

## London property price report - Oct 2016

### Independent, free, expert advice on housing

Buying, selling or investing in today's variable market means you need to take a great deal of care before making a decision. It's essential to secure independent, up-to-date advice you can trust. Kate and her team from [Propertychecklists.co.uk](http://Propertychecklists.co.uk) make it easy to access the information and support you need FREE of charge.

Although London is often reported as 'one market', it really isn't. From our analysis there are thousands of markets, just in Greater London, but we break this down for you into the 32 London boroughs, so click here if you just want to see how your own borough has performed.

### Summary of London property price reports

London data	Current Month Jul-16	Current Month Aug-16	Current Month Sep-16	Current Month Oct-16	Annual Change	
Rightmove	£635,710	£619,409	£630,974	£645,833	2.5%	Asking prices
LSL Acadata HPI	£584,363	£580,930	n/a	n/a	2.2%	Actual prices, includes cash sales
UK HPI	£484,716	£488,908	n/a	n/a	12.1%	Sold prices, includes cash sales and new builds

#### Kate Faulkner comments on the London market:

*So the property price indices show that the difference between the indices 'average' in London is so vast, it's almost impossible to compare them. Having said that, Rightmove do their index differently, including a large range of properties' prices, so the averages are probably somewhere between UK HPI and LSL ie around £500,000. What is interesting from Rightmove and LSL is that the latest data suggests that prices have definitely slowed, rising just 2.5% year on year, while the 'older' market data from HPI is showing growth of 12% similar to the last few years, but this is likely to reduce over the coming month.*

Top five high growth areas YoY	YoY %	Five high growth areas last 10 years	Lowest five low growth areas YoY	YoY %	Five low growth areas last 10 years
Newham	23.7%	Southwark	Islington	4.7%	Hounslow
Havering	19.0%	Waltham Forest	City of Westminster	3.1%	Tower Hamlets
Waltham Forest	18.9%	Lewisham	Hammersmith and Fulham	1.9%	Sutton
Croydon	18.0%	City of Westminster	Kensington and Chelsea	1.5%	Barking and Dagenham
Redbridge	18.0%	Hackney	Camden	-2.7%	Havering

Source: [UK HPI](#)

#### Kate Faulkner comments on the London high growth areas:

*The top five growth areas year on year continue to be the outlying areas of London which prospered from around 2014/5, while zones 1 and 2 tended to do well earlier in the recession, with Kensington and Chelsea prices starting to rise after their credit crunch just nine months into the recession. So the five-year growth figure tends to apply more to inner London areas which are now, not surprisingly, hitting an affordability ceiling. This is of interest as we don't know if the market has just run out of steam for a while or if these areas are genuinely being affected by Mortgage Market Review and also the restrictions of the amount lenders can lend which is 4.5x people's salaries. These caps haven't existed before and we are now going to really see if they have a permanent effect on slowing the London market. This shouldn't be of a worry to anyone. Slower price growth after rapid increases following rapid falls is normal market behavior and let's face it, Londoners could do with a bit of break whether they are existing homeowners or trying to get onto the ladder. It's investors who are likely to be hit by less capital growth and higher taxes, but I doubt anyone is going to be worried about them!*

## Most buyers are looking at 10-12% growth while new build prices reflect the high cost of land and premium nature of new builds

### Kate Faulkner comments on the London market:

*Although 'older data' from the HPI, this continues to show the vast difference between first-time buyers paying just over £400k for a property (albeit a lot of money, it is still an average, so some pay more, some less) while those who are already owners and have built up vast amounts of equity over the last few years can afford to pay a lot more – the difference being nearly 30% more to trade up. Interestingly, mortgaged properties aren't that much more than first-time buyer purchases: about 12% more, suggesting many buying in the capital are actually buying for the first time. What is astonishing, though, is people buying, on average, a property for nearly £515,000 in cash. Personally I think I'd run off with that money and buy somewhere else... commuting in when required!*

### Funding, buyer and building status for London

London	Monthly change % since July 2016	Annual change % since August 2015	Average price August 2016
Cash	1.5	11.7	£514,969
Mortgage	1.2	12.2	£480,888
First-time buyer	1.4	12.1	£427,685
Former owner occupier	1.1	12.1	£551,459
New build	13.0	28.1	£548,775
Existing resold property	0.3	10.8	£484,103

Source: [UK HPI](#)

The Rightmove data below shows that using 'averages' for London itself is really pointless; individual purchases by different groups in different boroughs is the only real way to gauge property prices in the London area.

