

CENTRAL LONDON MARKET UPDATE

Q1 2018

The Central London residential property market is beginning to make a slow recovery, following a turbulent few years. Despite some hits to the Central London market – notably changes to stamp duty in late 2014, followed by the 3% stamp duty surcharge introduced in April 2016 and the vote for Brexit in June 2016 – 2017 saw the market stabilise, with sentiment beginning to improve amongst buyers

and sellers becoming more realistic. As we have adapted to the effects of the vote for Brexit, so has the market, and we are now transacting with many more domestic buyers. Whilst these buyers dominated the market in Q1 2018, international buyers do still have a strong presence, with predominant buyer nationalities including Italian, Chinese, Greek and Middle Eastern.

TRANSACTIONS

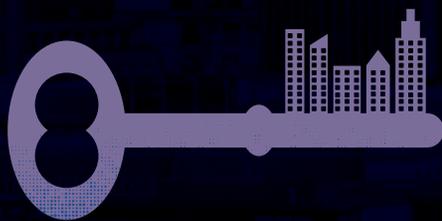
Figures for Q1 2018 show that the sales market improved somewhat in the quarter, with transactions up 12.5% compared with Q1 2017, although there is still a long way to go to return to the peak levels of 2014 – transactions currently stand at 22% below Q1 2014.



Q1 2018 v Q1 2017



Q1 2018 v Q1 2014 (PEAK)



PRICES

Average property prices in the Central London sales market remained stable throughout 2017. Q1 2018 saw prices edge up by 0.4% compared with the same quarter last year. Equally, the average price per square foot of a property increased by just 0.1% from Q1 2017, but stood 14.5% below the Q1 2014 average.



Q1 2018 v Q1 2017



Winkworth

% ASKING PRICE ACHIEVED

In Q1 2018, Winkworth offices achieved an average 92.6% of the asking price for its Central London sellers. This is a 2.4% improvement on both the last quarter (Q4 2017) and the same quarter last year respectively. It is still 5% below Q1 2014, but the steady improvement in each quarter more recently indicates that buyers are becoming more motivated.

92.6%

% ASKING PRICE ACHIEVED
FOR PRIME LONDON SELLERS

VIEWINGS

Winkworth's Central London offices carried out an average of 25 viewings per sale during Q1 2018. This is 31% below the peak levels of Q1 2014, but suggests a higher level of commitment from current buyers, who are acting more quickly and converting sales at a better ratio.

25

Average viewings
per sale Q1 18

31

% below peak
levels of Q1 14



DOMINIC AGACE, CEO AT WINKWORTH COMMENTS:

"Following what has been a more stable market in Central London over the past year, it seems as though we have hit a slightly tough patch as we move through Q2, making the foreseeable future difficult to predict. Brexit looms ever closer which appears to have knocked the usual peaks and troughs of the market and is causing would-be buyers, and particularly investors, to put a hold on their plans to purchase. The majority of transactions are therefore coming from owner-occupiers, with the higher proportion of activity being from first-time buyers in the sub-£1m market and growing families in the £3-5m market. This means that regardless of demographic, most buyers in the current market are purchasing for personal reasons, rather than for investment purposes.

"While the market has taken a more subdued tone, we don't expect there to be any real movement over the next quarter or even over the next year in terms of property prices, which have remained static for the last 12 months. The key message we are giving sellers now is the importance of pricing realistically. Considering that the market is being driven first and foremost by pricing, homes that are priced correctly are selling well, but vendors must be educated properly on the market to understand that.

"Although slightly unpredictable at the moment, we are expecting the market to remain unchanged for the rest of the year, while sentiment remains cautious and many buyers and sellers wait to see the full effects of Brexit."

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