

Garrington Market Review

December 2009



GARRINGTON

Mainstream housing market indices

	Latest data	Monthly growth	Annual growth
Nationwide index	November	0.5%	2.7%
Land Registry	October	0.6%	-3.4%
DCLG	September	1.2%	-4.1%
Rightmove	November	-1.6%	1.6%

Average prices by property type (Land Registry)

England & Wales	October 2009	October 2008	Difference (%)
Detached	£246,860	£253,438	-2.6%
Semi-detached	£150,173	£155,076	-3.2%
Terrace	£123,056	£129,212	-4.8%
Flats/maisonette	£149,256	£153,507	-2.8%

HOUSING MARKET INDICES AND INDICATORS

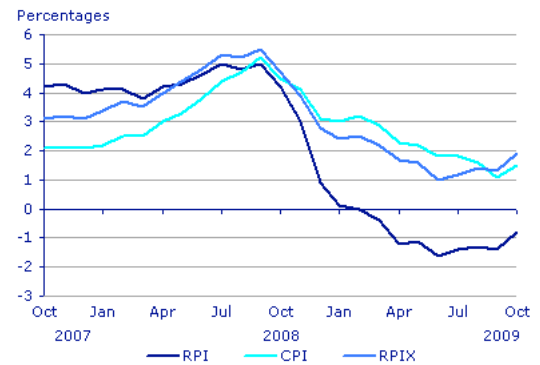
- Bank of England has reported that the world economy has shown signs of recovery, although global activity remains significantly below pre-crisis levels. Whilst UK output has fallen by some 6% over six quarters, they believe a number of indicators now suggest that economic activity has begun to stabilise.
- Inflation fell to 1.1% in September, the Bank expects it to rise sharply to above the 2% target in the near term - and the rate for October increased to 1.5%.
- The Bank has increased its quantitative easing by a further 25 billion pounds to 200 billion, which is widely expected to be its target maximum.
- Unemployment rose by 0.1% to 7.8% in the third quarter of the year, with an increase in the number unemployed to 2.46m. Whilst there was a small increase in the number of people in employment, there were nearly 1.0m people working part-time because they could not find a full-time job - the highest figure since records began in 1992.
- Whilst those working will have seen a reduction in earnings, their continuing employment and the fall in mortgage rates have combined to keep the number of borrowers in arrear and the number of repossessions below previous forecasts
- Lack of forced sellers, and unwillingness of potential sellers to move whilst economic and employment prospects are uncertain, has created a shortage of properties coming on to the market.
- Nationwide (figures based on mortgage approvals, seasonally adjusted) reported that house price inflation for was unchanged in November at 0.5% (average price of a typical property is up 2.7% over the past year).
- Figures from Rightmove, which are based on asking prices, not seasonally adjusted, showed a fall of 1.6% in November, and further falls are forecast by them due to the "onset of the winter market".
- The pre-Budget Report failed to immediately address the need to cut public spending and the size of the Budget deficit, with a consequent risk of higher interest rates and higher inflation. Government borrowings this year are likely to be £178bn or 12.6% of national income - the highest ever in peacetime.

	Period	Change (%)	Change on 1 year ago
GDP	Q3 09	-0.3%	-5.1%
Unemployment	July/Sept	0.1%	2.0%
Inflation (CPI)	October	0.2%	1.5%
Average Earnings	July/Sept.	-0.6%	-1.9%

