



ALLENWARGENT
LONDON · SYDNEY

- THE BUYER'S EYE -
LONDON - SPRING 2013 -

- WHO'D BUY PRIME? -

Prime London has seen demand for properties increase dramatically in recent years. Interest from both wealthy Londoners and buyers from further afield has seen prices within the prime boroughs comfortably outpace those in the remainder of the UK.

As well as providing a home, property in prime London has become a recognised commodity for investors and increasingly sought after in times of economic uncertainty across the globe. A shortage of stock has continued to drive price growth in London. House prices across London increased by 8.4% in 2012, with values in the prime boroughs of Kensington & Chelsea and Westminster appreciating by 13.4% and 11.6% respectively over the course of the calendar year.

Looking ahead the outlook for 2013 suggests that price growth will be somewhat more subdued, with forecasts ranging from 0% growth up to 5% in prime London. The latest survey from the RICS shows an increase in new instructions in London, with a high proportion of London respondents expecting sales activity to increase over the next 12 months.

This will be welcome news for prospective purchasers, many of whom have been frustrated by the choice of homes on offer and deterred by the level of competition for new stock when it reaches the open market.

The influx of overseas investors has meant the type of property in demand within prime postcodes has fluctuated. Whilst for UK buyers and those from 'old world' economies the traditional London townhouse ranks at the top of the wish list, the appeal is often lost on buyers from countries more familiar with large lateral living space and the facilities and security offered by newly-built apartments.

This has benefitted areas such as Canary Wharf, where new-build apartment blocks - akin to those found in some Asian cities - have sprung up in recent years.

Developers have fulfilled demand from buyers looking for 21st Century living within traditional prime locations, whether fully new build or combining up to date facilities behind a retained façade. Schemes such as 1 Hyde Park and The Lancasters have achieved record values, with buyers willing to pay a premium for the levels of luxury and services they offer.

Buyer appetite for new build homes continues into 2013. Berkeley Homes recorded a successful launch of its Goodman's Fields development in the City of London, with 70% of the first phase now sold (40% of recorded sales being to investor buyers). The first phase of the long anticipated Battersea Power Station redevelopment is now 90% sold, with 600 units reserved in the first five days of release and a further 100 sold to investors in Singapore.

- WHAT ABOUT LONDON'S SECOND TIER? -

The rise in prices in the most central of London postcodes has meant that domestic buyers in London are more likely to be living in Battersea and Clapham than Belgravia or Chelsea. Prices in core prime areas within Kensington & Chelsea now average in excess of £1 million, resulting in buyers looking for homes further afield on the tube map in order to find properties which fulfil both price and space requirements.

Ten years ago prices in Kensington & Chelsea were on average 87% higher than those in Wandsworth. Today the premium is 157%. North of the river has witnessed a similar trend, with prices in Kensington & Chelsea now 114% higher than those in Islington as compared with 74% a decade ago.

In recent years we have seen a drop in the number of families leaving London for the leafy commuter suburbs. Instead many buyers are choosing to remain in the capital, trading up from flats to houses within their chosen areas. This has meant that we have seen the emergence of a second tier of prime property within London's inner suburbs, with both affluent young professionals and families clamouring for homes within comfortable reach of key London employment centres.

The success of a prime London suburb relies upon a number of important attributes, with transport into central London, green space, local facilities, schooling and period housing stock being on the wish lists of many potential residents. As a result, many of the more desirable prime fringe locations have seen significant price growth in the last 12 months, not far behind the double digit performance of London's prime areas.

