



October 2018 Report

26<sup>th</sup> November 2018

**PRIME CENTRAL LONDON (PCL)**

**TRANSACTIONS DOWN OVER 15%**

- Average annual prices in October (excluding new build) in PCL now stand at £1,870,774.
- Annual prices increase by 4.2% reflecting activity in the high value sector, although growth is slowing.
- Annual transactions fall 15.4% to 3,671, down over 40% on 2014.
- New build average prices now stand at £2,846,856\*\* representing a premium of 61.1% over existing stock.
- New build transactions fall by 8.0% across the year.

**PCL Headlines: Oct 2018**

<b>Average Price*(Excl. New Build)</b>	<b>£1,870,774</b>
Annual % Change	4.2
<b>Annual Volume of Sales</b>	<b>3,671</b>
Annual % Change	-15.4

*\*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**

	<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	£868,538	-6.7	5,014	10.7
2010	£1,013,037	16.6	6,058	20.8
2011	£1,082,378	6.8	5,792	-4.4
2012	£1,262,372	16.6	5,556	-4.1
2013	£1,431,704	13.4	6,287	13.2
2014	£1,645,941	15.0	6,227	-1.0
2015	£1,544,456	-6.2	5,035	-19.1
2016	£1,648,024	6.7	4,576	-9.1
2017	£1,773,589	7.6	4,198	-8.3
2018	£1,870,774	4.2	3,671	-15.4

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 October now stand at £1,870,774, representing growth of 4.2%. This is a result of greater activity at the higher end of the market, due to the significant discounts available and attractive exchange rates for foreign buyers. Nevertheless, price growth has been slowing suggesting headwinds around Brexit are taking their toll.

Annual transactions have also dropped to 3,671, just above 70 sales a week. This is a fall of 15.4% over the year with sales now running at a lower level than during the Global Financial Crisis (GFC).

Transaction levels continue to have a very real effect on London estate agents. Foxtons have closed their flagship office on Park Lane as part of a cost cutting exercise. Moore Stephens reported in July that 27% of high street estate agents are struggling to survive. As the PCL market has seen the most dramatic fall in transactions across the UK over the last few years, it is likely that it will not be the last we hear of this in the coming months.

It has been hard to avoid the incessant brouhaha around the Brexit negotiations over the last few weeks. There is no doubt that the Prime Minister, Theresa May faces challenging times ahead. Even though there is no crystal ball as to what will happen in the coming months, one could expect property transactions to remain at very low levels until there is more clarity.

Nevertheless, we are seeing increased activity in PCL as price discounting seems to have reached a level which investors are finding sufficiently compelling to re-enter the market.



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**PRIME CENTRAL LONDON (PCL)**

**NEW BUILD:**

*PCL New Build Headlines: Apr 2018*

<b>Average Price*</b>	<b>£2,846,856</b>
Monthly % Change	7.4
Annual % Change	43.7
<b>Annual Volume of Sales</b>	<b>1,079</b>
Annual % Change	-8.0
<b>Proportion of Total Sales %</b>	<b>16.6</b>
<b>New Build Premium %</b>	<b>61.1</b>

*\*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 £2,846,856, a staggering increase of 43.7% over the year. This is largely due to several high-end luxury developments reaching completion. Coupled with the low levels of transactions generally, this has distorted market pricing for the last few months.

However, what is not taken in to account by HM Land Registry figures, is how much the original asking price has been discounted. Undoubtedly, some developers will have taken a significant hit to shift stock in a market where weak sentiment prevails.

Transactions have also seen a significant fall of 8.0% across the year, and now stand at just 1,079. As developer and end-user appetite dwindles there is currently very little cause for optimism.

Reflecting this, the property investment and development company Almacantar, responsible for Centre Point in London's West End, have completely withdrawn their scheme from the open market. The reason being that the offers being made, in the current market conditions, are "detached from reality".

