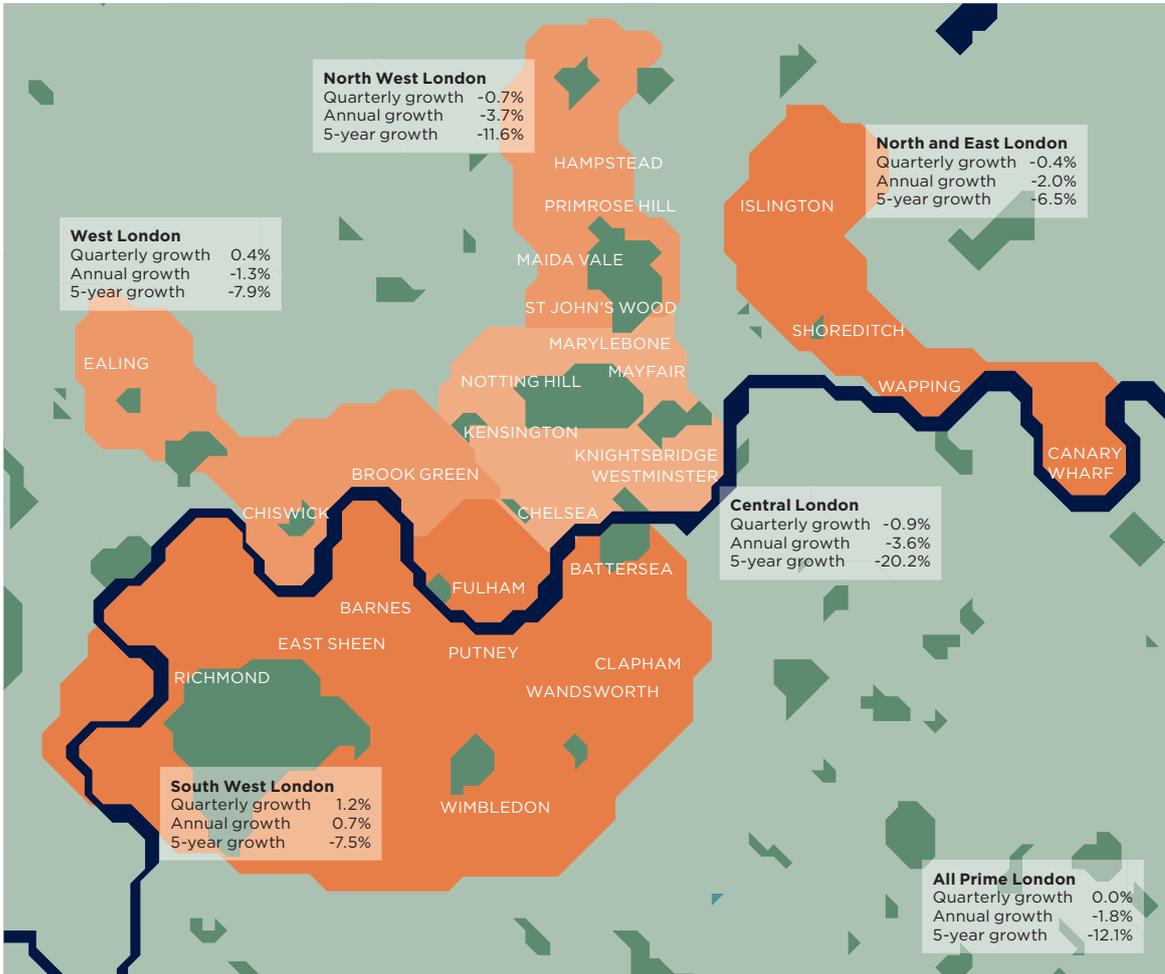


# Prime London Residential



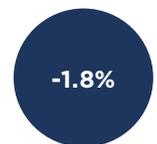
Note Prices to June 2019 Source Savills Research

## Price monitor

Key statistics for house price growth



Quarterly price movement across the prime London housing markets



Annual price movement across the prime London housing markets



Average change in price for property across prime London, since 2014 peak



Average change in price for property across prime central London, since 2014 peak

Note Prices to June 2019 Source Savills Research

## Prices steady against fragile backdrop

House prices in prime London held firm for the first time in more than three years in the period from March to June 2019. As a consequence, the rate of annual price falls is slowing. Over the past year, values decreased by just 1.8%, compared with a fall of 4.0% in the previous 12 months.

In a further sign that parts of the market may be levelling out, our agents report the return of competitive bidding, with a few even seeing sealed bids. In the last quarter, 16% of Savills deals saw competitive bidding, 56% of which resulted in sealed bids.

