



# News Release

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Date: 1 July 2011

## Central London house prices have risen 34% since March 2009 - and are set to climb further

### **Knight Frank Prime Central London Index, June 2011 results**

- Prices of prime London property rose 0.9% in June 2011, contributing to annual growth of 8.3%
- Prices have risen 34% since their recent post-credit crunch low in March 2009
- Prices are now at a record high, 2% higher than their previous peak in March 2008
- Demand is holding steady as new supply looks set to surge – prices will continue to grow, albeit at a slower pace in the second half of 2011
- Knight Frank revises its forecast for prime central London price growth from 3% to 9% this year

**Liam Bailey, head of Knight Frank Residential Research**, comments: "Price growth in the prime central London market continued through June with a further 0.9% rise in prices. Aside from a brief stumble last autumn, prices have been rising strongly since April 2009, and prices are now 2% higher than their previous peak in March 2008.

"Looking behind the headline numbers for price growth, activity measures are pointing to continued strong conditions in the central London market over the next few months.

"While the number of exchanges fell year-on-year in June by 9%, this was not unexpected, bearing in mind the surge of sales prior to 6 April as buyers tried to complete their sale under the old 4% £1m+ stamp duty rate rather than the new 5% rate.

"More tellingly there appears to be a new wave of sales coming through, with the volume of properties going under-offer (sold subject to contract) rising by 52% year on year in June.

"On the demand side the number of new buyer registrations has held steady (up slightly by 0.4% this June compared to June 2010), although viewings volumes were up 8% over the same period.



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"If demand has risen marginally, supply has risen more rapidly – much to the relief of buyers who have faced thin choice in the market for the last 18 months. Stock volumes have risen 12% in the year to June, but there is more in the pipeline – with the numbers of new instructions rising 55% in June compared to last June.

"In the light of ongoing strong conditions in the market, we have revised our 2011 forecast for prime central London prices upwards from 3% growth to 9% over the year – this forecast assumes a slowing in price growth in the second half of the year, driven in part by rising supply and a more competitive environment for vendors."

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**Table 1: Knight Frank Prime Central London Index**

	KF Prime Central London Index	12 month % change	6 month % change	three monthly % change	monthly % change
Jun-09	3,789.0	-17.2%	-3.2%	3.7%	1.7%
Jul-09	3,846.5	-14.4%	2.0%	4.9%	1.5%
Aug-09	3,886.3	-12.0%	4.7%	4.3%	1.0%
Sep-09	3,937.7	-8.9%	7.8%	3.9%	1.3%
Oct-09	4,020.0	-3.2%	9.6%	4.5%	2.1%
Nov-09	4,067.2	1.6%	9.2%	4.7%	1.2%
Dec-09	4,154.6	6.1%	9.6%	5.5%	2.1%
Jan-10	4,201.2	11.5%	9.2%	4.5%	1.1%
Feb-10	4,334.8	16.7%	11.5%	6.6%	3.2%
Mar-10	4,367.0	19.6%	10.9%	5.1%	0.7%
Apr-10	4,425.7	20.7%	10.1%	5.3%	1.3%
May-10	4,487.7	20.4%	10.3%	3.5%	1.4%
Jun-10	4,526.4	19.5%	9.0%	3.7%	0.9%
Jul-10	4,506.0	17.1%	7.3%	1.8%	-0.5%
Aug-10	4,503.9	15.9%	3.9%	0.4%	0.0%
Sep-10	4,496.1	14.2%	3.0%	-0.7%	-0.2%
Oct-10	4,485.7	11.6%	1.4%	-0.4%	-0.2%
Nov-10	4,524.3	11.2%	0.8%	0.5%	0.9%
Dec-10	4,583.9	10.3%	1.3%	2.0%	1.3%
Jan-11	4,633.7	10.3%	2.8%	3.3%	1.1%
Feb-11	4,679.7	8.0%	3.9%	3.4%	1.0%
Mar-11	4,742.5	8.6%	5.5%	3.5%	1.3%
Apr-11	4,790.8	8.2%	6.8%	3.4%	1.0%
May-11	4,856.9	8.2%	7.4%	3.8%	1.4%
June-11	4,894.4	8.1%	6.8%	3.2%	0.9%

Source: *Knight Frank Residential Research*



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**Notes to Editors**

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