



May 2018

PRIME CENTRAL LONDON

AVERAGE PRICES EXCEED £2M FOR FOURTH MONTH RUNNING

- Following an all-time high in January, average prices have fallen back for the second consecutive month.
- At £2,043,988, however, average prices remain above the £2m mark, first exceeded in December 2017.
- Quarterly transactions stand at 975, the lowest level since Additional Rate Stamp Duty was introduced in 2016.
- Annual transactions have increased by 10.0% to 4,106, but remain at 2009 levels (post Global Financial Crisis).
- New build transactions have fallen 14.9% year on year.
- The price differential between new and old stock is 41.7%.

PCL Residential Headlines: Mar 2018

Average Price*	£2,043,988
Monthly % Change	-7.0
Quarterly % Change	-3.9

*based on 3 monthly rolling data each month

Quarterly Volume of Sales	975
Quarterly % Change	-0.7
Annual Volume of Sales	4,106
Rolling Annual % Change	10.0

Naomi Heaton, CEO of LCP, comments:

Average prices in Prime Central London (PCL) remain above the £2 million mark in March for the fourth consecutive month. This has been largely due to the sale of 14 flats in the Holland Park Villas development between £10 and £33 million each, since November of last year.

Quarterly transactions at 975 have dropped back to levels last seen after the introduction of the Additional Rate Stamp Duty (ARSD) in April 2016, when they dropped by 61.0%.

The wait and see attitude of both investors and property owners continues throughout the PCL market. There is therefore very limited stock available and most current vendors need to sell. Consequently, there are some very good opportunities for the few buyers in the market.

It is not anticipated there will be further tax changes in the residential sector given the worrying fall in transactions impacting on treasury revenues. A period of stability will be good news for investors and may help improve market sentiment.

PCL Residential Monthly Changes

	Average Price*	Monthly % Change	Quarterly % Change	Change vs Previous Annual Quarter
Mar-16	£1,695,120			
Apr-16	£1,741,775	2.8	2.9	18.7
May-16	£1,756,640	0.9	7.7	15.3
Jun-16	£1,645,583	-6.3	-2.9	8.1
Jul-16	£1,592,291	-3.2	-8.6	-1.6
Aug-16	£1,621,710	1.8	-7.7	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	£1,854,908	0.3	5.8	9.6
Feb-17	£1,873,330	1.0	7.6	14.8
Mar-17	£1,767,350	-5.7	-4.4	4.3
Apr-17	£1,887,672	6.8	1.8	8.4
May-17	£1,937,222	2.6	3.4	10.3
Jun-17	£1,905,037	-1.7	7.8	15.8
Jul-17	£1,765,771	-7.3	-6.5	10.9
Aug-17	£1,664,139	-5.8	-14.1	2.6
Sep-17	£1,712,805	2.9	-10.1	0.0
Oct-17	£1,763,897	3.0	-0.1	0.6
Nov-17	£1,948,900	10.5	17.1	11.9
Dec-17	£2,126,728	9.1	24.2	15.0
Jan-18	£2,280,433	7.2	29.3	22.9
Feb-18	£2,196,863	-3.7	12.7	17.3
Mar-18	£2,043,988	-7.0	-3.9	15.7

*Based on three monthly rolling data each month

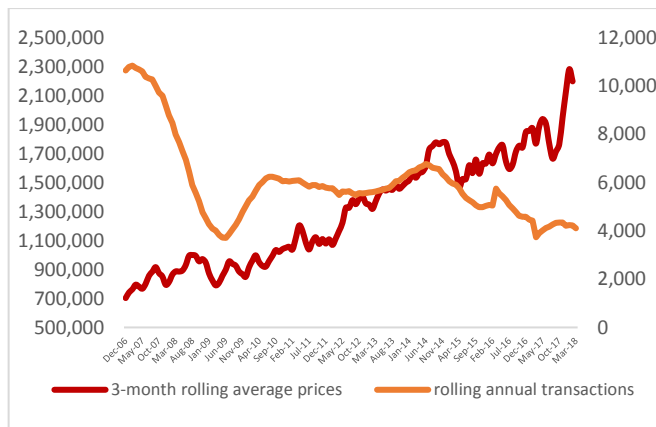


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PCL Residential Annual Changes

	Average Annual Price	% Change vs previous year	Annual Volume	% Change vs previous year
2007	£828,374	18.0	9,190	-13.6
2008	£937,495	13.2	4,530	-50.7
2009	£862,259	-8.0	5,013	10.7
2010	£998,798	15.8	6,057	20.8
2011	£1,088,286	9.0	5,790	-4.4
2012	£1,286,790	18.2	5,555	-4.1
2013	£1,449,596	12.7	6,287	13.2
2014	£1,671,649	15.3	6,227	-1.0
2015	£1,600,662	-4.2	5,031	-19.2
2016	£1,705,028	6.5	4,576	-9.0
2017	£1,872,965	9.8	4,207	-8.1
2018 To Date	£1,937,535	11.6	4,106	10.0

PCL Price and Volume Changes since 2007



DECILES:

- A marked increase in high-end sales pushed quarterly prices up 25.7% in the premium sector to £4,740,711.
- The mainstream market saw gains of 11.3% bringing prices to £933,452, although they remain 1.3% down on the previous year.

