

Market Intelligence

— Summer 2013



Average £ per square foot values – 2013 YTD



Overview

2013 has been a busy year for us at Crayson. We have seen a considerable increase in new buyers coming to us looking for homes in London and have ensured that some outstanding properties found new owners this year.

Committed buyers, coupled with a rise in new stock reaching the market, have resulted in a 12% increase in transaction numbers in Q2 2013 compared with Q1. Indeed, May saw the highest number of monthly transactions for five years within our catchment area.

Whilst overseas buyers continue to invest in London, in recent months we have seen a noticeable increase in UK buyers. This has undoubtedly been helped by improved confidence in the mainstream market increasing the volume of sales and allowing buyers to move up the housing ladder.

According to a recent report by Cap Gemini, world wealth creation continues to rise. This is increasingly important for the London market, which continues to hold the crown as the overseas market of choice for both established and emerging world wealth.

‘At Crayson we currently have over £200 million worth of stock on our books, three times the amount listed by us at the same point last year.’

NICHOLAS CRAYSON

* Source Lonres

For the purposes of this report, ‘the local area’ / ‘local market’ is inclusive of the above postcodes.

Market activity

So far this year, transactions have been rising steadily. Between January and May, Lonres recorded an 18% increase in properties sold in our area, compared with the same period in 2012. House sales have been particularly buoyant, with a 38% increase on 2012 compared with 11% for flats.

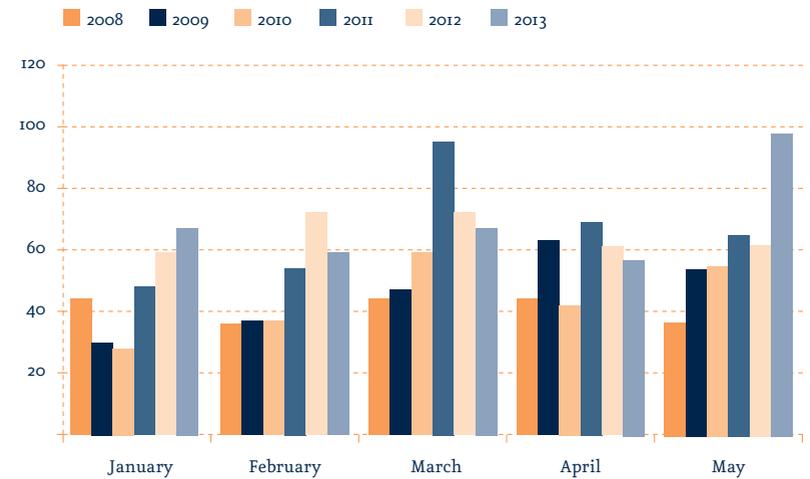
Across our market area, prices have risen 7.9% in the last twelve months. Homes in Kensington, Westbourne Grove and Bayswater have performed particularly well, with prices per square foot now over 30% higher than in 2010. Kensington (W8) is the most expensive neighbourhood in Britain, according to the Zoopla Property Rich List.

Kensington Palace Gardens retained its title as the most expensive street, with properties valued at an average of £36 million.

However, transactions are taking longer to complete, with three to four months between exchange and completion now a realistic timescale. One of the major stumbling blocks has been sellers struggling to find a suitable property to move to, a problem which we are confident that the increase in new stock reaching the market will address.

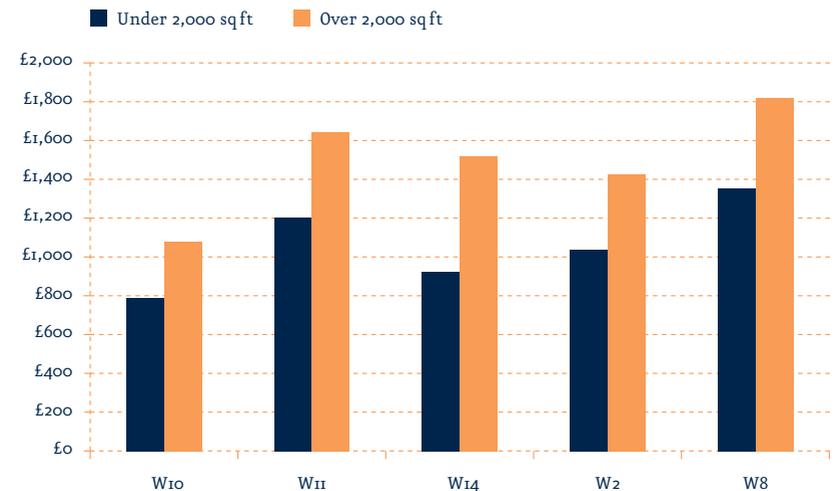
The introduction of the 7% stamp duty levy over £2 million is still affecting the market. Whilst buyers are still very much in the market for homes above the £2 million threshold, these properties are taking longer to sell. Buyers, who will be spending a significant amount of money on costs to secure the property, are taking their time to ensure they are making the right decision.

