



April 2018

PRIME CENTRAL LONDON (PCL)

TRANSACTIONS HIT ANOTHER LOW & NEW BUILD SALES PLUMMET

- Following a strong January, due to some exceptionally high value sales, prices in PCL fell back by 4.6% in February.
- Average prices now stand at £2,165,829.
- Quarterly transactions dropped by 2.3% to 974.
- On an annual basis, transactions are down by 5.7%, now standing at just 4,176.
- The new build sector has suffered a 13.8% fall in transactions over the year.
- Quarterly transactions fell by 56%, now standing at just 88.

PCL Residential Headlines: Feb 2018

Average Price*	£2,165,829
Monthly % Change	-4.6
Quarterly % Change	10.9

*based on 3 monthly rolling data each month

Quarterly Volume of Sales	974
Quarterly % Change	-2.3
Annual Volume of Sales	4,176
Rolling Annual % Change	-5.7

Naomi Heaton, CEO of LCP, comments:

Following a number of high value sales being recorded in January, average monthly prices in PCL have fallen by 4.6%. This in isolation might be significant. However, it follows five successive monthly rises, attributable to a growing proportion of high value sales as investors take advantage of significant price discounts.

The volume of sales has dipped this quarter by 2.3%, although this figure is eclipsed by that of PCL's new build sector which has suffered a 56% drop.

Whilst annual transactions at 4,176 remain at an exceptionally low level, 55% less than in 2007 just prior to the Global Financial Crisis (GFC), there are signs of encouragement. The annual fall is now just 5.7% compared with a fall of 35.0% in the year running up to the 2017 General Election.

Potential vendors are clearly still holding out for more favourable market conditions, but given the low stock levels, it is likely that when sentiment returns there will be a bounce-back in prices, as seen in 2009/10.

Indeed, with sterling hardening, many overseas investors have a clock ticking with regard to picking up prime assets at a discount created by the referendum vote and serial increases in property taxation.

PCL Residential Monthly Changes

	Average Price*	Monthly % Change	Quarterly % Change	% Change vs Previous Annual Quarter
Feb-16	£1,631,449			
Mar-16	£1,695,120	3.9	3.9	7.5
Apr-16	£1,741,775	2.8	2.9	18.7
May-16	£1,756,640	0.9	7.7	15.3
Jun-16	£1,645,583	-6.3	-2.9	8.1
Jul-16	£1,592,291	-3.2	-8.6	-1.6
Aug-16	£1,621,710	1.8	-7.7	3.7
Sep-16	£1,712,174	5.6	4.0	3.3
Oct-16	£1,753,467	2.4	10.1	12.4
Nov-16	£1,741,560	-0.7	7.4	6.7
Dec-16	£1,848,683	6.2	8.0	13.3
Jan-17	£1,854,636	0.3	5.8	9.5
Feb-17	£1,873,038	1.0	7.5	14.8
Mar-17	£1,767,139	-5.7	-4.4	4.2
Apr-17	£1,887,836	6.8	1.8	8.4
May-17	£1,940,721	2.8	3.6	10.5
Jun-17	£1,908,553	-1.7	8.0	16.0
Jul-17	£1,769,823	-7.3	-6.3	11.1
Aug-17	£1,667,159	-5.8	-14.1	2.8
Sep-17	£1,715,925	2.9	-10.1	0.2
Oct-17	£1,766,529	2.9	-0.2	0.7
Nov-17	£1,952,154	10.5	17.1	12.1
Dec-17	£2,107,212	7.9	22.8	14.0
Jan-18	£2,269,489	7.7	28.5	22.4
Feb-18	£2,165,829	-4.6	10.9	15.6

*Based on three monthly rolling data each month



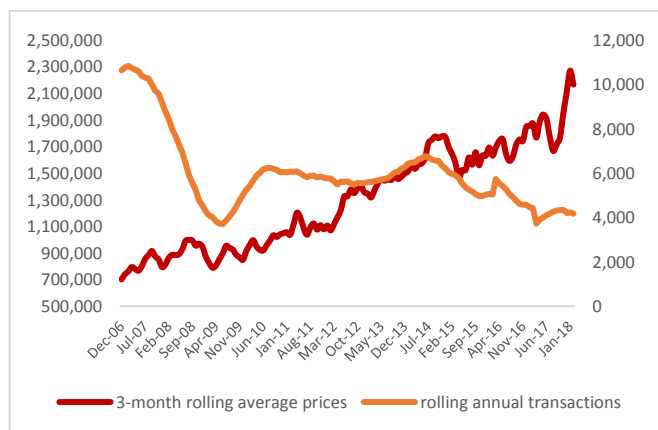
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PCL Residential Annual Changes