Average asking prices by market sector				
Sector	October 2016	September 2016	Monthly change	Annual change
First-time buyers	£482,961	£477,097	1.2%	3.4%
Second-steppers	£678,285	£667,858	1.6%	2.3%
Top of the ladder	£1,615,250	£1,510,559	6.9%	1.8%

Source: [Rightmove HPI](#)

Jackson-Stops & Staff Research from their [London's House Price Extinction Tracker](#) says: "This year houses under £120,000 will totally vanish and those valued at less than £150,000 are likely to disappear from the market by 2020. We estimate that homes sold at less than £200,000 will also vanish by 2025.

"London house prices will remain robust over the next 12 months, with any weakness at the very top end of the market compensated by activity and price increases at the mid to lower end of the market.

"In 1995, 87% of properties sold in London were for less than £150,000. Today the market has undergone a complete reversal with only 2% of homes sold today now fetching below this price. We anticipate that homes sold below £120,000 will completely disappear from the market this year.

"London has seen a near sevenfold increase in house prices over the last 21 years, with the average price of properties sold in the Capital currently sitting at £484,700. Simple averages hide the distribution of prices however. Surprisingly, 27% of properties sold last year, amounting to some 290,000 sales, were completed at under £300,000."

Price (000's)	Date of Extinction	Price (000's)	Date of Extinction
≤ £10	1995	≤ £80	2004
≤ £20	1998	≤ £90	2006
≤ £30	1999	≤ £100	2008
≤ £40	2002	≤ £120	2016 estimate
≤ £50	2002	≤ £150	2020 forecast
≤ £60	2003	≤ £200	2025 forecast
≤ £70	2003	≤ £300	2040 + forecast

# Summary of the London market commentary

## London sales slowed substantially in the second half of 2016

### Hometrack

*“In the last quarter, London residential values have recorded their lowest growth rate since January 2015. Fears of a potential housing bubble, tightening credit terms and concerns over a mansion tax impacted demand for housing in London at this time.*

*“During the last quarter, London residential values increased by 0.9%, compared to an average of 3.0% over the last 3 years. The recent slowdown is yet to impact the annual rate of growth which is running at 10% but is expected to move towards 5% by the year end.*

*“London has the weakest market conditions with the new supply of homes coming to the market growing faster than sales which have fallen back in recent months on weaker demand. The ratio of sales to new supply is at its highest level for three years, reinforcing the outlook for a continued slowdown in the rate of house price growth across London in the months ahead.”*

### **Kate Faulkner comments on the sales volumes and time to sell:**

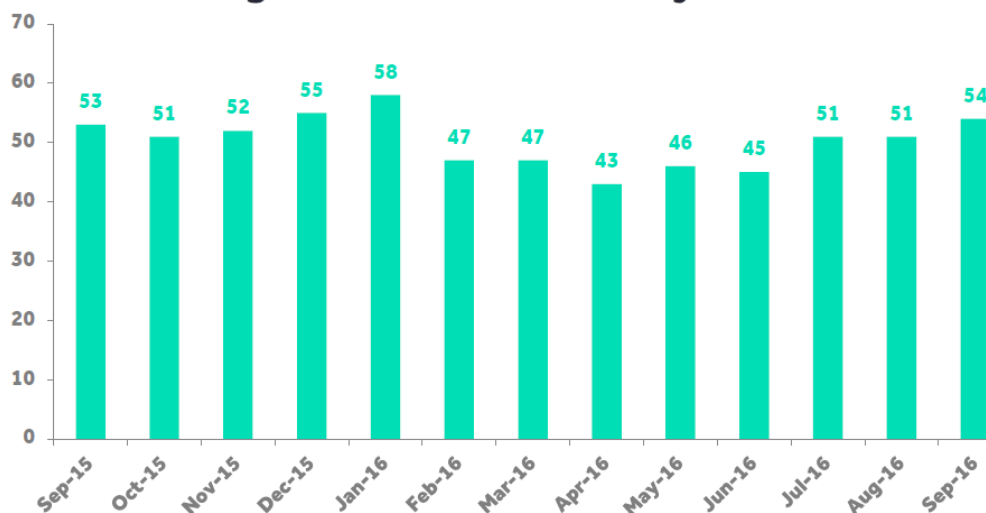
*Along with the Hometrack commentary, prices have slowed, sales have slowed and the average time to sell has increased to 54 days. But as said earlier, this was all predicted and isn't a problem for many as those who have just moved are unlikely to want to move again for some time, giving prices a few years to secure some gains, allowing people to move again. Meanwhile, if wages continue to grow in the capital, hopefully affordability will improve slightly.*

