

EYEDEA Ltd. *An eye for property*

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Superb Investment Opportunities in London's Property and Property Rental Markets

ARTICLE 1: "London property offers stable investment for wealthy Europeans"

Source: <http://www.guardian.co.uk/uk/2012/jun/01/london-property-stable-investment-europeans>

- Soaring number of wealthy Europeans investing in the London property market.
 - Analysts agree that currently in the world there are three main investment "safe havens":
 - Gold
 - The Swiss Franc
 - The London Property Market "
 - Not even the fall of the Euro vs. Pound (which makes investing more costly for Europeans) has managed to slow down the rising number of European investors who see in London a safe economic haven.
 - "Even at the height of the financial crisis in 2008, London property prices did not halve, and they recovered from their falls the next year" [40% drop]
 - "London has always been popular for its liberal legal and tax regimes".
 - Recent tax of 7-15% for homes that exceed the value of 2 million pounds has made properties below that value much more demanded. These are selling like hot cakes.
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ARTICLE 2: "Foreign investment in the London property market outranks even New York"

Source: <http://www.guardian.co.uk/business/2012/jul/01/foreign-investment-london-property>

- The focus of most wealthy foreign investors (China, Russia, Saudi Arabia, etc.) is on UK properties and especially those in London.
 - Analysts agree that the London property market is special and should be considered / analyzed as completely separated from the rest of the property market in the UK.
 - Inflation in Britain has been declining.
 - Investment in the country, particularly in property, has been designated as a "safe haven".
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ARTICLE 3: "UK housing market flat despite London price rises"

Source: <http://www.guardian.co.uk/money/2012/aug/14/housing-market-flat-london-price-rises>

- Housing prices in London continue to gain value.
 - Increased housing prices in London completely detached from fall in rest of UK, predicted to continue fall (as opposite to London)
 - Rising house prices in London continued to drive the annual rate of property inflation in June, with the capital recording a 6.5% increase over 12 months.
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ARTICLE 4: "Global investors pile into London property"

Source: <http://www.bbc.co.uk/news/business-15971292>

- Investors from countries like Greece prefer not to invest in their country due to financial crisis and dire economic forecasts.

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- The London property market has been a huge beneficiary of this global capital leak, as this market is regarded worldwide as an investment "safe haven"
- 60% of investments in commercial property in London are foreign.
- In London "'Integration is easy'
 - The system in London is very easy and open - with a transparent legal structure
 - Tax benefits that give an incentive and advantage over other European markets
 - London is used by many corporations as a base of operations for Europe, Africa and the Middle East
- Growth in London Property Market despite Crisis
 - According to analysts, London responds very quickly to global market pressures
 - Following the crisis of 2008, there was a 40% drop in prices, while the British pound weakened. This huge drop did little to shake the confidence of investors - in contrast to major markets such as USA, London Property received a substantial increase in foreign interest post-crisis. As such, London stole the crown from New York in 2008 as the most traded real estate market in the world.
 - Properties in London are thought "safe" at times of crisis.
 - 52% of offices in central London are owned by foreign investors - (in 1980 this figure was only 10%)
- The "super rich" have trust in London Property
 - Increasing interest of "super rich" individuals for long-term investments in London property

ARTICLE 5: "Business Is Booming In The London Property Rental Market"

Source: <http://hereisthecity.com/2012/06/02/business-is-booming-in-the-london-property-rental-market/>

- "The rising cost of living is squeezing incomes, and getting onto the property ladder remains a difficult prospect, but this is driving huge rental demand".
- According to research from Savills agency, the number of UK private rental housing increased by 50% in the 5 years before the end of 2011 - reaching 4.8 million - this figure is expected to increase to 5.9 million in the coming years
- It is estimated that this will demand around £ 200 billion pounds of investment -
- Only ¼ of that amount is expected to come from "buy-to-let" loans due to difficulties with current lending criteria.
- Significant opportunity for investors with capital and the ability to take a long-term investment approach
- Average yield is 5.8% for rents in the UK - London is offering arguably the best investment returns in the UK, reaching up to 8.5%
- The London property market operates in a completely different sphere from the rest of the UK - due to the large amount of foreign investment it receives
- The shortage of properties combined with a huge interest from foreign investors has pushed up housing prices in London by up to 20% above the peak it reached in 2007 before the crisis
- Savills Research expects growth for property values in London in 2013, will continue in the long term
- The Savills World Cities Report paints a picture of London as a stable and strong place for property investment. Prices grew by 1% in the six months to December 2011, while cities such as Shanghai, saw prices grow by just 0.1% in the second half of 2011.

