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LONDON | MONACO

MONACO VERSUS LONDON

A TALE OF TWO CITIES

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LONDON AND MONACO

Both London and Monaco command some of the highest average property prices in the world and attract a strong proportion of wealthy overseas buyers.

While the challenging economic climate along with social and political unrest, continue to impact living conditions across the world, London and Monaco offer a sense of stability and security to their residents. This is reflected in their property markets: Demand from global wealthy individuals keeps sales prices robust and stable, while lifestyle benefits mean that the lettings market in each location is also driven by overseas demand.

At just 0.75 square miles in total (including 100 acres which have been reclaimed from the sea in the last two decades), Monaco is a compact city state located between the French and Italian Rivieras. However, areas within the Principality compare directly with neighbourhoods within prime central London.

These individual neighbourhoods or 'villages' have distinct identities based on the geography, housing stock, facilities and other land uses which lie within them. In turn, this influences the types of residents they attract and property values they command.

The following analysis 'twins' London and Monaco 'villages', based on Pastor Real Estate's market insight, and compares similarities and differences between them. In London, the 'villages' highlighted include Mayfair, Knightsbridge, Marylebone, Belgravia, Chelsea and South Kensington (as shown in Figure 1).

A brief overview of Monaco's villages is set out in Figure 2.

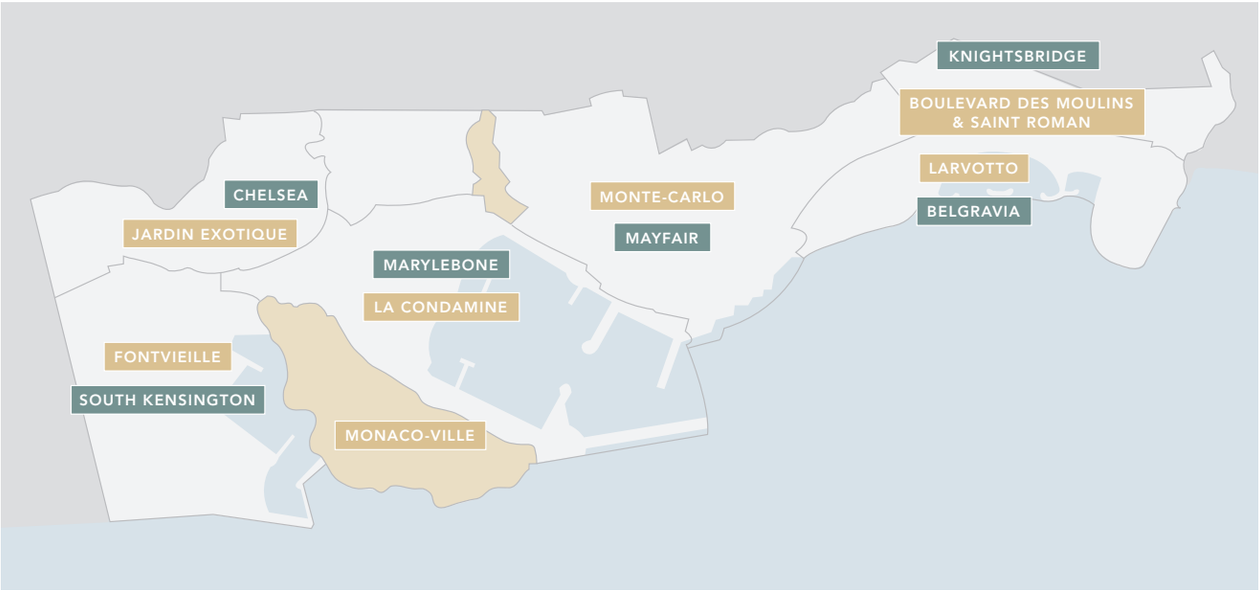

FIGURE 1 Map of Monaco with comparable London 'villages'

FIGURE 2 Monaco and London twinned 'villages'

