

Prime Central London Sales Transactions Up 21% In Q2 - JLL Prime Central London Report

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Prime Central London (PCL) sales transactions have increased by 21% in Q2 compared to Q1 of this year but still remain down 32% year on year, according to JLL's latest Prime Central London report. Prices have fallen marginally from Q1 to Q2 (0.6%) but the sales market continues to show resilience and, although cautious, demand has recovered somewhat post-election. However, the Stamp Duty Land Tax (SDLT) reform continues to have an effect on the market and buyers and sellers are still assessing the impact of these changes, particularly in the £5-10m price range. Meanwhile, the sub £2m market has been the least affected by the election, SDLT, and mansion tax fears with prices rising 2.2% year on year.

Richard Barber, Director (sales) at W.A.Ellis, part of the JLL Group, comments: "While transaction levels remain low, particularly in the £3-7m sector of the PCL market, there is undoubtedly a noticeable flight to quality. Affordability issues, in the face of increased stamp duty costs, have affected purchaser confidence, but high prices per sq ft are still being achieved for the most exclusive properties."

The PCL lettings market has seen a rise in demand from tenants, while levels of supply have remained high throughout Q2. London's improved economic conditions are causing a rise in rental values, up 1% in Q2 compared to Q1 and 1.5% year on year. Overall, lettings transactions have increased by 4% in Q2 as election uncertainties resulted in some buyers choosing to rent instead; however transactions are down 8% year on year.

Lucy Morton, Director (lettings) and head of agency at W.A.Ellis, part of the JLL Group, comments: "There has been an increase in rental stock available, mainly as a result of landlords awaiting the outcome of the general election and deciding now to let instead of sell, and these higher stock levels have meant that competition between landlords has increased with properties in optimal condition letting first. This has also meant that the market has become very price sensitive with more people turning to the rental sector after being unable to secure finance or find the right property to buy."

Overall, the outlook for the PCL sales market is one of confidence in light of the stable government and low interest rates, with prices expected to increase by 1.5% during 2015, while the PCL lettings market will see rental values increase by around 3% with more people preferring the flexibility of renting.

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Notes to Editors:

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