



August 2018 Report

24th September 2018

PRIME CENTRAL LONDON

PRICES STABILISE BUT TRANSACTIONS FALL

- Average prices in August (excluding new build) in Prime Central London (PCL) now stand at £1,781,090.
- Annual prices have seen a nominal increase of 1.5%.
- Annual transactions fall 11.6% - now 42% down on 2014.
- These falls have been seen across PCL, with new build transactions falling 16.3% across the year.
- New build prices remain at a high premium of 44.6% over existing stock and now stand at £2,863,621.**

PCL Headlines: Aug 2018

Average Price*(Excl. New Build)	£1,781,090
Monthly % Change	2.2
Quarterly % Change	2.0
Annual % Change	1.5

*based on three monthly rolling data each month

Quarterly Volume of Sales (All)	916
Quarterly % Change	4.0
Annual Volume of Sales	3,771
Annual % Change	-11.6

PCL Monthly Changes (excl. new build)

	Avg Price*	Monthly Change %	Quarterly Change %	New Build** £ Premium %
Aug-17	£1,639,059	-6.2	-15.2	19.3
Sep-17	£1,655,820	1.0	-13.4	40.7
Oct-17	£1,674,884	1.2	-4.2	49.8
Nov-17	£1,715,022	2.4	4.6	94.1
Dec-17	£1,788,816	4.3	8.0	91.0
Jan-18	£1,950,292	9.0	16.4	85.8
Feb-18	£1,979,855	1.5	15.4	44.6
Mar-18	£1,899,477	-4.1	6.2	n/a
Apr-18	£1,748,189	-8.0	-10.4	n/a
May-18	£1,746,641	-0.1	-11.8	n/a
Jun-18	£1,724,295	-1.3	-9.2	n/a
Jul-18	£1,742,859	1.1	-0.3	n/a
Aug-18	£1,781,090	2.2	2.0	n/a

*Based on three monthly rolling data each month. ** Six-month lag to register new build completions in Land Registry (LR) Price Paid Data

Naomi Heaton, CEO of LCP, comments:

Prices in Prime Central London (PCL) in August now stand at £1,781,090, representing annual growth of 1.5%. Over the last four years, they have increased by just 0.2%.

Transactions continue to remain stubbornly depressed at 3,771 (a record low). It is the first time that annual transactions have remained below 4,000 for five consecutive months since records were first published. This continued slide is putting further pressure on sellers, estate agents and home builders alike. It is also likely to reduce tax revenues for the Treasury.

There has been no action or initiative from the Government that gives any indication that this trend will change. The housing market appears to be the least of the Government's worries with a potential 'No Deal' Brexit on the horizon.

Whilst uncertainty continues, it is bound to stifle homeowner and investor interest. However, a significant buying opportunity exists before positive sentiment returns and the market rallies.

PCL Annual Changes

	Average Annual Price (ex. new build)	% Change vs previous year	Annual Volume (all)	% Change vs previous year
2007	£829,712	19.3	9,192	-13.6
2008	£931,105	12.2	4,530	-50.7
2009	£868,538	-6.7	5,014	10.7
2010	£1,013,037	16.6	6,058	20.8
2011	£1,082,378	6.8	5,792	-4.4
2012	£1,262,372	16.6	5,556	-4.1
2013	£1,431,704	13.4	6,287	13.2
2014	£1,645,941	15.0	6,227	-1.0
2015	£1,544,456	-6.2	5,035	-19.1
2016	£1,648,024	6.7	4,576	-9.1
2017	£1,773,547	7.6	4,201	-8.2
2018	£1,800,429	1.5	3,771	-11.6
To Date				

Note: Price data is based on existing stock only and new build data is considered separately (see over)

For media and other enquiries, please contact James Harbach on james@londoncentralportfolio.com or Naomi Heaton CEO on naomi@londoncentralportfolio.com or at +44 (0) 207 723 1733, www.londoncentralportfolio.com

Source - Land Registry - [Download formal LCPAca Residential Index methodology here](#)



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NEW BUILD:

PCL New Build Headlines: Feb 2018

Average Price*	£2,863,621
Quarterly % Change	-14.0
Annual % Change	27.0

*based on three monthly rolling data each month. There is a six-month lag to record new build vs old stock completions in LR Price Paid Data