	Description	Attractions/Shopping	USPs (Pastor comment)	London village comparable
MONTE-CARLO (LOCATION OF THE CARRÉ D'OR)	Most famous district	Home to world famous Casino, there are four 5* hotels The "Carré d'Or" is where fashion boutiques are located, Hermès, Céline, Christian Dior, Saint Laurent Rive Gauche, Louis Vuitton, Gucci, Chanel, Prada. The Place du Casino is where the jewellery stores are located, along with art and antique dealers. 'Métropole Shopping Center' boasts 80 boutiques Home to 4 Michelin-starred restaurants, Joel Robuchon, Yoshi, Le Louis Xv Alain Ducasse, Vistamar High-spec offices	Near to the centre and shops nearby Carré d'Or The centre, casino, luxury boutiques, prestigious hotels	MAYFAIR Most fashionable district 16 5* hotels 22 of 49 Michelin starred restaurants within PCL Home to many Embassies, including US, Canadian Surrounded by 3 Royal Parks – Hyde Park (350 acres), Green Park (40 acres) and St James's park No underground stations inside Mayfair Home to Bond Street – auction houses of Bonhams, Christies and Sotheby's
FONTVIEILLE	The newest area of the Principality and reclaimed from the sea.	A man made waterfront area with harbour, stadium, sports centre, heliport, industrial zone, marina with 275 berths. Fontvieille Shopping Centre	Relaxing, nice sea view and large apartments Attracts a broad base of clientele	SOUTH KENSINGTON Significant French presence including the French consulate Lycée français Charles de Gaulle Cultural hub including home to Natural History Museum, Royal Albert Hall, Victoria and Albert Museum, Natural History Museum and the Science Museum
BOULEVARD DES MOULINS AND SAINT ROMAN	North westerly ward, primarily residential	Business and homes located here	Boulevard des Moulins is the location of high end shopping	KNIGHTSBRIDGE Exclusive residential and retail district Home to one of two international retail centres in London, and world famous Harrods department store Most expensive apartment sale off-plan occurred here in 2014 – 16,000 sq ft 2 storey Penthouse at 1 Hyde Park purchased for £100m Prime location for 2nd homes of wealthy foreign royalty
LA CONDAMINE	The second oldest area in Monaco. Businesses, offices and homes are here	Most diverse shopping experience, more than 200 shops. A traditional market at Port Hercule Princess Caroline pedestrian area Port Hercule hosts the September Monaco Yacht Show	Nice view, F1 circuit, shops nearby High growth area and much in-demand	MARYLEBONE Location for a significant number of medical and dental offices (Harley Street) and includes the area of Fitzrovia (East Marylebone). Home to The Royal Academy of Music and Sylvia Young Theatre School Includes Mansfield street – built on a plot of ground which had been underwater History can be traced back to the Doomsday Book

FIGURE 2 Monaco and London twinned 'villages' (Cont'd)

	Description	Attractions/Shopping	USPs (Pastor comment)	London village comparable
LARVOTTO	Coastal area	Larvotto beaches, fashion boutiques, interior design shops, bars, restaurants and tea rooms. Michelin-starred restaurant: Elsa	Sea view High end living area	BELGRAVIA Located South West of Buckingham Palace Expensive residential properties, grand terraces and many properties owned by wealthy foreign individuals who reside elsewhere. Quiet district of London Also a number of embassies located within the district, especially around Belgrave Square Majority owned by the Grosvenor estate and takes its name from the Duke of Westminster's subsidiary title – Viscount Belgrave Home to some of the most famous squares in London – Belgrave, Eaton, Lowndes, Chester Mozart composed his first ever symphony at a house situated in Belgravia and Chopin performed his first ever recital in Britain in this district
MONACO-VILLE (ROCHER)	The old fortified town on the rock	The location of the Prince's palace and the cathedral Tourist shopping (souvenirs) Restaurants specialising in local cuisine	Charming and near to the Palace Attracts a specific clientele	Incomparable to any London areas
JARDIN EXOTIQUE	Primarily residential, with old and modern buildings	Exotic Garden & Observatory Caves and High level area	Pastor's most recent development located here, the Simona – a truly exceptional building	CHELSEA Affluent area which during the 1950s-1970s was considered the bohemian quarter of London. Home to the Beatles. A fishing village in Tudor times, the area is now a global ultra-prime residential area, a significant proportion owned by Earl Cadogan. The district is home to Stanford Bridge and the Royal Hospital Chelsea (home to the RHS Chelsea Flower Show)

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MONACO VERSUS LONDON VILLAGES - PRICE PER SQ FT

The first most noticeable difference between Monaco and the London villages identified, is that on a £ per square foot basis, Monaco generates a price premium over London (see Figure 3).