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- "Prices in London are second only to Hong Kong and also benefit from low transaction and occupancy costs compared to the likes of Singapore, Paris and Mumbai. New York's relatively low price growth means that rental values, as a percentage of property value, are high at nearly 7%, but again London is a competitive place, coming in third place on the Savills list with around 5%."
 - The research report of Savills expects London will retain its stability and keen interest from foreign investors.
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Article 6: "UK to see massive surge in demand for rental properties in next five years "

Source: <http://www.propertywire.com/news/europe/uk-property-rental-demand-201203276347.html>

- Research Report from the firms "Savills" and "Rightmove" estimate that for 2016 the UK will need 1.1 million additional homes for rent, resulting in a required investment of £ 200 billion pounds, although only £ 50 billion of that amount will come from buy to let funding
 - In London, private rents account for 27% of all households
 - "...rising rents and lower capital values have begun to attract private investors back into the market".
 - The "Savills" report expects around 20% growth in rental prices over the next five years, starting with 3% in 2012
 - Research from the firm "Rightmove" concludes that at least two thirds of tenants expect their rents will increase over the next year.
 - Expect a great surge of large-scale investment - industry must work to attract the required investment of £ 200 billion to meet demand over the next five years
 - Rental yields in London reached their highest levels
 - Forecasts indicate that London and the South East of England will be the main focus of investment
 - The report concludes that rapidly rising demand will need rental stock to be delivered by the new build market, in volume and at a discount to provide the yields to attract vital corporate and institutional funds.
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ARTICLE 7: "UK property rental market flourishing, research suggests "

Source: <http://www.propertywire.com/news/europe/uk-property-rental-market-201204116405.html>

- An investigation from the firm "Experian UK" reveals that the volume of rental properties increased significantly in recent years.
 - London dominated the rental market with 20% of all UK rents located in that city.
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ARTICLE 8: "London rental market booms "

Source: <http://www.relocatemagazine.com/property-home1/renting/property-renting-news/4126-london-rental-market-booms->

- The rental property market in London is stronger than ever according to a report from research firm "Hometrack"
- Two very different markets: one is London and the other the rest of the UK
- Rents in London are broadly higher (more than double) than equivalent properties in the rest of the UK - In 2011, the growth rate of rents for the rest of the UK was lower than in 2010, while London saw a significant increase of 9.6%,
- In 2011, and, although growth has slowed since, London remains stronger than the rest of the UK. The continued growth in the capital's rents

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reflect the sheer size of the city, the high cost of buying, and a corporate rental sector which drives some of the highest rents in the country. In contrast, demand across other cities is largely domestic, driven by those unable to access owner occupation

- Rents are expected to increase by 2-3% in 2012, pushing gross returns above 5.5%.
- The market for rental properties in London consists of three segments:
 - A top level consists of corporate rentals.
 - A large majority of core tenants who are unable to buy homes or who prefer to maintain some flexibility.
 - A lower level covering tenants receiving benefits / government aid.
- At the core of the private rental market in London, the typical monthly rent is between £ 1,000 and £ 1.500 pounds per month for a flat.
- This core market offers a huge source of demand for investment.
- The increase in private renting has been driven by growing demand and scarce supply - coupled with a lack of improvement in mortgage availability for the near future -
- Arguably the demand for rentals is expected to remain very strong and even if mortgage availability improved, the market would not erode significantly.
- Renting is only cheaper than buying in cities like London, Bristol, Oxford and Cambridge - where the cost of climbing onto the property ladder is considerably higher
- In lower capital-value markets, tenants are paying a premium to rent over the cost of buying an equivalent property
- London data from the English Housing Survey reveals a clear trend towards greater sharing and cohabitation as a means of meeting higher rental costs.

