

News Release

STRICTLY UNDER EMBARGO UNTIL 21st APRIL 2008

Global Wealth report shows prime property at the heart of the investment portfolios of the super rich

Key Highlights from the 2008 Annual Wealth Report:

- **Global prime property prices rose by 11% during 2007**
- **The highest price growth achieved by prime residential properties was in Antigua (40%); St Jean Cap Ferrat, France (39%) and St Petersburg, Russia (38%)**
- **The areas with the weakest growth over 2007 were Dublin (-15%); Ibiza (-13%) and Noosa Heads, Australia (-7%)**
- **London is the most expensive location for prime residential property with an average price of £3,025 per sq ft, Monaco is second at £2,877 per sq ft and St Jean Cap Ferrat third at £2,860 per sq ft**

Liam Bailey, Head of Knight Frank's Residential Research Department and author of the 2008 Annual Wealth Report, comments:

"The result of our Prime International Residential Index (PIRI), reported in the 2008 Annual Wealth Report, shows the average change in capital value of prime property, on a global basis, was 11% between Q4 2006 and Q4 2007. The strongest growth being demonstrated in the emerging economies, especially China and central and eastern Europe. The second area of strong growth was in the global financial centres and second home hot spots in France, Italy and the Caribbean.

"Top locations for price growth were a mix of second home locations and key prime cities. Antigua (40%) and St Jean Cap Ferrat (39%) topped the league table followed by St Petersburg (38%) and Moscow (35%). These last two slowed markedly from last year when they achieved 95% and 75% growth respectively: a result of lack of stock in this category in major Russian cities as a result of the growth in private wealth.

"Overall in 2007, capital growth in prime residential properties has been strongest in the main global financial centres and those with benign tax jurisdictions. Five of the top ten locations fell into this category with London outperforming all other centres with 29% growth and prices averaging £3,025 per sq ft. Other financial centres in the PIRI top ten were Singapore (31%), New York (25%) and Dubai with 24% growth.

“As in London, where properties valued over £10m grew by 37% against the 29% average, there is a similar fracturing in the price banding of prime properties in other global super prime centres such as Monaco. Here average price growth in 2007 was 25%, while properties priced at over \$10m grew by close to 30%.

“In the Wealth Report we provide details of the relationship between High Net Worth Individuals (HNWIs) and prime property performance. The biggest high net worth population growth rates for 2007 were recorded by China (14%) and India (9%), while Kazakhstan, Singapore, Argentina and United Arab Emirates all achieved 8%.

“In absolute terms, the most significant growth was seen in the US, where the number of HNWIs grew by almost 120,000 to 3.1m. China saw the second largest increase, with the figure rising by nearly 46,000 in one year. China’s HNWI population is now 373,000, which is almost as many as in Germany (375,000). The absolute growth in HNWI populations exceeded 20,000 in both Japan and the UK, which with 765,000 and 557,000 HNWIs respectively have the second and third largest populations in absolute terms.

“Commodity price rises have brought wealth and created a significant number of additional new HNWIs in countries that benefit from a high level of natural resources – Brazil, Canada, Australia and Russia, which each added more than 8,500 additional wealthy residents in 2007.

“Findings from our Wealth Report show that the rich are still getting richer. Over the medium and long term, super prime and prime markets will outperform as wealth accumulates around the world. However outside of these markets there are plenty of opportunities for investment in other locations.

“The growing global mass-affluent population is worth serious consideration when formulating investment options. The expanding middle class in emerging economies in locations such as Warsaw, Guangzhou in China and Mumbai requires good quality, affordable accommodation, which is currently in short supply.

“Rising affluence generates another market: second homes and holiday homes. A growing number of newly prosperous professionals in Moscow and other east European cities want second homes. Affordability constraints mean they are looking to buy in locations such as Bulgaria rather than more established markets like France. Buyers of developments on the Black Sea coast of Bulgaria have been 70% Russian, 20% Polish and only 10% northern European.

“We have yet to see the full impact on demand for property from the rising mass affluent population of central and eastern Europe, let alone from China, India, South Korea and other Asian economies. The boom in second home ownership over the past decade will be as nothing compared with the growth we will see over the next decade.

“Residential markets have seen significant problems, including falling prices, restricted financing and declines in sale volumes. This began in the US and is spreading to Europe, but it should not colour the investor’s view of the wider global property market. Prime locations have held their own: London, New York, Shanghai and others are proving that almost any residential market tied to the global economy maintains confidence among purchasers.

“Despite a weaker outlook for this year and next, we believe prime markets will remain worthy of attention over the long term. The emerging market sector should be on every investor’s radar – the likes of Brazil, China and India are seeing tremendous GDP growth and wealth creation. The recent strong capital price growth seen in these countries is due largely to a lack of supply of quality product in many cities.”

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Notes to Editors

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank and its New York-based global partner Newmark Knight Frank operate from over 165 offices, in 36 countries, in six continents. For further information about the Company, please visit www.knightfrank.com

The 2008 Annual Wealth Report

The 2008 Annual Wealth Report marks a collaboration between Knight Frank and Citi Private Bank, market leaders in high-value property consultancy and wealth management respectively. In the report our expertise in the property and financial sectors has been combined to provide insight into the wealthy and their relationship with the prime property sector.

The report provides a comprehensive analysis of the market, and investigate the growth of High Net Worth Individuals (HNWIs) around the world. We look at the importance of residential property as an asset class, considering the role of second homes, investment properties and development opportunities in the wealth portfolio. We report on pricing trends across the global prime residential market and look forward, with the aid of market-leading thinkers and commentators, at the big trends set to impact on the property markets in the future.

While we have widened the scope and coverage of this year’s report, once again our analysis is underpinned by three key questions: what do the wealthy expect from residential property? How has rising wealth influenced prime property performance over recent years? And where are trends pointing to in the future?

The Knight Frank Prime International Residential Index (PIRI) is the only index that tracks prime residential property markets across the globe. Data is used is based on a selection of residential properties on prime market locations, which are valued on a structured basis, capturing changes in capital values, rents and yields. A total of 100 locations are included in the index. All prices are captured in local currencies to remove the impact of currency change on our calculation and price growth