

£2m Plus London Sales Market Continues To See Exceptional Growth

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Strutt & Parker's latest London residential quarterly report shows a total of 834 homes were sold in Prime Central London (PCL) during the first quarter of 2014, which was an 8.3% increase over the quarterly average for the past ten years.

In the first quarter, the sub-£2 million market saw a slight dip (most likely due to the late Easter holiday) – whilst the market over £2 million didn't seem to be affected with buyers continuing to pour in seeking security in bricks and mortar as geopolitical concerns picked up.

Stephanie McMahon, Head of Research, said: "Although the Sub £2m market stalled this quarter, the £2-5m and £5m plus have seen exceptional growth both in values and volumes compared to the same period last year. We have seen a dramatic 47.2% increase in the value of homes sold during the first quarter compared to the quarterly average for the past ten years."

Chelsea, South Kensington & Fulham have seen the greatest quarterly value of properties sold since 2001. When looking at the quarterly averages for the past ten years, Chelsea, South Kensington & Fulham saw a 65% increase in values, with a 17% increase on the number of properties sold. Kensington & Notting Hill also performed strongly, whilst Knightsbridge & Belgravia surprisingly saw a slight dip with a 1.1% decrease in value of transactions, and a 26.7% decrease on the number of homes sold.

Lettings slowed down slightly on last year with 2,912 lets agreed, representing a 2.2% decrease. One reason for this could be that tenants who secured good rental levels a year ago have seen no motivation to relocate to new properties with potentially higher rates. There has also been a reduction in corporate rentals likely due to larger companies evaluating internal viability. One area of the market booming was houses in Chelsea - there was a significant increase of 6.6% in houses let in Chelsea, South Kensington & Fulham compared to the first quarter of 2013.

Zoe Rose, Head of London Lettings, said: "The rental landscape in Chelsea is changing fast and we have seen a sharp increase in buy-to-let investors over the past two years."

Strutt & Parker expects PCL prices to continue to rise by around 6.5% in 2014, but for them to drop back to 2% growth in 2015 as political uncertainty emerges ahead of the General Election. These forecasts are a stark contrast to 2010 and 2011 when PCL house prices surged by over 13% year-on-year.

Andrew Scott, Head of London Residential, comments: "Back in the mid-80s I was asked, 'When will the boom end?'. That was when a £10m house today was worth £450,000. Right now it feels like it will never end as we continue to see 15% plus annual growth rates.

Nearly 45% of all Strutt & Parker buyers in central London in the first quarter of 2014 were originally from overseas. Comparing this quarter to the first quarter of 2013 there was a 31.4% increase in buyers from Asia (highest in the Knightsbridge and Belgravia area) and a 20.8% decrease in buyers from the Middle East.

The report defines PCL as Chelsea, Kensington, Fulham, Notting Hill, Knightsbridge and Belgravia.

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