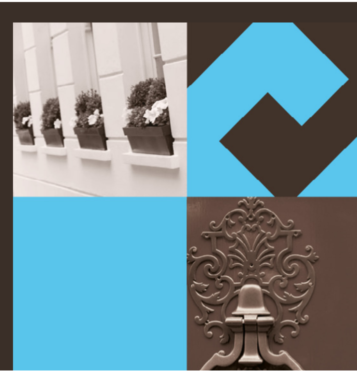
TURNBULL

MONTHLY MARKET BULLETIN

OCTOBER 2011



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 market 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 an unsurpassed expertise and knowledge of the market, to ensure we meet the highly personal and exacting needs of each client".

The global financial and economic turmoil which gained momentum during the summer of 2011 has not relented as we move into the autumn months.

The International Monetary Fund has consequently downgraded their forecasts for global economic growth for 2011 and 2012 in their latest World Economic Outlook, warning that continuing political and economic woes in the US and Eurozone could force them back into recession.

Despite the economic situation, an increase in wealth of the world's richest residents continues apace. Latest data from Forbes indicates an increase of 20% in the number of global billionaires during the last year, taking the overall total to 1,210. In addition, in their latest Wealth Profile, Ledbury Research suggests that there will be over one million decamillionaires (individuals with at least $10 million) across the world by the end of the year, up from 850,000 in 2008.

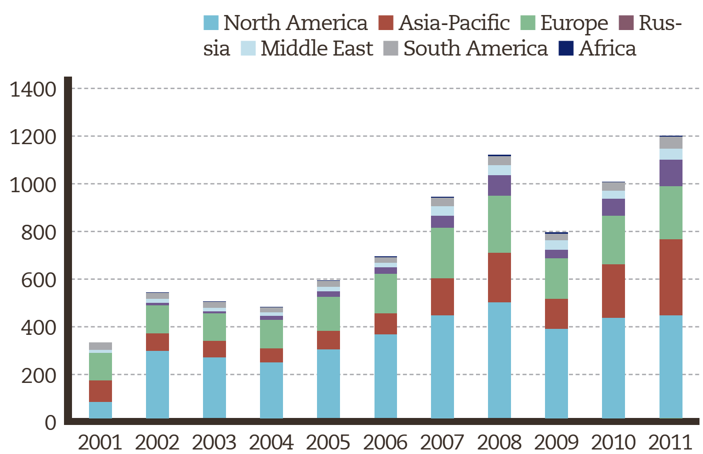
There has, however, been a shift in wealth distribution. In the last five years there has been an overall increase of 75% in the number of global billionaires. The number of Asia-Pacific billionaires has increased by 263% whilst the number of billionaires in North America has increased by just 22%.

This wealth is feeding its way into the prime residential markets across the globe. The International Luxury Residential Report, recently published by Christie's International Real Estate, reports that recessions and debt crises are largely not affecting the top end of the global property market and that the world's wealthy are still buying luxury property across the globe - mostly cash purchases.

They report that scarcity of property is driving prices up, especially in top cities such as London, Paris, Hong Kong, New York and in wealthy areas such as Beverley Hills. This pattern continues in those countries boasting an abundance of natural resources and favourable fiscal policies such as Brazil, Switzerland and Canada. The report suggests that exceptional properties in any of the world's most desirable locations will sell whatever the economic situation; property is still seen as a safe haven when stock markets and equities are more volatile.

The recent Global Billionaires Property Index, published by Savills, suggests that a new super-class of global billionaire homes is emerging as buyers demand the best standards of accommodation and are prepared to pay the price. Overall the index shows that the homes of the super-rich in the top ten cities worldwide rose by an average 10% in value in the first six months of this year. This compares to average price growth of 6% for a range of mainstream properties in the same cities and follows growth of 65% in billionaire properties over the previous five years. Hong Kong topped the list in terms of value, followed by Tokyo, Paris and then London. In London, values rose by 38% between December 2005 and December 2010 for billionaire properties compared to the London average of 27%.

GLOBAL BILLIONAIRES



Source: Forbes

Focus on Italy

Italy remains a good country to invest in despite the negative press attention that the Italian economy has been receiving and the downrating of the country's credit rating.

The local Italian market is not interested in purchasing homes that attract foreign buyers. Therefore in areas such as Lake Como house prices have held firm during the most turbulent times and good long-term investment properties remain available to those buyers with an inside track.

