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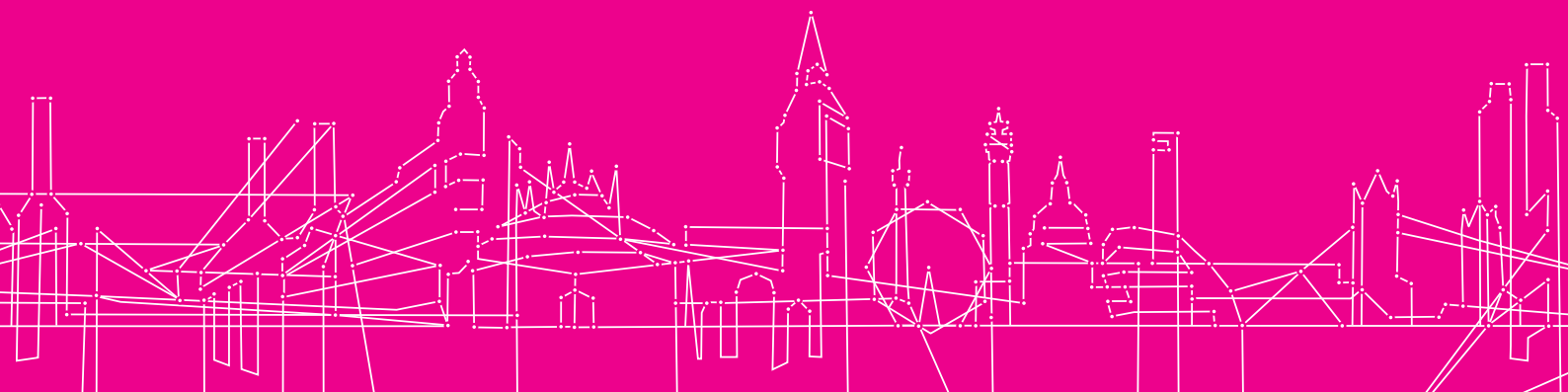
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# LONRES.MARKET.BRIEFING.

GREAT EXPECTATIONS  
THE GAP BETWEEN ASKING AND ACHIEVED PRICES

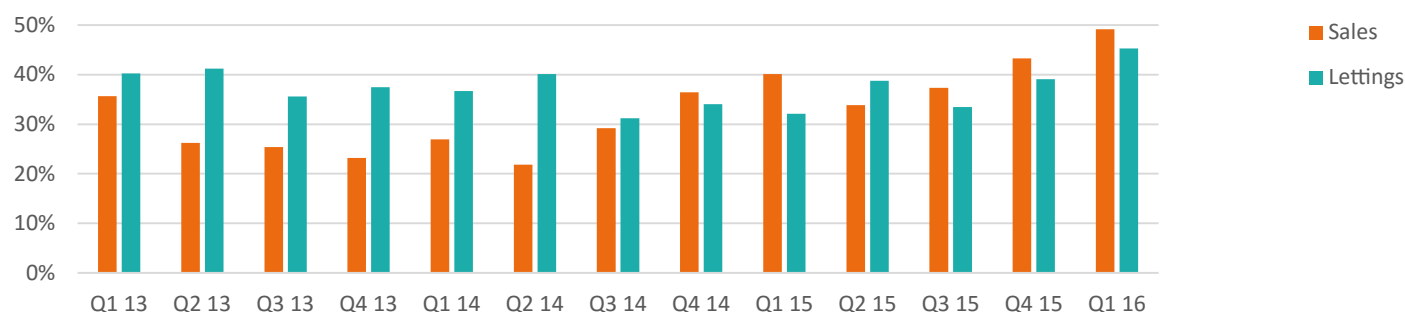
12 April 2016



As growth in achieved prices in prime central London has slowed and some more central areas have seen prices fall, properties with optimistic asking prices have struggled to attract interest. In order to garner interest many have needed to reduce their asking price to remain attractive to potential buyers and prospective tenants.

Analysis of quarterly sales in prime central London shows almost half (49%) of properties sold in Q1 2016 had their asking price reduced before a sale was agreed. This is higher than the 40% of properties sold in Q1 2015 and 27% two years ago in Q1 2014. The lettings market has also seen an increase in price reductions, from 32% a year ago to 45% in Q1 2016.

