

EMERGING PRIME INDEX 2015

January 2016



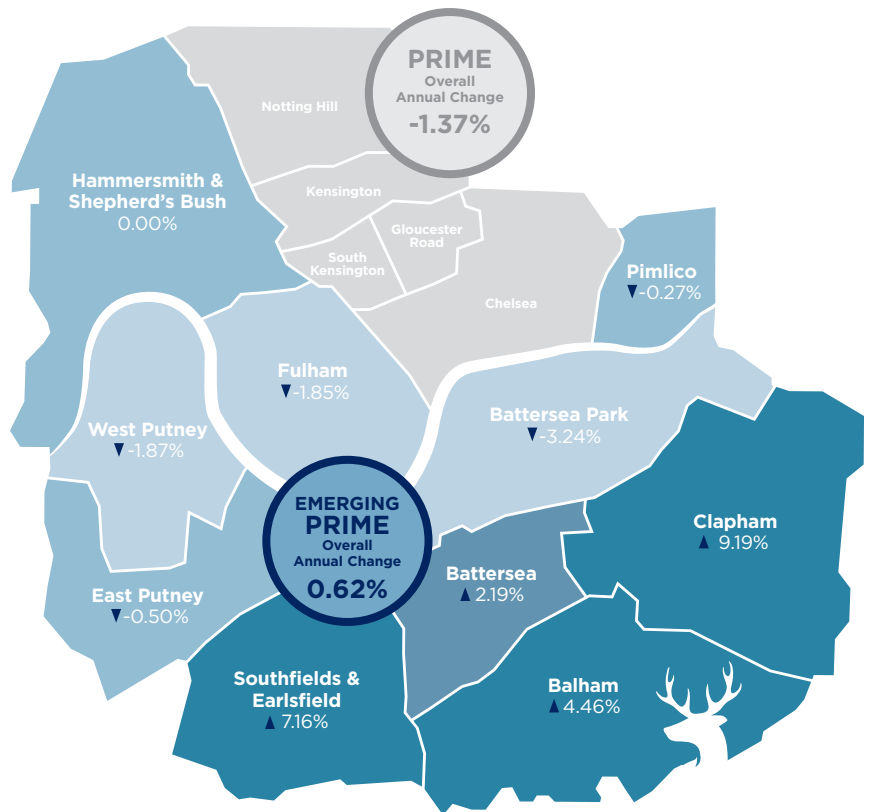
Stamp duty changes have hit sales of premium London homes

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	Emerging Prime	Prime
*Index	254.88	248.7
Quarterly Change	-0.38%	-1.00%
Six Month Change	-0.88%	-1.23%
Annual Change	0.62%	-1.37%

