At the crossroads
As prime London enters a new phase of the cycle, which direction is it going to take?
Foreword

A NEW ERA FOR PRIME LONDON?

Over the past 30 years the creation of wealth in the capital has led to spectacular price growth. But can this stellar performance continue?

London’s real estate outperformance over the last three decades has been so spectacular that, to some people, London seems like a foreign country, a country different to and separated from the rest of the UK.

As Lucian Cook shows on page 5, the quantum and movement of house prices in prime London boroughs are much more closely aligned to Kensington & Chelsea than to England and Wales and as far away from the economically stricken regions of post industrial England as it is possible to be.

It was not always like this. Between 1969 and 1983, London’s house price growth was well below that seen in the rest of the South East and even below the UK as a whole. We forget that prior to the deregulation of the financial markets in 1986 London was a declining national capital at the nadir of its power and had been losing its population to out-migration since 1956. London’s recent outperformance actually comes off a low base following decades of underperformance.

There are few people with careers in property who remember this base, they can only recall the extraordinary period of the last 30 years when London’s population has grown significantly, the formerly declining and derelict inner city has been repopulated, London’s economy has significantly outperformed the rest of the country and the city has been promoted from the third division of declining national capital to the premier league of pre-eminent global cities.

It is hardly surprising that London’s real estate markets, its prime markets in particular, should have grown so strongly over such a period. The creation of wealth in the capital and the influx of money has increased demand for high quality housing so that areas that were de-gentrified between 1936 and 1984 have been re-gentrified, and the areas that we now call prime have spread significantly.

Had London’s housing supply been more elastic since 1984, the extent of house price growth would not have been so great. But the ‘machinery of the city’ before 1984, including transport and planning policy, had been geared to a declining population not an expanding one, so London’s renewed vigour took everyone by surprise. The realisation that London was undergoing an urban renaissance only started to be incorporated into planning and policy after the Urban Task Force reported in 1999, more than a decade after it began.

Despite a subsequently denser, more urban and appropriate response to a growing population, London is still not supplying housing at the rate that its population demands. Three decades of undersupply amounts to over 277,000 homes over a 30 year period and creates an unprecedented rarity value for London property.

The question now is whether the stellar performance of London property markets can continue. Prime London is already seeing a period of slower growth. Is this a cyclical slowdown after five years of very strong growth or have prime London prices reached a plateau from which a new, lower trajectory of price growth will follow? Can the area that we call prime London continue to grow and, if so, where will the next prime locations be? Read on to find out.

This publication
This document was published in September 2014. The data used in the charts and tables is the latest available at the time of going to press. Sources are included for all the charts. We have used a standard set of notes and abbreviations throughout the document.

Glossary of terms
- Mainstream: mainstream property refers to the bulk of the UK housing market with, for example, price movements monitored by reference to national and regional average values.
- Prime: the prime market consists of the most desirable and aspirational property by reference to location, standards of accommodation, aesthetics and value. Typically it comprises properties in the top five per cent of the market by house price.

EXECUTIVE SUMMARY

After a period of sustained growth, the prime London residential market stands at a crossroads
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Prime London is reliant on the private wealth of ultra high net worth individuals, both from overseas and domestic
See pages 06/07

How prime is your borough?
£1million+ sales help answer the question
See pages 08/13

Council Tax reform would be a better solution than the introduction of a mansion tax
See pages 14/15

The development pipeline means London continues to expand. But are we ready for this change?
See pages 16/17

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Market overview

IS PRIME LONDON AT A CROSSROADS?

Is prime London seeing a temporary dip in the market or the start of a prolonged period of slower growth?

An analysis of Land Registry data shows that of all the local housing markets of England and Wales, house price movements in the most expensive boroughs of London are the least correlated with the national average. Their performance is even less aligned to the country as a whole than the lowest value markets, such as Merthyr Tydfil, Hartlepool and Blackburn.

While the latter group substantially lags behind the rest, prime London is the ultimate market leader, being the first to show signs of recovery and showing the most price growth in the first half of a housing market cycle.

Early rapid ascent
This has certainly been the case in the period since the housing market bottomed out just over five years ago. Since that date prices in prime London have risen by 75.1% to the point where they are 37.9% above their pre-crunch levels. In contrast, across the UK as a whole, prices are on average -5% below where they were pre-downturn.

This is because prime London markets are driven by a different set of factors to the mainstream, with much more emphasis on the generation of wealth and the way it is spent than on its affordability and accessibility of mortgage debt.