Mainstream Market¹: Dec 2017

Average Price*	£933,452
Quarterly % Change	11.3
% Change vs Previous Annual Quarter	-1.3

¹bottom 70% of sales *There is a 3-month time-lag to record decile data

Premium Sector²: Dec 2017

Average Price*	£4,740,711
Quarterly % Change	25.7
% Change vs Previous Annual Quarter	21.4

²top 30% of sales *There is a 3-month time-lag to record decile data

The high-end market (top 30% of sales) has seen a 25.7% increase in quarterly average prices. The luxury Holland Park Villas development will have played a contributing role in this with nine flats sold in November and December of last year ranging from £10 to £15 million each. Overall 27 properties over £10 million were sold, compared with ten in the preceding quarter.

Average prices in the mainstream market (bottom 70% of transactions) increased by 11.3% in the last quarter of 2017, but fell 1.3% year on year.

Distortions in the decile figures may moderate once the Holland Park Villas development is fully sold.

NEW BUILD:

PCL New Build Headlines: Sept 2017

Average Price*	£2,341,232
Quarterly % Change	26.9
Rolling Annual % Change	-0.4

*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	104
Proportion of Total Sales	10.2
Annual Volume of Sales	703
Rolling Annual % Change	-14.9

The new build sector has seen annual transactions dropping by 14.9%. Quarterly transactions stood at 104, almost the lowest level in two years.

The price differential between new and old stock has widened to 41.7%, up from 21.7% in the preceding three months. This was a combination of new build prices going up by about 27% and old stock falling by 14% over the period.



May 2018

GREATER LONDON

GROWTH IN PRICES AND TRANSACTIONS CONTINUE TO SLOW

- Monthly prices in Greater London fell by 1.4%.
- Average prices now stand at £629,024.
- Quarterly sales stand at 20,283, following a 12.3% fall - the lowest figure since April 2011.
- Annual sales to March suffered an eighth consecutive fall to 91,725, 45% lower than in 2007, pre-Global Financial Crisis.
- New build annual sales to March dropped for the fifth consecutive month to 15,950.
- They now represent 14.5% of the market, the lowest since the introduction of Additional Rate Stamp Duty.
- Average new build prices stand at £647,570.

London Residential Headlines: Mar 2018

Average Price*	£629,024
Monthly % Change	-1.4
Quarterly % Change	1.0

*based on 3 monthly rolling data each month

Quarterly Volume of Sales	20,283
Quarterly % Change	-12.3
Annual Volume of Sales	91,725
Rolling Annual % Change	0.2

Naomi Heaton, CEO of LCP, comments:

Monthly prices across Greater London fell by 1.4% to £629,024. Nevertheless, average prices remain just below the record price recorded last month of £637,747, buoyed up by the high value sales in Prime Central London (PCL).

Quarterly transactions have fallen by 12.3% to 20,283 which is the lowest level since 2011.

As primarily a domestic market, the continuing falls in transactions in Greater London is extremely concerning. This is attributable to caps on mortgages, a lack of affordable housing and the economic uncertainty around Brexit.

A loss in buyers' confidence may result in a further slide in prices and transactions.