Record numbers of properties sold in May this year



Source: Lonres (Crayson market area)
NB March 2011 & 12 figure are distorted by £1m & £2m SDLT increases

Larger properties command higher £ per square foot values



Source: Lonres

New instructions

As we reported in our spring bulletin, new instructions have continued to increase in 2013. This is welcome news for frustrated purchasers still searching for their ideal property in London.

At Crayson this year we have been able to secure some outstanding properties in our area, tripling the number of homes on our stock list compared with last year. Across our market so far this year, there have been 229 properties launched per month, a 127% rise on the 101 properties per month reaching the market in the first half of 2012.

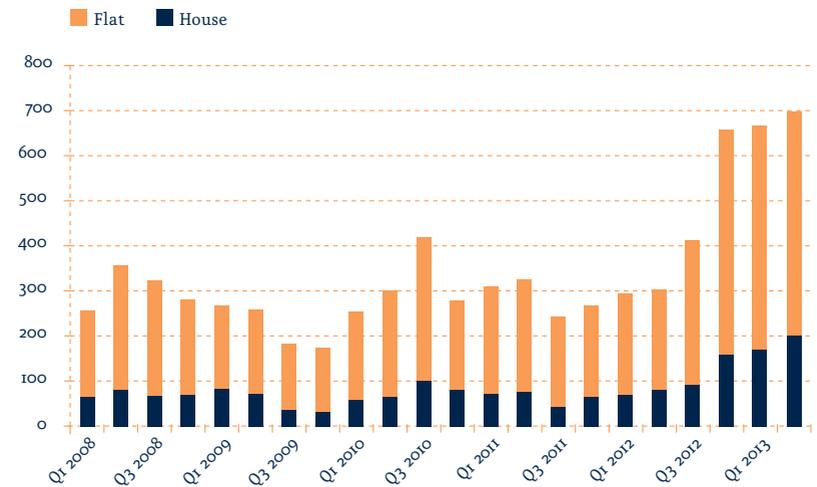
According to recent research by Experian, the number of properties marketed nationally at over £500,000 in the first quarter of 2013 was 19.1% higher than in the same period in 2012. In London the rise was most pronounced, with a 26% increase in new instructions over £500,000 in Greater London.

Our area is following a similar trend, albeit at higher values. The number of properties reaching the market this year priced between £2 million and £5 million rose from 124 in the first half of 2012 to 364 in 2013, with homes over £5 million listed on Lonres up from 49 to 149.

Last three months	Under £2m	£2m-£5m	Over £5m	All
Sales	153	51	15	219
New Instructions	430	191	75	696
Sold price per sq ft	£1,076	£1,510	£2,145	£1,250

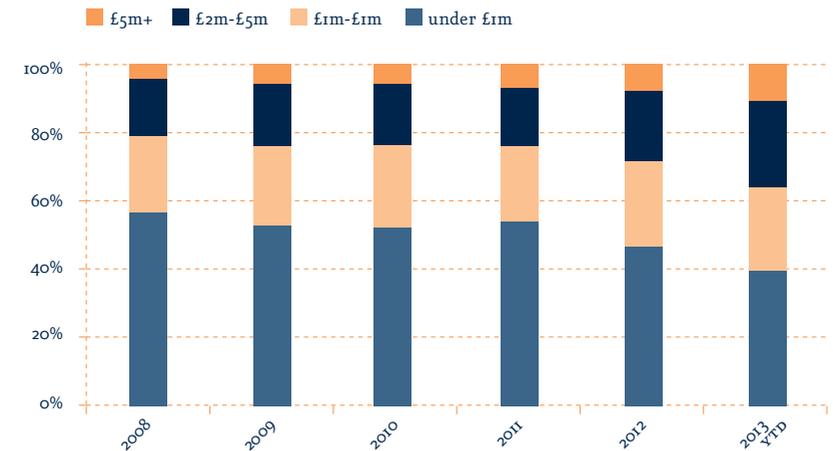
Source: Lonres (Crayson local area)

New instructions increase again in Q2 2013



Source: Lonres

Increase in new instructions over £1 million this year



Source: Lonres

Domestic buyers

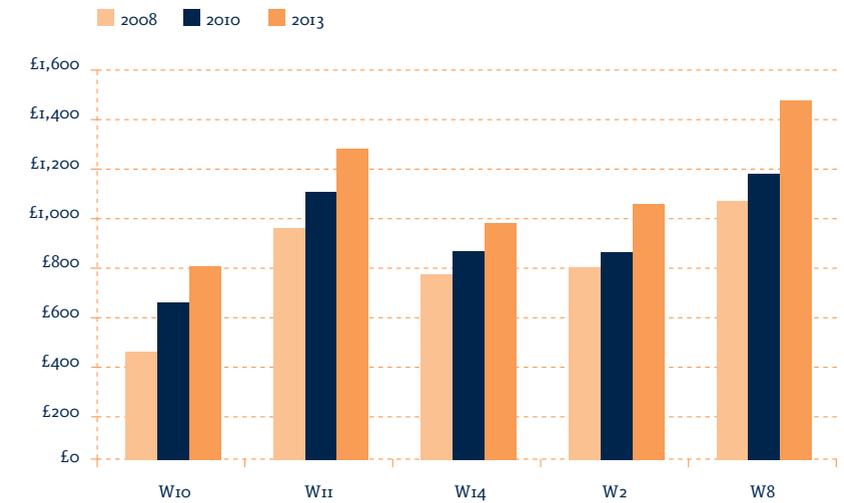
Whilst overseas buyer activity in London continues to make headlines, 2013 has heralded a rise in the number of UK buyers in prime London.

