



HUNGERFORD 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

Now that we are past the Christmas and New Year period, many people are re-focusing on the property market and actively looking to make a purchase.

When just a handful of properties come to the market early in the year, the lack of supply often leads to stronger bidding conditions and effectively creates a bull market. This could be even more apparent this year, due to the impending stamp duty increase to 5% on properties priced at £1m and above from April.

Demand is still strong from buyers moving from outside

the local area. Our research shows that our average London buyer spends £1.8m compared to the £1.1m that our average local buyer spends, while our average international buyer spends even more, at £1.9m.

We currently have 13 buyers on our books for every property that we have for sale and during the last quarter of 2010 buyers from 111 different

countries viewed Knight Frank Hungerford's properties on our website, which illustrates the importance of both the internet and international buyers to our market.

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. But those who act earlier in the year 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 this Outlook and look forward to hearing from you.



Nick Loweth
Partner

HUNGERFORD BY NUMBERS

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

- 58% of our sales in the last 12 months were priced under £1m.
- On average we have achieved 99.5% of the guide price on sales in the past 12 months.
- We have 482 potential buyers on our books looking to spend a collective total of £709m.
- On average, eight offers are made on our properties every week.
- Knight Frank Hungerford's online property listings are viewed 799 times a day through our award-winning website.



Where do our buyers come from?

South East	16%
London	39%
Rest of UK	37%
International	8%



New applicants by price band

Under £500k	11%
£500k - £750k	25%
£750k - £1m	20%
£1m - £1.5m	12%
£1.5m - £3m	17%
Over £3m	15%

OUR TEAM IN ACTION

Last year we celebrated a rather unusual double sale on the same house. Oaklands is a charming six-bedroom house in an idyllic setting at Wickham Heath near Newbury. The owners had found their dream home through Knight Frank's Hereford office and therefore wanted to sell Oaklands quickly. Nick Loweth (the partner dealing with the sale) rang a few purchasers from our database and after a couple

of days the house was put under offer to a couple from London, who wanted to move to the country. A few months after completion, Nick was contacted by the new owners who informed him they wanted to sell up and return to London, as they were missing the bright lights. Nick again rang a number of purchasers and sure enough secured a sale within a few days – again without any marketing.



OAKLANDS



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.

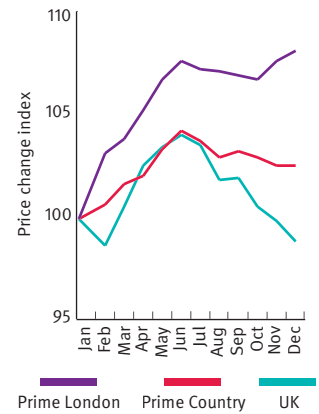
A positive outcome of this was the impact it had on the gap between overly ambitious sellers and cautious buyers. The necessary asking price reductions that began to take place in August and September narrowed this gap, leading to improved activity in the final quarter of the year.

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)1488 682726.

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



Applethatch, Brightwalton, Berkshire
Owner bought and sold through us



Bridge Cottage, Little Bedwyn, Wiltshire
Sold privately



Vinnicks, Highclere, Hampshire
Sold privately



Park Farm Lodge, Upper Lambourn, Berkshire
Sold to the first viewer



Old Timbers, Shalbourne, Wiltshire
Went to best and final offers:
5 parties bidding



Malthouse Farm, Brightwalton, Berkshire
SSTC in the first week of marketing

YOUR LOCAL TEAM



Nick van Zeller, FRICS
Partner, Office Head
and Chairman of the
South West Region

Deals with the sale
of Country Houses
and Estates.

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