

Garrington Market Review

July 2009



GARRINGTON

Mainstream housing market indices

	Latest data	Monthly growth	Annual growth
Nationwide index	June	0.9%	-9.3%
Land Registry	May	-0.2%	-15.9%
DCLG	May	-0.1%	-12.5%
Rightmove	June	-0.4%	-5.5%

Average prices by property type (Land Registry)

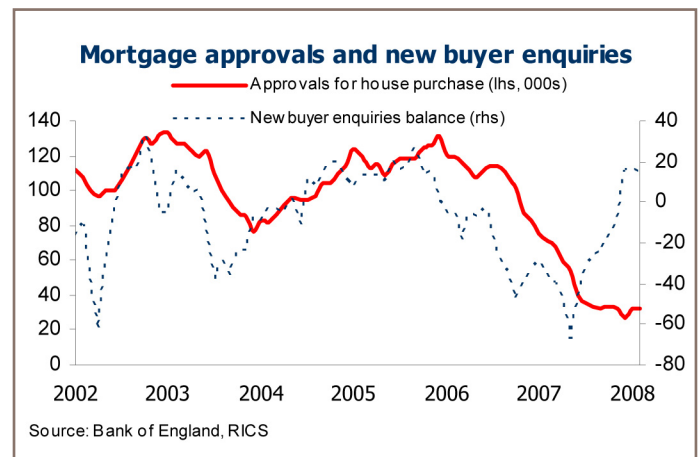
England & Wales	May 2009	May 2008	Difference (%)
Detached	£233,577	£273,280	-14.5%
Semi-detached	£142,833	£170,513	-15.1%
Terraced	£117,766	£141,953	-17.0%
Flats/maisonette	£141,565	£171,282	-17.3%

HOUSING MARKET INDICATORS

- While it is encouraging to see that prices appear to be recovering, there are still hurdles in the way of a sustained price recovery. Abnormally low supply levels are unlikely to last forever, as the recent price increases should make previously hesitant sellers feel more confident about marketing their properties. Additional supply is also likely to come from homeowners who see their financial position impacted by higher unemployment and lower incomes. With the stock of property available for sale likely to eventually increase, house purchase demand will need to rise more convincingly from current levels to sustain the recovery in price levels.
- Three month Sterling LIBOR rate fell to 0.9602% in mid-July, possibly helped by the effects of quantitative easing.
- Parts of Britain are experiencing a mini property boom as estate agents report one in ten properties selling for more than the asking price. (Daily Telegraph 11 July 2009)
- Overall, prudence still reigns as households have boosted home equity by £23bn since Q2 2008.
- Whilst house values are still down they are nearly 100% higher than they were 10 years ago.

"The prime markets will eventually lead the rest of the UK residential market into recovery"

Savills



Capital Values	Q2 2009	Previous year	From peak
Prime Central London	4.3%	-12.2%	-19.8%
Prime SW London	6.4%	-13.6%	-21.1%
Prime regional markets	0.0%	-22.7%	-19.2%

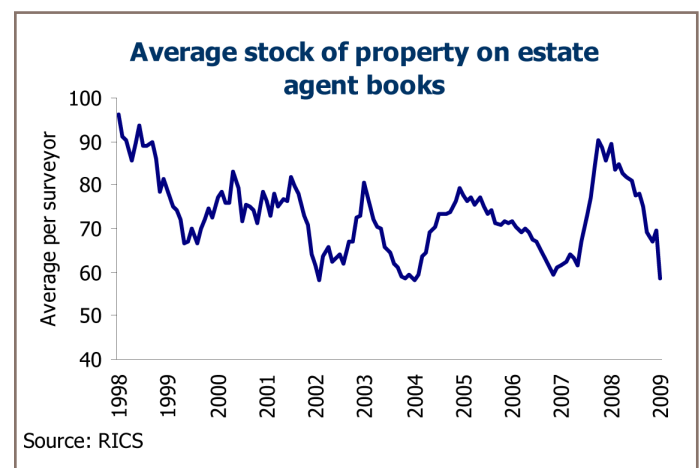
Source: Savills Research

Prime Central London: Knightsbridge, Chelsea, Mayfair, Belgravia, Holland Park, Notting Hill, Kensington, St Johns Wood, Regents Park and Hampstead.
SW London: Putney, Fulham, Wandsworth, Richmond and Barnes.

ECONOMIC INDICES

	Date	Change (%)	Previous mth/qtr*
GDP	Q1 09	-2.4%	-1.5%*
Unemployment	May	7.6%	6.7%
Inflation (CPI)	June	1.8%	2.2%
Average Earnings	May	2.3%	0.9%

Source: ONS



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GARRINGTON INVESTMENT

The Garrington Investment Property Service offers clients a complete solution when investing in residential or commercial UK property. Investment purchasing carries different motivations from those of home buyers, and requires commitment, experience and skill in finding property that has a high probability of achieving specific and preset investment goals.

Investment acquisitions are carefully managed instructions through the use of expert knowledge, best practice and skill in the market place, providing a dedicated service to investors.

BESPOKE SOLUTIONS... Our services are tailored to each client's needs. Whether you looking to create an investment property portfolio, diversify your investments into an alternative asset class, develop property for future re-sale or combine property investment as part of a retirement plan, our team can help save time, money and access excellent opportunities.

For further information contact:

Jason Frost (Residential) or Will Heigham MRICS (Commercial)
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MARKET COMMENTARY

Despite a series of "green shoots" stories being published during the spring, the UK property market remains fragile.

Garrington has witnessed a strong uplift in buyer demand over the recent months, which has been disproportionate to the supply of properties entering the market. This has caused, in some sectors and areas, frenzied trading conditions for best of breed opportunities. Indeed, our London team report the return of gazumping and even contract races! There has been strong demand too in the Country, but only for the very best properties.

Prime selling agents are reporting reluctance amongst vendors to enter the market, in the false belief that they will need to agree a heavily discounted sale price and wait many months for a buyer. Many current purchasers have decided that now is the time to exit rental accommodation, motivated by the appeal of historically low interest rates, improving liquidity and evidence of increasing sales activity. There does seem to be genuine worry about missing what some believe to be the bottom of the market.

Garrington's newly launched investment service has been well received by novice and sophisticated investors alike. The current market continues to present interesting and viable purchasing opportunities with distressed stock offering yields upwards of 7%. A significant proportion of purchasers in this sector are cash funded. Larger deals are appealing to foreign investors in particular, who remain attracted by discounted prices and favourable exchange rates.

We therefore conclude that the market remains volatile but with areas of positive activity. Trading conditions have been more sedate over the last few weeks and we expect this trend to continue over the summer. Autumn will prove a critical period to assess the true nature and strength of the market when we would traditionally expect more stock to enter the market and for purchaser activity to increase.

THE TEAM - a focus on the South region



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GARRINGTON

For over a decade, the Garrington name has been synonymous with quality, independent property search consultancy for private buyers ensuring they make the most favourable and well-informed purchase decisions.

Building on those foundations the company seeks constantly to enhance its reputation for providing straightforward, commercially sound and objective advice. Coupled with its considerable access to contacts and information this gives clients buying power far in excess of unrepresented individuals.

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