



WI RE

WORLDWIDE INVESTMENT IN REAL ESTATE



LONDON REAL ESTATE MARKET



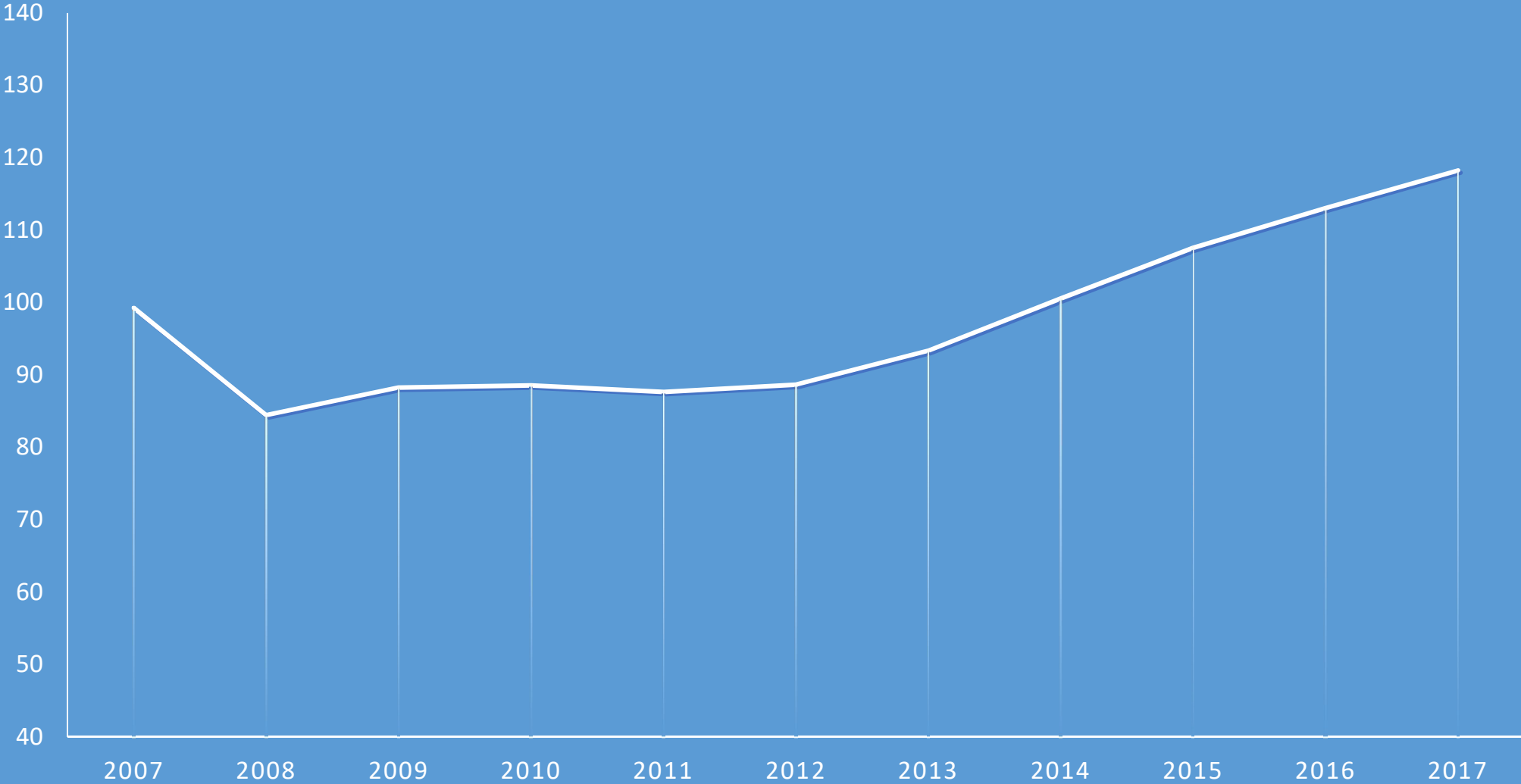
AN OVERVIEW ON THE UK:

During the last decade UK's real estate market has been quite volatile. After a 15% decrease in 2008 the market reached a minimum, followed by a flat phase. Since 2012 the market has been subject to an upturn, which brought prices up about 20% compared to the pre-crisis maximum. The growth has been mostly due to the major urban centers in the country, like London.

