



February 2019 Report

26<sup>th</sup> March 2019

**PRIME CENTRAL LONDON (PCL)**

**TRANSACTIONS FALL BELOW 66 PER WEEK**

- Average annual prices in February (excluding new build) in PCL now at £1,812,051.
- Monthly prices fall by 6.2%.
- Prices in the last quarter fall by 12.7%.
- Annual transactions remain just above historic lows, standing at 3,405, a fall of 16.5% over the year.
- New build† average prices now stand at £2,268,219, a 61.4% premium over existing stock.
- Quarterly new build transactions fall by 46.1% to just 73 and prices fall by 29.6%.

**PCL Headlines: Feb 2019**

<b>Average Price*(Excl. New Build)</b>	<b>£1,812,051</b>
Monthly % Change	-6.2
Quarterly % Change	-12.7
Annual % Change	0.3
<b>Annual Volume of Sales</b>	<b>3,405</b>
Annual % Change	-16.5

\*based on annual rolling data each month† Six-month lag to register new build completions in Land Registry (LR) Price Paid Data

	<i>Average Annual Price</i>	<i>% Change</i>	<i>Annual Volume (all)</i>	<i>% Change</i>
2008	£930,068	12.2	4,530	-50.7
2009	£882,857	-6.7	5,015	10.7
2010	£1,012,736	16.6	6,060	20.8
2011	£1,096,186	6.9	5,793	-4.4
2012	£1,267,854	16.6	5,559	-4.0
2013	£1,437,625	13.4	6,289	13.1
2014	£1,646,132	14.9	6,230	-0.9
2015	£1,542,985	-6.2	5,036	-19.2
2016	£1,690,624	6.6	4,581	-9.0
2017	£1,770,829	7.7	4,081	-10.9
2018	£1,874,979	5.2	3,446	-15.6
12 months	£1,812,051	0.3	3,405	-16.5

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 February for Prime Central London (PCL) now stand at £1,812,051, a fall of 6.2% over the month and 12.7% over the quarter.

Transactions continue to limp along in PCL with only 3,405 over the year, fewer than 66 sales a week. This marks an unprecedented period of suppressed activity, lasting longer than that seen during the Global Financial Crisis in 2008.

On a more optimistic note, there has been evidence of a pick up in interest as investors seek to capitalise on extremely soft prices. However, with Brexit rolling on beyond March 29<sup>th</sup> and neither the Prime Minister nor EU leaders able to state what is going to happen, investors may now wait to see if sterling weakens further. This limbo continues to have a suffocating effect on PCL and is now extending to the whole of the UK property market.

Transactions in the new build sector also continue to fall with a drop of 46.1% in the last quarter, which does not auger well for house builders.

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## PRIME CENTRAL LONDON (PCL)

### NEW BUILD:

*PCL New Build Headlines: Aug 2018*

Average Price*	£2,268,219
Monthly % Change	-25.6
Quarterly % Change	-29.6
Annual % Change	52.0

Annual Volume of Sales	604
Quarterly % Change	-46.1
Annual % Change	-14.6
Proportion of Total Sales %	16.5
New Build Premium %	61.4

*\*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 £2,268,219, a 61.4% premium over existing stock, resulting from the completion of some ultra-high end developments some months ago. However, the new build sector in PCL is now suffering more than the general market, with transactions falling 46.1% over the quarter and prices falling 29.6%. Annual sales now stand at just 604.

It is likely that this trend will continue even when there is a market rally, as developers scale back their builds and pipelines look thinner.

## GREATER LONDON

### NEW BUILD SALES FALL BY OVER 18%

- Average prices in Greater London (excluding new build) now stand at £610,708.
- Monthly prices fall 1.1%.
- Prices in the last quarter fall 1.9%.
- Annual transactions fall by 4.8% to just 87,233.
- New build† prices now stand at £661,677, representing a 20.4% premium over existing stock and an annual increase of 14.9%
- However, new build transactions continue to suffer with a fall of 18.2%, to the lowest level seen since 2015.

