

# TURNBULL

MONTHLY MARKET BULLETIN  
September 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.

 With London still riding high on the success of London 2012 we are hoping that buyers will now turn their attention from sport to house hunting.

Despite the many sporting distractions over the summer, sales activity did improve in July with a 16.4% increase in transactions compared with June. However, despite the monthly increase sales levels remain 6.4% down on July 2011. The market between £2 million and £5 million has been most adversely affected with transactions in the three months to July 29% lower than 2011.

London continues to see the highest levels of growth. The latest survey conducted by the RICS shows London as the only region where the balance of opinion, on both recent price growth and prospects for future growth, remains positive.

In central London the top end of the market continues to see the highest price appreciation, with £ per square foot values for homes sold so far this year for over £5 million

up 11.2% on the same period in 2011. This compares with growth of 6.9% for properties sold for less than £1 million.

With a continued appetite for property in prime central London, buyers have flocked to the best addresses in the Capital. Average prices in K&C now exceed £1 million meaning many domestic buyers with more modest budgets have moved further afield, with boroughs such as Hammersmith & Fulham, Wandsworth and Islington reaping the benefits. Strong demand for homes in these areas has meant price growth has outperformed the London average with growth of between 68% and 87% in the past ten years surpassing the London wide average of 62%.

Whilst the desirability of these areas has led to outperformance they have still not been able to compete with the established prime boroughs of K&C and Westminster. Over the past ten years prices increased by 131% and by 109% in K&C and Westminster respectively with the average price in K&C now 89% higher than Hammersmith & Fulham compared with 53% a decade ago.

10%  
year-on-year fall in housing starts nationally

£10 BILLION  
set aside to underwrite borrowing for private sector housing development

70%  
annual increase in the prime London planning pipeline

### Rental market

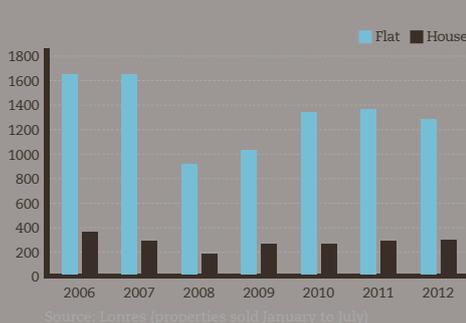
The influx of Olympic tourists and officials looking to rent in the Capital over the summer has distorted the market with the usual seasonal patterns changing over the past couple of months.

Aside from the 'Olympic effect' the prime London rental market has slowed in recent months. Lacklustre growth London wide in overall employment and the reported falls in City employment in recent months have affected both demand and tenant appetite. In the last three months the number of properties let fell by 6% compared with the same period in 2011.

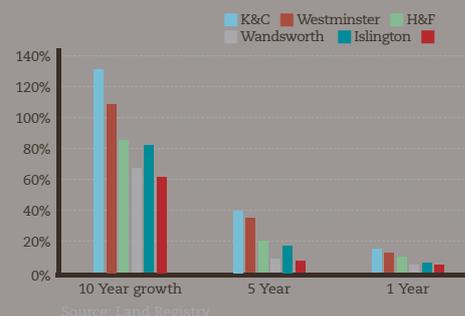
Those tenants who are active within the market have been quick to cotton on to the shifts in supply and demand, particularly those who were in the market last summer, when demand out-stripped supply.

Tenants are now looking to negotiate with landlords and are looking for more competitive rental figures.