### % of properties where asking price was reduced before sale/ let - Prime Central London



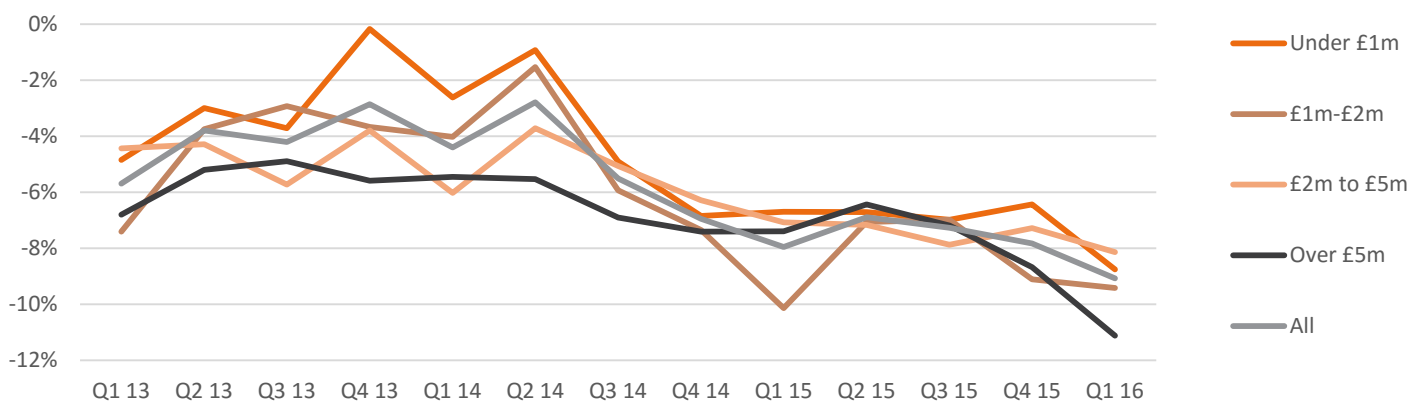
Source: LonRes

## Sales Market

### Price paid compared with initial asking price - Prime Central London by price band

A combination of sentiment, higher transaction costs and a fall in the number of overseas buyers are all impacting the prime central London market. Comparing initial asking prices with achieved prices demonstrates the impact of both an increase in the proportion of properties having to reduce their asking price and more aggressive offers from potential buyers.

Agreed sale prices for properties sold in Q1 2016 were, on average, 9.1% below the initial asking price (the price the property was first listed at). Properties sold for £5 million or more recorded the highest discount to initial asking prices, achieving 11.1% less than the initial asking price



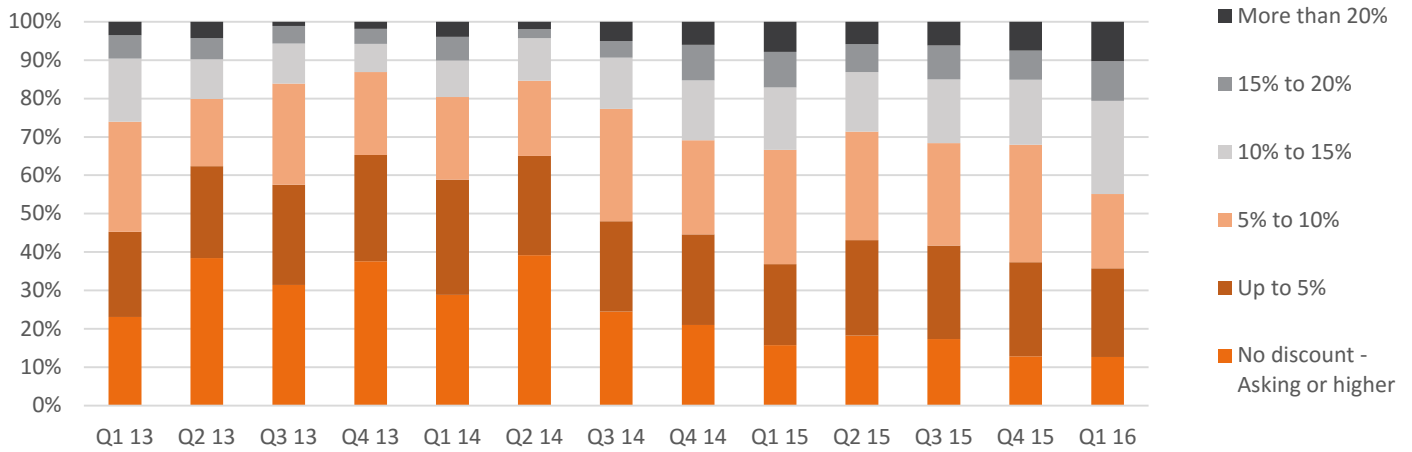
Source: LonRes

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## Asking vs. achieved prices

