

The London Barometer/ Sales: February 2012

Market Comment

"In D&G land, February saw the lowest levels of available properties since December 2009 as a result of consumer confidence remaining low, a lack of job security and a knock on affect from economic turmoil in Europe, whilst the number of prospective buyers registering is still at an all-time high.

"Increasing living and moving costs, combined with the recent announcement of a 0.49% increase for standard variable mortgage rates pushing up monthly mortgage repayments, are all contributing to fewer homeowners opting to move.

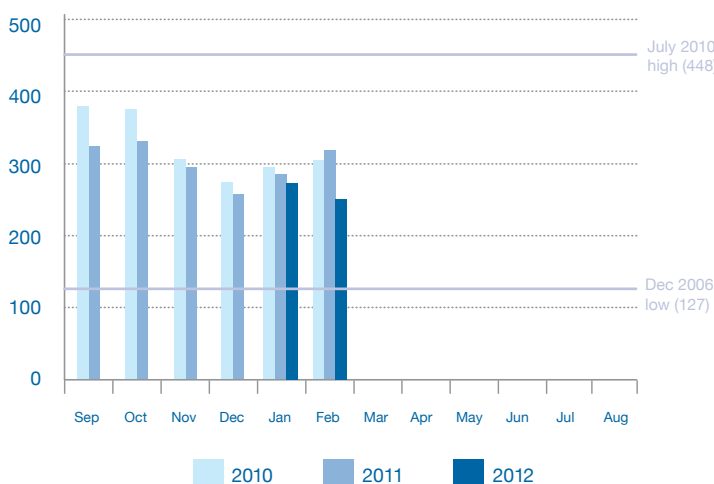
"A two-tiered property market is continuing to be established in London; with the "best in class" properties being sold in record time and for record prices whereas properties with any faults are facing price reductions or taking longer to sell.

"Interestingly, whereas previously when there has been a limited supply of properties, those that haven't been 100% perfect have still sold, in the current market these types of properties are proving harder to sell. This is partly down to unrealistic asking prices but also because buyers are now purchasing property with a longer term view and are unwilling to compromise on finding their perfect home.

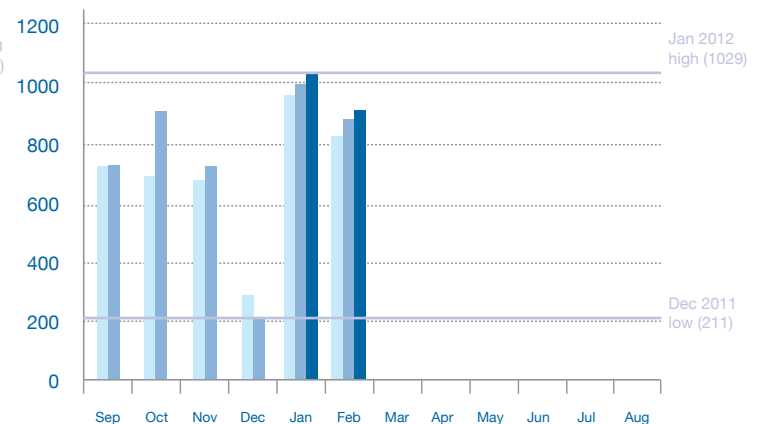
"There are already indications that the spring market is starting to kick in with an increasing number of valuations taking place. However, lack of stock is likely to be a key feature of the property market in 2012 and as demand remains high, prices for properties in the most popular parts of the capital are expected to increase further throughout the year. Predictions made by some pundits that prices would only increase by 2% in 2012 have already been exceeded by an average increase of as much as 8% across D&G land this year so far."

George Franks, Sales Director

Supply*



Demand*



*Supply and demand is determined by instructions and new applicants (respectively) within a given month across Douglas & Gordon's network of 14 sales offices in London

2012 Supply & Demand



Douglas & Gordon Average London Sales Price Index*

	Q1 2011	Q2 2011	Q3 2011	Q4 2011
1 bed flat	£ 368,333	£ 374,167	£ 383,750	£ 383,500
2 bed flat	£ 543,333	£ 557,083	£ 570,083	£ 579,583
3 bed house	£ 1,174,167	£ 1,209,583	£ 1,257,500	£ 1,277,083
4 bed house	£ 1,780,833	£ 1,905,833	£ 1,905,000	£ 1,933,333

*The D&G Average London Sales Index is based on a periodic re-valuation of each property type from every D&G office across London with the increase or decrease in their values averaged

The London Barometer/ Lettings: February 2012

Market Comment

"This year has seen a shift in the lettings market with up to 30% more available properties than this time last year and signs that the market is undergoing a period of correction. Rents remain at an all-time high although the first two months of this year has seen some very marginal decreases, due to the increased level of stock.

"Whereas in the last two years it has been a landlords market, the power has now shifted to the tenant as increasing stock levels means they can now afford to look longer and harder to find their perfect rental property and negotiate on terms.

