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Inside Access

UK Market News, New Developments
& International Sales

“The property market started 2010 in an optimistic mood and we have seen a surge in activity across our global office network. Positive sentiment and renewed confidence are feeding their way through both UK and international markets..”

Shakeel Barok
Acting Managing
Director

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UK Residential Sales

Early indicators show demand remains strong pointing towards a brighter year ahead

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Our sales offices have started the year well and the market should be favourable for those looking to sell in the coming months.

Early indications from January show the strong demand from 2009 continues into 2010. After 10 months of rising prices, confidence has returned, interest rates remain low and a weak pound continues to attract overseas purchasers. Consequently buyer numbers remain strong. We have registered 11% more applicants and agreed 34% more sales early this year when compared to last. The number of properties that have sold so far is 70% higher!

Prices in our markets over the last year have increased by between 10-15% and in some cases we have achieved prices beyond the peak of the market in 2007.

We are anticipating moderate increases early this year but it is likely that prices will then settle back as the election approaches. Increasing taxation and the threat of interest rate rises are also likely to put the brakes on. However, with the proviso of no economic or financial shocks, there is every reason to expect a better year than last, particularly in the first half of the year.

There remains a shortage of property for sale and our stock levels are down 27% year on year, however new instruction levels have been healthy so far in 2010, up 23%, and the supply problem should become less of an issue.

Vendors coming to the market now are achieving very pleasing results in a quick timeframe and our advice if you are thinking of selling this year is to do so now before things change. ■



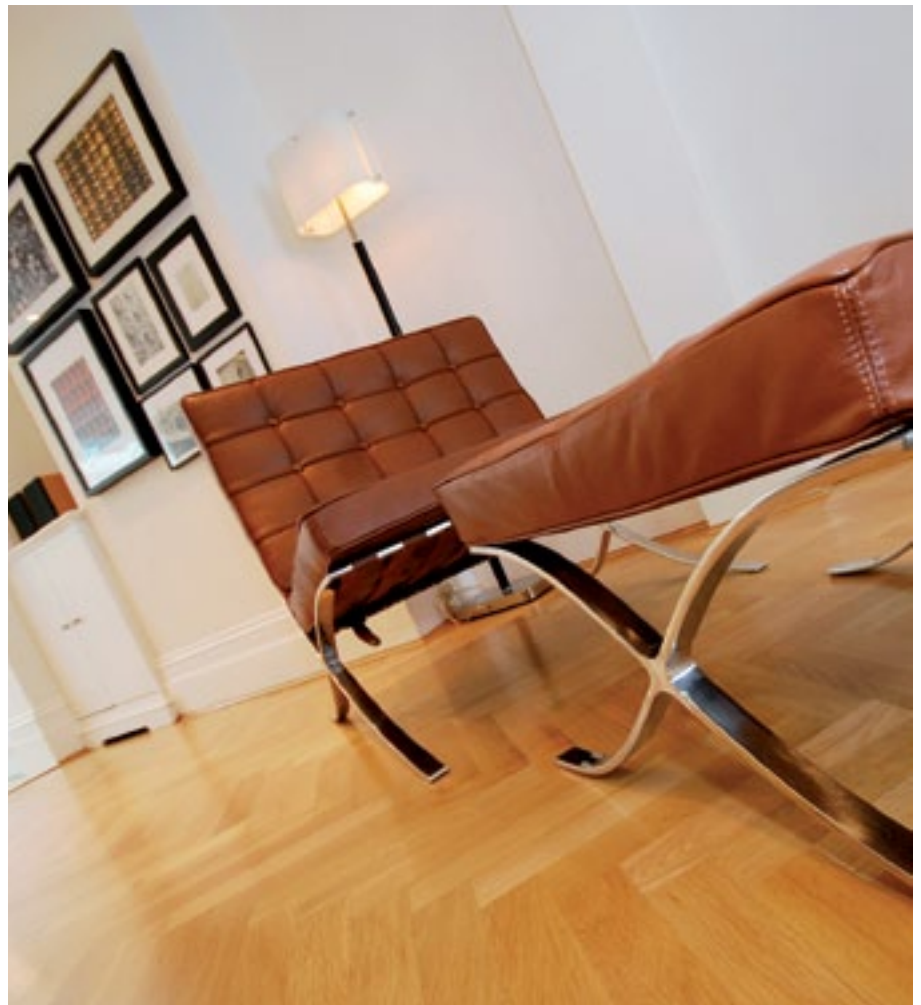
UK Residential Lettings

Applicant numbers show seasonal increase but the real story is the shortage of stock

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Stock continues to be the biggest challenge for the lettings market. Whilst we saw a slight increase on the previous month for new instructions coming to the market, the stock levels at the end of January were 57% lower than the previous year. This has however caused rental prices to stabilise across most areas. For the last three successive quarters lettings properties have slowly

have seen eight new applicants register for every property on the books. This is likely to push rentals up further as we move towards the spring. If landlords remain realistic with pricing they are in a strong position to rent their properties swiftly with minimum void periods. Potential tenants should act quickly if they find their perfect home as they could risk losing it to another waiting



gained in value, with Q4-2009 showing the strongest gain of the year. Following the drastic reductions of 2008 and early 2009, average rental values finished the year almost on a par with values at the start of the year, down just 0.9%.