ARTICLE 9: "London property prices: The true cost of spiralling rents as they hit an all-time high"

Source: <http://www.standard.co.uk/news/london/london-property-prices-the-true-cost-of-spiralling-rents-as-they-hit-an-alltime-high-7875729.html>

- Rental prices in London have reached a new record
- Average monthly income increased by 4.2% in May 2012, rising to £ 1.038 pounds, surpassing the previous record set in November

ARTICLE 10: " London rental market as strong as ever"

Source: <http://www.zoopla.co.uk/property-news/renting/london-rental-market-as-strong-as-ever-801332754/>

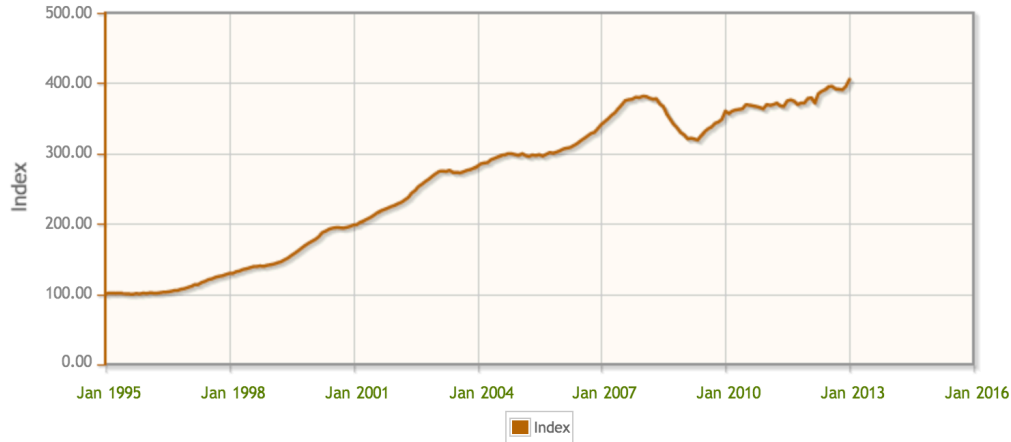
- Experts from research firm "Jones Lang LaSalle" say the London rental market is stronger than ever - and without showing any sign of weakness in the future
 - London in general has not seen large volumes of new construction compared to past eras in the UK - which has led to a sharp increase in demand for Rental Properties
 - Experts say that demand has a fairly rapid growth rate - and ensure / anticipate that this will continue for the foreseeable future
 - People are moving to London from around the world to work and need accommodation - and if they cannot get a mortgage, they will rent.
 - There is in turn a great demand for investors in the market
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Market Indicators

Figure 1: London's Historical House Price Index - 1995 to 2012

Source: <http://www.landregistry.gov.uk>

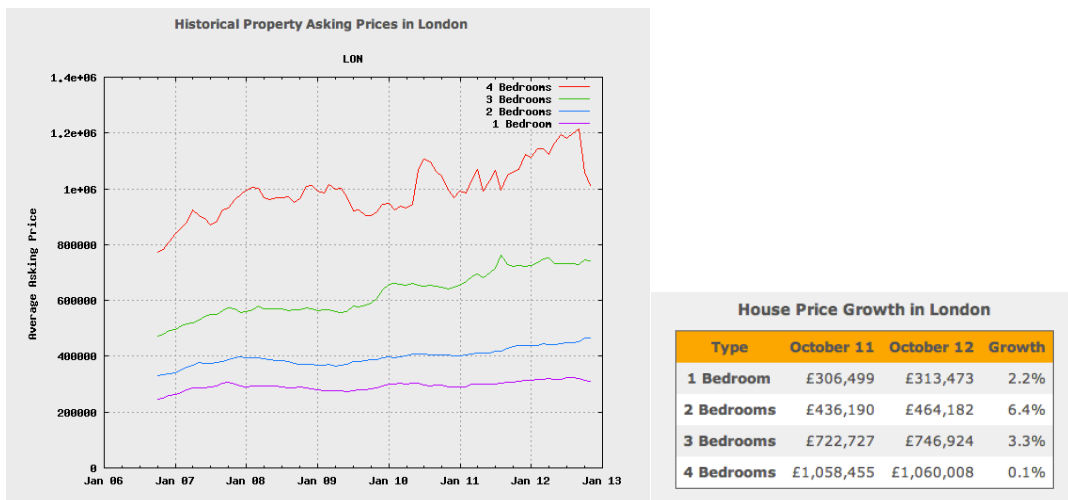
House price index



Note: There is a clear upward trend over the last 17 years, with a slight decline during the financial crisis of 2008 and subsequent recovery, now reaching record highs.

