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# TIME TO BUY IN PRIME CENTRAL LONDON?

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**MARCUS DIXON**  
HEAD OF RESEARCH  
LONRES

RESEARCH@LONRES.COM

Could now be the time to buy in prime central London? For some it appears the answer is 'yes'.

Anecdotally, agents are reporting an increase in applicants registering, while analysis of prime central London (PCL) LonRes data shows the number of properties going under offer is rising.

Over the second half of 2018 the number of properties in PCL going under offer increased by 6% compared with the same period in 2017. This followed an 8% fall in the first half of 2018. Indeed, in every month since June the number of properties going under offer has risen (on a rolling three-month basis) compared with the same period in 2017.

The market over £2 million has been particularly active in the last three months, with a 12% increase in properties going under offer in the second half of 2018 compared with the same period a year ago.

# WHY . THE . INCREASE?

With continued lack of clarity on Brexit, some buyers are still holding off from transacting. However, sellers are becoming more realistic on pricing and some buyers, recognising this, are taking advantage of Brexit jitters in order to secure their next home at a good price.

Evidence of this can be seen in the discounts that many buyers are achieving off a seller's initial asking price (the price at which the property was first listed). In Q4 2018 buyers in prime central London negotiated an average of 13.1% off initial asking price, up from 12.0% a year ago and 2.6% five years ago in 2013 (Chart 1).

Similarly, sellers are realising that in order to attract a buyer, their asking price must be competitive and reflect current market conditions. In Q4 2018 53% of properties sold had seen a reduction in their asking price before finding a buyer. Having increased from 47% at this point a year ago (Chart 2).

Of course, a property under offer does not always translate into a sale, but the appetite amongst potential buyers to secure properties in PCL does appear to be returning. With increases in under offer volumes, perhaps this signals a rise in transactions in the coming months.

## PCL IN A POST-BREXIT WORLD

Following the EU Referendum in 2016, uncertainty has dogged the PCL housing market. This has translated into falling transactions over a prolonged period of time. But people still need to move. Once the fog clears and we have some clarity as to what a post-Brexit world looks like, we could see a pick-up in transaction volumes across London's prime postcodes as pent-up demand begins to feed through and buyers return.

Chart 1

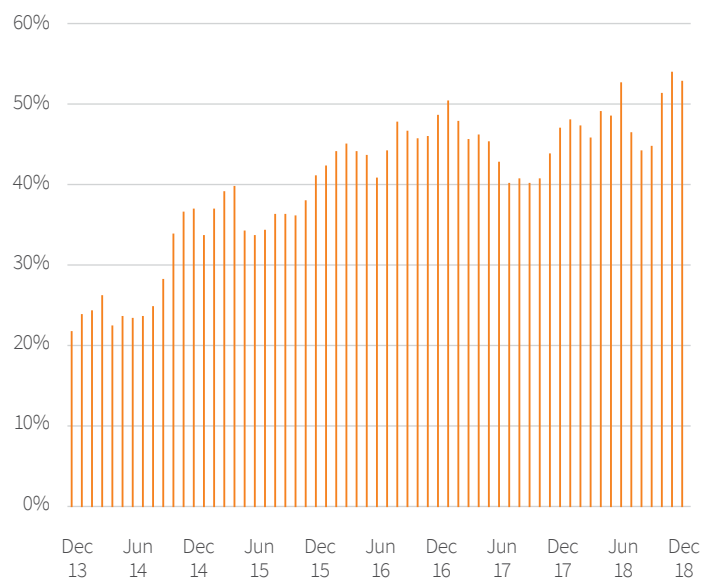
Average discount achieved off initial asking price – PCL



Source: LonRes – rolling three months

Chart 2

Properties where asking price was reduced before sale – PCL



Source: LonRes – rolling three months