**GREATER LONDON**

**PRICE GROWTH STALLS**

- Average prices in October (excluding new build) in Greater London now stand at £631,987.
- This represents a monthly increase of 0.2% and nominal annual growth of just 0.8%.
- Annual transactions continue to fall to 89,096, a drop of 5.6%, due to higher taxes and continued uncertainty.
- New build transactions show far greater falls at 15.5% over the year.
- New build prices now stand at £784,351, a 21.0% premium over existing stock.\*\*

*Greater London Headlines: Oct 2018*

<b>Average Price*(Excl. New Build)</b>	<b>£631,987</b>
Monthly % Change	0.2
Annual % Change	0.8
<b>Annual Volume of Sales</b>	<b>89,096</b>
Annual % Change	-5.6

*\*based on three monthly rolling data each month*

*Greater London Monthly Data (excl. new build)*

	<i>Avg Price*</i>	<i>Monthly Change %</i>	<i>Quarterly Change %</i>	<i>New Build** £ Premium %</i>
Oct-17	£609,295	-1.2	-1.0	6.9
Nov-17	£597,914	-1.9	-3.2	10.2
Dec-17	£592,703	-0.9	-3.9	12.8
Jan-18	£605,081	2.1	-0.7	15.0
Feb-18	£607,202	0.4	1.6	16.7
Mar-18	£603,663	-0.6	1.8	18.9
Apr-18	£596,394	-1.2	-1.4	21.0
May-18	£600,741	0.7	-1.1	n/a
Jun-18	£612,827	2.0	1.5	n/a
Jul-18	£625,814	2.1	4.9	n/a
Aug-18	£630,851	0.8	5.0	n/a
Sep-18	£630,411	-0.1	2.9	n/a
Oct-18	£631,987	0.2	1.0	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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Source - Land Registry - [Download formal LCPAca Residential Index methodology here](#)



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26<sup>th</sup> November 2018

**GREATER LONDON**

*Naomi Heaton, CEO of LCP, comments:*

Average prices in Greater London now stand at £631,987, a minimal monthly rise of 0.2%. Prices on an annual basis have stalled completely with an increase of 0.8%.

Transactions are at their lowest levels since the GFC and now stand at 89,096. This is a fall of 5.6% over the year and 25% down on 2014. Sales of new builds have also fallen a massive 15.5% over the year.

No doubt, this a contributing factor to the strife that estate agents are currently having to weather. Countrywide, the UK's biggest estate agency, has seen their share price fall by 98.5% over the last four years.

On top of this, there are still many hurdles to jump in the Brexit negotiations and there is still no final road map on the table. This is not the news that the market needed to hear and it is hard to see any light yet at the end of the tunnel, with so many vested interests at play both in the UK and EU.

**Greater London Annual Data**

	<i>Average Annual Price</i>	<i>Annual % Change</i>	<i>Annual Volume (all)</i>	<i>Annual % Change</i>
2007	£353,791	12.5	167,461	-3.4
2008	£365,327	3.3	82,260	-50.9
2009	£366,520	0.3	77,249	-6.1
2010	£413,105	12.7	92,696	20.0
2011	£425,912	3.1	90,718	-2.1
2012	£443,944	4.2	95,577	5.4
2013	£477,142	7.5	111,190	16.3
2014	£521,739	9.3	118,843	6.9
2015	£539,743	3.5	113,052	-4.9
2016	£573,788	6.3	102,933	-9.0
2017	£607,929	6.0	93,406	-9.3
2018	£614,673	0.8	89,096	-5.6
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: Apr 2018**

<b>Average Price*</b>	<b>£784,351</b>
Monthly % Change	-0.8
Annual % Change	20.0
<b>Annual Volume of Sales</b>	<b>13,726</b>
Annual % Change	-15.5
<b>Proportion of Total Sales %</b>	<b>15.2</b>
<b>New Build Premium %</b>	<b>21.0</b>

*\*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 have seen a fall of 0.8% over the month but have increased 20% over the year. This significant rise can be attributed to several high-end developments coming to completion. Another factor is the heavy discounts that developers have had to bear on higher value schemes to stimulate interest and thus increase activity at the top-end of the market.

Whilst this has led to an upward distortion in average prices with the new build premium running at 21.0%, on the ground we are seeing a difficult market where prices are falling. This is particularly the case where there is an oversupply of similar units in areas such as Battersea and Nine Elms, South of the River Thames.

As a result there has been a staggering 15.5% fall in transactions over the year which now stand at 13,726.

One could have expected overseas investors, who are very important to the new build market in London, to have been looking to acquire assets at discounted prices and benefit from the weakness of sterling. However, it appears that the toxicity that is currently surrounding the new build market is warding buyers away.