New applicants looking for rental property increased by 45% in January compared to the previous month. With the reduced stock levels this means we

applicant if they wait too long or try to negotiate too hard on the rent. We also saw a positive rise in tenancies renewing, during January 26% of tenancies renewed with an increase in rent. The average rental increase at renewal was 4.6%. With the current stock levels so low, tenants will need to be more flexible in the future with rent increases if they wish to remain in their current rented property. ■

Development, Investment & New Homes

Off-plan remains challenging but completed new build stock remains popular

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Despite transport and weather problems at the beginning of the year activity has resumed very early into 2010. Strong interest is still evident from UK buyers in the mid-market, with valuation issues becoming less of a factor, more cash deposits and a renewed amount of confidence demonstrated in the market.

In recent weeks the high end market has seen renewed activity however reduced levels of stock remains an issue. The launch of schemes such as the Lancasters and One Hyde Park this year will however go some way to addressing this concern.

There have been consistent levels of activity in terms of new applicants across the board and whilst the sale of off-plan stock remains challenging,

completed new build stock remains popular. The premiums that once existed at the entry and mid-pricing levels for new development stock have been eroded, and as such, there are opportunities for purchasers originally looking in the second hand market to pick up a new property at a price in-line with existing stock.

The availability of new development stock and more specifically completed new development stock is however still restricted due to the lack of construction starts in 2009. Long term the outlook remains good with many of the larger house builders back in the market for land opportunities, the knock on effect of this being an increasing amount of completed stock for 2011 and beyond.



International Markets

The New Year market brought many new buyers to the International market

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The start of a new year always carries with it some trepidation, and given the economic difficulties we have all experienced, we are looking for a bright start in 2010.

Most regional markets in the UK are already seeing positive improvements on last year and this sentiment, and general confidence is now feeding its way through to the International market.

January was our strongest month for quite some time so it's encouraging to see the New Year off to a good start. Once again, it's the developing markets that seem most popular with holiday home buyers and investors, with numerous sales agreed in both Morocco and India.

As an example of the fast moving market in the first month of the year, Hamptons International launched the marketing of Villa Jako, the former home of fashion designer Karl Lagerfeld in Hamburg. Enquiries are already being received from across Europe and the Americas from Connecticut, USA through London and locally in Hamburg.

For more information please follow this link: <http://www.hamptons-international.com/en/international/Germany/> ■



Research & Investments

The latest research trends and investment opportunities

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For further research information or bespoke advice please get in touch using the details above

Price Tracker – 2009 year ending results

The latest Hamptons International research illustrates an average price increase of 3.5% in the final quarter of 2009, the third consecutive quarter of increasing sale prices. Across the full year prices increased 12% - a marked turnaround from pricing down nearly 20% in 2008. On average the strongest price rises were amongst larger units, with gains of more than 14% in the past year for 4-bed properties.

The results in the lettings sector showed a positive return from the second half of the year almost wiping out early declines. Following the drastic reductions of 2008 and early 2009, average rental values finished the year almost on a par with values at the start of the year, down just -0.9%. Recent price gains have been driven by a 38% increase in competition as demand from corporate lettings and returning ex-pats supports the market.