As a consequence of the political uncertainty and of the cooldown in price growth in the major cities, it is forecasted that in the next three years the trend will remain positive overall, but with a lower magnitude. The growth will be mostly due to the minor urban centers this time, which are attracting the local industry especially because of their relatively low prices.

HOUSE PRICE INDEX (YEAR-END VALUES)

Source: UK Government Land Registry



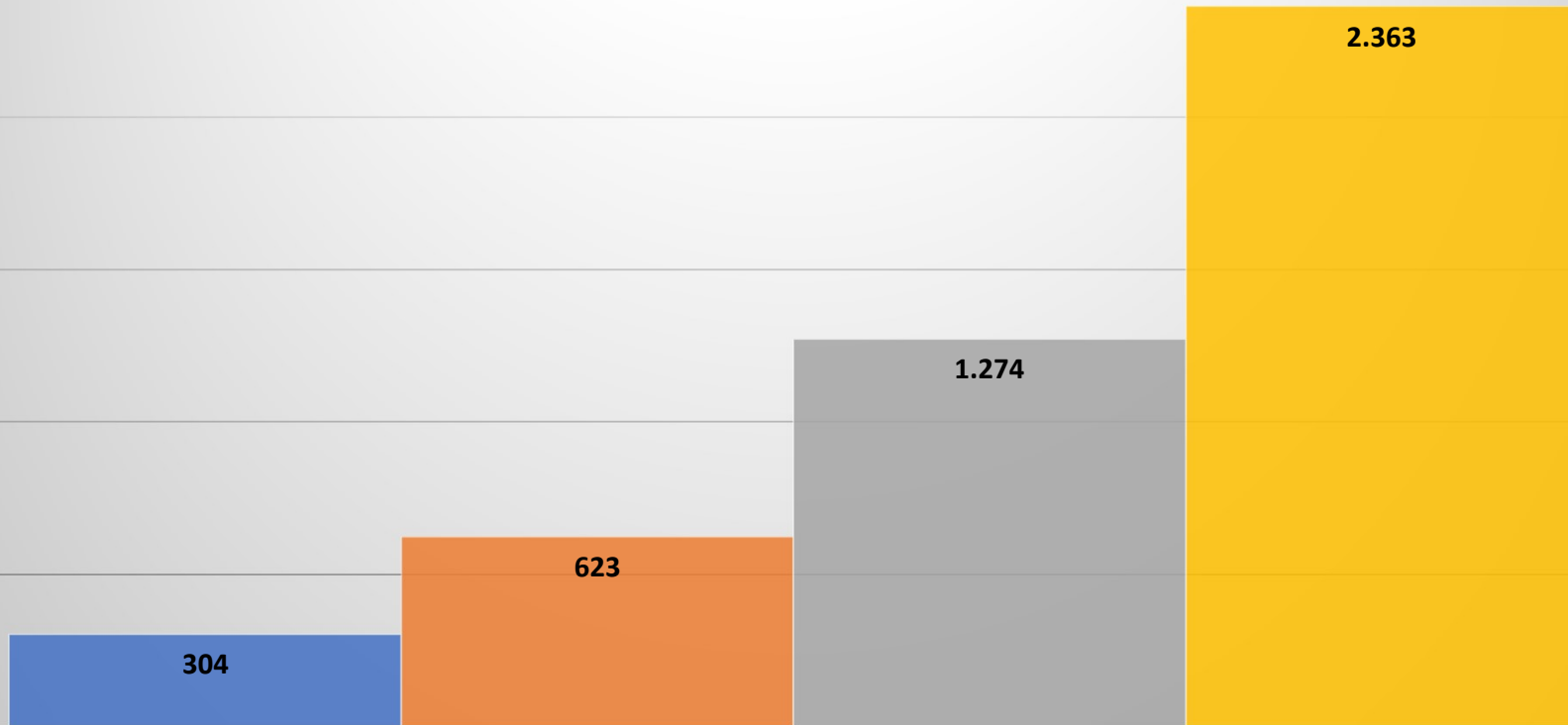
Values per square foot are really different among London.

