



With economic and political instability a feature of many markets over 2011 - particularly following the Arab Spring and the instability of the Eurozone economy - there have been negative press headlines about the possibilities for continued recovery in the UK housing market. However, although predicting the repercussions of this global instability is near impossible, we believe the London market remains well placed to ride out the storm. Transactional activity across the wider UK housing market may remain sluggish, but Prime London and activity levels within our market of South Kensington continue to buck the trend.

Average sales price per square foot increased by 9% in the last six months, with an average of 33 sales over £1m each month in 2011, compared with 28 sales per month in 2010. There remains a shortage of properties to sell, with buyers, even with sizable budgets, having to compete for a small pool of available homes. Overseas buyers are active, particularly over £2m, attracted by the relative stability, investment potential and lifestyle advantages of owning a home in the Capital.

The investment case for Prime Central London continues to prove compelling for many investors, comfortably outperforming other asset classes in recent years.

Although European buyers have become more cautious in light of Eurozone economic uncertainty, many still look at London as a place to invest. Middle Eastern and Pacific Rim purchasers are also attracted to large properties, with the exchange rate a sweetener to the package offered by Prime London.

In the past year the number of properties available within central London was 12% lower than in the previous 12 months. The top end of the market has become even further constrained with 33% fewer properties reaching the market.

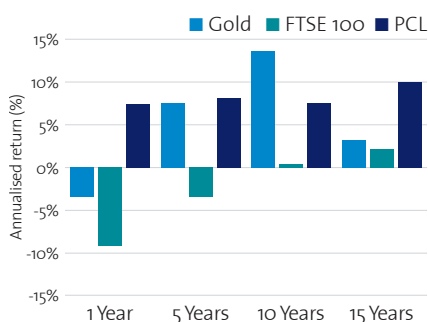
With stock scarce, and agents keen to instruct, we are seeing properties initially marketed at over-inflated asking prices. We firmly believe that accurate pricing from the

outset is key to generating early interest, competition, and ultimately achieving the best price. For example, we have recently sold a superb flat in Courtfield Gardens, at the asking price, for in excess of £1,800 per square foot - a record for the square.

"Prime London remains an attractive proposition for overseas buyers, as both a place to live and to invest"

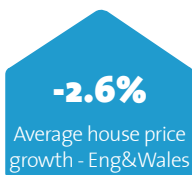
James Moran

Prime London performance against other asset classes



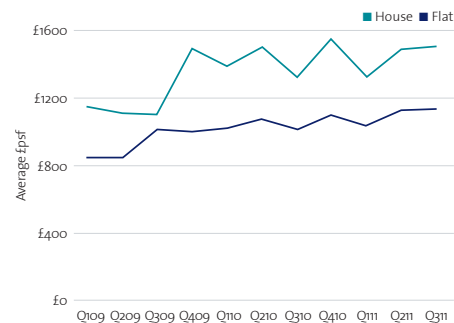
Source: FTSE/ Nasdaq PHLX/ Land Registry

Latest annual figures



Source: Land Registry

£ per square foot values continue to rise in South Kensington



Source: Lonres



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Ice Rink
4 November - 8 January

Recent instructions in your area

We have seen strong demand for both apartments and family houses in South Kensington since the summer with some properties selling very quickly and often achieving values above asking price.



Onslow Gardens SW7 1/2 Bedroom Flat

A spacious and light flat of 716 sqft (66sqm) with views over the attractive communal gardens.

SOLD in excess of asking price



Redcliffe Place SW10 3 Bedroom Flat

A newly refurbished three bedroom 1st and 2nd floor maisonette of 1,328 sqft (123 sqm) with balcony and south facing roof terrace.

Guide Price £1,750,000
Share of Freehold

"With stock scarce, the best properties within our market are achieving record prices"
James Moran



Cranley Mews SW7 2 Bedroom Mews

A superb double aspect Mews house of 1,085sqft (101 sqm) at the Northern end of this popular cobbled mews.

Guide Price £1,850,000

Stop press: Winkworth on Ice

Winkworth is delighted to be sponsoring the world famous ice rink at the Natural History Museum this winter. Now in its seventh year, the Natural History Museum Ice Rink is one of the most popular winter attractions in the UK.

See our quarterly publication in January for more information on the local housing market.



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