



HAMPSHIRE OUTLOOK

Regional Property Market Focus 2011

Knight Frank

Insight into your
local market

Focus on the national
country house market

Impact of the prime
London market

Market forecast

LOCAL UPDATE

Looking back on 2010, we see a mixed picture. While we witnessed a number of competitive bid scenarios (the Winchester office saw five cases of this in November alone), the market has undoubtedly been relatively tough. This is partly due to some potential vendors holding back because of uncertain market conditions.

But while house prices in general have fallen, those priced around £500,000 and above have fared much better than those in the lower price brackets. Furthermore, the properties available for sale through us are outstripped by demand and we have lots of motivated buyers who are keen to see a wider choice

of quality properties that are sensibly priced.

There is further cause to be optimistic about the year ahead in the shape of improvements to the Hindhead Tunnel. The work is set to complete this summer and will benefit large swathes of Hampshire by significantly improving journey times.

This is a market that demands experience, and Knight Frank has this in abundance. Indeed, just under half of the houses advertised in Hampshire within Country Life last year were placed by Knight Frank.

This publication is intended to give you a flavour of the market and demonstrate our expertise, both locally and nationally. Whether you are looking to act now, or later in the year, our friendly and experienced Hampshire team is here to help. However do bear in mind that those who act earlier in the year, rather than later, will reap the benefits of lower stamp duty

and good mortgage deals while they remain competitive, as this could change with future interest rate hikes.

We hope you enjoy the outlook and look forward to hearing from you.



Andrew Rome Office Head, Winchester
Mark Potter Office Head, Basingstoke

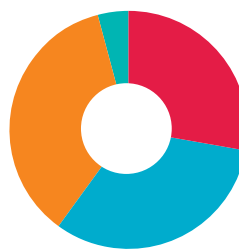
HAMPSHIRE BY NUMBERS

Knight Frank's Hampshire offices have emerged from the credit crunch as the area's leading prime property agents and expects to consolidate this position further during 2011.

- 47% of our sales in the last 12 months were priced under £1m.
- On average we have achieved 98.4% of the guide price on sales in the past 12 months.
- We have 762 potential buyers on our books looking to spend a collective total of £1.5bn.
- On average, nine offers are made on our properties every week.
- Our offices' online property listings are viewed 1,359 times a day through our award-winning website.

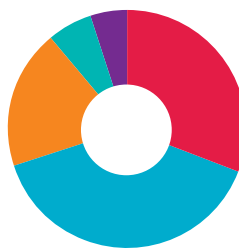
The power of London

The national market is covered by Knight Frank's Country Department, based in our head office in London. The department in total employs 20 negotiators (significantly larger than our nearest competitor) and handles some of the most prestigious properties throughout the UK. The department is split into regional teams and the team covering Hampshire is run by Ed Cunningham who lives near Andover and has been selling houses in the county for over ten years. In addition to this, there are specialists in farms and estates, equestrian and waterfront properties. The sale of these country houses is handled jointly by the relevant Country Office and the Country Department and this enables us to expose each property to the widest possible market. Putting the local buyer in competition with the national buyer is a formula that has a strong track record of success and no stone is left unturned in locating the right buyer for our clients.



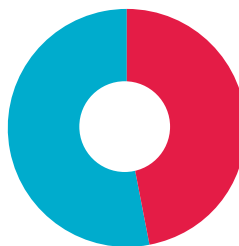
Where do our buyers come from?

South East	28%
London	32%
Rest of UK	36%
International	4%



Sales by price band

Under £750k	31%
£750k - £1.5m	39%
£1.5m - £2.5m	19%
£2.5m - £3.5m	6%
£3.5m - Over £5m	5%



Knight Frank and Country Life Hampshire pages 2010

Knight Frank	47.1%
The rest combined	52.9%



OUR TEAM IN ACTION

We were approached by family members who sadly had to dispose of the family home. It was a house that we knew as it was both attractive and well located in a village five miles to the west of Basingstoke. Our instructions were clear *“Mark we want to sell the house. We want to obtain the most amount of money and we don’t want to get it wrong. We want to sell it first time round and not have it hanging in the market with no interest.”*

We first put together a brochure that would show the property at its best, with good professional photography, a clear and precise floor plan and wording. It was launched shortly after the summer break and mailed to some 340 applicants on our

database, who ranged from local, London and overseas buyers. At the same time we advertised the property locally, as well as on Knightfrank.co.uk and other property portals. Within 9 days of the launch we’d had 30 viewings, 10 of which were within the first 24 hours of marketing. This resulted in multiple offers and following negotiations, a sale was agreed with contracts being exchanged and completed within 6 weeks. The motto of this story is that clients followed our advice, marketed the house at a figure that would attract the interest, motivate the buyer and at the end of the day achieve the result that the client wished.