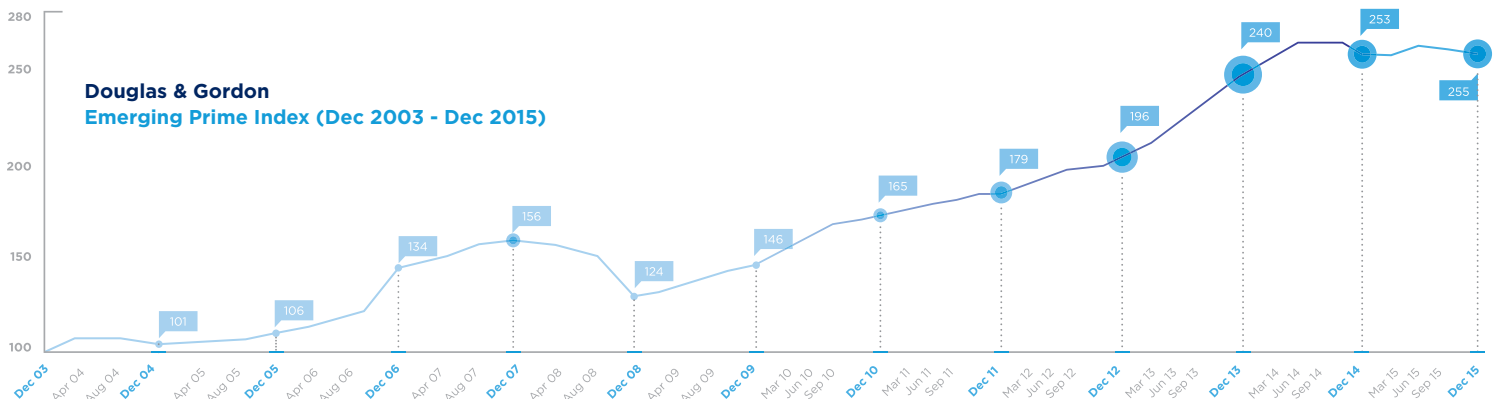
* Dec 2003 = 100

- In 2015, the Emerging Prime index showed a small rise of 0.62% for the year. It also held up against other asset classes since the end of May. In 2015, Emerging Prime performed better than the Prime market, which declined by -1.37%.
- The market in 2015 was shaped by the 2014 Autumn Statement, when the Chancellor reduced stamp duty levels for transactions below £937,500, but raised them for purchases over that figure. This led to the market broadly falling into three price categories: up to £1m, £1m to £2m and £2m+.
- Prime London homes selling for £2m and above declined by 64% in the last nine months of 2015 against the same period in 2013. Properties valued under £937,500 (predominantly flats) fared better.
- Given the significant collapse in transactions at the top end of the market and the impact this will have on revenue, it is conceivable that the government might consider lowering SDLT.
- Rental growth averaged 2.4% across Emerging Prime in 2015; but as corporate budgets tightened, pockets of weakness appeared in the house market in some areas.
- Our forecasts for 2016 are bracketed by price range. We think that properties up to £1.5m will grow in value up to 5%. Above that figure we are forecasting a static year in the market.



Douglas & Gordon
Emerging Prime Index
Performance by area
(2015)


Performance Dec 2003 - Dec 2015



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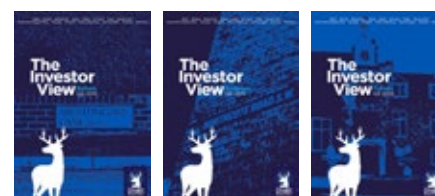
The last 12 years in detail

 Douglas & Gordon	D&G Emerging Prime Index	Quarterly % Change	Year on year % Change	Prime Index
Dec -15 (Quarter)	254.88	-0.38%	0.62%	248.7
Sep -15 (Quarter)	255.85	-0.50%	-1.08%	251.22
Jun -15 (Quarter)	257.13	1.33%	-0.84%	251.8
Mar -15 (Quarter)	253.75	0.18%	0.40%	250.34
Dec -14 (Quarter)	253.31	- 2.06%	5.39%	252.15
Sep -14 (Quarter)	258.64	- 0.26%	11.30%	254.21
June -14 (Quarter)	259.32	2.61%	17.65%	254.19
Mar -14 (Quarter)	252.73	5.15%	21.59%	251.45
Dec -13 (Quarter)	240.34	3.43%	22.30%	247.09
Sep -13 (Quarter)	232.38	5.43%	20.32%	241.3
Jun -13 (Quarter)	220.42	6.05%	15.34%	237.73
Mar -13 (Quarter)	207.85	5.77%	11.34%	233.48
Dec -12 (Quarter)	196.52	1.76%	9.59%	231.65
Dec -11 (Full Year)	179.32	-	8.50%	218.57
Dec -10 (Full Year)	165.27	-	12.69%	189.3
Dec -09 (Full Year)	146.66	-	17.34%	173.85
Dec -08 (Full Year)	124.99	-	-20.18%	150.51
Dec -07 (Full Year)	156.59	-	16.81%	178.31
Dec -06 (Full Year)	134.05	-	25.98%	146.36
Dec -05 (Full Year)	106.41	-	5.16%	110.36
Dec -04 (Full Year)	101.19	-	1.19%	102.79
Dec -03 (Full Year)	100	-	-	100

Douglas & Gordon Residential Research

All Douglas & Gordon Residential Research is provided by D&G Asset Management.

Q1 2016 Investor View reports, with detailed local data covering each of our Emerging Prime and Prime offices will be published later this month. To receive our quarterly Investor View, please email goodtoknow@douglasandgordon.com and we will put you on our mailing list.



Our Data

The D&G Emerging Prime Index

was established in 2014 using our proprietary data stretching back to December 2003. The index is valuation based and covers the following areas of London: Battersea Park, Battersea, Balham, Clapham, East Putney, West Putney, Southfields & Earlsfield, Hammersmith, Shepherd's Bush, Pimlico & Westminster and Fulham.

About Douglas & Gordon

- Douglas & Gordon was founded in Chelsea in 1958.
- The company employs 220 people in 19 offices, providing property services across central, west and south-west London.
- Services offered include: Residential sales, lettings & developments; Property management; Corporate services; Professional valuations; Block management; Refurbishment & interior services.
- £10bn residential property under management.

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