



CIRENCESTER 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 the Cotswolds

Total property for sale	↓	-37%
Newly available property for sale	↓	-26%
New prospective buyers	↑	25%
Viewings	↑	36%
Sales	↑	64%

LOCAL MARKET OVERVIEW

Knight Frank's Cirencester 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 definitely the time to put your house on the market if you are thinking about selling. There is currently a huge opportunity to achieve a successful sale as demand continues to outstrip supply. To take advantage of this we would suggest having your property ready for a launch on to the market by the end of January or early February to avoid any uncertainty associated with the general election.

Most prospective purchasers appear confident that we have reached the bottom of the market in terms of prices and this was reflected by a 25% increase in the number of buyers registering with us during 2009. There has been a definite return of the discretionary buyer – completely absent in 2008 – looking for an attractive second home in the Cotswolds.

Last year we sold 64% more properties than during 2008 with strong demand for all types of houses from pretty cottages to imposing mansions. Low levels of stock, however, mean that many buyers remain frustrated, particularly those looking for houses with land, and we expect to see a continued hunger for quality property throughout 2010.

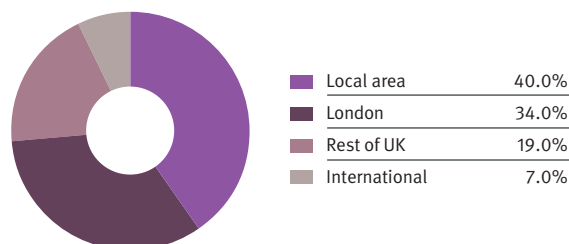
Despite this recent upturn, the past 18 months have been extremely difficult. In such a challenging environment we believe that the strength of our brand, quality of our service and depth of knowledge has helped us increase our market share of the area's best properties. We now sell more than 60% of houses priced over £2m in the area.

We have continued to invest in our global network of offices and our award winning website. This means that the properties we sell are seen by hundreds of thousands of prospective wealthy buyers throughout the UK and across the globe. This exposure is vital for anybody selling a property in this area. Last year almost 60% of our sales were to buyers

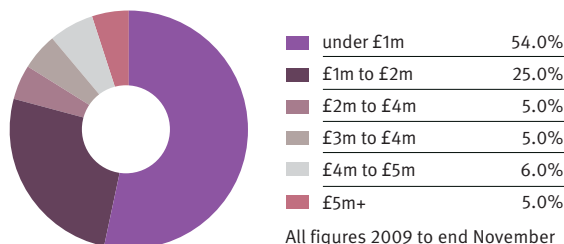
from outside the surrounding area, with 33% coming from London and a significant number from overseas.

Our level of commitment to our clients remains the same whether the property we are selling is worth £5m or £500,000 – almost 55% of the properties we sold last year were priced under £1m. 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



NATIONAL COUNTRY HOUSE MARKET

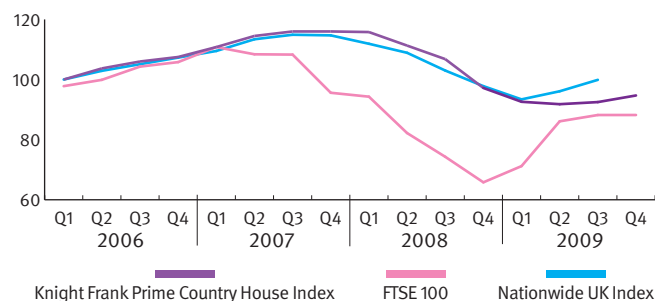
The price of prime country properties is now showing positive growth in all locations across the UK as demand outstrips supply.

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.

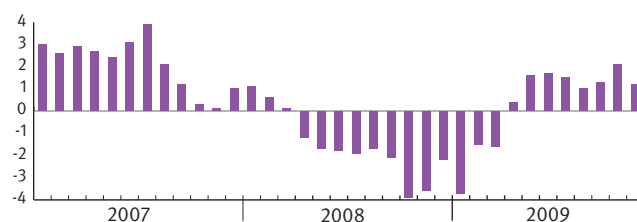
The prime London market saw a dramatic turnaround last year. With a weak pound attracting international buyers and low interest rates prompting many to take the plunge, sales volumes rose by 40% year-on-year. Weak supply helped drive prices higher – by almost 10% in the nine months to December.

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

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

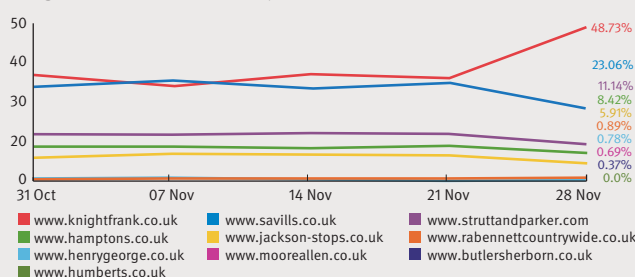


WORLD'S BEST PROPERTY WEBSITE

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



Upper Slaughter, Gloucestershire

The perfectly located country house sold in four weeks with competitive bidding



Leigh, Wiltshire

Charming farm house with land and stabling suited many potential purchasers



Avening, Gloucestershire

Quirky Georgian boat house with lake and planning attracted formidable interest



Ampley St Peter, Gloucestershire

A Grade II Listed cottage with a large garden in a popular village



Malmesbury, Wiltshire

Impressive house with swimming pool, tennis court, stables



Coln St Aldwyns, Cirencester

Offer accepted within two weeks of marketing due to superb village position



Compton Abdale, Gloucestershire

Traditional Cotswold house in stunning valley location with great potential



Moreton-in-Marsh, Gloucestershire

Superb Cotswold country house in a good area with access to excellent schools



Nr Tetbury, Gloucestershire

A beautifully presented house with equestrian facilities and land



Nr Cirencester, Gloucestershire

A combination of the past and the future proved very popular and sold within four weeks



Guiting Power, Gloucestershire

State of the art, elegant conversion attracted several bidders



Eastleach, Gloucestershire

Picturesque cottage in one of the best villages

Your local team



Atty Beor-Roberts
Cirencester



Rupert Sturgis
Cirencester



Rupert Marchington
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