



September 2018 Report

22nd October 2018

PRIME CENTRAL LONDON (PCL)

TRANSACTIONS FALL TO ALL TIME LOW

- Average annual prices in September (excluding new build) in PCL now stand at £1,866,517.
- Annual prices increase by 4.9% due to an improved performance in the high value sector.
- Annual transactions fall 16.8%, down 45% on 2014.
- New build prices remain at a high premium of 39.8% over existing stock and now stand at £2,653,256.**
- New build transactions are almost static, falling by 0.8% across the year.

PCL Headlines: Sep 2018

Average Price*(Excl. New Build)	£1,866,517
Annual % Change	4.9
Annual Volume of Sales	3,606
Annual % Change	-16.8

*based on annual rolling data each month** Six-month lag to register new build completions in Land Registry (LR) Price Paid Data

PCL Annual Data

	Average Annual Price (ex. new build)	Annual % Change	Annual Volume (all)	Annual % Change
2007	£829,712	19.3	9,192	-13.6
2008	£930,944	12.2	4,529	-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	£1,544,442	-6.2	5,036	-19.1
2016	£1,648,024	6.7	4,576	-9.1
2017	£1,773,389	7.6	4,197	-8.3
2018	£1,866,517	4.9	3,606	-16.8
To Date				

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

Naomi Heaton, CEO of LCP, comments:

Average annual prices in Prime Central London (PCL) in September now stand at £1,866,517, representing annual growth of 4.9%. This has been buoyed by a better performance in the high value sector.

Annual transactions have now dropped to 3,606, fewer than 70 sales a week. This is a fall of 16.8% over the year and is 2.7% less than the previous low of 3,704 seen during the Global Financial Crisis (GFC) in June 2009. It is the lowest level on record.

Transaction levels are now having a major effect on the capital's estate agents. Foxtons have reported a first half year loss and vacated their most prominent central London office on Park Lane. Countrywide's mid-year share price fell almost 30%, after a further profit warning.

It is hard to see how this decline in transactions can be reversed until there is an agreed outline plan for Brexit. International buyers, already affected by successive tax increases and now exposed to negative coverage of the current political situation, are holding back.

Nevertheless, the high value sector is seeing a better performance now. The weakness of sterling and the high absolute levels of discounts available are encouraging homeowners, in particular, to enter the market.

On the other hand, rental investors, who underpin the lower value end of the market are biding their time. It is likely that when sentiment improves, prices in this sector will harden quickly.

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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DECILES:

- Mainstream sector sees annual price growth fall by 1.0% to £870,690.
- Premium sector sees relatively positive annual price growth of 4.9% to £4,117,296.

Mainstream Sector¹: Sep 2018

Average Price*	£870,690
% Rolling Annual Change	-1.0

¹bottom 70% of sales

Premium Sector²: Sep 2018

Average Price*	£4,117,296
% Rolling Annual Change	4.9

²top 30% of sales

The premium sector (average price £4,117,296) is receiving more attention from homeowners, who have been waiting for months if not years to make their move. With significant discounts available and the impact of residential taxes gradually absorbed, the market has seen increased activity contributing to annual growth of 4.9%.

The mainstream sector (average price £870,690) has not fared as well over the last year. This sector has a significantly larger number of investors, as opposed to homeowners. The impact of weakening sterling and price discounts has not been so great and with political uncertainty, they are still sitting on the fence waiting to make their move.

However, those who are able to take more of a long-term view are able to pick up quality properties at a discount, with little or no competition.

Once certainty returns to the market we would expect prices to harden and harden quickly, as they did post-GFC.

NEW BUILD:

PCL New Build Headlines: Mar 2018

Average Price*	£2,653,256
Monthly % Change	-7.1
Annual % Change	26.7

*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

Proportion of Total Sales	19.7
Annual Volume of Sales	1,163
Annual % Change	-0.8

New build prices now stand at £2,653,256. This is an increase of 26.7% over the year. This is largely due to the completion of Chiltern Place, Holland Park Villas and other high-end luxury developments. However, the last month has seen price falls of 7.1%, as most sales have now gone through in these developments.

Transactions generally remain suppressed and fell a further 0.8% across the year to 1,163. The most worrying prospect for the new build sector is the lack of pipeline assets in the coming years. This could well fall further as developer appetite remains subdued.



