



June 2018

PRIME CENTRAL LONDON

PRICES FALL BACK FROM FEBRUARY HIGH

- Average prices in April (excluding new build) fall 2.9% following record high in February.
- Prices now stand at £1,843,782.
- All transactions fall 7.6% to 951 for the quarter, to only just above historic lows in 2009 (Global Financial Crisis) and in 2016 (Additional Rate Stamp Duty).
- New build transactions fall by 15.6% annually.
- New build prices however are up 31.9% and the premium over existing stock is 48.2%.**

PCL Residential Headlines: Apr 2018

Average Price*(Excl. New Build)	£1,843,782
Monthly % Change	-2.9
Quarterly % Change	-4.3

*based on three monthly rolling data each month

Quarterly Volume of Sales (All)	951
Quarterly % Change	-7.6
Annual Volume of Sales	4,025
Annual % Change	3.1

Naomi Heaton, CEO of LCP, comments:

Prime Central London (PCL) has experienced unprecedented pressures with a series of new taxes targeted at the residential sector. An unsettled political backdrop and slow progress on Brexit negotiations have further dented sentiment, resulting in a picture of price sensitivity and falling transactions.

Nevertheless, there were signs towards the end of 2017 that prices were hardening, with the market (excluding new build) experiencing six successive monthly price rises. These were buoyed by some high value sales including one in Grosvenor Crescent for £31,121,000 and another for £37,720,000 in The Boltons.

Since then prices have fallen back with a 2.9% drop in April. They are now around the level seen during the 2014 high, prior to the introduction of graduated Stamp Duty which resulted in a top rate of 12%.

Transactions remain exceptionally low, at just 951 over the last quarter. This is only slightly more than during the Global Financial Crisis (GFC) and the collapse in transactions post the introduction of Additional Rate Stamp Duty in April 2016.

Given the very low levels of activity, it is likely that when sentiment returns there will be a bounce-back in prices, as seen post GFC.

PCL Residential Monthly Changes (excl. new build)

	<i>Avg. Price*</i>	<i>Monthly Change %</i>	<i>Quarterly Change %</i>	<i>New Build** Premium %</i>
Apr-16	£1,693,825			15.7
May-16	£1,731,452	2.2	13.5	7.8
Jun-16	£1,544,430	-10.8	-8.2	26.4
Jul-16	£1,557,427	0.8	-8.1	14.5
Aug-16	£1,563,158	0.4	-9.7	25.6
Sep-16	£1,617,964	3.5	4.8	45.6
Oct-16	£1,611,619	-0.4	3.5	55.1
Nov-16	£1,624,908	0.8	4.0	43.3
Dec-16	£1,869,444	15.0	15.5	-4.9
Jan-17	£1,904,138	1.9	18.2	-14.0
Feb-17	£1,930,596	1.4	18.8	-14.2
Mar-17	£1,722,109	-10.8	-7.9	13.5
Apr-17	£1,881,166	9.2	-1.2	1.7
May-17	£1,933,662	2.8	0.2	0.4
Jun-17	£1,912,387	-1.1	11.0	-4.8
Jul-17	£1,747,063	-8.6	-7.1	7.5
Aug-17	£1,634,721	-6.4	-15.5	19.5
Sep-17	£1,651,244	1.0	-13.7	39.6
Oct-17	£1,671,805	1.2	-4.3	48.2
Nov-17	£1,710,110	2.3	4.6	n/a
Dec-17	£1,787,524	4.5	8.3	n/a
Jan-18	£1,927,510	7.8	15.3	n/a
Feb-18	£1,995,685	3.5	16.7	n/a
Mar-18	£1,898,159	-4.9	6.2	n/a
Apr-18	£1,843,782	-2.9	-4.3	n/a

*Based on three monthly rolling data each month

** Six month lag to fully register new build completions

Note: Given the distortion on pricing through the inclusion of new build sales, the data above is based on existing stock only and new build data is considered separately (see over).