MARTYR WORTHY

The sale of Martyr Worthy Place near Winchester demonstrates the importance of realistic pricing. The house came to the market with a guide price of £1,850,000. After more than 30 viewings, we recommended

that the guide price be altered to offers in excess of £1,500,000. This resulted in a further 35 viewings and, after some strong competitive bidding, a price was achieved that was within less than 10% of the original guide price.



DUMMER

WE REALLY APPRECIATED THE HELP AND FOCUS YOU PROVIDED TO US AT A DIFFICULT TIME. THE MARKETING CLEARLY WORKED AND THE PRICE POINT ACHIEVED WAS ABSOLUTELY IN LINE WITH WHAT YOU PREDICTED. I WOULD RECOMMEND YOU WITHOUT RESERVATION.

MR S WILLIAMSON

NEW FOREST

A year ago I moved from our office in Chelsea to look after sales of property in the New Forest, Isle of Wight and Waterfront out of our Winchester office. Having been born and bred in the New Forest, it was a logical move and one that I have been delighted with.

Despite increasing price sensitivity, there have been a number of good buyers looking in the New Forest. Although the area is not recognised as commutable, trains to London Waterloo from Brockenhurst only take approximately an hour

and a half. This, combined with the excellent sailing, riding and walking, wildlife and range of schools, certainly attracts a broad range of buyers – both those looking for second homes as well as primary residences. During the course of the year

sales have included a Grade II* manor house on the Isle of Wight, a house within walking distance of the centre of Lymington, a family house in Burley, as well as selling privately a substantial house with over 1,000m of beach in Sowley. During 2010 we have seen twice as many houses as we did during 2009 and have successfully channelled buyers into the area from our regional, London and international networks, all attracted to the National Park for the lifestyle

that it offers. The market has been more difficult for properties over £1,000,000 in the latter part of 2010, with some buyers hesitating rather than committing. However we are hopeful of a flurry of activity with the run up to and over Spring 2011 and there is still a lack of stock in the most sought after areas. If therefore I can help with either your sale or your purchase of a house within the New Forest, Isle of Wight or Waterfront then please do not hesitate to contact me.
Sacha Jackson



NATIONAL COUNTRY HOUSE MARKET

Activity boosted by the closing gap between overly ambitious sellers and cautious buyers.

The national country house market experienced quite an upheaval last year. Although price growth in the 12 months to June 2010 helped the market claw back some of the falls seen during the credit crunch, ongoing problems with mortgage availability and affordability caused this growth spurt to reverse. Prices by the end of the year did however, remain 3.3% higher than the year before.

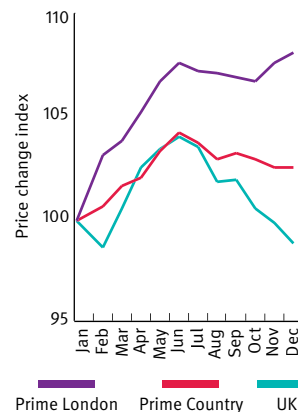
A positive outcome of this was the impact it had on the gap between overly ambitious sellers and cautious buyers. The necessary asking price reductions that began to take place in August and September narrowed this gap, leading to improved activity in the final quarter of the year.

We expect 2011 to mirror 2010 – the best properties are likely to sell well due to thin supply

and strong demand. Indeed, we moved into 2011 with 12% more purchasers registered to buy country house properties across the UK compared to the same position in 2010. The market for properties priced below £1m will however remain challenging for vendors due to the absence of a noticeable recovery in mortgage supply.

The most critical issue for vendors this year will be price. Only the most perfect properties can justify ambitious expectations in the current market. For most properties, this approach will lead to delays in attracting interest and lost marketing time in the critical spring months.

How the prime London, prime country house and mainstream UK markets compared in 2010



Sources: Knight Frank Central London Sales Index, Knight Frank Prime Country House Index, Nationwide House Price Index

LONDON'S SUCCESS FEEDS DEMAND FOR COUNTRY PROPERTY

There is no doubt that the strongest performing property market in the UK during 2010 was the prime London market – with prices rising by nearly 11% over the year.

While prices in London are unlikely to see any significant growth, we expect 2011 to

see a rerun of last year's strong performance in terms of sales volumes and buyer demand.

