



EXETER OFFICE REVIEW

Regional property market focus 2010

Knight Frank

Now is an extremely good time for people thinking of selling their houses to take advantage of increasing demand and low levels of stock in Devon, Cornwall and West Somerset

Total property for sale	↓	-33%
Newly available property for sale	↑	26%
New prospective buyers	↑	42%
Viewings	↑	31%
Sales	↑	57%

All figures Q4 2009 v Q4 2008

LOCAL MARKET OVERVIEW

Knight Frank's Exeter office has emerged from the credit crunch as the area's leading prime property agent and expects to consolidate this position further during 2010.

Now is the time to put your house on the market if you are thinking about selling sometime during the next 12 months. Most prospective purchasers appear confident that we have reached the bottom of the market in terms of prices and this was reflected by a 57% increase in sales by our Exeter office last year.

Low levels of stock in both the countryside and on the waterfront, however, mean that many buyers remain frustrated. Those that opted to rent during the market downturn are reluctant to hold off any longer but are finding quality homes that meet all their requirements are in short supply.

The first few months of 2010 could prove critical for both purchasers and vendors alike. For purchasers, limited stock means the potential for more price rises, albeit small ones. For vendors, they need to act early in 2010, listing their property well before the inevitable lull brought about by a general election and a likely increase of stock afterwards.

In 2009 over 52% of our buyers originated from outside the Devon and Cornwall area and around 10% came from abroad. With this in mind we have continued to invest in our global network of offices and our award winning website. The properties we sell are seen by hundreds of thousands of prospective buyers and 75% of our registered applicants live in London or the south east.

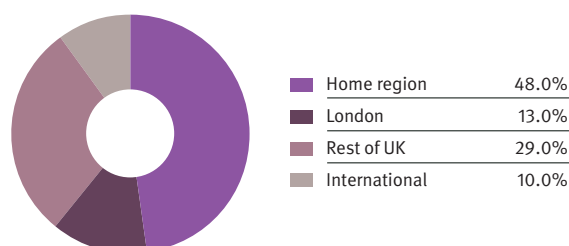
A large proportion of the houses we sell are bought as second homes and demand appears to be strengthening – our Waterfront team witnessed a 93% increase in sales in 2009.

Properties with land or a secondary dwelling that could generate some potential income are keenly sought after. Key locations seeing increased demand include the South Hams, Exmoor and Dartmoor.

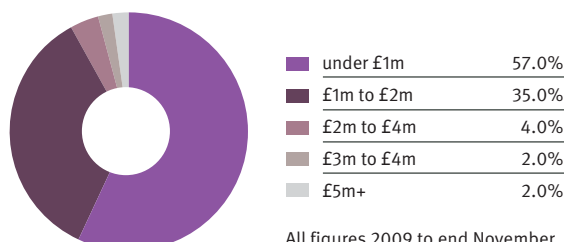
In terms of Waterfront properties, there appears to be a shift away from places that are saturated with second homes towards villages and towns that have life in them throughout the year.

Our level of commitment to our clients, however, remains the same whether the property we are selling is worth £5m or £500,000 – 35% of the houses we sold last year were priced between £1m and £2m. Whether you own a cottage or a castle, as a Knight Frank client you will receive the highest level of service and advice.

Where our buyers come from



Sales by price band



All figures 2009 to end November

NATIONAL COUNTRY HOUSE MARKET

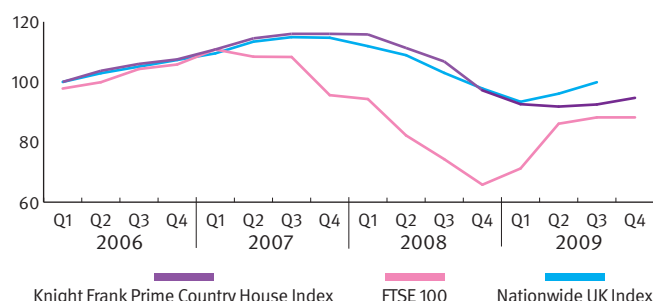
The price of prime country properties is now showing positive growth in all locations across the UK as demand outstrips supply.

Average prices for the best country properties increased by 2.3% in the final three months of 2009, the first significant quarterly increase since the autumn of 2007. Values overall are now just 2.6% below the levels seen at the end of 2008, but a number of locations, especially in the Home Counties, saw prices increase last year.

The impact of the resurgent London residential property market has had, unsurprisingly, the biggest knock-on effect in the areas surrounding the capital. Average values rose 3.1% across our Home Counties offices in the final quarter of 2008 and increased by 5% during the second half of the year, giving total annual growth of 1.4%.

Even the north of England and Scotland, where the recovery has been more muted until now, saw a 0.5% rise in average prices at the end of the year, although houses are still worth 11% less than at the beginning of the year.

Investment performance 2009



Apart from a general increase in consumer confidence as the UK slowly drags itself out of recession and continuing low interest rates, the market recovery has been led by a sharp imbalance between supply and demand. The number of potential purchasers registering with Knight Frank has increased significantly while the number of properties for sale continues to fall.

PRIME LONDON

Buyers coming out of London continue to underpin the prime country house market. Strong sales and price results in central London mean that a special frisson of activity is being offered to the country market in 2010.

