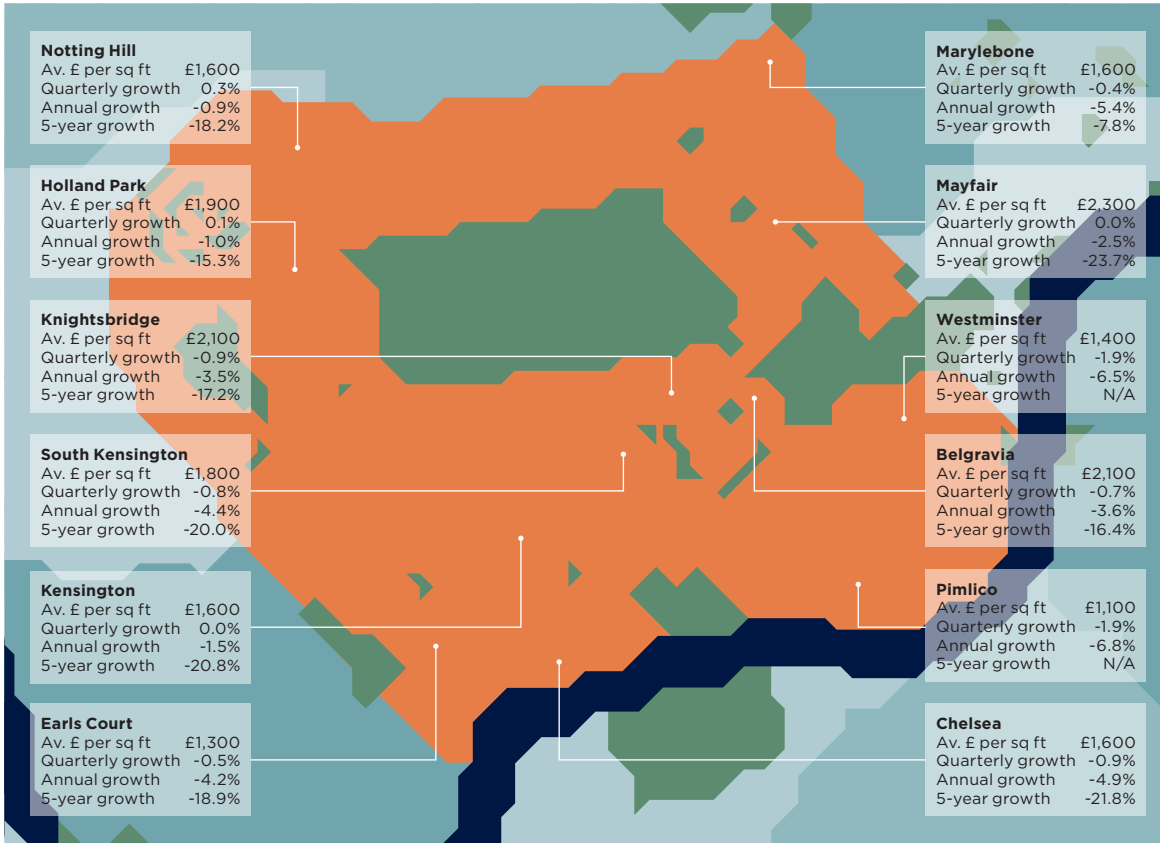


Prime Central London



Source Savills Research Note Prime property values to March 2019

Price monitor

Key statistics for house price growth



Quarterly price movement across the prime London housing markets for Q1 2019



Quarterly price movement across the prime central London housing markets for Q1 2019



Average change in prices for property in the prime markets of central London, since 2014 peak



Average change in prices for property worth £10m or more in the prime markets of central London, since 2014 peak

Source Savills Research

Brexit continues to cause uncertainty

Price falls across prime London continue to slow. The first quarter of 2019 saw a fall of just 0.3%, leaving prices 2.5% lower than a year ago. This is encouraging given the ongoing political turmoil, which remains the biggest challenge in the market according to our agents. While stock levels are subdued, applicants and viewings have increased in the first quarter of this year, suggesting buyers see value in the market but are reluctant to commit until after Brexit.

Price expectations of buyers and sellers have narrowed, keeping the market moving, while location and condition continue to be key selling points. With competitive mortgage rates and a currency advantage for overseas buyers, Brexit

negotiations will be pivotal to the market going forward.

Prices in the most expensive and established prime central London markets fell by an average of 0.6% in Q1 2019, leaving them 3.7% below a year ago and 19.4% lower than their peak, in June 2014. However, this is the second quarter of slowing price falls in a market that is increasingly good value.

Uncertainty surrounding Brexit has seen lower levels of stock brought to the market, which has restricted activity levels.

The prestige of central London property remains. It is still considered a safe investment with buyers, particularly those from Europe, the Middle East and North America who benefit from sterling's weakness as well as price adjustments.