### Sold price compared with initial asking price – Prime Central London

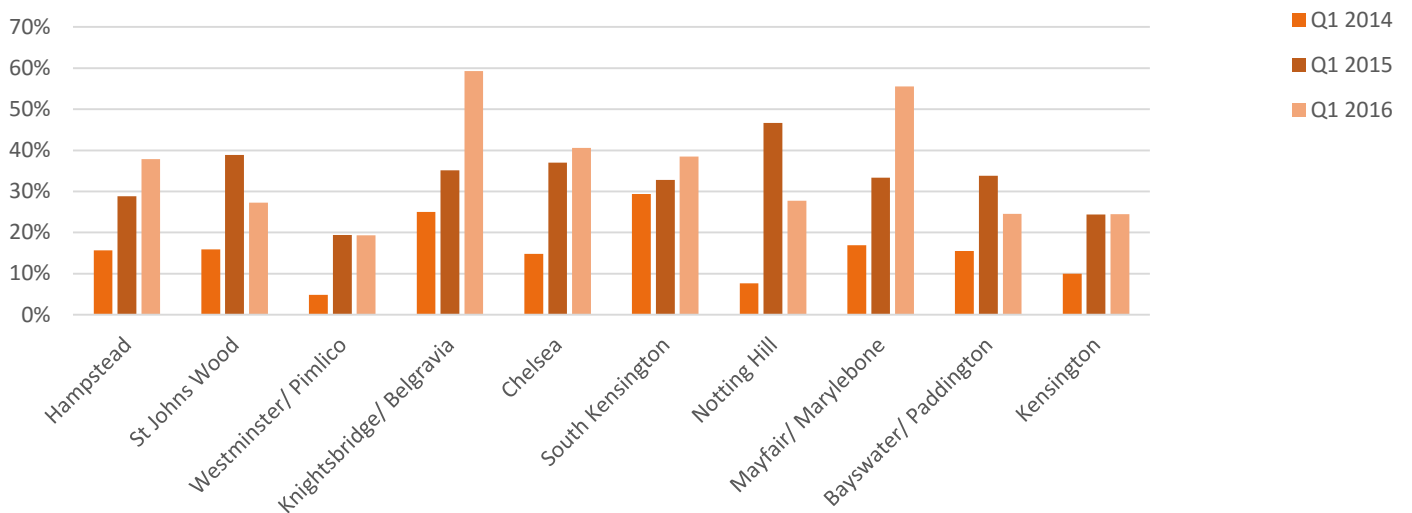
The proportion of properties sold in prime central London at 10% or more below their initial asking price has increased over the last two years. In Q1 2014 20% of properties in prime central London sold for less than 90% of initial asking price (more than 10% below their initial asking price), this had increased to 33% a year ago with figures for Q1 2016 showing 45% of properties achieving less than 90% of initial asking price.



Source: LonRes

### Properties sold with a reduction of 10% or more off initial asking price – by area

While all areas of prime London have seen falls in achieved prices compared with initial asking price, neighbourhoods which achieved the highest average prices per square foot saw a higher proportion of sales agreed with discounts to initial asking price of over 10%. Over half of all properties sold in Q1 2016 Knightsbridge and Belgravia (59%) and Mayfair and Marylebone (56%) sold for more than a 10% discount on initial asking price.



