

# SNAPSHOT SPRING 2012 RESIDENTIAL RESEARCH KENSINGTON APARTMENT SALES

## Knight Frank



**Mark Redfern, Head of Knight Frank's Kensington office, discusses the performance of the market for prime apartments in the area, including who's buying, how tastes have changed, and which properties are most in demand.**

### How has your market been performing?

Prime property prices in Kensington have risen by just under 12% in the past 12 months. This has primarily been driven by a shortage of stock on the market and unprecedented demand for good quality apartments in Kensington and Holland Park. Low interest rates and the weak pound have also affected prices as London is looking particularly attractive to overseas buyers.

### What nationalities are buying in the area?

Over the past 12 months we have sold to 20 different nationalities, from Greeks and Americans to Russians and Lebanese – more than 50% of our buyers are now from overseas. Our global reach allows us to source buyers from around the world through our extensive network of 244 offices in 43 countries.

### Have any particular trends emerged recently in your apartment sales market?

With demand currently outweighing supply, the market is more competitive than ever. We are seeing an unusually high number of good quality properties going to sealed bids and often achieving in excess of the guide price as a result. However, pricing is key as buyers are more price-sensitive than ever before. Buyers who are nervous and hesitant are often missing out on the opportunity to secure a property before it goes to sealed bids. Our advice to potential vendors is to price sensibly to maximise your chance of selling for the best price. Our advice to buyers is to do all you can to ensure that you are in a position to act quickly, or you could lose out.

### Have tastes changed noticeably in recent months?

Most of our buyers have a very specific idea of what they are looking for when they register with us. Due to the lack of stock available, we have seen a rise in buyers widening their criteria to include apartments that they may not have considered previously. This was highlighted with the recent sale of an apartment on Palace Gate which ended up going to sealed bids. As it was completely unmodernised, this property would have normally appealed to a developer, however we found that the majority of interest we received was from owner-occupiers who previously would not have considered a property requiring so much work.

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### What property types are most in demand?

There remains a real hunger for secure residential apartments, particularly those with a lift and porterage. With the increase of international buyers looking to invest funds in the London market, we are seeing strong demand for flats with between one and three bedrooms which can either be used as a pied-a-terre or simply as a good rental investment. There is also exceptionally high demand for large lateral apartments from both UK and international families looking for a second home.

### Are there any hotbeds of activity?

The number of buyers on our database looking for lateral mansion block flats has never been higher. For example, our recent activity in Oakwood Court, Holland Park perfectly exemplifies this. In the last six months, we have sold five apartments in Oakwood Court, three of which resulted in competitive bidding. This is inevitably having a positive effect on values in the area and we have a surplus of disappointed buyers on our books, all of whom are looking for similar flats in the Kensington and Holland Park area.



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## Kensington apartment sales market at a glance

Figure 1  
**What do our applicants want to spend?**  
New applicants, past 12 months

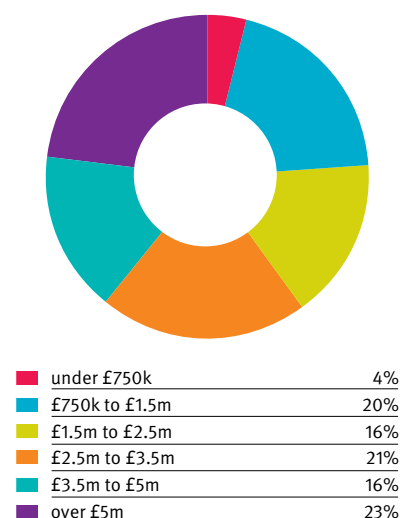
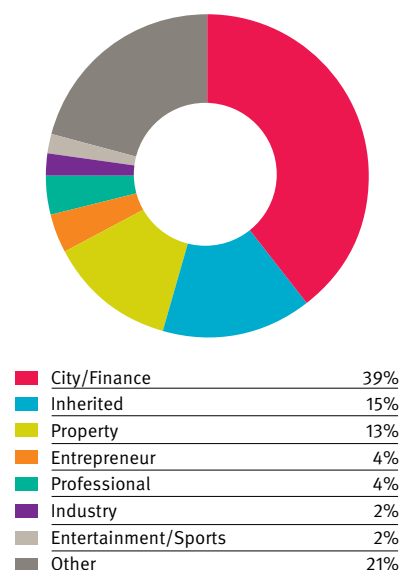


Figure 2  
**Where does the money come from?**  
Buyers, past 12 months





## Charting the Kensington apartment sales market



Figure 3  
**Sales by price band**  
Exchanges, past 12 months

under £750k	8%
£750k to £1.5m	13%
£1.5m to £2.5m	16%
£2.5m to £3.5m	16%
£3.5m to £5m	19%
over £5m	28%



Figure 4  
**What is coming to market?**  
New instructions, past 12 months

under £750k	7%
£750k to £1.5m	11%
£1.5m to £2.5m	14%
£2.5m to £3.5m	16%
£3.5m to £5m	16%
over £5m	36%

Figure 5  
**Return on investment**  
Prime London residential gross yields, past 5 Years

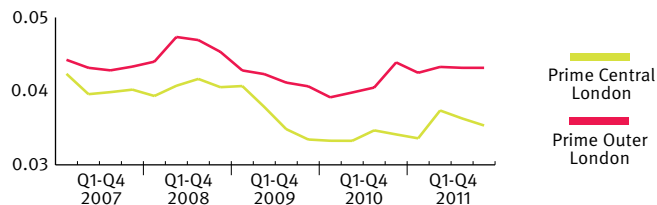
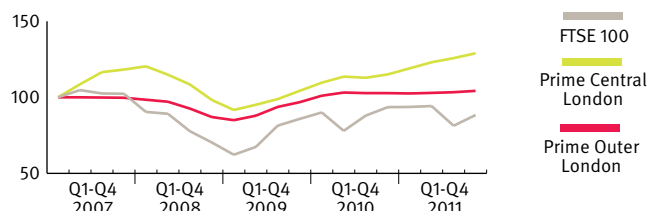


Figure 6  
**Wider market performance**  
Prime London (sale prices) vs FTSE 100, past 5 Years



## Kensington properties and the Knight Frank team

SOLD

Portered apartment

BULLINGHAM MANSIONS

2  
£800,000



SOLD

Lateral apartment

RUTLAND HOUSE

3  
£2.75m



SOLD

Elegant period apartment

DE VERE GARDENS

2  
£1.75m



SOLD

Lateral apartment

OAKWOOD COURT,  
HOLLAND PARK W14

4  
£3.65m



SOLD

Bright apartment

FALKLAND HOUSE

2  
£1.3m



SOLD

Apartment with concierge

ACADEMY GARDENS

3  
£5.75m



All prices shown are the guide price of the property

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