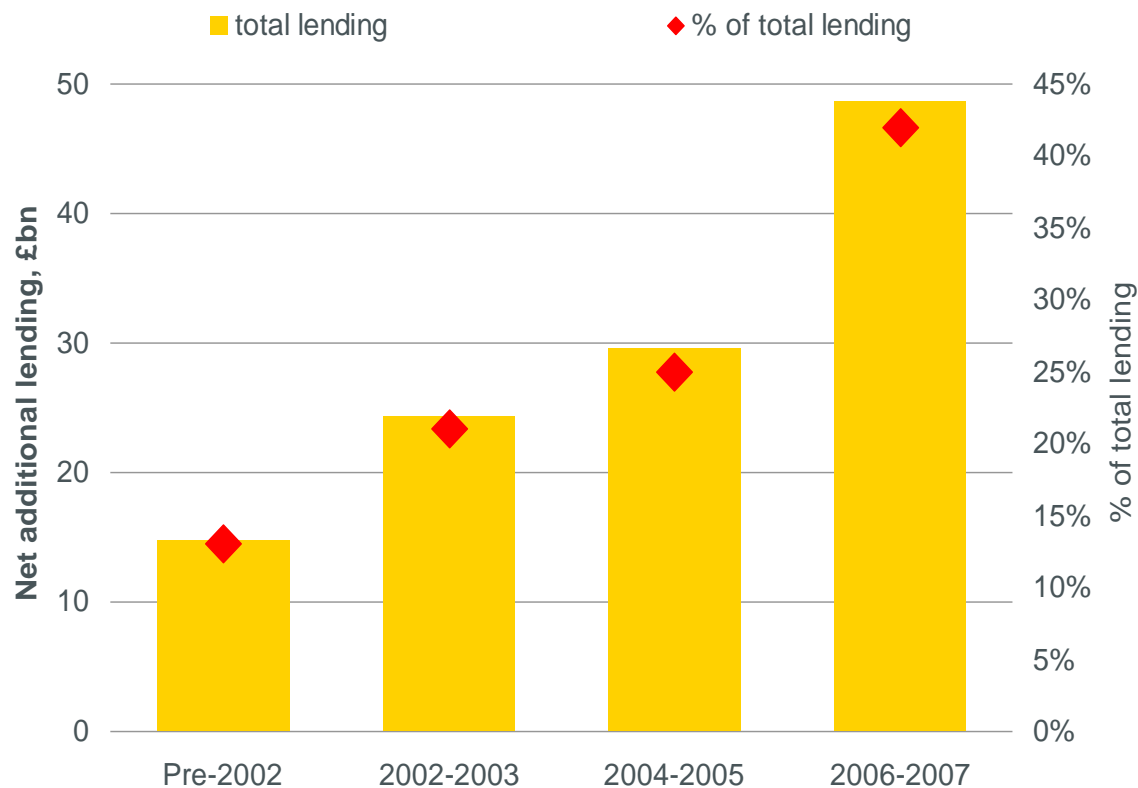


Understanding investors

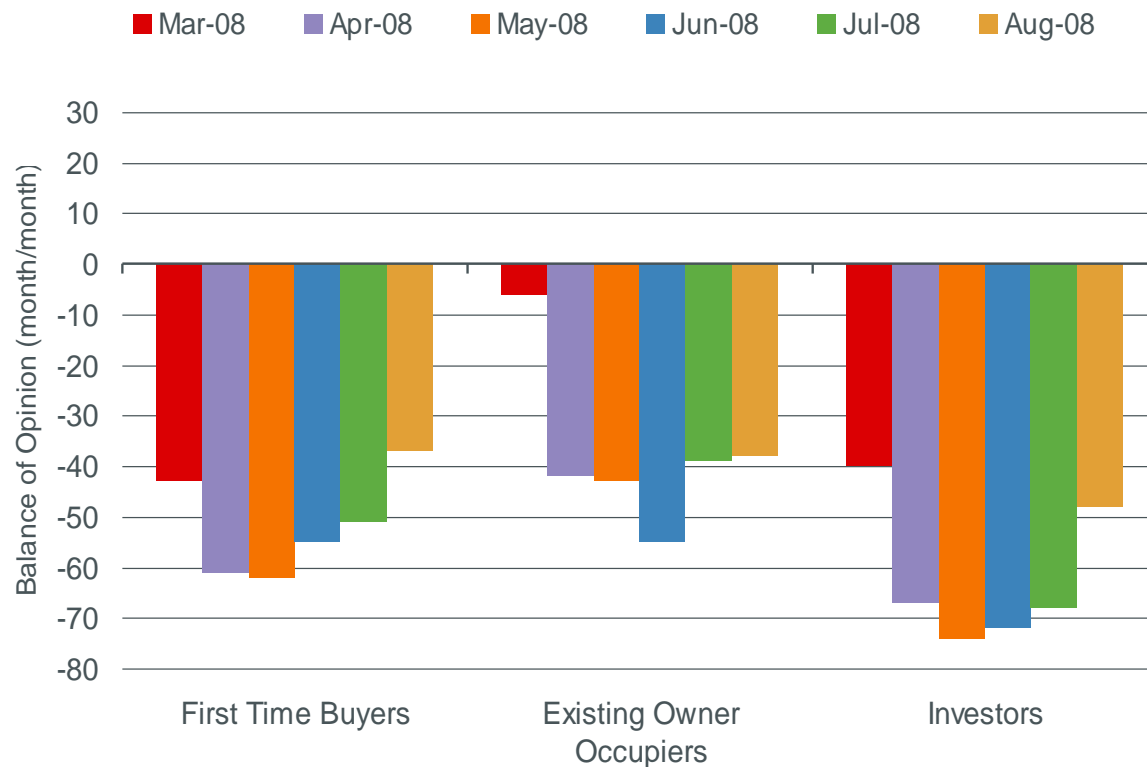
Yolande Barnes, Director Residential Research