*Greater London Headlines: Feb 2019*

Average Price*(Excl. New Build)	£610,708
Monthly % Change	-1.1
Quarterly % Change	-1.9
Annual % Change	0.6
Annual Volume of Sales	87,233
Annual % Change	-4.8

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

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

	Avg Price*	Monthly Change %	Quarterly Change %	New Build** £ Premium %
Feb-18	£606,847	0.3	1.5	15.9
Mar-18	£603,284	-0.6	1.8	18.4
Apr-18	£595,511	-1.3	-1.5	20.0
May-18	£599,541	0.7	-1.2	19.6
Jun-18	£609,936	1.7	1.1	19.9
Jul-18	£620,601	1.7	4.2	20.6
Aug-18	£625,501	0.8	4.3	20.4
Sep-18	£626,731	0.2	2.8	n/a
Oct-18	£619,401	-1.2	-0.2	n/a
Nov-18	£622,361	0.5	-0.5	n/a
Dec-18	£617,149	-0.8	-1.5	n/a
Jan-19	£617,468	0.1	-0.3	n/a
Feb-19	£610,708	-1.1	-1.9	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*

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**GREATER LONDON**

*Naomi Heaton, CEO of LCP, comments:*

The tax changes over recent years have been aimed at higher value properties. Due to the concentration of these in London, the impact has been felt most acutely here.

Average prices in Greater London for February are £610,708, falling by 1.1% over the month and 1.9% over the quarter.

Transactions in the capital continue their downward trend with an annual fall of 4.8%. They have now dropped 28.8% since the introduction of Additional Rate Stamp Duty (ARSD) in April 2016.

The circus that is Brexit also continues to derail many people's plans to move or invest. Some positive news may provide the impetus to get the Greater London housing market moving again.

Annual transactions in the new build sector continue to struggle with a fall of 18.2% over the year. Although annual prices for new builds have increased, Brexit has not done anything to improve the flow of new developments. In all likelihood, this sector will take longer to recover than that of existing stock, due to the time lag to completion of new projects.

**Greater London Annual Data**

	<i>Average Annual Price</i>	<i>% Change</i>	<i>Annual Volume (all)</i>	<i>% Change</i>
2008	£366,061	3.3	82,264	-50.9
2009	£370,126	0.3	77,258	-6.1
2010	£414,351	12.7	92,701	20.0
2011	£426,200	3.1	90,721	-2.1
2012	£444,197	4.2	95,586	5.4
2013	£478,950	7.5	111,196	16.3
2014	£523,008	9.3	118,855	6.9
2015	£541,759	3.5	113,070	-4.9
2016	£579,398	6.3	102,961	-8.9
2017	£607,921	5.9	92,688	-10.0
2018	£615,080	1.1	87,104	-6.0
12 months	£615,308	0.6	87,233	-4.8

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: Aug 2018**

<b>Average Price*</b>	<b>£661,677</b>
Monthly % Change	-0.8
Quarterly % Change	-9.7
Annual % Change	14.9

<b>Annual Volume of Sales</b>	<b>13,197</b>
Quarterly % Change	23.1
Annual % Change	-18.2
<b>Proportion of Total Sales %</b>	<b>15.0</b>
<b>New Build Premium %</b>	<b>20.4</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 now stand at £661,667. This represents significant annual growth of 14.9%.

However, transactions are moving in the opposite direction with a fall of 18.2% over the year and prices seeing a fall of 9.7% over the last quarter.

The new build premium over existing stock continues to remain just below record levels of 20.4%. A cluster of higher value developments coming to completion in the last 12 months continues to distort this figure upwards and it is likely that the premium will start to fall.

