TURNBULL

MONTHLY MARKET BULLETIN
December 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.

-17.7%
Fall in number of properties sold per month for over £2 million in prime London in 2012 compared with 2011

-11%
Fall in number of employees in the City of London compared with 2011

15.9%
Increase in prices in Kensington & Chelsea in the last 12 months

Within the first couple of weeks of December there have been two major announcements which give some comfort to owners of high value homes. Firstly the Autumn statement on 5th December included announcements finally putting to bed the notion of a far reaching mansion tax for homes worth over £1 million. Instead, it looks like the government will raise revenue by increasing the tax burden on homes worth over £2 million held 'offshore'.

Following consideration of responses to a consultation paper published in the summer, the government has made some significant amendments to their initial proposals.

On 11th December 2012, the government published draft legislation for the new stamp duty land tax and annual residential property charge regimes and will publish draft legislation for the new capital gains tax regime in January.

The key points from the draft legislation include:

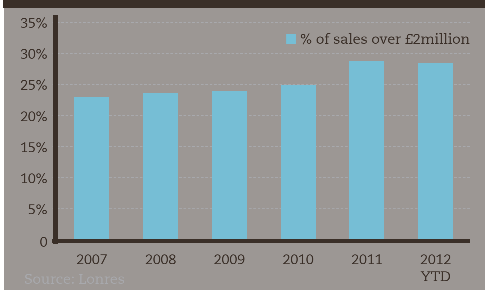
• An Annual Residential Property Tax (ARPT). Certain non-natural persons that own residential property with a value over £2 million will be caught by a new annual tax called the Annual Residential Property Tax with effect from April 2013. The charge will be based on the valuation band which the property falls in ranging from £15,000 per annum for homes valued at £2 million to £5 million to £140,000 for homes worth in excess of £20 million. All homes which fall within these criteria will need to be valued, with an obligation to re-value every five years. Whilst a potentially lucrative job for valuers the draft legislation does not provide any detail on how this will be policed.

• Capital Gains Tax at 28% will be charged from 6th April 2013 on the disposal of high value residential property owned by non-resident, non-natural persons which own high-value residential property. The good news for property owners already using company vehicles is that the new Capital Gains Tax will now only be applicable to gains made on the property on or after 6th April 2013, and will not be backdated to the original date of purchase.

• The draft legislation contains various new reliefs for certain organisations for both stamp duty land tax, the annual tax charge and CGT. These organisations include businesses carrying out genuine commercial activities such as property rental, development or trading businesses. However these new reliefs do not come into effect until the Finance Bill 2013 receives royal assent in the early summer.

• The Finance Bill makes no reference to the rumoured introduction of an inheritance tax liability for homes held offshore, meaning that company vehicles, even with the annual charge in place may well remain the most financially astute option for wealthy owners both at home and abroad.

Proportion of sales over £2 million in prime central London



Prime Market Overview

In recent months there has been on-going uncertainty over how potential tax changes will affect the top end of the housing market. However, recent announcements have now provided some clarity on the government's intentions and it does now appear that the proposed new tax regime will not be as harsh as some feared.

Despite the uncertainty, prime London has once again seen significant growth in prices over the course of the year. According to the Land Registry average property prices in Kensington & Chelsea and Westminster have increased by £149,000 and £100,000 respectively over the last twelve months, reflecting an increase of between 14.6% and 15.9%.

Conversely, the wider UK housing market has seen little growth in values and transaction levels, with prices now just 1.1% higher than a year ago.

As move into the new year it will interesting to see how the market reacts to these announcements. With the fundamentals of the prime London housing market remaining strong, we are optimistic about the health of the prime London market in 2013.

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