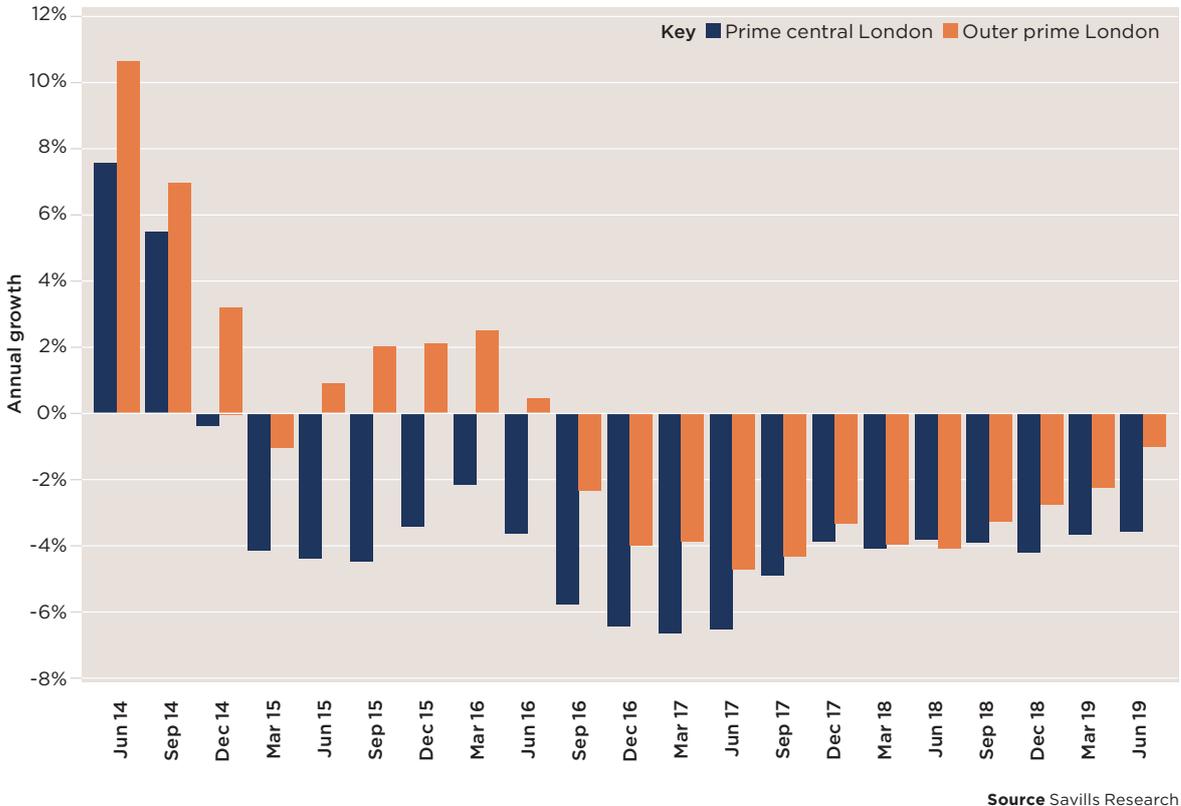
This situation reflects a shortage of stock and a flight to the best-quality property among those committed buyers who are taking advantage of both an average price decrease of 12.1% since 2014 and the low interest rate environment.

But Brexit uncertainty continues to weigh on buyer sentiment. In a survey, 72% of our agents describe it as their most significant challenge. This figure rose to 90% for those agents who operate in the most discretionary, expensive market of prime central London.

### Prime price movements (to June 2019)

	All prime London	All UK prime regional	London suburbs	London's inner commute	London's outer commute	Wider South	Midlands and North	Scotland
Quarterly growth	0.0%	0.3%	0.7%	-0.6%	0.4%	0.6%	0.3%	0.6%
Annual growth	-1.8%	-0.4%	-0.1%	-2.4%	-0.3%	-0.7%	0.6%	2.0%

**Capital shapes up** The annual rates of price falls have slowed across all parts of the prime London market



**PRICES START TO RISE IN THE SOUTH WEST**

South West London has been the star performer over the past year. Prime house prices in the belt from Fulham down to Wimbledon grew by 1.2% in the past three months and returned to annual growth, albeit of just 0.7%.

Some 80% of agents in this market said that there had been a noticeable narrowing of expectations between buyers and increasingly pragmatic sellers.

Similarly, prime West London recorded positive price growth over the past three months, with values in the markets of Ealing, Chiswick and Brook Green up by 0.4%. Annual decline was 1.3%, the smallest fall for two years.

In North and East London, prime prices dropped by 0.4% over the three months to June 2019, and by 2.0% annually. However, the price of houses increased, up by 1.6% over the year, a move supported by demand from needs-based family buyers in markets such as Islington.

In North West London, the rate of annual price growth declined, though it remains at -3.7%. Similarly to central London, the discretionary part of this market has experienced more cautious market sentiment.

**PRIME CENTRAL LONDON**

Though prime central London recorded its slowest annual rate of fall since the Brexit vote, prices continued to soften, with evidence that total price adjustments are converging at around 20% in all price brackets.

Most noticeably, this is starting to mirror the total adjustment of the central London market when it bottomed out following the early 1990s recession and the global financial crisis. Here, prices fell by 25.6% and 22.2% respectively before they started to rise again.

Super prime properties (worth more than £10 million) were the first to be affected by price falls. However, values in this market fell by just 2.6% over the past 12 months, compared with a drop of 4.2% for properties under £2 million that had initially held up much better.

**OUTLOOK**

Despite positive signs, the market is likely to remain sensitive as political manoeuvres continue during the next few months.

Much is still unknown about what the new

prime minister will mean for the Brexit deal, the economy and, crucially, any changes to tax policy. Boris Johnson has already raised the possibility of changes to stamp duty

as a means of freeing up the housing market. For some sellers, this may seem like a reason to delay, in the hope that it spurs an increase in demand. But a decision to do so will

be weighed against the risks to the market from a possible no-deal Brexit or, in more extreme circumstances, tax changes in the event of a change of government.

**Definition of prime property** This market consists of the most desirable and aspirational property by location, aesthetics, standards of accommodation and value. Typically, it comprises properties in the top 5% of the market by house price.

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