



January 2019 Report

25th February 2019

PRIME CENTRAL LONDON (PCL)

A WEAK START TO THE YEAR

- Average annual prices for January (excluding new build) in PCL now stand at £1,809,860.
- Monthly prices are down by 2.4%
- Quarterly prices are down by 5.4%.
- All transactions fall 15.6% over the year to 3,558, down 43% on 2013.
- New build average prices now stand at £2,940,374**
- The new build premium for the year over existing stock is 74.4%.
- Quarterly new build transactions fall by 76% to just 51.
- Annual transactions are down 16.1%.

PCL Headlines: Jan 2019

Average Price*(Excl. New Build)	£1,809,860
Monthly % Change	-2.4
Quarterly % Change	-5.4
Annual Volume of Sales	3,558
Annual % Change	-15.6

*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>% Change</i>	<i>Annual Volume (all)</i>	<i>% Change</i>
2008	£930,893	12.2	4,530	-50.7
2009	£868,667	-6.7	5,015	10.7
2010	£1,012,866	16.6	6,060	20.8
2011	£1,082,378	6.9	5,792	-4.4
2012	£1,262,195	16.6	5,559	-4.0
2013	£1,431,879	13.4	6,289	13.1
2014	£1,645,781	14.9	6,229	-1.0
2015	£1,544,456	-6.2	5,035	-19.2
2016	£1,647,321	6.7	4,579	-9.1
2017	£1,773,950	7.7	4,207	-8.1
2018	£1,858,699	4.8	3,517	-16.4
Last 12 Months	£1,809,860	-0.3	3,558	-15.6

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

Naomi Heaton, CEO of LCP, comments:

The bad news continues in Prime Central London (PCL) with price falls across the month, quarter and year. Average annual prices in January for Prime Central London now stand at £1,809,860. They have fallen 2.4% over the month and 5.4% over the quarter.

Transactions in PCL remain at historically low levels and now stand at 3,558, a fall of 15.6% over the year. This is fewer than 69 a week. Harrods Estates is the latest agency to 'rationalise its business' by closing their branch on Kensington Church Street.

With just under five weeks to go until the Brexit deadline, many investors are delaying any purchase until April, when there may at least be 'a clear direction of travel'. However, there is a new momentum in the market as other investors see a moment of opportunity, before demand and sterling have a chance to strengthen.

DECILES:

- The mainstream sector (bottom 70% of market transactions by value) sees price growth flatline, with average prices at £844,574.
- The premium sector (top 30% of market transactions by value) sees annual price growth of 4.6% to £3,992,048.

Mainstream Sector¹: Dec 2018

Average Price	£844,574
% Annual Change	0.0

¹bottom 70% of sales

Premium Sector²: Dec 2018

Average Price	£3,992,048
% Annual Change	4.6

²top 30% of sales

Note: There is a one-month time lag to report decile data

For media and other enquiries, please contact 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)

DECILES (CONT)

The premium sector, having suffered from a raft of new taxes introduced from 2014, has now begun to rally due to exceedingly attractive discounts on offer.

The mainstream sector showed a more robust performance initially than that of the premium sector. However, it is now enduring a sustained period of price suppression, with nominal annual growth.

There has been no clearer indication of the activity at the top end of the market than Ken Griffin's purchase of 3 Carlton Gardens which was bought for £95 million, a massive 35% reduction from the original asking price.

NEW BUILD:

PCL New Build Headlines: Jul 2018

Average Price*	£2,940,374
Quarterly % Change	4.3
Annual % Change	55.3
New Build Premium %	74.7

Annual Volume of Sales	599
Quarterly % Change	-76.0
Annual % Change	-16.1
Proportion of Total Sales %	16.0

**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*

New build average prices now stand at £2,940,374, a quarterly rise of 4.3%. However, the practical completion of several high-end developments across the year has resulted in an eye-watering premium of 74.7% over existing stock.

The most alarming figure for the new build sector is that quarterly transactions have fallen by 76.0% and 16.1% annually. There have been just 599 transactions for the year, fewer than 12 a week.

With developers scaling back their operations against a backdrop of tax hits and in the run up to Brexit, this trend of suppressed transactions is likely to continue in the immediate future.

GREATER LONDON

PRICES STAGNATE, TRANSACTIONS FALL

- Average prices in Greater London (excluding new build) for January now stand at £621,019.
- Prices stagnate with monthly growth of 0.6% and quarterly growth of just 0.1%.
- Annual prices rise by 0.6%, the weakest performance since the Global Financial Crisis (GFC).
- All transactions fall by 5.2% across the year.
- New build prices have increased 17.1% over the year and now stand at £675,557. **
- New build transactions, however, plummet by 19.0%.

