



HENLEY-ON-THAMES 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

Owing to its tranquil setting, cultural attractions, beautiful properties and quick train journeys to London, Henley has proven itself to be more resilient than some to external market fluctuations.

Trains from nearby Reading to Paddington take just 30 minutes and the area is also well-served by the M4 and M40 motorways. Improved transport links in the form of a Crossrail station for nearby Maidenhead, linking the area with Heathrow Airport, the West End, the City and Canary Wharf from 2017, should

secure the area's popularity for the long term.

Henley continues to attract buyers locally, nationally and from overseas. Many of our buyers live in London and are looking for a weekend home while local buyers tend to be upsizing or downsizing. The amount of interest we receive from overseas buyers

is increasing year-on-year. As always, demand outstrips supply and we currently have numerous potential buyers on our books for every property we have for sale.

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 do bear in mind that those buyers who act earlier 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.

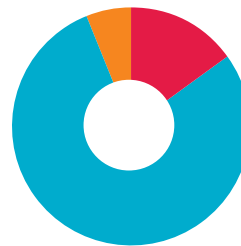


Nicholas Brown
Partner / Office Head

HENLEY-ON-THAMES BY NUMBERS

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

- International buyers have spent £5.6m through us in the past 12 months.
- On average we have achieved 97.6% of the guide price on sales in the past 12 months.
- We have over 400 potential buyers on our books looking to spend a collective total of £950m.
- On average, we receive four offers on our properties every week.
- Our office's online property listings are viewed 839 times a day through our award-winning website.



Where do our buyers come from?

London	15%
Rest of UK	79%
International	6%



Sales by price band

Under £500k	17%
£500k - £750k	13%
£750k - £1m	12%
£1m - £1.5m	25%
£1.5m - £3m	25%
Over £3m	8%

OUR TEAM IN ACTION

In the height of the summer we sold the delightful Thatched Cottage, situated on the river between Henley and Marlow. The vendors had seen a house they wanted to buy through our Berkhamsted office and were under some pressure to act. As with most houses in desirable locations on the river, a few phone calls led to viewings with six parties and, after a few days,

four of them expressed interest in buying it. Having consulted with the client, it was decided that we should ask for 'best and final offers'. This resulted in four offers being received, each of them well over the guide price of £3.25m. A sale was agreed and concluded in a matter of days, leaving both the vendor and purchaser delighted.



THATCHED COTTAGE



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.

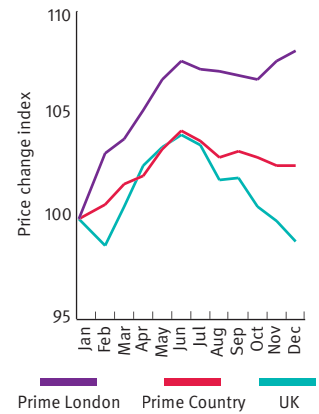
A positive outcome of this was the impact it had on the gap between overly ambitious sellers and cautious buyers. The necessary asking price reductions that began to take place in August and September narrowed this gap, leading to improved activity in the final quarter of the year.

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)1491 844900.

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



Satwell Old Farm
Sold prior to marketing



1 Wethered Park
Sold off market



Kingwood Place
Sold to international buyer



Hambleton Cottage
Sold off market in excess of guide price



The Old Post House
Sold on the first day of marketing



Wootton Manor
Sold after "best and final offers"

YOUR LOCAL TEAM



Charlie Fisher

Charlie joined Knight Frank in 2010 as an Associate, having previously worked in estate agency for over six years.

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James Davies

James joined the Henley office in 2010 with a background in agency and has previously been working abroad.

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Emma Riddell

Emma has recently joined the Henley Branch as the Office Manager, ensuring the smooth running of the office on a daily basis.

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Jane Ticehurst

Jane has lived and worked in Henley for many years, possessing an extensive list of contacts and first-rate understanding of the area.

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Veronica Lawson-Smith

Previously with BBC Television, Veronica has now had over twenty years experience within the area.

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