### **Sales volumes for London**

Month	Sales 2016 London	Sales 2015 London	Difference %
May	5,111	9,466	-46.0
June	5,966	11,202	-46.7

Source: [UK HPI](#)

### **Average 'time to sell' (no. of days) - London**



Source: [Rightmove HPI](#)

## Appendix 1

### Current performance by individual London borough

The table below shows how your borough is performing year on year now and whether this performance is above or below the long term annual increase.

Property prices in London UK HPI data	Average price for August 2016*	Year on year change in price in August	Average price in 2000	Average annual increase since 2000	Is the market underheating/ overheating
<b>Greater London average</b>	£ 488,908	12.1%	£ 130,411	9%	Over
<b>Areas outperforming the Greater London average</b>					
Newham	£ 372,897	23.7%	£ 83,681	10%	Over
Havering	£ 350,429	19.0%	£ 100,714	8%	Over
Waltham Forest	£ 435,572	18.9%	£ 93,975	10%	Over
Redbridge	£ 414,992	18.0%	£ 115,193	8%	Over
Croydon	£ 369,411	18.0%	£ 109,119	8%	Over
Bexley	£ 328,493	17.2%	£ 94,978	8%	Over
Barking and Dagenham	£ 283,119	17.1%	£ 71,079	9%	Over
Lewisham	£ 420,014	16.7%	£ 95,725	10%	Over
Hillingdon	£ 416,077	16.5%	£ 120,742	8%	Over
Sutton	£ 381,288	16.5%	£ 115,040	8%	Over
Enfield	£ 396,630	15.3%	£ 111,689	8%	Over
Bromley	£ 443,700	14.0%	£ 133,997	8%	Over
Hounslow	£ 407,666	13.7%	£ 128,285	7%	Over
Tower Hamlets	£ 476,777	13.6%	£ 128,200	9%	Over
Merton	£ 532,216	13.4%	£ 137,687	9%	Over
Barnet	£ 540,166	12.8%	£ 153,676	8%	Over
Ealing	£ 501,176	12.4%	£ 144,352	8%	Over
Greenwich	£ 382,874	12.3%	£ 102,411	9%	Over
Harrow	£ 469,294	12.2%	£ 141,115	8%	Over
<b>Areas with double digit growth</b>					
Southwark	£ 539,512	11.9%	£ 121,970	10%	Over
Haringey	£ 545,025	11.5%	£ 133,953	9%	Over
Kingston upon Thames	£ 497,405	10.7%	£ 146,959	8%	Over
Brent	£ 488,843	10.3%	£ 126,785	9%	Over
Richmond upon Thames	£ 686,168	8.4%	£ 209,937	8%	Over
Hackney	£ 567,230	8.0%	£ 121,135	10%	Under
Lambeth	£ 538,477	7.8%	£ 132,007	9%	Under
Wandsworth	£ 624,212	6.9%	£ 165,376	9%	Under
Islington	£ 676,178	4.7%	£ 174,119	9%	Under
City of Westminster	£ 964,807	3.1%	£ 241,773	9%	Under
Hammersmith and Fulham	£ 795,215	1.9%	£ 229,465	8%	Under
Kensington and Chelsea	£ 1,335,389	1.5%	£ 355,951	9%	Under
Camden	£ 797,901	-2.7%	£ 217,700	8%	Under

Source: [UK HPI](#)

## Appendix 2

### London prices risk analysis

This table shows you what happened in each borough during the credit crunch so if you buy now and the market falls, it gives an indication of what the market might fall by and also how long prices may fall for before they bottom out and start rising again.

