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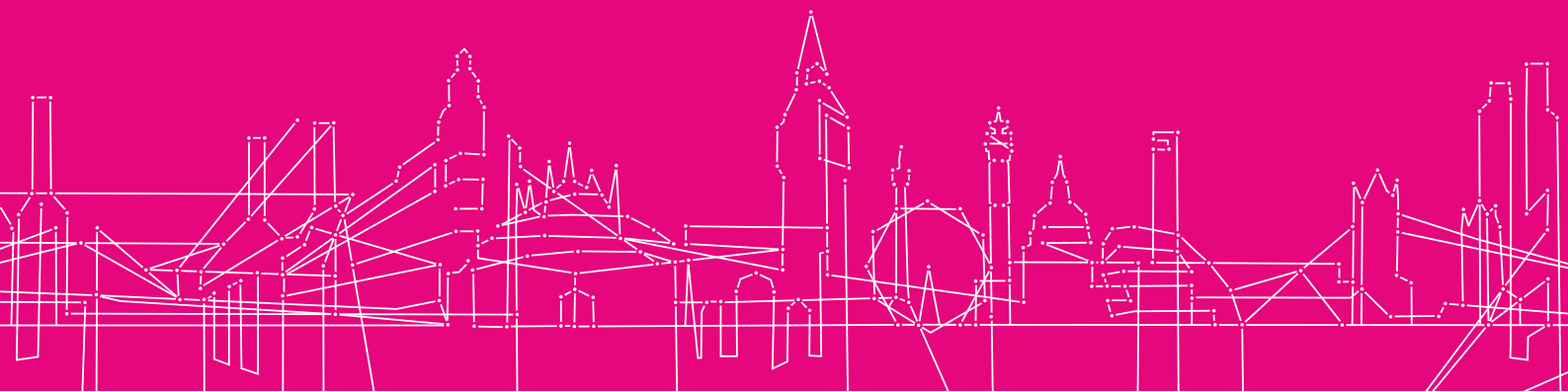
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PRIME CENTRAL LONDON RESIDENTIAL MARKET Q4 2015

28 January 2016



The prime central London sales market had a rather muted year in 2015. Stamp duty reform at the end of 2014 increased costs in the upper price thresholds which affected demand levels for properties. This was compounded further by increases in the value of Sterling against other currencies and tax changes to non-doms. Even the election of a Conservative Government, putting paid to concerns over the introduction of a mansion tax, failed to spur on the market. As a result, transaction levels fell over the year and prices started to fall back in some parts of the market.

The market in Q4 2015

- The average price paid per square foot across prime central London, according to sales recorded by LonRes, fell by -0.4% over the fourth quarter of 2015. As a result of this, and prices falls in Q1 2015, average prices per square foot ended the year down -3.7% compared to the final quarter of 2014.
- The only price bracket which saw a rise in average sale prices per square foot over the course of the year was properties which sold for less than £1 million. Average sales prices per foot for these properties rose by 7.8% (Q4 2014 to Q4 2015). This is reflective of a strong increase in average prices in the final quarter and could be an indication of an increase in demand for small, pied-de-terre properties, before stamp duty changes to be introduced in April 2016 take effect.
- The biggest fall in average sale prices per square foot over the year were in the highest price thresholds. Prices per square foot for properties over £5 million fell by -8.6% between Q4 2014 and Q4 2015. This was also the price threshold which saw the greatest reduction in transactions over the year.
- The final quarter of 2015 saw 22% fewer transactions recorded than in the fourth quarter of 2014. This meant that sales over 2015, as a whole, were 21% lower than in 2014. The £5 million price bracket saw a particularly high drop in the fourth quarter. However, it should be remembered that the market in Q4 2014 was affected by the surprise change to stamp duty and many buyers at the very top end of the market rushed to buy in the first days of December 2014 which pushed up sales rates in the final quarter of that year.

