



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.

11.4% increase in
London housing

9.3% annual growth in
KENSINGTON & CHELSEA

£964,178
average house price in January 2012
KENSINGTON & CHELSEA

As the first buds of spring appear, so glimmers of new life in the economy are also starting to emerge. Inflation is expected to move below the 2% target by the end of the year and the outlook for the UK economy is also beginning to improve. It is now forecast to grow by 1% in 2012 and by almost 3% in 2013, according to Bank of England Governor Mervyn King.

The Nationwide reported that national house prices rose by 0.6% in February with UK mortgage approvals in January at their highest level in more than two years. However, the flurry of activity in the mainstream market has no doubt been boosted by the imminent end to the stamp duty relief for first time buyers.

At the other end of the scale, the high value markets in Central London continue

to be supported by strong overseas demand. While values in Greater London in January 2011 were back on a par with their previous high points of January 2008, values in the prime boroughs of Westminster and Kensington & Chelsea were some 13% and 14% above their peak respectively. At a national level, prices remain 12% below their peak.

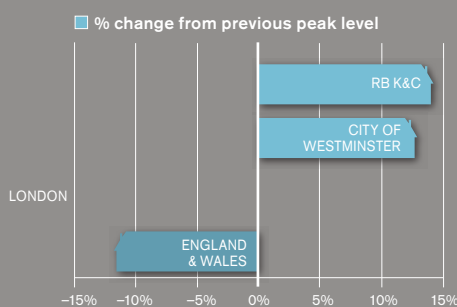
An estimated £1 billion is reportedly lost annually by the sale of properties through overseas companies and trusts and it is thought that the upcoming Budget on the 21st of March may seek to close this loophole. In addition, although more unlikely to be implemented, there is also the ongoing debate on the possible introduction of a Mansion Tax. Both could dampen demand at the top end of the London market.

Residential returns outperform other asset classes

Strong tenant demand coupled with high capital growth, particularly in the prime markets where stock was most constrained, resulted in total residential returns of 11.3% in 2011 across the UK according to IPD's latest figures. This was the highest reported level for all asset classes.

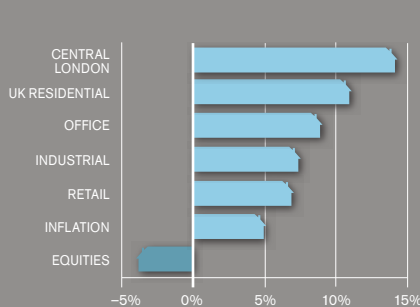
In Central London, returns were even higher at 14.1% over the year, massively outperforming other regions. Furthermore, the returns delivered by Prime Central London residential property outperformed those of City Offices (12.8%), West End Offices (12.5%) and West End Retail (12.7%), adding further security to their status as a safe haven for investment.

Property values in January 2011 compared to previous peak



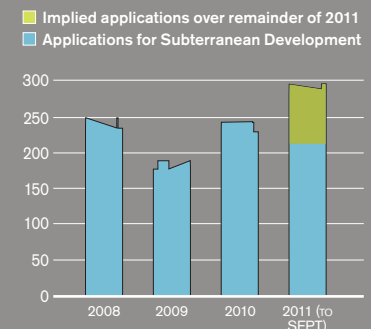
Source: Land Registry

Latest IPD residential return figures outperform other assets



Source: IPD

Application for subterranean development in K&C



Source: RB K&C AMR

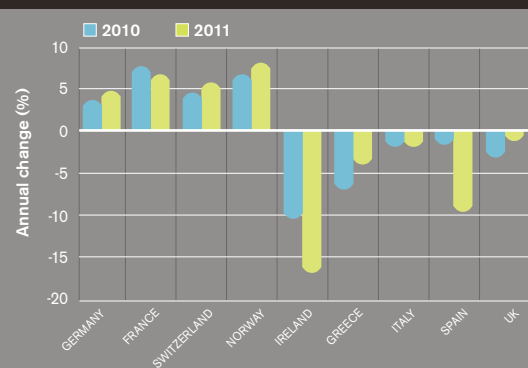


FOCUS ON INTERNATIONAL PROPERTY

The latest European Housing Review by RICS has highlighted the limited level of house price change across Europe during 2011, with some small falls reported. While Germany, France, Switzerland and Norway all saw rises of 5% or higher, Ireland and Spain experienced the most significant falls, with drops of -17% and -10% respectively. This suggests that the slowdown in the world economy and continued Eurozone debt crisis took a greater toll towards the end of the year. The consequent rise in mortgage rates and curtailing of available finance, resulted in a further softening in markets. The outlook for 2012 is more positive now than it was at the end of 2011 although the downside risks for countries in the Eurozone remain worse.

While property across the Eurozone is undoubtedly suffering, it seems that billionaires across the globe are still turning to residential property as a safehold for their investment. Savills' latest World Cities Review reports growth in the value of global billionaire property of 3.6% in the second half of 2011. Strong demand from ultra high net worth individuals meant that New York performed particularly well, with growth of 17% in the most expensive properties in the six months to December 2011. At the same time Singapore rose 14% and London and Paris rose by 4%.

House price changes 2010 and 2011



Source: Land Registry / CEBR

GOOD NEWS FOR HOUSEBUILDERS

A number of housebuilders including Barratt Developments, Crest Nicholson, Persimmon and Bovis Homes have recently released financial results for the past year and have all shown increases in pre-tax profits.

Furthermore, Crest Nicholson recently reported visitor numbers in the four months to February 2012, up 81% on the same period the previous year. They have also reported rises in enquiries and visitor numbers since the beginning of the year.

Subterranean Development

As property prices in the most prime Boroughs of London continue to rise and the market is plagued by stock shortages, house owners are increasingly looking at adding new space to their existing properties.

Subterranean development, which is the addition of a new basement or basement extension, is becoming increasingly popular, providing additional living space, swimming pools, garages or gymnasiums.

The Royal Borough of Kensington and Chelsea is currently experiencing a large number of planning applications for Subterranean Development. Up to the end of September 2011, 218 subterranean cases were registered. This compares to 243 for all of 2010 and 180 for 2009. Should applications in the final quarter of 2011 prove to be as high, this will be a 20% increase on the level seen in 2010.

While subterranean development has enjoyed increased popularity in recent years, the additional disruption and impact on neighbouring homes and businesses has also increased the call for policy reform. Many are currently outside the scope for planning control and a new 'Subterranean Development Bill' has recently been introduced to Parliament, which would increase control. Although a Private Members Bill is in its early stages, it is likely that the Government will face increased pressure to tighten regulation on this form of development in the future.

Comparison of national indices

	AVG HOUSE PRICE	MONTHLY GROWTH	ANNUAL GROWTH
Nationwide	£162,228	-0.2%	0.6%
HBOS	£160,907	0.6%	-1.6%
DCLG	£205,796	-0.1%	-0.3%
LandReg	£160,384	0.0%	-1.3%
Rightmove	£224,060	-0.8%	0.4%

Key housing market statistics

	LATEST DATA	QUARTERLY GROWTH	ANNUAL GROWTH
Nationwide	52,939	3.6%	24.5%
Resi. trans	80,000	9.9%	17.6%
Gross mtg	£13bn	6.7%	19.7%
Inflation	4.2%	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



Source: Land Registry

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