



MIDLANDS REVIEW

Regional property market focus 2010

Knight Frank



Now is an extremely good time for people thinking of selling their houses to take advantage of increasing demand and low levels of stock in the Midlands

Total property for sale	↓	-35%
Newly available property for sale	↓	-37%
New prospective buyers	↑	119%
Viewings	↑	95%
Sales	↑	6%

LOCAL MARKET OVERVIEW

Knight Frank's Midlands Country Sales team has emerged from the credit crunch as the area's leading prime property agent and expects to consolidate this position further during 2010.

Now is definitely the time to put your house on the market if you are thinking about selling. Most prospective purchasers appear confident that we have reached the bottom of the market in terms of prices and this was reflected by a 119% increase in the number of new buyers who registered with us last year.

We sold 6% more properties last year than during 2008, and conducted almost double the number of viewings. We cover a large patch of the Midlands, but areas that are proving particularly popular include villages north of Birmingham such as Alrewas, Yoxall and Ashbourne. To the north and west Albrighton and Eccleshall are sought after while Hagley and Blakedown are also favoured destinations.

A lack of stock, however, means that many buyers remain frustrated and we expect to see continued strong demand throughout 2010. In a number of cases this renewed interest has led to a return to competitive bidding. For those who have found the property of their dreams the advice is don't hesitate – the days of the bargain are over. The market, however, is still price sensitive and properties that are not 100% perfect need to be sensibly valued to attract interest.

Despite this recent upturn, the past 18 months have been difficult. In such a challenging environment we believe that the quality of our service and depth of knowledge has helped consolidate our position as the area's leading prime property agent and highlighted the benefits of using a truly national and international agent.

We have continued to invest in our global network of offices and our award winning website. The properties we sell are seen by hundreds of thousands of prospective wealthy buyers throughout the UK and across the globe. This exposure is vital for anybody who wants to ensure their

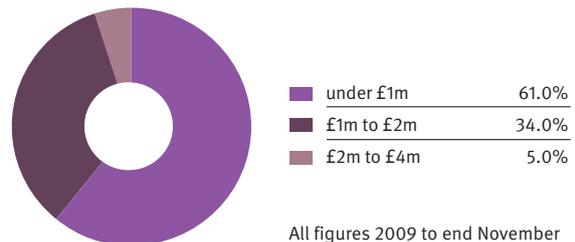
property is seen by the widest potential audience – over one quarter of our buyers last year came from outside the area.

Our level of commitment to our clients remains the same whether the property we are selling is worth £4m or £400,000. Almost 60% of the properties we sold last year were priced at under £1m. Whether you own a cottage or a castle, as a Knight Frank client you will receive the highest level of service and advice.

Where our buyers come from



Sales by price band



NATIONAL COUNTRY HOUSE MARKET

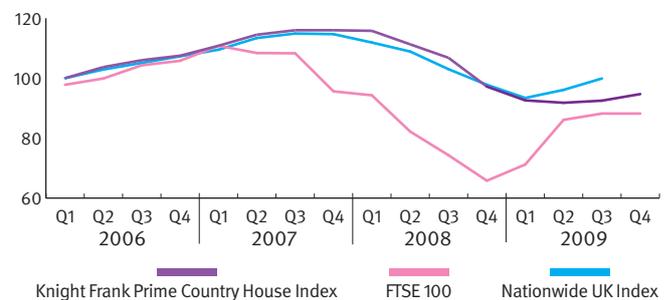
The price of prime country properties is now showing positive growth in all locations across the UK as demand outstrips supply.

Average prices for the best country properties increased by 2.3% in the final three months of 2009, the first significant quarterly increase since the autumn of 2007. Values overall are now just 2.6% below the levels seen at the end of 2008, but a number of locations, especially in the Home Counties, saw prices increase last year.

The impact of the resurgent London residential property market has had, unsurprisingly, the biggest knock-on effect in the areas surrounding the capital. Average values rose 3.1% across our Home Counties offices in the final quarter of 2008 and increased by 5% during the second half of the year, giving total annual growth of 1.4%.

Even the north of England and Scotland, where the recovery has been more muted until now, saw a 0.5% rise in average prices at the end of the year, although houses are still worth 11% less than at the beginning of the year.

Investment performance 2009



Apart from a general increase in consumer confidence as the UK slowly drags itself out of recession and continuing low interest rates, the market recovery has been led by a sharp imbalance between supply and demand. The number of potential purchasers registering with Knight Frank has increased significantly while the number of properties for sale continues to fall.

PRIME LONDON

Buyers coming out of London continue to underpin the prime country house market. Strong sales and price results in central London mean that a special frisson of activity is being offered to the country market in 2010.

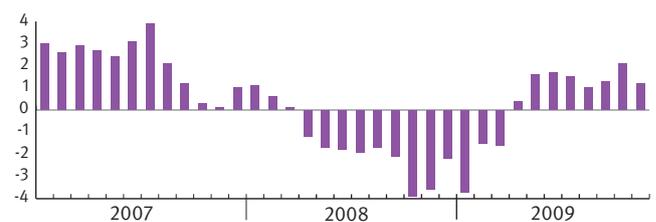
The prime London market saw a dramatic turnaround last year. With a weak pound attracting international buyers and low interest rates prompting many to take the plunge, sales volumes rose by 40% year-on-year. Weak supply helped drive prices higher – by almost 10% in the nine months to December.

