

## Top End Of The UK Property Market Remains Difficult But PCL Sales Market In Q2 2015 Sees Slight Uptick On Q1

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Strutt & Parker's PCL (Prime Central London) data for the second quarter of 2015 shows a slight uptick on Q1 2015 – with the overall number of transactions up by 24% on the last quarter. However, when compared to the same period last year, the results are less positive, down by 9% on Q2 2014. Properties over £2m are 27% down in terms of number of transactions, but 40% up on Q1 2015. Properties under £2m are 1% down on Q2 2014 and 20% up on Q1 2015.

Charlie Willis, Head of London Residential at Strutt & Parker, said: "The increase to stamp duty, along with the general election uncertainty and the recent changes to non-dom status, have meant that individuals have been more hesitant with purchases as they seek additional advice. However, this has not stopped buyers purchasing our highest quality stock as PCL remains a very attractive place to live."

Guy Robinson, Head of Regional Residential Agency, said: "Post-election, we are seeing moderately more demand from buyers, but new instructions remain in short supply. Inevitably, this is leading to pricing pressure. The top end of the market remains difficult, with transaction numbers low, on the back of increased costs such as stamp duty."

James Mackenzie, Head of the Country House Department at Strutt & Parker, said: "With the election over it was inevitable that the market would start late this year but we feel that it is only starting now. Enquiry and activity levels are gradually steadying as we move into what is normally a quiet two month period. It will be interesting to see what results this new surge of interest brings at the end of the summer."

Stephanie McMahon, Head of Research at Strutt & Parker, said: "The July Summer Budget did not announce any surprise policies that would apply major downward pressure on PCL prices, as most policies announced will be implemented gradually over the next five years. As such they are unlikely to have significant impacts in the short term. However, the changes to buy-to-let (BTL) tax could affect the market more quickly. The risk is that BTL landlords may be hesitant on new investments, or dispose of their existing stock, both of which could have a dampening effect on pricing. Although more likely to affect lower value stock, this will inevitably depend on the returns available from other investments."

McMahon continues: "There is also a general perception that the tax system in the UK has become gradually less attractive to overseas investors and higher earners over the years. Nevertheless, the UK remains a very attractive place to invest and property remains a desirable asset. We therefore expect price growth of 2.5% in PCL in 2015, and in the medium term, the outlook for 2016-2018 remains for 6% growth per annum. For the UK, we expect 5.0% in 2015, rising to 6.0% in 2016, followed by 7.0% for 2017-2018."

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