June 2018

PCL Residential Annual Changes

	Average Annual Price (ex. new build)	% Change vs previous year	Annual Volume (all)	% Change vs previous yr
2007	£829,724	19.3	9,190	-13.6
2008	£931,105	12.2	4,530	-50.7
2009	£868,655	-6.7	5,013	10.7
2010	£1,013,037	16.6	6,058	20.8
2011	£1,082,410	6.8	5,790	-4.4
2012	£1,261,888	16.6	5,555	-4.1
2013	£1,431,704	13.5	6,287	13.2
2014	£1,645,736	14.9	6,227	-1.0
2015	£1,545,130	-6.1	5,031	-19.2
2016	£1,648,427	6.7	4,576	-9.0
2017	£1,772,488	7.5	4,200	-8.2
2018 <i>To Date</i>	£1,800,902	4.0	4,025	3.1

NEW BUILD:

PCL New Build Headlines: Oct 2017

Average Price*	£2,476,933
Quarterly % Change	31.9
Annual % Change	-4.3

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

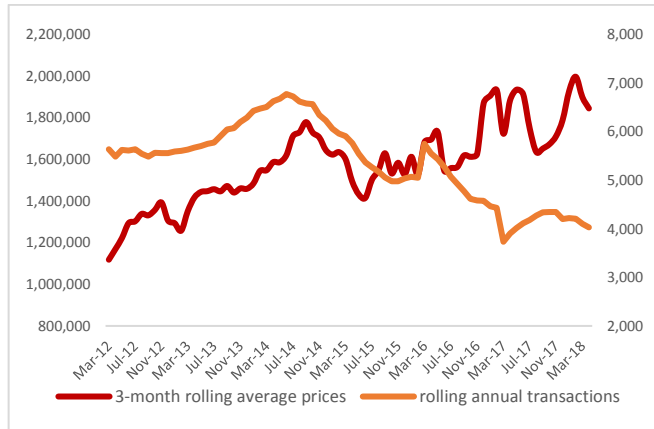
Quarterly Volume of Sales	121
Proportion of Total Sales	12.2
Annual Volume of Sales	701
Annual % Change	-15.6

New build prices have declined slightly over the year with a fall of 4.3%. However, over the last quarter they have increased sharply with a 31.9% rise to £2,476,933. This represents a premium of 48.2% over existing stock.

At the end of 2017 there were completions on numerous super-prime properties in the Holland Park Villas and Chiltern Place developments. The impact of these high value sales are yet to be fully reported given the delay in Land Registry updating its data. It is likely however that average prices will continue to increase.

Whilst quarterly transactions have also increased by 3.1%, sales over the year have dropped by 15.6% and now stand at 701.

PCL Price and Volume Changes since Mar 2012





June 2018

GREATER LONDON

MONTHLY TRANSACTIONS PLUMMET BUT PRICES REMAIN FLAT

- Average prices in April (excluding new build) remain almost static with a 0.2% increase reversing the fall in March.
- Prices now stand at £609,965.
- This represents a quarterly increase of just 0.6%.
- All transactions have fallen 7.9% over the quarter and 15.3% over the last month.
- Transaction levels are at their lowest since the introduction of Additional Rate Stamp Duty (ARSD).
- The new build sector shows a 2.5% increase in average prices over the quarter but sales fall by 18.5%.
- The new build price premium over existing stock now stands at 10.7%.**

London Residential Headlines: Apr 2018

Average Price*(Excl. New Build)	£609,965
Monthly % Change	0.2
Quarterly % Change	0.6

*based on three monthly rolling data each month

Quarterly Volume of Sales (All)	19,994
Quarterly % Change	-7.9
Annual Volume of Sales	90,945
Annual % Change	-2.1

Naomi Heaton, CEO of LCP, comments:

Average prices in Greater London, excluding new build, are now back at the same level as they were a year ago, in April 2017. Having dropped below £600,000 in November and December, they now stand at £609,965, a 0.6% increase over the previous quarter.

The headline figure, however, from this month's report is that transactions dropped by 15% over the last month from 7,277 to 6,165.

This large drop in transactions is difficult to explain, as there is no obvious single external factor that has contributed to this marked reduction. However, economic uncertainty around Brexit and a weak market may be encouraging buyers and sellers to sit tight.

