



March 2018

PRIME CENTRAL LONDON (PCL)

A TURNING POINT FOR PRIME CENTRAL LONDON? BOTH PRICES AND VOLUMES INCREASE

- A 3 month delay from HM Land Registry due to both the Christmas period and a backlog in registrations of new builds has meant that average monthly prices in PCL have seen a marked increase to £2.2m, their highest level on record
- A significant number of high value sales were also registered in January, with eight above £10m
- This has resulted in monthly growth of 6.5% with annual growth at its highest level since the beginning of 2015
- Sales volumes also saw their first quarterly increase since June 2017 at 2.8%
- The new build sector has seen annual price growth of 2.5%. Transactions, however, continue to fall, recording an 11% decrease compared with last year

PCL Residential Headlines: Jan 2018

Average Price (3-month rolling average)	£2,212,798
Monthly % Change	6.5
Quarterly % Change	24.9

*based on 3 monthly rolling data each month

Quarterly Volume of Sales	1,019
Quarterly % Change	2.8
Annual Volume of Sales	4,191
Rolling Annual % Change	-6.0

Naomi Heaton, CEO of LCP, comments:

This month has seen some unexpected results for Prime Central London, following a significantly delayed registration of sales by HM Land Registry due to both the Christmas period and a backlog in registrations of new build transactions.

In December, Land Registry only managed to record approximately 1/3 of all old build completions and in the quarter to December just 10% of all new build completions. This led to average prices being suppressed at the end of last year due to the number of high value sales transacted but not reported. An adjustment has now been made and HM Land Registry suggest that the remaining backlog should be rectified by the middle of 2018

As a result of this upward adjustment, coupled with the traditional uptick recorded in January, average prices have reached their highest level on record at £2.2m.

There also appears to be growing appetite from international buyers to take advantage of a sustained period of softer prices, before an anticipated strengthening of sterling. In January, this has been demonstrated by an above average number of high value sales including ones for £37m, £24m and a further six at over £10m. There is a general feeling from these buyers that tax increases and Brexit downsides have now been priced into the market. As a result, monthly price growth in PCL stood at 6.5%.

Sales volumes, which have seen a consistent downward trend, also appear to be stabilising. Whilst still at a low ebb, with 4,191 transactions over the year, on a quarterly basis, volumes recorded their first quarterly increase in 7 months at 2.8%.

PCL Residential Monthly Changes

	Average Price	Monthly % Change	Quarterly % Change	Change vs Previous Annual Quarter
Jan-16	£1,693,207			
Feb-16	£1,631,449	-3.6	0.0	-0.8
Mar-16	£1,697,575	4.1	4.0	7.6
Apr-16	£1,744,688	2.8	3.0	18.9
May-16	£1,759,809	0.9	7.9	15.5
Jun-16	£1,645,583	-6.5	-3.1	8.1
Jul-16	£1,592,291	-3.2	-8.7	-1.6
Aug-16	£1,621,710	1.8	-7.8	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	£1,874,253	1.1	7.6	14.9
Mar-17	£1,768,329	-5.7	-4.3	4.2
Apr-17	£1,891,016	6.9	2.0	8.4
May-17	£1,942,763	2.7	3.7	10.4
Jun-17	£1,910,156	-1.7	8.0	16.1
Jul-17	£1,770,855	-7.3	-6.4	11.2
Aug-17	£1,665,650	-5.9	-14.3	2.7
Sep-17	£1,719,346	3.2	-10.0	0.4
Oct-17	£1,771,724	3.0	0.0	1.0
Nov-17	£1,952,860	10.2	17.2	12.1
Dec-17	£2,078,122	6.4	20.9	12.4
Jan-18	£2,212,798	6.5	24.9	19.3

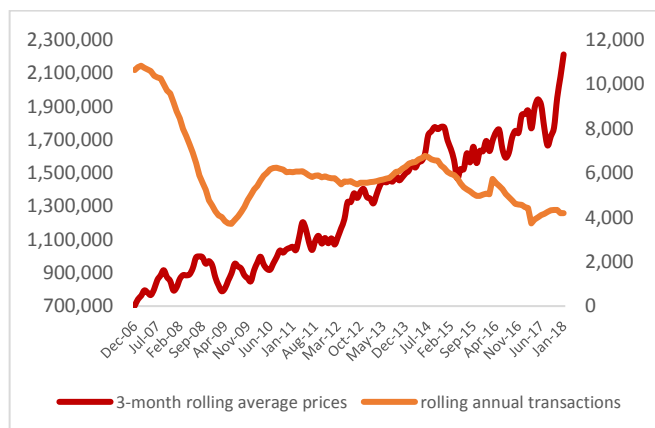


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PCL Residential Annual Changes