Furthermore, there are earlier catalysts for recovery, not least among international buyers who respond to a currency play. While heavily concentrated in central London, this activity can quickly affect buyer sentiment in more domestic prime markets such as South West London.

Yet even in comparison to the recovery following the downturn of the early 1990s, prime central London was particularly quick out of this time around. In the three years after the market hit its nadir in March 2009, prices rose 59%, much higher than the 38% seen in the equivalent period from the end of 1992. This reflected the intense flight to safety of global wealth against the backdrop of uncertainty in the Eurozone in particular.

Applying the brakes
Subsequently, in the part of the cycle when the currency play takes a back seat and the market becomes more dependent on the underlying fundamentals of supply and demand, price growth has been much less than in the equivalent period of the 1990s.

In the past two years, prices across the prime central London market have risen by 13%, compared to 29% across the Greater London market as a whole. Perhaps more pertinently, in the second quarter of 2014, prices in both prime central London and prime South West London rose by just 0.4%.

This indicates that the market, at present, looking fully valued. While this partly reflects the rapid rise of prime London prices in the two years prior to the downturn, it also reflects the fact that the market over £2m has had to contend with an increased tax burden and the threat of further taxation.

Sizing up the market
Both factors have had implications for the pattern of price movements in the past two years. Smaller properties that are least likely to be affected by increased taxation and more likely to be bought as an investment than a luxury home, have performed much more strongly than large properties where price growth has been heavily curtailed.

At the extreme, properties under 1,000 sq ft have risen in value by 22% since mid-2012, while at the other end of the scale, those over 7,000 sq ft, where the tax burden is greatest, have grown in value by just 3.3%. Whereas those between 1,000 and 2,000 sq ft have seen a two year price growth of 18% on average, those between 5,000 and 7,000 sq ft have risen in value by under 7%.

What next?
The key question is whether this is a temporary slowdown in the market, common at this point in the cycle, or the beginning of a more prolonged period of lower growth, more akin to that seen in the period 2001-2005. This depends on the extent to which underlying demand is supported by global and domestic wealth generation and the facial, regulatory and political backdrop. Taxation has already contributed to the recent muted performance and is likely to remain in focus given an impending general election and opposition proposals for a mansion tax. It is probably the biggest threat to the market. However, it is far from certain whether such a tax will be introduced and, if so, the extent to which original proposals would be watered down.

Mortgage regulation also has the potential to moderate growth in the domestic markets and lower tiers of the prime market, as does the regulation of bank bonuses higher up in the market.

Therefore, price growth in the next five years seems unlikely to replicate that seen in the corresponding period in the last market cycle, even though market fundamentals point to the potential for further price growth, assuming there are no further changes to the taxation of high value property (see page 18 for forecast numbers).
The prime London market is closely linked to the private wealth of ultra high net worth individuals.

Looking at data by Wealth-X on ultra high net worth individuals (UHNWIs), an increase can be a good indicator of potential investment in London due to more discretionary wealth. However, strong growth markets at home may mean prospective buyers stay put to take advantage of their own property market.

North Americans do exactly that, and therefore we do not expect to see an increase in buyers from this region. On the other hand, Latin Americans invest two thirds of their wealth out of London but, should they look further afield, London could benefit. The number of UHNWIs in Asia is also set to increase significantly as their strong economic growth continues. Many of the key cities (particularly Hong Kong and Singapore) are experiencing price falls in their own real estate markets. This is likely to curb their desire to invest in property in the short term, regardless of where it is located.

Where next?
To understand where the next group of buyers might come from, we have looked at data by Wealth-X on London ultra high net worth individuals (UHNWIs). An increase can be a good indicator of potential investment in London due to more discretionary wealth. However, strong growth markets at home may mean prospective buyers stay put to take advantage of their own property market.

