

WELCOME

to the latest issue of In-Focus, The Buying Solution's quarterly property market update.

If you are a UK resident you are probably still working out exactly what the cuts announced in the Chancellor's recent Comprehensive Spending Review mean for you, your business or your clients.

For most of us there will inevitably be a degree of (hopefully) short-term pain and this is certainly being reflected in the UK's residential property markets with prices dipping in both London and the country. There are more properties to choose from, but fewer buyers chasing after them, making now a very good time for potential purchasers to make a move. Of course, not every vendor has accepted this new reality, but using The Buying Solution to negotiate your purchase will put you in the strongest bargaining position to acquire your ideal property.

I hope that you find this update useful. If I or any of my team can be of help please do not hesitate to get in touch.




Philip Selway
Chairman, Global Property Wealth

MARKET COMMENTARIES

London

The top end of the London property market stunned most people with its remarkable recovery from the ravages of the credit crunch. Average prices, according to the Knight Frank Prime Central London Index, are 23% up on the low hit during March 2009 and 15% higher than they were a year ago.

Much of this rise was driven by overseas buyers taking advantage of the weakness of sterling buyers - see figure 1. Since the middle of the summer, however, prices have started to weaken slightly, falling by 0.7% in the third quarter of the year. The pound has regained some of its former strength against the euro and, after a two-year dearth of supply, the number of properties for sale in September increased 13% year on year. At the same time buyers are becoming more cautious with the number of new applicants falling by 13% in September.

THE NUMBER OF PROPERTIES FOR SALE IN SEPTEMBER INCREASED **13%**

Figure 1 - Proportion of overseas buyers in London

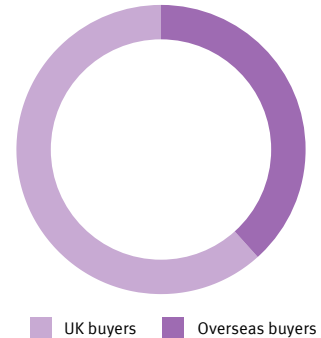
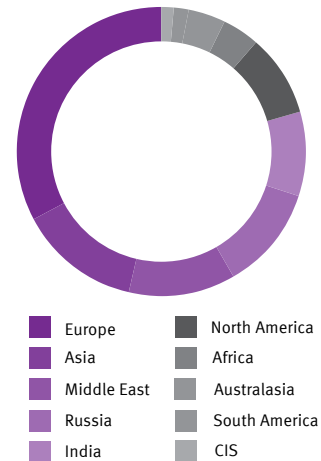


Figure 2 - Nationality of overseas buyers in London



Source : Knight Frank Residential Research



London highlight

This four-bed, three-floor penthouse at 25 Chesham Place sold by Beauchamp Estates had been completely renovated. It offered fantastic living accommodation including a 750 sq ft master bedroom and a terrace with fantastic views over London. The developer helped clinch the deal by being sensible about the price.

Chesham Place

Country

Now could be a good time for anybody thinking of buying a country house to start seriously testing the water. According to the Knight Frank Prime Country House Index, the average price of the UK's best country houses fell by almost 1% in the third quarter of the year. Any property not "best in class" or away from the most desirable locations will have fallen by more.

This weakening comes on the back of an increase in the number of properties for sale. Most areas have seen availability increase by around 50% compared with the first three months of the year – in Hampshire the volume of good houses for sale has actually doubled.

The areas closest to London are proving the most resilient, which is in part due to the higher proportion of overseas buyers active close to the capital. Prices in the Home Counties fell by just 0.3%, while those in the southwest dropped 1.8% and those in central England slipped by 1.5%.

Further weakening into 2011 is a possibility and the battle buyers will face now is with vendors reluctant to accept that the market has weakened. As always, the very best houses will attract competitive bidding, but even at this level the pre-credit crunch "buy it at all costs" mentality is a thing of the past. Potential purchasers are now more likely to play a careful waiting game than rushing in with a decisive offer well above the asking price.

Top End Residential, Farms and Estates

The market for agriculture land in England is one of the few not to have fallen in value over the past few months. Its growth, however, did slow dramatically in the third quarter of the year with prices increasing by just 0.8%, according to the Knight Frank Farmland Index. On average, farmland is



Country highlight
Period houses with land and secondary accommodation in the best locations are increasingly rare. The Old House in Frensham, Surrey, was Grade II listed and had 20 acres and included a separate cottage. It was sold by Hamptons with a £4.5m guide price.



Farms & Estates highlight
This splendid and sensibly priced 1300-acre estate on the Shropshire Worcestershire border unsurprisingly attracted lots of interest. It included a mix of let farms and was sold for in excess of the £12m guide price set by selling agents Balfours and Savills.

now worth £5,816/acre, which is 17% more than 12 months ago and 24% higher than at the beginning of 2009. Prices significantly in excess of this are being achieved in the most desirable locations.

A continued lack of good farms and large blocks of land for sale, combined with a sharp increase in commodity prices, is helping to cushion the land market, although smaller parcels of bare land with little neighbourly interest could struggle to sell.

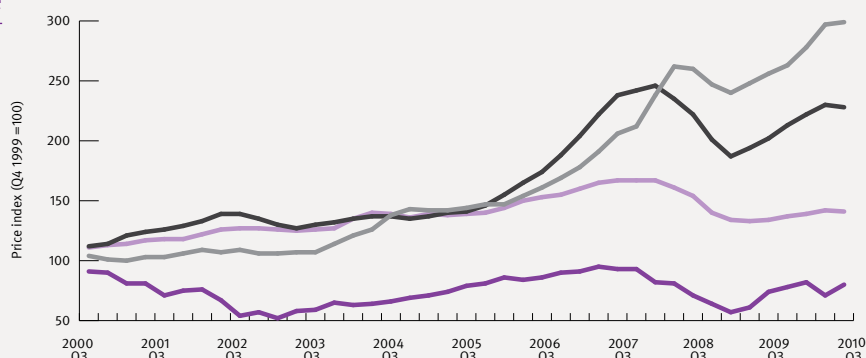
At the top of the market, there has been a slight increase in the number of quality

estates for sale. The very best of these, such as the 1300-acre Shakenhurst Estate in Worcestershire, continue to attract a lot of interest and will sell well if priced correctly. Buyers, however, are becoming more price sensitive and any property that appears overvalued will struggle.

Overseas buyers, who are less troubled by the UK government's spending cuts, remain active in the Home Counties close to London. Cowdray Park (£25m) and Cherkley Court (£20m), for example, are attracting interest and could provide landmark sales for the latter part of 2010.

UK Prime Property Performance

- FTSE 100
- KF Prime Country House Index
- Prime central London residential property
- English farmland



Source : Knight Frank Residential Research