	Average Annual Price	% Change vs previous year	Annual Volume	% Change vs previous year
2007	£828,133	18.0	9192	-13.6
2008	£936,732	13.1	4536	-50.7
2009	£861,813	-8.0	5014	10.5
2010	£998,827	15.9	6057	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	£1,671,846	15.3	6226	-1.0
2015	£1,600,860	-4.2	5030	-19.2
2016	£1,705,410	6.5	4571	-9.1
2017	£1,865,856	9.4	4185	-8.5
2018 TO DATE	£1,912,690	11.0	4149	-6.0

PCL Price and Volume Changes since 2007



NEW BUILD:

PCL New Build Headlines: July 2017

Average Price	£1,926,675
Quarterly % Change	0.7
Rolling Annual % Change	2.5

**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	110
Proportion of Total Sales	10.6
Annual Volume of Sales	703
Rolling Annual % Change	-11.1

Albeit seeing a weaker performance compared with the market as a whole, the picture appears to be improving for the new build sector.

Whilst a lag in registration of new build sales completions means reporting is 6 months delayed for this sector, July demonstrated a small quarterly increase in prices at 0.7%, resulting in annual growth of 2.5%.

Volumes of sales in this sector, however, remain significantly down. The year to July saw an 11% fall in transactions, compared with the previous year.

It is also important to note that new build sales completions often represent historic off-plan transactions. This situation, therefore, can change on a monthly basis, depending on which schemes come to completion.



March 2018

GREATER LONDON

A SLOW PICTURE FOR GREATER LONDON AS AFFORDABILITY AND DOMESTIC ISSUES IMPACT SALES

- Despite recording price growth of 1.5%, the first increase in 7 months, year-on-year growth continues to slow to 3.2%
- At 93,335, annual sales are 8.2% lower than the previous year and the lowest since 2012
- The new build sector has shown a quarterly increase of 1% in prices and an annual increase of 4.3%
- Average prices for new builds now demonstrate a 28% premium over older stock
- Annual transactions in this sector have also increased 4.3% with a boost provided by the Help to Buy scheme

London Residential Headlines: Jan 2018

Average Price (3-month rolling average)	£626,395
Monthly % Change	1.5
Quarterly % Change	1.1

*based on 3 monthly rolling data each month

Quarterly Volume of Sales	21,905
Quarterly % Change	-10.9
Annual Volume of Sales	93,335
Rolling Annual % Change	-8.2

Naomi Heaton, CEO of LCP, comments:

As the market continues to face affordability issues and domestic concerns around Brexit, inflation and interest rates, Greater London has seen a muted performance in January.

Despite seeing the first monthly price increase in 7 months at 1.5%, in part attributable to seasonality with a traditional January uptick, growth continues to slow, now standing at 3.2%, compared with the previous annual quarter.

Transactions were also significantly down on a quarterly basis with an 11% decrease. This brings annual sales volumes to 93,335, 8.2% lower than the previous year and the lowest since March 2012.

Despite Government initiatives to support buyers with various schemes, including reductions in basic rate Stamp Duty and exemptions for some first-time buyers, it appears the domestic

market is still struggling. Salary caps on mortgage lending, which do not reflect the ratio between house prices and earnings, are hampering buyers, both to get on to the housing ladder and their ability to trade up. This has been exacerbated by the failure to meet affordable housing targets, a trend which shows little sign of reversing.

London Residential Monthly Changes

	Average Price	Monthly % Change	Quarterly % Change	Change vs Previous Annual Quarter
Jan-16	£565,691			
Feb-16	£569,665	0.7	2.6	8.4
Mar-16	£601,345	5.6	8.4	15.0
Apr-16	£600,671	-0.1	6.2	14.8
May-16	£600,756	0.0	5.5	14.3
Jun-16	£567,934	-5.5	-5.6	6.8
Jul-16	£568,475	0.1	-5.4	4.6
Aug-16	£568,603	0.0	-5.4	2.8
Sep-16	£572,213	0.6	0.8	1.5
Oct-16	£572,371	0.0	0.7	2.7
Nov-16	£578,416	1.1	1.7	4.2
Dec-16	£593,077	2.5	3.6	7.0
Jan-17	£606,942	2.3	6.0	7.3
Feb-17	£612,627	0.9	5.9	7.5
Mar-17	£605,104	-1.2	2.0	0.6
Apr-17	£618,322	2.2	1.9	2.9
May-17	£628,482	1.6	2.6	4.6
Jun-17	£633,358	0.8	4.7	11.5
Jul-17	£623,349	-1.6	0.8	9.7
Aug-17	£622,183	-0.2	-1.0	9.4
Sep-17	£622,365	0.0	-1.7	8.8
Oct-17	£619,819	-0.4	-0.6	8.3
Nov-17	£618,702	-0.2	-0.6	7.0
Dec-17	£616,846	-0.3	-0.9	4.0
Jan-18	£626,395	1.5	1.1	3.2