The average for Greater London is 623\$/Sqft compared to the average of 1.274\$/Sqft in the central area. However, each area is often very different from the other ones in terms of prices.

The highest average value of over 2.265\$/Sqft is in Kensington & Chelsea.

Average Price \$/Sqft_London2Q18

*£/\$ exchange of 8/10/2018= 1,32



■ UK ■ Greater London ■ Inner London ■ Kensington & Chelsea

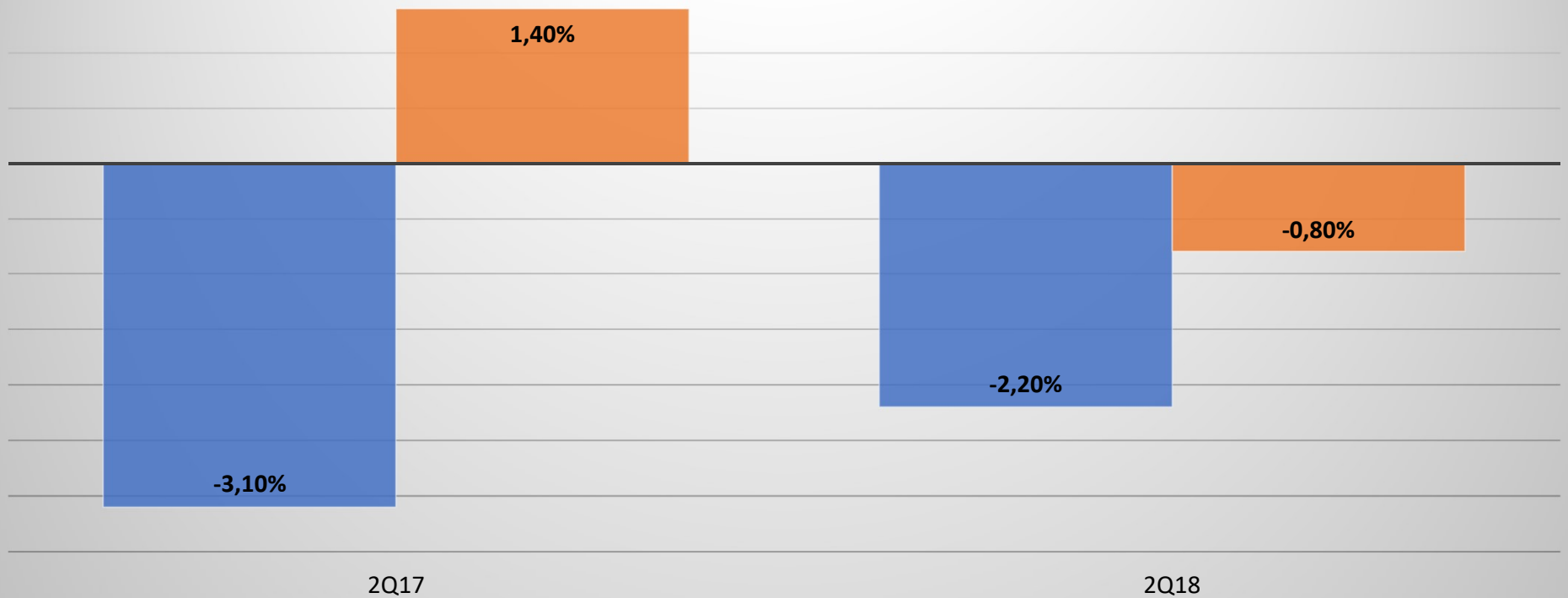
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Central areas are the most appealing for the international investor. There transactions are decreasing, as well as prices, which are pretty solid anyway.