Property prices in London UK HPI data	Highest house price pre credit crunch 2007/08	Lowest house price during recession 2009	What was the biggest house price fall during 2009	How many months prices fell for 2007-2009
<b>Greater London average</b>	£ 298,596	£ 245,351	-16.7%	15
<b>Areas outperforming the Greater London average</b>				
Newham	£ 236,617	£ 182,436	-21.0%	18
Havering	£ 244,747	£ 199,836	-16.5%	18
Waltham Forest	£ 249,909	£ 196,298	-18.1%	17
Redbridge	£ 277,153	£ 221,183	-19.6%	19
Croydon	£ 248,005	£ 199,415	-17.4%	18
Bexley	£ 220,086	£ 181,653	-15.9%	16
Barking and Dagenham	£ 196,257	£ 148,433	-23.3%	15
Lewisham	£ 242,823	£ 204,674	-15.3%	14
Hillingdon	£ 266,873	£ 218,722	-16.5%	16
Sutton	£ 258,579	£ 204,523	-19.6%	17
Enfield	£ 257,164	£ 213,527	-15.9%	16
Bromley	£ 293,824	£ 241,376	-15.0%	17
Hounslow	£ 274,299	£ 224,855	-17.7%	19
Tower Hamlets	£ 321,009	£ 240,430	-20.1%	17
Merton	£ 316,045	£ 254,609	-18.4%	21
Barnet	£ 345,869	£ 286,601	-14.8%	18
Ealing	£ 310,173	£ 250,917	-18.4%	16
Greenwich	£ 241,051	£ 200,256	-16.9%	15
Harrow	£ 307,941	£ 253,662	-17.6%	13
<b>Areas with double digit growth</b>				
Southwark	£ 307,443	£ 251,438	-16.2%	18
Haringey	£ 327,151	£ 260,549	-17.8%	17
Kingston upon Thames	£ 325,149	£ 248,155	-22.2%	17
Brent	£ 302,371	£ 258,776	-14.0%	23
Richmond upon Thames	£ 435,685	£ 351,764	-19.1%	17
Hackney	£ 332,091	£ 251,605	-24.2%	13
Lambeth	£ 320,251	£ 247,238	-19.1%	19
Wandsworth	£ 395,801	£ 319,338	-16.3%	16
Islington	£ 419,155	£ 326,811	-19.3%	18
City of Westminster	£ 562,740	£ 502,387	-7.3%	16
Hammersmith and Fulham	£ 519,192	£ 408,519	-18.3%	18
Kensington and Chelsea	£ 832,753	£ 598,430	-26.0%	14
Camden	£ 525,296	£ 434,898	-14.1%	11

Source: [UK HPI](#)

## Kate's guide to the individual indices

- ❑ [Rightmove](#) - Useful to measure average time to sell and sellers' sentiment. (E & W)
- ❑ [LSL Acadata HPI](#) – Analyses Land Registry figures, separates out London, good analysis on transactions. (E & W)
- ❑ [UK HPI](#) – Tracks sold property price data, good for accurate information, but doesn't reflect current market conditions. (E,W,S & NI)

## Independent, free, expert advice on housing

Buying, selling or investing in today's variable market means you need to take a great deal of care before making a decision. It's essential to secure independent, up-to-date advice you can trust.

Kate and her team from [Propertychecklists.co.uk](#), make it easy to access the information and support consumers' need via FREE of charge eBooks, checklists, daily articles and one-to-one advice:

- ❑ [First time buyer eBook](#)
- ❑ [Buying your first home](#)
- ❑ [Trading up](#)
- ❑ [Buy to let](#)
- ❑ [Renting a property](#)
- ❑ [Selling a property](#)

## For industry professionals

If you are you a property professional or journalist who needs up-to-date, accurate facts and figures about residential property, subscribe to our [Property Information Portal](#).

## For media professionals

If you need Kate to appear on TV, radio or for general comment, please contact directly:

Kate Faulkner, Property Market Analyst and Commentator

Websites: [Kate Faulkner](#) [Propertychecklists.co.uk](#)

Email: [kate@designsonproperty.co.uk](mailto:kate@designsonproperty.co.uk)

Telephone: **01652 641722**

## About [Kate Faulkner](#)

Kate has written six property books including four for the consumer organisation Which? – Buy, Sell and Move House; Renting and Letting; Develop your Property and Property Investment Handbook. Kate presents at a seminar almost every week to landlords, investors and first-time buyers, and is often asked to chair debates and present at industry conferences.

From a media perspective, Kate's appearances include BBC Breakfast News, Your Money, GMTV, ITV, Radio 4 You and Yours, The Big Questions and 5Live. In the last 12 months, Kate has carried out numerous TV and radio interviews, has been quoted every month in major newspapers and magazines and been featured in many local newspapers.

For more information contact Kate Faulkner directly on **07974 750562** or [kate@designsonproperty.co.uk](mailto:kate@designsonproperty.co.uk)