TURNBULL

MONTHLY MARKET BULLETIN

MAY 2011

ALL ABOUT TURNBULL

"The Turnbull partnership is a proudly independent firm, headed by Johnny Turnbull, one of the most respected buying advisors in the London market. Turnbull sets the standard for the acquisition of exceptional property in Prime Central London and acts solely for Private Clients. Our select team combines their resources,contacts and broad experience with an unsurpassed expertise and knowledge of the market, to ensure we meet the highly personal and exacting needs of each client".

Britain's super-rich are getting richer with wealth recovering to near peak levels. As London maintains its global position as a world financial leader prime residential property in Central London remains in high demand. Whilst the rest of the country is still suffering the effects of the recession and subsequent austerity measures, our Capital seems to be operating in a world of its own.

As we look towards the summer months, the housing market of Prime Central London is blooming. Transaction levels in the first quarter of the year were strong, boosted by further increases in overseas demand as economic turbulence overseas once again brought the stability of the London market to the forefront. With stock levels remaining heavily constrained, prices continue to rise with unprecedented values achieved in some areas in the first three months of the year. According to Primelocation, residential prices for the top 10% of properties grew by 15.8% in Kensington and Chelsea and 11% in the City of Westminster in the year to February.

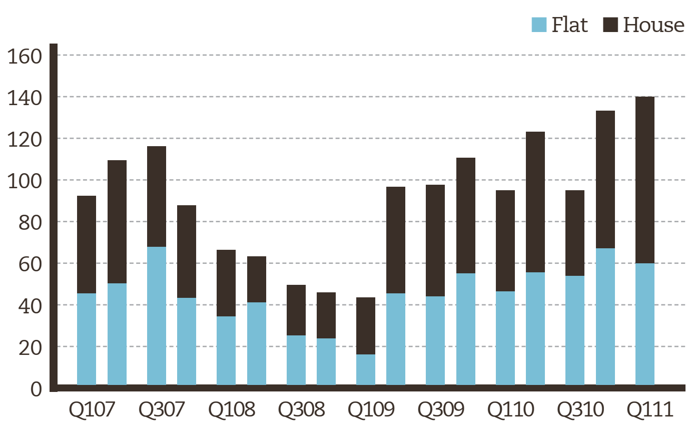
Although growing uncertainty over tax and regulation is a major concern to financial institutions based in London or those contemplating being here, London has nonetheless been ranked once again as the global financial leader in the latest Global Financial Centres Index (March 2011). At a time of much political uncertainty around the world and recent unrest in the Middle East, London is holding its place as a safe global investment choice and, as a result, international demand is strengthening. Super-prime property in central London is particularly in demand but it is not solely the property world which is reaping the benefits. The London art market has also reported strengthening demand with particular interest from Russians who retreated during the credit crunch but are now returning to the market with even more confidence than before.

The profile of central London is in stark contrast to many other parts of the United Kingdom where the housing market is weak and, in many places, static. The March edition of the RICS Housing Market Survey once again highlighted the growing divergence between London and the rest of the UK with London the only region recording rising prices over the past three months. With the exception of East Anglia, London has the lowest number of properties available on agents books, a key factor fuelling value growth over the first three months of 2011.

The London School of Economics recently reported that, whilst London was expected to be hardest hit by the recession given its reliance on the financial services sector, it actually rebounded from the recession more strongly than any other region of the UK. Furthermore, the Confederation of British Industry also reports that financial services firms saw activity grow markedly for the third quarter in a row in the three months to March which has undoubtedly boosted the London economy.

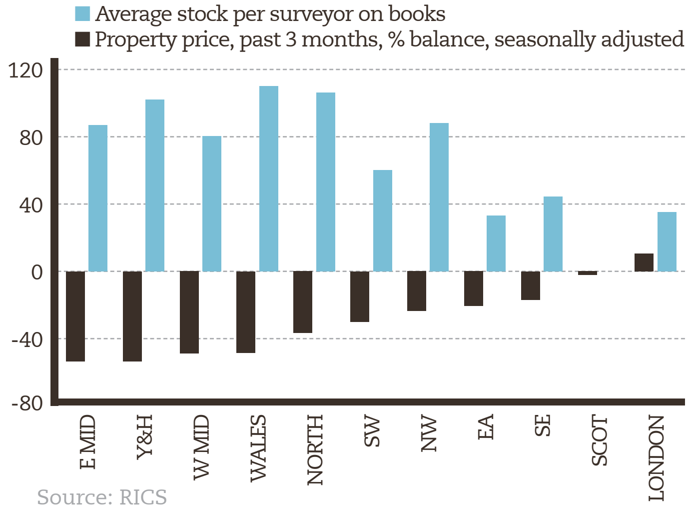
Across the rest of the country, subdued confidence is being fuelled by high unemployment levels, stretched incomes and low spending levels. The Nationwide recently revealed house prices across the UK fell by -1.3% in the year to April 2011. Although recent news reporting lower than expected unemployment and inflation levels may begin to improve confidence as we move through the summer, transaction levels and price growth are likely to remain low.