Source: LonRes

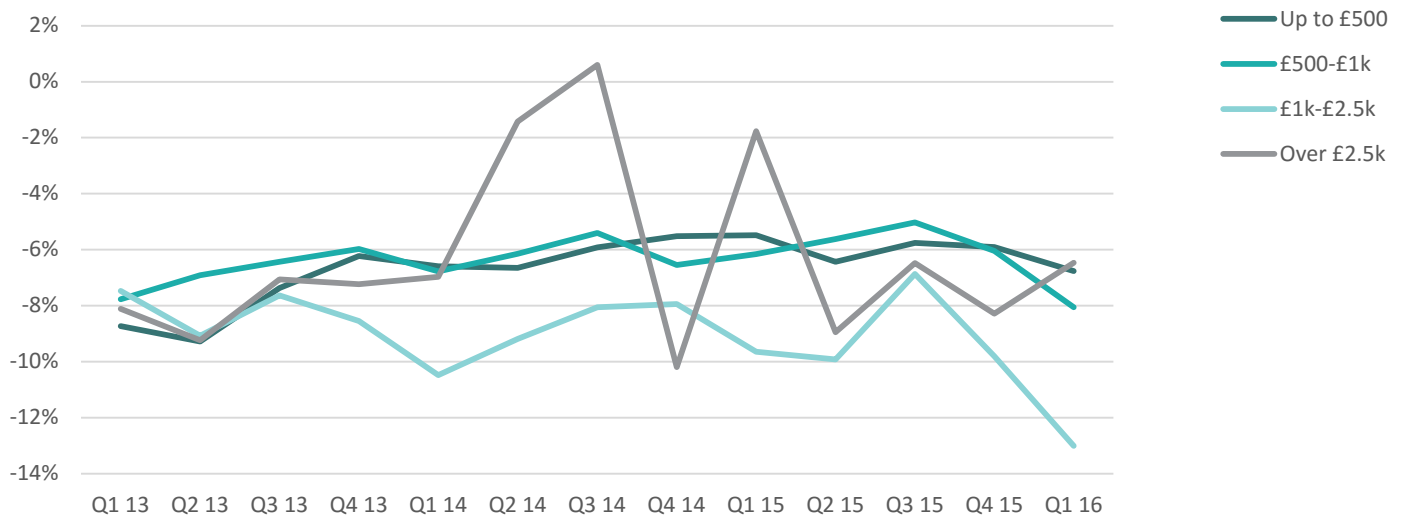
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## Asking vs. achieved prices

### Rental Market

#### Rental values agreed compared with initial asking price

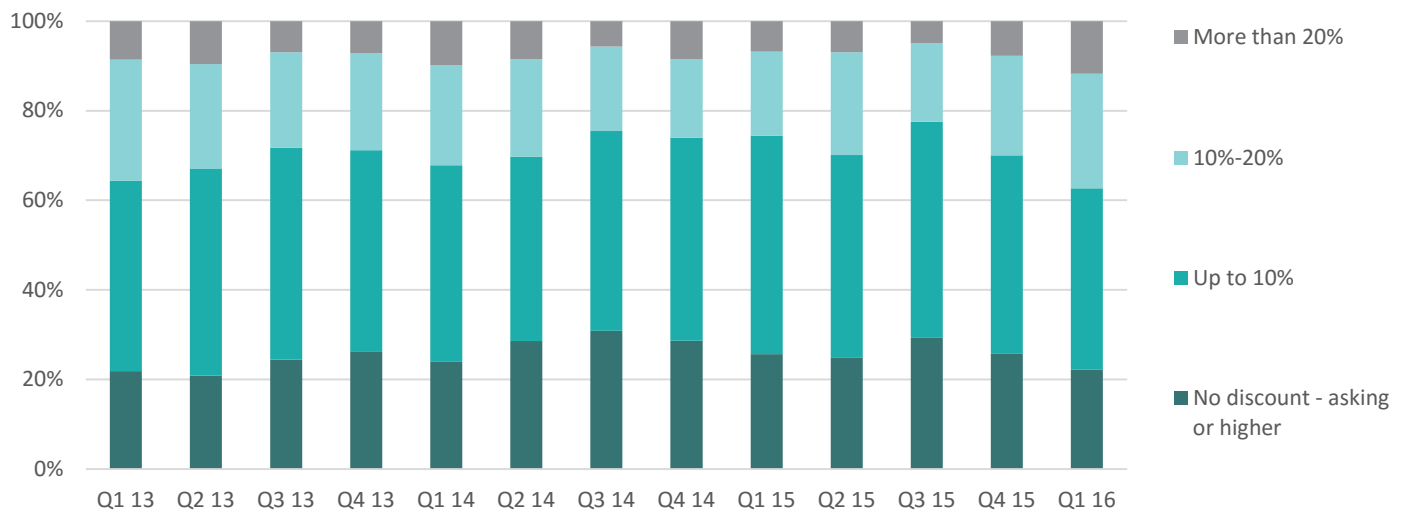
Across Prime Central London, agreed rental values in Q1 2016 were, on average, 8.9% below the initial asking price, up from 6.5% a year ago. Properties let for between £1,000 and £2,500 per week recorded the highest discount to initial asking prices, achieving, on average, 12.8% less. Properties listed over £2,500 per week saw the lowest average price reduction, however it should be noted that lower volumes at this end of the market mean figures are more erratic than in the higher volume markets at lower price points.