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GREATER LONDON

NEW BUILD TRANSACTIONS FALL BY ALMOST 14%

- Average prices in September (excluding new build) in Greater London now stand at £649,246.
- This represents a monthly increase of 2.1% and nominal annual growth of just 1.5%.
- Annual transactions continue to fall to 87,358, a drop of 7.6%, due to higher taxes and continued uncertainty.
- These falls have been seen across Greater London with new build transactions falling 13.6% over the year.
- New build prices now stand at £791,455, a 31.1% premium over existing stock.**

London Headlines: Sep 2018

Average Price*(Excl. New Build)	£649,246
Monthly % Change	2.1
Annual % Change	1.5
Annual Volume of Sales	87,358
Annual % Change	-7.6

*based on three monthly rolling data each month

Greater London Monthly Data (excl. new build)

	<i>Avg Price*</i>	<i>Monthly Change %</i>	<i>Annual % Change</i>	<i>New Build** £ Premium %</i>
Sep-17	£616,796	-0.1	7.6	5.3
Oct-17	£609,304	-1.2	7.9	11.4
Nov-17	£597,860	-1.9	7.6	23.5
Dec-17	£592,794	-0.8	6.0	32.3
Jan-18	£605,329	2.1	5.9	34.2
Feb-18	£607,519	0.4	5.6	32.0
Mar-18	£603,821	-0.6	5.7	31.1
Apr-18	£597,883	-1.0	3.5	n/a
May-18	£601,927	0.7	2.6	n/a
Jun-18	£614,292	2.1	2.0	n/a
Jul-18	£625,866	1.9	1.7	n/a
Aug-18	£636,184	1.6	1.2	n/a
Sep-18	£649,246	2.1	1.5	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:

Greater London shows a weak performance. Average prices now stand at £649,246, a modest monthly rise of 2.1%. Prices on an annual basis have seen nominal growth of 1.5%.

Transactions remain just above the lows seen during the GFC and now stand at 87,358. This is a fall of 7.6% year on year and follows three previous annual falls.

This is now a very familiar picture across the capital. Market sentiment has not been restored by the government's policies or handling of the Brexit negotiations. In what is already a heavily taxed landscape the government believes there is still room to add further taxes directed at the overseas investor.

This does not seem to be the right message for the government to be sending to the outside world with Brexit looming.

Undoubtedly it flies in the face of the "open for business" slogan the Prime Minister previously used at the G20 summit in 2016.

Greater London Annual Data

	<i>Average Annual Price (ex. new build)</i>	<i>Annual % Change</i>	<i>Annual Volume (all)</i>	<i>Annual % Change</i>
2007	£353,792	12.5	167,460	-3.4
2008	£365,329	3.3	82,259	-50.9
2009	£366,523	0.3	77,248	-6.1
2010	£413,107	12.7	92,695	20.0
2011	£425,912	3.1	90,719	-2.1
2012	£443,945	4.2	95,574	5.4
2013	£477,122	7.5	111,189	16.3
2014	£521,740	9.4	118,842	6.9
2015	£539,750	3.5	113,049	-4.9
2016	£573,778	6.3	102,927	-9.0
2017	£607,949	6.0	93,349	-9.3
2018	£615,543	1.5	87,358	-7.6
To Date				

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

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DECILES:

- Mainstream sector sees low annual price growth of 1.9% to £403,149.
- Premium sector sees nominal growth of 0.5% to £1,200,867.

Mainstream Sector¹: Sep 2018

Average Price*	£403,149
% Rolling Annual Change	1.9

¹bottom 70% of sales

Premium Sector²: Sep 2018

Average Price*	£1,200,867
% Rolling Annual Change	0.5

²top 30% of sales

Greater London shows a different picture from that of PCL. Here the mainstream sector (average price £403,149) is outperforming the premium sector, albeit turning in a weak performance with an increase of just 1.9% over the year.

In the premium sector (average price £1,200,867) prices have remained almost static with an increase of just 0.5% over the year.

A combination of taxes, Brexit uncertainty and mortgage caps seem to be constraining the market.

NEW BUILD:

Greater London New Build Headlines: Mar 2018

Average Price*	£791,455
Monthly % Change	-1.3
Annual % Change	18.2

**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	3,042
Proportion of Total Sales	15.4
Annual Volume of Sales	13,974
Annual % Change	-13.6

New build average prices have seen a fall of 1.3% from the record highs of the preceding few months. This is largely due to the fact that completions in the two developments at Holland Park Villas and Chiltern Place are slowing down. Flats in these properties were selling for well in excess of £2,000/Sq.Ft.

With the very low levels of transactions, the effect of high value assets on average prices has been amplified. This explains the unusually high premium on new build stock, which has been in excess of 30% for the last four months and now stands at 31.1%.

New build transactions have seen a fall of 13.6% across the year and now stand at 13,794. Transactions are unlikely to improve in the short term as developers scale back current plans and fewer granted or pending applications are in the pipeline.



