



December 2018 Report

28th January 2019

PRIME CENTRAL LONDON (PCL)

2018 YEAR END SEES PRICES AND SALES PLUMMET

- Average annual prices in December (excluding new build) in PCL amounted to £1,844,031.
- Monthly prices fell by 6.0%.
- Prices in the final quarter fell by 10.2%.
- Annual transactions in 2018 fell 16.4% to 3,514, the lowest recorded and down over 46% on 2014.
- New build average prices now stand at £4,461,072** representing a premium of 74.3% over existing stock.
- Quarterly new build transactions fall by 75.1% to just 57.

PCL Headlines: Dec 2018

Average Price*(Excl. New Build)	£1,844,031
Monthly % Change	-6.0
Quarterly % Change	-10.2
Annual Volume of Sales	3,514
Annual % Change	-16.4

*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	Annual % Change	Annual Volume (all)	Annual % Change
2007	£829,712	19.3	9,192	-13.7
2008	£930,893	12.2	4,530	-50.7
2009	£868,667	-6.7	5,015	10.7
2010	£1,012,945	16.6	6,059	20.8
2011	£1,082,378	6.9	5,792	-4.4
2012	£1,262,290	16.6	5,558	-4.0
2013	£1,431,921	13.4	6,288	13.1
2014	£1,645,781	14.9	6,228	-1.0
2015	£1,544,456	-6.2	5,035	-19.2
2016	£1,647,321	6.7	4,579	-9.1
2017	£1,774,517	7.7	4,205	-8.2
2018	£1,844,031	3.9	3,514	-16.4

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 December for Prime Central London (PCL) now stand at £1,844,031. They have fallen 6.0% over the month and 10.2% over Quarter 4 2018.

Whilst prices have increased marginally over the year, this is not a cause for optimism. It is attributable to greater activity at the higher priced end of the market where the most significant discounts are available. This skews average prices upwards but even this “high-end” effect is tapering off as activity stalls.

There were just 3,514 recorded transactions in 2018, fewer than 68 sales a week. This represents a fall of 16.4% over the year and sales are now below the previous all-time low seen during the Global Financial Crisis (GFC). There were just 57 new build transactions in the last recorded quarter.

The political turmoil the UK is currently weathering is being acutely felt throughout the country, but nowhere more so than in PCL. With the Prime Minister’s deal being voted down and no clear cross party consensus, it appears we are now even further away from a post-Brexit road map. This continues to dampen investor sentiment.

However, from a buyer’s perspective this period of low competition and suppressed prices is an excellent opportunity. The fundamentals that underpin the desirability of PCL as a global destination have not changed.

Those who still believe in these fundamentals are able to acquire properties at material discounts, with the potential for significant uplift in the medium to long term.

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: Jun 2018

Average Price*	£4,461,072
Monthly % Change	34.1
Quarterly % Change	68.6
Annual % Change	54.2

Annual Volume of Sales	592
Quarterly % Change	-75.1
Annual % Change	-16.4
Proportion of Total Sales %	15.7
New Build Premium %	74.3

*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 £4,461,072, a significant increase of 54.2% over the year. This is largely due to the development and practical completion of Ashburton Place in Mayfair. This created a cluster of super-prime properties transacting at a similar time. Coupled with the low level of new build transactions in PCL, the high values achieved have had a distorting upward effect on average prices. The knock-on effect has been to increase the premium of new build properties over existing stock, to an eye watering 74.3%.

Transactions, however, are down by 16.4% on an annual basis and now stand at 592. Quarterly transactions fell by 75.1% to just 57. The volume of new build sales has been in steady decline since the introduction of the 3% Additional Rate Stamp Duty, which also coincided with the Brexit vote.

The uncertainty that this has brought means that many developers have withdrawn from the market. Due to the time lag from project start to completion, it is unlikely that the new build sector will be able to bounce back as quickly as older stock, when appetite returns.