London Residential Monthly Changes

	Average Price*	Monthly % Change	Quarterly % Change	Change vs Previous Annual Quarter
Mar-16	£601,355			
Apr-16	£600,705	-0.1	6.2	14.8
May-16	£600,795	0.0	5.5	14.3
Jun-16	£567,966	-5.5	-5.6	6.8
Jul-16	£568,523	0.1	-5.4	4.6
Aug-16	£568,641	0.0	-5.4	2.8
Sep-16	£572,233	0.6	0.8	1.5
Oct-16	£572,341	0.0	0.7	2.7
Nov-16	£578,393	1.1	1.7	4.2
Dec-16	£593,106	2.5	3.6	7.0
Jan-17	£606,928	2.3	6.0	7.3
Feb-17	£612,616	0.9	5.9	7.5
Mar-17	£604,926	-1.3	2.0	0.6
Apr-17	£618,157	2.2	1.9	2.9
May-17	£628,454	1.7	2.6	4.6
Jun-17	£633,201	0.8	4.7	11.5
Jul-17	£622,862	-1.6	0.8	9.6
Aug-17	£621,693	-0.2	-1.1	9.3
Sep-17	£621,636	0.0	-1.8	8.6
Oct-17	£618,840	-0.4	-0.6	8.1
Nov-17	£617,895	-0.2	-0.6	6.8
Dec-17	£622,722	0.8	0.2	5.0
Jan-18	£637,673	2.4	3.0	5.1
Feb-18	£637,747	0.0	3.2	4.1
Mar-18	£629,024	-1.4	1.0	4.0

*Based on three monthly rolling data each month

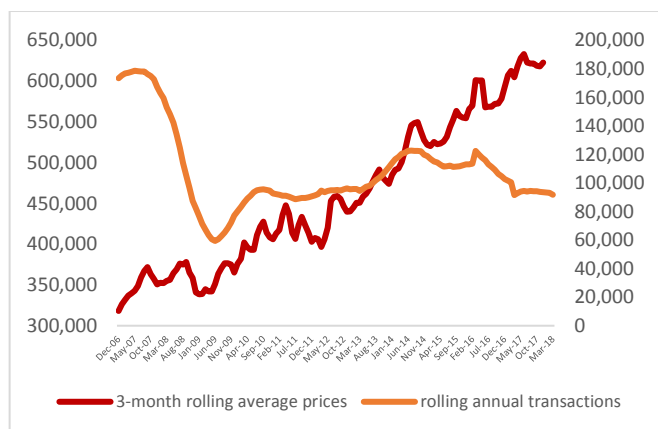


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London Residential Annual Changes

	Average Annual Price	% Change vs previous year	Annual Volume	% Change vs previous year
2007	£351,858	11.7	167,451	-3.4
2008	£360,490	2.5	82,253	-50.9
2009	£359,282	-0.3	77,240	-6.1
2010	£407,050	13.3	92,687	20.0
2011	£421,297	3.5	90,710	-2.1
2012	£436,999	3.7	95,565	5.4
2013	£471,563	7.9	111,178	16.3
2014	£523,680	11.1	118,829	6.9
2015	£543,226	3.7	113,019	-4.9
2016	£581,055	7.0	102,826	-9.0
2017	£620,921	6.9	93,534	-9.0
2018 To Date	£627,019	7.3	91,725	0.2

London Price and Volume Changes since 2007



DECILES:

- The mainstream market has seen a 2.6% drop in quarterly average prices.
- The premium sector has seen a stronger performance with an increase of 1.4% in the quarter.

Mainstream Market¹: Dec 2017

Average Price*	£389,181
Quarterly % Change	-2.6
% Change vs Previous Annual Quarter	4.0

¹bottom 70% of sales *There is a 3-month time-lag to record decile data

Premium Sector²: Dec 2017

Average Price*	£1,149,565
Quarterly % Change	1.4
% Change vs Previous Annual Quarter	4.5

²top 30% of sales *There is a 3-month time-lag to record decile data

The decile data is only available to Q4 2017, due to a time-lag in reporting. However, it shows that there has been a slow down in the mainstream sector (the bottom 70% of transactions) of 2.6%, the largest quarterly fall in the last three years.

The premium sector has performed rather better, with the top 30% of transactions increasing by 1.4%. There are many factors to consider here, such as widespread discounts available on higher value property, now making them more attractive to buy.

This sector had been one of the hardest hit by the recent tax changes, but prices appear to have stabilised, suggesting it may be time for those waiting for the right moment, to make their move.

NEW BUILD:

GL New Build Headlines: Sept 2017

Average Price*	£647,051
Quarterly % Change	-4.0
Rolling Annual % Change	4.7

*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	3,611
Proportion of Total Sales	14.5
Annual Volume of Sales	15,950
Rolling Annual % Change	2.1

Quarterly average prices in the new build sector fell by 4.0% to £647,051. The proportion of new build sales to existing stock has fallen to 14.5%, the lowest since the introduction of ARSD.

Annual transactions have plateaued with an increase of 2.1%. This has dropped from 24.4% a year ago. This is likely to be due to the glut of new build properties on the market and a lack of buyer appetite.