	Average Annual Price	% Change vs previous year	Annual Volume	% Change vs previous year
2007	£828,041	18.0	9194	-13.6
2008	£936,732	13.1	4536	-50.7
2009	£861,813	-8.0	5014	10.5
2010	£998,745	15.9	6058	20.8
2011	£1,088,235	9.0	5790	-4.4
2012	£1,287,242	18.3	5556	-4.0
2013	£1,449,436	12.6	6288	13.2
2014	£1,671,649	15.3	6227	-1.0
2015	£1,600,860	-4.2	5030	-19.2
2016	£1,705,028	6.5	4576	-9.0
2017	£1,870,512	9.7	4202	-8.2
2018 <i>To DATE</i>	£1,924,566	10.9	4176	-5.7

PCL Price and Volume Changes since 2007

December 2006 – February 2018



NEW BUILD:

PCL New Build Headlines: Aug 2017

Average Price*	£1,950,952
Quarterly % Change	-0.7
Annual % Change	-0.2

*based on 3 monthly rolling data each month. There is a 6-month time-lag to record new build vs old stock completions

Quarterly Volume of Sales	88
Proportion of Total Sales	8.5
Annual Volume of Sales	694
Annual % Change	-13.8

Turning to the controversial new build market, which has been most impacted by a downturn in international buyer sentiment, the sector continues to be volatile with quarterly and annual price falls.

Whilst a lag in registration of new build sales completions means reporting is 6 months delayed, annual transactions have fallen 13.8%. Quarterly transactions have plummeted to 88, 56% down on the previous quarter.

As new build sales completions often represent historic transactions, this situation could worsen over the next 2-3 years as new schemes, which may have failed to sell out at asking price due to reduced investor interest, come to completion.



April 2018

GREATER LONDON

MONTHLY PRICES DOWN AND TRANSACTIONS CONTINUE TO FALL

- Prices fell in Greater London by 1% month on month.
- The average price now stands at £625,052.
- Annual price growth has fallen to 6.5%, with growth in the last quarter standing at just 2%.
- There has also been a significant drop in quarterly sales of 10.4%, the largest fall since August 2016.
- Quarterly new build prices have fallen by 3.5% and represent just 15.6% of all sales, compared with a peak of almost 20%.
- The average new build price is now £641,711.

London Residential Headlines: Feb 2018

Average Price*	£625,052
Monthly % Change	-1.0
Quarterly % Change	1.0

*based on 3 monthly rolling data each month

Quarterly Volume of Sales	21,000
Quarterly % Change	-10.4
Annual Volume of Sales	93,090
Rolling Annual % Change	-7.3

Naomi Heaton, CEO of LCP, comments:

Greater London is continuing to show a slow down in growth, with a monthly price fall of 1%. Quarterly growth was just 2% compared with the previous year – one of the weakest performances seen in the last two years.

Another cause for concern in the sector is the fall in transactions, amounting to 10.4% this quarter. This is the fifth consecutive drop, resulting in an annual fall of 7.3%.

Despite government efforts to stimulate transactions across the UK and in the capital, it appears that homeowners are prepared to sit tight until the current headwinds blow over. First time buyers may well be adopting the same approach despite the reduction in Stamp Duty, which has done little to alleviate the issue of mortgage caps and the need for large deposits.

Whilst wages remain relatively static it is unlikely that we will see any major movement in the domestic market. This is exacerbated by the lack of affordable housing and a credible long-term house building plan.

