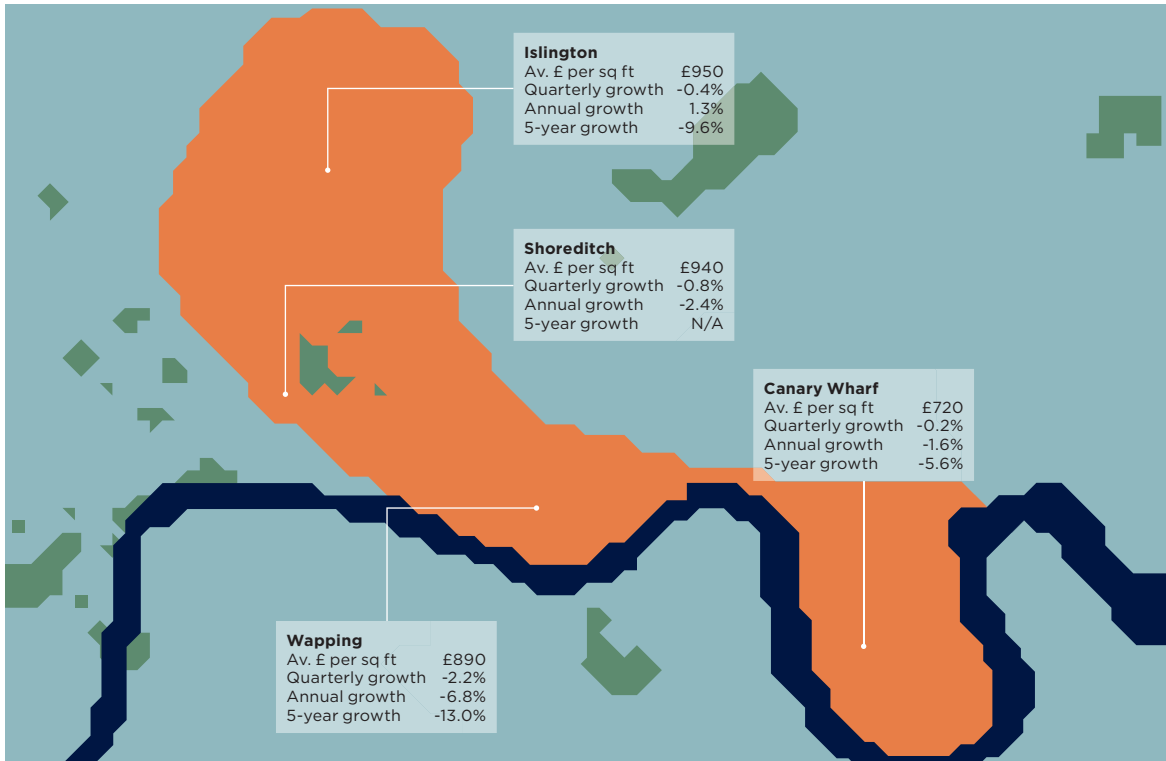


# Prime North and East London



Note Prime property values to September 2019 (excludes new build) Source Savills Research

## Price monitor

Key statistics for house price growth



Quarterly price movement across the prime London housing markets for Q3 2019



Quarterly price movement across the prime North and East London housing markets for Q3 2019



Annual price movement for property worth more than £1m in the prime markets of North and East London



Average change in prices for property in the prime markets of North and East London since the EU referendum

Source Savills Research

## Brexit uncertainty continues to make its mark

Despite the ongoing challenges faced by London's prime residential markets in the third quarter of 2019, price falls continued to slow as buyer and seller expectations narrowed.

Brexit was cited by more than two-thirds of our agents as the main issue affecting the market. In addition, more than 90% reported that buyers and sellers were concerned about the possibility of a general election.

The mainstream markets of London have been affected by similar concerns, causing average price falls across the wider housing market of 2.6% in the past 12 months.

Yet, in the three months to September 2019, values across the prime housing markets of London fell by a marginal 0.3% on average, leaving them just 1.5% lower than 12 months previous. In comparison, two years ago, that figure was -4.5%.

Since the EU referendum, values of prime property in

North and East London have fallen by 11.0% on average, less than in central London, but more than in other prime London markets. This reflects the area's historical reliance on buyers in financial and insurance sectors, who have become less dominant in the market.

Prices in the prime markets of North and East London have fallen by 0.9% during the past three months, again, a little more than the wider prime London market, and by 2.3% on average over the past year. This has varied by property type, with the market for quality family housing proving the most robust.

Brexit uncertainty has led to fewer prime properties being brought to the market. At the same time, we've seen higher levels of new applicants this year, creating a build-up of demand. But this remains a market that requires pragmatism from buyers and sellers alike.

