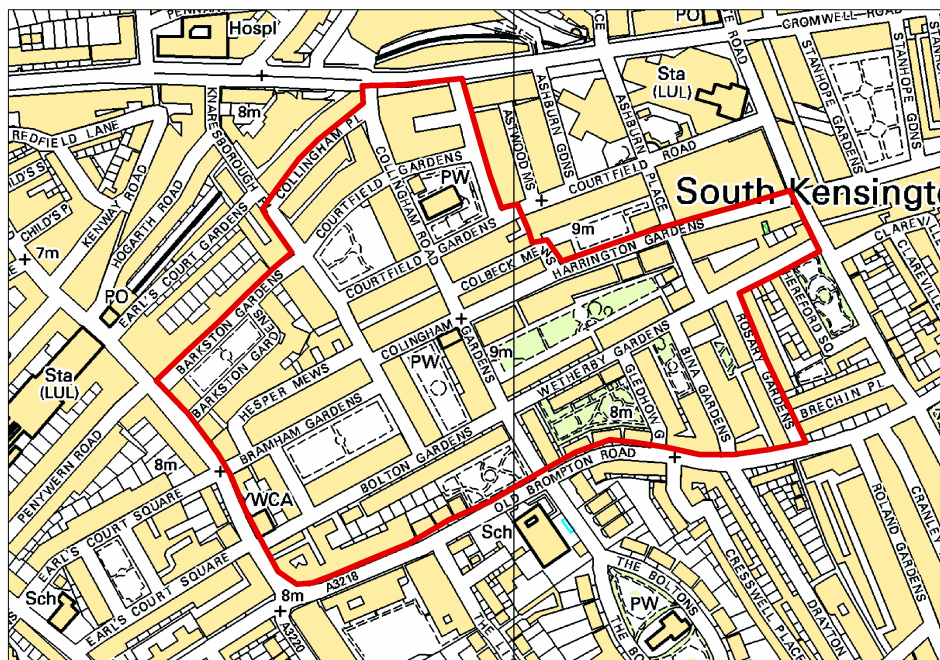




The Gardens overview

Kensington and Chelsea is famous for its garden squares and the stunning period properties that frame them. Some of the very best of these can be found in "The Gardens", which are impressive early to mid-Victorian examples of classic London architecture. This highly desirable pocket of squares offers an exceptional combination of superb quality housing stock easy walking distance to three underground stations, exceptional local schooling and a huge abundance of quality restaurants, shops and amenities. The street café culture has for many years attracted a European audience and the area now has one of the highest French populations in London, the renowned "Lycee school" in South Kensington no doubt adding to the area's appeal.

The Gardens Area, Chelsea



Sales market update

In comparison to the weakening UK market, 2010 was a good year for prices in Prime Central London. The driving factors behind this performance were strong demand, weak supply, a weak pound and a perception of the market as a 'safe haven' investment, especially for those affected by the Eurozone crisis.

Prices and activity had significantly begun to improve in mid-2009 but by May of last year this had begun to drop away. But price increases picked up again and on average they were 10.3% higher at the end of the year than they were in December 2009. It should be noted, however, that this is still 4.4% below the peak of 2008*

Since we have re-opened following the Christmas break, we have been inundated with enquiries from people looking to buy. Considering this logically it is hardly surprising - bonuses are likely to feature again this year, interest rate & stamp duty rises are looming on the horizon making it more expensive to purchase property, and many are simply fed up with looking and waiting for the huge increase in stock that has never happened.

It is thus our opinion in Chelsea that 2011 will most likely pick up from where 2010 left off, for Q1 at least. For sellers, now is an excellent window where there is significant demand and low supply and for buyers with high levels of equity, borrowing costs are still historically low.

Figure 1
Sales market activity, Chelsea
Last 3 months, year-on-year change

Sales	-23.1%	New applicants	+15.0%
New instructions	-8.3%	Viewings	+61.6%

Lettings market update

Rents in The Gardens rose a further 2.2% in the final quarter of 2010. This rise means that rents have risen by 16% in 2010 as a whole and by 19% since their low point reached in late-2009 when the market was suffering from significant over supply.

