Press Release

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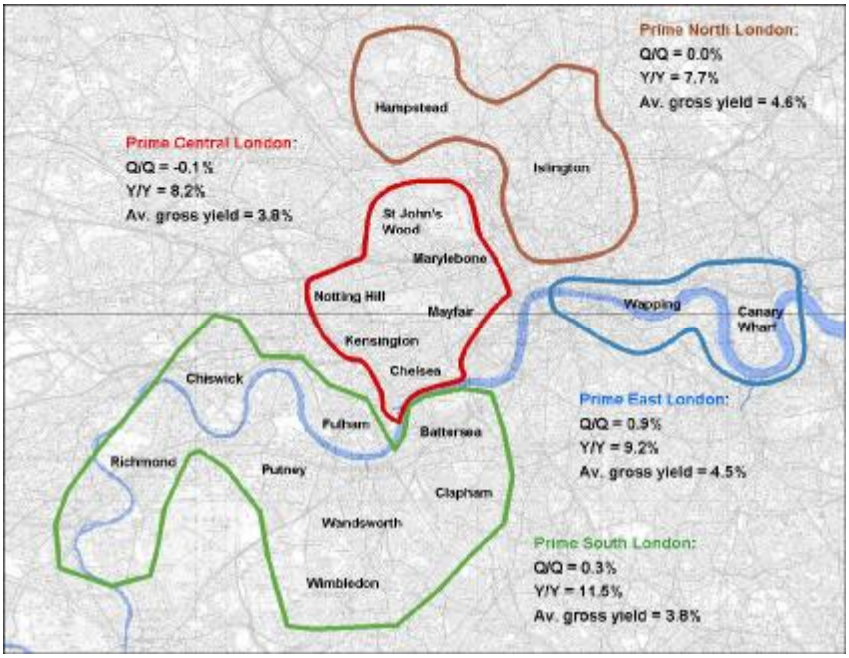
savills

PRIME LONDON HOUSE PRICES HOLD STEADY

FOR A SECOND QUARTER

House prices in prime London have held steady for a second quarter, according to latest analysis from property adviser, Savills, defying expectations that values would have begun to fall by late summer.

The company's quarterly indices for prime London residential property recorded a virtual standstill (+0.1%) between July and September, following a marginal second quarter growth of 1.0%, but with small falls in some key central locations. This has slowed annual growth down to 9.1% and pegs values at 7.9% below peak.



Any variations were marginal, most notably a 2.1% value boost in Kensington, Holland Park and Notting Hill, and a slip of 0.9% in the Knightsbridge, Chelsea, Belgravia, Mayfair and Marylebone grouping.

"The froth that was evident in 2009 and early 2010 has definitely come off the prime London residential market in the last six months," says Yolande Barnes, head of Savills residential

research. “But continued activity from overseas buyers, still enjoying an exchange rate advantage, and domestic buyers, notably including those in the financial sector, has prevented unsold stock levels rising as they did in the wake of the credit crisis.”

It is this continued transactional activity that has supported prices and separated the prime markets of London from both the mainstream, which has seen further price falls in the quarter, and the prime markets outside of the capital where transaction levels have fallen and a clear buyers’ market is emerging.

“We have a combination of factors, including the return of some city money to the central London market, that is cushioning values,” says Barnes. “The stability of prices has accompanied a recovery in the value of equities in the third quarter, and the impact of the economy on the wealth and sentiment of buyers will continue to dictate activity levels and price movements over the next 18 months.

“The backdrop of a generally uncertain economy means there is an emerging gap between buyer and seller price expectations, and with new buyer enquiries showing early signs of easing in the autumn market, there remains the possibility that we will see a shallow dip in prices over the next 3 to 6 months.”

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