EA Shaw
9 — 12 Bow Street
Covent Garden
London WC2E 7AB

+44 (0)20 7240 2255
eashaw.com

London property
since 1899

Residential market update

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EA Shaw Market Update - 2011

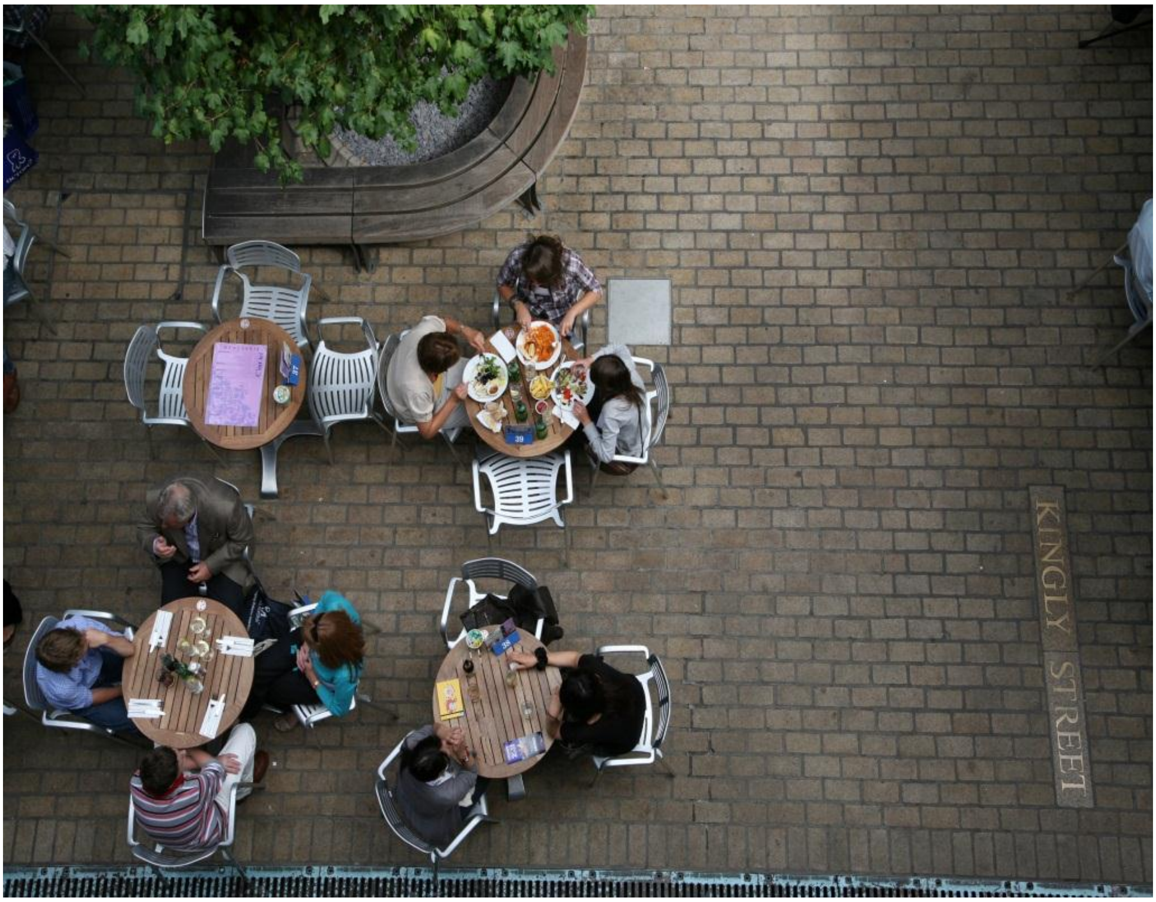
Property in our core areas of Covent Garden, Fitzrovia, Holborn and Soho is still seen by many as a stable investment. London's status as a safe haven has therefore seen increased amounts of overseas investment. The attractive capital growth rates (the average £psf value has increased 74% in the past 6 years for properties we have sold in Covent Garden and Soho) are also extremely appealing.

Over the past year we have experienced record square foot prices at Central St Giles and The Chambers, Bow Street with apartments achieving over £1,900 per square foot. This is encouraging news for both domestic and international investors and owner occupiers.

Another of our new schemes, The Piazza Residences, is also achieving very high prices, with some apartments selling for over £1,500 per square foot.

Comparing the first half of 2011 with the second half of 2010, the average price per square value rose 14%, while the number of properties EA Shaw sold rose by 79% over the same period.

Our core areas are still witnessing huge amounts of investment from overseas purchasers. For all properties we sold in 2011, almost two thirds were bought by overseas buyers, with Italians accounting for nearly 20% by themselves. This demonstrates London's status as a safe haven as well as property's stability compared to the volatility of stock markets.



Demand has been exceptionally high for the first half of the year while the supply of stock has remained relatively low. Looking forward to the next 18 months however, we are expecting to see the level of available property to increase with over 100 units earmarked for construction across five schemes. However, with an active buyer database of over 1,000 applicants, this increase in supply will have no impact on buyer demand.

The lettings market remains strong with demand currently outweighing supply. Apartments that present well and are priced correctly are letting within days of coming onto the market and often going to best bids. We were recently instructed on a 3 bedroom apartment in a popular development on Newton Street in Covent Garden. We received two offers within two days of marketing and went to best bids, we achieved 5.5% over asking price and a 15% increase on the previous rent. The tenants were in occupation 7 days after the initial appraisal of the property.

September saw an average increase of 12% in rents achieved. It is predicted that this rise will continue due to a lack of new stock coming onto the market.

After the summer break students were back in full force in September: 60% of the properties let in September were to students, the majority of them being from overseas. Their budgets were high this year with the average let being £500 per week.

October continues to be busy with new applicants registering – many corporates/professionals reported that they were holding off on moving in September as they did not want to compete with the student population, they have now chosen to move in October/November.

Renewals remain strong with tenants paying good increases (at least RPI, 5.2%, or higher) and wanting longer terms and more security. Tenants requesting break clauses are becoming less and less common.