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PRESS RELEASE

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Market comment from high-end property buying consultancy, The Buying Solution

Key highlights:

- **A distinct lack of stock across all regions has led to several instances of competitive bidding, particularly in the Central region**
- **Current price rises are likely to be a result of a lack of stock and an increase in buyer demand**
- **Land prices have stabilised and land is selling well to a variety of purchasers**
- **There is room for price negotiations but buyers must be able to proceed immediately**
- **Buyers are being scrutinised more than ever and must be qualified before being taken seriously**

High value country housing, estates and land

Whilst supply is traditionally low for high value country houses, there is currently an extreme supply shortage, especially on the open market, however more is becoming available privately. As such, there are currently very few transactions at the top end of the market. There is also a distinct shortage of arable land, prices have now stabilised and indeed, seem to be on the rise again with figures of around £5,000- £5,500 per acre now being achieved, up from their low of £4,500 per acre at the beginning of 2009. Land is selling well to a variety of purchasers; traditional farmers, lifestyle buyers, international buyers and investors, all of whom see land as a wise investment for now and for future generations. Although yields are fairly low at around 2-3%, they are significantly better than the current bank saving rates and stock market returns. In addition, agricultural land can be highly tax efficient with the ability to pass on the asset free from Inheritance Tax.

Prime London

There is a huge imbalance between supply and demand in London – buyers are returning to the market, but with little supply, many are chasing the same properties which is creating a sense of urgency. That said, properties do have to be priced correctly in order to achieve a sale and there is room for negotiation. The Buying Solution recently negotiated 20% off the asking price of a property in Knightsbridge for a client. The offer was still appealing to the vendor because the team ensured that the buyer was immediately able to proceed, and put forward a very strong case on his behalf. The ability to act quickly with all finances and solicitor in place is imperative when trying to negotiate a good deal, and lessens the chance of being gazumped.



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Home Counties (Berkshire, Buckinghamshire, Surrey, South Oxfordshire, West Sussex)

The Home Counties market has been busy with Russian, Middle Eastern and British buyers – particularly those who want to move for schooling purposes. As with all regions, there is a distinct lack of supply – stock is down around 60% year on year, which means that good houses are attracting buyers and achieving their asking prices. The supply shortage is likely to continue into the summer months as vendors are still unlikely to sell unless forced to. Selling agents will need to demonstrate successful sales in order to kick-start the autumn market.

Southern (Somerset, Wiltshire, Berkshire, Hampshire, Dorset)

Whilst a handful of good quality houses have come to the market over the previous six months, a shortage of supply is the consistent theme throughout the region. In some cases, those good houses which have come to the market have seen competitive bidding which has helped anchor prices for quality properties, however, even with competitive bidding, prices are still down year on year. For example, a house in Wiltshire that was on the market at a guide price of £2.5m last summer and went under offer in the autumn for £2.2m, came back to the market and sold in a competitive bid in June 2009 for £1.9m. As ever, any form of blight has seen the property sell for a reduced price or, indeed, not achieve a sale at all.

Central (Gloucestershire, Oxfordshire, Warwickshire, Northants, Herefordshire, Worcestershire)

The central region saw a busy start to the year, particularly with those looking for second homes as January to March tend to be the peak months for second home searches. A lack of stock – around 50% down year on year - means that the Central region buying consultants are seeing a return to competitive bidding, particularly on good houses in popular areas in the Cotswolds. For example, near Stow-on-the-Wold, three houses with guide prices in excess of £2.5m sold recently at approximately 5 to 10% above guide price, with at least three buyers on each. However, the prices achieved are still around 15% below the 2007 peak.

Rental (London and Surrey)

The tide has turned a little in the lettings market - properties are starting to move back across to the sales market, although there is still more supply than a year or so ago. In turn, landlords are catching up with the market and bringing prices into line, so tenants should beware of making unfounded offers. It is still a good time to be a tenant, there are some great deals to be had, particularly with riverside apartments which are in good supply and therefore, offer value for money. There remains a lack of good quality family houses on the lettings market.



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Philip Selway, Managing Partner, concludes:

“The shortage of supply means that buyers must be able to proceed quickly in order to secure the property they desire, therefore, presenting a strong case to the vendor has never been so important. The return to competitive bidding in some regions is creating something of a ‘false dawn’ - the recent house price increases have been fuelled by the lack of supply throughout the sales market. Vendors who don’t need to sell are not putting their properties on the market, so activity is likely to wane again in the summer months. As we head into the autumn more supply is needed to maintain the current momentum in the market. It has been suggested that banks will release a number of repossessions on to the market in the autumn, which could open up the market.”

For further information, please contact The Buying Solution on telephone: 01488 657912 or visit the website: www.thebuyingsolution.co.uk

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Editors notes:

The Buying Solution is the independent buying consultancy of Knight Frank LLP, and is the UK's leading property buying consultancy, dedicated to helping its clients find and buy exceptional homes. The Company operates on a completely independent basis with access to all agents and vendors, offering impartial advice in the market place. The team has over 150 years of collective experience in the property market. Clients include high-net-worth British buyers, as well as wealthy international buyers.

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