

London property price report – January 2017

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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 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 view the Appendix if you just want to see how your own borough has performed.

Summary of London property price reports

London data	Current Month Nov-16	Current Month Dec-16	Current Month Jan-17	Annual Change	
Rightmove	£643,838	£616,160	£624,953	2.3%	Asking prices
LSL Acadata HPI	£585,931	n/a	n/a	0.2%	Actual prices, includes cash sales
UK HPI	£481,648	n/a	n/a	8.1%	Sold prices, includes cash sales and new builds

Kate Faulkner comments on the London market:

In 2007 at the height of the market, the London average according to the UK HPI index was £298,596, so today's average of £481,648 means property prices have grown by 61% in the last 10 years. Since 2000, average prices in London have grown by 8%, if you smooth out all the ups and downs over the last 16/17 years. So it isn't a surprise that this rapid growth coupled with the 'caps' the government has placed on lending through the mortgage market review (MMR) and also by limiting how much lenders can lend to people at 4.5x their earnings, has now meant the London market is finally slowing. That's what markets do, they often fall (credit crunch), recover and do so sometimes more than they can sustain on-going and then fall back. It's this latter scenario I think we are in London, as opposed to seeing dramatic falls.

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
Barking and Dagenham	17.0%	City of Westminster	Richmond upon Thames	0.9%	Havering
Newham	16.3%	Waltham Forest	City of Westminster	0.8%	Sutton
Bexley	16.1%	Southwark	Kensington and Chelsea	0.7%	Hammersmith and Fulham
Havering	15.5%	Haringey	Ealing	0.3%	Redbridge
Waltham Forest	13.8%	Hackney	Hammersmith and Fulham	-2.3%	Hounslow

Source: UK HPI

Kate Faulkner comments on the London high growth areas:

The top five high growth areas left in London are now the areas that have average property prices similar to the average property price for the whole of Greater London 10 years ago with the Barking and Dagenham average at just under £290,000, while the other top performing boroughs have an average of £350,000. These were the last boroughs where property price growth achieved double digits out of the 32 and you can see their growth is slowing already with past year on year growth of 20%+, rather than around the 15% mark. This has been typical of property price growth in each of the boroughs. The growth kicks in after the credit crunch, it takes off as people offer more and more money to secure a property for fear they won't be able to buy in the future, then as prices hit affordability barriers, prices slow and people start to talk about a crash, lowering demand even further. What will be interesting to see in the future is if the changes to buy to let taxation will hit demand at all levels of the market, as changes to stamp duty at the premium end of the market has hit demand, lowering price pressure so much, in some areas such as Hammersmith and Fulham it has gone into reverse. Savills believe the prime markets will remain slow until around 2019 when they expect all property price growth to pick up.

It costs a lot to build a new property in London

Kate Faulkner comments on the new build London market:

What the chart below shows is that overall, property prices across the different types of buyers has risen a little year on year, but it's the new build prices that continue to increase at a faster pace. This is an issue, as one of the main causes of price growth in London is lack of stock versus increased wealth (for some) and this constantly drives up prices. However, building a new property in London costs so much money due to the fees for land and then the high cost to build on what is always typically brownfield sites which take hours to get to and from. As such, new build average prices are 18% higher according to the UK HPI index than existing homes re-sold and the inflation rate continues to rise faster than other property sales. This shows the importance of the London Mayor's affordable homes programme, who plans to build 90,000 affordable homes over the next five years.

The programme states that:-

The 90,000 affordable homes will be a mix of low-cost rent, shared ownership and London Living Rent, which is based on a third of average household incomes in each borough.

Most homes in the Mayor's programme will be delivered by housing associations, with the condition that their plans must include a minimum 50 per cent affordable housing, with some partners enabled to deliver at least 60 per cent.

So for those who feel they have been priced out of the housing market in London for good, this may well deliver some good news and it is worth keeping up to date with new schemes in and around London via local newspapers and bespoke magazines and shows run by the likes of the First Time Buyer.

