



## Central London prices climb again in September

September saw another month of positive growth in the prime central London residential market. Prices have now risen 51% since the post-financial crisis low in March 2009

### Results for September 2012

Prime central London prices rise by 0.7% in September

Monthly growth pushes annual rise to 10%

Quarterly pace of growth slows to 1.7%

Knightsbridge, Hyde Park and Marylebone all outperform with annual growth of more than 14%

Average prime property values in central London now stand at a new record high, some 15% above their pre-crisis peak in March 2008.

This growth in prices has taken place despite the impact of the March budget's 40% rise in the top rate of stamp duty together with new, and still undefined, rules for an annual charge on £2m+ properties held in certain ownership structures and the reform of non-resident capital gains tax rules.

But the budget tax changes have had an undeniable impact on activity levels in the market, with the volume of sales in the £2m-£5m sector falling 20% in the three months to September compared to the same period in 2011. Sales volumes above this bracket have been more robust, and there has also been a strong 23% rise in sales volumes for homes worth up to £2 million. The sub £2m bracket is also where price growth has been strongest, with an annual increase of 11.6%.

Despite the weaker transaction volumes in the £2m-£5m bracket, the number of prospective buyers has been fairly evenly matched with available properties across all price bands. It is worth noting however that over the last six months, stock volumes have slowly begun to creep upwards, and are now around 10% higher than in September last year.

The strongest markets in central London have been those areas located around Hyde Park, with higher than average price growth recorded in Knightsbridge, Hyde Park, Marylebone and Belgravia over the past 12 months.

London's market performance continues to be aided by overseas buyers, who account for 41% of buyers in the £1m+ prime London sector, and more than 50% of buyers in the £2m+ market.

This overseas demand is driven by Russian, Indian, Italian, US and French buyers – reflecting the diversity of the market.

Figure 1  
**Monthly price change**  
Prime central London average residential price change

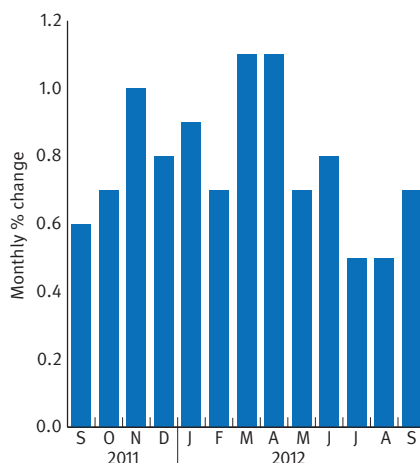
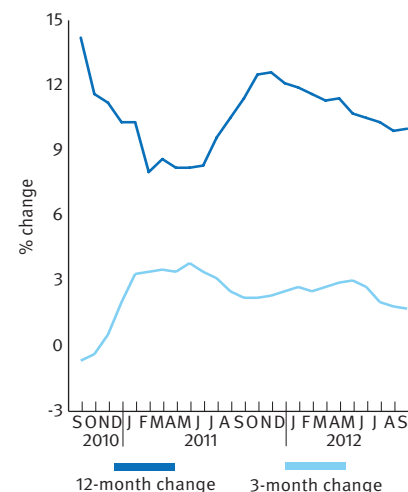


Figure 2  
**Annual and quarterly growth**  
Prime central London average residential price change



“London’s market performance continues to be aided by overseas buyers, who account for more than 50% of buyers in the £2m+ market.”



Liam Bailey, Head of Residential Research

Source: Knight Frank Residential Research

Source: Knight Frank Residential Research



## 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: Belgravia, Chelsea, Hyde Park, Kensington, Knightsbridge, Marylebone, Mayfair, Notting Hill, Regent's Park, St John's Wood, Riverside\* the City and the City Fringe. 'Prime London' comprises all areas in prime central London, as well as Canary Wharf, Fulham, Hampstead, Richmond, Wandsworth, Wapping and Wimbledon.

\* Riverside covers the Thames riverfront from Battersea Bridge in the west running east to include London's South Bank. The City Fringe encompasses the half-mile fringe surrounding most of the City including Clerkenwell and Farringdon in the west and Shoreditch and Whitechapel in the east.

### Knight Frank Prime Central London Index

	KF Prime Central London Index	12-month % change	6-month % change	3-month % change	Monthly % change
Sep-10	4,496.1	14.2%	3.0%	-0.7%	-0.2%
Oct-10	4,485.7	11.6%	1.4%	-0.4%	-0.2%
Nov-10	4,524.3	11.2%	0.8%	0.5%	0.9%
Dec-10	4,583.9	10.3%	1.3%	2.0%	1.3%
Jan-11	4,633.7	10.3%	2.8%	3.3%	1.1%
Feb-11	4,679.7	8.0%	3.9%	3.4%	1.0%
Mar-11	4,742.5	8.6%	5.5%	3.5%	1.3%
Apr-11	4,790.8	8.2%	6.8%	3.4%	1.0%
May-11	4,856.9	8.2%	7.4%	3.8%	1.4%
Jun-11	4,902.7	8.3%	7.0%	3.4%	0.9%
Jul-11	4,937.0	9.6%	6.5%	3.1%	0.7%
Aug-11	4,979.1	10.5%	6.4%	2.5%	0.9%
Sep-11	5,010.9	11.4%	5.7%	2.2%	0.6%
Oct-11	5,047.2	12.5%	5.4%	2.2%	0.7%
Nov-11	5,095.2	12.6%	4.9%	2.3%	1.0%
Dec-11	5,138.3	12.1%	4.8%	2.5%	0.8%
Jan-12	5,185.5	11.9%	5.0%	2.7%	0.9%
Feb-12	5,222.0	11.6%	4.9%	2.5%	0.7%
Mar-12	5,278.9	11.3%	5.3%	2.7%	1.1%
Apr-12	5,338.2	11.4%	5.8%	2.9%	1.1%
May-12	5,378.1	10.7%	5.6%	3.0%	0.7%
Jun-12	5,419.1	10.5%	5.5%	2.7%	0.8%
Jul-12	5,444.2	10.3%	5.0%	2.0%	0.5%
Aug-12	5,473.0	9.9%	4.8%	1.8%	0.5%
Sep-12	5,510.0	10.0%	4.4%	1.7%	0.7%

### Residential Research

**Liam Bailey**  
Head of Residential Research  
+44(0)20 7861 5133  
liam.bailey@knightfrank.com

### Press Office

**Daisy Ziegler**  
+44 (0)20 7861 1031  
daisy.ziegler@knightfrank.com

### Recent market-leading research publications



[The Wealth Report 2012](#)



[Super-Prime London Report 2011](#)



[UK Residential Market Update September 2012](#)



[Knight Frank/Markit's HPSI August 2012](#)

Knight Frank Research Reports are available at [www.KnightFrank.com/Research](http://www.KnightFrank.com/Research)

#### Notes to Editors

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank and its New York-based global partner, Newmark Knight Frank, operate from 244 offices, in 43 countries, across six continents. More than 7,067 professionals handle in excess of US\$817 billion (£498 billion) annually, advising clients ranging from individual owners and buyers to major developers, investors and corporate tenants. For further information about the Company, please visit [www.knightfrank.com](http://www.knightfrank.com).

© Knight Frank LLP 2012 - 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 allowed with proper reference to Knight Frank LLP Residential Research. 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.



### Global Briefing

For the latest news, views and analysis on the world of prime property, visit [KnightFrank.com/GlobalBriefing](http://KnightFrank.com/GlobalBriefing)