

Market Intelligence

— Autumn 2013



Average £ per square foot values – June to August 2013



* Source: Lonres

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

Overview

According to the Met Office, this summer was one of the ten hottest since records began in 1910. The warm weather was accompanied by an increasingly positive outlook for both the UK economy and property market.

Renewed confidence, coupled with government interventions, has created some discussion in the news of a housing market bubble. However, annual house price growth of 0.8% nationally is still some way from the 9% annual growth reported in August 2007 and even further from the high of 25% in early 2003.

The housing market of central London is very different to that of the rest of the UK and has changed significantly from five years ago. With less reliance on mortgage finance and with a very varied base of both domestic and overseas buyers, London continues to attract significant amounts of demand and wealth.

The capital continues to be the city of choice for the world's wealthy with the highest number of ultra-high net worth individuals of any city in Europe (those with assets over US\$30m).

Despite stock levels remaining low, strong demand for properties across our area has pushed up the number of transactions. The number of properties sold between June and August increased by 78% compared with the same period in 2012.

“At Crayson we have had a tremendous year so far. We sold more properties in the first half of the year than we did in the whole of 2012. 2013 is set to be a record year for us.”

NICHOLAS CRAYSON

Market activity

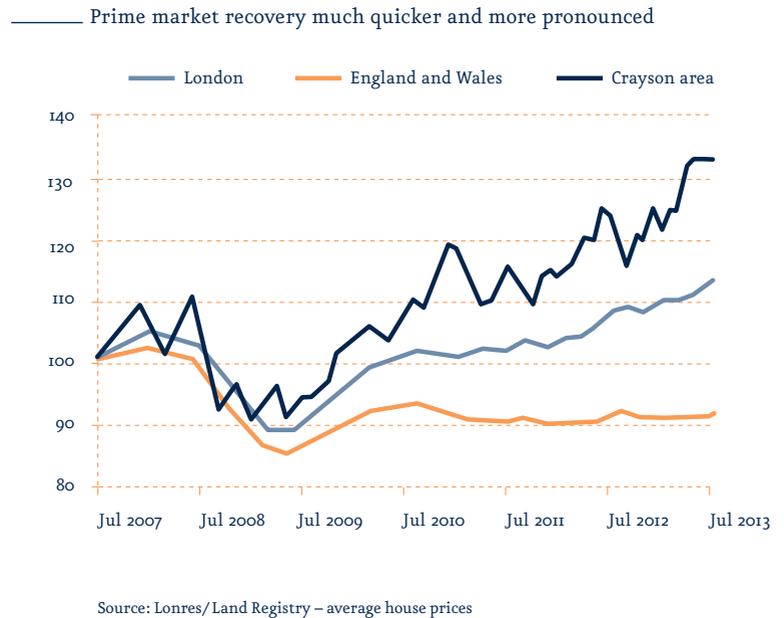
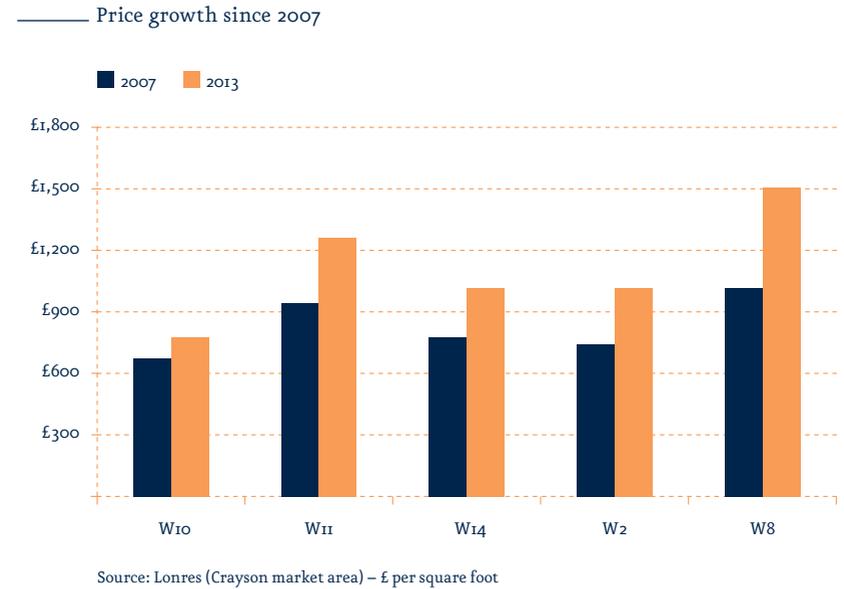
Over the last few months, the outlook for the economy and property market nationally has improved. The Halifax reported the seventh consecutive monthly increase in house prices in August, with the latest government figures suggesting the UK economy grew by 0.7% in the second quarter of 2013.