Prices in Monaco have gathered pace significantly in recent years, despite the global downturn. Since 2006, the average price per square foot value has more than doubled from £1,131/sq ft to £2,430/sq ft.

In 2011, Monaco sales prices had a 64% premium over the London villages. By 2013, the gap had narrowed and the premium in Monaco over London was 30%. This is because while Monaco £/sq ft prices grew by just 2% between 2011 and 2013, across the London villages, prices had risen by 28% in the same period, to £1,875/sq ft on average.

That is not to say that the Monegasque housing market has been immune to global economic conditions. In the resale market, sales volumes halved in 2009 compared to 2007. While transaction levels have subsequently picked-up, (20% more in 2013 compared to 2012), in 2013, they remained some 12% below their 2007 peak.

FIGURE 3 Monaco versus London villages - price per sq ft

Source: IMSEE, Lonres

Note: Chart shows average £/sq ft calculated using total annual transacted value by total square foot sold, for which data is available. London data refers to apartments only, Monaco data relates to the whole resale market, of which villas comprise on average 2% of sales numbers annually.

3

MONACO'S VILLAGES VERSUS LONDON VILLAGES - APARTMENT PRICES

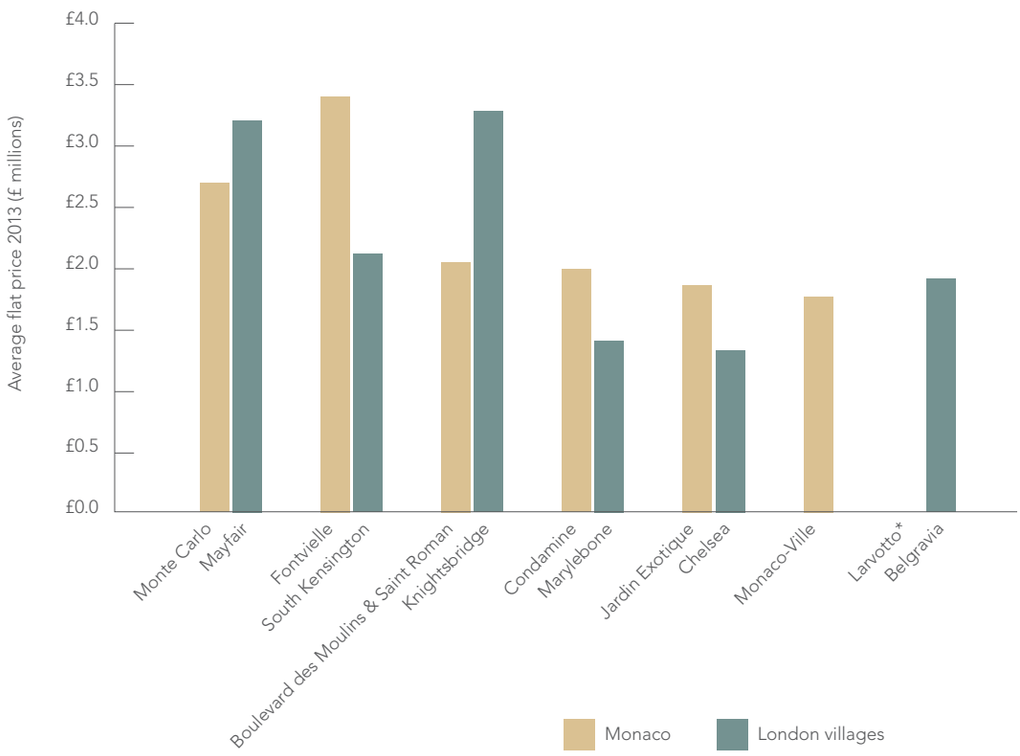
In terms of unit prices, Monaco's Fontvieille area overtook Monte Carlo (usually the most expensive area), in terms of highest prices achieved on average in 2013. The average apartment price in Fontvieille in 2013 was €4.16 million (£3.43 million), compared to €3.28 million (£2.71 million) in Monte Carlo.

In London, apartments in Knightsbridge are typically the most expensive of all the 'villages' surveyed, at an average of £3.27 million in 2013. It is closely followed by Mayfair at £3.22 million.