### Prime London price movements

	Prime Central London	Prime North West London	Prime South West London	Prime West London	Prime North & East London	All prime London
<b>Quarterly growth</b>	-0.3%	-0.6%	0.0%	-0.1%	<b>-0.9%</b>	-0.3%
<b>Annual growth</b>	-3.0%	-3.3%	0.9%	-1.0%	<b>-2.3%</b>	-1.5%
<b>5-year growth</b>	-20.3%	-12.0%	-7.6%	-5.9%	<b>-8.8%</b>	-12.3%

Note Prices to September 2019 Source Savills Research

## Demand for main residences increasing

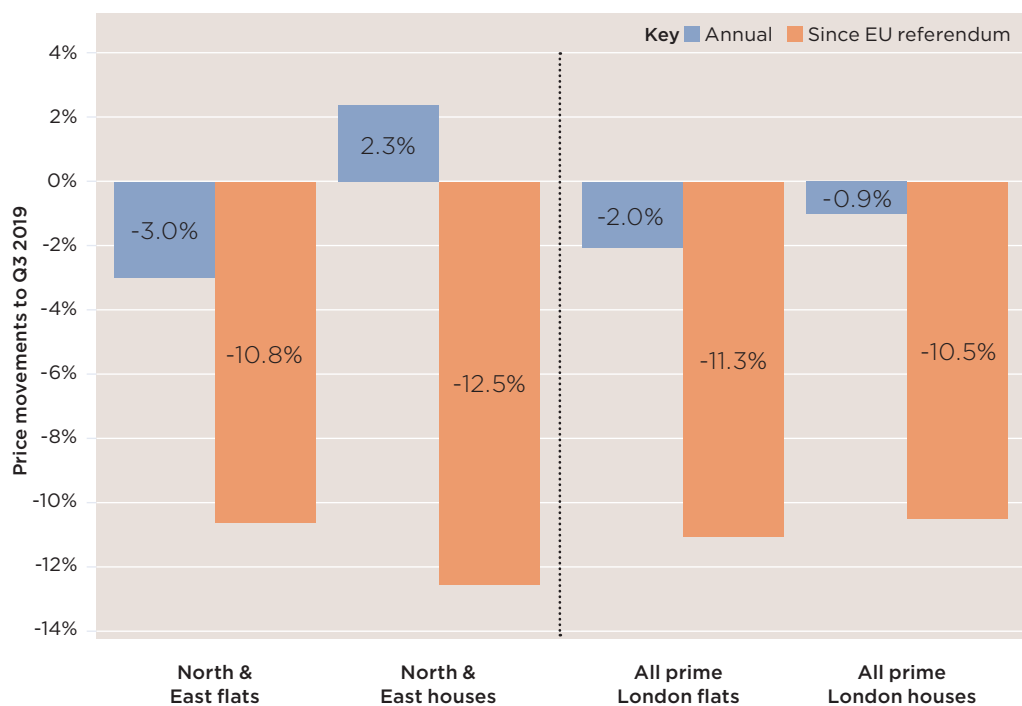
After a period of three-and-a-half years of price falls, totalling 15%, the family house market in Islington has been the strongest performer during the past year. This left such properties looking good value to committed needs-based buyers and values have risen 2.9% over the past year. A shortage of stock and a flight to the best-quality property have also contributed to this performance, factors that have similarly supported pricing for houses in Shoreditch.

By contrast, the value of flats across the North and East London markets have fallen by 3.0% on average over the past year. High stock levels in Canary Wharf continue to put pressure on pricing, while in Wapping the rate of falls has increased

as the Brexit uncertainty continues to weigh on buyer sentiment. Average values for flats here are now 12.5% lower than in June 2016 and look increasingly good value for money.

The value on offer to owner-occupiers, in particular, is driving demand across all of these markets. During 2018/19, 91% of prime stock in Islington was bought as a main residence. But Canary Wharf has seen the most significant shift in buyer profile over the recent past, with 83% of purchasers buying property – primarily flats – as their main home. Much of the demand comes from young professionals, particularly given the area’s proximity to two of London’s main business districts – the City and Canary Wharf.

**Driving demand** Buyers are recognising the value of flats in N&E London



Source Savills Research

## OUTLOOK

We expect the sense of caution in the market to continue for the rest of the year, as buyers wait to see whether the current government will be able to negotiate a deal with the EU before the end of October, or forced by parliament to seek a further extension of article 50. The prospect of a general election by the end of the year is likely to add to this. However, given the extent to which prices have already corrected, we do not envisage significant

price adjustments during this period.

Current polling shows that the election of a hard left majority government would require a substantial swing in voting intentions. This limits the risk of a dramatic change in the political environment which might significantly alter the attractiveness of London to high-net-worth individuals. But only once this risk has passed entirely, do we expect the seeds of recovery to be planted.

We also believe that cuts to stamp duty that were mooted by Boris Johnson in his leadership bid cannot be relied upon. First, it’s uncertain whether the Conservatives can deliver a clear majority. Second, we believe any government is going to be reluctant to put at risk receipts which we estimate to be between £2 billion and £4 billion, at a time when it will be looking to increase spending to support the economy.

Deal or no deal, what is needed to stimulate market demand is greater certainty over the way forward. Across North and East London, needs-based buyers taking advantage of the relative value on offer will continue to keep the market moving in the intervening period.

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