London Residential Monthly Changes

	<i>Average Price*</i>	<i>Monthly % Change</i>	<i>Quarterly % Change</i>	<i>% Change vs Previous Annual Quarter</i>
Feb-16	£569,667			
Mar-16	£601,352	5.6	8.4	15.0
Apr-16	£600,697	-0.1	6.2	14.8
May-16	£600,772	0.0	5.5	14.3
Jun-16	£567,940	-5.5	-5.6	6.8
Jul-16	£568,486	0.1	-5.4	4.6
Aug-16	£568,615	0.0	-5.4	2.8
Sep-16	£572,228	0.6	0.8	1.5
Oct-16	£572,344	0.0	0.7	2.7
Nov-16	£578,376	1.1	1.7	4.2
Dec-16	£593,109	2.5	3.6	7.0
Jan-17	£606,966	2.3	6.0	7.3
Feb-17	£612,670	0.9	5.9	7.5
Mar-17	£604,957	-1.3	2.0	0.6
Apr-17	£618,268	2.2	1.9	2.9
May-17	£628,469	1.6	2.6	4.6
Jun-17	£633,416	0.8	4.7	11.5
Jul-17	£623,039	-1.6	0.8	9.6
Aug-17	£621,801	-0.2	-1.1	9.4
Sep-17	£621,795	0.0	-1.8	8.7
Oct-17	£619,467	-0.4	-0.6	8.2
Nov-17	£618,960	-0.1	-0.5	7.0
Dec-17	£620,424	0.2	-0.2	4.6
Jan-18	£631,577	1.8	2.0	4.1
Feb-18	£625,052	-1.0	1.0	2.0

*Based on three monthly rolling data each month



April 2018

London Residential Annual Changes

	<i>Average Annual Price</i>	<i>% Change vs previous year</i>	<i>Annual Volume</i>	<i>% Change vs previous year</i>
2007	£351,814	11.7	167504	-3.4
2008	£360,413	2.4	82301	-50.9
2009	£359,223	-0.3	77263	-6.1
2010	£407,019	13.3	92701	20.0
2011	£421,278	3.5	90729	-2.1
2012	£437,061	3.7	95577	5.3
2013	£471,518	7.9	111220	16.4
2014	£523,686	11.1	118825	6.8
2015	£543,236	3.7	113011	-4.9
2016	£581,049	7.0	102807	-9.0
2017	£620,449	6.8	93825	-8.7
2018	£623,840	6.5	93090	-7.3

To Date

NEW BUILD:

GL New Build Headlines: Aug 2017

Average Price*	£641,711
Quarterly % Change	-3.5
Annual % Change	5.4

**based on 3 monthly rolling data each month. There is a 6-month time-lag to record new build vs old stock sales completions*

Quarterly Volume of Sales	4,016
Proportion of Total Sales	15.6
Annual Volume of Sales	16170
Annual % Change	5.2

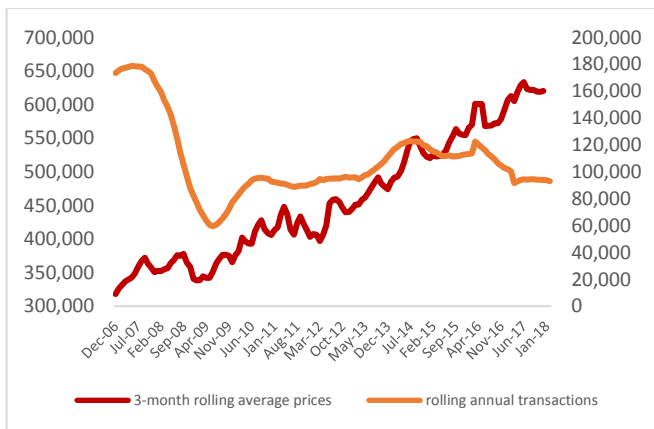
This month's report sees an even more disappointing picture for new build property than the market as a whole, with a drop in quarterly prices of 3.5%.

Annual growth in transactions at 5.2% also appears to be slowing, falling from over 25% a year ago. As a result, the proportion of new build sales in the market has fallen to 15.6% from a high of almost 20%.

As new build sales completions often represent historic transactions, properties may be sold off plan several years before completion, making it difficult to read market sentiment. However, after a fairly robust 2017, thus far, we may be seeing a significantly suppressed market.

London Price and Volume Changes since 2007

December 2006 – February 2018





April 2018

ENGLAND AND WALES

ENGLAND & WALES SEES FOURTH CONSECUTIVE QUARTERLY FALL IN PRICES AND TRANSACTIONS

- Monthly prices fell by 0.4%
- Quarterly price growth dropped 0.5%, the fourth consecutive fall.
- As a result, annual price growth is just 3.4%.
- Average prices now stand at £290,624.
- Quarterly sales fell by 15.4%, also the fourth consecutive quarterly fall.
- New build prices have seen a 2% decline in quarterly prices and a fall in annual sales of 1%.
- The average new build price is now £338,694, 15.8% higher than existing stock.

