



STRATFORD UPON AVON OUTLOOK

Regional Property Market Focus 2011

Knight Frank

Insight into your
local market

Focus on the national
country house market

Impact of the prime
London market

Market forecast

LOCAL UPDATE

While the Midlands property market has, unsurprisingly, proved more challenging than areas closer to London and the South East, our office achieved some great successes last year. On average we achieved 97% of the guide price and eight offers were made on our properties every week.

The majority of buyers came from London and the Home Counties and we have seen an increasing number of overseas buyers. Many of these are drawn to the area's excellent schools and ease of travel to major urban centres and airports. But while it will benefit many commuters, an unfortunate consequence of

the government's high-speed rail plan has been the fall in value of some properties close to the proposed route.

Looking forward to 2011, we expect to see a shortage of property for sale as sellers hold off marketing their properties in the hope that values will rise. Indeed, we

already have four buyers on our books for every property we have for sale.

This publication is intended to give you a flavour of the market and demonstrate our expertise, both locally and nationally. Whether you are looking to act now or later in the year, our friendly and experienced team is here to help. But do bear in mind that those who act earlier will reap the benefits of lower stamp duty and good mortgage deals while they remain competitive, as this could change with future interest rate hikes.

We hope you enjoy this outlook and look forward to hearing from you.

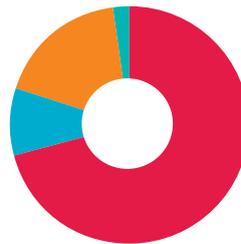


James Way
Office Head

STRATFORD UPON AVON BY NUMBERS

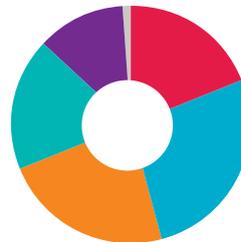
Knight Frank's Stratford upon Avon office has emerged from the credit crunch as the area's leading prime property agent and expects to consolidate this position further during 2011.

- On average we have achieved 96.6% of the guide price on sales in the past 12 months.
- Knight Frank Stratford's online property listings are viewed 1,681 times a day through our award-winning website.
- On average, eight offers are made on our properties every week.
- In the last three months alone, potential buyers from 122 different countries have viewed properties for sale online through Knight Frank Stratford.
- We receive, on average, 15 new sales instructions every month.



Where do our buyers come from?

West Midlands	71%
London	9%
Rest of UK	18%
International	2%



Instructions by price band

Under £500k	19%
£500k - £750k	27%
£750k - £1m	23%
£1m - £1.5m	18%
£1.5m - £3m	12%
Over £3m	1%

OUR TEAM IN ACTION

Tyne Hill House, Sibford Gower

Tyne Hill House came to the market at the end of May 2010 with a guide price of £585,000. This charming stone house set in half an acre of land in a rural setting was built in 1929 and has lovely open views. As soon as the property was launched on our website we received an influx of viewing requests. We arranged 15 viewings in the first week alone and the first offer was made within a

couple of days of the property being launched; and so the bidding began between several parties. Over the following ten days the offers flooded in and the one that was finally accepted was well above the guide price. The sale ran smoothly from start to finish, with Rupert (see back page) keeping all parties informed of offers at every stage. Both the vendors and purchasers were very pleased with the final result.



TYNE HILL HOUSE



NATIONAL COUNTRY HOUSE MARKET

Activity boosted by the closing gap between overly ambitious sellers and cautious buyers.

The national country house market experienced quite an upheaval last year. Although price growth in the 12 months to June 2010 helped the market claw back some of the falls seen during the credit crunch, ongoing problems with mortgage availability and affordability caused this growth spurt to reverse. Prices by the end of the year did however, remain 3.3% higher than the year before.

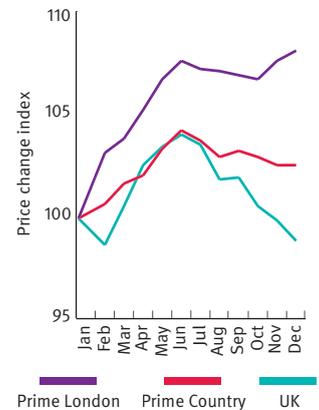
A positive outcome of this was the impact it had on the gap between overly ambitious sellers and cautious buyers. The necessary asking price reductions that began to take place in August and September narrowed this gap, leading to improved activity in the final quarter of the year.

We expect 2011 to mirror 2010 – the best properties are likely to sell well due to thin supply

and strong demand. Indeed, we moved into 2011 with 12% more purchasers registered to buy country house properties across the UK compared to the same position in 2010. The market for properties priced below £1m will however remain challenging for vendors due to the absence of a noticeable recovery in mortgage supply.