Reasons are to be looked for in the natural slowdown phase of the market, typical of long-term expansive cycles, in the increase in stamp duty's charges and in the political instability affecting the country nowadays.

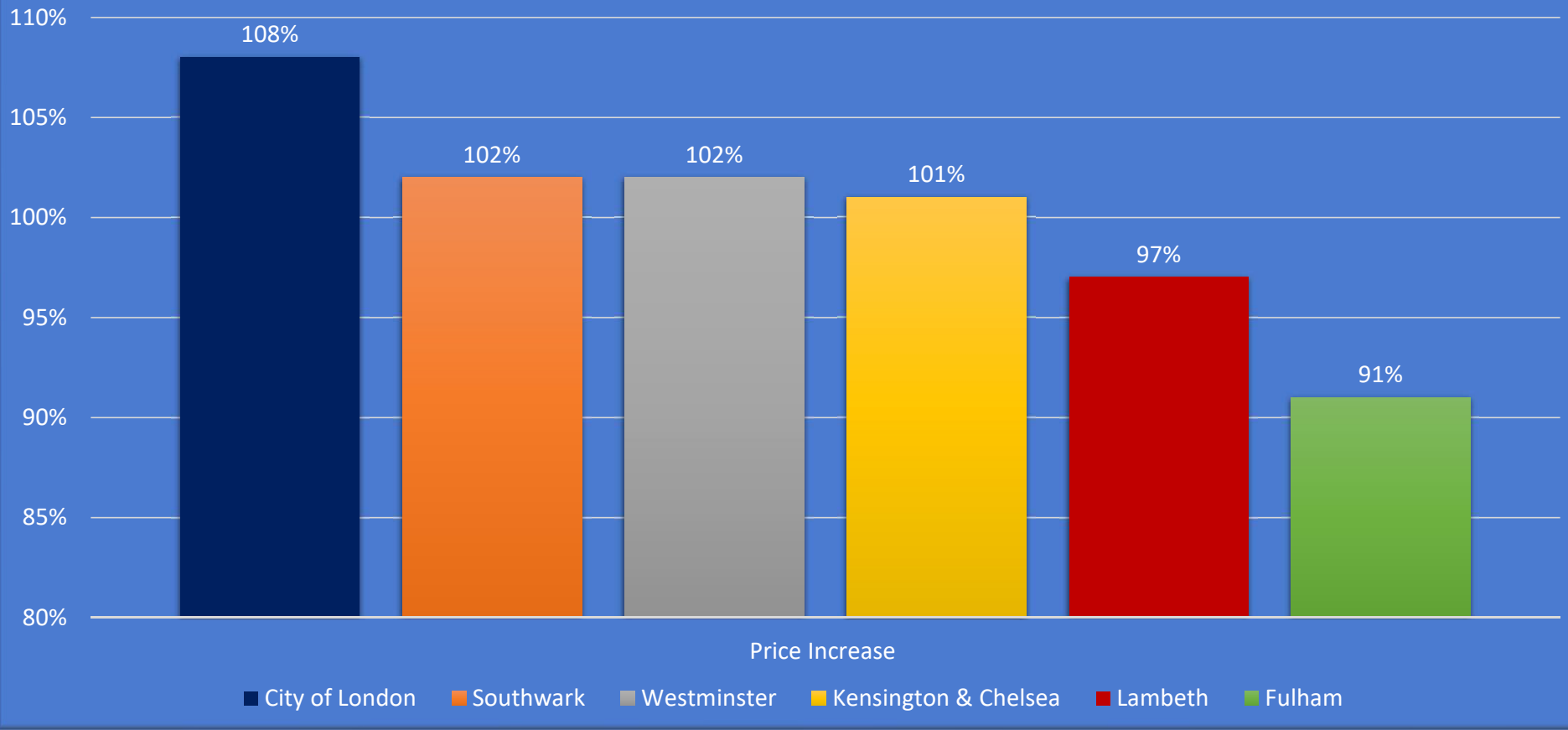
That said we think that London will remain a prime location for international long-term real estate investment, as demonstrated by the growth of some prime neighborhoods in the last decade.

