TURNBULL

MONTHLY MARKET BULLETIN
April 2012

All about Turnbull

The Turnbull partnership is a proudly independent firm, headed by **Johnny Turnbull**, one of the most respected buying advisors in both the London and international markets. Turnbull sets the standard for the acquisition of exceptional property in Prime Central London, as well as principal destinations anywhere in the world, and acts solely for private clients. Our select team combines their resources, contacts and broad experience with unsurpassed expertise and knowledge of the market, to ensure we meet the highly personal and exacting needs of each client.

783 units in K&C gained planning permission IN 2010/2011

175 new homes completed in 2010/11 in KENSINGTON & CHELSEA

£1,331 average £ per square foot in PRIME CENTRAL LONDON

As we go to press, the media frenzy about the 2012 Budget has died down slightly and we can now pause to reflect on some of its implications. The 50% tax on income over £150,000, introduced just two years ago, has been reduced to 45% after the higher rate failed to realise the promised revenue. The government now plans to raise revenue by increasing Stamp Duty Land Tax (SDLT) for homes selling for in excess of £2 million. The new 7% rate means that buyers of homes at just over £2 million will have to pay an additional £40,000 in SDLT, and at £10 million an extra £200,000.

London will be the main revenue generator for the new 7% levy. Some 73% of sales over £2 million last year were within the Capital. The boroughs of Kensington & Chelsea and Westminster alone accounted for 40.5% of £2 million+ sales nationally.

The budget also unveiled some significant reforms in relation to properties held in company vehicles, in an attempt to clamp down on a previous loophole which allowed SDLT to be avoided. Properties over £2 million bought in this way after the Budget now incur a 15% stamp duty charge. If this was not enough to discourage buyers purchasing through company vehicles, the budget also initiated a consultation on additional charges. These could include an annual levy and the possibility of charging capital gains tax when the property is sold.

Whilst the attempt to close the stamp duty avoidance loophole will be welcome to many Londoners, we must not underestimate the effect foreign money has on the success of the housing market in the most desirable parts of London. Overseas money and investment has undoubtedly benefitted both the UK and London economy in recent years.

Global billionaires rise

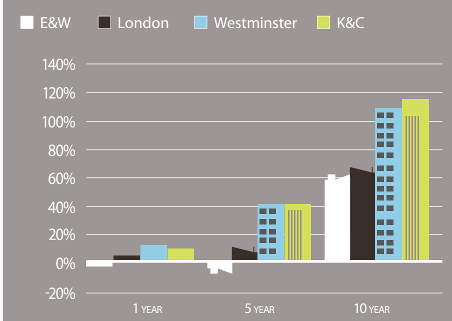
The latest research by Forbes suggests the number of global USD billionaires increased again in 2012. Celebrating its 25th birthday, the Forbes World's Billionaires report illustrates the significant increase in global wealth over the past quarter of a century.

In 1987 Forbes listed 140 billionaires with a combined net worth of $295 billion. Fast forward to 2012 and Forbes now lists a record 1,226 billionaires worldwide, up from 1,210 in 2011.

The combined wealth of all global billionaires now stands at $4.6 trillion, a 2% rise on 2011, with the average net worth of the 1,226 billionaires now $3.7 billion.

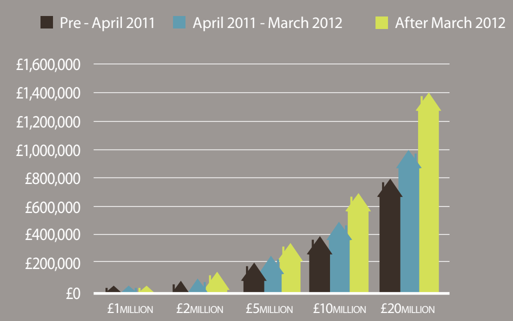
The USA is home to 35% of all billionaires globally, way ahead of the next highest concentration in Russia (8%).

