

Prime central London property prices rose 1.7% in Q3 as buyer demand remained strong

Prime central London property prices continued to rise through the third quarter of 2013. Liam Bailey examines the latest figures and considers the outlook for the market.

Results for September 2013

Prime central London residential prices increased by 0.7% in September and have increased by 5.5% so far this year

In Q3 property prices in prime central London **increased by 1.7%**

Annual price growth is 7%

The biggest price rises in September were seen in **Notting Hill (1.5%)** and **City & Fringe (1.4%)**

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"Price growth across prime central London so far this year is 5.5%, but this figure masks variations in performance between individual markets and price brackets."

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House prices in prime central London increased by 0.7% in September, and have risen by 1.7% over the past quarter. The key driver for price growth continues to be the sub-£2m price bracket.

While house prices have continued to rise in central London, there is little sign that this has reduced buyer demand.

The volume of new buyer registrations rose by 28% in the first nine months of the year compared to the same period in 2012.

This increase in buyer interest has translated into higher sales volumes. In 2013 to date, sales in the prime central London market are nearly 50% higher than during the same period of 2012.

Unsurprisingly, given the higher level of transaction activity, stock levels across prime central London have fallen. The number of available properties for sale was 8% lower in September 2013 than in September 2012.

While prices have been rising for 35 consecutive months, the rate of annual

price growth has slowed. Prices rose 7% in the 12 months to the end of September, compared to 10% in the same period to September 2012.

Prices in prime central London have risen by 5.5% since January, but this headline figure masks variations in performance between individual markets and price brackets.

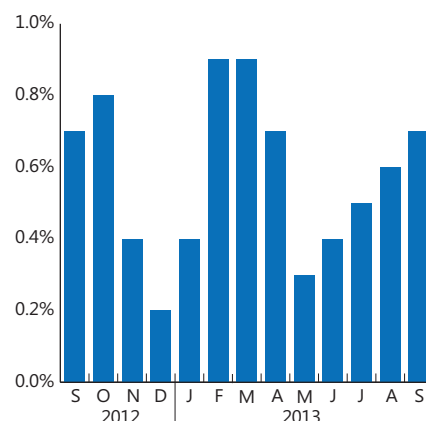
Property prices in the City & Fringe market have increased by 2.3% on a quarterly basis and by 10.2% in 2013 to date. Similarly, in Islington quarterly price growth of 2.6% has pushed the change in prices in 2013 to 8.9%. In comparison, property prices in Belgravia fell on a quarterly basis by 0.2% in Q3 and have grown by only a modest 0.8% over the year to date.

Price growth of sub-£2m homes is outperforming the growth at the top end of the market. Homes in the £5m-£10m and £10m+ price bracket have increased in value by 3.1% and 1.6% respectively in 2013, while homes in the sub-£1m and £1m-£2m price bracket are higher by 10% and 8.9% respectively.

FIGURE 1

Monthly growth

Prime central London average residential price change

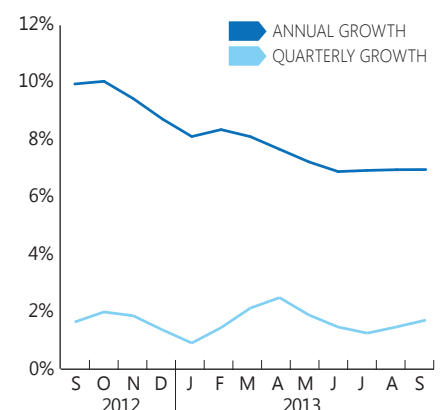


Source: Knight Frank Residential Research

FIGURE 2

Price growth slowing

Annual and quarterly growth in prime central London



Source: Knight Frank Residential Research

RESIDENTIAL RESEARCH PRIME CENTRAL LONDON SALES INDEX



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, Islington, 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-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%
Oct-12	5,554.6	10.1%	4.1%	2.0%	0.8%
Nov-12	5,576.7	9.4%	3.7%	1.9%	0.4%
Dec-12	5,587.2	8.7%	3.1%	1.4%	0.2%
Jan-13	5,607.1	8.1%	3.0%	0.9%	0.4%
Feb-13	5,659.2	8.4%	3.4%	1.5%	0.9%
Mar-13	5,707.9	8.1%	3.6%	2.2%	0.9%
Apr-13	5,748.6	7.7%	3.5%	2.5%	0.7%
May-13	5,768.0	7.2%	3.4%	1.9%	0.3%
Jun-13	5,793.6	6.9%	3.7%	1.5%	0.4%
Jul-13	5,822.7	7.0%	3.8%	1.3%	0.5%
Aug-13	5,854.8	7.0%	3.5%	1.5%	0.6%
Sep-13	5,894.6	7.0%	3.3%	1.7%	0.7%

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