

REAL ESTATE

## London real estate market still strong despite Brexit

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*London development*

By BRIELLE JAEKEL

Hope is on the horizon for London's real estate market following Brexit, with a 22.1 percent rise in the number of new prospective buyers, according to real estate consultancy Knight Frank.

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Knight Frank's Prime Central London Sales Index for August revealed the increase in interest since the European Union referendum compared to 2015. Buyers' interests in the area are growing despite the dramatization of Brexit, with users viewing listings online 20.8 percent more since last year.

"We had a record month for lettings in August, indicating that the market is very strong," said Tom Bill, head of London residential research at Knight Frank. "The most rapidly growing area of demand is within the sub- 1,000 per week market, although we have also seen a flurry of activity in the super-prime market.

"We are seeing good supply levels in the prime London market, which means that tenants are in a strong position, although demand is on the rise. Demand also remains high across our new development offices."

### Climbing interest

As online viewings are growing, in-house viewings are climbing at an even faster rate with an increase of 49 percent compared to 2015. Addresses seen under contract since in the eight weeks since Brexit grew 19 percent compared to 2015.



The increase in visits does not come without a price - values in property are dropping, primarily in Chelsea. Housing costs are on a decline with a 1.8 percent drop in price growth.

Since 2009, this is the steepest drop the London real estate market has seen of recent. But the price decrease is likely bringing in the new prospective buyers.

"Whilst prices in Chelsea do seem to have dropped by more than other areas in London, this has taken a long time to transpire," said James Pace, partner and head of Knight Frank's Chelsea office. "As a result, we are seeing a return to the market of new buyers and a huge increase in viewings, so it is having a positive impact on activity.

"Prices in Chelsea were being compared by buyers to those in areas such as Kensington and Notting Hill, and on occasion Fulham and areas south of the River, and unfortunately to many, we looked too expensive," he said. "Now that the gap has closed between pricing within these markets we are seeing increasing interest and are cautiously optimistic for a busy autumn market."



Rentals are also becoming less exclusive with new locations on the market rising almost 40 percent in three months and values decreasing by 4.1 percent within a year. More tenants are still moving in to rentals with a 20 percent uptick in contracts.

July decline

Knight Frank originally reported that prime real estate prices fell in London, with a 1.5 percent growth in July.

The number of prospective buyers contracted even more, down 6.2 percent over the same period, as the market

continued to adjust to a four year run of rapid growth ending in 2013. Effects of increased stamp duty and the Brexit referendum were best seen in relation to the recent past rather than as independent agents (see more).

"It is still early for firm conclusions of future market moves following the E.U. referendum, however the worst of the initial forecasts appear to have been avoided to date," said Tom Bill. "The tentative improvement in some demand indicators provide grounds to believe the prime central London market is set for at least a modest recovery in trading volumes, whether this translates into an uptick in pricing is less clear."

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