Source: ONS

Inflation

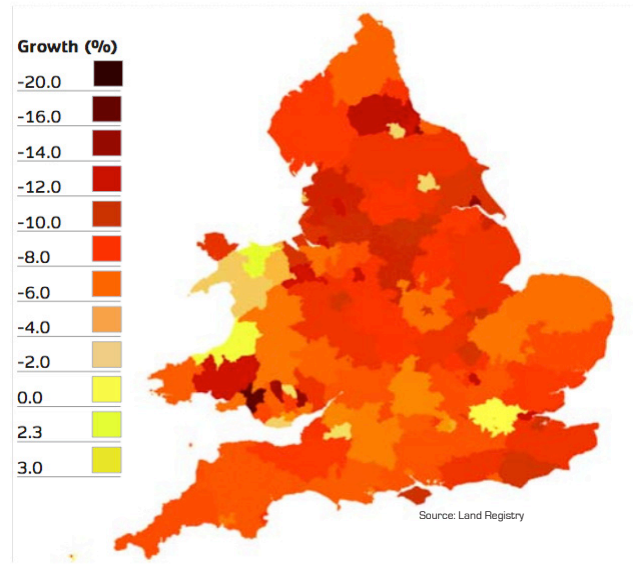
CPI inflation 1.5%, RPI inflation -0.8%



Source: ONS

Annual inflation rates - 12 month percentage change

Annual price change by county



Source: Land Registry

"I am confident that the UK economy will start growing by the turn of the year"

Alistair Darling
Chancellor

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GARRINGTON TO LAUNCH NEW OFFICE

Garrington are delighted to announce their expansion into the North East. The service will launch in early 2010, with a new regional office based in the centre of Harrogate. The company's expansion into this area will be led by experienced local property professional Julian Rich, who comments "I am very pleased to be driving Garrington growth in this exciting part of the UK. With notable economic centres across the region and beautiful countryside the area has a lot to offer."

Jonathan Hopper, Garrington's Managing Director commented "we are delighted to announce the arrival of Garrington North East, representing the first part of our strategic growth plan for 2010. Julian is well respected in the local market and is able to offer our clients extensive local knowledge, experience and an enviable network of contacts for sourcing the finest homes."

For more information please contact: info@garrington.co.uk or Julian Rich on +44 (0)1423 206 055

MARKET COMMENTARY

As we near the end of an extraordinary year for the UK economy the property market remains volatile and, as illustrated by the Land Registry data, annual property price changes have varied extensively in different parts of England and Wales.

2009 has seen numerous conflicting reports on the state of the market with different commentators reporting opposing trends for the same reporting period. This highlights the truly splintered nature of the UK market and the emerging fact that the value of national statistics and averages has become significantly diluted. Across its operating regions Garrington has witnessed contrasting market conditions with both dramatic price falls and frenzied purchaser activity.

Market segmentation has become more profound between prime markets and the mass market, and equally between credit reliant purchasers and cash purchasers.

Prime Central London has led the recovery, which at the start of the year was being supported by demand from international purchasers taking advantage of lower prices and favourable foreign exchange rates. In recent months this has been further bolstered by local demand from chain free purchasers who have been patiently waiting in rented accommodation to "call" the bottom of the market.

Garrington's regional teams have also witnessed a positive change in purchaser sentiment although caution remains a key word. Local hotspots in the South and East such as Guildford, Sevenoaks and Cambridge continue to be robust in their nature with a supply/demand imbalance.

Lack of supply of quality correctly priced property entering the market continues to mask true market demand. Best of breed homes are typically attracting early, multiple purchaser, interest and are selling at or close to asking prices, and consequently distorting some price trends.

This weeks pre-Budget report has further highlighted the precarious state of the economy and appears to have done little to sooth the fears of many to help generate a sustained mass market recovery. No stay of execution was offered in respect of VAT and Stamp Duty both of which will be reverting to their previous levels in the New Year.

Looking forward, the property market in 2010 is likely to remain volatile. A looming General Election is likely to result in subdued market conditions for the first half of the year, but for those prepared to take a longer term view may present favourable buying opportunities.

THE TEAM - a focus on the South West



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GARRINGTON IN THE SOUTH WEST

Having recently relocated to new offices in central Exeter, the Garrington South West team have enjoyed a busy and successful end to the year. The region has remained a popular location with both clients looking to acquire a second home and clients relocating to a new primary residence. Rod Tabor who heads the South West team sights "the diverse make up of the region continues to attract purchasers from across the UK. There are a number of micro markets in the region and inward investment and improving transport infrastructure makes the area an attractive place to work and live."

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