buy to let boom was important to industry



Source: Savills Research, CML

... but they have departed in droves



Source: HBF

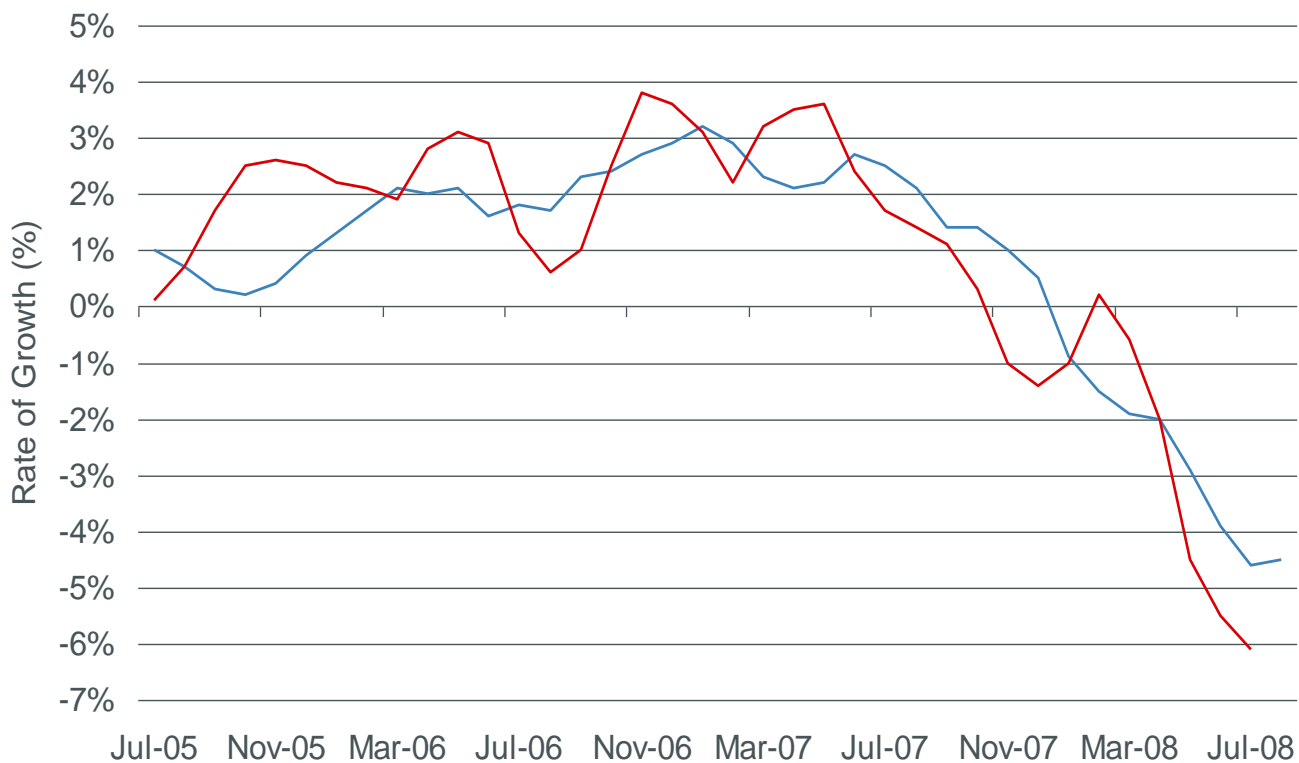
**transactions
have never
been so low**



Source: HBF