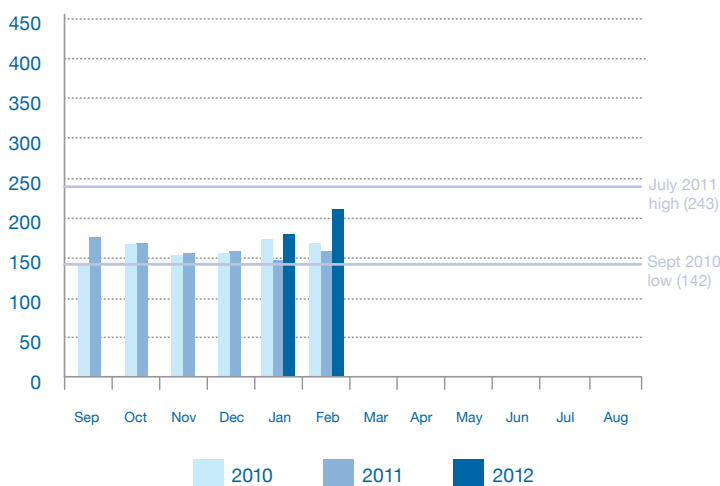
"Demand from corporate tenants and ex pat families relocating to London has diminished this year, we will have to see whether the spring/summer will bring with it the usual influx of families who traditionally look to settle before the new school term starts.

"Currently the activity in the main is at the lower end as domestic demand remains strong. There is evidence that these tenants have started to look outside their desired areas the high rents now being commanded in the most popular residential areas have become over budget for many young professionals, who have not seen similar increases in earnings.

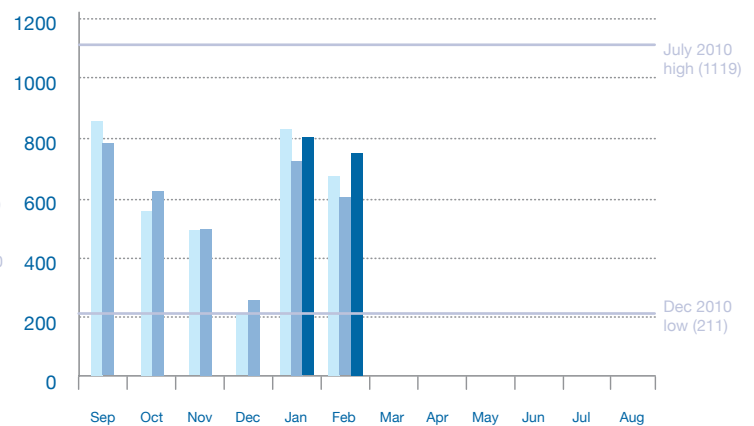
"As yields for buy-to-let properties in London decreases and sales prices increase, we could see a number of landlords opting to sell their property and cash in on the high prices being achieved."

Virginia Skillbeck, Lettings Director

Supply*

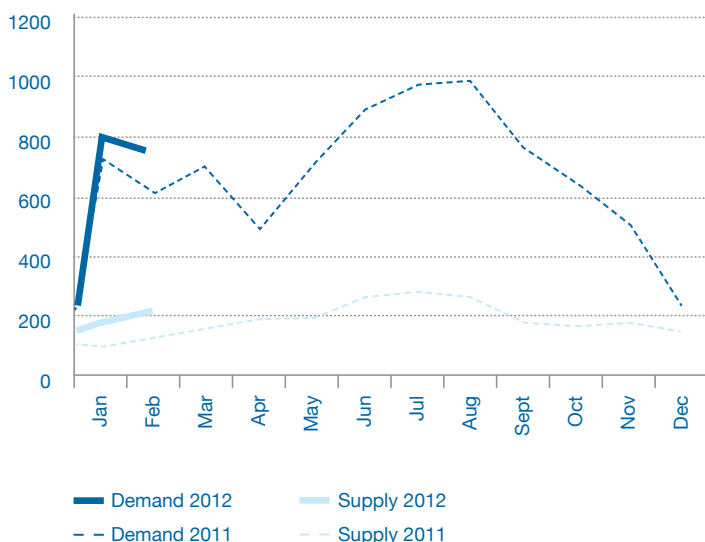


Demand*



*Supply and demand is determined by instructions and applicants (respectively) within a given month across Douglas & Gordon's network of 12 lettings offices in London

2012 Supply & Demand



Douglas & Gordon Average London Rent Index* (per week)

	Q1 2011	Q2 2011	Q3 2011	Q4 2011
1 bed flat	£ 381	£ 394	£ 399	£ 394
2 bed flat	£ 503	£ 527	£ 537	£ 531
3 bed house	£ 860	£ 922	£ 927	£ 912
4 bed house	£ 1,530	£ 1,661	£ 1,641	£ 1,556

*The D&G Average London Rent Index is based on a periodic re-valuation of each property type from every D&G office across London with the increase or decrease in their values averaged