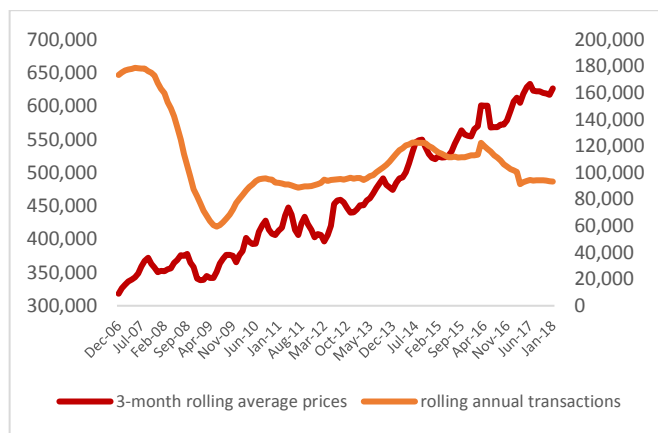


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London Residential Annual Changes

	AVERAGE ANNUAL PRICE	% CHANGE VS PREVIOUS YEAR	ANNUAL VOLUME	% CHANGE VS PREVIOUS YEAR
2007	£351,815	11.7	167501	-3.4
2008	£360,413	2.4	82301	-50.9
2009	£359,219	-0.3	77264	-6.1
2010	£407,019	13.3	92698	20.0
2011	£421,281	3.5	90727	-2.1
2012	£437,061	3.7	95577	5.3
2013	£471,520	7.9	111217	16.4
2014	£523,686	11.1	118824	6.8
2015	£543,237	3.7	113005	-4.9
2016	£581,033	7.0	102781	-9.0
2017	£619,736	6.7	93563	-9.0
2018 <small>TO DATE</small>	£622,416	6.6	93335	-8.2

London Price and Volume Changes since 2007



NEW BUILD:

GL New Build Headlines: July 2017

Average Price	£659,193
Quarterly % Change	1.0
Rolling Annual % Change	4.3

**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	3,910
Proportion of Total Sales	15.8
Annual Volume of Sales	15888
Rolling Annual % Change	4.3

Whilst there has been an influx of bad news regarding the vast Battersea – Nine Elms development, Greater London’s new build sector as a whole showed a positive performance to July 2017. Prices increased 4.3% across the year, reaching a 28% premium over older stock.

Whilst transactions are down for the market as a whole, new build sales increased 4.3% annually, most probably due to the boost provided by the Government’s Help to Buy scheme aimed at this sector.

However, new build sales completions often represent historic transactions – potentially being agreed two years or more prior to their completion. It will, therefore, be interesting to see whether this trend is reversed going forward if anecdotal price falls reported for developments south of the river materialise.



March 2018

ENGLAND AND WALES

WHILST AVERAGE PRICES FOR NEW BUILDS REACH 12.5 TIMES EARNINGS, THE MARKET AS A WHOLE BEGINS TO FALTER

- Following three successive monthly price falls, price growth was negligible in January at 0.1%
- Prices fell 2.8% on a quarterly basis
- Sales volumes also fell with an 11.3% quarterly decrease
- New build prices fell 0.9% on a quarterly basis, However, with annual growth of 7.0%, prices in the sector have reached £340,937, 12.5 times average earnings
- This affordability imbalance has seen sales beginning to weaken in the sector, down 1.2% annually, following five consecutive monthly falls

E&W Residential Headlines: Jan 2018

Average Price (3-month rolling average)	£288,764
Monthly % Change	0.1
Quarterly % Change	-2.8
Average Price without Greater London	£251,155

*based on 3 monthly rolling data each month

Quarterly Volume of Sales	218,559
Quarterly % Change	-11.3
Annual Volume of Sales	904,600
Rolling Annual % Change	-1.3

Naomi Heaton, CEO of LCP, comments:

Having experienced three consecutive monthly price falls to December, January once again highlights the slowing picture across the country as a whole. Price growth remained negligible at 0.1% for the first month of the year and saw a 2.8% quarterly fall.

