



November 2018 Report

17th December 2018

PRIME CENTRAL LONDON (PCL)

PRICES & TRANSACTIONS CONTINUE TO FALL

- Average annual prices in November (excluding new build) in PCL now stand at £1,859,365.
- Monthly prices fall by 2.7%.
- Quarterly prices fall by 5.9%.
- Annual transactions fall 14.7% to 3,703, down over 45% on 2014.
- New build average prices now stand at £3,390,716** representing a premium of 72.7% over existing stock.
- However quarterly transactions fall by 44.2% to just 133.

PCL Headlines: Nov 2018

Average Price*(Excl. New Build)	£1,859,365
Monthly % Change	-2.7
Quarterly % Change	-5.9
Annual Volume of Sales	3,703
Annual % Change	-0.1

*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

	<i>Average Annual Price</i>	<i>Annual % Change</i>	<i>Annual Volume (all)</i>	<i>Annual % Change</i>
2007	£829,712	19.3	9,192	-13.7
2008	£930,944	12.2	4,529	-50.7
2009	£868,667	-6.7	5,015	10.7
2010	£1,013,037	16.6	6,058	20.8
2011	£1,082,378	6.8	5,792	-4.4
2012	£1,262,380	16.6	5,557	-4.1
2013	£1,431,704	13.4	6,287	13.1
2014	£1,645,781	15.0	6,228	-0.9
2015	£1,544,456	-6.2	5,035	-19.2
2016	£1,647,479	6.7	4,579	-9.1
2017	£1,773,589	7.7	4,202	-8.2
2018	£1,859,365	3.4	3,703	-14.7

To Date

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

PRIME CENTRAL LONDON (PCL)

Naomi Heaton, CEO of LCP, comments:

Average annual prices in Prime Central London (PCL) in November now stand at £1,859,365. They have fallen 2.7% over the month and 5.9% over the last quarter.

Annual transactions stand at 3,703, just above 71 sales a week. This represents a fall of 14.7% over the year and is the eighth consecutive month that annual sales have dipped below 4,000. To put this into context, transactions during the Global Financial Crisis (GFC) fell below this figure for only four months.

The historically low levels of transactions are now not only having a tangible impact on estate agents, but also the Treasury. The revenue from Stamp Duty for the first three quarters of 2018 is down by [£685m](#) on 2017.

These already low and falling levels in transactions and prices have, no doubt, been exacerbated by the toxic atmosphere created by the UK Brexit negotiations. The recent leadership challenge, whilst voted down, can only add to uncertainty.

There is, however, a significant weight of capital poised to make its move. There is clear evidence that more experienced investors are returning to the market to capitalise on extremely discounted prices and sterling depreciation. There have been several instances in recent weeks where assets have attracted competitive bids and transacted in a matter of days.

It is possible that this is the first sign of a long awaited bounce back.

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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PRIME CENTRAL LONDON (PCL)

NEW BUILD:

PCL New Build Headlines: May 2018

Average Price*	£3,390,716
Monthly % Change	19.5
Annual % Change	50.6

Annual Volume of Sales	615
Quarterly % Change	-44.2
Annual % Change	-15.6
Proportion of Total Sales %	15.9
New Build Premium %	72.7

**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*

New build prices now stand at £3,390,716, a massive increase of 50.6% over the year. We are still seeing the effects on average prices of several high-end developments coming to practical completion in Q4 2017 and Q1 2018.

Due to the availability of these unusually high-end residential developments, average prices are inevitably on the increase, resulting in a premium against older stock of 72.7%

What is not illustrated in this report, however, are the discounts from the original asking prices. It is apparent that developers have been forced to suffer significant price cuts on remaining stock to enable them to transact.

Unsurprisingly, annual transactions remain stubbornly low and now stand at just 615. They have fallen 44.2% over the last quarter.