London	Monthly price change % since October 2016	Annual price change % since November 2015	Average price November 2016
Cash	3.0	8.6	£512,586
Mortgage	1.4	8.0	£472,192
First time buyer	1.8	8.3	£421,553
Former owner occupier	1.7	8.0	£543,017
New build	10.5	27.4	£561,246
Existing resold property	1.0	6.6	£475,390

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	January 2017	December 2016	Monthly change	Annual change
First-time buyers	£469,648	£468,401	+0.3%	+3.0%
Second-steppers	£656,270	£665,544	-1.4%	+2.5%
Top of the ladder	£1,557,501	£1,380,358	+12.8%	+1.5%

Source: Rightmove HPI

Hometrack

"Average prices in London increased by 7.3% over the year. This is the lowest annual rate of growth recorded across London for over 3 years (July 2013). Stretched affordability levels, with the price/earnings ratio at 14x, points to a prolonged period of price re-adjustment in the London housing market over the coming years."

Supply and demand for the London market

Kate Faulkner comments on London market supply and demand:

As with most capital cities in the majority of countries across the world, there are two types of buyer. There are those that are global, wealthy investors who can 'hedge their bets' on which capital city will outperform the other, and there are those who just want to put a roof over their head and have a decent journey time to work which allows them to still have some downtime.

Currently the supply and demand for the global investor has tipped in favour of buyers, and this is expected to remain due to the high levels of taxation compared to other countries people have to pay to own property in the UK and of course due to the uncertainty of Brexit. However, the market is expected to come back by 2019, according to Savills.

The domestic market though remains strong from a demand perspective mainly because there are nowhere near enough homes being built to accommodate the growth in population. The London Mayor drives the housing policy and his focus is now firmly on creating more affordable homes, planning to boost supply by up to 90,000 properties. This is on top of an already ambitious shared ownership programme which is starting to achieve some results.

You can see where areas of 'opportunity' are being targeted in the [London Plan](#) and if you want to get on the housing ladder in the next few years in London, then now is the time to start looking to see what will be in your price bracket – ignore all the scary news that you will never be able to afford to buy. Put in a search currently for shared ownership properties in London up to £200,000 in Rightmove, and although it's not many, there are 44 currently on offer.

For anyone selling in London in 2017, it is likely you will have to price keenly and make sure you attract the buyers that are still willing to commit despite an uncertain market.

Sales volumes for London

Month	Sales 2016 London	Sales 2015 London	Difference %
August	6,607	10,881	-39.3
September	6,698	11,065	-39.5

