



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.

Despite Murray's recent disappointment at Wimbledon, London is now firmly ensconced at the centre of the sporting universe. With the Olympics due to officially begin on 27th July all eyes will be on London. With visitor numbers expected to more than double and a worldwide TV audience running into the billions this a unique opportunity to showcase the Capital.

The introduction of new stamp duty thresholds has not hampered demand for homes in prime London, with the number of property sales over £2 million increasing since the Budget. In the first three months of the year 146 sales over £2 million were recorded in Prime Central London, compared with 167 between April and June. Sales over £2 million so far this year have accounted for 28.7% of all prime London transactions.

London continues to see some phenomenal capital appreciation in prime postcodes. £ per square foot values on properties sold

so far this year were 8.4% higher than those achieved in the first half of 2011. Over the last five years £ per square foot values have increased by 38.5%, meaning buyers are having to pay an extra £348 per square foot compared with the first half of 2007.

Despite commending European leaders for their handling of the Eurozone crisis, the IMF looks set to downgrade its forecast of global economic growth from the 3.5% forecast in April. The announcement was made in light of disappointing employment growth figures from the US and indications that the Eurozone crisis was beginning to affect other countries outside the Eurozone borders.

The CEBR has also downgraded its 2012 forecast for the London economy, with the October forecast of 1% growth lowered to 0.6% in May. The reduction is being attributed to the on-going weak performance of the financial services sector. In spite of this however, London still looks set to outperform the UK in terms of GDP and employment growth until 2016.

28.7%

of sales in Prime Central London this year have achieved over £2 million

£4.5 MILLION

price paid at Bonham's auction for the most expensive Bentley ever sold

22

properties sold so far this year in Prime London have achieved over £3,000 per sqft

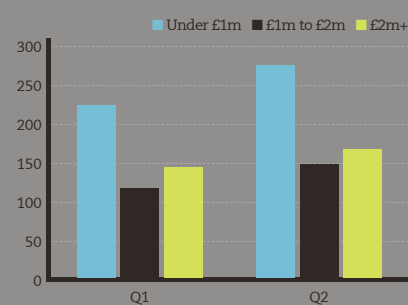
New Development in London

London has become a mecca for developers, concentrating their efforts on building homes in the city centre and its commuter hinterland. Having had their fingers burnt on City Centre flat schemes in other UK cities and experienced lacklustre rates of sales on provincial housing developments, London has seen levels of activity increase.

The East of the City continues to be London's busiest building site, with all the activity surrounding the 2012 games, as well as a number of other schemes surrounding the Olympic Park.

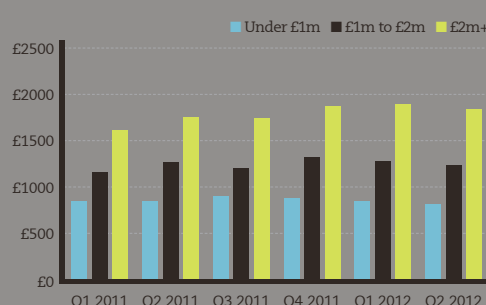
In more established prime postcodes development sites remain scarce, particularly for those looking to develop larger schemes. In Kensington & Chelsea there are currently just six schemes under construction, totalling 202 residential units. However, the boroughs' application pipeline is at its highest for more than a decade with 1,737 units currently at proposal stage.

Higher levels of transactions across all price bands in Q2 2012



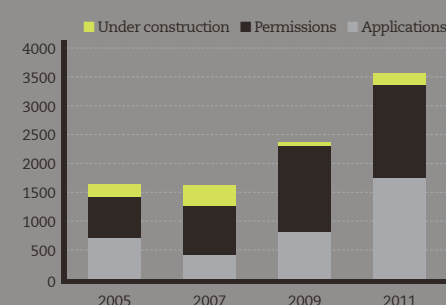
Source: Land Registry / DataIoff

Properties over £2 million continue to command significant £ per square foot



Source: Lonres

Increase in development activity in Kensington & Chelsea



Source: LRR



INTERNATIONAL PRIME PROPERTY

The pace of overseas holiday home buying has slowed dramatically in recent years. This has contributed to significant house price decline in some destinations, such as the Spanish Costa's where development activity outpaced demand. Many of these areas now provide opportunities for investors in selected hotspots at a substantial discount.

