



THIS MONTH WE WOULD LIKE TO WELCOME SPENCER EWEN AS OUR GUEST WRITER. PLEASE SEE PAGE 3 FOR HIS INSIGHT INTO THE ART WORLD.

Johnny Turnbull of Turnbull Property Acquisition was voted into the top 5 buying agents by Spear's Wealth Management.



MARKET OVERVIEW

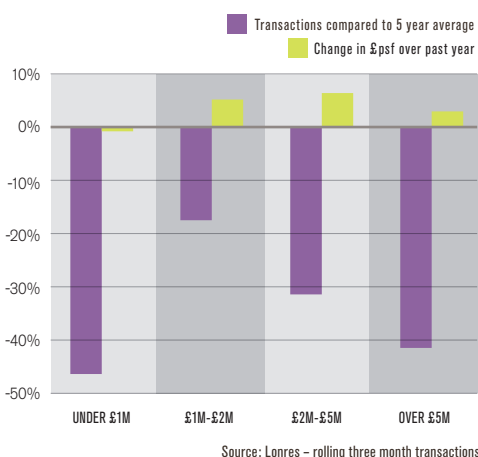
WHILE POLITICAL LEADERS CONTINUE THE FIGHT FOR NUMBER 10, THE ATTENTION, FOR SOME, REMAINS FOCUSED ON BUYING OPPORTUNITIES IN CENTRAL LONDON.

As the election approaches, activity across prime central London remains somewhat subdued. In the first quarter of 2015, there were 35% fewer transactions across the area than there were, on average, in the last five years. Demand for properties has not completely dried up though and buyers are taking advantage of quieter conditions to secure properties. In particular, in the market between £1 million and £2 million, transactions are down by just 17% on the average over the past five years. Stronger demand is supporting values, with the average price paid per square foot for properties in this threshold rising by 5.2% since the first quarter of 2014.

Meanwhile, vendors have become more willing to negotiate. Sales in the first quarter of the year were agreed at an average 96.5% of their final asking price,

the lowest level for four years. Those buyers looking to secure a deal, however, are advised to act quickly as history tells us market conditions could quickly change once the political situation becomes clear.

TRANSACTION LEVELS VARY ACROSS PCL



NUMBER OF CASH BUYERS CONTINUE TO RISE

In the latest Z/Yen Group's Global Financial Centres Index, published in March 2015, London remains just one point behind New York as the world's second most competitive city. Hong Kong and Singapore are in third and fourth place, although a number of points behind the top two. The overseas investment appeal of prime central London property therefore remains strong. This is despite the strong Sterling making central London property values appear more expensive.

It is little wonder therefore that records show the amount of cash entering the central London market is still rising. In the fourth quarter of 2014, according to the Land Registry, 56.9% of all properties bought in the most prime boroughs of Kensington & Chelsea and Westminster were cash purchases. This equates to £1.28 billion of cash entering the market directly.

The number of buyers purchasing properties completely with cash is up from 52.7% in the second quarter of the year. Properties in the upper price tiers are most likely to be bought with cash. In the final quarter of 2014, two-thirds of properties priced over £2 million were bought using cash alone.

KEY MARKET STATISTICS

56.9%

Sales in Q4 2014 were to cash buyers

LAND REGISTRY, RBKC AND WESTMINSTER

-0.4%

Number of new instructions in Q1 2015 v Q4 2014
LONRES

2.5%

Upgraded forecast for UK economic growth in 2015
OFFICE FOR BUDGET RESPONSIBILITY

\$7.05 TRILLION

Net worth of global billionaires
2015 FORBES BILLIONAIRES LIST

\$199,945

Most expensive SUV unveiled in New York by Land Rover
MARCH 2015



ARE STOCK LEVELS REALLY FALLING?

INSTRUCTIONS ARE SLIGHTLY DOWN COMPARED TO LAST QUARTER BUT UP COMPARED TO LAST YEAR.

The level of new instructions recorded for prime central London during the first quarter of 2015 are up by just over a quarter (25.9%) compared with the same period last year. All of the prime postcode areas registered an increase. West Brompton (SW10) saw the greatest jump in instructions at 42%, followed by Mayfair (W1) at 30.9%. The lowest rise was recorded in Chelsea (SW3) at 18.5%.

A comparison of new stock levels over the past quarter, however, reveals that during this period the changes to the levels of new instructions has been more mixed. Indeed, overall there has been a slight decrease in the number of new instructions (-0.4%), yet West Brompton and Chelsea have recorded rises of 20.5% and 6.3% respectively.

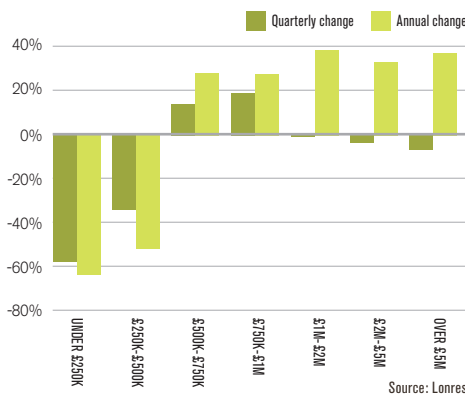
A breakdown of new instructions by price band reveals that all but the £500,000 to £1 million threshold have seen a reduction over the past quarter.