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"We expect an increase in buyers from the UK as the economy strengthens"  
Sophie Chick, Savills Research

<table>
<thead>
<tr>
<th>Geographical Region</th>
<th>Current number of UHNWIs in 2013</th>
<th>Forecast increase in UHNWIs by 2018</th>
<th>% real estate investment to foreign markets</th>
<th>Current buying levels in London</th>
<th>How will this change by 2018?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>58,065</td>
<td>12%</td>
<td>29%</td>
<td>High</td>
<td>Overall Increase</td>
</tr>
<tr>
<td>Asia</td>
<td>44,505</td>
<td>33%</td>
<td>23%</td>
<td>High</td>
<td>Stable</td>
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<tr>
<td>Middle East</td>
<td>5,300</td>
<td>31%</td>
<td>28%</td>
<td>Medium</td>
<td>Slight Increase</td>
</tr>
<tr>
<td>North America</td>
<td>70,485</td>
<td>21%</td>
<td>1%</td>
<td>Quite Low</td>
<td>Stable</td>
</tr>
<tr>
<td>Oceania</td>
<td>3,955</td>
<td>19%</td>
<td>21%</td>
<td>Low</td>
<td>Stable</td>
</tr>
<tr>
<td>Africa</td>
<td>2,775</td>
<td>37%</td>
<td>44%</td>
<td>Low</td>
<td>Increase</td>
</tr>
<tr>
<td>Latin America</td>
<td>14,150</td>
<td>25%</td>
<td>66%</td>
<td>Very Low</td>
<td>Increase</td>
</tr>
<tr>
<td>All</td>
<td>199,235</td>
<td>22%</td>
<td>N/A</td>
<td>Medium</td>
<td>Slight Decrease</td>
</tr>
</tbody>
</table>

Global wealth of UHNWIs Where they live and propensity to buy in London

The influence of international wealth is not a new phenomenon. Since we began recording the data in 1986, buyers from overseas have been a key driver of the prime market. What has changed is the mix of buyers coming to London. Whereas in the 1980s, we saw lots of Americans, today there are greater numbers of buyers of Asian origin.

TABLE 2

The prime London market is closely linked to the private wealth of ultra high net worth individuals.
**Property sales**

**HOW PRIME IS YOUR BOROUGH?**

We examine the profile of the prime market across London’s 33 boroughs using data on £1 million+ sales from the Land Registry.

### Borough £1m+ Sales in 2013 | % of Sales over £1m in 2013 | £1m+ Sales in 2003 | Increase from 2003 to 2013 | % of £1m+ New Build Sales in 2013 | Highest Value Ward | Average House Price of Ward
---|---|---|---|---|---|---
Kensington & Chelsea | 1,292 | 48.4% | 569 | 127% | 2.3% | Brompton | £2,550,998
Westminster | 1,211 | 33.4% | 370 | 227% | 6.4% | Knightsbridge and Belgravia | £4,263,606
Hammersmith & Fulham | 640 | 21.2% | 70 | 814% | 4.8% | Parsons Green and Walham | £1,448,045
Camden | 637 | 21.7% | 134 | 375% | 9.3% | Hampstead Town | £1,556,578
Richmond upon Thames | 521 | 14.5% | 106 | 392% | 1.2% | Barnes | £1,401,930
Barnet | 305 | 6.4% | 85 | 259% | 3.6% | (Hampstead) Garden Suburb | £1,183,115
Islington | 286 | 9.5% | 24 | 1092% | 9.1% | St Mary’s | £855,665
Lambeth | 234 | 4.8% | 26 | 800% | 17.1% | Oval | £830,237
Haringey | 219 | 8.3% | 19 | 1053% | 2.7% | Highgate | £929,493
Merton | 204 | 6.3% | 54 | 278% | 2.9% | (Wimbledon) Village | £1,594,693
Southwark | 191 | 4.5% | 29 | 559% | 8.9% | (Queen’s) Village | £873,142
Ealing | 164 | 4.3% | 28 | 486% | 8.5% | Southfield | £826,178
Hounslow | 142 | 5.0% | 23 | 517% | 8.5% | Chiswick Housefields | £933,031
Brent | 120 | 4.9% | 6 | 1900% | 2.5% | Queens Park | £799,332
Bromley | 108 | 2.0% | 29 | 272% | 8.3% | Bickley | £520,375