Government support for increased mortgage lending has undoubtedly had an effect on the mainstream market, which in turn is leading to an increase in activity across the whole UK residential sector, including the traditionally less mortgage-reliant prime markets. Increased numbers of buyers are helping to drive growth on all rungs of the housing ladder.

The downsizer market remains buoyant in prime areas of the capital. Long term residents are realising significant gains, trading down to smaller properties within the same area or looking for homes in neighbouring postcodes.

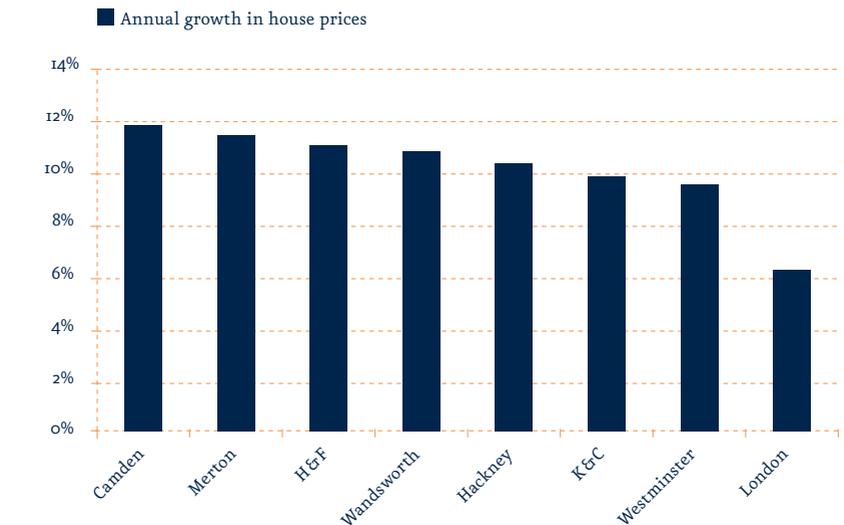
In addition to a rise in UK buyers in prime locations, areas surrounding the highest value London postcodes are benefitting from a renewed domestic appetite to live in London. This demand is increasingly evident in areas such as Barnes, Wandsworth, Hammersmith and Fulham. According to the Land Registry, the London Boroughs of Camden, Hackney, Hammersmith & Fulham, Merton and Wandsworth all experienced price rises of 10% or higher in the past twelve months, outperforming Kensington & Chelsea and Westminster. Indeed, the latest asking price figures from Rightmove suggest Camden has, for the first time, joined Kensington & Chelsea and Westminster as a borough where average asking prices now exceed £1 million.

Prices in our area continue to rise



Source: Lonres (£ per square foot)

Annual price growth – best performing London boroughs



Source: Land Registry

Global London

_____ The central London market has changed. Gone (for now at least) are the days when banker bonuses were the main driver of demand. Overseas buyers, particularly at the upper echelons of the market are now much more prevalent.

_____ With overseas buyer demand increasing, the global economy is having a more pronounced effect on the London economy and housing market. According to research by WealthInsight, London is home to more residents worth over \$30 million than any other city in the world and has the third highest number of billionaires, behind New York and Moscow.

_____ The latest Cap Gemini Wealth Report shows significant growth in the global High Net Worth Individual (HNWI) population. In 2012, the HNWI population increased by 9.2% to reach 12 million, after remaining flat in 2011. Aggregate investable wealth increased 10% to over US\$46 trillion, following a slight fall in the previous twelve months.

_____ Global HNWI wealth is forecast to grow by 6.5% annually to US\$55.8 trillion by 2015, driven mainly by growth in the Asia-Pacific region.

Number of HNWI	US	Japan	Germany	China	UK
2011	3,068	1,822	951	562	441
2012	3,436	1,902	1,015	643	465
Growth	12.0%	4.4%	6.7%	14.3%	5.4%

Source: Cap Gemini- HNWIs are defined as those having investable assets of US\$30 million or more

‘This year every house we have sold has been at our original guide price or more – with no price reductions at all.’

NICHOLAS CRAYSON

Key Statistics H1 2013 Crayson market area

_____ 27% of sales over £2 million

_____ 22% increase in £ per sq ft since 2010

_____ 229 new instructions per month

_____ £1,126 average £ per sq ft – flats

_____ £1,481 average £ per sq ft – houses

_____ £1,227 average £ per sq ft – all

_____ If you would like to know more, please drop in and see us or take a look at our new website.

www.crayson.com

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