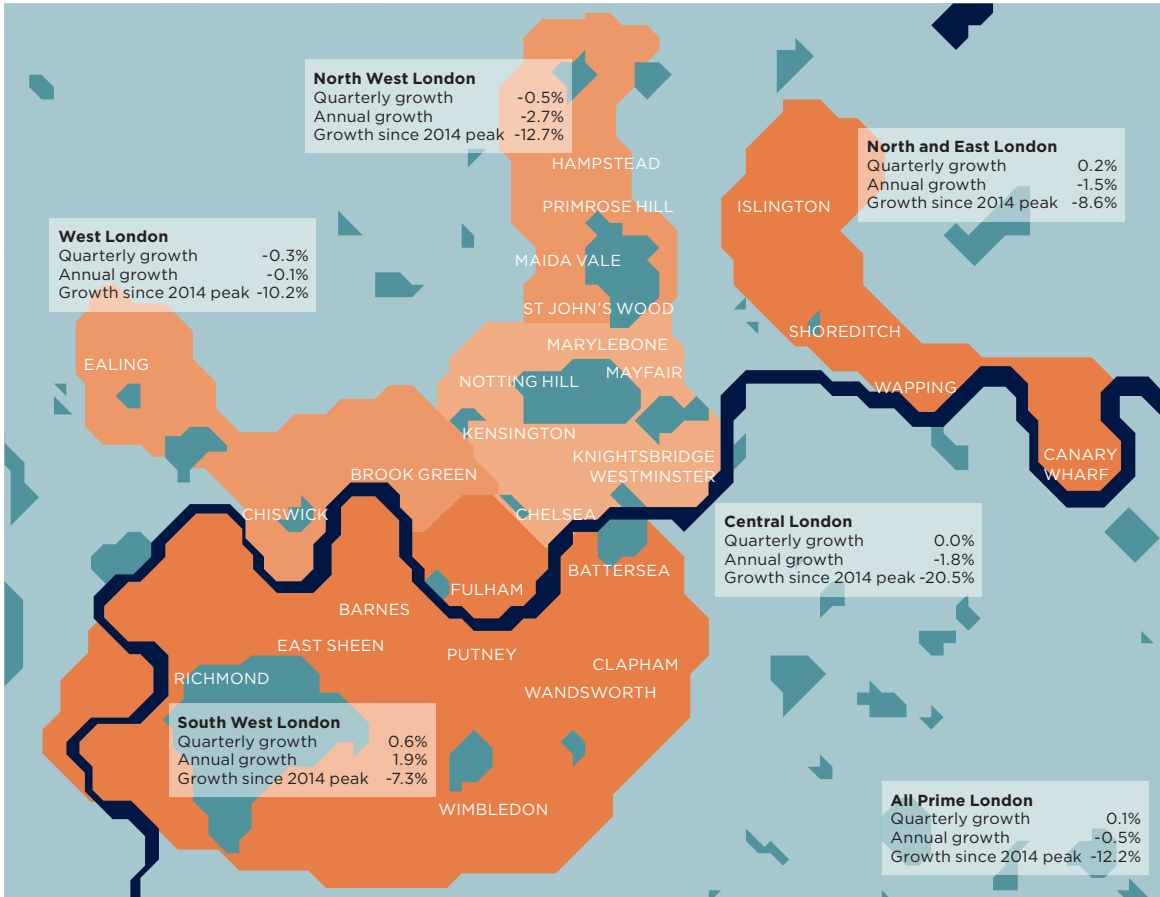


Prime London Residential



Note Price movements to December 2019 Source Savills Research

Price monitor

Key statistics for prime London



Quarterly price movement across the prime London housing markets



Annual price movement across the prime London housing markets



93%

Proportion of London agents who reported seeing competitive or sealed bids in Q4 2019



+31%

Increase in £5m+ sales across London, Q4 2018 vs Q4 2019

Source Savills Research

First signs of growth in four years

Average prime London residential values showed marginal growth in the final three months of 2019, the first quarterly rise in four years.

Quarterly growth of 0.1% meant that annual price falls, which stood at -3.2% at the end of 2018, reduced to just -0.5%. This occurred despite heightened political uncertainty resulting from the general election in December, which 83% of Savills London agents stated had impacted the market.

Each region of prime London has seen annual price falls slow considerably in comparison to 2018.

In prime central London, a bottoming out of prices, in part due to a narrowing of buyer and seller expectations on prices, coincided with an increase in the volume of sales

over £5 million. Sales at this price point were up 31% in the final quarter of last year, compared to the same period in 2018.

The strongest-performing markets have been those of prime South West London, where prices have risen by 1.9% over the course of the year. This has been driven by the markets of Wandsworth, Fulham and Clapham, in particular. Each saw annual price growth exceed 5% as needs-based buyers returned to the market, at a time when available stock levels were low.

In many instances, this lack of stock led to increasing levels of demand and competition between buyers. The vast majority (93%) of agents reported seeing competitive bids or sealed bids in the last quarter of 2019.