TRANSACTIONS OVER £2M IN CENTRAL LONDON



Source: Lonres

LONDON ONLY REGION TO SEE POSITIVE GROWTH



Source: RICS

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Limited supply is frustrating purchasers who are forced to compete for properties.

As well as increased overseas demand for property in Central London, the first quarter of 2011 has also seen renewed confidence from local domestic purchasers. However, severely limited supply is frustrating buyers who are increasingly being forced to compete for properties. They have therefore become more committed over the course of the past 12 months and, as a result, stronger offers are being made. This has not only pushed up prices but has also meant that higher percentage of asking prices are being achieved. In the first quarter properties sold for an average of 97.7% of asking price in central London, up from 95.2% in the first quarter of 2010.

Aside from the much publicised One Hyde Park, in Central London the highest publicly recorded transaction of the first quarter was a 23,000 sq ft house in Brompton Square in SW3 which sold for well in excess of £20m. The highest per sq ft value was achieved on Montpelier Street in SW7 where a 4-bed flat of 3,895 sq ft achieved £3,723 per sq ft.

TABLE OF Q1 2011 SALES BY AREA OF CENTRAL LONDON

Q1 2011	Ave value	No. of sales	Ave £psf	Highest sale price
Belgravia	£2,609,962	73	£1,496	£14,250,000
Chelsea	£2,350,883	97	£1,321	£20,000,000
Knightsbridge	£1,764,620	84	£1,249	£14,500,000
Marylebone	£1,218,804	69	£1,023	£5,250,000
Mayfair	£2,356,135	26	£1,417	£10,700,000
Pimlico	£829,066	54	£762	£2,404,000
South Ken	£1,381,035	76	£993	£12,300,000
Westminster	£1,030,072	44	£913	£4,500,000

Global wealth is rising with the UK taking the lead.

The latest Sunday Times Rich List has confirmed that the super wealthy are indeed getting richer. In the past year Britains top 1,000 richest people have increased their wealth by 18% and are now worth a total of £395.8 billion collectively. This is just 4% below the high reached in 2008 before the effects of the recession hit. The number of billionaires has increased over the year from 53 to 73, just two shy of the 2008 record.

Across the rest of the world, global wealth is also on the rise following the recession although not at the same scale as the UK. In the past year, global wealth has increased by £88.3 billion, an increase of 11.7% from 2010 levels.

In the UK, London and the South East continue to dominate with 53% of the wealthiest individuals and 63% of total wealth in value terms. Furthermore, across the wealthiest 1,000 people, the greatest increase has been in financial multi-millionaires including hedge-fund managers.

A proportion of this increased wealth will no doubt filter into the London property market, thereby maintaining demand for the most prime properties in the Capital. However, with most of the country's population suffering the consequences of belt-tightening austerity measures and the dilemma for the Government will be to manage the call for further tax rises for the super-rich whilst not discouraging the aforementioned from continued investment.

LATEST ANNUAL GROWTH IN AVERAGE VALUES

England & Wales	London	Westminster	Kensington & Chelsea
-2.3%	-1.0%	1.6%	2.8%

Source: Land Registry

COMPARISON OF NATIONAL INDICES

	Avg house price	Monthly growth	Annual growth
Nationwide	£165,609	-0.2%	-1.3%
HBOS	£160,395	-1.4%	-3.7%
DCLG	£204,164	0.3%	0.7%
LandReg	£160,996	-1.1%	-2.3%
Rightmove	£235,822	1.7%	0.1%

KEY HOUSING MARKET STATISTICS

	Latest data	Quarterly growth	Annual growth
Mortgage approvals	46,967	-1.5%	-0.1%
Resi. transactions	72,000	-1.4%	-2.7%
Gross mortgage lend	£11.35bn	-0.8%	-1.0%
Inflation	4.4%	na	na
Base rate	0.5%	na	na

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