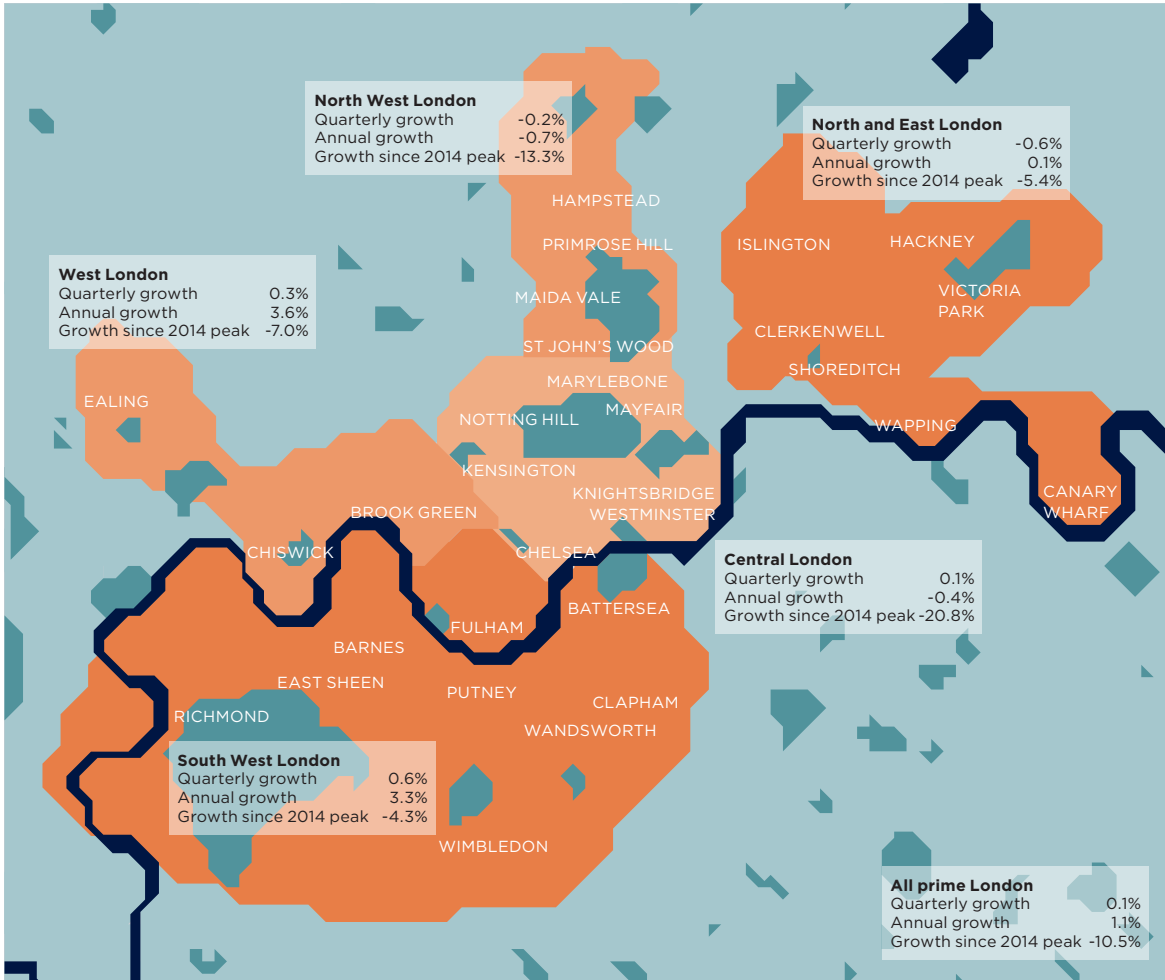


# Prime London Residential



Note Price movements to December 2020 Source Savills Research

## Strong activity but prices remain sensitive

The Covid-19 pandemic altered the course of the UK's prime residential markets during 2020 and London was no exception. There has been more demand across all locations for larger properties with private gardens and space to work from home. Coupled with the relative value on offer, this has meant the leafier outer prime London markets have performed more strongly than the capital's higher value central markets which have been held back by international travel restrictions.

Agreed sales of property worth £1 million or more across London increased by 15% in 2020 compared with 2019, outperforming the wider market, according to data from TwentyCi. However, buyers and sellers continue to be pragmatic on pricing. Vendors have remained realistic on what they're likely

to achieve and just over half of London agents reported that vendors' price expectations of the property they are selling had reduced in the fourth quarter of 2020. Meanwhile, 48% said buyers' budgets had also decreased.

As such, this surge in activity has caused prices to hold steady as opposed to rise significantly, in most instances. Values increased by an average of just 1.6% in outer prime London during 2020.

Prime central London has been reliant on demand from domestic buyers and resident non-doms throughout much of last year, given the practical implications of Covid-19, in particular constraints on travel. In this context, the market has held up well. Values fell by a marginal -0.4% over the year, having stabilised

in the final quarter, but remain almost 21% below their 2014 peak.

Across all of prime London, the value of homes with medium or large gardens increased by more than 4.0% in 2020, highlighting the shift in demand prompted by the pandemic. Similarly, all regions of prime London have seen houses outperform flats during the past year. Those with five or more bedrooms have been the top performers.

These trends favoured traditional family home markets such as Chiswick, Fulham, Putney and Richmond.

Meanwhile, in prime central London, the strongest markets were those of Notting Hill, Holland Park and Bayswater. These areas combine local amenities, access to green space, walkability and good family housing stock.