Recent Trends of London Real Estate Market



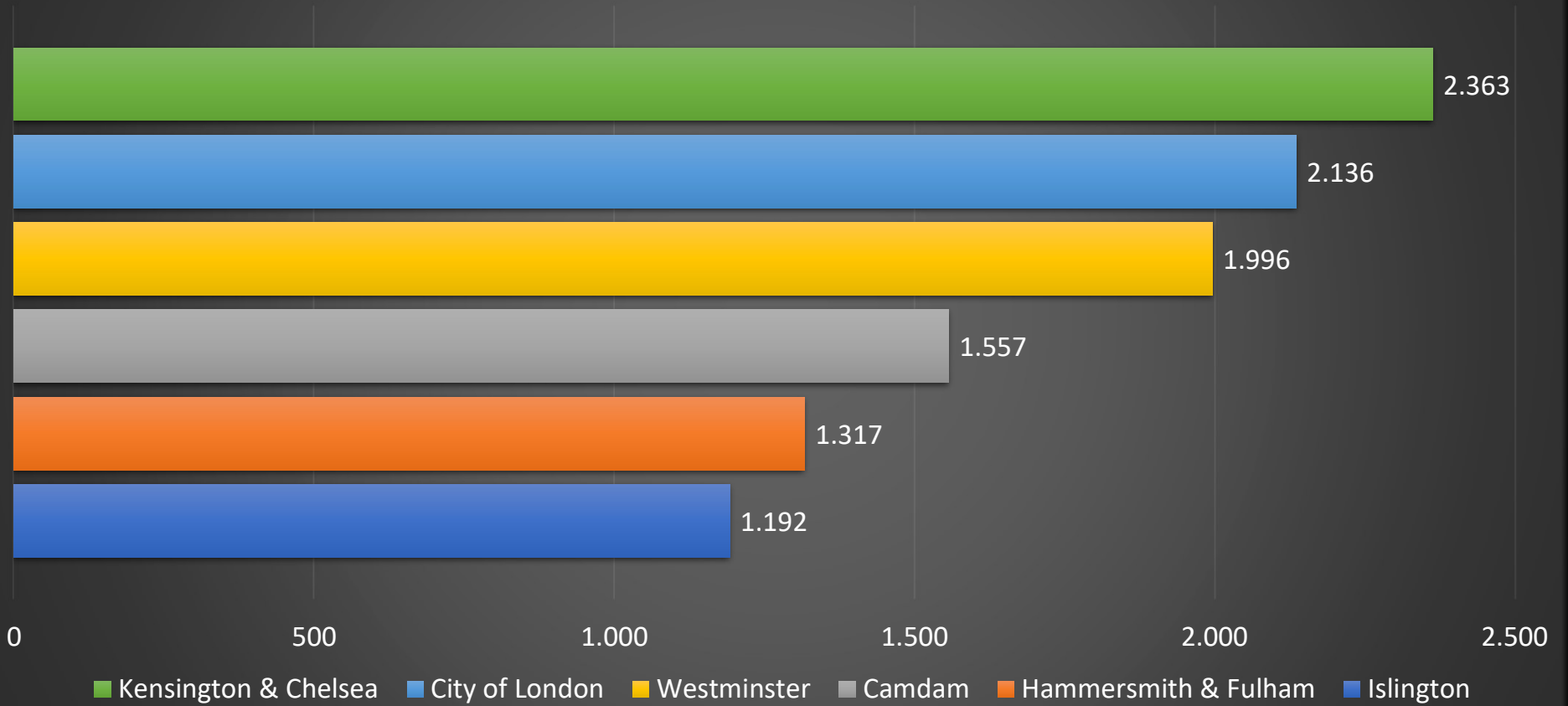
■ Change in transactions y-o-y ■ Change in prices y-o-y