A recent survey from the Royal Institute of Chartered Surveyors (RICS) suggests house prices are now rising at their highest rate since 2006. They now expect prices nationally to increase by 2.2% on average over the coming year and by 4.4% in each of the next five years. This is a significant upward revision from the original 2013 forecast of 0.6% and 3.4% published at the start of the year.

While the market nationally has struggled over the past five years, the prime market in London has already significantly exceeded the previous peak. Prices per square foot are now, on average, 33% higher than in the previous peak in 2007. In comparison, prices nationally are still 9% below 2007 figures, with Greater London prices 13% higher.

The summer months have been particularly busy in our area of prime London. The number of properties sold between June and August was 22% higher than in the previous three months and 78% above the same period last year.

Prices have also continued to increase. Average £ per square foot values for properties sold between June and August were 9.9% higher than the same period a year ago and 6.3% higher than in the first three months of the year.



Purchasing power

Within our area of prime London, cash buyers play an important role. However, those buying with a mortgage still accounted for half of all purchasers in Q2 2013.

The UK mortgage markets have seen a significant upturn in both mortgage availability and take up. In August, lenders approved loans totalling £16.6 billion, a 28% increase on the same month in 2012.

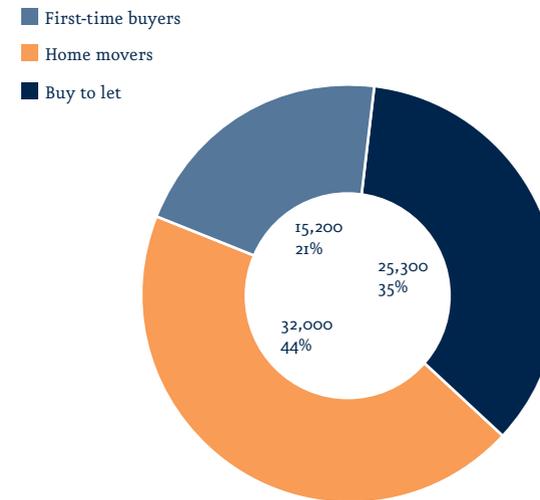
The market for investment properties has been particularly buoyant in recent months. The combination of low interest rates, a more positive economic outlook and a recovery in job creation across the capital has helped to make prime London property an attractive proposition for investment purchasers.

The government's decision to increase stamp duty and add financial penalties for those owning higher value properties (over £2 million) within company vehicles is affecting the types of properties investors are searching for. To avoid the potential cost of purchasing and owning an investment property at above £2 million, many are instead choosing to make multiple investments at below the £2 million threshold.

Cash buyers Q2	Under £1m	£1m-£2m	£2m +
2007	24.0%	37.5%	27.5%
2012	45.5%	46.4%	51.0%
2013	48.5%	57.4%	46.4%

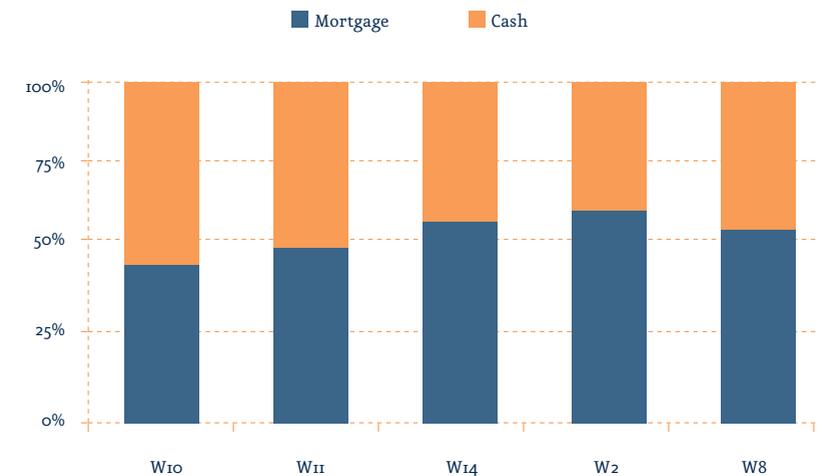
Source: Land Registry (Crayson local area)

Mortgage lending – July 2013



Source: Council of Mortgage Lenders

Proportion of cash buyers – Q2 2013



Source: Land Registry

On the market

Despite a rise in new instructions in recent months, the imbalance between supply levels and demand from buyers in our area continues.

New instructions have increased in the last three months (up 9.3% on the previous three). However, an increase in sales (22% over the same period) has meant that buyers are still struggling to find a good cross-section of properties to view before making a decision on what to purchase.