The most critical issue for vendors this year will be price. Only the most perfect properties can justify ambitious expectations in the current market. For most properties, this approach will lead to delays in attracting interest and lost marketing time in the critical spring months.

How the prime London, prime country house and mainstream UK markets compared in 2010



Sources: Knight Frank Central London Sales Index, Knight Frank Prime Country House Index, Nationwide House Price Index

LONDON'S SUCCESS FEEDS DEMAND FOR COUNTRY PROPERTY

There is no doubt that the strongest performing property market in the UK during 2010 was the prime London market – with prices rising by nearly 11% over the year.

While prices in London are unlikely to see any significant growth, we expect 2011 to

see a rerun of last year's strong performance in terms of sales volumes and buyer demand.

For large parts of the country house market across England, and even into Scotland and Wales, this positive outlook for London matters. Over 22% of buyers of country houses priced

£1m+ across the UK are from London. The figure hits 31% for property costing £2m+.

Our experience in the London market confirms that much of its strong performance stems from the perception that the market is a 'safe haven', particularly for international buyers.

This is demonstrated by the volume of new applicants from Europe looking to buy in central London, which rose 23% year-on-year in the final quarter of 2010. London property provided a strong defensive

option as the difficulties in the Eurozone worsened, and while the pound was trading at a discount to the euro.

London also experiences ongoing demand from Asia-Pacific buyers who have benefited from 30% to 50% price growth in Hong Kong, Singapore and other key Asian centres over the past year. They are keen to take advantage of the weak pound, removing their money from what have arguably become very hot markets in Asia.

FINANCING WITH KNIGHT FRANK

As a highly respected team in the property financing industry, with 150 years of combined experience, Knight Frank Finance specialises in mortgages for main or second homes, investment property, buy-to-let mortgages and commercial property finance.

For loans below £1m, we have access to all of the most competitive mortgage interest

rates available on the high street. If you are considering borrowing above £1m, our close working relationships with the world's private banks, commercial lending sources and finance houses, enables us to achieve the very best terms for our clients, including those unable to find financing solutions elsewhere.

To find out more, please call us on: +44 (0)1789 297735.

MARKET FORECAST

We are unlikely to see strong capital growth in any residential sector in 2011. The opportunity for speculative gains was presented in early 2009 and by mid 2010 this had all but disappeared, at least for the short-term.

The vast majority of buyers in the market have recognised this fact and are looking at property as offering a stable home for their wealth in the long run. Demand from investors and holiday home buyers has remained strong, but again is driven by a view of long-term potential growth.

While we expect country house prices to rise only marginally in 2011, the fundamentals underpinning the market are as strong as ever. This year will be the third consecutive year when new-build development volumes will struggle to reach even 50% of the 2007 peak level.

For those with access to equity this year, there will be considerable opportunities in the market. For the investor or holiday home purchaser these opportunities will be centred on strong yielding properties. For others it will be in securing properties with scope for refurbishments or improvements.

A SELECTION OF PROPERTIES SOLD IN 2010



Compton Scorpion, Warwickshire

Sold in excess of the guide price in this hamlet on the Cotswold fringes



Ilmington, Warwickshire

Sale agreed at just under the asking price, with the first offer received within a week



Leamington Spa, Warwickshire

Sold agreed in excess of the guide price, with 5 offers in one day alone



Bishops Itchington, Warwickshire

Sold to the first person who viewed



Moreton Morrell, Warwickshire

Sold just under the asking price to fully proceedable buyers



Braggington, Warwickshire

Sold at just under the guide price, sale was completed very quickly

YOUR LOCAL TEAM



James Way, Office Head

James has over 34 years of experience in sales, valuations, marketing and appraisals of residential and agricultural property in and around Warwickshire.

james.way@knightfrank.com



Rupert Wakley, Partner

Rupert joined Knight Frank in 2004 and was recently promoted to Partner. Having grown up in the Cotswolds and with his racing background, he has a sound knowledge of properties in the area and specialises in all Cotswold properties.

rupert.wakley@knightfrank.com



Stephen Parry, Associate

Stephen has been selling property in Warwick, Leamington and Stratford upon Avon for the past 15 years and has a degree in Estate Management and is also the Chairman of the Coventry and Warwickshire branch of the NAEA.

stephen.parry@knightfrank.com



Judith Archer, Associate

Judith joined Knight Frank in 2007. Having gained an honours degree in Estate Management, Judith specialises in property from townhouses in Stratford town centre to country houses in the surrounding villages.

judith.archer@knightfrank.com

Stratford Office

Bridgeway, Stratford upon Avon, Warwickshire CV37 6YY

+44 (0)1789 297735

www.knightfrank.co.uk

© Knight Frank LLP 2011

Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP from any use of, reliance on or reference to the contents of this document. Reproduction of this report in whole or in part is not allowed without prior permission.