GREATER LONDON

2018 SEES LOWEST PRICE GROWTH SINCE GFC

- Average prices in Greater London (excluding new build) ended the year at £619,888.
- Prices in Quarter 4 fell 1.1%.
- Annual prices in 2018 rose by just 1.3%.
- Annual transactions in 2018 fell by 7.1% to just 86,869; the fourth consecutive annual fall.
- New build transactions saw far greater falls of 19.1% over the year.
- New build prices now stand at £698,485, a 20.8% premium over existing stock. **

Greater London Headlines: Dec 2018

Average Price*(Excl. New Build)	£619,888
Monthly % Change	0.3
Quarterly % Change	-1.1
Annual Volume of Sales	86,869
Annual % Change	-7.1

*based on three monthly rolling data each month

Greater London Monthly Data (excl. new build)

	Avg Price*	Monthly Change %	Quarterly Change %	New Build** £ Premium %
Dec-17	£592,599	-0.9	-3.9	13.0
Jan-18	£604,844	2.1	-0.7	15.1
Feb-18	£606,974	0.4	1.5	16.9
Mar-18	£603,422	-0.6	1.8	19.1
Apr-18	£595,844	-1.3	-1.5	21.2
May-18	£599,928	0.7	-1.2	20.4
Jun-18	£611,858	2.0	1.4	20.8
Jul-18	£622,349	1.7	4.4	n/a
Aug-18	£627,241	0.8	4.6	n/a
Sep-18	£626,630	-0.1	2.4	n/a
Oct-18	£616,454	-1.6	-0.9	n/a
Nov-18	£618,226	0.3	-1.4	n/a
Dec-18	£619,888	0.3	-1.1	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

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GREATER LONDON

Naomi Heaton, CEO of LCP, comments:

Average prices for Greater London in December 2018 were £619,888, falling by 1.1% over the final quarter.

This is lower than the average price seen in June 2017 when the Prime Minister held a snap general election. At the time she declared that it was “the only way to guarantee certainty and security for the years ahead”. With the benefit of hindsight, this has not been the case.

The average price for the last 12 months to December was £615,625, representing annual growth of just 1.3% for 2018, the lowest level since the GFC.

Transactions for 2018 amounted to 86,869, a drop of 7.1% over the year. Sales in the capital have now declined for four consecutive years amounting to a fall of 27%.

This decline coincided with the introduction of graduated SDLT and the Mortgage Market Review which had a disproportionately negative impact in Greater London, where average house prices are significantly higher than the UK as a whole.

More recent political and economic events have added more fuel to the fire and there are very few signs that this is likely to change. With Brexit looming, the property market is desperate for some positive news to restore confidence.

Greater London Annual Data

	Average Annual Price	Annual % Change	Annual Volume (all)	Annual % Change
2007	£353,789	12.5	167,465	-3.4
2008	£365,329	3.3	82,263	-50.9
2009	£366,546	0.3	77,252	-6.1
2010	£413,116	12.7	92,696	20.0
2011	£425,909	3.1	90,719	-2.1
2012	£443,965	4.2	95,583	5.4
2013	£477,168	7.5	111,193	16.3
2014	£521,733	9.3	118,847	6.9
2015	£539,737	3.5	113,061	-4.9
2016	£573,800	6.3	102,946	-8.9
2017	£607,856	5.9	93,493	-9.2
2018	£615,625	1.3	86,869	-7.1

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: Jun 2018

Average Price*	£698,485
Monthly % Change	-4.7
Quarterly % Change	-11.9
Annual % Change	17.1

Annual Volume of Sales	13,279
Quarterly % Change	14.1
Annual % Change	-19.1
Proportion of Total Sales %	15.0
New Build Premium %	20.8

*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 £698,485. This represents significant annual growth and there is now a 20.8% price premium over older stock. However, there have been falls in both monthly (-4.7%) and quarterly prices (-11.9%).

Transactions are also suppressed with a fall of 19.1% on an annual basis. This decline follows suit with older property in Greater London although it has been far more pronounced.

The current political climate is not conducive to developers undertaking bold new ventures, with no certainty as to what might happen to build costs or market appetite going forward.