### Borough £1m+ Sales in 2013 | % of Sales over £1m in 2013 | £1m+ Sales in 2003 | Increase from 2003 to 2013 | % of £1m+ New Build Sales in 2013 | Highest Value Ward | Average House Price of Ward
---|---|---|---|---|---|---
Tower Hamlets | 91 | 2.1% | 12 | 658% | 25.3% | Spitalfields & Banglatown | £334,342
Kingston upon Thames | 81 | 2.9% | 15 | 440% | 6.2% | Coome Hill | £946,946
City of London | 74 | 17.1% | 2 | 3600% | 67.6% | Bishopsgate | £1,585,000
Hackney | 73 | 2.7% | 3 | 2333% | 5.5% | Queensbridge | £541,893
Greenwich | 55 | 1.6% | 13 | 323% | 5.5% | Blackheath Westcombe | £505,687
Harrow | 50 | 1.9% | 22 | 127% | 34.0% | Stanmore Park | £585,261
Lewisham | 29 | 0.7% | 6 | 383% | 0.0% | Blackheath | £441,116
Enfield | 21 | 0.6% | 21 | 0% | 9.5% | Cockfosters | £500,760
Redbridge | 19 | 0.6% | 2 | 850% | 10.5% | Monkhams | £530,250
Hillingdon | 18 | 0.5% | 6 | 200% | 16.7% | Northwood | £494,580
Sutton | 15 | 0.5% | 2 | 650% | 0.0% | Cheam | £526,710
Havering | 12 | 0.3% | 1 | 1100% | 0.0% | Emerson Park | £484,625
Croydon | 9 | 0.2% | 9 | 0% | 0.0% | Sanderstead | £389,037
Waltham Forest | 3 | 0.1% | 0 | 0% | 0.0% | Hoe Street | £338,991
Bexley | 2 | 0.1% | 0 | 0% | 0.0% | St Mary’s | £311,119
Newham | 0 | 0.0% | 0 | 0% | N/A | Forest Gate South | £281,184
Barking & Dagenham | 0 | 0.0% | 0 | 0% | N/A | Longbridge | £275,384

Source: Savills Research, Land Registry

**Knightsbridge & Belgravia Ward is the highest value**

**City of London has the highest % of £1m+ new build sales (off a low base)**

**Merton has the third highest value ward (Wimbledon); ranks 11th in £1m+ sales**

**Harrow, Tower Hamlets and Lambeth all have high % of new build £1m+ sales**

**£1m+ sales in the four top boroughs exceed the total across the rest of London**
**Market dynamics**

**THE EVOLUTION OF PRIME LONDON**

To map the expansion of prime London, we used Land Registry data to plot every sale at £1 million and over. Starting in 2003, we are able to see the established prime locations spread and new prime locations appear.

In 2003, the prime markets were mostly confined to core prime central London (PCL), spanning from Kensington/Notting Hill in the west to Mayfair in the East and Chelsea to the south. St John’s Wood and Hampstead to the north west of PCL were also established prime locations. On the map we have also highlighted the relatively low number of locations beyond the centre where £1m+ sales were happening in significant numbers.

New build property accounted for 10.4% of all £1m+ sales, the highest proportion of all the years we have looked at. Development activity is mostly confined to the edge of the established locations such as Kings Chelsea on the edge of Fulham and Balmoral House near Paddington. Riverside regeneration is already underway with key developments such as Albion Riverside, The Bridge and St George’s Wharf.

Although the country was in recession in 2008 and house prices in London were falling, the number of £1m+ sales increased over the five years from 2003 by 55%, reflecting the expansion of the prime market in the period 2005-2008. As is always the case during a downturn, new build activity slowed significantly, accounting for just 4.5% of all £1m+ sales. On the map we have highlighted the new areas of prime which were emerging in 2008.

Many of these newly prime areas are the obvious expansions such as Brook Green from neighbouring Holland Park and Pimlico across the railway from Belgravia. Others have emerged as new build development opened new areas of prime. Canary Wharf had just a few new build sales over £1m+ five years previously but now many of these older new build properties are selling for £1m+.
Since the downturn, London’s housing market has led the recovery, particularly in the prime locations. Demand for property in the capital has soared and with it has the number of £1m+ sales, increasing by 165% over the five years to 2013. Popular locations in East London, such as Dalston, are beginning to break the £1m barrier as are an increasing number of locations in the South East, such as Streatham and Herne Hill.

Development activity in the prime markets has picked up significantly with nearly four times as many new build £1m+ sales than in 2008. This is particularly evident in the City with popular developments such as The Heron, Arthouse, Wardour Street and Sterling Mansions seeing high levels of demand from both international and, increasingly, domestic buyers.
Over the next five years (2014 to 2018) we are forecasting that all prime London property will see price rises of 23%. Using this forecast, we have mapped all the properties which sold in 2013 that will be over £1m by 2018 as an indication of where the next prime locations will be.

This method indicates that the rate of expansion in prime London will slow slightly in comparison to the previous five years. Still, £1m+ transaction volumes are expected to rise significantly, by 138% over the next five years.