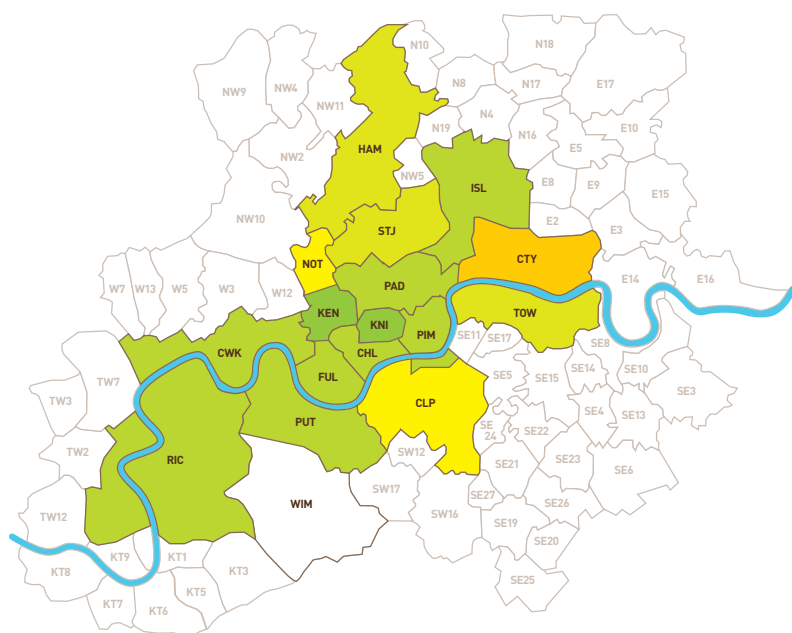
Initial investment yields remained fairly static in the past quarter, with the average in London at 3.9% and 4.7% across the wider country market. Yields have compressed around 85 basis points in the course of the past year. Average yields in Prime London areas sit around 3.7%.

Mortgage lending figures for 2009

A surge in year-end housing completions pushed mortgage lending across the UK up 14% in December compared to the previous month, reaching £13.7 billion according to figures from the Council of Mortgage Lenders. This is 3% higher than the same month in 2008, and the first time since October 2007 that the annual comparison has turned positive. Overall lending in 2009 was still down on 2008, however the trend through the later months has been positive. As a whole, lending totalled £143.7 billion in 2009, down 43% from £253 billion in 2008. With stamp duty back in place the first set of mortgage figures for 2010 should prove insightful.

Strong trading updates from housebuilders

Recent trading updates from major listed housebuilders helped illustrate the renewed confidence in the new-build sector this year. Taylor Wimpey ended the year with an order book reportedly 28% higher than the end of 2008 with selling prices increasing as a result of both mix and underlying price inflation. Similarly, Barratt Developments noted, a 43% rise in forward sales compared to the prior year with net private reservations per active site increasing 8.9% over the same period. Across the sector, completions are still running at a historically low level, therefore, not significantly affecting the high level of competition for property at present. ■



City	CTY	5.1
Notting Hill	NOT	4.9
Clapham	CLP	4.5
Hampstead	HAM	4.4
Tower Bridge	TOW	4.4
St John's Wood	STJ	4.1
Fulham	FUL	3.9
Chelsea	CHL	3.8
Paddington	PAD	3.8
Chiswick	CWK	3.7
Pimlico	PIM	3.7
Islington	ISL	3.6
Putney	PUT	3.6
Richmond	RIC	3.5
Kensington	KEN	3.2
Knightsbridge	KNI	3.2

Mortgages

Steady steps to recovery in early 2010

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The mortgage market's steady steps back to recovery have continued after the festive break and the snow. We have seen smaller lenders such as Newcastle Building Society pricing aggressively at 8.0% for a short period and then withdrawing. These rates were especially encouraging as they were available to borrowers with just a 20% deposit.

The sense of increasing competition in the market is growing. Lenders such as Barclays with best buy tracker rates have trimmed them as other lenders have cut their rates. Whilst the market is still dominated by lending for property purchases, with lenders such as Skipton increasing their standard variable rates, there will be much greater interest from borrowers who have been enjoying nice low standard variable rates, in remortgaging.

Many borrowers have been sitting on the fence waiting for rates to go up before they think about remortgaging. Those who continue to do this risk more than splinters as by the time they get round to remortgaging rates are likely to have risen.

The fixed or floating dilemma still continues for those choosing rates. For many borrowers the danger in going for the trackers is that the base rate is only going one way and that's up. It was encouraging to see that Lloyds Banking Group, which is the largest lender in the UK, is in the process of preparing another securitisation, parceling up mortgages and then selling them on to investors. This market has essentially been shut since the problems in the US sub prime market emerged. This should increase the volume of funding available. ■



Events

Phone. Home.

Hamptons International launches first UK residential iPhone App



Hamptons International has become the first UK residential agent to launch an app for the iPhone.

The launch of the Hamptons app provides buyers and sellers with the opportunity to search for property or check house prices wherever they are, whatever they are doing. It offers a wealth of features including:

- GPS search feature within the UK to locate properties near you
- View full property descriptions and images
- Pinpoint the property location on a map

- Search for property overseas
- Save your search preferences
- Email properties to friends or family
- Instantly contact Hamptons International by phone or e-mail
- Shortlist properties to review or share

The Hamptons app for iPhone is free and available to download from the iPhone app store today. ■

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