GREATER LONDON

LOWEST PRICE GROWTH SINCE GFC

- Average prices in November (excluding new build) in Greater London now stand at £625,457.
- Quarterly prices fall 0.4%.
- Annual prices rise by just 0.8%, the lowest growth since the Global Financial Crisis.
- Annual transactions continue to fall to just 90,106, a drop of 4.1%.
- New build transactions see far greater falls at 19.6% over the year.
- New build prices now stand at £734,701, a 20.2% premium over existing stock. **

Greater London Headlines: Nov 2018

Average Price*(Excl. New Build)	£625,457
Monthly % Change	1.5
Quarterly % Change	-0.4
Annual Volume of Sales	90,106
Annual % Change	-4.1

**based on three monthly rolling data each month*

Greater London Monthly Data (excl. new build)

	Avg Price*	Monthly Change %	Quarterly Change %	New Build** £ Premium %
Nov-17	£597,722	-1.9	-3.2	10.2
Dec-17	£592,497	-0.9	-3.9	12.9
Jan-18	£604,981	2.1	-0.7	15.0
Feb-18	£607,097	0.3	1.6	16.6
Mar-18	£603,674	-0.6	1.9	18.8
Apr-18	£595,951	-1.3	-1.5	20.9
May-18	£600,245	0.7	-1.1	20.2
Jun-18	£611,899	1.9	1.4	n/a
Jul-18	£623,539	1.9	4.6	n/a
Aug-18	£628,154	0.7	4.6	n/a
Sep-18	£627,041	-0.2	2.5	n/a
Oct-18	£616,256	-1.7	-1.2	n/a
Nov-18	£625,457	1.5	-0.4	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*

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GREATER LONDON

Naomi Heaton, CEO of LCP, comments:

Average prices in Greater London now stand at £625,457. Prices have fallen 0.4% over the last quarter. They have stagnated over the year with a nominal increase of 0.8%. This is the lowest level of growth since the Global Financial Crisis and the current political climate is hardly conducive to any upward movement.

Transactions on an annual basis now stand at 90,106, a drop of 4.1% over the year. They have fallen over 26% since the introduction of the 3% Additional Rate Stamp Duty on second homes on 1st April 2016.

Whilst investors may be motivated to buy into a globally attractive market when prices are softening, for the majority of domestic buyers this is not good news. Coupled with the Brexit chaos and its implications for the local economy, one can foresee continuing falls in transactions and price stagnation.

Greater London Annual Data

	Average Annual Price	Annual % Change	Annual Volume (all)	Annual % Change
2007	£353,791	12.5	167,462	-3.4
2008	£365,328	3.3	82,261	-50.9
2009	£366,546	0.3	77,252	-6.1
2010	£413,113	12.7	92,695	20.0
2011	£425,912	3.1	90,718	-2.1
2012	£443,953	4.2	95,581	5.4
2013	£477,148	7.5	111,192	16.3
2014	£521,743	9.3	118,843	6.9
2015	£539,745	3.5	113,058	-4.9
2016	£573,803	6.3	102,937	-9.0
2017	£607,853	5.9	93,454	-9.2
2018	£615,182	0.8	90,106	-4.1

To Date

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

GREATER LONDON

NEW BUILD:

Greater London New Build Headlines: May 2018

Average Price*	£734,701
Monthly % Change	-6.1
Annual % Change	17.1

Annual Volume of Sales	13,340
Quarterly % Change	-7.6
Annual % Change	-19.6
Proportion of Total Sales %	14.9
New Build Premium %	20.2

*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

New build average prices now stand at £734,701. As with PCL, the disproportionate amount of high-end transactions is distorting prices, which show a 20.2% premium over existing stock. Perhaps a more telling figure, however, is the monthly price fall of 6.1%, as discounts take hold in the new build sector.

Transactions continue to fall to just 13,340, which equates to a drop of 19.6% year on year. This is a trend that we are unlikely to see reversed given the new build price premium and the fall in new build starts between [2017 and 2016](#).

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ENGLAND AND WALES
(EXCLUDING GREATER LONDON)

MARKET FLOUNDERS AS BREXIT UNCERTAINTY BITES

- Average prices in November (excluding new build) in England and Wales now stand at £257,666.
- Monthly prices fall by 1% and quarterly prices fall by 3.1%.
- Annual prices increase by just 2.4%, the lowest growth since 2013.
- Annual transactions now stand at 807,503, a further fall of 1.0%.
- New build prices stand at £297,986 representing a 15.0% premium over existing stock.**
- New build transactions have increased annually by 4.5% but fall 2.5% over the last quarter.