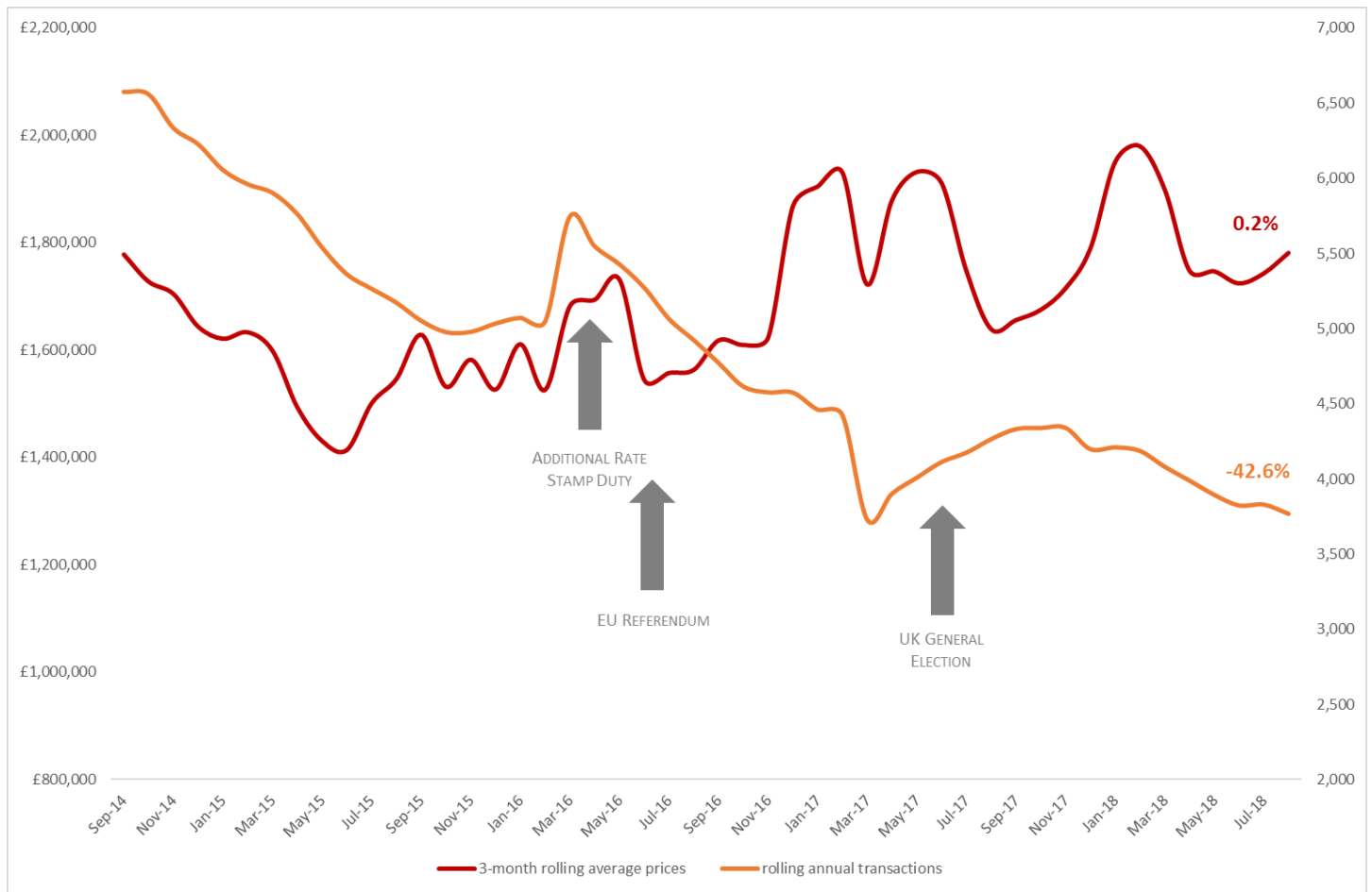
Quarterly Volume of Sales	235
Proportion of Total Sales	23.7
Annual Volume of Sales	684
Annual % Change	-16.3

New build prices have seen a sharp fall of 14.0% this quarter and now stand at £2,863,621. This is largely due to the majority of sales in several high-end developments having now been completed.

The new build premium, nevertheless, still stands at an eye watering 44.6% having fallen from 85.8% in the previous month.

The proportion of new build sales is now 23.7% and has been rising for the previous six months. Many house builders have been forced to reduce their prices to facilitate the sale of their units and it appears that following significant price realignment, this is now finding traction. Despite this, annual transactions have fallen by 16.3% to 684.