May 2018

ENGLAND AND WALES

ENGLAND & WALES CONTINUES TO SHOW A DISAPPOINTING PERFORMANCE

- Monthly prices in England and Wales dropped by 0.9%.
- Average prices now stand at £291,496, the lowest level since May 2017.
- Excluding Greater London, prices stand at £255,912.
- Quarterly transactions dropped by 21.5% to 190,264 the lowest level in two years.
- New build transactions fell 0.7% over the year to 104,748.
- The new build premium compared to existing stock sits at 16.6%.

E&W Residential Headlines: Mar 2018

Average Price*	£291,496
Monthly % Change	-0.9
Quarterly % Change	0.0
Average Price without Greater London	£251,220

*based on 3 monthly rolling data each month

Quarterly Volume of Sales	190,264
Quarterly % Change	-21.5
Annual Volume of Sales	900,728
Rolling Annual % Change	4.1

Naomi Heaton, CEO of LCP, comments:

England and Wales saw a drop in quarterly average prices of 0.9% to £291,496. Prices have been hovering between £290,000 and £300,000 since April last year.

The most significant figure in this month's report is that England and Wales has seen a 21.5% drop in quarterly sales. This is the fifth consecutive fall in transactions, suggesting that England and Wales as a whole is now suffering a lack of confidence and a disconnect between buyer and seller expectations.

With a lack of certainty in the economic outlook for the domestic homeowner, we would not expect this trend to change until Prime Minister May provides more clarity on post-Brexit Britain.

It seems that both first time buyers and second steppers are putting their purchase decisions on hold for the time being.

E&W Residential Monthly Changes

	<i>Average Price*</i>	<i>Monthly % Change</i>	<i>Quarterly % Change</i>	<i>Change vs Previous Annual Quarter</i>
Mar-16	£285,008			
Apr-16	£282,353	-0.9	1.7	8.2
May-16	£281,394	-0.3	1.4	7.9
Jun-16	£275,754	-2.0	-3.2	3.9
Jul-16	£280,061	1.6	-0.8	3.4
Aug-16	£283,506	1.2	0.8	2.2
Sep-16	£284,120	0.2	3.0	1.0
Oct-16	£283,705	-0.1	1.3	1.6
Nov-16	£283,098	-0.2	-0.1	2.1
Dec-16	£284,053	0.3	0.0	3.2
Jan-17	£286,462	0.8	1.0	3.2
Feb-17	£287,980	0.5	1.7	3.7
Mar-17	£286,834	-0.4	1.0	0.6
Apr-17	£288,738	0.7	0.8	2.3
May-17	£290,188	0.5	0.8	3.1
Jun-17	£293,259	1.1	2.2	6.3
Jul-17	£294,009	0.3	1.8	5.0
Aug-17	£297,995	1.4	2.7	5.1
Sep-17	£299,094	0.4	2.0	5.3
Oct-17	£297,015	-0.7	1.0	4.7
Nov-17	£292,174	-1.6	-2.0	3.2
Dec-17	£291,556	-0.2	-2.5	2.6
Jan-18	£293,706	0.7	-1.1	2.5
Feb-18	£294,177	0.2	0.7	2.2
Mar-18	£291,496	-0.9	0.0	1.6



May 2018

E&W Residential Annual Changes

	Average Annual Price	% Change vs previous year	Annual Volume	% Change vs previous year
2007	£218,872	8.0	1,270,285	-4.0
2008	£216,120	-1.3	649,443	-48.9
2009	£211,039	-2.4	632,850	-2.6
2010	£235,840	11.8	662,202	4.6
2011	£232,553	-1.4	660,094	-0.3
2012	£237,662	2.2	676,910	2.5
2013	£246,156	3.6	790,868	16.8
2014	£260,103	5.7	919,695	16.3
2015	£270,896	4.1	916,286	-0.4
2016	£281,571	3.9	919,604	0.4
2017	£292,758	4.0	908,493	-1.2
2018 To Date	£293,898	4.0	900,728	4.1

NEW BUILD:

E&W New Build Headlines: Sept 2017

Average Price*	£343,254
Quarterly % Change	-0.1
Rolling Annual % Change	6.7

*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	22,944
Proportion of Total Sales	9.3
Annual Volume of Sales	104,748
Rolling Annual % Change	-0.7

The new build sector paints a similar picture to that of England and Wales as a whole, with a small drop in quarterly average prices of 0.1% to £343,254. Transactions also saw a significant fall of 23.1% to 22,944.

The premium attached to new build properties now stands at 16.6% compared to existing stock. This premium appears to make new build properties increasingly unaffordable to many home buyers.

This has been reflected in the fall of transactions, which can be attributed to the development of new build projects, approved without careful consideration for the type of properties needed by homeowners, to keep up with the government's housing targets.

E&W Price and Volume Changes since 2007

