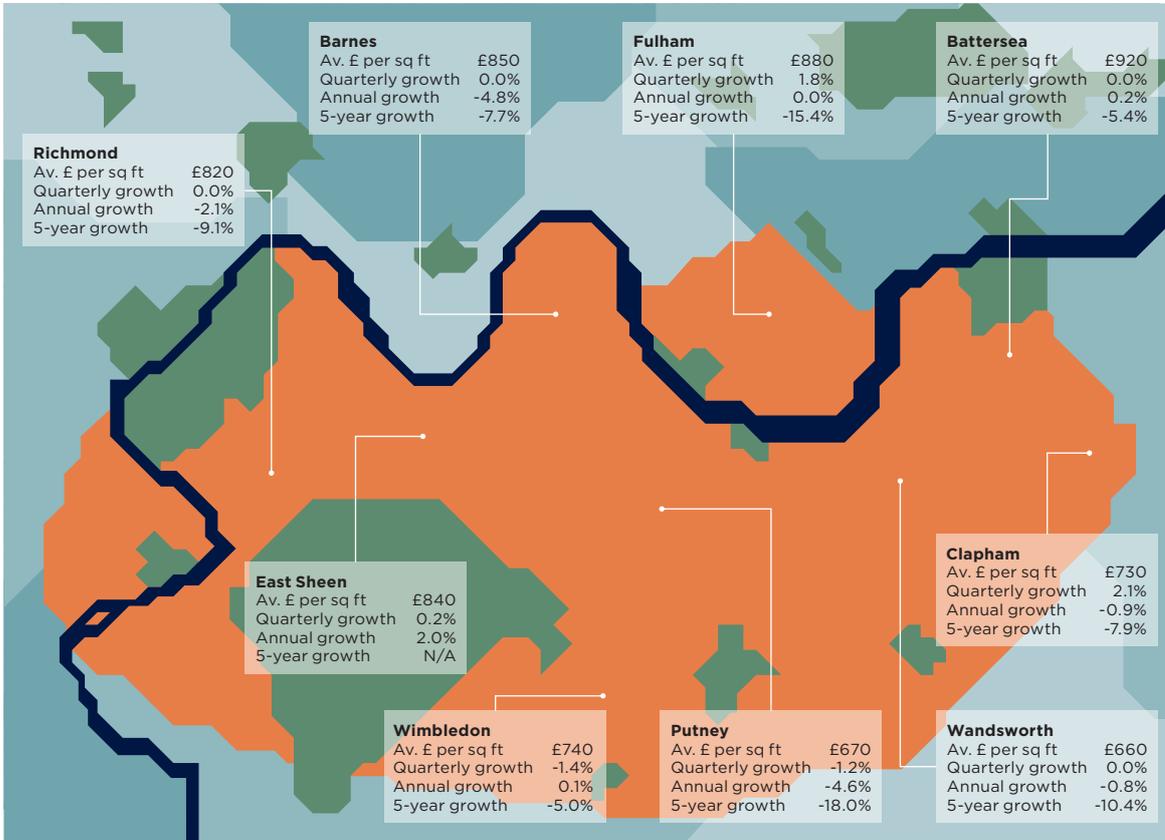


Prime South West London



Source Savills Research Note Prime property values to March 2019

Price monitor

Key statistics for house price growth



Quarterly price movement across the prime London housing markets for Q1 2019



Quarterly price movement across the prime South West London housing markets for Q1 2019



Average change in prices for property worth less than £500k in the prime markets of South West London, since Q1 2014



Average change in prices for property worth £2m or more in the prime markets of South West London, since Q1 2014

Source Savills Research

South West London bucks the trend

Price falls across prime London continue to slow. The first quarter of 2019 saw a fall of just 0.3%, leaving prices 2.5% lower than a year ago. This is encouraging given the ongoing political turmoil, which remains the biggest challenge in the market according to our agents. While stock levels are subdued, applicants and viewings have increased in the first quarter of this year, suggesting buyers see value in the market but are reluctant to commit until after Brexit.

Price expectations of buyers and sellers have narrowed, keeping the market moving, while location and condition continue to be key selling points. With competitive mortgage rates and a currency advantage for overseas buyers, Brexit

negotiations will be pivotal to the market going forward.

Prime South West London was the strongest performing region in Q1 2019, with prices remaining more or less flat at 0.1%. This means over the last year values have fallen by just 1.1% and are now 10.1% below their September 2015 peak. The region extends from Battersea and Clapham through Fulham and Putney to Richmond. As a more domestic, family market, it has fared better than more expensive markets. The region averages £790 per sq ft compared with £1,800 per sq ft in prime central London. Yet stamp duty changes and Brexit uncertainty have had an impact, as have restrictions on loan-to-income ratios and stress-testing imposed by mortgage regulation.