London's economy is playing its traditional market-leading role – heading the UK's nascent recovery. Despite its current unpopularity and attempts to dent its power by the taxman, the City is again creating wealth that is being poured into the Capital's housing market. There are several obstacles that London's housing market will need to navigate during 2010: the election, tax rises, and potentially rising interest rates. However, the one lesson to take from last year is that demand for accommodation in London is very wide and very deep – the supply of country buyers coming out of London will continue to flow this year.

Our offices in London include:

- ◆ Belgravia
- ◆ Canary Wharf
- ◆ Chelsea
- ◆ Hampstead
- ◆ Kensington
- ◆ Knightsbridge
- ◆ Fulham
- ◆ Mayfair
- ◆ Marylebone
- ◆ Notting Hill
- ◆ Richmond
- ◆ Riverside
- ◆ St John's Wood
- ◆ Wandsworth
- ◆ Wapping
- ◆ Wimbledon

Knight Frank Prime Central London Index, monthly price change 2007-2009

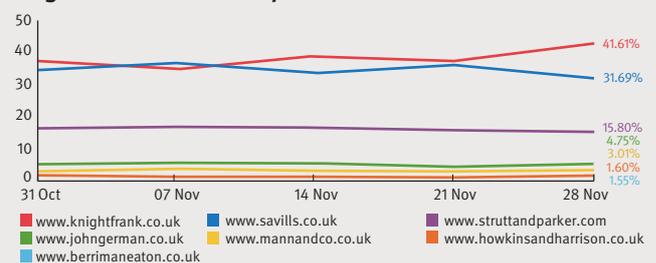


WORLD'S BEST PROPERTY WEBSITE

Our award winning website opens your property to the world.

Industry statistics show that over 74% of those looking for a new house start their search on the web. This is why we have developed our ground-breaking Global Residential Search facility, which is now live on KnightFrank.co.uk, the most visited UK estate-agency website. The Global Residential Search was voted the World's Best Real Estate Agency Website*.

Knight Frank vs local competition 2009 (%)



Source: hitwise

KNIGHT FRANK FINANCE

Knight Frank Finance is here to help you secure the best deal.

The past six months have seen modest improvements in the number of mortgage deals approved, but seeking professional advice is still the best route to the best deal.

The High Street mortgage market continues to remain in a state of turmoil. While stock markets have managed to rally over the past few months, only about 20% of the High Street banks are actively lending and, of those, even less are lending above 75% loan to value.

Many potential first-time buyers and re-mortgagers are finding it very difficult to satisfy the criteria currently laid down by the banks, and securing a good interest rate can be extremely tough.

At Knight Frank Finance, we work hard to help you achieve the best possible terms in these tough times. By continually evaluating which

banks are lending, we have developed a very successful approach to securing the best deals despite the conditions. Our aim is to build an intimate understanding of your long-term goals, and act as both a trusted advisor and a confidante, not just at the moment of your transaction, but on an ongoing basis. By looking carefully at your full financial position, we can find the best source for you to borrow from. Often private banks or foreign lenders are providing superior terms to the High Street, and we have made it our business to know the right people at over 50 of these institutions.

Choosing Knight Frank Finance provides you with the access to some of the very best minds in financial services. Our high-calibre professional consultants, all experts in their respective fields, have been handpicked from the industry. If you feel we could help improve your financial position, we would be delighted to hear from you.

Contact: Justin Cook 020 7268 2589

justin.cook@knightfrankfinance.com www.knightfrankfinance.co.uk

A SELECTION OF PROPERTIES SOLD IN 2009



Idridgehay, Derbyshire

The separate cottage proved popular as it provided a good rental income



Congerstone, North Warwickshire

An extremely pretty farmhouse in a popular village with a good primary school



Grangewood, Derbyshire

Contemporary design in a rural setting attracted families looking for space



Melbourne, Derbyshire

Stunning views over the Staunton Harold Reservoir along with equestrian facilities



Odstone, North Warwickshire

Classic Georgian looks and an excellent choice of schools attracted young families



Snelston, Derbyshire

One of the best locations in Derbyshire



Blakedown, Worcestershire

Sold within three months of coming to the market in a much sought after area



Yarnfield, Staffordshire

An attractive and flexible family house with beautiful gardens sold within weeks



Alton, Staffordshire

A beautifully situated upland residential stock farm with huge potential



Aston, Staffordshire

An attractive and historic country house with glorious views



Kinver, South Staffordshire

Competitive bidding produced a highly satisfactory sale of this important country house



Knockin, Shropshire

A superb modern country house attracting international interest

Your local team



Jonathan Bengough
Office Head Birmingham



James Bowkett
Birmingham Sales



Kate Harpham
Midlands Country Sales



Edward Russell
Midlands Country Sales



Christian Swaab
Sutton Coldfield



Bruce Tolmie Thomson
London

Birmingham Office

1 Colmore Row,
Birmingham B3 2BJ
+44 (0)121 200 2220
birmingham@knightfrank.com

Country Department

Bruce Tolmie Thomson
55 Baker Street, London W1U 8AN
+44(0)20 7629 8171
bruce.tolmie-thomson@knightfrank.com