Greater London Headlines: Jan 2019

Average Price*(Excl. New Build)	£621,019
Monthly % Change	0.6
Quarterly % Change	0.1
Annual Volume of Sales	88,224
Annual % Change	-5.2

**based on three monthly rolling data each month*

Greater London Monthly Data (excl. new build)

	Avg Price*	Monthly Change %	Quarterly Change %	New Build** £ Premium %
Jan-18	£604,810	2.1	-0.7	15.1
Feb-18	£606,897	0.3	1.5	16.8
Mar-18	£603,392	-0.6	1.8	19.1
Apr-18	£595,656	-1.3	-1.5	21.2
May-18	£599,690	0.7	-1.2	20.5
Jun-18	£609,966	1.7	1.1	20.9
Jul-18	£620,291	1.7	4.1	21.6
Aug-18	£625,637	0.9	4.3	n/a
Sep-18	£627,591	0.3	2.9	n/a
Oct-18	£620,502	-1.1	0.0	n/a
Nov-18	£622,751	0.4	-0.5	n/a
Dec-18	£617,142	-0.9	-1.7	n/a
Jan-19	£621,019	0.6	0.1	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 January stand at £621,019, showing monthly growth of 0.6% and nominal quarterly growth of 0.1%. Prices are lower than they were prior to the June 2017 General Election, as confidence continues to hamper the London market.

Transactions have fallen 27% since the introduction of the Additional Rate Stamp Duty (ARSD) in April 2016. The last year has seen a drop of 5.2% to 88,224.

Notwithstanding any decision on Brexit, this protracted period of uncertainty may well continue for 2019 and beyond. Having seen the time taken to negotiate the UK's exit from the EU, it is likely that the transition period will represent an equally bumpy ride.

In contrast, new build prices have surged ahead showing annual growth of 17.1%. This has resulted in a 21.6% premium over older stock, the highest in almost two decades. Transactions, however, have seen a significant fall of 19.0% over the year.

There are now indications that these trends are reversing as developers are obliged to reduce asking prices to gain sufficient traction in the market place to generate sales.

Greater London Annual Data

	<i>Average*</i> <i>Annual Price</i>	<i>%</i> <i>Change</i>	<i>Annual</i> <i>Volume (all)</i>	<i>%</i> <i>Change</i>
2008	£365,329	3.3	82,263	-50.9
2009	£366,546	0.3	77,253	-6.1
2010	£413,128	12.7	92,699	20.0
2011	£425,911	3.1	90,719	-2.1
2012	£443,969	4.2	95,585	5.4
2013	£477,176	7.5	111,194	16.3
2014	£521,729	9.3	118,851	6.9
2015	£539,746	3.5	113,065	-4.9
2016	£573,790	6.3	102,951	-8.9
2017	£607,824	5.9	93,522	-9.2
2018	£614,321	1.1	87,332	-6.6
Last 12 Months	£613,745	0.6	88,224	-5.2

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

DECILES:

In the Greater London market, the mainstream sector is performing slightly more strongly than the premium sector.

- The mainstream sector (bottom 70% of market transactions by value) sees annual price growth of 2.3% to £387,521.
- The premium sector (top 30% of market transactions by value) sees annual growth of 1.7% to £1,125,161.

Mainstream Sector¹: Dec 2018

Average Price	£387,521
% Annual Change	2.3

¹bottom 70% of sales

Premium Sector²: Dec 2018

Average Price	£1,125,161
% Annual Change	1.7

²top 30% of sales

Note: There is a one-month time lag to report decile data

NEW BUILD:

Greater London New Build Headlines: Jul 2018

Average Price*	£675,557
Quarterly % Change	-14.2
Annual % Change	17.1
New Build Premium %	21.6

Annual Volume of Sales	13,190
Quarterly % Change	17.0
Annual % Change	-19.0
Proportion of Total Sales %	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*

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GREATER LONDON

NEW BUILD (CONT)

New build average prices now stand at £675,557. While prices have seen a significant uplift over the year, there has been a correction in recent months from the record highs of early 2018. This has resulted in a quarterly fall of 14.2%. Nevertheless, the premium over existing stock continues to climb to 21.6%.

Transactions have seen an annual fall of 19.0% over the year and now stand at 13,190. This has led to a fall in new build market share, representing just 15% of the market.

Unlike PCL, however, there has been a recent uptick in transactions with quarterly sales rising by 17%. This is a result of discounts becoming more attractive, bolstered by the Help to Buy Scheme, which is only applicable to new builds.