In 2013, Mayfair apartments were on average 19% more expensive than those in Monte Carlo.

Despite the strength of unit prices in some of London's prime villages, Monaco continues to generate the highest overall price on a square foot basis. Indeed, Monaco's high average price per square foot reflects the weight of transactions taking place in the most expensive areas of the Principality.

FIGURE 4 Monaco versus London villages - average apartment price



Source: IMSEE, Lonres

Note: Chart shows average property price. London data refers to apartments only, Monaco data relates to the whole resale market, of which villas comprise on average 2% of sales numbers annually

*Data not available due to insufficient sales numbers in 2013

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MONACO VERSUS LONDON - BUYING ACTIVITY

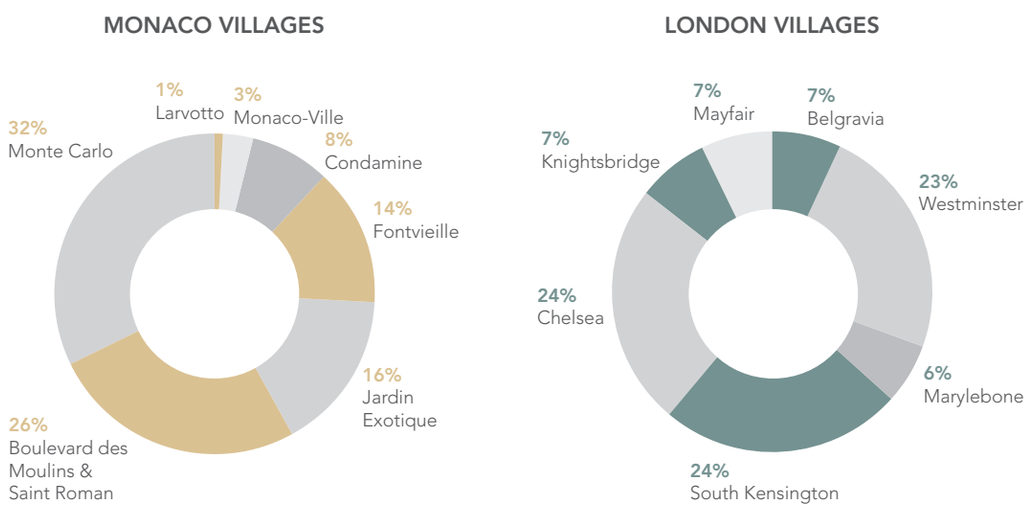
One of the reasons that the average price per square foot in Monaco generates a premium over London, is that almost three quarters (72%) of sales in the Principality in 2013 took place in the three most expensive villages, Fontvieille, Monte Carlo and Boulevard des Moulins & Saint Roman. This compares to 51% of sales in the three most expensive London villages (Knightsbridge, Mayfair and South Kensington).

Indeed, almost a third (32%) of properties sold in Monaco in 2013 were located in Monte Carlo. The Boulevard des Moulins & Saint Roman area of Monaco, twinned with Knightsbridge for its mix of high end shopping and strong residential focus, recorded a further 26% of Monaco's 2013 apartment sales.

By contrast, sales in the most expensive London villages, Knightsbridge and Mayfair, comprised just 19% of all sales made across the London villages in 2013. The third most expensive area, South Kensington, saw much more activity, accounting for almost a third (32%) of all 2013 sales.

In London, almost a third (32%) of buying activity in 2013 was also focussed on the 'cheapest' village, Chelsea.

FIGURE 5 Monaco versus London villages – proportion of transactions by location in 2013



Source: IMSEE, Lonres

Note: Chart shows the location of 2013 sales by location. London data refers to apartments only, Monaco data relates to the whole resale market, of which villas comprise on average 2% of sales numbers annually. Figures rounded.