- WHERE ELSE TO CONSIDER? -

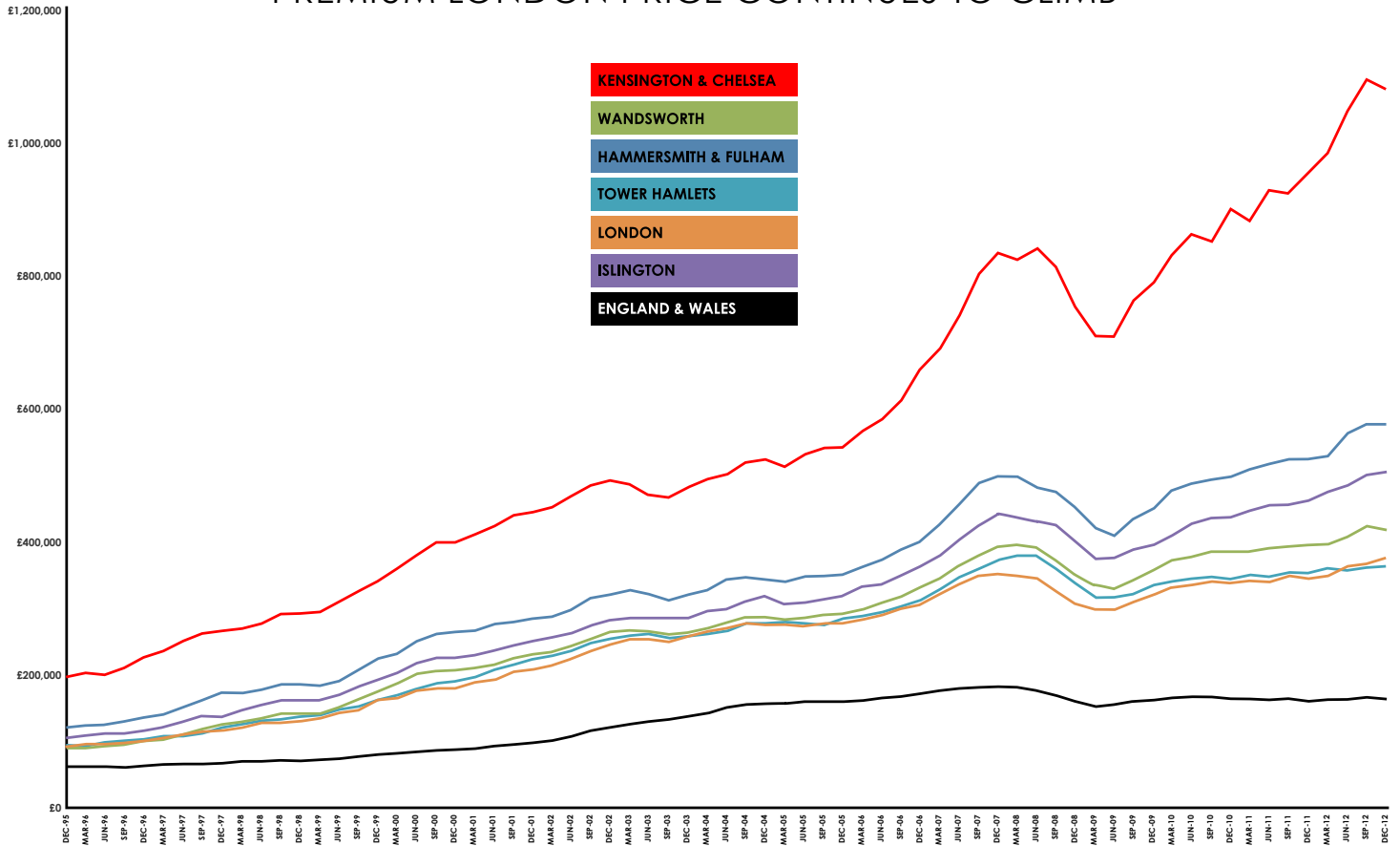
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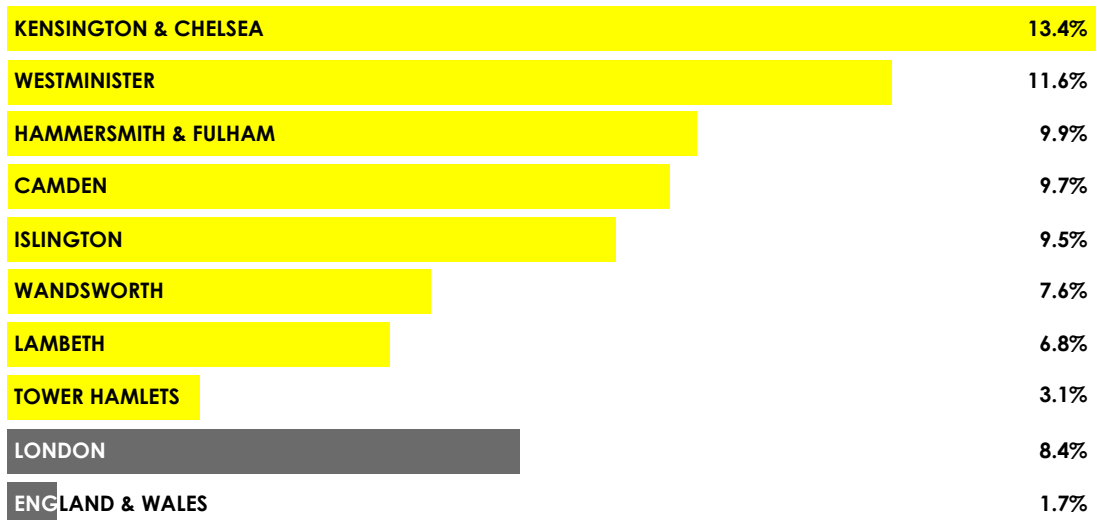
ISLINGTON

- PREMIUM LONDON PRICE CONTINUES TO CLIMB -



SOURCE: LAND REGISTRY

- ANNUAL PRICE GROWTH - 2012 -



SOURCE: LAND REGISTRY

- HOW FAR DOES YOUR MONEY GO? -

London has much to offer potential buyers from overseas. Not only does London hold its position as one of the world's most prestigious business and financial centres, but also with its world-class schools and universities and culture, shopping and leisure opportunities in abundance.

However, in recent years there have been other factors which have encouraged overseas buyers to buy in the capital. Political and economic uncertainty across the globe has undoubtedly focussed buyer interest on the UK market, particularly upon prime London.

Canny global investors have also seen opportunities arise from the poor performance of the British pound sterling against some key world currencies. In the last five years, in spite of a recent resurgence in property prices in prime postcodes, many buyers from outside the UK have found that exchange rates have worked strongly in their favour.

British-domiciled buyers looking to purchase in Kensington & Chelsea today would pay an average of 30% more than if buying five years ago.

However, currency market fluctuations mean that prospective buyers with, for example, Australian or Singapore dollars would actually pay less, saving themselves the equivalent of some 13% as compared 2007 prices.

- EXCHANGE RATE IMPACTS BASED ON INDICATIVE COST OF A PROPERTY IN KENSINGTON & CHELSEA -

UK STERLING BUYERS	30.4%
AUS \$	-13.1%
EURO	15.8%
US \$	4.3%
HK \$	3.7%
RUB	30.4%
SING \$	-12.2%

SOURCE: LAND REGISTRY

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AllenWargent are residential property buying advisors focusing on delivering a tailored approach to property search and purchase in London and Sydney. We offer an all encompassing property acquisition service managing the process from property search to completion on your behalf.

We fix all our fees as we believe this embodies our company value of transparency, ensuring our clients independence throughout the process. We are one of a small number of buying advisors to be professionally accredited by the Royal Institution of Chartered Surveyors.

LET'S TALK ABOUT YOUR NEXT MOVE,
WE'D LOVE TO HEAR FROM YOU.

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