PCL Price and Volume Changes since Sep 14



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GREATER LONDON

(EXCLUDING PRIME CENTRAL LONDON)

MODEST PRICE GROWTH BUT TRANSACTIONS FALL

- Average prices in August (excluding new build) in Greater London now stand at £594,123.
- Annual prices have seen an increase of just 2.6%.
- Annual transactions fell by 6.0%, having fallen steadily since the introduction of the 3% additional SDLT in 2016.
- These falls have been seen across Greater London with new build transactions falling 14.9% over the year.
- New build prices are at a record high of £644,022, representing a 17.3% premium over existing stock.**

London Headlines: Aug 2018

Average Price*(Excl. New Build)	£594,123
Monthly % Change	2.4
Quarterly % Change	6.6
Annual % Change	2.6

*based on three monthly rolling data each month

Quarterly Volume of Sales (All)	23,163
Quarterly % Change	14.7
Annual Volume of Sales	84,883
Annual % Change	-6.0

Greater London Monthly Changes (excl. new build)

	Avg Price*	Monthly Change %	Quarterly Change %	New Build** £ Premium %
Aug-17	£571,627	1.6	3.1	6.5
Sep-17	£571,555	0.0	2.2	4.1
Oct-17	£564,158	-1.3	0.2	7.9
Nov-17	£550,025	-2.5	-3.8	11.6
Dec-17	£544,928	-0.9	-4.7	15.0
Jan-18	£545,819	0.2	-3.3	14.6
Feb-18	£549,080	0.6	-0.2	17.3
Mar-18	£550,805	0.3	1.1	n/a
Apr-18	£552,156	0.2	1.2	n/a
May-18	£557,178	0.9	1.5	n/a
Jun-18	£567,011	1.8	2.9	n/a
Jul-18	£580,052	2.3	5.1	n/a
Aug-18	£594,123	2.4	6.6	n/a

*Based on three monthly rolling data each month. ** Six-month lag to register new build completions in Land Registry (LR) Price Paid Data

Naomi Heaton, CEO of LCP, comments:

Average prices in Greater London (excluding PCL) have hit a high this month at £594,123. This is a monthly rise of 2.4%. Nevertheless, prices have only seen an increase of 2.6% over the year.

Transactions have continued to slide since the introduction of Additional Rate Stamp Duty in April 2016, falling 6.0% year on year to 84,883, the lowest level since 2011. However, a significant increase in quarterly sales of 14.7%, suggests that this tax may finally be getting accepted by buyers.

The performance of the London property market remains disappointing. This can be attributed to weak investor sentiment and a lack of affordable properties in the capital. Many house owners are also reluctant to move if they have seen the value of their property decline.

However, we are now seeing more experienced investors returning. Contra-cyclical dollar-denominated investors are able to acquire assets at unusually large discounts. With a view to holding them for the medium to long-term, they are no longer waiting to call the bottom of the market.

Greater London Annual Changes

	Average Annual Price (ex. new build)	% Change vs previous year	Annual Volume (all)	% Change vs previous year
2007	£324,196	12.0	158,266	-2.8
2008	£326,252	0.6	77,729	-50.9
2009	£323,841	-0.7	72,233	-7.1
2010	£365,532	12.9	86,635	19.9
2011	£374,645	2.5	84,925	-2.0
2012	£384,363	2.6	90,015	6.0
2013	£412,301	7.3	104,898	16.5
2014	£460,569	11.7	112,614	7.4
2015	£493,500	7.2	108,010	-4.1
2016	£530,589	7.5	98,343	-9.0
2017	£561,129	5.8	89,189	-9.3
2018	£569,975	2.6	84,883	-6.0

To Date

Note: Price data is based on existing stock only and new build data is considered separately (see over)

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NEW BUILD:

Greater London New Build Headlines: Feb 2018

Average Price*	£644,022
Quarterly % Change	4.9
Annual % Change	11.4

**based on three monthly rolling data each month. There is a six-month lag to record new build vs old stock completions in LR Price Paid Data*

