



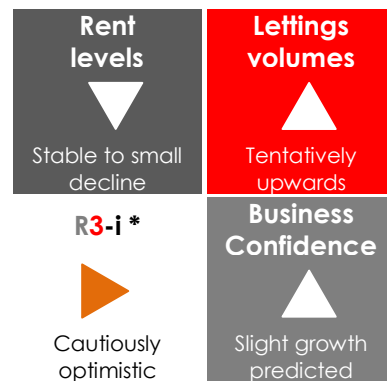
Continued confidence through the summer No change in outlook for the rest of the year as a strong summer promises a positive end of 2013.

Rents continue to be stable with clear signs of an economic recovery on the horizon having a positive effect on international assignments into London.

Summary tR3nds table

TR3nd	Description
Rent levels	Stable to slight rent decreases with prime central London continuing to decline by a very small, if not statistically insignificant level of approximately 0.4%.
Lettings volume	Rental activity is still lively, in particular within the international relocation market – with good signs of strong recovery by 2014.
Business confidence	Q2 continues to provide confidence, coupled with a positive outlook for the financial market in London and further improvements in possible job creation.

R3 Dashboard



Economy expected to grow in Q3

The CBI raised its forecasts for U.K. economic growth for this year and next, as business and consumer confidence strengthens and credit conditions improve. Forecasts see the economy expanding 1.2% this year and 2.3% in 2014. That's up on projections made earlier in the year. Stability in employment and slowing inflation is holding, if not strengthening, confidence in the economy [1]. Clear signs that further improvements in job creation within the financial sector are on the horizon can be seen, with a leading employment report suggesting that Q3 will see the strongest hiring climate since Q2 2011 [3].

Period	RPI
2011 Q1	5.3
2011 Q2	5.1
2011 Q3	5.2
2011 Q4	5.1
2012 Q1	3.8
2012 Q2	3.1
2012 Q3	2.9
2012 Q4	3.1
2013 Q1	3.3
2013 Q2	3.2
Apr-13	3.0
May-13	3.3
Jun-13	3.4

Retail Price Index (RPI) Table (2)

The Rental Market

Positive signs of recovery in the job and rental markets mean they are now lower than inflation which may result in a strengthening demand on the lettings side. The expatriate population can display different buying behaviours than the general indigenous population, and with average rents remaining broadly unchanged in the last quarter, with some pressure felt on the rental market as a result of re-ignition of the sales market throughout the Summer [4], it may result in reduced pressure on international assignees competing with the local population for good quality stock. Such effect is unlikely to be seen for at least another quarter.

The Summer period tends to be the busier period in the lettings market in London [5], and this has been the case in the relocation industry. There are signs that this will carry over in 2014 but recovery may depend on improvements in job creation in the financial sector.

"More stock doesn't mean better stock, or greater choice of properties – we continue to be selective in what homes and flats we select to show our clients based on their budgets and expectations."

Anna Barker, Operations Director

References

1. CBI – 19th August Press Release www.cbi.org.uk
 2. Office for National Statistics (<http://www.ons.gov.uk>)
 3. Manpower Employment Outlook Survey Q3 / 2014
 4. Knight Frank – Residential Market Update – August 2013
 5. Hamptons Inside Access – August 2013 (Going for Gold)
- R3 Indicator – our overall assessment of the market in London relating to expatriate rentals

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