E&W Residential Headlines: Nov 2018

Average Price*(Excl. New Build)	£257,666
Monthly % Change	-1.0
Quarterly % Change	-3.1
Annual Volume of Sales	807,503
Annual % Change	-1.0

*based on three monthly rolling data each month

E&W Residential Monthly Data

	<i>Avg Price*</i>	<i>Monthly Change %</i>	<i>Quarterly Change %</i>	<i>New Build** £ Premium %</i>
Nov-17	£253,672	-1.9	-1.5	14.8
Dec-17	£251,884	-0.7	-3.1	14.8
Jan-18	£251,839	0.0	-2.6	15.1
Feb-18	£252,005	0.1	-0.7	14.8
Mar-18	£251,371	-0.3	-0.2	14.8
Apr-18	£249,089	-0.9	-1.1	14.9
May-18	£249,122	0.0	-1.1	15.0
Jun-18	£253,310	1.7	0.8	n/a
Jul-18	£260,567	2.9	4.6	n/a
Aug-18	£265,987	2.1	6.8	n/a
Sep-18	£262,724	-1.2	3.7	n/a
Oct-18	£260,323	-0.9	-0.1	n/a
Nov-18	£257,666	-1.0	-3.1	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

ENGLAND AND WALES
(EXCLUDING GREATER LONDON)

Naomi Heaton, CEO of LCP, comments:

England and Wales (excluding Greater London) is showing the same price suppression as the capital with a third consecutive monthly fall in value. Average prices now stand at £257,666 and fell by 3.1% over the quarter. Annual growth at just 2.4% is the lowest since 2013.

Transaction levels throughout England and Wales also continue to fall and now stand at 807,503, a drop of 1.0% over the year. It appears that we are now seeing the uncertainty that has been permeating the London market spreading to the rest of the UK as we approach the Brexit D-Day.

With transactions falling, average prices stagnating, a series of residential taxes over recent years and a deferred vote on the current Brexit deal, the UK housing market is in the middle of a perfect storm. Without a clearer picture of what to expect after 29th March 2019, it is unlikely that there will be any material change to the status quo.

E&W Residential Annual Data

	<i>Average Annual Price</i>	<i>Annual % Change</i>	<i>Annual Volume (all)</i>	<i>Annual % Change</i>
2007	£198,554	5.4	1,102,978	-4.1
2008	£196,208	-1.2	567,261	-48.6
2009	£191,657	-2.3	555,688	-2.0
2010	£208,941	9.0	569,581	2.5
2011	£202,432	-3.1	569,439	0.0
2012	£203,986	0.8	581,406	2.1
2013	£207,250	1.6	679,782	16.9
2014	£218,653	5.5	801,008	17.8
2015	£229,317	4.9	803,518	0.3
2016	£240,495	4.9	817,570	1.7
2017	£250,598	4.2	813,453	-0.5
2018	£256,045	2.4	807,503	-1.0
To Date				

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

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ENGLAND AND WALES
(EXCLUDING GREATER LONDON)

NEW BUILD:

E&W New Build Headlines: May 2018

Average Price*	£297,986
Monthly % Change	1.6
Annual % Change	3.7

Annual Volume of Sales	92,686
Quarterly % Change	-2.5
Annual % Change	4.5
Proportion of Total Sales %	11.6
New Build Premium %	15.0

**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*

Average new build prices now stand at £297,986 an increase of 3.7% over the year. This is a record price for new build properties in England and Wales. The effects of this can be seen in the premium over existing stock, which now stands at 15.0%.

Transactions have risen marginally over the year by 4.5% and now stand at 92,686. However, they have fallen 2.5% over the quarter which is disappointing, given the Government's ambitious home building targets and the 'Help to Buy' initiative, which have helped buoy the market.

Larger house builders are now feeling the impact of macro-economic events, posting very mixed results in performance and profits. Increased costs for materials and labour are likely to be a further dampener. Given the time lag from start to completion of developments, it may well be some time before we see the full effects of all this filtering through.