 The ratio of new prospective buyers per new listing continued its recent upwards trend in September across prime central and prime outer London. The trend underlines the strength of demand compared to supply and suggests there could be a positive impact on transaction volumes once the current political uncertainty recedes.

Figure 3 The number of viewings undertaken before an offer is made rose to its highest level in more than five years in September in prime central London. It underlines how prospective buyers remain cautious due to the uncertain political backdrop.

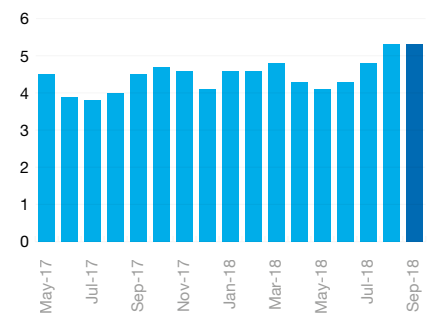
Figure 4 Average prices have fallen by 7.3% since the last peak in prime outer London in July 2016. This decline more than compensates for the impact of higher rates of stamp duty, suggesting pricing is being kept in check by political uncertainty.

FIGURE 1
Total number of prospective buyers rises
Year-on-year % change, PCL and POL



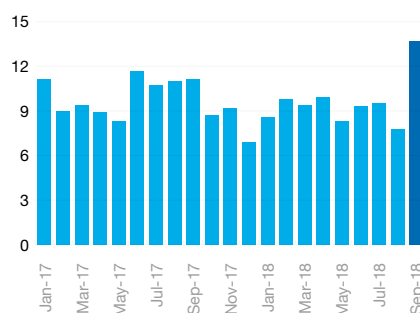
Source: Knight Frank Research

FIGURE 2
Demand versus supply on an upwards trend
Ratio of new buyers to new listings, PCL and POL



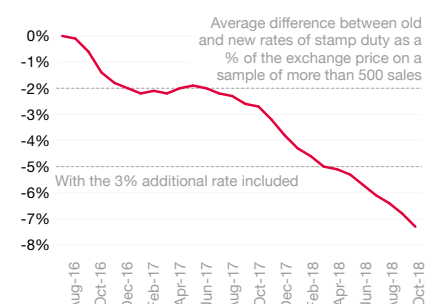
Source: Knight Frank Research

FIGURE 3
Buyers more cautious before making an offer
Number of viewings per offer in prime central London



Source: Knight Frank Research

FIGURE 4
Prices over-compensate for stamp duty
Price decline since the peak in POL



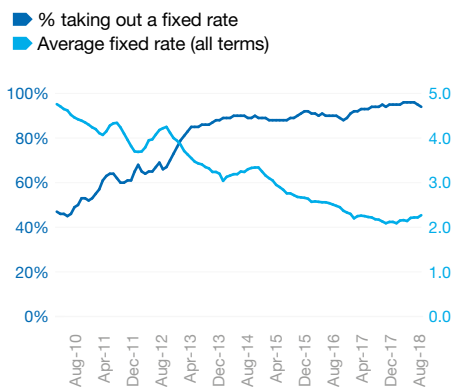
Source: Knight Frank Research

ECONOMIC DATA

Figure 5 Borrowers are still opting to fix their mortgage rates amid the political uncertainty, and while the average fixed-rate deal rose slightly to 2.27% in August from 2.09% in January, rates remain near historic lows.

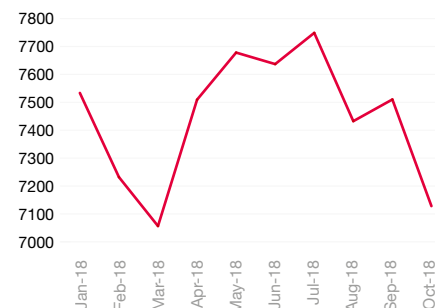
Figure 6 While total annual returns in prime London markets have declined, residential property has outperformed other asset classes in 2018. Gold dropped 4.4% in the year to October while the FTSE 100 fell 5% over the same period. Global stock markets have declined in recent weeks over concerns about trade tensions.

FIGURE 5
Most borrowers still fix as rates creep up



Source: UK Finance

FIGURE 6
FTSE 100 ups and downs in 2018



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 | -0.9% | -0.4% | -1.0% | -0.6% | -0.1% | -0.7% | -0.5% |
| 3 months | -2.4% | -1.6% | -2.1% | -1.4% | -0.5% | -2.1% | -1.1% |
| 6 months | -3.4% | -2.6% | -2.6% | -2.1% | -0.7% | -3.1% | -1.4% |
| 1 year | -4.3% | -3.5% | -4.0% | -2.6% | -1.8% | -4.3% | -1.9% |
| YTD | -4.1% | -3.4% | -3.6% | -2.6% | -1.5% | -4.1% | -1.8% |

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% | -0.4% | -1.1% | -0.4% | -0.9% | -0.3% | -0.7% | -0.4% |
| 3 months | -1.0% | -1.3% | -1.6% | -1.1% | -3.2% | -0.3% | -1.6% | -1.0% |
| 6 months | -2.1% | -2.3% | -3.0% | -3.0% | -3.6% | -1.5% | -2.9% | -2.0% |
| 1 year | -4.4% | -4.7% | -5.6% | -6.1% | -5.8% | -4.3% | -5.7% | -4.2% |
| YTD | -3.2% | -3.8% | -4.1% | -4.7% | -5.3% | -3.2% | -4.4% | -3.2% |

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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PLEASE GET IN TOUCH
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