



Market Commentary July 2010  
**London Prime Residential Property Outlook**

The first seven months of this year have shown property prices increase on the last commentary we made in November 2009, whereby we felt that prices would become more reflective of seasonal buying habits.

As a new year starts, there is a draft of new buyers who appear, who have held off buying during the festive period, and start the year fresh looking for a new home. This seasonal trait is evident every year, and the increased demand pushes up competition, and therefore prices. We have seen this happen over the course of this year, hence why prices are up from our last commentary, however will this seasonal trait come to an end as we enter the summer months, when families go on holiday and the property search inevitably gets put on hold?

Much like we felt back in November we expect that prices will weaken. We don't believe that prices will drastically fall, but some of the best deals do typically happen during the summer when there are few buyers around to compete against. We expect this price softening to happen over the remainder of the year.

The increases in price we have seen so far this year, and that have been reported in the press, will also be putting off those buyers who are still looking for "a great deal". In Prime London this is harder to find, though there is inefficiency in prices. It has been surprising to see in effect the opposite happening – people overpaying for property – maybe caused by foreign buyers with favourable exchange rates.

Either way buyers should be careful with the price they are paying, and when buying, should be purchasing good quality properties for the long term, in good locations as we expect the London market to separate itself from the UK market as a whole, which we expect will see more of a fall in prices.

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