



## SEPTEMBER 2018

The prime London sales indices are based on repeat valuations of second-hand stock and do not include new-built property, although units from completed developments are included over time.

### PRIME CENTRAL LONDON

Prime central London index | **5,777.50**

Annual change | **-2.9%**

Quarterly change | **-1.4%**

Monthly change | **-0.6%**

### PRIME OUTER LONDON

Prime outer London index | **275.8**

Annual change | **-4.3%**

Quarterly change | **-1.2%**

Monthly change | **-0.5%**

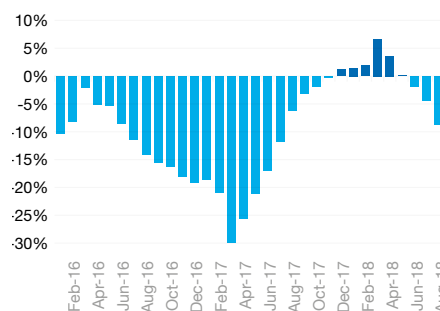
**Figure 1** Sales volumes in prime central London declined 9% in the year to August compared to the previous 12 months. After strengthening earlier this year, the dip highlights how uncertainty surrounding the final stages of Brexit talks are having an impact on the market, a short-term trend that may reverse once the outcome is determined.

**Figure 2** In a similar fashion to sales volumes, pricing has weakened in recent months as uncertainty around Brexit continues. This trend has been exacerbated by a growth in supply as more landlords attempt to sell their property following tax changes.

**Figure 3** Despite the fact that sales activity and pricing have dipped in recent months due to heightened short-term political uncertainty, underlying demand has continued to increase. The number of prospective buyers in prime central and prime outer London grew 31% between January 2016 and August this year.

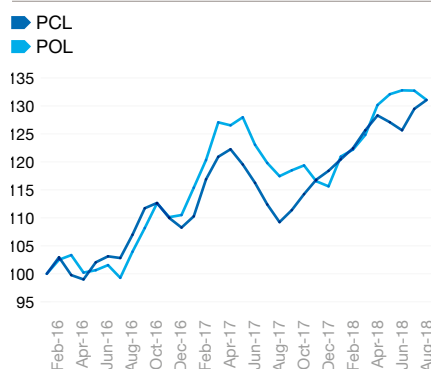
**Figure 4** Meanwhile, in a sign that pent-up demand is forming, the total number of new prospective buyers was 11% higher in August in prime central London than the same month last year. The equivalent rise was 6% in prime outer London.

**FIGURE 1**  
Sales volumes dip in prime central London ahead of Brexit  
Annualised % change



Source: Knight Frank Research / LonRes

**FIGURE 3**  
Prospective buyers on the rise  
Rebased to 100 at January 2016



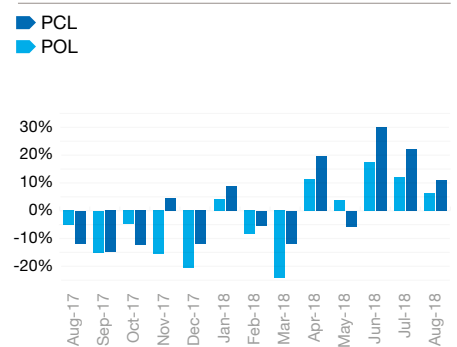
Source: Knight Frank Research

**FIGURE 2**  
Prices in prime central London decline  
Annual % change



Source: Knight Frank Research

**FIGURE 4**  
Pent-up demand rises ahead of Brexit  
Year-on-year % change in total number of new prospective buyers



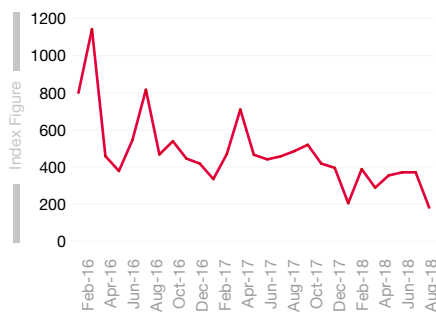
Source: Knight Frank Research

ECONOMIC DATA

**Figure 5** An index that measures the use of the term “uncertainty” in relation to policy and economics in the UK media is declining as Brexit talks near their conclusion. One explanation is the fact that although general uncertainty persists around the outcome, there is now more clarity surrounding the available options.

**Figure 6** Annual wage growth has exceeded the consumer price index since February this year. Together with low interest rates, record low levels of unemployment and a recent boost to GDP, it demonstrates how overall economic conditions in the UK range from benign to positive.

FIGURE 5  
**“Uncertainty” index declines as Brexit nears**  
 Economic Policy Uncertainty Index



Source: Economic Policy Uncertainty Index

FIGURE 6  
**Wage growth exceeds inflation**  
 Annual wage growth compared to CPI



Source: Knight Frank Research

FIGURE 7  
**PRIME CENTRAL LONDON Price growth by price band, time period and property type**

	up to £1m	£1m to £2m	£2m to £5m	£5m to £10m	over £10m	Flat	House
<b>1 month</b>	-0.4%	-0.7%	-0.6%	-0.5%	-0.2%	-0.7%	-0.2%
<b>3 months</b>	-1.8%	-1.5%	-1.3%	-0.9%	-0.4%	-1.7%	-0.6%
<b>6 months</b>	-2.8%	-2.6%	-2.0%	-1.8%	-0.8%	-2.8%	-1.2%
<b>1 year</b>	-3.3%	-3.2%	-2.9%	-1.7%	-1.2%	-3.6%	-1.1%
<b>YTD</b>	-3.2%	-3.0%	-2.7%	-2.1%	-1.3%	-3.4%	-1.3%

FIGURE 8  
**PRIME OUTER LONDON Price growth by price band, time period and property type**

	up to £1m	£1m - £2m	£2m - £3m	£3m - £4m	£4m - £5m	over £5m	Flat	House
<b>1 month</b>	-0.4%	-0.5%	-0.3%	-0.6%	-1.5%	-0.1%	-0.5%	-0.4%
<b>3 months</b>	-1.0%	-1.2%	-1.5%	-0.9%	-2.6%	-0.7%	-1.4%	-1.0%
<b>6 months</b>	-1.8%	-2.1%	-1.9%	-2.6%	-2.8%	-1.0%	-2.4%	-1.6%
<b>1 year</b>	-4.4%	-4.5%	-4.7%	-5.9%	-4.1%	-4.1%	-5.2%	-4.1%
<b>YTD</b>	-2.8%	-3.3%	-3.0%	-4.3%	-4.4%	-2.9%	-3.7%	-2.8%

DATA DIGEST

The Knight Frank Prime Central London Index, established in 1976, is the longest running and most comprehensive index covering the prime central London residential marketplace. The index is based on a repeat valuation methodology that tracks capital values of prime central London residential property.

**Prime central London** is defined in the index as covering: Aldgate & the City, Belgravia, Chelsea, Hyde Park, Islington, Kensington, Knightsbridge, Marylebone, Mayfair, Notting Hill, Riverside, South Kensington, St John’s Wood, Tower Bridge and Victoria.

**Prime Outer London** comprises Barnes, Battersea, Belsize Park, Canary Wharf, Chiswick, Clapham, Dulwich, Fulham, Hampstead, Queen’s Park, Richmond, Wandsworth, Wapping and Wimbledon.

RESIDENTIAL RESEARCH

If you would like further insight into London residential markets please feel free to get in touch.



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 If you are looking to buy or sell or would just like some property advice, we would love to hear from you.



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