The majority of the new locations are neighbouring areas to those that are already prime, such as Earlsfield and Brixton. Both Wanstead and Southgate are expected to appear as new prime locations in outer London as values here reach the £1m mark.

The map now shows the emergence of a third ‘wealth corridor’ as and when homeowners move out of the centre of London. The south west path has long been established, but the route north only became visible in 2008 and filled in over the next five years.

The next wealth corridor running south east brings in Dulwich and Bromley, which become more connected via locations such as Crystal Palace and Shortlands.

Inevitably, there will be other locations that emerge as prime, either by becoming more fashionable for wealthy younger households or via regeneration.

**TABLE 3**

<table>
<thead>
<tr>
<th>Date</th>
<th>Dec 03</th>
<th>Dec 04</th>
<th>Dec 05</th>
<th>Dec 06</th>
<th>Dec 07</th>
<th>Dec 08</th>
<th>Dec 09</th>
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<th>Dec 11</th>
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<td><strong>Average Value</strong></td>
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<td>£492k</td>
<td>£513k</td>
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<td>£575k</td>
<td>£613k</td>
<td>£720k</td>
<td>£773k</td>
<td>£854k</td>
<td>£895k</td>
<td>£1m</td>
</tr>
</tbody>
</table>

Source: Savills Research
Mansion tax

THE GREAT TAXATION DILEMMA

One of the risks to the prime London housing markets remains the threat of a mansion tax. Though the fiscal and economic case for such a tax is weak – much weaker than it was when first proposed by the Liberal Democrats in 2009 – it is undeniably popular with the majority of the electorate. Irrespective of both the increasingly disproportionate burden of stamp duty that is borne by high value property and the successive tax changes that have closed previous tax loopholes, the fact that the highest value properties in Westminster only pay £14 a year more Council Tax than a two bedroom second floor flat in Weymouth leaves proponents of a mansion tax with political ammunition.

However, there does appear to be a consensus that the previous proposal for the tax – a 1% levy on the value in excess of £2m – would have been unworkable. Hence, both the Labour Party and the Liberal Democrats have moved towards a banded proposal that draws on the precedent set by the Annual Tax on Enveloped Dwellings (ATED).

There is, however, no indication of the amount of the charge under these revised proposals.

If it were to be of the order of scale of ATED, which was introduced to penalise those people seen to be actively avoiding other property taxes, it has the capacity to put a far smaller spanner in the workings of London’s prime property market. If, by contrast, it simply plugs the hole in the Council Tax system, then the impact would be much more benign. At the heart of this issue is whether it is designed to be a significant revenue raiser or a playing field leveller. A penal charge would in all likelihood result in a significant leakage in government revenues from Stamp Duty, Inheritance Tax and Capital Gains Tax. Given this prospect, the policy focus may well shift towards making adjustments to the Council Tax system.

In this respect, the issues with Council Tax are essentially threefold:

- The existing Council Tax banding system is based on valuations that date back to 1991. In the intervening period, prices in prime central London have risen by 612%, while they have risen by an average of 237% across the UK mainstream market as a whole.
- Consequently, the existing bands do not distinguish between very valuable properties and the merely expensive.
- The Council Tax rates, which are set at a local authority level, are disproportionately lower in the highest value of property ATED charges 2014-15

At the heart of the issue is whether a mansion tax is designed to be a revenue raiser or a playing field leveller.

Lucian Cook, Savills Research
New build development means prime London is expanding, but are we ready for this change?

Words: Katy Warrick
Twitter: @katywarrick

New build development means prime London is expanding, but are we ready for this change?

Spotlight | Prime London Residential Market

Autumn 2014

Prime London is expanding, but New build development means prime London is expanding, but are we ready for this change?

BUILDING AT SCALE

To put this in context, we expect 25,700 new homes (private) to be priced at more than £1,000psf. Large scale development is taking place in clusters outside of established prime, in Nine Elms, South Bank, City Fringe, Earls Court and White City, reflecting the fact that development land in the very centre of London is limited. In addition, in Canary Wharf, a strong employment centre with Crossrail arriving in 2018, residential development is being intensified.

Delivering value uplifts

Residential developments in these emerging prime areas each justify their values through offering the very best in services and amenities that a buyer of prime new build property has come to expect. Coupled with waterside views, or the excitement of large scale regeneration, this has supported strong off plan sales. However, while an average £1,000psf is justifiable in these peripheral locations, this equates to a large capital value on oversized units. As new units compete with more established prime London product, it may take longer for the market to absorb.

