



BRISTOL 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

As well as its excellent transport links, employment opportunities and colourful attractions, Bristol's renowned schools remain one of the biggest draws for buyers. Those of note in the city include Clifton College, Badminton, Queen Elizabeth Hospital, Bristol Grammar School and Colstons Collegiate, to name a few.

On the periphery of the area covered by our office, a number of villages thrive off families moving to be near schools such as Wells Cathedral School, Tockington Prep School, Sidcot School, Westonbirt and Millfield.

Looking back on 2010, the most pertinent message from the market is that, although

quality homes are attracting immediate interest, buyers are proving increasingly demanding and sensible pricing remains key. This is particularly true when the property is considered to suffer from a blight of some description. Bristol benefits from excellent connections, with two motorways, two main rail lines, a number

of major roads and Bristol International Airport. While these bring huge advantages to residents, vendors selling properties affected by low-flying planes, for example, must acknowledge this when setting their asking price. When doing so, advice from an experienced agent is invaluable.

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 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 find the outlook of interest and look forward to hearing from you.

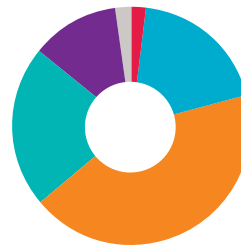


James Toogood
Office Head

BRISTOL BY NUMBERS

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

- The average London buyer spends £1.3m.
- On average we have achieved 95.0% of the guide price on sales in the past 12 months.
- We have 509 potential buyers on our books looking to spend a collective total of £500m.
- On average, five offers are made on our properties every week.
- Knight Frank Bristol's online property listings are viewed 1,214 times a day through our award-winning website.



Age of our buyers

20s	2%
30s	19%
40s	43%
50s	22%
60s	12%
70+	2%



Sales by price band

Under £500k	30%
£500k - £750k	29%
£750k - £1m	21%
£1m - £1.5m	9%
£1.5m - £3m	11%

OUR TEAM IN ACTION

Burnett House

We inspected this property in 2008 but were unsuccessful in gaining the instruction because a competing agent valued the property at an unrealistically high price. After 23 fruitless months during which that agent failed to sell the house,

the owners – disillusioned and frustrated with the lack of activity – invited us to inspect and value it once again. Having put our recommendations forward, we were instructed to sell the property and within nine days of marketing we agreed a sale to a cash buyer.



BURNETT HOUSE



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.

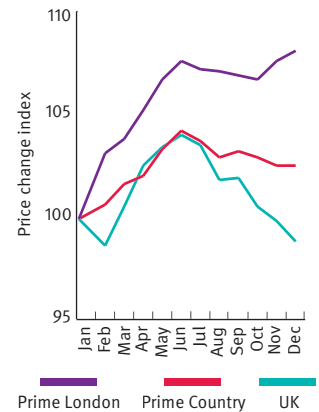
A positive outcome of this was the impact it had on the gap between overly ambitious sellers and cautious buyers. The necessary asking price reductions that began to take place in August and September narrowed this gap, leading to improved activity in the final quarter of the year.

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)117 317 1999.

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



The Old Rectory, Siston
Exchanged within 14 days of agreeing a sale



The Horse Race, Failand
Achieved approximately 16% above the guide



Savernake, Stoke Bishop
Achieved £165,000 more than any other agent quoted



Tellisford, Clifton
Ended up with two buyers and exchanged within three weeks



19 Manilla Road, Clifton
Sale agreed within 24 hours



9 Grove Road, Combe Dingle
Two offers achieved and sold for 4% below the guide

YOUR LOCAL TEAM



James Toogood

James worked in Bath for an international agent before joining Knight Frank in January 2001. James has run the residential office in Bristol for the past 5 years. Whilst he is involved in the town market, he specialises predominantly in country properties.

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Rupert Oliver

Rupert joined Knight Frank in 2004 after working in London and Gloucestershire. Rupert specialises in the town market and whilst he has successfully developed the 'core market', he has in depth knowledge of the prime market within BS6, BS8 and BS9.

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Lucy Elliott

Lucy joined the team 14 months ago having previously spent 9 years providing marketing and PA support at an international property company. Lucy is the office manager heading up the administrative side of the office and providing support for the sales team.

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Rachel Cousins

Prior to joining Knight Frank in 2003, Rachel worked as a sales negotiator for 4 years with a local Bristol agent, providing her with good local knowledge. She is a valued member of the office, providing administrative support to the sales team.

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