### Market monitor

Key statistics for prime London



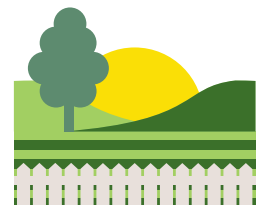
**+0.1%**

Quarterly price movement across the prime London housing markets



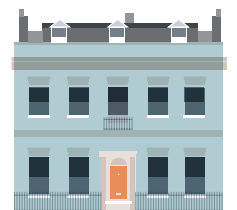
**+1.1%**

Average annual price movement across the prime London housing markets



**+4.3%**

Annual price movement for properties with a large garden in prime London



**+15%**

Increase in the number of £1m+ properties marked as sold subject to contract across London, 2020 vs 2019

## Lifestyle trends drive performance

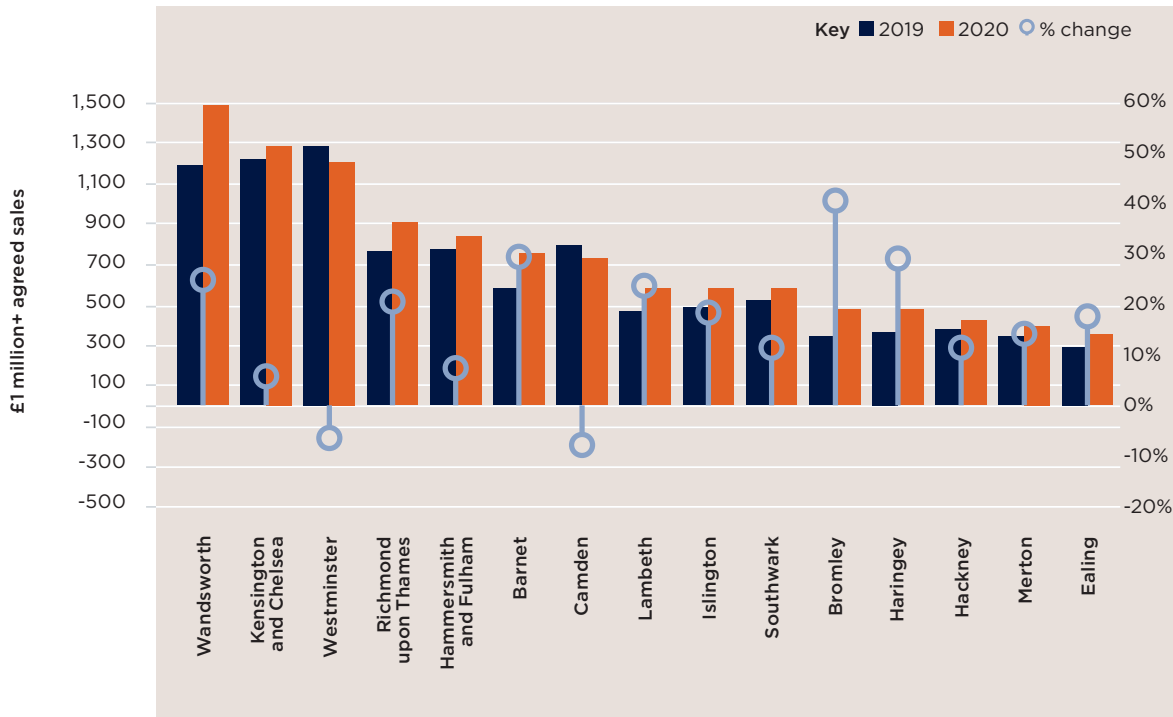
Although the number of agreed sales of properties worth £1 million or more increased by 15% in 2020 across London as a whole, there was significant variation in performance by borough as a result of the trend to upsize and the search for properties with a garden.

Wandsworth had the highest number of deals at this level, with almost 1,500 throughout the year, an increase of 25% on 2019. Similarly, Richmond upon Thames saw £1 million+

deals rise by over 20% to more than 900 in 2020. The boroughs of Kensington and Chelsea, Westminster and Camden continued to see a high number of agreed sales above this price point, but levels either rose marginally or fell last year when compared with the amount seen in 2019.

Outer London boroughs such as Bromley, Barnet and Haringey saw the highest percentage rise in £1 million+ deals, but their numbers still remain relatively small.

**Millionaire boroughs** Wandsworth records highest number of £1 million+ sales



**Note** Boroughs shown are those with at least 300 £1m+ agreed sales in 2020 **Source** Savills Research and Twenty20

### OUTLOOK

In the short term, the prime markets are likely to remain price sensitive, but first quarter transactions will be supported by the ending of the stamp duty holiday in March. However, our recent survey of buyers and sellers revealed that most respondents had already made the decision to move either prior to the pandemic or during the first lockdown – before the stamp duty holiday was announced. This means we don't consider a failure to complete

before 31 March as a major factor for the prime markets. But the economic effects of the pandemic are also likely to be more keenly felt at this time and could result in a lull in activity thereafter.

Yet an underlying commitment to move will remain strong over the course of 2021 and further lockdown restrictions could provide some urgency for those looking to upsize, particularly in the outer prime London markets. Confidence

is also likely to be boosted as the rollout of the Covid-19 vaccines progresses. Indeed, our latest survey pointed to increased commitment to moving home over the next 12 months as a result of the rollout.

This will be particularly true for the prime central London market which has been held back by international travel restrictions. A short-lived Boris bounce at the beginning of 2020 hinted at a recovery that has been put on hold by Covid-19.

With prices still almost 21% below their 2014 peak, prime central London continues to look good value in both a historical and international context. And while a 2% stamp duty surcharge for non-resident buyers is due to be introduced in April, London's total buy, hold and sell costs will remain competitive compared with other world cities. This points to a good 'buy' opportunity, particularly for those transacting in foreign currencies.

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