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 Nov 2016*	Year on year change in price in Nov	Average price in 2000	Average annual increase since 2000	Is the market underheating/ overheating
Greater London average	£ 481,648	8.1%	£ 130,411	8%	Average
Areas outperforming the Greater London average					
Barking and Dagenham	£ 288,873	17.0%	£ 71,079	9%	Over
Newham	£ 369,236	16.3%	£ 83,681	9%	Over
Bexley	£ 335,076	16.1%	£ 94,978	8%	Over
Havering	£ 358,805	15.5%	£ 100,714	8%	Over
Waltham Forest	£ 438,294	13.8%	£ 93,975	9%	Over
Croydon	£ 367,076	12.4%	£ 109,119	7%	Over
Enfield	£ 395,044	11.0%	£ 111,689	8%	Over
Sutton	£ 372,926	10.1%	£ 115,040	7%	Over
Tower Hamlets	£ 484,861	10.0%	£ 128,200	8%	Over
Brent	£ 500,605	9.9%	£ 126,785	8%	Over
Southwark	£ 532,071	9.5%	£ 121,970	9%	Over
Lewisham	£ 404,616	9.3%	£ 95,725	9%	Over
Hackney	£ 564,536	8.6%	£ 121,135	9%	Under
Harrow	£ 465,604	8.6%	£ 141,115	7%	Over
Lambeth	£ 526,622	8.1%	£ 132,007	8%	Average
Hillingdon	£ 407,202	8.1%	£ 120,742	7%	Over
Redbridge	£ 397,413	7.9%	£ 115,193	8%	Average
Bromley	£ 435,465	7.6%	£ 133,997	7%	Over
Haringey	£ 559,173	7.2%	£ 133,953	9%	Under
Barnet	£ 534,221	6.9%	£ 153,676	8%	Under
Camden	£ 872,390	6.8%	£ 217,700	9%	Under
Kingston upon Thames	£ 479,238	6.7%	£ 146,959	7%	Under
Hounslow	£ 389,458	6.2%	£ 128,285	7%	Under
Greenwich	£ 368,226	6.1%	£ 102,411	8%	Under
Merton	£ 507,901	3.7%	£ 137,687	8%	Under
Islington	£ 673,350	3.1%	£ 174,119	8%	Under
Wandsworth	£ 609,373	2.8%	£ 165,376	8%	Under
Richmond upon Thames	£ 650,272	0.9%	£ 209,937	7%	Under
City of Westminster	£ 1,021,027	0.8%	£ 241,773	9%	Under
Kensington and Chelsea	£ 1,303,778	0.7%	£ 355,951	8%	Under
Ealing	£ 475,704	0.3%	£ 144,352	7%	Under
Hammersmith and Fulham	£ 744,965	-2.3%	£ 229,465	7%	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
Greater London average	£ 298,596	£ 245,351	-16.7%	15
Areas outperforming the Greater London average				
Barking and Dagenham	£ 196,257	£ 148,433	-23.3%	15
Newham	£ 236,617	£ 182,436	-21.0%	18
Bexley	£ 220,086	£ 181,653	-15.9%	16
Havering	£ 244,747	£ 199,836	-16.5%	18
Waltham Forest	£ 249,909	£ 196,298	-18.1%	17
Croydon	£ 248,005	£ 199,415	-17.4%	18
Enfield	£ 257,164	£ 213,527	-15.9%	16
Sutton	£ 258,579	£ 204,523	-19.6%	17
Tower Hamlets	£ 321,009	£ 240,430	-20.1%	17
Brent	£ 302,371	£ 258,776	-14.0%	23
Southwark	£ 307,443	£ 251,438	-16.2%	18
Lewisham	£ 242,823	£ 204,674	-15.3%	14
Hackney	£ 332,091	£ 251,605	-24.2%	13
Harrow	£ 307,941	£ 253,662	-17.6%	13
Lambeth	£ 320,251	£ 247,238	-19.1%	19
Hillingdon	£ 266,873	£ 218,722	-16.5%	16
Redbridge	£ 277,153	£ 221,183	-19.6%	19
Bromley	£ 293,824	£ 241,376	-15.0%	17
Haringey	£ 327,151	£ 260,549	-17.8%	17
Barnet	£ 345,869	£ 286,601	-14.8%	18
Camden	£ 525,296	£ 434,898	-14.1%	11
Kingston upon Thames	£ 325,149	£ 248,155	-22.2%	17
Hounslow	£ 274,299	£ 224,855	-17.7%	19
Greenwich	£ 241,051	£ 200,256	-16.9%	15
Merton	£ 316,045	£ 254,609	-18.4%	21
Islington	£ 419,155	£ 326,811	-19.3%	18
Wandsworth	£ 395,801	£ 319,338	-16.3%	16
Richmond upon Thames	£ 435,685	£ 351,764	-19.1%	17
City of Westminster	£ 562,740	£ 502,387	-7.3%	16
Kensington and Chelsea	£ 832,753	£ 598,430	-26.0%	14
Ealing	£ 310,173	£ 250,917	-18.4%	16
Hammersmith and Fulham	£ 519,192	£ 408,519	-18.3%	18

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)

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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.

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