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ENGLAND AND WALES

(EXCLUDING GREATER LONDON)

NEW BUILD PREMIUM INCREASES TO ALMOST 15%

- Average prices in September (excluding new build) in England and Wales now stand at £266,993.
- This represents a monthly increase of 1.6% and nominal annual growth of 2.4%.
- Annual transactions continue to fall to 779,638, a drop of 3.2%, as uncertainty persists.
- New build prices stand at £286,679 representing a 14.8% premium over existing stock.**

E&W Residential Headlines: Sep 2018

Average Price*(Excl. New Build)	£266,993
Monthly % Change	1.6
Annual % Change	2.4
Annual Volume of Sales	779,638
Annual % Change	-3.2

*based on three monthly rolling data each month

Naomi Heaton, CEO of LCP, comments:

England and Wales (excluding Greater London) is showing a weak performance in September. Monthly price growth is just 1.6% and prices now stand at £266,993. However annual growth has been on a downward trajectory since 2014, falling from 5.7% to 2.4% currently.

Transactions have also fallen on an annual basis by 3.2% and now stand at 779,638.

Falling transactions is the common theme throughout all the sectors reported on, and it appears there is still very little cause for optimism. Growth has been stifled by the government's failure to give a clearer picture of what a post Brexit landscape will entail for homeowners and investors alike.

Those who have been sitting tight will have seen very little to encourage them to take the plunge in the current climate, particularly as the growth in the value of their own property has been nominal.

E&W Residential Monthly Data

	<i>Avg Price*</i>	<i>Monthly Change %</i>	<i>Annual % Change</i>	<i>New Build** £ Premium %</i>
Sep-17	£259,860	0.9	4.3	11.7
Oct-17	£258,478	-0.5	4.4	12.2
Nov-17	£253,552	-1.9	4.3	13.3
Dec-17	£251,774	-0.7	4.2	14.2
Jan-18	£251,386	-0.2	4.0	14.2
Feb-18	£251,161	-0.1	3.8	13.9
Mar-18	£249,805	-0.5	3.9	14.8
Apr-18	£247,032	-1.1	3.2	n/a
May-18	£246,445	-0.2	2.8	n/a
Jun-18	£250,113	1.5	2.8	n/a
Jul-18	£257,938	3.1	2.8	n/a
Aug-18	£262,840	1.9	2.3	n/a
Sep-18	£266,993	1.6	2.4	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

E&W Residential Annual Data

	<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	£198,551	5.4	1,102,930	-4.1
2008	£196,205	-1.2	567,245	-48.6
2009	£191,652	-2.3	555,658	-2.0
2010	£208,937	9.0	569,563	2.5
2011	£202,428	-3.1	569,420	0.0
2012	£203,987	0.8	581,386	2.1
2013	£207,249	1.6	679,755	16.9
2014	£218,650	5.5	800,962	17.8
2015	£229,318	4.9	803,473	0.3
2016	£240,494	4.9	817,422	1.7
2017	£250,573	4.2	812,283	-0.6
2018	£254,647	2.4	779,638	-3.2
To Date				

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

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DECILES:

- Mainstream sector sees low levels of annual price growth at 2.9% to £186,240.
- Premium sector sees negligible increase of 1.0% to £574,834.

Mainstream Sector¹: Sep 2018

Average Price*	£186,240
% Rolling Annual Change	2.9

¹bottom 70% of sales

Premium Sector²: Sep 2018

Average Price*	£574,834
% Rolling Annual Change	1.0

²top 30% of sales

England and Wales has followed suit with Greater London, as the mainstream sector (average price £189,240) outperforms the premium sector, with stronger, albeit still weak annual price growth of 2.9%.

The premium sector (average price £574,834) has not fared well, with growth of just 1.0% on an annual basis. The full impact of increased residential taxes and Brexit uncertainty continues to limit growth and appetite.

NEW BUILD:

E&W New Build Headlines: Mar 2018

Average Price*	£286,679
Monthly % Change	0.2
Annual % Change	4.4

*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	18,350
Proportion of Total Sales	10.8%
Annual Volume of Sales	92,226
Annual % Change	5.1

Average new build prices remain almost static and stand at £286,679. On an annual basis, however, prices have seen a 4.4% increase. The new build premium currently stands at 14.8%.

Annual transactions have seen an increase of 5.1%, no doubt boosted by the government's 'Help to Buy' scheme. Whilst this is an encouraging growth figure they still stand at just 92,226. Thus, there is still a long way to go to reach the government's housing targets of 300,000 new homes a year.

Meeting this target will be made even harder given the higher prices commanded for new builds. Housebuilders are also struggling as investor appetite stalls during Brexit negotiations.