Prime market forecasts

	2020	2021	2022	2023	2024	5-year compound growth
Prime central London	3.0%	6.0%	4.0%	4.0%	2.0%	20.5%
Other prime London	1.0%	3.5%	2.5%	2.5%	1.5%	11.5%

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

Super prime sales achieve new high

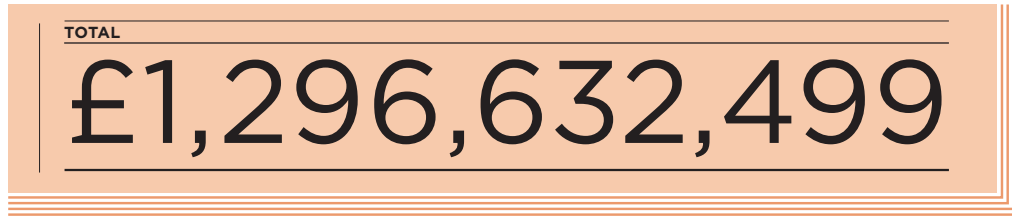
Prices have held firm for two consecutive quarters in prime central London's £10m+ super prime market. This means that year-on-year they are only down by 0.7%. By contrast, values fell by 7.3% in the year after the EU referendum in this part of the market, contributing to

the fact that they remain 21.8% below their 2014 peak.

This relative value, coupled with a currency play, has led to more deals at the top end of the market. The value of £5m+ sales in London totalled £1.3 billion in the final three months of 2019, the highest figure for three years.

There were more than double the number of sales above £10m in Q4 2019 compared to the previous quarter. The aggregate value of these transactions was up 154%.

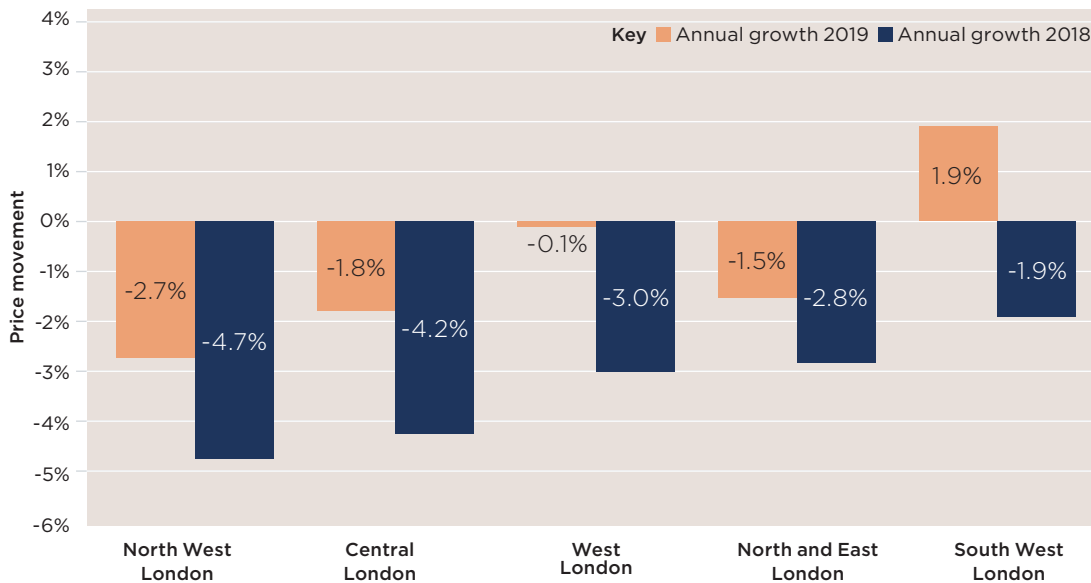
Historically, this highly discretionary part of the market has been the first to fall and the first to recover.



The aggregate value of £5m+ sales in London during Q4 2019

Source Savills Research

Annual growth There has been an improvement across all prime London regions



Source Savills Research

OUTLOOK

Prime central London prices have looked good value both in a historical and global context for some time, particularly for US dollar buyers. Greater political certainty following the Conservative majority win and the recent recovery at the top end of the market suggests that we are

now at a turning point and can look forward to stronger market conditions.

However, 2020 will not be without its challenges as the details of Brexit are negotiated. We are not forecasting a significant bounce in values until 2021 and would expect the recovery to be weaker than in previous

cycles due to the higher tax environment.

The Conservative Party manifesto included proposals for a further 3% stamp duty surcharge for non-resident buyers. That may stimulate demand in the run up to the budget on 11 March as buyers seek to avoid higher transaction costs. Longer term,

it is likely to dampen demand from overseas buyers and make them more price sensitive.

Other prime London areas are more dependent on domestic wealth generation and more susceptible to interest rate rises. This suggests less capacity for price growth in the medium term compared to central London.

Savills team

Please contact us for further information

Lucian Cook

Head of Residential Research
020 7016 3837
lcook@savills.com

Frances Clacy

Associate Residential Research
020 7409 5905
fclacy@savills.com

Jonathan Hewlett

Head of London Residential Sales
020 7824 9018
jhewlett@savills.com

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