Prime London prices

Ongoing Brexit negotiations continue to affect prices across the region

	Prime central London	Prime North West London	Prime South West London	Prime West London	Prime North & East London	All prime London
Quarterly growth	-0.6%	-0.8%	0.1%	-0.1%	-0.5%	-0.3%
Annual growth	-3.7%	-4.1%	-1.1%	-2.3%	-2.5%	-2.5%
5-year growth	-19.1%	-9.6%	-8.9%	-10.2%	-2.7%	-11.6%

Source Savills Research Note Prices to March 2019

Prime central London in focus

Across prime central London, the most expensive properties have seen the most significant price adjustments. Those worth £10 million or more, where values average £2,800 per sq ft, have fallen by 21.3% since their peak in 2014. However, prices have held steady throughout the first quarter of 2019.

Similarly, the well-established central London district of Mayfair, where sq ft values now average £2,300, has seen prices fall by 23.7% in the last

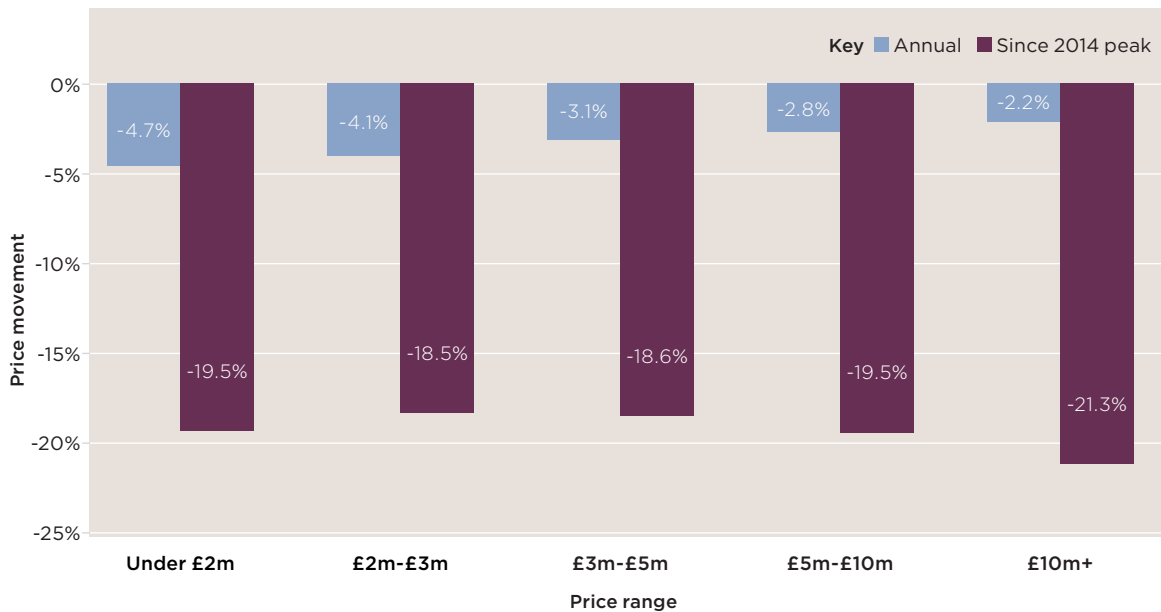
five years. These, too, have remained flat in the three months to March.

By contrast, over the last year, prime markets such as Westminster, Pimlico, Earls Court and Marylebone have seen prices fall the most.

As more established markets have begun to look like good value, demand has focused back to core central London locations, though opportunistic buyers have continued to cast their net wider.

“As more established markets have begun to look like good value, demand has focused back to core central London locations”

Fall into line Price falls for the top end of the market have slowed



Source Savills Research

OUTLOOK

We are forecasting a relatively subdued market across prime central London as Brexit negotiations continue and we then enter a transition

period. However, low levels of available stock should help to prevent any further significant price falls.

Once uncertainty clears, there is the

potential for pent-up demand from those currently sitting on the fence to lead to more activity. However, this may not translate into immediate price

increases. Especially as, in the past, the currency advantage on offer has led those denominated in foreign currency to buy back into central London.

Prime London house price forecasts Growth will return in the medium term

	2019	2020	2021	2022	2023	5-year
Prime central London	-1.0%	0.0%	6.0%	2.0%	5.0%	12.4%
Other prime London markets	-1.0%	0.0%	3.5%	1.0%	3.5%	7.1%

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

Savills team

Please contact us for further information

Lucian Cook

Head of Residential Research
+44 (0)20 7016 3837
lcook@savills.com

Frances Clacy

Associate, Residential Research
+44 (0)20 7409 5905
fclacy@savills.com

Gaby Foord

Associate, Residential Research
+44 (0)20 7299 3003
gaby.foord@savills.com

Phillippa Dalby-Welsh

Co-Head of Prime Central London Residential Sales
+44 (0)20 7731 9407
pdwelsh@savills.com

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