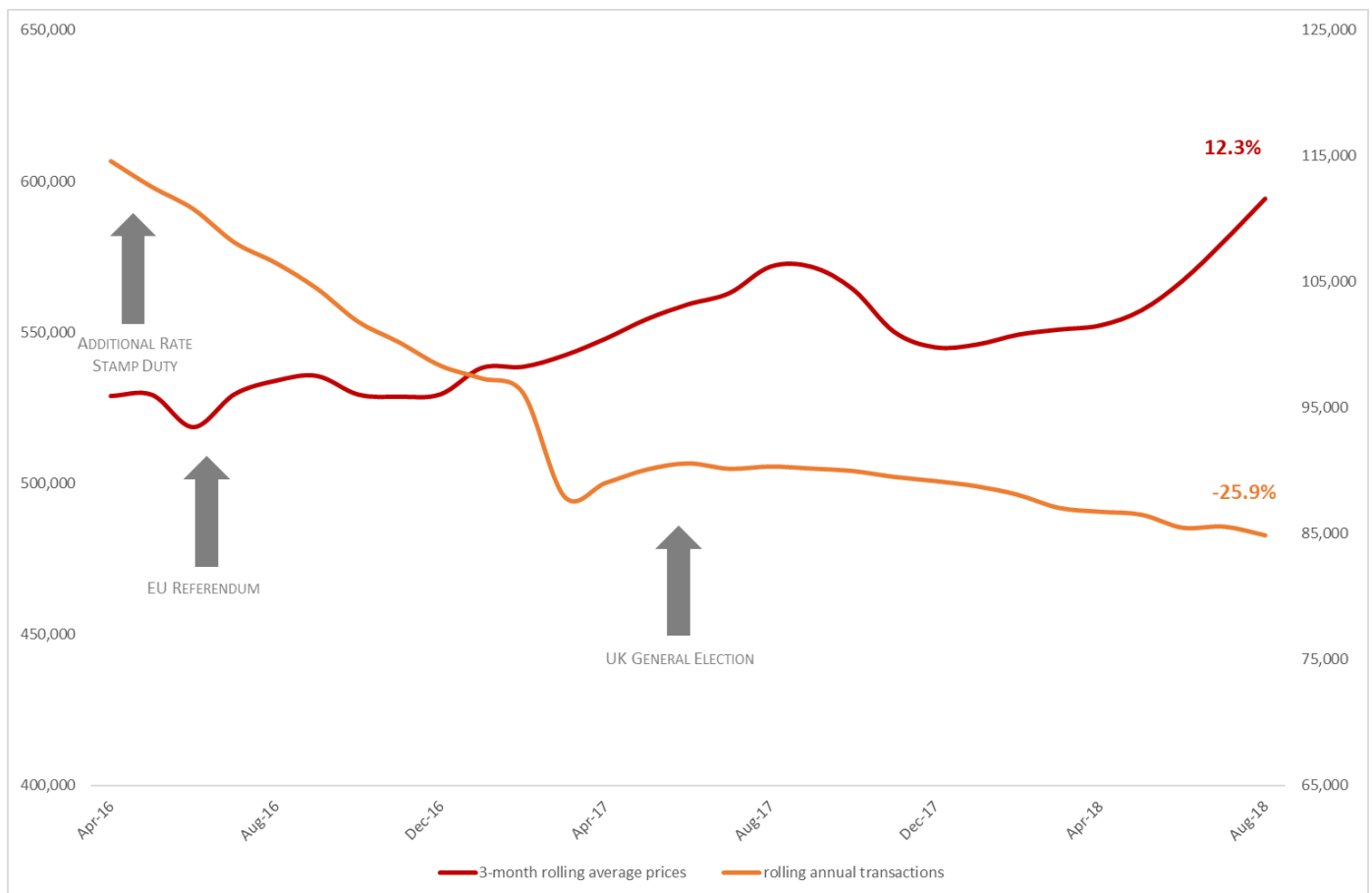
Quarterly Volume of Sales	3,064
Proportion of Total Sales	15.8
Annual Volume of Sales	13,670
Annual % Change	-14.9

New build average prices have reached a record high of £644,022, a quarterly increase of 4.9%. This represents a 17.3% premium over existing stock.

Like PCL, Greater London new build has seen transactions fall sharply in the last year with transactions now standing at 13,760, a drop of 14.9%.

The proportion of new build sales this quarter has crept up to 15.8%. This is probably attributable to the discounts many developers are needing to accept to become more attractive to home owners and investors alike.