Price Increase 2007-2017 Prime Zones



Price \$/Sqft Most Sought-after Neighborhoods

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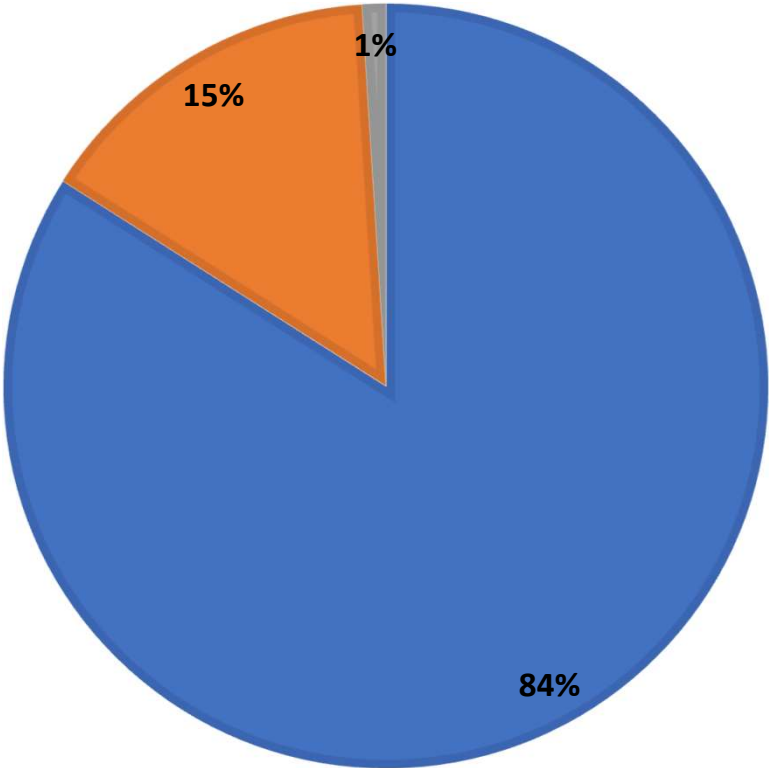


Considering the inventory currently on the market for Inner London, 84% of it is composed by flats, while 15% is represented by the so called «terraced-houses». Semi-detached houses have higher values and are more rare to find. They represent only 1% of the inventory.

As expected only a minor share of the inventory is of recent construction. However, it could be interesting to note that on the market there are more properties built before 1900 than ones built in the interval 1900-2000. It is an empirical demonstration of the historic soul of this city.

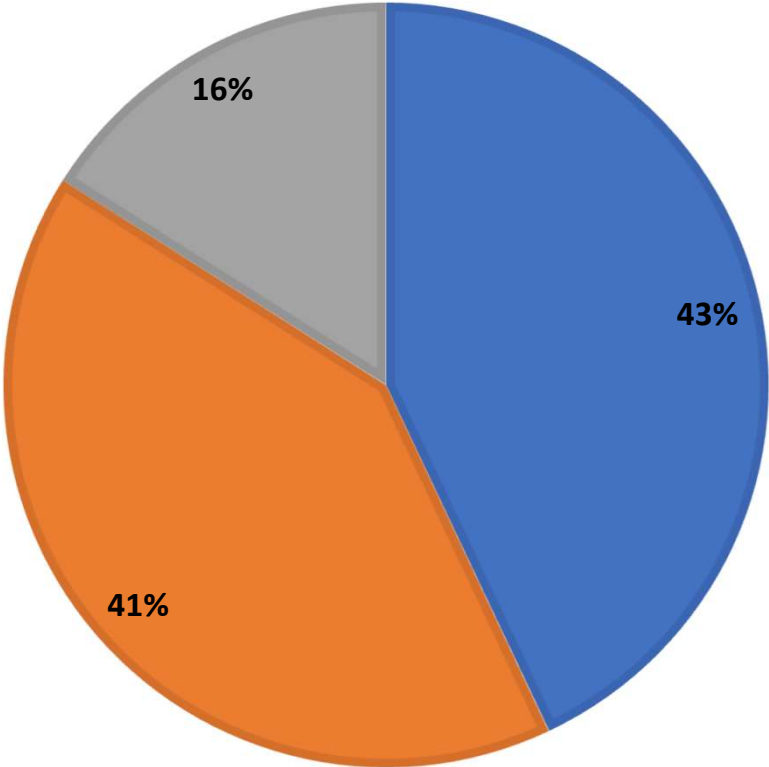
CURRENT INVENTORY BY TYPE OF CONSTRUCTION