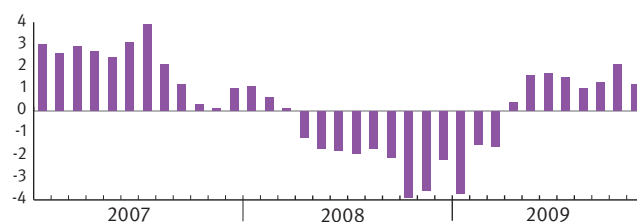
The prime London market saw a dramatic turnaround last year. With a weak pound attracting international buyers and low interest rates prompting many to take the plunge, sales volumes rose by 40% year-on-year. Weak supply helped drive prices higher – by almost 10% in the nine months to December.

London's economy is playing its traditional market-leading role – heading the UK's nascent recovery. Despite its current unpopularity and attempts to dent its power by the taxman, the City is again creating wealth that is being poured into the Capital's housing market. There are several obstacles that London's housing market will need to navigate during 2010: the election, tax rises, and potentially rising interest rates. However, the one lesson to take from last year is that demand for accommodation in London is very wide and very deep – the supply of country buyers coming out of London will continue to flow this year.

Our offices in London include:

- | | | | |
|----------------|-----------------|----------------|------------------|
| ◆ Belgravia | ◆ Kensington | ◆ Marylebone | ◆ St John's Wood |
| ◆ Canary Wharf | ◆ Knightsbridge | ◆ Notting Hill | ◆ Wandsworth |
| ◆ Chelsea | ◆ Fulham | ◆ Richmond | ◆ Wapping |
| ◆ Hampstead | ◆ Mayfair | ◆ Riverside | ◆ Wimbledon |

Knight Frank Prime Central London Index, monthly price change 2007-2009

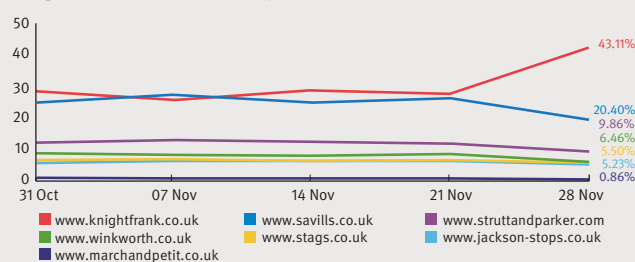


WORLD'S BEST PROPERTY WEBSITE

Our award winning website opens your property to the world.

Industry statistics show that over 74% of those looking for a new house start their search on the web. This is why we have developed our ground-breaking Global Residential Search facility, which is now live on KnightFrank.co.uk, the most visited UK estate-agency website. The Global Residential Search was voted the World's Best Real Estate Agency Website*.

Knight Frank vs local competition 2009 (%)



Source: hitwise

KNIGHT FRANK FINANCE

Knight Frank Finance is here to help you secure the best deal.

The past six months have seen modest improvements in the number of mortgage deals approved, but seeking professional advice is still the best route to the best deal.

The High Street mortgage market continues to remain in a state of turmoil. While stock markets have managed to rally over the past few months, only about 20% of the High Street banks are actively lending and, of those, even less are lending above 75% loan to value.

Many potential first-time buyers and re-mortgagers are finding it very difficult to satisfy the criteria currently laid down by the banks, and securing a good interest rate can be extremely tough.

At Knight Frank Finance, we work hard to help you achieve the best possible terms in these tough times. By continually evaluating which

banks are lending, we have developed a very successful approach to securing the best deals despite the conditions. Our aim is to build an intimate understanding of your long-term goals, and act as both a trusted advisor and a confidante, not just at the moment of your transaction, but on an ongoing basis. By looking carefully at your full financial position, we can find the best source for you to borrow from. Often private banks or foreign lenders are providing superior terms to the High Street, and we have made it our business to know the right people at over 50 of these institutions.

Choosing Knight Frank Finance provides you with the access to some of the very best minds in financial services. Our high-calibre professional consultants, all experts in their respective fields, have been handpicked from the industry. If you feel we could help improve your financial position, we would be delighted to hear from you.

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A SELECTION OF PROPERTIES SOLD IN 2009



Willand, Devon

A completely refurbished property with income potential – Guide price £1,500,000



Calstock, Cornwall

Sold to an international buyer – Guide price £1,250,000



Totnes, Devon

Sold to a family wanting to be close to the popular market town of Totnes – Guide price £1,250,000



Ottery St Mary, Devon

Sold by Knight Frank in competition with other agents – Guide price £1,275,000



Axminster, Devon

A very private property sold to a second home purchaser – Guide price £850,000



St Leonards, Exeter, Devon

Family house close to the best city schools – Guide price £850,000



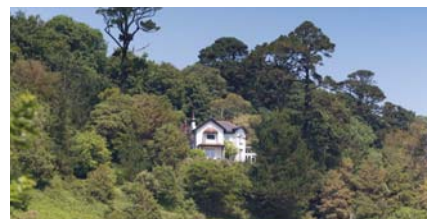
Ringmore, Devon

Large house with secondary accommodation sold to a regional buyer – Guide price £1,550,000



Hatherleigh, Devon

A rare refurbishment opportunity – Guide price £550,000



Kingswear, Devon

Sold to a London buyer with competitive bidding – Guide price £1,500,000



Kingswear, Devon

Sold to a local buyer – Guide price £1,350,000



Uplyme, Dorset

Sold to a Home Counties buyer looking for a family home – Guide price £750,000



River Dart, Devon

Sold to a buyer found through our London office – Guide price £3,500,000

Your local team



William Morrison
Exeter



Richard Speedy
Exeter



Sandy Davenport
Waterfront



Christopher Clifford
Exeter



Edward Cunningham
London



Christopher Bailey
London

Please contact either:

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