Greater London Price & Volume Changes since Apr 2016



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ENGLAND AND WALES
(EXCLUDING GREATER LONDON)

WEAK PRICE GROWTH BUT TRANSACTIONS STABILISE

- Average prices in August (excluding new build) in England and Wales now stand at £262,910.
- This represents a quarterly increase of 7.0% although annual prices have only increased by 2.1%.
- Annual transactions fall by 1.3% and have been falling since the introduction of the 3% additional SDLT in 2016.
- New build prices reach a record high of £284,663 representing a 13.7% premium over existing stock.**

E&W Residential Headlines: Aug 2018

Average Price*(Excl. New Build)	£262,910
Monthly % Change	2.9
Quarterly % Change	7.0
Annual % Change	2.1

*based on three monthly rolling data each month

Quarterly Volume of Sales (All)	213,070
Quarterly % Change	15.2
Annual Volume of Sales	792,845
Annual % Change	-1.3

E&W Residential Monthly Changes

	<i>Avg Price*</i>	<i>Monthly Change %</i>	<i>Quarterly Change %</i>	<i>New Build** £ Premium %</i>
Aug-17	£257,455	2.6	5.6	12.8
Sep-17	£259,898	0.9	5.0	11.8
Oct-17	£258,383	-0.6	2.9	12.2
Nov-17	£253,540	-1.9	-1.5	13.3
Dec-17	£251,407	-0.8	-3.3	14.1
Jan-18	£250,989	-0.2	-2.9	14.0
Feb-18	£250,472	-0.2	-1.2	13.7
Mar-18	£249,190	-0.5	-0.9	n/a
Apr-18	£246,216	-1.2	-1.9	n/a
May-18	£245,661	-0.2	-1.9	n/a
Jun-18	£249,389	1.5	0.1	n/a
Jul-18	£255,410	2.4	3.7	n/a
Aug-18	£262,910	2.9	7.0	n/a

*Based on three monthly rolling data each month. ** Six-month lag to register new build completions in Land Registry (LR) Price Paid Data

Naomi Heaton, CEO of LCP, comments:

Prices in England and Wales (excluding Greater London) now stand at £262,910, a monthly increase of 2.9%. However, on an annual basis there has been minimal growth of 2.1%. This low level of growth has been a running theme throughout all sectors reported.

There has been a quarterly increase in transactions of 15.2%, however annual transactions continue to fall by 1.3%. They now stand at 792,845, almost 30% down on pre-Global Financial Crisis levels.

The wider market in England and Wales is currently proving to be more robust than that of Greater London and PCL, with transactions falling but not at the same rate. London has, without doubt, been more impacted by the introduction of successive residential taxes and levels of affordability.

However, a slowing or possible fall of house price growth in England and Wales outside London, coupled with rising interest rates and general economic uncertainty may see transactions fall further and price growth stagnate.

E&W Residential Annual Changes

	<i>Average Annual Price (ex. new build)</i>	<i>% Change vs previous year</i>	<i>Annual Volume (all)</i>	<i>% Change vs previous year</i>
2007	£198,659	4.5	1,102,918	-4.1
2008	£195,397	-1.6	567,240	-48.6
2009	£190,649	-2.4	555,646	-2.0
2010	£207,690	8.9	569,560	2.5
2011	£202,207	-2.6	569,410	0.0
2012	£204,899	1.3	581,377	2.1
2013	£208,988	2.0	679,737	16.9
2014	£220,837	5.7	800,948	17.8
2015	£232,350	5.2	803,447	0.3
2016	£244,188	5.1	817,364	1.7
2017	£254,825	4.4	812,271	-0.6
2018	£257,459	2.1	792,845	-1.3
To Date				

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NEW BUILD:

E&W New Build Headlines: Feb 2018

Average Price*	£284,663
Quarterly % Change	-0.9
Annual % Change	4.5

**based on three monthly rolling data each month. There is a six-month lag to record new build vs old stock completions in LR Price Paid Data*

Quarterly Volume of Sales	21,579
Proportion of Total Sales	12.1%
Annual Volume of Sales	92,030
Annual % Change	2.4

Average new build prices now stand at £284,663, having been almost static with a quarterly decrease of 0.9%. However, on an annual basis prices have risen by 4.5%. The new build premium is currently 13.7%.

Annual transactions remain relatively static at 92,030, representing just a 2.4% increase year on year. With demand for housing at an all-time high it is hard to see, from these new build statistics, how the Government is going to be able to meet the ever-increasing demands for a crowded Britain.

E&W Price and Volume Changes since Apr 2016