prices have fallen quickly

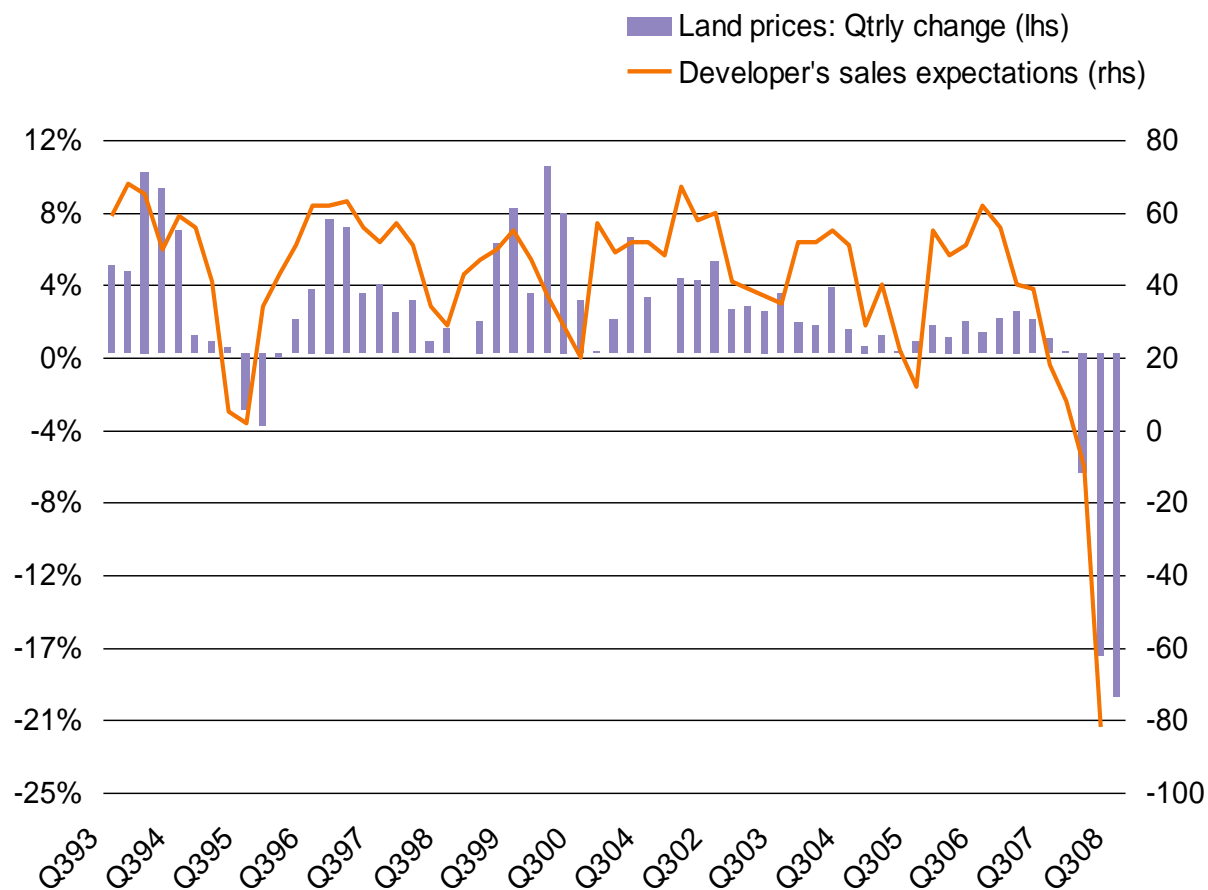
- Nationwide Latest 3 months on previous 3 months (Seasonally adjusted)
- Halifax Latest 3 months on previous 3 months (Seasonally adjusted)



with more to come...