■ Flats ■ Terraced-Houses ■ Semi-detached Homes



CURRENT INVENTORY BY YEAR OF EDIFICATION

■ Pre-1900 ■ 1900-2000 ■ Post-2000

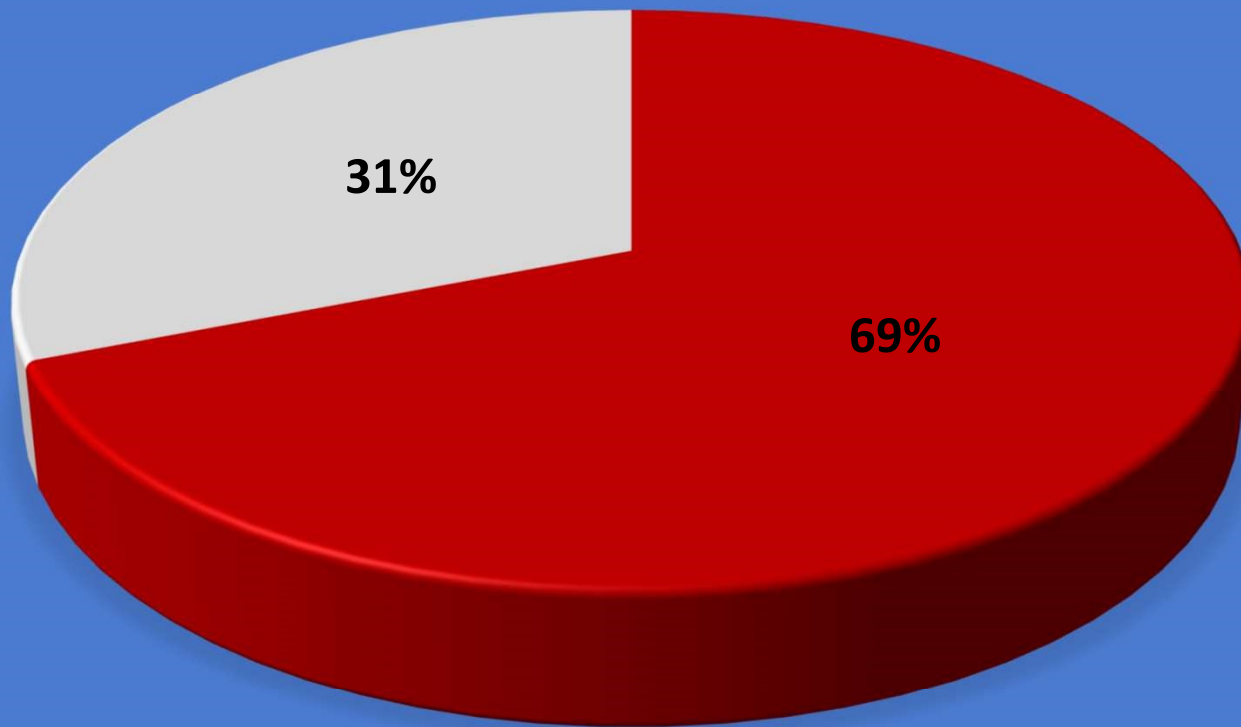




- HISTORIC FACTOR CAUSING MARKET GROWTH:

- European financial center
- One of the major cities worldwide in terms of capital flows
- High number of international buyers
- Business-friendly environment and policies

INTERNATIONAL VS LOCAL BUYERS BY NATIONALITY 2017



■ Foreign Buyers (Nationality)