Prime boroughs continue to see the highest capital appreciation



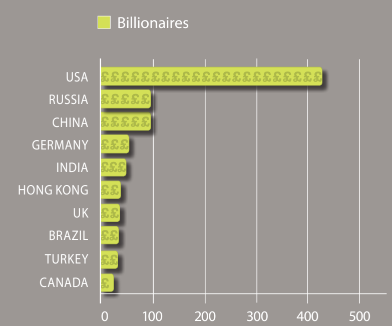
Source: Land Registry

Implications of increased SDLT on prime property



Source: Dataloft

Top ten countries for billionaires



Source: Forbes

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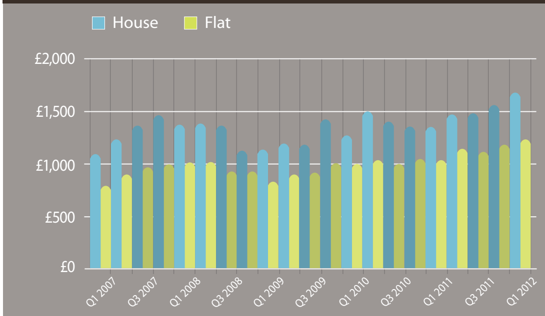
MARKET UPDATE

In response to the changes in stamp duty introduced in the 2012 Budget, many agents are extolling the virtues of prime London as a home and investment, putting out the message of 'business as usual'. In reality, we believe it is too early to tell whether the new measures introduced in March will impact on levels of investment in the Capital. What we do know is that prime London continues to be a lucrative investment which, for many, will go some way to counter the increased SDLT levy. Average values in prime London now exceed £1,300 per square foot, following growth of 6.2% in the last three months compared to the previous three.

Taking the 15% SDLT levy for properties over £2 million and held in corporate vehicles in isolation, this is indeed a significant increase. However, even with the rise in SDLT, we still expect the case for investment in prime London to remain compelling. It is important to consider that most buyers purchasing property through a company were not doing so simply to avoid SDLT. Indeed, the majority of buyers purchasing through a corporate vehicle did in fact still pay SDLT under the old system.

Buyers at the top end of the London market are well advised, and we expect that the increase in SDLT, and the potential for an annual charge and incurring capital gains tax will now be included as part of their overall tax liability. The majority of prime property in London is bought by buyers with minimal tax liabilities, compared with their overall wealth and tax paid in other countries around the world. Therefore, when put into context these tax liabilities are still very low.

Record £ per square foot values being achieved



Source:Lonres

UNDER THE HAMMER

The latest results from the property auctions show investment activity remains buoyant in London.

The latest figures from Allsop's show the highest February figures for three years, with the sales raising £47 million and 85% of lots selling.

Savills also posted results from their latest auction with a success rate of 88% and sales totalling almost £36 million.

Stock levels improve

The imbalance between supply and demand in prime London remained a worry for buyers and agents over the course of 2011. The acute lack of stock within both the sales and lettings market meant potential buyers and tenants were competing for a dwindling supply of stock, often meaning the best properties went to competitive bids.

Properties which did come to market last year were snapped up quickly, with the average time between the property being launched and an offer accepted falling to its lowest level for 5 years.

In 2012 there remains a large number of applicants waiting for the right property to reach the market. Thankfully the early spring has brought with it an increase in new instructions.

March saw 641 new properties come onto the market in prime London, with an average of 568 new properties per month so far this year. This is double the monthly average for 2011 at 284 properties per month.

Comparison of national indices

	AVG HOUSE PRICE	MONTHLY GROWTH	ANNUAL GROWTH
Nationwide	£162,712	0.6%	0.9%
HBOS	£160,118	-0.5%	-1.6%
DCLG	£206,523	0.6%	0.2%
LandReg	£161,588	0.1%	-0.6%
Rightmove	£236,939	1.6%	2.2%

Key housing market statistics

	LATEST DATA	QUARTERLY GROWTH	ANNUAL GROWTH
M'ge Approvals	58,728	9.6%	29.7%
Resi. trans	81,000	9.0%	14.1%
Gross mtg	£12.8bn	6.6%	9.2%
Inflation	3.4%	n/a	n/a
Base rate	0.5%	n/a	n/a

Source: Bank of England, HMRC, ONS

Latest annual growth in average sales values

-0.6%	4.2%	12.3%	9.4%
ENGLAND & WALES	LONDON	WESTMINSTER	KENSINGTON & CHELSEA

Source: Land Registry

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