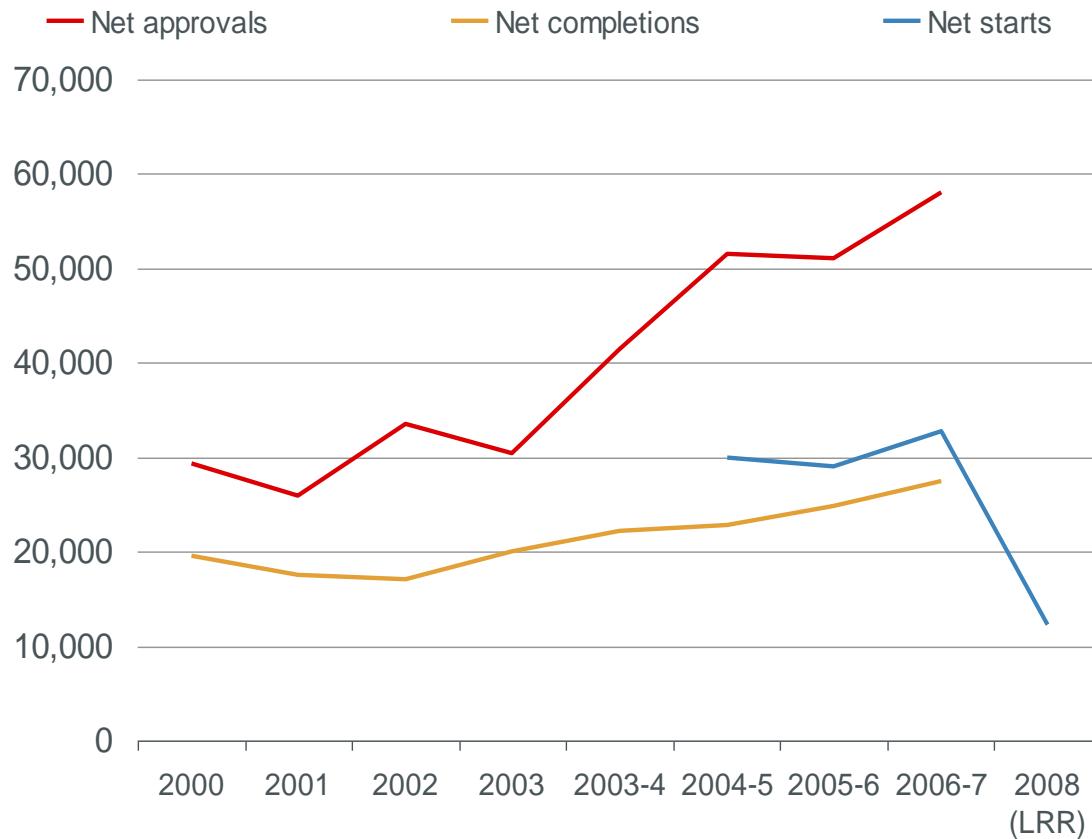
Source: Nationwide/ Halifax

development land values are in steep decline



Source: Savills Research, Home Builders Federation

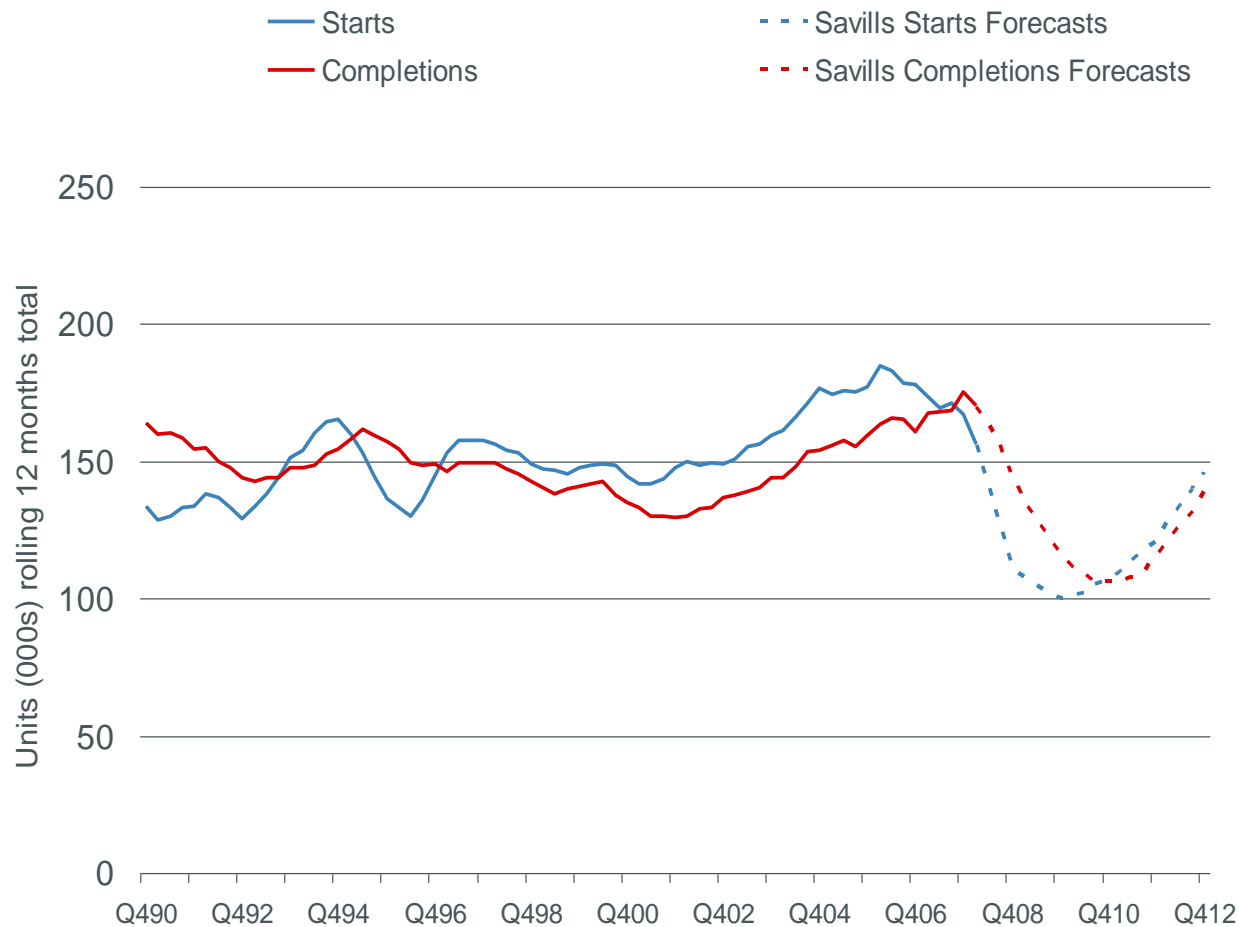
delivery has fallen sharply