FIGURE 2: London's Historical Property asking prices - 2006 to 2012

Source: www.londonpropertywatch.co.uk



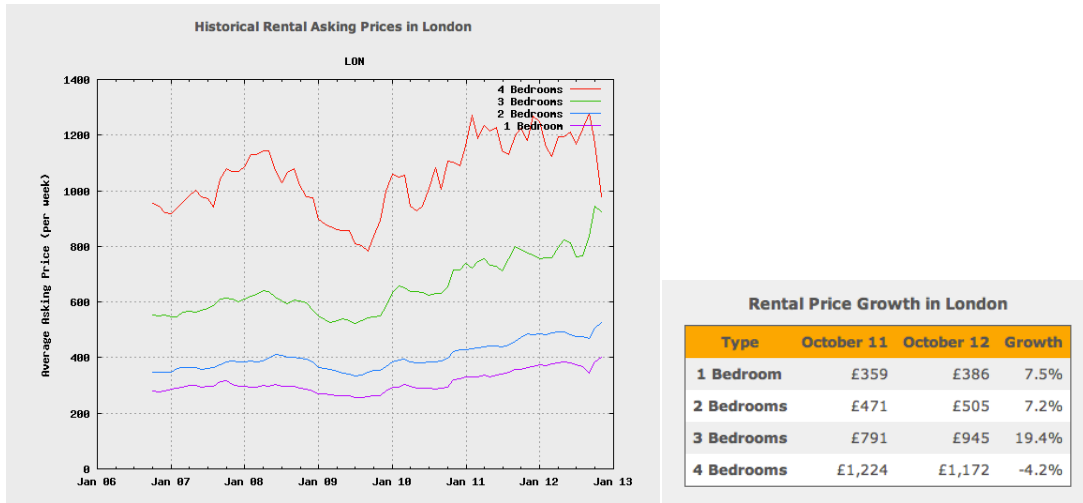
Note: General growth trend, with stagnation after the 2008 financial crisis and subsequent recovery.

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Figure 3: Historical Rental Asking Prices in London. Jan. 2006 to July 2012

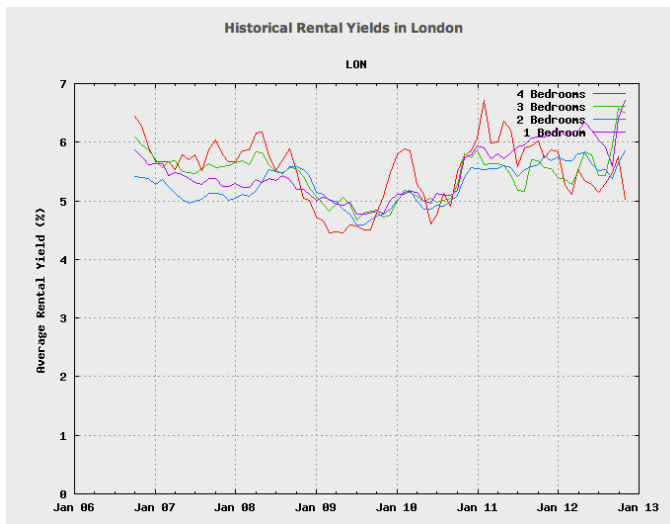
Source: www.londonpropertywatch.co.uk



Note: Increasing trend with fall post financial crisis and eventual recovery and growth, reaching historical high levels.

Figure 4: Historical Rental Yields. January 2006 to July 2012

Source: www.londonpropertywatch.co.uk



Note: the rate of return remains stable between approx. 5-6% for all types of homes. Slight drop is observed after financial crisis with eventual recovery. Strong Market Stability is evident.