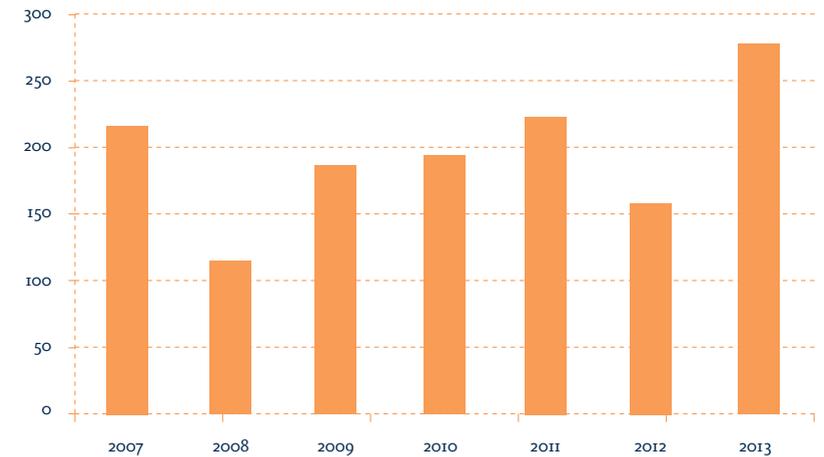
The upper end of the market has seen the most significant rise in new instructions. Between June and August, 32% of all properties listed in our area were advertised at £2 million and above, compared with 24% over the same three month period in 2012.

With agents keen to get stock onto their books, over-valuing of properties continues to be a problem. 29% of properties currently for sale in our area have been reduced in price since initial marketing.

“At Crayson, we pride ourselves on being able to give realistic market value appraisals for your property. We have only reduced the price on two of the properties we have sold so far this year. The vast majority of properties sold by us have been agreed at or above the original guide price.”

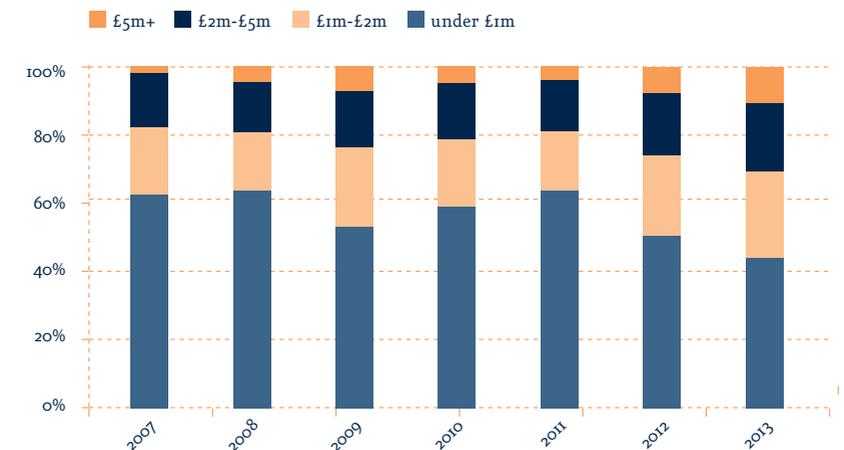
NICHOLAS CRAYSON

Number of properties sold between June and August in last 7 years



Source: Lonres (Crayson market area)

New instructions by priceband – June to August



Source: Lonres

World wealth

_____ According to the 2013 Wealth-X report, the number of ultra-high net worth (UHNW) individuals has reached an all-time high of 199,235, with a combined wealth of almost US\$28 trillion. This reflects an increase of 6.3% (numbers) and 7.7% (wealth) since the 2012 survey.

_____ Voted one of the top three global cities (MORI poll, September 2013), London is a magnet for overseas wealth and has the largest population of UHNW individuals of any city in Europe. The number of wealthy individuals grew by 5.7% over the last year, outpacing growth in the UK (3.8%).

_____ Ongoing tax investigations abroad, along with the increased taxation of properties over £2 million owned by companies, could be encouraging funds to be repatriated back onshore. The security of central London real estate remains a very attractive investment opportunity.

Top 5 European cities – UHNWI	2012	2013	Growth
London	6,015	6,360	5.7%
Paris	2,860	3,195	11.7%
Zurich	1,805	1,940	7.5%
Munich	1,660	1,740	4.8%
Geneva	1,360	1,460	7.4%

Source: Wealth-X, ultra-high net worth individuals are defined as having net assets of at least US\$30m

Crayson International

_____ Our properties are also advertised on over 40 international property websites, covering all of the key markets containing buyers investing in London. By selling with Crayson you are tapping into a rich and diverse global audience for your property.

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immotransit.be, Belgium
international.vivareal.net, Brazil
acheter-louer.fr, France
eurobrix.com, European
explorimmo.com, France
immohabitation.com, France
immovision.com, France
trouver-un-bien-immobilier.com, France
homesgofast.com, Global
kugli.com, Global
luxuryestate.com, Global
mondinion.com, Global
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olx.co.uk, Global
propertyo.com, Global
realtyindexer.com, Global
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realtransac.com, Global
themovechannel.com, Global
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