■ UK Buyers

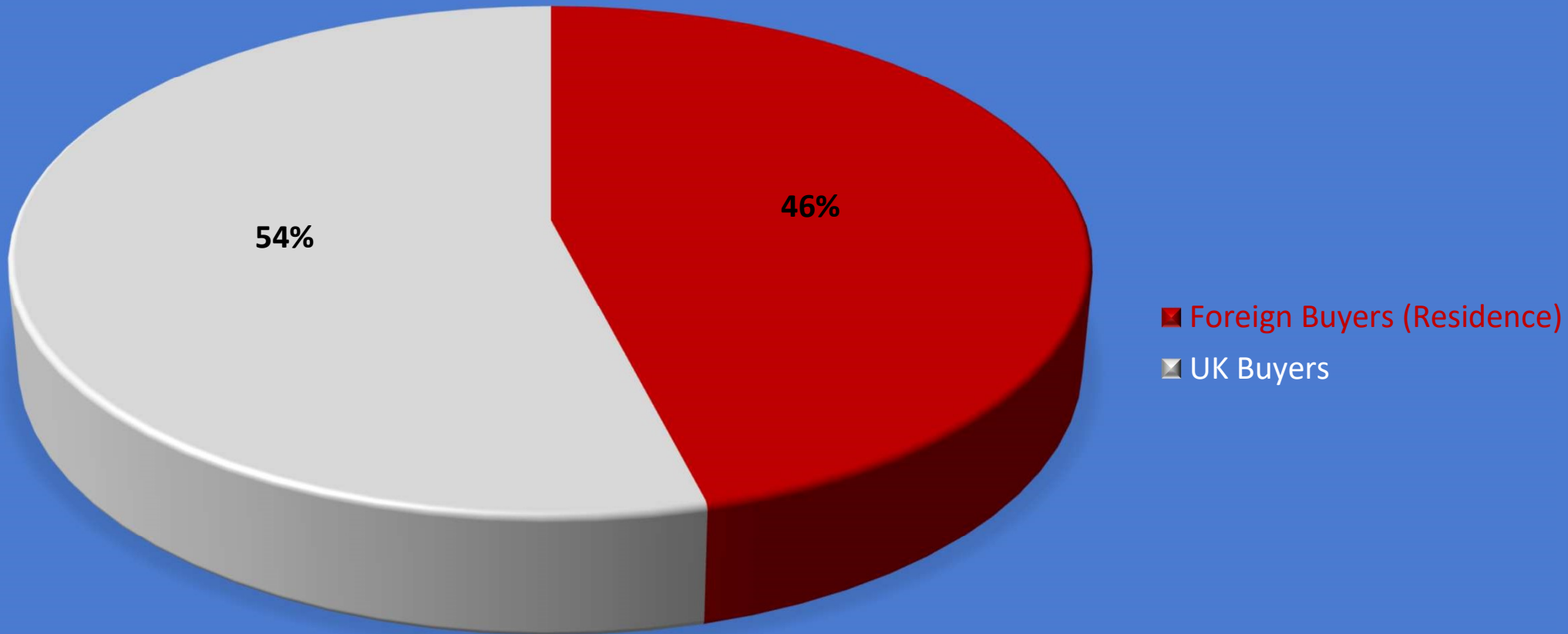
The ratio of international buyers to national ones in Central London is one of the highest in the World and is more than 2.

This means the market will always offer good levels of liquidity.

Considering the various nationalities involved in the process, we could assume that the market cannot be affected by issues related to a single foreign country.

Europe, Russia, the Middle East and North America are the homelands of the majority of those buyers.

INTERNATIONAL VS LOCAL BUYERS BY RESIDENCE 2017



CONCLUSIONS:

Given the solidity and the appeal of London real estate market in the long-run, the short-term outlook looks not that good.

An objective analysis gives no space to catastrophistic forecasts, anyway it is sure that London real estate market has entered a flat phase, which will continue for at least three years. However there are no relevant falls in prices forecasted.

It is difficult to release a long-term forecast given the many macroeconomic variables in place. Probably London real estate market will once again prove itself one of the best markets for international investors in the long-run.

That said, nowadays it is possible for international buyers to find amazing opportunities on the market by exploiting its inefficiencies. Indeed, it is possible to find properties sold for a large discount and off-the-market opportunities with a relevant pay-off.