For large parts of the country house market across England, and even into Scotland and Wales, this positive outlook for London matters. Over 22% of buyers of country houses priced

£1m+ across the UK are from London. The figure hits 31% for property costing £2m+.

Our experience in the London market confirms that much of its strong performance stems from the perception that the market is a 'safe haven', particularly for international buyers.

This is demonstrated by the volume of new applicants from Europe looking to buy in central London, which rose 23% year-on-year in the final quarter of 2010. London property provided a strong defensive

option as the difficulties in the Eurozone worsened, and while the pound was trading at a discount to the euro.

London also experiences ongoing demand from Asia-Pacific buyers who have benefited from 30% to 50% price growth in Hong Kong, Singapore and other key Asian centres over the past year. They are keen to take advantage of the weak pound, removing their money from what have arguably become very hot markets in Asia.

FINANCING WITH KNIGHT FRANK

As a highly respected team in the property financing industry, with 150 years of combined experience, Knight Frank Finance specialises in mortgages for main or second homes, investment property, buy-to-let mortgages and commercial property finance.

For loans below £1m, we have access to all of the most competitive mortgage interest

rates available on the high street. If you are considering borrowing above £1m, our close working relationships with the world's private banks, commercial lending sources and finance houses, enables us to achieve the very best terms for our clients, including those unable to find financing solutions elsewhere.

To find out more, please call us on: Basingstoke +44 (0)1256 350600 or Winchester +44 (0)1962 850333.

MARKET FORECAST

We are unlikely to see strong capital growth in any residential sector in 2011. The opportunity for speculative gains was presented in early 2009 and by mid 2010 this had all but disappeared, at least for the short-term.

The vast majority of buyers in the market have recognised this fact and are looking at property as offering a stable home for their wealth in the long run. Demand from investors and holiday home buyers has remained strong, but again is driven by a view of long-term potential growth.

While we expect country house prices to rise only marginally in 2011, the fundamentals underpinning the market are as strong as ever. This year will be the third consecutive year when new-build development volumes will struggle to reach even 50% of the 2007 peak level.

For those with access to equity this year, there will be considerable opportunities in the market. For the investor or holiday home purchaser these opportunities will be centred on strong yielding properties. For others it will be in securing properties with scope for refurbishments or improvements.

A SELECTION OF PROPERTIES SOLD IN HAMPSHIRE 2010



Easton
Sold in excess of guide price



Bramley
Received national press coverage



Abbotts Ann
Sold in excess of guide price



Old Basing
Sold in the first weekend of viewings



Romsey
Sold under competition



Steventon
Sold under competitive bidding



Inworth
Sold to an overseas buyer



Nr Alresford
Sold privately



Overton
Sold to a chain free buyer



Nr Lyminster
Sold privately to the only viewer



Hartley Wintney
Sold to a London Buyer



Kings Somborne
Sale agreed within two weeks



YOUR LOCAL HAMPSHIRE TEAM



Mark Potter

Mark Potter has been involved in the sale of country houses for over 30 years, 24 of which have been in Basingstoke and North East Hampshire. He opened the Knight Frank office in Basingstoke over 10 years ago and no other country house agent within the area has this depth of knowledge and experience.

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Edward Cunningham

Ed's career in agency spans over 20 years and he built his own home in Hampshire. Based at our London headquarters, he specialises in selling country houses in Hampshire and neighbouring counties.

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Paul Jackson, Consultant

Paul has been the most recognised agent in the New Forest for over 40 years and has unrivalled knowledge of the area and the local housing market. Paul supports the New Forest and Waterfront Initiative run by Sacha Jackson, a partner of Knight Frank for over 3 years.

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Tom Woods

Tom joined the team at Knight Frank having graduated from the Royal College of Agriculture. Growing up in Hampshire, Tom specialises in cottages and village properties.

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Andrew Rome

Andrew has built a career in agency spanning nearly three decades. Based in Winchester for over 12 years, he brings local expertise to the Knight Frank global network.

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George Clarendon

Growing up in Hampshire, George continues to live in the area, farming in the Meon Valley, and has been part of the Knight Frank team for over 10 years.

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Shaun Hobbs

Shaun has considerable expertise in the sale of village homes with over 30 years experience, the majority of which has been in Hampshire and Berkshire. Shaun lives in Hampshire with his wife and 2 young children.

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Sacha Jackson

Sacha grew up in the New Forest, beginning her career with Knight Frank 8 years ago in London. Now based in Winchester, she is delighted to be selling properties in her home patch.

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