In other areas, such as Tuscany and Umbria, high property prices have generally fallen but the holiday rental market remains strong. There are also good investment opportunities with rental yields of around 7%.

Mortgage finance is still available to foreign buyers with low interest rates. When combined with the lack of both Capital Gains and Inheritance taxes, this makes Italy a good financial and lifestyle investment.

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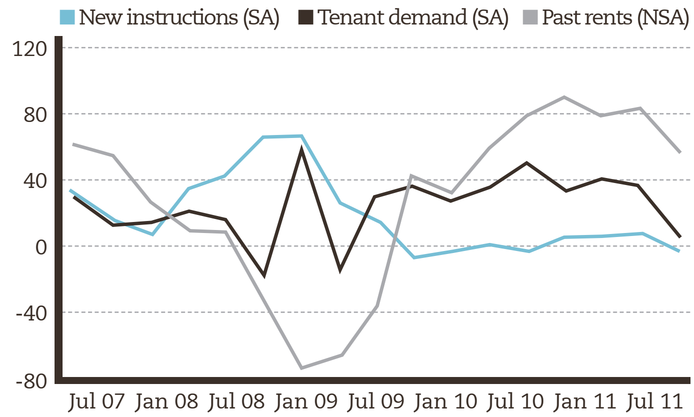
UK consumer confidence has been lower on only two other occasions since 1974. Landlords, meanwhile, seem to have more to smile about. The recent Landlord Optimism Index published by the National Landlords Association reports optimism at its highest rate since 2007. Sixty-five per cent of landlords surveyed rated prospects for their own lettings business over the next three months as "very good" or "good".

The rental market across the UK continues to be strong, particularly in Central London. Growth of 7.4% in rental values in the past 12 months throughout Central London compares to an increase of 4.4% across the UK in the 12 months to June 2011.

At a national level the RICS lettings market survey for the three months to July 2011 highlighted that would-be buyers struggling to access mortgage finance or put together the required deposits continue to boost demand for rental accommodation. As a result, rents continue to rise and are expected to keep escalating over the next three months. The RICS also highlighted that rents have continued to rise predominantly in London. While the growth in tenant demand has slowed over the summer, 5% more agents are now reporting an increase in demand and a slight decrease in supply. 31% more agents expect London rental values to continue to rise over the next three months.

International tenant demand for property in Central London has been boosted by companies choosing to relocate to the 'safer' London as opposed to other European countries with a more uncertain economic outlook.

LONDON RICS CHART



Source: RICS

Increase in mortgage lending is boosted by a strong rental market but the outlook is still vulnerable

The Council of Mortgage Lenders (CML) reported that gross mortgage lending was an estimated £13.4 billion in August - a 6% rise from £12.6 billion in July and a 10% increase from £12.1 billion in August 2010. With many first time buyers struggling to find the large deposits required along with strict lending criteria, some of this increase will be as a result of buy-to-let investors re-entering the market or expanding their portfolios, encouraged by the strong rental market.

However, the CML also reported that once seasonal factors are stripped away, the underlying position for the housing and mortgage markets is broadly stable with subdued levels of activity. Continued turmoil in the financial markets makes it unlikely that current strict lending criteria will be relaxed or that increased levels of finance will be made available. The CML suggests this will make the market vulnerable to bad economic news.

LATEST ANNUAL GROWTH IN AVERAGE SALES VALUES

England & Wales	London	Westminster	Kensington & Chelsea
-2.6%	2.1%	7.9%	9.8%

Source: Land Registry

COMPARISON OF NATIONAL INDICES

	Avg house price	Monthly growth	Annual growth
Nationwide	£166,256	0.1%	-0.3%
HBOS	£162,746	-1.6%	-4.0%
DCLG	£207,690	1.3%	-1.5%
LandReg	£162,347	-0.3%	-2.6%
Rightmove	£233,139	0.7%	1.5%

KEY HOUSING MARKET STATISTICS

	Latest data	Quarterly growth	Annual growth
Mortgage approvals	52,410	12.3%	12.0%
Resi. transactions	69,000	-3.7%	-9.2%
Gross mortgage lend	11.7bn	4.2%	3.7%
Inflation	4.5%	na	na
Base rate	0.5%	na	na

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