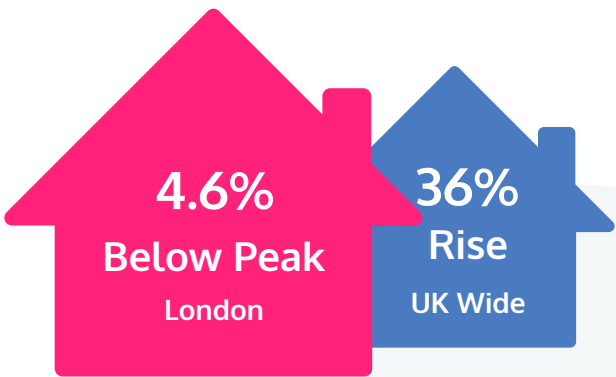


The trajectory of the prime London market has been very different to that of the wider UK one over the past decade.

Insights suggest that whatever path the UK housing market takes from this point, the one for prime London could diverge significantly.

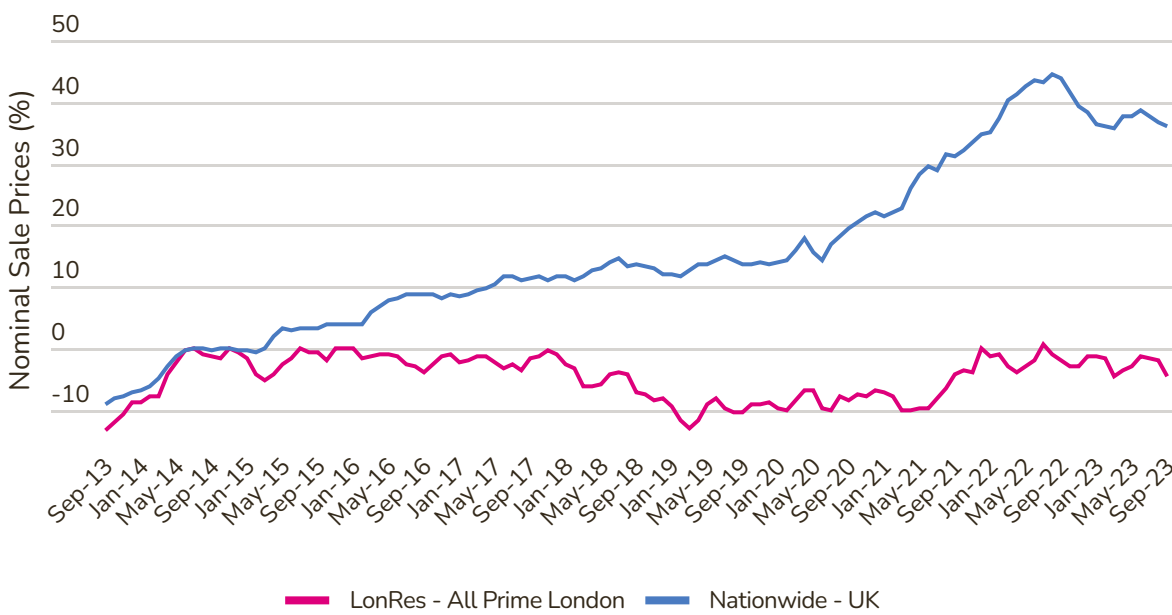


Values across all prime London peaked in November 2014, according to LonRes average achieved sale price data. In the almost nine years since, they have never been more than 1% above that peak level, and the latest data from September has them 4.6% below it. These figures are of course in nominal terms, and the Consumer Prices Index shows that inflation in the UK over that period is around 31%.

By contrast, Nationwide’s national index shows that the average UK house price has grown by 36% over the same period. Much of this growth came between early 2020 and the peak (at +45%) last August. Again, these figures are in nominal terms.

Nationwide’s Greater London index (not shown, only available quarterly), representing a wider range of property transactions across the whole capital, recorded growth of around 27% over a comparable period, i.e. broadly in line with inflation.

Nominal Sale Prices Relative to 2014/15 Peak - All Prime London vs. UK



Source: LonRes, Nationwide House Price Index

While these data series are not directly comparable, due to different measurement methodologies, the gap in performance is clear.

There are various drivers for this divergence, with tax and policy changes, buyer behaviour, and economic trends all playing a part.

We also know that the prime London market is an international one, with buyers from around the globe. The combination of the value trend shown above and the devaluation of sterling compared to other major currencies over this period, means that the effective total ‘discount’ for a dollar buyer is around 27% since late 2014. However, this figure peaked at over 35% in the second half of 2020, so the point of maximum opportunity for dollar-denominated buyers may have been missed.

The picture for other currencies is similar – if not quite so stark – with effective discounts of around 17% in Euros and 16% in Chinese Yuan.

These insights suggest that whatever path the UK housing market takes from this point, the one for prime London could diverge significantly. The motivations of buyers and sellers in the prime markets can be very different, and the value offered both in national and international contexts appears to indicate that the prime London property of today is less tied to the UK market than in previous cycles.

Analysis of this LonRes data has been carried out by Nick Gregori, Head of Research at LonRes. This infographic research piece uses data up to 30 September 2023.

*Prime London analysis includes properties within the following postcodes: SW1Y, SW1X, SW1W, SW1A, SW3, SW7, SW10, W1S, W1K, W1J, W8, NW1, NW3, NW8, SW1P, SW1V, W1T, W1H, W1U, W1G, W1W, W2, W11, W14, SE1, SE11, SW4, SW5, SW6, SW11, W4, W6, W9, W10.

*The prime areas break down as:
Prime central London: SW1Y, SW1X, SW1W, SW1A, SW3, SW7, SW10, W1S, W1K, W1J, W8.
Prime inner London: NW1, NW3, NW8, SW1P, SW1V, W1T, W1H, W1U, W1G, W1W, W2, W11, W14.
Prime Fringe: SE1, SE11, SW4, SW5, SW6, SW11, W4, W6, W9, W10.