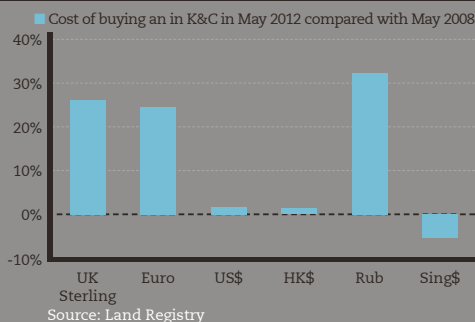
In contrast, super-prime properties in top locations which appeal to highly mobile, international and high net worth individuals continue to be in demand. Transaction activity in this market segment helps to support capital values for luxury second homes across the globe.

Buyers are motivated by 'lifestyle' decisions in the first place, taking into consideration location, local tourism infrastructure and access to airports, but are also concerned about making sound, long-term, investment decisions. As such, British buyers are particularly drawn to safe, secure and established destinations, and France has proved the most popular.

House prices have been far more stable in France than other popular destinations and its diverse rural, coastal and mountain offering make it highly desirable. Likewise, Switzerland, synonymous with tax efficiency, stability and security, remains attractive. Its housing market has seen consistent growth, helped by the limited volume of properties available for foreign ownership.

Destinations with strong tourist appeal, including pockets of the Caribbean, Portugal's Algarve coastline, Italy's Tuscany and the Spanish islands where there are upmarket properties are continuing to generate interest and therefore are likely to remain stable over the long term.

Exchange rates still favour overseas buyers



ART & AUTOMOBILES

John Constable's 'The Lock' has become one of the most expensive British paintings ever sold, fetching £22.4m at auction at Christie's in London.

The 1824 masterpiece depicting Suffolk rural life is now joint fourth on the list of most-expensive Old Masters ever sold.

A 'blower' Bentley once raced by Sir Henry Birkin at Brooklands set a new record for the most expensive Bentley ever sold, achieving £4.5 million at Bonhams car auction at Goodwood.

Investing in London - Exchange Rates

The London market remains in a fortunate position, with interest in homes in the Capital in both times of plenty and times of economic uncertainty. Indeed, London property has proved a canny investment with returns far outperforming gilts, the stock market and other property investment classes.

Overseas demand for prime London property has been one of the most important drivers of price growth in recent years. Indeed, many Prime Postcodes and top end schemes such as One Hyde Park have been dominated by overseas investment.

The attraction of prime London as a place to invest has much to do with wealth creation in emerging economies and instability in the Eurozone and beyond.

Using prices from the Land Registry for Kensington & Chelsea, the average value of homes sold in May 2012 was £1,049,000. This means that prices are now, on average, 25.8% higher than in May 2008. This growth equates to almost £214,000, more than the price of an average house in England and Wales.

However, putting aside the perceived 'secure' nature of Prime London property, exchange rates have also favoured continued investment from overseas. Only those buying with Russian Rubles would now pay a higher price than those buying with Sterling. Singapore based investors now pay a lower price equivalent than in 2008.

Even our Eurozone neighbours still fare better than those buying with Sterling, despite a weakening of the Euro in recent months. Euro buyers pay an equivalent of 23.5% more than in 2008.

Comparison of national indices

	AVG HOUSE PRICE	MONTHLY GROWTH	ANNUAL GROWTH
Nationwide	£165,738	-0.6%	-1.5%
HBOS	£162,417	1%	-0.5%
DCLG	£229,000	1.5%	1.4%
LandReg	£161,677	1.5%	1.5%
Rightmove	£246,235	1.0%	2.4%

Key housing market statistics

	LATEST DATA	QUARTERLY GROWTH	ANNUAL GROWTH
M'ge Approvals	51,098	2.9%	9.8%
Resi. trans	73,000	-2.5%	4.3%
Gross mtg	£12.2bn	0.4%	9.1%
Inflation	2.8%	n/a	n/a
Base rate	0.5%	n/a	n/a

Latest annual growth in average sales values



Source: Bank of England, HMRC, ONS

Source: Land Registry

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