Source: LonRes - Prime Central London by price band (£ per week)

#### Let price compared with initial asking price

Over the last three months 37% of properties let in prime central London had agreed rental values at less than 90% of initial asking price (more than 10% below their initial asking price). This was up from 25% a year ago and marginally higher than the 36% recorded in Q1 2013.



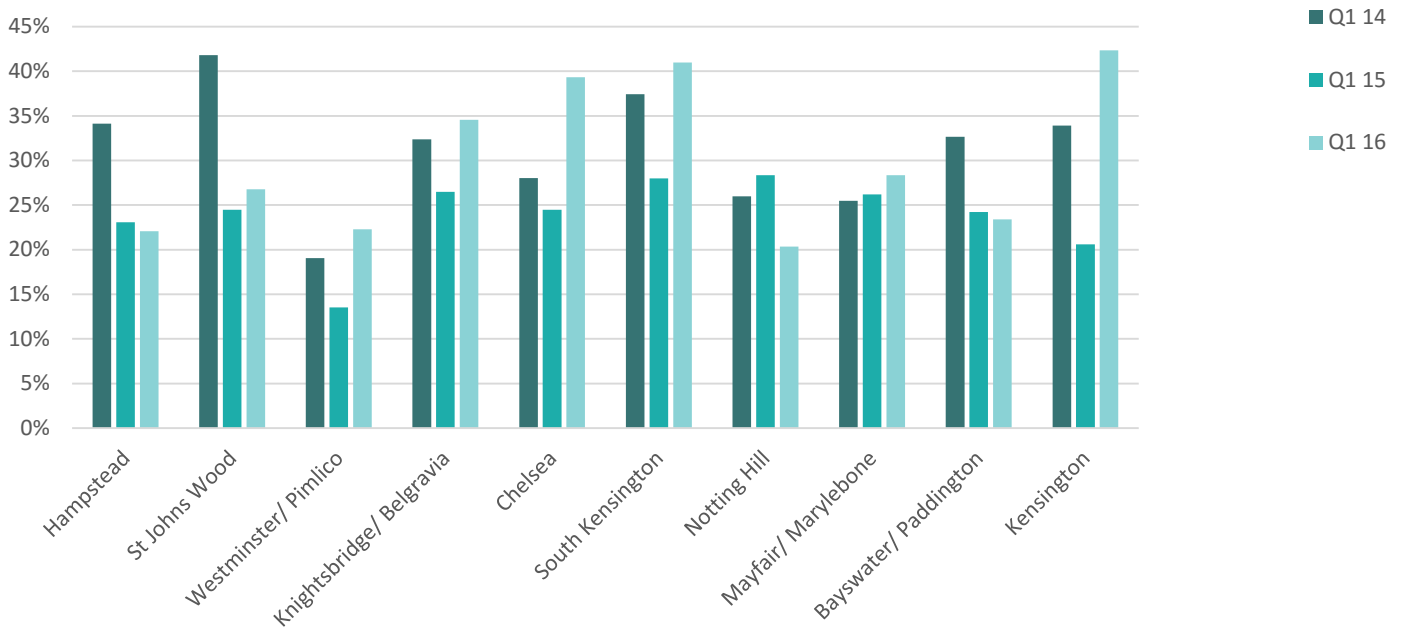
Source: LonRes - Let in Prime Central London

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## Asking vs. achieved prices

### Properties let with reduction of 10% or more off initial asking price - by area

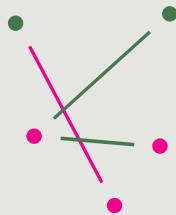
At a local level, the majority of prime London neighbourhoods saw an increase in the proportion of properties let at 10% or more below initial asking price, with only Notting Hill seeing a significant reduction. In South Kensington and Kensington more than 40% of properties let in Q1 2016 were agreed at prices 10% or more below their initial asking price.



Source: LonRes

# RES RESEARCH

DATA.ANALYSIS.INSIGHT.



Drawing on the power of the LonRes database, ResResearch offers an advanced level of insight on London's residential property market.

Whatever your requirement, our research team are ready to help. Contact us to discuss your requirement.



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