Change in transactions across prime central London over the past year

	Annual change in transactions between Q4 2014 and Q4 2015	Annual change in transactions between 2014 and 2015 (full year)
Under £1m	-15.3%	-8.1%
£1m-£2m	-24.1%	-14.7%
£2m-£5m	-6.1%	-23.9%
Over £5m	-53.5%	-31.9%

Source: LonRes

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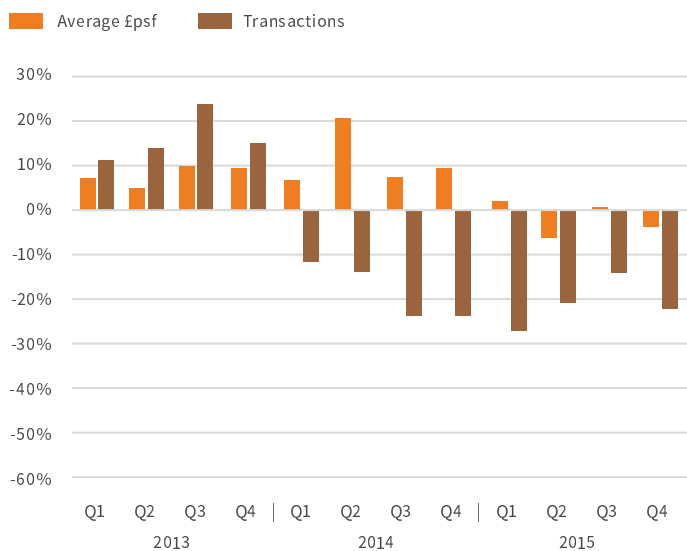
Prime Central London Residential Market Q4 2015

Prices achieved per square foot across prime central London

	Average price paid per square foot	Quarterly change in average £psf	Annual change in average £psf
Q113	£1,625	3.3%	7.2%
Q213	£1,584	-2.5%	5.0%
Q313	£1,688	6.5%	10.0%
Q413	£1,725	2.2%	9.6%
Q114	£1,737	0.7%	6.9%
Q214	£1,913	10.1%	20.7%
Q314	£1,815	-5.1%	7.5%
Q414	£1,888	4.0%	9.4%
Q115	£1,772	-6.1%	2.0%
Q215	£1,795	1.3%	-6.2%
Q315	£1,826	1.7%	0.6%
Q415	£1,817	-0.4%	-3.7%

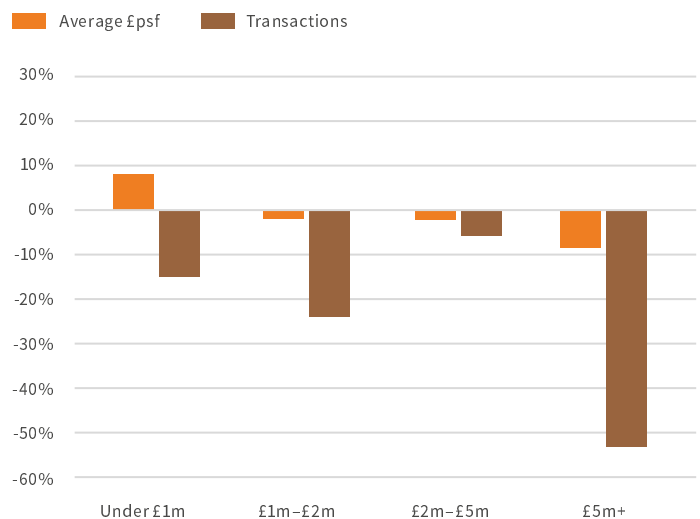
Source: LonRes

Annual change in transactions and price paid per square foot across prime central London



Source: LonRes

Change in transactions and price paid per square foot across prime central London between Q4 2014 and Q4 2015



Source: LonRes

Prime central London includes properties within the following postcodes: SW1X, SW1W, SW3, SW10, SW7, W1K, W1J, SW1A

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