E&W Residential Headlines: Feb 2018

Average Price*	£290,624
Monthly % Change	-0.4
Quarterly % Change	-0.5
Average Price without Greater London	£252,579

*based on 3 monthly rolling data each month

Quarterly Volume of Sales	205,596
Quarterly % Change	-15.4
Annual Volume of Sales	911,944
Annual % Change	0.1

Naomi Heaton, CEO of LCP, comments:

Quarterly prices dropped by 0.5% in England and Wales, the fourth consecutive fall. Quarterly transactions have also fallen by 15.4%, again the fourth consecutive reduction.

This does not paint an encouraging picture for the UK housing market as a whole. It highlights that the government's attempts to increase transactions with help to buy schemes and Stamp Duty exemptions are not proving very effective.

One would hope the closer we get to Brexit that there will be more certainty in the housing market and the UK's place in the revamped global landscape. LCP, however, do not see domestic homeowner sentiment changing significantly in the next year, particularly in the face of potential interest rate hikes.

E&W Residential Monthly Changes

	<i>Average* Price</i>	<i>Monthly % Change</i>	<i>Quarterly % Change</i>	<i>% Change vs Previous Annual Quarter</i>
Feb-16	£277,599			
Mar-16	£285,007	2.7	3.6	8.9
Apr-16	£282,355	-0.9	1.7	8.2
May-16	£281,386	-0.3	1.4	7.9
Jun-16	£275,745	-2.0	-3.2	3.9
Jul-16	£280,053	1.6	-0.8	3.4
Aug-16	£283,516	1.2	0.8	2.2
Sep-16	£284,137	0.2	3.0	1.0
Oct-16	£283,726	-0.1	1.3	1.6
Nov-16	£283,105	-0.2	-0.1	2.1
Dec-16	£284,046	0.3	0.0	3.2
Jan-17	£286,453	0.8	1.0	3.2
Feb-17	£287,978	0.5	1.7	3.7
Mar-17	£286,836	-0.4	1.0	0.6
Apr-17	£288,755	0.7	0.8	2.3
May-17	£290,185	0.5	0.8	3.1
Jun-17	£293,248	1.1	2.2	6.3
Jul-17	£294,021	0.3	1.8	5.0
Aug-17	£298,032	1.4	2.7	5.1
Sep-17	£299,136	0.4	2.0	5.3
Oct-17	£297,078	-0.7	1.0	4.7
Nov-17	£292,163	-1.7	-2.0	3.2
Dec-17	£290,874	-0.4	-2.8	2.4
Jan-18	£291,811	0.3	-1.8	1.9
Feb-18	£290,624	-0.4	-0.5	0.9

*Based on three monthly rolling data each month



April 2018

E&W Residential Annual Changes

	Average Annual Price	% Change vs previous year	Annual Volume	% Change vs previous year
2007	£218,837	8.0	1270838	-4.1
2008	£216,065	-1.3	649877	-48.9
2009	£210,998	-2.3	633065	-2.6
2010	£235,821	11.8	662297	4.6
2011	£232,548	-1.4	660162	-0.3
2012	£237,669	2.2	676970	2.5
2013	£246,159	3.6	790957	16.8
2014	£260,105	5.7	919650	16.3
2015	£270,895	4.1	916242	-0.4
2016	£281,570	3.9	919327	0.3
2017	£292,602	3.9	909882	-1.0
2018 <i>To Date</i>	£292,820	3.4	911944	0.1

NEW BUILD:

E&W New Build Headlines: Aug 2017

Average Price*	£338,694
Quarterly % Change	-2.0
Annual % Change	7.4

**based on 3 monthly rolling data each month. There is a 6-month time-lag to record new build vs old stock sales completions*

Quarterly Volume of Sales	27,497
Proportion of Total Sales	10.9
Annual Volume of Sales	104000
Annual % Change	-1.0

Despite the generally disappointing picture for England and Wales as a whole, annual prices in the new build sector increased 7.4%.

There are, however, worrying signs with quarterly prices down 2% and annual transactions dipping by 1.0%, the sixth successive month of falls. This may not be surprising with average prices for new builds now reaching £338,694. At 15.8% higher than existing stock, new units are increasingly out of reach for typical domestic buyers.

Overall only 104,000 new builds were sold in the year to August 2017, still far short of the 300,000 which are projected to be needed each year.

E&W Price and Volume Changes since 2007

December 2006 – February 2018