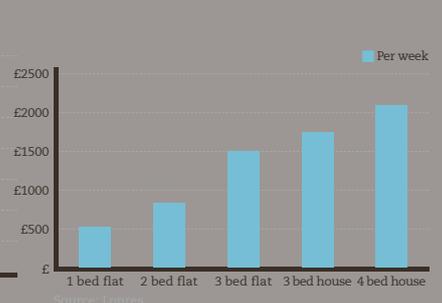
Transactions levels in prime London lower so far this year

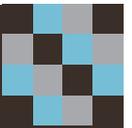


Established prime boroughs still star performers



Rental premiums for larger properties





## RESIDENTIAL DEVELOPMENT MARKET

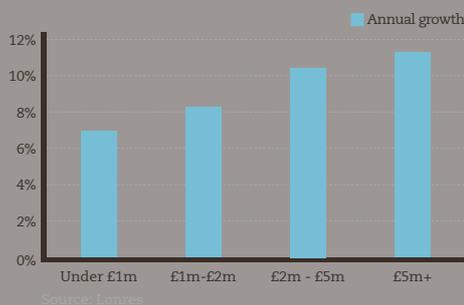
With the Paralympians racking up a record medal haul, cool Britannia continues to impress a global audience. However, the development industry remains less buoyant with construction activity remaining subdued. Housing starts nationally fell by 10% in the year to June 2012 compared with the previous year and are 54% down on the peak in 2005.

In an attempt to kick-start an increase in construction post games the government has introduced new plans, following the recommendations made in the Montague Review. These allow greater flexibility in planning, as well as financial guarantees for developers.

Despite a fall in development activity nationally, the planning pipeline for prime residential development in London has increased by 70% in the past year, according to EC Harris. This demonstrates the appetite from both traditional house builders and development companies to prioritise development in London.

The pipeline for prime London over the coming decade now exceeds 15,000 residential units (20 million square foot) worth an estimated £38 billion. Development activity is expected to peak in 2016, with the redevelopment of Earls Court and Battersea Power Station, on the fringes of core prime London expected to account for a significant proportion of new units reaching the market.

### More expensive properties see higher price appreciation



## SPORTING WEALTH

In a recent report by Forbes of the 100 wealthiest athletes the total combined earnings in the last 12 months totaled \$2.6 billion.

To make it into the list you would need to have earned \$16.6 million in the year to June 2012, with 30 NFL players and 13 NBA players making the top 100.

Jamaican Olympic track star Usain Bolt is ranked at number 63, with annual earnings of \$20.3 million.

## Montague Review

The coalition has announced a boost for the house building industry with a number of new initiatives including implementing the recommendations made within the Montague Review to support increases in development across the UK.

The plans involve a £10 billion fund to underwrite borrowings for private sector developers looking to develop housing. The £10 billion initiative will be delivered through the Infrastructure Bill, which is proposing to allocate up to £40 billion for major infrastructure projects nationally.

Eric Pickles has announced that £200 million will be set aside to encourage private rented sector housing developments. A planned taskforce will be set up to bring together developers, investors and management companies to encourage development.

Part of the new plan is to cut red tape within the planning system. There will be a new 'fast track' option for developers with large sites or those who are frustrated with the speed of decision making within the local planning department.

The program also includes new power of negotiation over planning restrictions, such as affordable housing quotas which are making many current schemes economically unviable. It is hoped that this more flexible approach will enable a further 75,000 units on stalled schemes to reach the market.

A consultation has also begun on whether to relax planning laws and increase the maximum size of an extension without planning from the current three metres to six metres for a three year period to encourage extensions and creates jobs for local builders.

### Comparison of national indices

	AVG HOUSE PRICE	MONTHLY GROWTH	ANNUAL GROWTH
Nationwide	£164,729	-1.3%	-0.7%
HBOS	£160,256	-0.4%	-1.0%
DCLG	£231,000	1.2%	7.9%
LandReg	£162,900	0.8%	0.3%
Rightmove	£236,260	-2.4%	2.0%

### Key housing market statistics

	LATEST DATA	QUARTERLY GROWTH	ANNUAL GROWTH
M'ge Approvals	47,312	-7.6%	-5.1%
Resi. trans	74,000	-4.6%	1.4%
Gross mtg	£11.5bn	-0.9%	1.2%
Inflation	2.6%	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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