Source: GLA/ London Residential Research

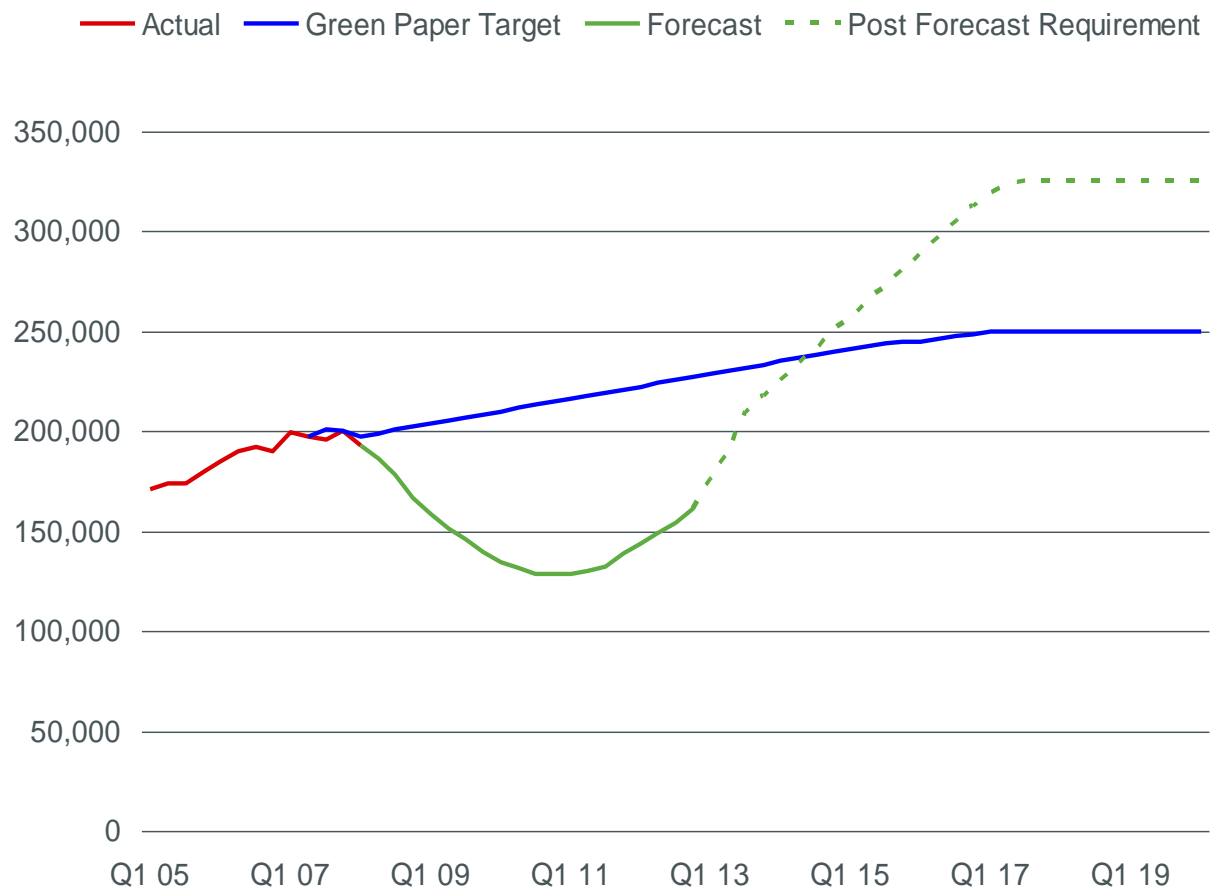
we expect at least 6 years of lower development activity

but steeper fall in supply than demand will lead to housing scarcity, helping eventual market recovery