ENGLAND AND WALES

(EXCLUDING GREATER LONDON)

MONTHLY PRICES CONTINUE TO FALL

- Average prices in England and Wales (excluding new build) see a fourth consecutive monthly fall to £259,442.
- Monthly prices fall by 0.2% and quarterly prices fall 2.9%.
- All transactions fall by 1.9% over the year and now stand at 798,296.
- New build transactions now stand at 94,139, an annual increase of 3.9%.
- New build prices stand at £301,294
- They have seen an annual increase of 3.8%, resulting in a 15% premium over existing stock.**

E&W Residential Headlines: Jan 2019

Average Price*(Excl. New Build)	£259,442
Monthly % Change	-0.2
Quarterly % Change	-2.9
Annual Volume of Sales	798,296
Annual % Change	-1.9

*based on three monthly rolling data each month

ENGLAND AND WALES

(EXCLUDING GREATER LONDON)

E&W Residential Monthly Data

	Avg Price*	Monthly Change %	Quarterly Change %	New Build** £ Premium %
Jan-18	£251,847	0.0	-2.6	15.0
Feb-18	£251,991	0.1	-0.7	14.7
Mar-18	£251,387	-0.2	-0.2	14.8
Apr-18	£249,213	-0.9	-1.0	14.9
May-18	£249,336	0.0	-1.1	15.0
Jun-18	£254,037	1.9	1.1	14.8
Jul-18	£261,577	3.0	5.0	15.0
Aug-18	£267,765	2.4	7.4	n/a
Sep-18	£269,787	0.8	6.2	n/a
Oct-18	£267,209	-1.0	2.2	n/a
Nov-18	£262,225	-1.9	-2.1	n/a
Dec-18	£259,868	-0.9	-3.7	n/a
Jan-19	£259,442	-0.2	-2.9	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 for January in England and Wales (excluding Greater London) stand at £259,442. This represents a 0.2% fall in monthly prices and a drop of 2.9% over the quarter. Prices have now been in decline since September 2018. It appears that the uncertainty that has been so apparent in London for some time has now permeated to the rest of the UK.

Annual transactions at 798,296 are now below the levels seen in 2014 and have fallen by 1.9% over the year.

The introduction of ARSD, in hindsight, seems to have been a tipping point for the UK housing market. With a flurry of transactions in the run up to April 2016 to 'beat' the new tax, there has been a steady decline ever since.

As Brexit uncertainty continues to roll on and the chance of a 'No Deal' exit still very much on the table, buyers are viewing any potential purchase as a risk. As property is, by and large, the most expensive purchase of their lives, they are preferring to wait and see, not only what happens on March 29th but also during the post-Brexit transition period.

In contrast to London, the new build sector in England and Wales is showing a more robust performance, with both annual transactions and prices moderately up.

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ENGLAND AND WALES
(EXCLUDING GREATER LONDON)
E&W Residential Annual

	<i>Average*</i> <i>Annual Price</i>	<i>%</i> <i>Change</i>	<i>Annual</i> <i>Volume (all)</i>	<i>%</i> <i>Change</i>
2008	£196,208	-7.6	567,282	-48.6
2009	£191,659	-2.3	555,700	-2.0
2010	£208,942	9.0	569,604	2.5
2011	£202,435	-3.1	569,460	0.0
2012	£203,987	0.8	581,421	2.1
2013	£207,251	1.6	679,807	16.9
2014	£218,656	5.5	801,047	17.8
2015	£229,320	4.9	803,579	0.3
2016	£240,492	4.9	817,674	1.8
2017	£250,607	4.2	814,089	-0.4
2018	£258,686	3.2	789,436	-3.0
<i>Last 12</i> <i>Months</i>	£259,331	3.2	798,296	-1.9

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

DECILES:

In England & Wales (excluding Greater London), the mainstream sector is performing slightly more strongly than the premium sector.

- The mainstream sector (bottom 70% of market transactions by value) sees annual price growth of 2.9% to £179,173.
- The premium sector (top 30% of market transactions by value) sees annual price growth of 1.8% to £546,217.

Mainstream Sector¹: Dec 2018

Average Price	£179,173
% Annual Change	2.9

¹bottom 70% of sales

Premium Sector²: Dec 2018

Average Price	£546,217
% Annual Change	1.8

²top 30% of sales

Note: There is a one-month time lag to report decile data

NEW BUILD:

E&W New Build Headlines: Jul 2018

Average Price*	£301,294
Quarterly % Change	2.5
Annual % Change	3.8
New Build Premium %	15.0

Annual Volume of Sales	94,139
Quarterly % Change	25.9
Annual % Change	3.9
Proportion of Total Sales %	11.9

*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 £301,294, an increase of 2.5% over the quarter. On an annual basis, prices have risen by 3.8%, broadly in line with the market as a whole.

Transactions have risen by just 3.9% over the year and now stand at 94,139. However, on a quarterly basis there has been a significant increase of 25.9%. If this is sustained, it will be encouraging for the government as they are currently far off meeting their ambitious housing targets.

The new build premium, however, has reached the highest on record since the GFC, at 15.0%. It is therefore possible that transactions will tail off again as affordability constraints kick in. The counter to this is the government's Help To Buy Scheme. This allows buyers to take out a 95% mortgage which may mask this problem in the short term but lead to longer term issues.

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