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26<sup>th</sup> March 2019

### ENGLAND AND WALES (EXCLUDING GREATER LONDON)

#### PRICE GROWTH AT ITS LOWEST SINCE 2013

- Average prices in England and Wales (excluding new build) end the year at £257,260.
- Monthly prices fall by 0.9%.
- Quarterly prices fall by 2.4%.
- Annual transactions continue to fall by 1.6% and now stand at 796,431.
- New build† prices stand at £304,423, rising annually by 3.6% and representing a 15.0% premium over existing stock.
- New build annual transactions now stand at 95,715, an annual rise of 5.6%

#### E&W Residential Headlines: Feb 2019

<b>Average Price*(Excl. New Build)</b>	<b>£257,260</b>
Monthly % Change	-0.9
Quarterly % Change	-2.4
Annual % Change	3.1
<b>Annual Volume of Sales</b>	<b>796,431</b>
Annual % Change	-1.6

\*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>
Feb-18	£252,008	0.1	-0.7	14.6
Mar-18	£251,384	-0.2	-0.2	14.6
Apr-18	£249,209	-0.9	-1.1	14.8
May-18	£249,312	0.0	-1.1	14.8
Jun-18	£254,159	1.9	1.1	14.9
Jul-18	£261,861	3.0	5.1	14.9
Aug-18	£268,192	2.4	7.6	15.0
Sep-18	£270,298	0.8	6.3	n/a
Oct-18	£268,160	-0.8	2.4	n/a
Nov-18	£263,497	-1.7	-1.8	n/a
Dec-18	£260,193	-1.3	-3.7	n/a
Jan-19	£259,573	-0.2	-3.2	n/a
Feb-19	£257,260	-0.9	-2.4	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) stand at £257,260 for February, a fall of 0.9%, which is the fifth consecutive monthly drop. February also sees the lowest level of annual growth since 2013 at 3.1%.

Transactions continue a downward trajectory with a fall of 1.6% over the year and now stand at 796,431, again the lowest level since 2013.

The low level of transactions throughout the UK is already having a damaging effect on estate agents. With sales figures so low, many rely more and more on their lettings departments to keep the lights on.

With the imminent ban on tenant fees coming into effect on 1<sup>st</sup> June 2019, agencies are going to suffer reduced revenue at a time when many are already struggling. It is also likely that many tenants will hold back any move until this date passes.

The combination of low sales volumes and reduced revenue may well bring further agency consolidation and closures throughout the rest of 2019.

#### E&W Residential Annual

	<i>Average Annual Price</i>	<i>% Change</i>	<i>Annual Volume (all)</i>	<i>% Change</i>
2008	£196,753	-1.2	567,295	-48.6
2009	£194,024	-2.3	555,714	-2.0
2010	£209,283	9.0	569,613	2.5
2011	£202,891	-3.1	569,474	0.0
2012	£204,508	0.8	581,429	2.1
2013	£208,354	1.6	679,822	16.9
2014	£219,401	5.5	801,065	17.8
2015	£230,496	4.9	803,604	0.3
2016	£240,812	4.9	817,749	1.8
2017	£251,137	4.2	810,863	-0.8
2018	£259,638	3.3	787,775	-2.8
12 Months	£260,111	3.1	796,431	-1.6

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: Aug 2018*

<b>Average Price*</b>	<b>£304,423</b>
Monthly % Change	0.9
Quarterly % Change	2.1
Annual % Change	3.6

<b>Annual Volume of Sales</b>	<b>95,715</b>
Quarterly % Change	16.7
Annual % Change	5.6
<b>Proportion of Total Sales %</b>	<b>12.0</b>
<b>New Build Premium %</b>	<b>15.0</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 now stand at £304,423, an increase of 0.9% over the month. On an annual basis, prices rise by 3.6%. However, this is the lowest 12-month price growth since 2012.

Transactions in this sector also continue to grow and stand at 95,715, an increase of 5.6% over the year.

Whilst growth in price and transactions is modest, the new build sector in England & Wales continues to buck the trend seen by London. This sector has also performed better than older stock. In the context of the current political rollercoaster the UK is weathering, it can be seen as an encouraging performance. How long it will continue, however, is very difficult to predict.