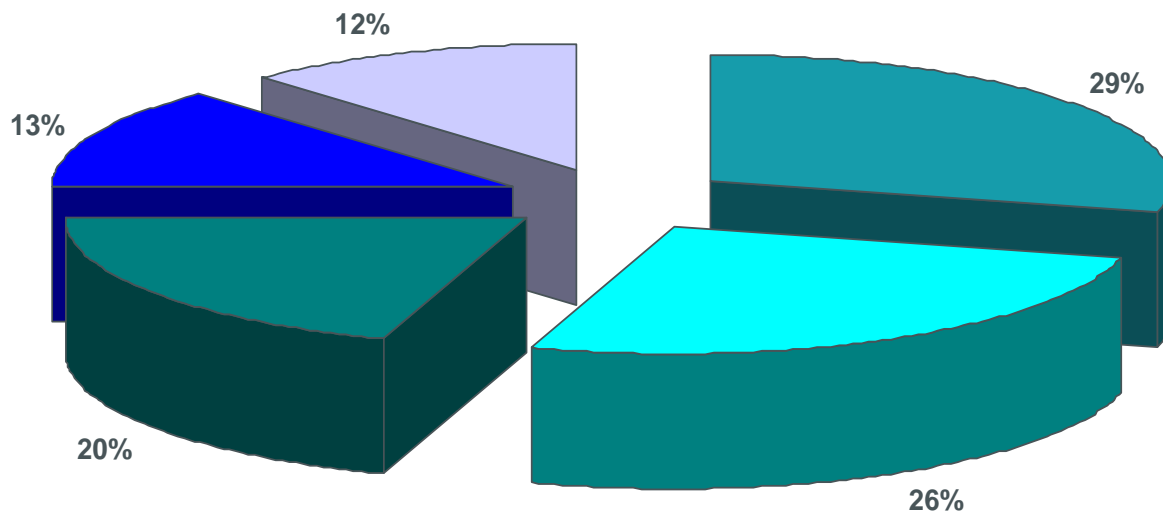
Source: CLG/ Savills

housing delivery targets are impossible using conventional business models



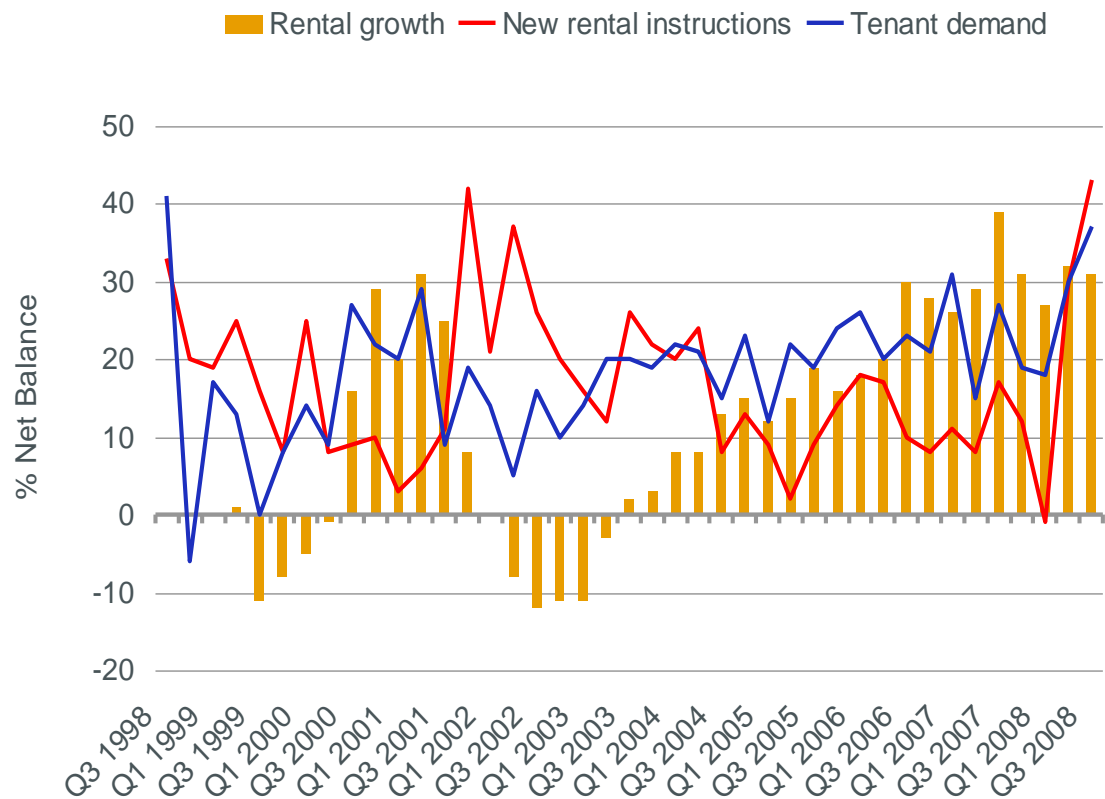
Source: Savills

... no wonder commercial developers control more strategic sites than traditional housebuilders



- Commercial Developer
- Partnership
- Public sector
- Housebuilder
- Other private sector

