



BATH OUTLOOK

Regional Property Market Focus 2011

Knight Frank

Railway & Bus Stations

Police Station

Pulteney Bridge

The Jane Austen Centre

Fashion Museum

Guildhall Market

Roman Baths
& Pump Room

Toilets

Tourist Information

Insight into your
local market

Focus on the national
country house market

Impact of the prime
London market

Market forecast

LOCAL UPDATE

When we look back at how the property market performed in 2010 we recall a year that started slowly due to the heavy snow and the general election. But conditions improved as the year progressed.

Indeed, the summer months were some of our busiest on record and we finished with a strong autumn market, particularly in the higher price range. This strong performance was, I believe, due to the fact that we more than doubled the number of properties on our books over the course of the year.

The key to our success in 2010 involved a combination of sensible pricing, having a very strong team and a strong understanding of the market. The days in which an agent simply placed a property on the internet and waited for a response have long gone. In 2010 over 80% of our buyers came from outside the Bath area, so our global

presence and network of 207 offices have also been of paramount importance.

As we start 2011, we face uncertainty as we await the impact of VAT and stamp duty rises. The good news for sellers is that stock levels across the board remain low and the steady stream of potential buyers registering with us in the later part of 2010 has ensured very good selling conditions going forward.

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 team is here to help.



Charlie Taylor
Office Head

BATH BY NUMBERS

Knight Frank's Bath office has emerged from the credit crunch as the area's leading prime property agent and expects to consolidate this position further during 2011.

- On average we have achieved 98.4% of the guide price on sales in the past 12 months.
- International buyers have spent £5.6m through us in the past 12 months.
- 51% of our sales in the last 12 months were priced under £1m.
- Knight Frank Bath's online property listings are viewed 832 times a day through our award-winning website.
- In the last three months alone, potential buyers from 119 different countries have viewed properties for sale online through Knight Frank Bath.



Where do our buyers come from?

Home region	11%
London	20%
Rest of UK	60%
International	9%



Sales by price band

Under £500k	20%
£500k - £750k	16%
£750k - £1m	16%
£1m - £1.5m	18%
£1.5m - £3m	30%

OUR TEAM IN ACTION

"Thank you so much for a first class service. We were really thrilled with all the photos and publicity material – it was wonderful to see our rather shabby family house and unkempt garden transformed into an arcadian paradise!

Getting a front page story in the property section of The Telegraph was a tremendous coup – we were delighted to have over 40 viewings and,

shortly afterwards, a very satisfactory sale.

Your company has been extremely efficient and courteous to deal with throughout – I would certainly have no hesitation in recommending Knight Frank to anyone else selling a crumbling mansion!

Many thanks for everything and best wishes"

Catherine



CROWE HALL



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.

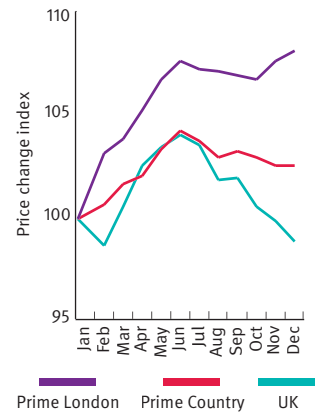
A positive outcome of this was the impact it had on the gap between overly ambitious sellers and cautious buyers. The necessary asking price reductions that began to take place in August and September narrowed this gap, leading to improved activity in the final quarter of the year.

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: +44 (0)1225 325999.

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 2010



Burnett House

This impressive Country House was sold by Knight Frank after being marketed unsuccessfully by a local agent



Richmond Hill

This fabulous Georgian townhouse with commanding views over Bath sold for in excess of the guide price



Hollisters

This fantastic Country House was sold off market to a purchaser registered with Knight Frank



Marlborough Buildings

This spacious 2 bedroom apartment sold after a huge amount of interest at the guide price



Royal Crescent

Arguably Bath's best address, this stunning 2 bedroom apartment sold for in excess of the guide price



Shaw House

This beautiful Country House sold to international buyers

YOUR LOCAL TEAM



Charlie Taylor

With over 22 years of Estate Agency experience across Central London, Hampshire and Bath.

charlie.taylor@knightfrank.com



Matthew Leonard

Matt has been in agency for over 15 years, working in Bath for over 10 years.

matt.leonard@knightfrank.com



Edward Lucas

Ed has worked in agency in Bath for 4 years.

edward.lucas@knightfrank.com



Lucy McIlroy

Lucy has worked in agency in Bath for over 10 years.

lucy.mclroy@knightfrank.com



Natasha Cadman

Natasha has recently joined the team and has worked in Bath for over 5 years.

natasha.cadman@knightfrank.com

Bath Office

4 Wood Street, Queen Square, Bath BA1 2JG

+44 (0)1225 325999

www.knightfrank.co.uk

© Knight Frank LLP 2011

Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP from any use of, reliance on or reference to the contents of this document. Reproduction of this report in whole or in part is not allowed without prior permission.