London Residential Monthly Changes

	<i>Avg. Price*</i>	<i>Monthly Change %</i>	<i>Quarterly Change %</i>	<i>New Build** Premium %</i>
Apr-16	£589,167			14.5
May-16	£590,715	0.3	5.5	11.9
Jun-16	£553,371	-6.3	-6.8	13.9
Jul-16	£564,371	2.0	-4.2	4.1
Aug-16	£566,838	0.4	-4.0	1.8
Sep-16	£571,250	0.8	3.2	1.0
Oct-16	£566,838	-0.8	0.4	5.4
Nov-16	£572,010	0.9	0.9	5.7
Dec-16	£588,929	3.0	3.1	3.6
Jan-17	£604,958	2.7	6.7	1.1
Feb-17	£605,843	0.1	5.9	5.7
Mar-17	£597,188	-1.4	1.4	6.3
Apr-17	£610,301	2.2	0.9	6.8
May-17	£620,328	1.6	2.4	7.3
Jun-17	£624,677	0.7	4.6	7.9
Jul-17	£615,728	-1.4	0.9	7.0
Aug-17	£617,708	0.3	-0.4	3.9
Sep-17	£617,288	-0.1	-1.2	4.8
Oct-17	£609,710	-1.2	-1.0	10.7
Nov-17	£598,383	-1.9	-3.1	n/a
Dec-17	£593,813	-0.8	-3.8	n/a
Jan-18	£606,186	2.1	-0.6	n/a
Feb-18	£609,845	0.6	1.9	n/a
Mar-18	£608,765	-0.2	2.5	n/a
Apr-18	£609,965	0.2	0.6	n/a

*Based on three monthly rolling data each month

** Six month lag to fully register new build completions

Note: Given the distortion on pricing through the inclusion of new build sales, the data above is based on existing stock only and new build data is considered separately(see over).

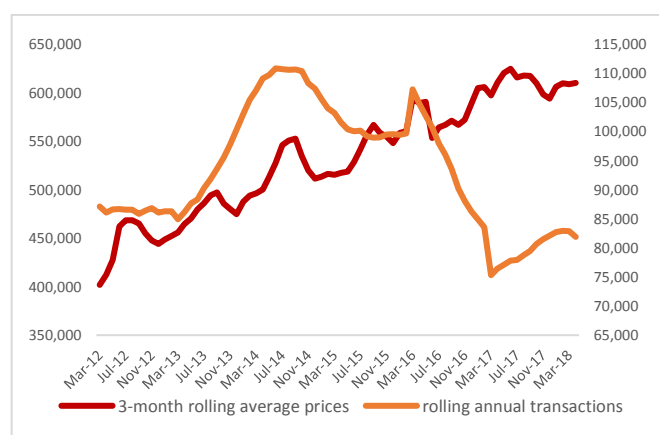


June 2018

London Residential Annual Changes

	Average Annual Price (ex. new build)	% Change vs previous year	Annual Volume (all)	% Change vs previous yr
2007	£353,785	12.5	167,451	-3.4
2008	£365,335	3.3	82,256	-50.9
2009	£366,523	0.3	77,240	-6.1
2010	£413,102	12.7	92,689	20.0
2011	£425,907	3.1	90,709	-2.1
2012	£443,903	4.2	95,566	5.4
2013	£477,092	7.5	111,178	16.3
2014	£521,725	9.4	118,832	6.9
2015	£539,757	3.5	113,027	-4.9
2016	£573,867	6.3	102,852	-9.0
2017	£608,433	6.0	93,408	-9.2
2018 To Date	£611,508	4.3	90,945	-2.1

London Price and Volume Changes since Mar 2012



NEW BUILD:

GL New Build Headlines: Oct 2017

Average Price*	£674,827
Quarterly % Change	2.5
Annual % Change	5.6

*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	3,434
Proportion of Total Sales	14.1
Annual Volume of Sales	15,314
Annual % Change	-5.6

Quarterly new build prices reached the second highest figure on record, eclipsed only by April 2016 and now stand at £674,827. We would anticipate that the coming months will see further record average prices due to the increase in high value transactions in some prominent developments at the back end of 2017.

Transactions however, have fallen by 5.6% across the year. This has resulted in the new build share of the market falling to a low of 14.1%.

The new build premium to existing stock has currently eclipsed 10%. This suggests that those buyers who are considering one of the many new developments being marketed, may find better value in existing property.



June 2018

ENGLAND AND WALES

MONTHLY TRANSACTIONS PLUMMET AND PRICES CONTINUE TO FALL

- Average prices in April (excluding new build) see another monthly fall of 0.3%.
- Prices now stand at £285,082, a quarterly fall of 0.2%.
- All transactions fall 12.6% over the quarter and 15.4% in the last month.
- Transaction levels are at their lowest since the introduction of ARSD.
- The new build sector shows quarterly growth of 0.2%, bringing prices to £341,409.
- New build transactions fall 18.0% over the quarter, representing a 9.9% market share, down from a 14.4% high in June 2016.
- The new build price premium over existing stock stands at 16.9%.**

E&W Residential Headlines: Apr 2018

Average Price*(Excl. New Build)	£285,082
Monthly % Change	-0.3
Quarterly % Change	-0.2

*based on three monthly rolling data each month

Quarterly Volume of Sales (All)	193,118
Quarterly % Change	-12.6
Annual Volume of Sales	897,800
Annual % Change	2.6

Naomi Heaton, CEO of LCP, comments:

Average prices in April (excluding new build) across England and Wales see further falls but remain relatively static compared with a year ago. They now stand at £285,082, a fall of 0.3% over the previous month.