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26<sup>th</sup> November 2018

**ENGLAND AND WALES**  
(EXCLUDING GREATER LONDON)

**MONTHLY PRICE GROWTH FALLS TO JUST 0.1%**

- Average prices in October (excluding new build) in England and Wales now stand at £264,987.
- This represents a nominal monthly increase of 0.1% and annual growth of just 2.7%.
- Annual transactions now stand at 806,403, a further fall of 0.7%, as uncertainty persists.
- New build prices stand at £292,985 representing a 14.9% premium over existing stock.\*\*
- New build transactions have increased annually by 5.1%

*E&W Residential Headlines: Oct 2018*

<b>Average Price*(Excl. New Build)</b>	<b>£264,987</b>
Monthly % Change	0.1
Annual % Change	2.7
<b>Annual Volume of Sales</b>	<b>806,403</b>
Annual % Change	-0.7

\*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>
Oct-17	£258,484	-0.5	3.0	14.8
Nov-17	£253,671	-1.9	-1.5	14.7
Dec-17	£251,870	-0.7	-3.1	14.7
Jan-18	£251,875	0.0	-2.6	15.0
Feb-18	£251,905	0.0	-0.7	14.7
Mar-18	£251,293	-0.2	-0.2	14.8
Apr-18	£248,730	-1.0	-1.2	14.9
May-18	£248,529	-0.1	-1.3	n/a
Jun-18	£252,641	1.7	0.5	n/a
Jul-18	£259,203	2.6	4.2	n/a
Aug-18	£263,728	1.7	6.1	n/a
Sep-18	£264,730	0.4	4.8	n/a
Oct-18	£264,987	0.1	2.2	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 not faring much better than the capital. There was nominal price growth of just 0.1% over the month and 2.7% on an annual basis. Average prices now stand at £264,987.

Transaction levels throughout England and Wales have also fallen by 0.7% across the year and are now at 806,403.

Whilst most of the properties in England and Wales have not been as heavily impacted by the recent changes to tax legislation as London, it appears the political climate surrounding Brexit has created considerable uncertainty. This has resulted in a fall off of activity, exacerbated by lack lustre price growth which deters potential sellers from putting their property on the market.

It is unlikely that any significant reversal will be seen until there is more clarity over Brexit. Whilst transactions in the new build sector have increased by 5.1%, this may not be sustainable at the 14.9% premium it currently commands compared with older stock. New build sales currently only amount to just 93,329 transactions.

*E&W Residential Annual Data*

	<i>Average Annual Price</i>	<i>Annual % Change</i>	<i>Annual Volume (all)</i>	<i>Annual % Change</i>
2007	£198,552	5.4	1,102,948	-4.1
2008	£196,206	-1.2	567,259	-48.6
2009	£191,652	-2.3	555,671	-2.0
2010	£208,938	9.0	569,573	2.5
2011	£202,431	-3.1	569,430	0.0
2012	£203,987	0.8	581,394	2.1
2013	£207,249	1.6	679,766	16.9
2014	£218,651	5.5	800,983	17.8
2015	£229,318	4.9	803,491	0.3
2016	£240,494	4.9	817,510	1.7
2017	£250,597	4.2	813,008	-0.6
2018	£256,099	2.7	806,403	-0.7
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: Apr 2018*

<b>Average Price*</b>	<b>£292,985</b>
Monthly % Change	1.3
Annual % Change	3.9
<b>Annual Volume of Sales</b>	<b>92,329</b>
Annual % Change	5.1
<b>Proportion of Total Sales %</b>	<b>11.5</b>
<b>New Build Premium %</b>	<b>14.9</b>

*\*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 £292,985. They have fared marginally better than existing stock with growth of 1.3% over the month and 3.9% annually. As a result, the new build premium has been steadily rising and now equates to 14.9%.

Annual transactions reached 92,329, an increase of 5.1%. This is in no doubt, in part due to the Help to Buy scheme, which is only open to new builds and the new stamp duty relief, introduced for first time buyers last November. The proportion of new build sales now stands at 11.5%.

Nevertheless, with the government's statistics showing new build completions for the year to June 2018 at 160,020 (a 3% fall over the previous year), sales are not keeping up with the new build development pipeline. They also remain a long way off the government's objective to provide 300,000 new homes a year.

Brexit uncertainty is also weighing heavily on some of the biggest housebuilders in the UK. Berkeley Group, Bovis and Persimmon have all seen further falls in their share price of between 20% and 30% this year.

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