But this will be tested over the next few years as we see large concentrations of new prime stock come to the market for rent. Out of the 22,700 prime new homes we expect to be delivered in the next five years, we estimate that in the region of 13,000 homes could enter the rental market.

Rental impact

Competition for tenants will become particularly pronounced in new build towers, where construction and completions cannot easily be phased to allow for market absorption. Consequently, rents will come under pressure in locations of high supply, with a potential dampening effect on rental growth across the wider prime rental market despite a wider pool of tenants.

Domestic buyers

In light of this, developers should not underestimate the importance of domestic buyers purchasing for their own use. Importantly, we are already seeing a shift towards more UK buyers as domestic demand is recovering, partially to be accredited to the Mayor’s Concordat.

Developers are starting to regain their trust in the domestic markets by launching in the UK either before or simultaneously to overseas and it is positive that UK buyers are willing to purchase off plan. In the first half of 2013, UK purchasers of prime new build accounted for 28%, while in the first half of 2014 this had increased to 39%. This can only be good news.

High volumes of residential homes are in the pipeline in these emerging prime locations. Construction is already underway at most, but it will take time for these neighbourhoods to become fully occupied.

“Developers should not underestimate the importance of domestic buyers”

Katy Warrick, Savills Research

Prime London’s five year development pipeline of 22,700 new homes

33% of new homes are situated in waterside locations
32% are in schemes including a tower of more than 20 storeys
23% are on large schemes of more than 500 units
48% is accounted for in six key clusters

Canary Wharf

City Fringe

Earls Court

Kensington & Chelsea

Nine Elms

South Bank

New Delhi

Source: Savills Research

The early stages of regeneration are often the most important in attracting attention to an area and gaining footfall, marketing and branding can play an important role. This can be done by ensuring the retail, public realm or open spaces are delivered upfront in the pipeline, and public connectivity between buildings is accounted for.

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Forecast values

Over the past five years, values in prime London have seen significant increases with an average growth of 65% over the period. However, with an election approaching and the taxation of high value property still on the political agenda, we expect values to plateau in locations that have seen the steepest price rises. Assuming no mansion tax is introduced, we expect prices to bounce back in 2016 as demand returns to the market, leading to an average increase of 22.7% over the five year period to the end of 2018.

TABLE 5
Prime five year forecast values

<table>
<thead>
<tr>
<th>Year</th>
<th>Prime Central London</th>
<th>Other Prime London</th>
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</thead>
<tbody>
<tr>
<td>2007 actual</td>
<td>21.3%</td>
<td>19.3%</td>
</tr>
<tr>
<td>2008 actual</td>
<td>-18.8%</td>
<td>-18.9%</td>
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<tr>
<td>2009 actual</td>
<td>21.4%</td>
<td>16.5%</td>
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<tr>
<td>2010 actual</td>
<td>8.9%</td>
<td>7.5%</td>
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<td>2011 actual</td>
<td>14.6%</td>
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<td>2014 forecast</td>
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<td>2015 forecast*</td>
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<tr>
<td>2018 forecast*</td>
<td>5.0%</td>
<td>4.0%</td>
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</table>

* Assuming no further changes in the taxation of high value property

TABLE 4
Prime price movements

<table>
<thead>
<tr>
<th>Year to Q2 2014</th>
<th>Central London</th>
<th>North West London</th>
<th>South West London</th>
<th>North London</th>
<th>East of City</th>
<th>All Prime London Y on Y</th>
<th>Y on Y</th>
<th>Since Pre Crunch</th>
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<td>7.6%</td>
<td>8.9%</td>
<td>11.8%</td>
<td>20.6%</td>
<td>21.1%</td>
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<tr>
<td>2015</td>
<td>7.6%</td>
<td>8.9%</td>
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<td>11.8%</td>
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<td></td>
<td>40.2%</td>
<td>28.5%</td>
</tr>
</tbody>
</table>

Source: Savills Research

Over the past five years, prime north west London saw the highest average price increase of 19.0% with Marylebone recording the highest annual price growth of 19.0% in 2013. In contrast, prime south west London recorded the lowest average price increase of 4.3% with Knightsbridge recording the lowest annual price growth of 4.3% in 2013.

Source: Savills Research