Quarterly transactions, however, have fallen by 12.6% and monthly transactions have fallen even further by 15.4%. Sales are at their lowest since the introduction of ARSD.

Spring has traditionally been a period of increased activity across the sales market, however it appears that buyers and sellers are still sitting on the fence.

With the multitude of taxes that residential property has been hit with in the past six years, coupled with the uncertainty around Brexit, confidence in the market appears to be disappearing quickly. The government is going to need to find some way of reassuring the nation soon, otherwise it is unlikely there will be any change in sentiment this side of March 2019.

E&W Residential Monthly Changes

	<i>Avg. Price*</i>	<i>Monthly Change %</i>	<i>Quarterly Change %</i>	<i>New Build** Premium %</i>
Apr-16	£276,669			18.8
May-16	£275,367	-0.5	0.9	18.8
Jun-16	£267,637	-2.8	-4.6	21.1
Jul-16	£273,977	2.4	-1.0	17.6
Aug-16	£278,328	1.6	1.1	16.2
Sep-16	£279,688	0.5	4.5	16.1
Oct-16	£277,866	-0.7	1.4	19.8
Nov-16	£276,233	-0.6	-0.8	21.7
Dec-16	£276,827	0.2	-1.0	19.8
Jan-17	£280,327	1.3	0.9	16.9
Feb-17	£281,602	0.5	1.9	18.0
Mar-17	£280,275	-0.5	1.2	20.7
Apr-17	£281,332	0.4	0.4	22.1
May-17	£282,125	0.3	0.2	22.5
Jun-17	£284,847	1.0	1.6	20.6
Jul-17	£286,808	0.7	1.9	18.8
Aug-17	£292,490	2.0	3.7	15.7
Sep-17	£294,370	0.6	3.3	16.4
Oct-17	£291,995	-0.8	1.8	16.9
Nov-17	£285,852	-2.1	-2.3	n/a
Dec-17	£283,855	-0.7	-3.6	n/a
Jan-18	£285,613	0.6	-2.2	n/a
Feb-18	£286,464	0.3	0.2	n/a
Mar-18	£285,947	-0.2	0.7	n/a
Apr-18	£285,082	-0.3	-0.2	n/a

*Based on three monthly rolling data each month

** Six month lag to fully register new build completions

Note: Given the distortion on pricing through the inclusion of new build sales, the data above is based on existing stock only and new build data is considered separately (see over).



June 2018

E&W Residential Annual Changes

	Average Annual Price (ex. new build)	% Change vs previous year	Annual Volume (all)	% Change vs previous yr
2007	£219,605	8.7	1,270,297	-4.0
2008	£217,757	-0.8	649,449	-48.9
2009	£212,932	-2.2	632,859	-2.6
2010	£238,017	11.8	662,216	4.6
2011	£233,955	-1.7	660,100	-0.3
2012	£237,771	1.6	676,916	2.5
2013	£245,327	3.2	790,883	16.8
2014	£257,840	5.1	919,719	16.3
2015	£267,315	3.7	916,343	-0.4
2016	£275,555	3.1	919,792	0.4
2017	£285,898	3.8	906,379	-1.5
2018	£287,525	3.3	897,800	2.6

To Date

NEW BUILD:

E&W New Build Headlines: Oct 2017

Average Price*	£341,409
Quarterly % Change	0.2
Annual % Change	5.1

**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	24,386
Proportion of Total Sales	9.9
Annual Volume of Sales	105,248
Annual % Change	-0.3

New build prices have remained almost unchanged over the last quarter showing a rise of just 0.2%. They now stand at £341,409.

It is a similar story across the board with transactions continuing to fall and this quarter there has been a further double digit drop of 18%.

This is not good news for either house builders or the government's housing plans. If the major developers delay or cancel future schemes it will make the government's optimistic targets even harder to achieve.

The proportion of new build sales this quarter is 9.9%, down from a high of 14.4% in June 2016. With transactions falling generally and the market share of new build properties falling with it, this does not paint a strong picture for the sector despite achieving near record average prices.

E&W Price and Volume Changes since Mar 2012

