

## WELCOME

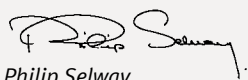
to the latest issue of In-Focus, The Buying Solution's quarterly property market update.

While the long-term impact of the chancellor's recent budget will only become clear once the finer details are revealed, it seems that the housing market will benefit at least a little. The help offered to first-time buyers should boost sales and changes to the treatment of property portfolios for stamp duty taxation could ease the way for a more liquid market in that sector.

The lack of mortgage finance remains an issue, but prime property markets are faring well (see the following commentaries) and from our experience at least, buyer confidence has improved – so much so that we have helped a record number of purchasers find their perfect home this past year.

The Buying Solution specialises in finding and securing exceptional properties at the best possible price for our clients, often before they come to the open market. If I or any of my team can be of help in your search, please do not hesitate to get in touch.





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## MARKET COMMENTS

### London

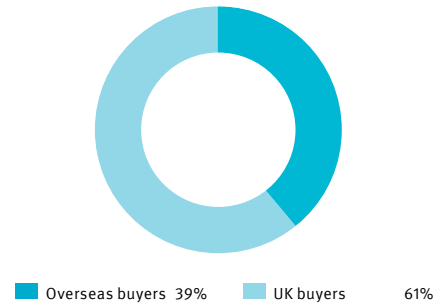
London's prime residential market is experiencing a revival following the very slight price falls witnessed during the summer and autumn last year. Prices have now resumed their recovery and in the four months to the end of February they rose by 4%. Average prices, according to the Knight Frank Prime Central London Index, are now 30% up on the low reached in March 2009.

The reason for this growth can be explained in part by limited supply and a desire from buyers to fix their borrowing costs at very low rates ahead of any potential interest rate hikes. But the most important factor driving price growth has been growing demand from an increasingly diverse spread of international buyers.

Buyers from 61 different countries purchased residential property in central London from Knight Frank in the 12 months to the end of February 2011. This number rose from 46 in 2009.

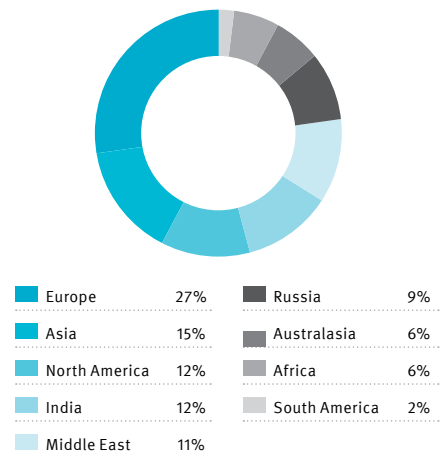
In fact, central London's residential market is the world's most international big city market. With around 50% of all £2m+ sales going to overseas buyers – compared to 15% in Manhattan and 25% in Singapore and Hong Kong – London, it seems, is where the world wants to live. This in turn is having a positive impact on the UK's prime country house market (see overleaf).

Figure 1 - Proportion of overseas buyers in London



Source : Knight Frank Residential Research

Figure 2 - Nationality of overseas buyers in London



Source : Knight Frank Residential Research



Belgrave Square

### London highlight

This apartment was exceptionally well designed and furnished with a private south-facing terrace, a porter and a wonderful living space. The apartment sold for a figure in the region of £12.5m which reflected the quality of the property.

## Country

For London buyers, moving to the country at the current time makes a lot of sense and buyers moving out of the capital are beginning to have a positive impact on the prime country house market. Prices in London are 30% higher than they were in March 2009; average country house prices are up by 7% over the same period. In short, this means that someone selling in London and moving to the country has more than 20% additional spending power now compared to two years ago.

According to the Knight Frank Prime Country House Index, prices rose by 0.5% in the first quarter of the year, partially reversing some of the falls seen across most regions in the second half of 2010. Price growth in the country is still not evenly spread, with slight falls recorded in the North and Scotland, and the strongest growth, 1% and 1.2% respectively, recorded in the South East and the South West of England.

Farmhouse values fared better this quarter (up 0.9%) than manor houses (no change), while the average value of country cottages increased by 0.8%.

While rapid price growth is not expected, it would seem fair to assume that the best country houses will see further rises over the next few months. With an imbalance of supply and demand – with the supply shortage becoming quite acute in some areas – prime houses that are sensibly priced are attracting considerable interest.

## Farms and estates

Farmland prices have started to rise again after six months of stagnation. Values increased by 3% in the first three months of the year, taking the average price of agricultural land in England up to almost £6,000 per acre, a record high.

As the graph below shows, farmland has performed better than many other



Ashley Marsh Farm

**Country highlight**  
Barns are notoriously difficult to sell in the current market but due to its superior quality and proximity to Tetbury, a buyer was soon found for Ashley Marsh Farm. A very well-presented barn in the middle of 80 acres of land, the property sold for a figure in the region of £2.7m.



Cherkley Court

**Top-end highlight**  
Set in parkland of about 370 acres and just a 30 minute drive to central London. Previously owned by the Beaverbrook family, the property is steeped in history having hosted receptions for Winston Churchill amongst others. Recently exchanged at around £20m.

asset classes over the past 10 years. This resilience is part of what makes farmland so attractive and should help ensure values continue to rise steadily during 2011.

Compared with other investments, such as the FTSE 100, the farmland market has been far less volatile and survived the credit crunch in much better shape and interest in quality arable land and farms has risen as a consequence.

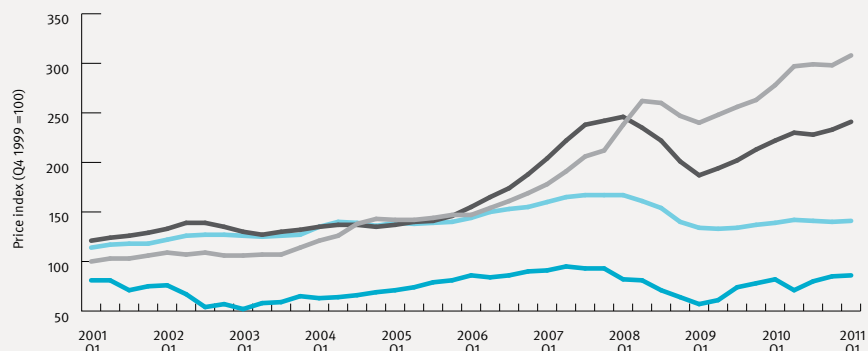
Demand continues to outstrip supply with relatively few potential sellers keen to test the market at the moment. Buyers across the country are crying out for good

properties and it will be interesting to see whether more farms are put up for sale if interest rates rise but at the moment there are no signs of any significant increases this year.

The market for country estates is also suffering from a supply shortage. Despite the current economic uncertainty, demand is there. But at the very top of the market the lack of choice is failing to draw many prospective buyers in.

## UK Prime Property Performance

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



Source : Knight Frank Residential Research

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