As with Greater London, weaker sentiment and restrictions on borrowing have begun to impact buyers in England and Wales. Alongside a lacklustre picture for prices, sales volumes – which have so far held up better than in the capital - are also now recording falls.

Over the three months to January, sales fell a notable 11.3%, whilst remaining relatively static compared with the previous 12 months, down 1.3%.

E&W Residential Monthly Changes

	Average Price	Monthly % Change	Quarterly % Change	Change vs Previous Annual Quarter
Jan-16	£277,585			
Feb-16	£277,602	0.0	0.1	5.8
Mar-16	£285,002	2.7	3.6	8.9
Apr-16	£282,347	-0.9	1.7	8.2
May-16	£281,383	-0.3	1.4	7.9
Jun-16	£275,757	-2.0	-3.2	3.9
Jul-16	£280,069	1.6	-0.8	3.4
Aug-16	£283,524	1.2	0.8	2.2
Sep-16	£284,139	0.2	3.0	1.0
Oct-16	£283,730	-0.1	1.3	1.6
Nov-16	£283,115	-0.2	-0.1	2.1
Dec-16	£284,048	0.3	0.0	3.2
Jan-17	£286,449	0.8	1.0	3.2
Feb-17	£287,955	0.5	1.7	3.7
Mar-17	£286,809	-0.4	1.0	0.6
Apr-17	£288,719	0.7	0.8	2.3
May-17	£290,137	0.5	0.8	3.1
Jun-17	£293,164	1.0	2.2	6.3
Jul-17	£293,927	0.3	1.8	4.9
Aug-17	£297,921	1.4	2.7	5.1
Sep-17	£299,179	0.4	2.1	5.3
Oct-17	£297,019	-0.7	1.1	4.7
Nov-17	£291,536	-1.8	-2.1	3.0
Dec-17	£288,483	-1.0	-3.6	1.6
Jan-18	£288,764	0.1	-2.8	0.8



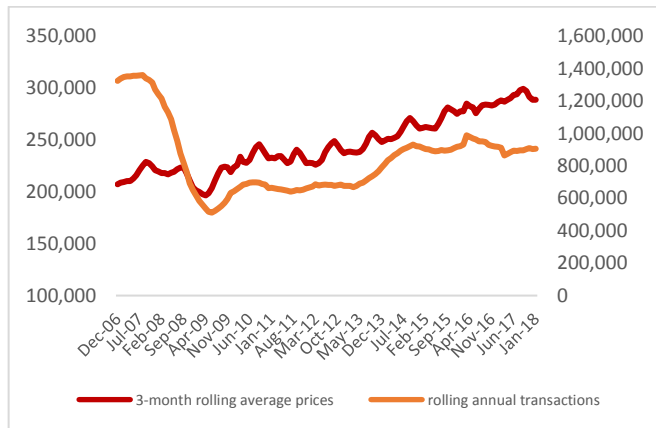
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E&W Residential Annual Changes

	Average Annual Price	% Change vs previous year	Annual Volume	% Change vs previous year
2007	£218,836	8.0	1270819	-4.1
2008	£216,063	-1.3	649860	-48.9
2009	£210,997	-2.3	633059	-2.6
2010	£235,818	11.8	662284	4.6
2011	£232,549	-1.4	660159	-0.3
2012	£237,670	2.2	676958	2.5
2013	£246,160	3.6	790937	16.8
2014	£260,106	5.7	919611	16.3
2015	£270,904	4.2	916153	-0.4
2016	£281,573	3.9	919010	0.3
2017	£291,984	3.7	903907	-1.6
2018	£292,224	3.5	904600	-1.3

TO DATE

E&W Price and Volume Changes since 2007



NEW BUILD:

E&W New Build Headlines: July 2017

Average Price	£340,937
Quarterly % Change	-0.9
Rolling Annual % Change	7.0

**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	28,234
Proportion of Total Sales	11.9
Annual Volume of Sales	103605
Rolling Annual % Change	-1.2

In line with England and Wales as a whole, price growth in the new build sector also struggled at the beginning of 2018, recording a 1% fall quarterly.

With average prices now standing at £340,937, following annual price growth of 7.0%, available new units are increasingly outside the reach of typical domestic buyers at 12.5 times average earnings.

This has resulted in slowing sales volumes in the sector with transactions down 1.2% on an annual basis, following falls for five consecutive months.

With prices and transactions beginning to decrease in both the market as a whole and the new build sector, there is a serious need to build more low-cost housing to address the affordability issues being experienced across the country.