The main narrative in The Gardens rental market for the last 18 months has been thin supply meeting strong demand. The volume of available rental properties across the year was 20% lower than in 2009, and - even more strikingly - down by 36% compared to 2008. Set against this reduced supply was the fact that the volume of prospective tenants registering in Chelsea fell only marginally (by 1%) compared to 2009, but actually rose by 10% compared to 2008.

Why has the rental market in The Gardens seen such demand from tenants? Two reasons stand out. Firstly, employment conditions in central London are much healthier than they were in 2009. Morgan McKinley, the City recruiter, noted that the number of new positions advertised in the central London financial and business services sector rose by 9% in November 2010 compared to November 2009. Secondly, many prospective buyers are still locked out of owner-occupation and have to consider rental as the alternative.

With landlord investments delivering 3.5% yields, together with capital growth of 10.3% in 2010, the rental market remains an attractive proposition for Landlords.

Figure 2
Lettings Market activity, Chelsea
Last 3 months, year-on-year change

Managed tenancies	+70.0%	New applicants	+/-0%
New instructions	-20.0%	Rents achieved	+2.2%



Charting the market

Figure 3
Number of properties sold
Last 12 months, year-on-year change

The Gardens		+40.0%
Prime central London		-1.1%
Prime property prices		10.3%

Figure 4
Where do our buyers come from?
Sales, last 12 months

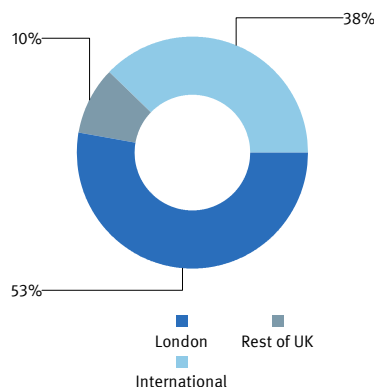
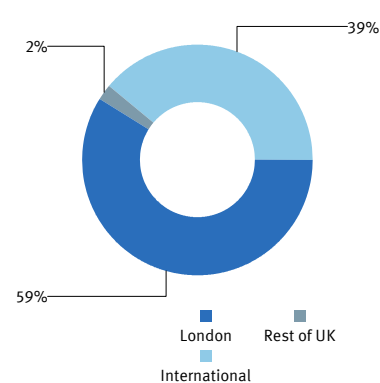


Figure 5
Where do our tenants come from?
Tenancies agreed, last 12 months



Your properties, our people

Immaculate ground floor maisonette

TO LET

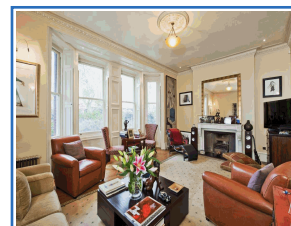
3 bedrooms
Asking rent: £1,650pw
Evelyn Gardens, London
SW5



Flat with direct garden access

FOR SALE

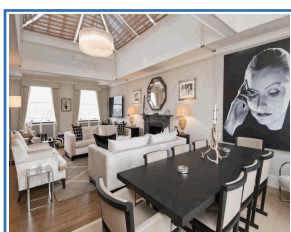
2 bedrooms
Guide price: £1,500,000
Gledhow Gardens,
London, SW5



Spectacular modernised flat

LET

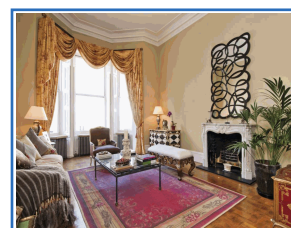
3 bedrooms
Asking rent: £2,000pw
Bina Gardens, London, SW5



Lateral family apartment

SOLD

4 bedrooms
Guide price: £4,000,000
Courfield Gardens,
London, SW5



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