but underlying demand is still there



evidenced by rental growth

Source: RICS

Investors

Private v Corporate

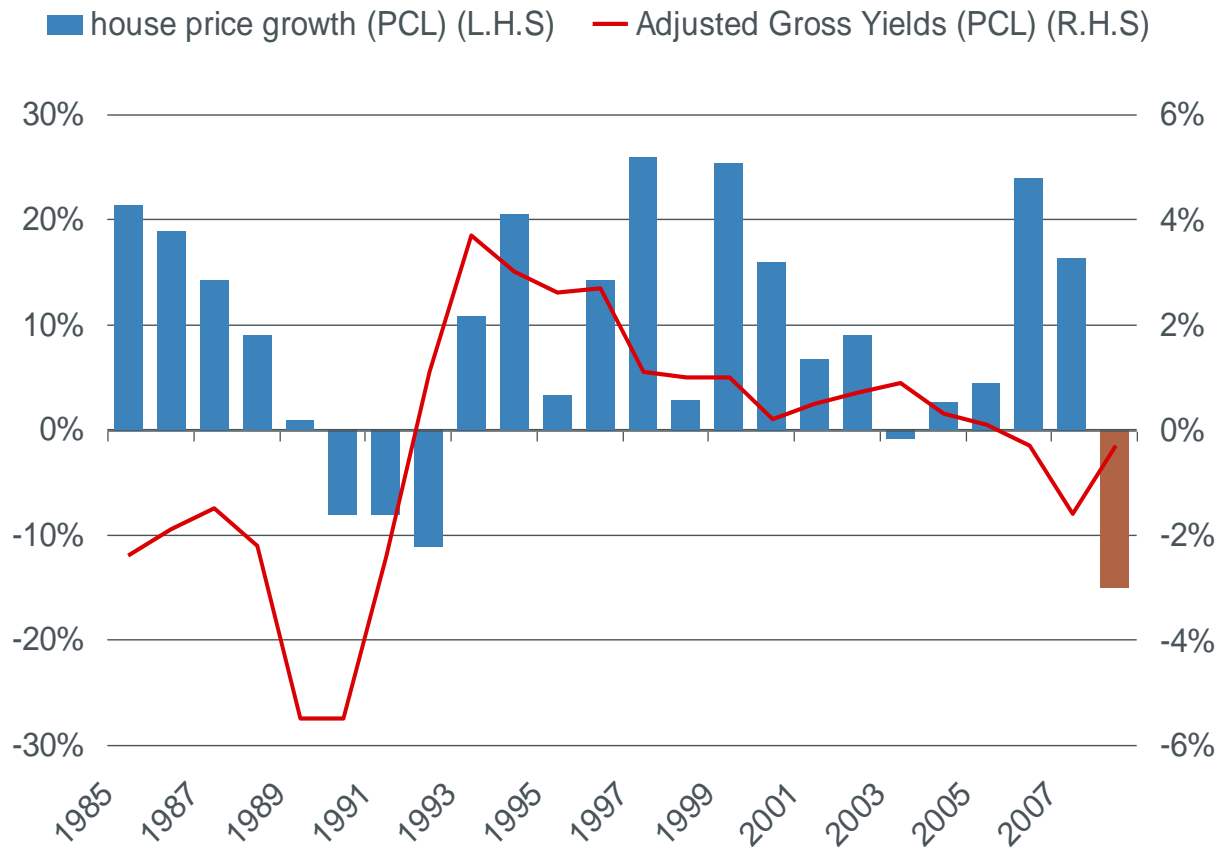
Capital growth v Income

Gearing v equity

investor's motives

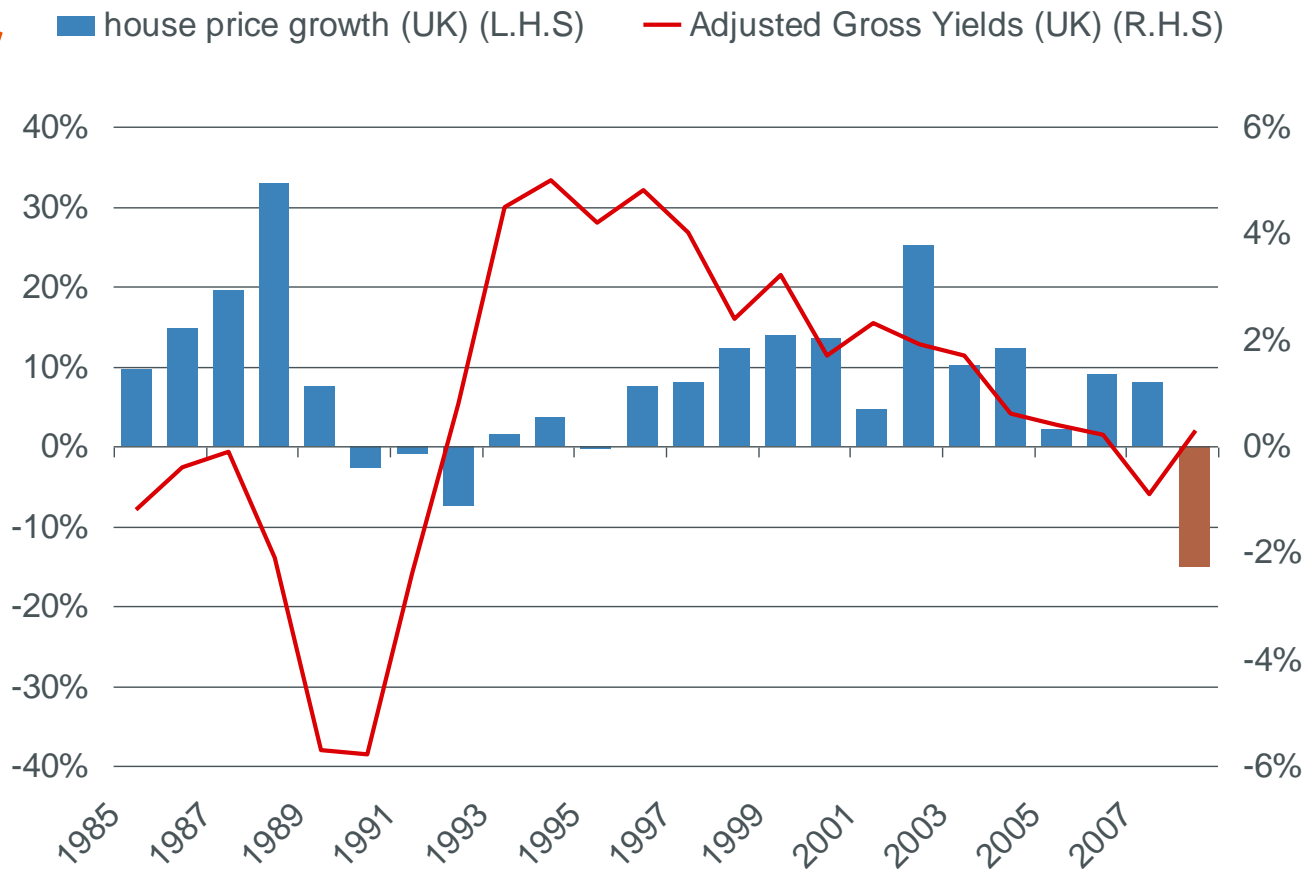
<i>Motive:</i>	Capital	Growth	Inc	ome
<i>Gearing:</i>	High	None	High	None
Individual investors	Traditional buy-to let investors – an extinct breed?	Long term asset investment – competes with gold etc.	Rarely a motive for individuals.	Will this be seen as a viable alternative to bonds and deposits?
Corporate investors	Usually a late-cycle play. Dependent on liberal lending policies	Co-ownership for longer-term participation. Creation of modern landed estates?	Rare. A specialist play from exceptionally high-yielding properties	Build to let.

so what is an irresistible yield?



Source: Savills

... the story seems similar nationally



Source: Savills

**development
performance can
boost returns e.g.
regeneration**



Source: Savills Research

there is a
recovery play
here