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ENGLAND AND WALES (EXCLUDING GREATER LONDON)

2018 SEES PRICE GROWTH AND TRANSACTIONS FALL TO NEW LOWS

- Average prices in England and Wales (excluding new build) ended the year at £262,126.
- Monthly prices rose by 1.3% but fell by 0.7% over Quarter 4.
- Annual prices for 2018 increased by just 2.8%, the lowest level of growth since 2013.
- Annual transactions for 2018 fell by 3.7%, the largest drop since 2008 and now stand at 783,913.
- New build annual transactions now stand at 93,619, a rise of just 3.6%.
- New build prices stand at £299,617, representing a 14.8% premium over existing stock.**

E&W Residential Headlines: Dec 2018

Average Price*(Excl. New Build)	£262,126
Monthly % Change	1.3
Quarterly % Change	-0.7
Annual Volume of Sales	783,913
Annual % Change	-3.7

*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>
Dec-17	£251,902	-0.7	-3.1	14.7
Jan-18	£251,838	0.0	-2.6	15.0
Feb-18	£251,979	0.1	-0.7	14.7
Mar-18	£251,367	-0.2	-0.2	14.8
Apr-18	£249,213	-0.9	-1.0	14.9
May-18	£249,206	0.0	-1.1	15.0
Jun-18	£253,599	1.8	0.9	14.8
Jul-18	£260,920	2.9	4.7	n/a
Aug-18	£266,951	2.3	7.1	n/a
Sep-18	£264,034	-1.1	4.1	n/a
Oct-18	£261,336	-1.0	0.2	n/a
Nov-18	£258,750	-1.0	-3.1	n/a
Dec-18	£262,126	1.3	-0.7	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:

Average prices in England and Wales (excluding Greater London) stood at £262,126 for December, a fall of 0.7% over the final quarter.

The average price for the last 12 months was £257,668. This represented annual growth of just 2.8% for 2018, the lowest since 2013.

Transactions for 2018 stood at 783,913, a drop of 3.7% over the year. This is the largest annual fall since the GFC as a 'wait and see' attitude towards moving house or investing becomes ever more prevalent.

Whilst transaction levels have fallen ever since the introduction of Additional Rate Stamp Duty in 2016, undoubtedly the uncertainty around Brexit is having a far more punitive effect than increased buying costs. This negative sentiment has also spilled into the new build market where growth in annual transactions is just 3.6%.

With no positive news of late, coupled with the infighting within the parties and government, it is difficult to foresee any significant changes to current market sentiment. Unity and clarity would now go some way to restoring confidence not only to the property market but to all facets of UK enterprise.

E&W Residential Annual

	<i>Average Annual Price</i>	<i>Annual % Change</i>	<i>Annual Volume (all)</i>	<i>Annual % Change</i>
2007	£198,553	5.4	1,102,998	-4.1
2008	£196,208	-1.2	567,277	-48.6
2009	£191,659	-2.3	555,694	-2.0
2010	£208,941	9.0	569,597	2.5
2011	£202,433	-3.1	569,451	0.0
2012	£203,987	0.8	581,419	2.1
2013	£207,250	1.6	679,796	16.9
2014	£218,654	5.5	801,034	17.8
2015	£229,318	4.9	803,559	0.3
2016	£240,492	4.9	817,636	1.8
2017	£250,602	4.2	813,675	-0.5
2018	£257,668	2.8	783,913	-3.7

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: Jun 2018

Average Price*	£299,617
Monthly % Change	0.6
Quarterly % Change	3.6
Annual % Change	3.6

Annual Volume of Sales	93,619
Quarterly % Change	37.6
Annual % Change	3.6
Proportion of Total Sales %	11.8
New Build Premium %	14.8

**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 £299,617, an increase of 0.6% over the month. On an annual basis, prices have risen by just 3.6%.

Transactions have also grown by just 3.6% over the year and now stand at 93,619. This is a significantly better performance than the new build sector in Greater London and PCL. However, it can only be seen as disappointing in light of the government's ambitious targets for new homes.

Given the political support for the sector, it is possible that we will continue to see a better performance in the rest of England and Wales than in PCL and Greater London. Nevertheless, with a new build premium of almost 15% over older stock, developers may be forced to reduce asking prices to maintain sales levels.

Due to the time lag from the first spade in the ground until completion of new build projects, it is unlikely that we will see the full effects of Brexit on the new build sector for some time.