Prime London prices

Ongoing Brexit negotiations continue to affect prices across the region

	Prime central London	Prime North West London	Prime South West London	Prime West London	Prime North & East London	All prime London
Quarterly growth	-0.6%	-0.8%	0.1%	-0.1%	-0.5%	-0.3%
Annual growth	-3.7%	-4.1%	-1.1%	-2.3%	-2.5%	-2.5%
5-year growth	-19.1%	-9.6%	-8.9%	-10.2%	-2.7%	-11.6%

Note Prices to March 2019 Source Savills Research

Prime South West London in focus

Since the beginning of the year, the narrowing of price expectations has helped to support transactions, with evidence of best in class deals going to best or sealed bids.

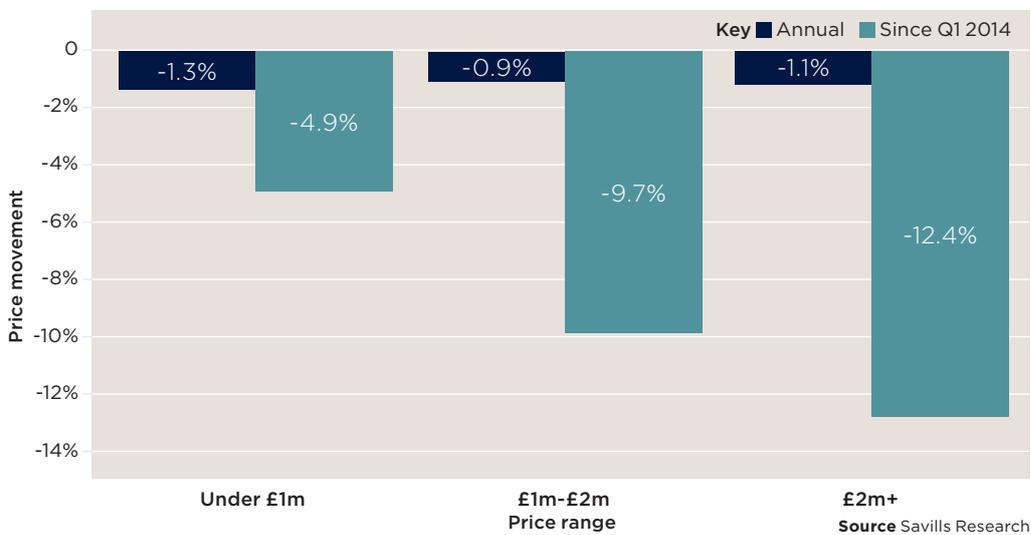
There has been a continuing trend in the strength of the market for less expensive properties. Over the five years to Q1 2019, properties worth less than £500k have seen values reduce by 5.5% compared with a fall of 12.4% for properties worth more than £2m.

Much of this demand is being driven by young professionals in markets such as Clapham, Battersea and Wandsworth. In these markets, 85% of purchases under £750,000 over the past three years were from

buyers aged under 40, often benefiting from the 'Bank of Mum and Dad'. By contrast, markets such as Putney and Fulham tend to have an older demographic of second steppers looking for larger family homes.

These buyers have been equally impacted by mortgage regulation, but more by the increased costs of stamp duty. Over the past five years, prime properties in these areas have seen prices fall by 18.0% and 15.4% accordingly. However, on an average £ per sq ft basis, they are increasingly competitively priced compared with their closest neighbours. For example, Fulham now stands at £880 per sq ft compared with Chelsea's £1,600 per sq ft.

Fall into line Price falls for the top end of the market have slowed



85% of purchases under £750k in Battersea, Clapham and Wandsworth were from buyers aged under 40

“Good-quality stock and the abundance of parks across the region will continue to attract buyers”

OUTLOOK

Over the short term, limited stock is likely to protect prices for the best properties. Sentiment in the market is likely to be driven by

the outcome of Brexit and the news agenda. Longer term, what happens to interest rates is likely to have more of an impact in

markets such as South West London than neighbouring central London, given its higher proportion of mortgaged buyers.

However, good-quality housing stock and the abundance of parks across the region will continue to attract buyers.

Prime London house price forecasts Growth will return in the medium term

	2019	2020	2021	2022	2023	5-year
Prime central London	-1.0%	0.0%	6.0%	2.0%	5.0%	12.4%
Other prime London markets	-1.0%	0.0%	3.5%	1.0%	3.5%	7.1%

Source Savills Research Note These forecasts apply to average prices in the second-hand market. New build values may not move at the same rate.

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