

PRIME CENTRAL LONDON HOUSING MARKET UPDATE

SALES

£3,008,396

AVERAGE DETACHED HOUSE PRICE

7x

THE NATIONAL AVERAGE

1.8%

ANNUAL PRICE GROWTH (ALL TYPES)

LETTINGS

£3,410 pcm

AVERAGE RENT

2.1% - 2.6%

GROSS YIELDS

MARKET OVERVIEW AND THE VIEW ON THE GROUND

- Changes to stamp duty rates over the last three years have hit the prime end of the central London residential market hard and this has played out over the last six months mainly in the exceptionally low activity levels but is also evident in a lack of house price inflation.
- Average house prices in the Prime Central London markets are now at the same level as May 2014.
- A lack of available stock has been the biggest hurdle over the latter half of the year. Vendors are not feeling inspired to move and nor do they need to. Buyers are equally holding their ground or moving on.
- Moving into the new year there is hope that with Brexit talks now making some headway and progressing positively forward, that the wider economic and political climate will add confidence to the market. We expect that into the coming year sellers and buyers will begin to feel more comfortable with pricing and costs and activity levels will improve as more stock is released.

Figure 1 House price index

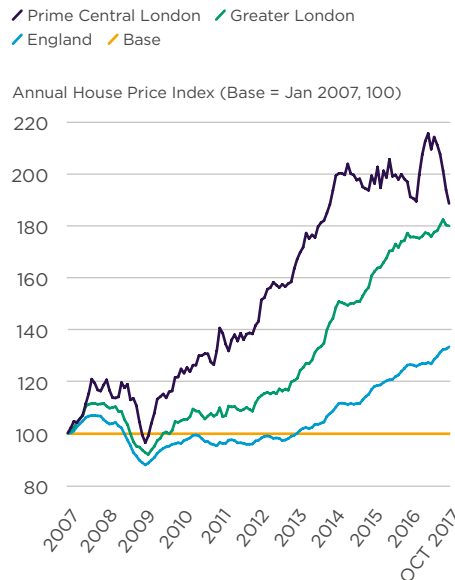


Figure 2 Monthly sales volumes

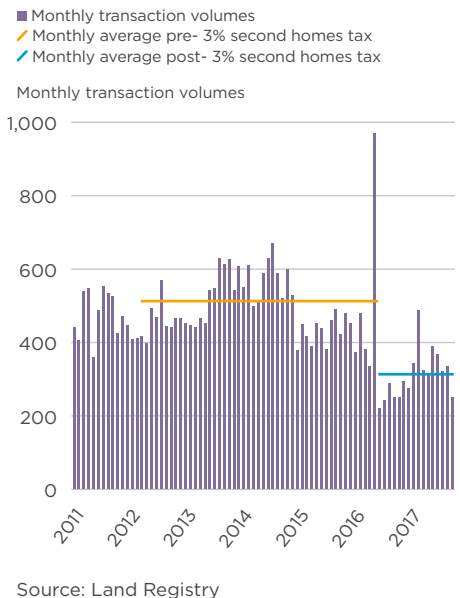


Figure 3 Forecasts

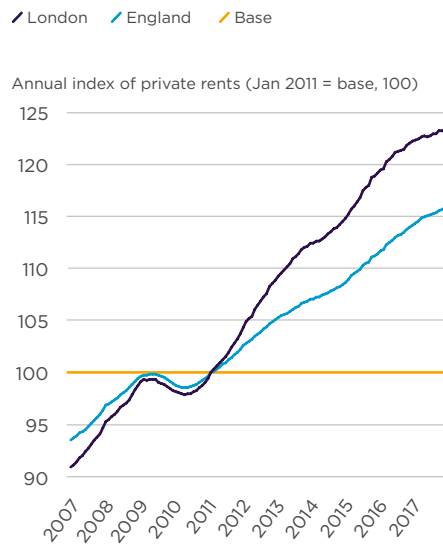
	2017	2018	2019	2020	2021	5 year growth rate
Population (thousands)	409	413	417	420	423	3.4%
Households (thousands)	201	203	206	208	209	4.2%
Unemployment rate (%)	6.1	5.9	6.0	6.0	5.9	-
GVA (%)	2.1	1.9	2.4	2.5	2.7	-

Sources: ONS (2014-based forecasts), Experian
 Note: Data refers to City of Westminster + Royal Borough of Kensington & Chelsea.
 Gross Value Added (GVA) is identical to GDP except that it is measured in basic prices.
 These prices do not include taxes and subsidies imposed by the government.

LETTINGS MARKET OVERVIEW

- Quite unlike the sales market, the lettings market in Prime Central London has held up well with good levels of activity. Although stock levels are not particularly high, this has been in the landlords favour and therefore rents have not had to be compromised.
- On the whole properties are going for a similar price as 6-12 months prior. Renewals are stable and some are seeing small increases. Overall we are detecting around 1-2% price growth and this coincides with what is being seen across much of Greater London as well (see Figure 3, adjacent).
- The declining activity in the sales market has been beneficial to the lettings trade. As some find themselves as 'accidental landlords' this means that there are some fantastic quality properties ready to go. Equally, properties which are tired or in need of renovation are either having to decrease in price or be invested in, in terms of refurbishment, should they wish to attract the right price and yields they desire.

Figure 3 Index of London private rental prices

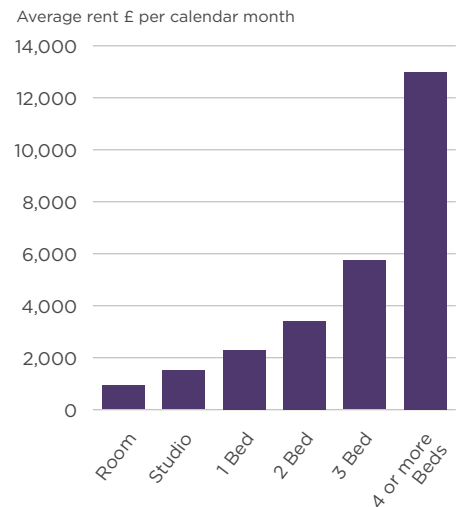


Source: ONS

Sources:
Front page dashboard: VOA (Q3 2017), Land Registry (October 2017).

Notes:
Average front page dashboard rents are 2-bed, upper quartile

Figure 4 Prime Central London Rents



Source: VOA (average, upper quartile)

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The information given in this publication is believed to be correct at the time of going to press. We do not however accept any liability for any decisions taken following this report. We recommend that professional advice is taken.

If you would like more information on our research, please visit our website: carterjonas.co.uk or contact a member of the team below to arrange a complimentary market appraisal

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