

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



knightfrank.com/research

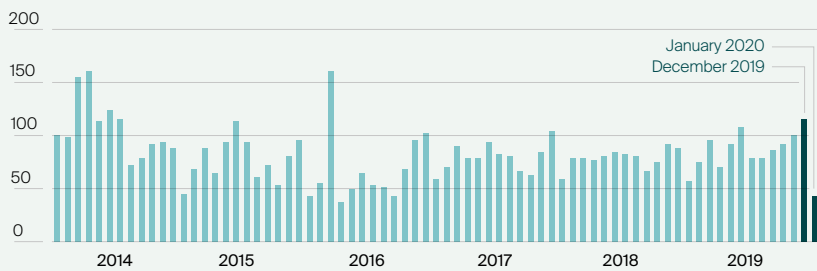
Prime London Sales Index

February 2020

PRIME CENTRAL LONDON	PRIME CENTRAL LONDON INDEX	ANNUAL CHANGE	QUARTERLY CHANGE	MONTHLY CHANGE
	5,545.0	-1.5%	0.2%	0.2%
PRIME OUTER LONDON	PRIME OUTER LONDON INDEX	ANNUAL CHANGE	QUARTERLY CHANGE	MONTHLY CHANGE
	266.2	-1.0%	0.2%	0.2%

1 Sales in prime central London hit three-year high before January decline

Rebased to 100 at January 2014



Source: Knight Frank Research

Figure 1 — The political certainty generated by the general election result produced the highest monthly number of exchanges in PCL in December since March 2016. However, this was followed by a decline in January, underlining how uncertainty surrounding future property tax changes and Brexit negotiations may continue to curb transaction volumes.

2 The supply/demand imbalance widens

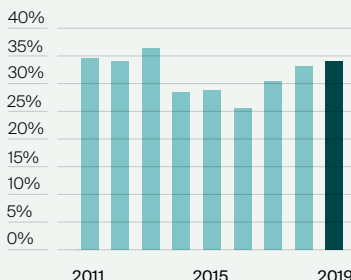
Annualised % change, PCL and POL



Source: Knight Frank Research

3 Banker buyers come back

Percentage of financial services buyers in PCL of £2 million-plus properties



Source: Knight Frank Research

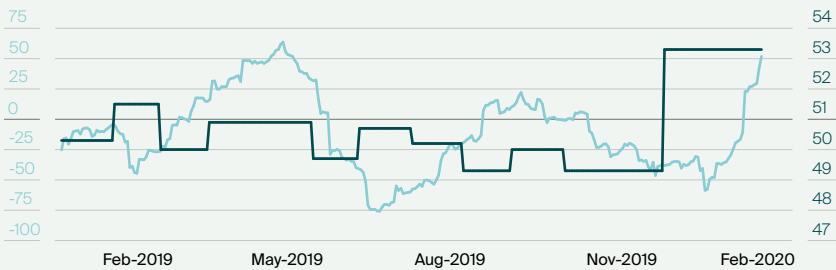
Figure 2 — The so-called ‘Boris bounce’ has been observed among buyers rather than sellers in London’s prime property market. While the number of new prospective buyers rose 37% in PCL in the year to January compared to the previous 12 months, the number of new sales listings fell by a quarter. This imbalance will continue to put upwards pressure on prices.

Figure 3 — The percentage of buyers from the financial services sector buying homes in prime central London above £2 million rose in 2019. Workers from banking, insurance and associated sectors accounted for 34% of sales, the highest figure since 2013, indicating how any uncertainty since the EU referendum surrounding London’s role as a global financial centre is receding.

MACRO DATA

4 Economic indicators improve after election

■ Citi Economic Surprise Index ■ PMI output Index



Source: Knight Frank Research

Figure 4 — Economic data has shown an uptick in confidence and activity since December's general election. The purchasing managers' index, an indicator of UK business activity, maintained its recent momentum in February with a reading above 50 (which indicates expansion), led by an increase in the manufacturing sector. Meanwhile, the Citi Economic Surprise Index, which measures how far economic indicators deviate from forecasts, has risen in recent weeks as economic results have beaten expectations.

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
1 MONTH	0.2%	0.4%	0.1%	-0.3%	0.0%	0.2%	0.0%
3 MONTHS	0.5%	0.3%	0.2%	-0.4%	0.0%	0.3%	-0.1%
6 MONTHS	0.2%	-0.2%	-0.1%	-0.9%	-0.7%	-0.1%	-0.3%
1 YEAR	-1.5%	-1.2%	-1.2%	-2.9%	-1.7%	-1.4%	-1.9%
YTD	0.4%	0.4%	0.1%	-0.5%	0.0%	0.3%	-0.1%

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
1 MONTH	0.0%	0.4%	0.3%	0.6%	0.0%	0.0%	0.0%	0.4%
3 MONTHS	-0.3%	0.3%	0.5%	2.0%	1.4%	0.2%	-0.3%	0.7%
6 MONTHS	-1.1%	0.0%	0.4%	1.7%	2.5%	-0.4%	-1.1%	0.6%
1 YEAR	-2.0%	-0.7%	-0.4%	1.0%	1.6%	-0.9%	-2.3%	0.2%
YTD	-0.1%	0.3%	0.4%	1.3%	1.4%	0.2%	-0.2%	0.6%

Please get in touch with us

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



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