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THE BUYING SOLUTION

INSIGHT

London Markets

The independent buying consultancy of



Buyers in the prime London market remain cautious. Although there are signs of the market stabilising, this is not happening in a uniform way across all areas, as Philip Eastwood tells Tom Bill

As vendors reduce asking prices to reflect higher levels of stamp duty, the result has been a steady increase in the number of transactions in the prime London residential market.

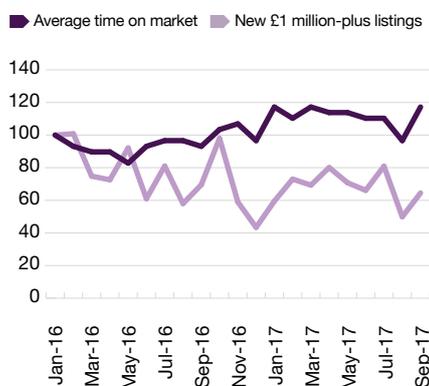
Deal volumes between January and September were up 9.8% compared to the same period last year in prime central London.

Political uncertainty has had an impact on demand in recent years, but the fact transactions are marginally higher demonstrates the longer-term underlying trend that demand continues to stabilise as buyers and sellers adjust to the changed regulatory landscape.

“Of course, Brexit means some buyers are proceeding with more caution,” said Philip Eastwood, Head of London at The Buying Solution. “However, one thing that has constantly surprised me over the years is the resilience of the London property market.”

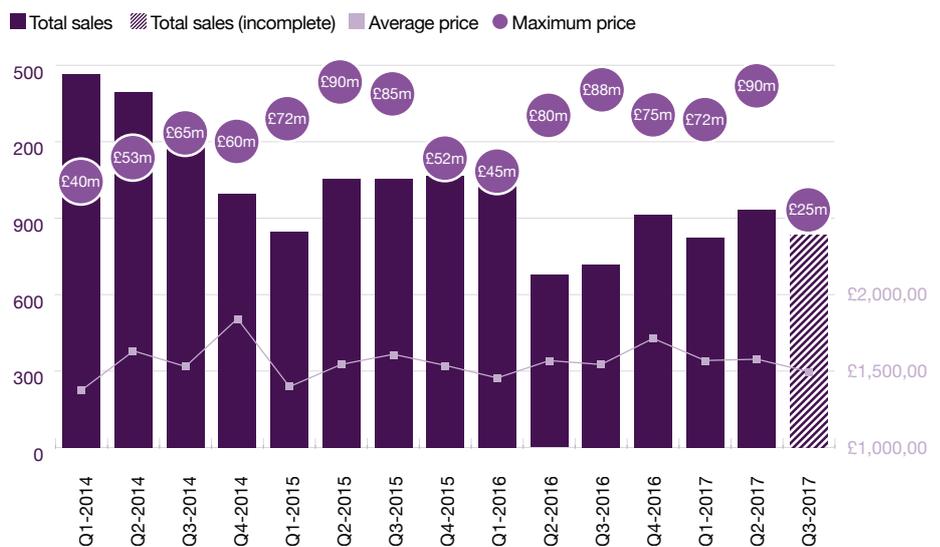
Knight Frank demand indicators also reveal

FIGURE 2
The supply snapshot in PCL
Rebased to 100 in January 2016



Source: Knight Frank Research / LonRes / Rightmove

FIGURE 1 Transaction volumes and pricing data in prime central London



Source: Knight Frank Research / LonRes

an improvement in forward-looking data, with a 4.9% rise in the number of new prospective buyers registering in prime central London between January and September 2017 compared to the same period last year. Viewing levels were up by 8.9% over the same period.

However, the market is not in a straightforward recovery mode. “The pick-up is not necessarily happening in a consistent way across all parts of London,” said Philip. “Some pockets are doing better than others because sensitivity to price remains so high.”

Price declines in prime central London continue to show evidence of bottoming out. They were flat in September, which meant average prices fell 4.6% year-on-year, the most modest decline since October 2016.

On the supply side, greater buyer caution means properties are taking longer to sell, as

figure 2 shows. The average number of days between listing and exchange in prime central London rose to 34 days in September from 27 a year earlier, LonRes data shows.

In addition to longer sale periods, levels of new stock coming to the market are declining. There was an 18.2% drop in the number of new £1 million-plus listings in prime central London between January and September compared to the same period in 2016, Rightmove data shows.

This trend puts downwards pressure on transaction volumes, said Philip. “There is not a huge amount of fresh property coming onto the market at the moment. Some of the property that has been on the market for a while is not necessarily in the best condition or in the best street and the asking price does not yet reflect that.”

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