

# London property market is slowing down

Submitted by: London Loves Business

Monday, 30 July 2012

---

UK house prices have fallen for the first time in seven months as the London market begins to slow down, research has shown. The capital, which has been a key driving force behind the nation's property sector, recorded a 0.1% rise in prices, which is slower than previous months. This was because an increasing number of areas in London have started recording house price falls - although more parts of the city have seen rises overall.

Across the country the research, completed by Hometrack, reveals that although more properties are going on the market, there are fewer potential buyers.

Results showed that there has been a 5.2% surge in properties going up for sale over the last quarter, while there has been a 2.2% decrease in prospective buyers registering with estate agents during the same period.

Since 2007, Southwest London residential properties have experienced price growth of up to 11.3% while North London property prices have rose to up to 9.3%. Kensington and Chelsea have shown a property price increase averaging to 42% over the last five years. Ultra-prime London properties have increased by 29.2% in value and have shown a good record increase of 4.4% in just the first three months of 2012.

Analysts have predicted that the rapid seasonal slowdown will continue, meaning prices are likely to fall further over the next few months into autumn.

Richard Donnell, director of research at Hometrack, said: "Weaker demand is to be expected over the summer months, but compared to previous years, the seasonal slowdown has started earlier and developed more rapidly than in previous years.

"This reflects growing concern over the UK's economy and the deepening eurozone crisis." He added: "Price falls in the capital are primarily being seen in outer London, where domestic demand is slowing as sentiment weakens and affordability pressures bite."

"A similar pattern is being seen in the South East, where prices were down across 35% of the region in July - above the national average."

This trend was emphasised in the South East - another key area that has boosted the property market recently - which saw the largest fall in prospective buyers with a drop of 3.4%, while London registered an above-average fall of 2.4%.

The findings, which are based on a survey of 1,500 estate agents and surveyors across England and Wales, also suggest borrowers with smaller deposits will struggle to find a mortgage as lenders continue to tighten their criteria.

Sandra Melo  
London Loves Business  
[www.londonlovesbusiness.com](http://www.londonlovesbusiness.com)