Flats have bucked the overall trend with a slight rise in instructions (1.1%) across prime central London. Conversely, the new stock of houses has fallen by 7.4%.

The profile of new stock coming on to the market in Q1 2015 saw reductions of both the smallest and largest properties compared to the previous quarter, with studio apartments and 5+ bedroom apartments and houses registering a decrease, along with 3 bedroom apartments.

In summary, new instructions over the past quarter are down but there are segments bucking the trend.

LEVELS OF NEW INSTRUCTIONS FALL AT EXTREMES OF MARKET (Q/Q)



KEY STATISTICS

Quarterly change

61,760 +4.8%

MORTGAGE APPROVALS

100,510 -1.4%

RESIDENTIAL TRANSACTIONS - UK

£13.4 BN -14.5%

GROSS MORTGAGE LENDING

0.0%

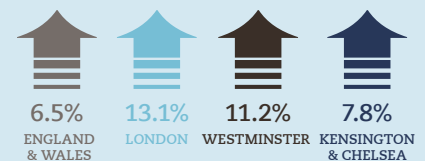
INFLATION

0.5%

BASE RATE

Source: Bank of England, HMRC, ONS

Latest annual growth in average sales values



Source: Land Registry

CROSSRAIL 2

In March 2015, the Government published updated safeguarding plans to protect land along the route of Crossrail 2 from alternative development. The route extends from Wimbledon in the south-west to Tottenham Hale and New Southgate in the north-east. Along with other boroughs, the route passes through the core prime boroughs of Kensington & Chelsea and Westminster and it is proposed that Crossrail 2 will be delivered by 2030.

Knight Frank have estimated how much the 'Crossrail effect' has boosted house prices along the route of Crossrail 1. In particular, in the area directly around Bond Street Station, they report price growth of 82% since the project gained Royal Assent in 2008, outperforming growth in the wider area by 38%.

BUDGET - 2015

The housing market was a significant element of the March 2015 Budget and positive economic statistics will help reinforce the long term prospects for overseas investment in the UK housing market.

Nationally, financial incentives have been offered to first time buyers to boost demand at the lower end of the market, including the Help to Buy ISA from the autumn.

The property market could also see a rise in demand from the 5 million pensioners who now have access to their annuities at a marginal tax rate after the abolition of the 50% rate following the Budget as they seek to invest their cash.

Housebuilding is to be accelerated by the creation of 20 new housing zones across the UK to help address the imbalance between supply and demand.

In London, a key announcement was the plan to help meet the target of 400,000 new homes by 2025, including: devolving further powers to the Mayor to speed up the planning process, backing of infrastructure projects, funding a public land database and financial support for regeneration projects.

20 NEW HOUSING ZONES

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Turnbull Property, headed by Johnny Turnbull, acts solely for private clients as one of the most respected buying advisors in prime central London.



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Guest writer:
Spencer Ewen of Seymours gives an insight into the art world.



THE ART MARKET: ALWAYS UP?

At first glance, the property market and the art market might appear fairly similar. They both sell physical items with figures running into the millions. They both appear to be broadly safe repositories for your wealth and are influenced by extrinsic factors: location, size, period; artist, size, period. Yet navigating the art market requires a significantly different attitude to understanding the property market and just as you seek the advice of a property advisor, it makes sense to consult with an expert.

The art market itself is very good at trumpeting headlines of vast success and there is an illusion that its rise is unstoppable. If you go behind the headline figures, however, things look a little more complicated. 2014 was an exceptional year for art. The market reached its highest level ever at \$54.4 billion. The number of transactions (at 39 million) is distinctly lower than the boom year of 2007 (with 50 million transactions). The apparent success of the art market is heavily dependent on the value of the top end of the market, where works selling for over \$1 million made up 48% of the auction market but only 0.5% of transactions in total. It is this 0.5% that attracts all the headlines.

Blue-chip art at the top of the market has become a self-sustaining eco-system

where its price ensures its value. However, this remains true only for the most established artists with works of unquestionable quality. The number of galleries selling works of this calibre are significantly fewer than might, in fact, appear, though all galleries seem happy to capitalise on the "success story" of the art market to push their asking price ever higher.

The fact remains that art can continue to be a good investment but an over-hyped market runs the risk of seducing the unwary buyer into paying more for something that won't retain its value. With careful advice to navigate the choppy waters of the art market it is possible to pick up a piece you love for a bargain but it requires care, attention and professional knowledge. If you are buying from a glossy gallery with a

strong on-street presence or a marketing-heavy auction house, this brings an added cost and it will be the buyer who pays for it. When you are choosing your route to a purchase, whether through private treaty, dealer, gallery or auction, it could end up saving you a lot if you have someone with you to offer directions.

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