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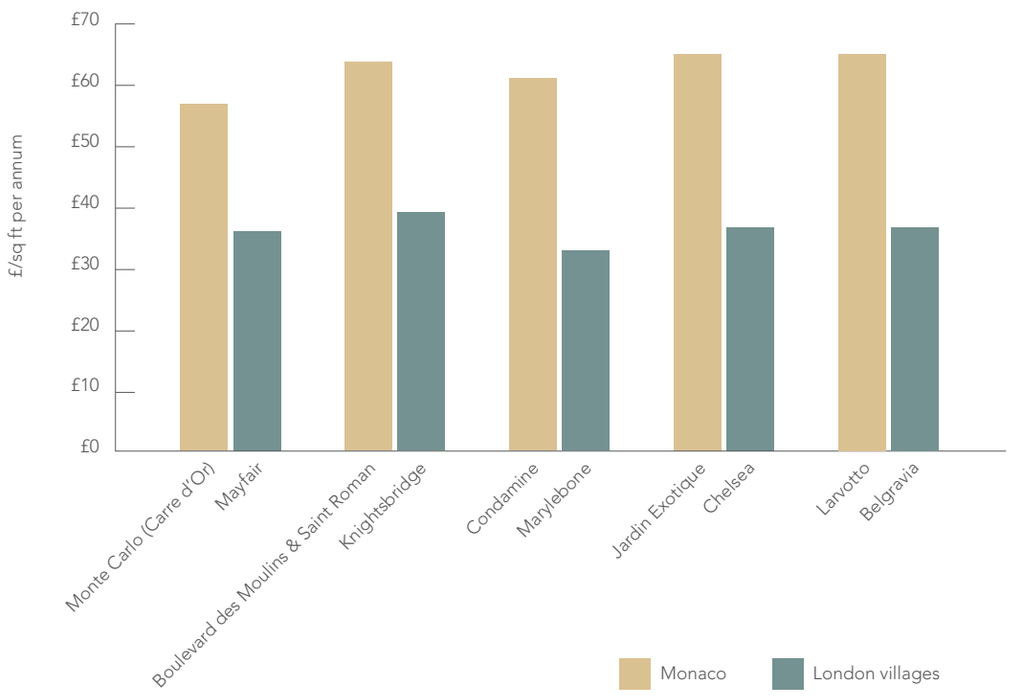
MONACO VERSUS LONDON - LETTINGS PRICES

While average £/sq ft sales values in Monaco outstrip those in London, the lettings market is far more comparable, although with Monaco keeping a slight lead overall.

While the Carré d'Or in Monte Carlo remains Monaco's most prestigious location to rent exclusive apartments at £61/sq ft per annum, London's Knightsbridge, where there is a number of super prime new schemes, is currently more expensive at over £65/sq ft per annum.

Nonetheless, one of the key differences between the two markets is that in London, the majority of tenancy agreements are 'assured shorthold tenancies' for a fixed term of no less than six months. In contrast, in Monaco, the duration of a lease is typically one year, while in the luxury segment, almost all rented properties are leased for three years on average.

FIGURE 6 Monaco versus London villages - average lettings price (apartments)



Source: Pastor Real Estate, IMSEE

Note: The figures given do not include rental charges. In Monaco tenants contribute to building charges. For new buildings, the charges are approximately 10% of their annual rent.

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MONACO VS LONDON: COMPARING PEOPLE AND HOUSING BY VILLAGE

The following provides a summary of key factors about the housing markets and the people living in each of the London and Monaco villages.

FIGURE 7 Summary of key indicators in twinned 'village' area of Monaco and London - Housing Market and People

Village	Apartment prices 2013		Housing profile	People	Interesting fact
	Most expensive Monaco/ London	Average price (million)			
FONTVIEILLE	1	£3.43	The highest proportion of rented homes in Monaco (78%) Dominated by primary homes (80% of stock). Just 3% of dwellings are second homes	With land expansion, population has grown rapidly, from 208 people in 1982 to more than 3,600 in 2008	Fontvieille has the highest proportion of Monaco homes which have boats (12%)
SOUTH KENSINGTON	3	£2.12	The highest proportion of private rented homes of all London villages (47.3%) The second highest proportion of owned homes at 41% of dwellings Most transactions in 2013 (tied with Chelsea)	5th village in terms of population density. Just 50.1 people per hectare Lowest housing density at 27 dwellings per hectare	33.3% of households have a second address (in the UK or overseas), the highest of the London villages
MONTE-CARLO (CARRÉ D'OR)	2	£2.71	More than a quarter (26%) of the Principality's housing space is located in Monte-Carlo 32% of all 2013 sales were in Monte Carlo, the highest in Monaco The Carré d'Or is home to the most exquisite apartments, generating £61/sq ft per annum, the highest of Monaco's villages	Second most populated village (6,393 people)	5% of homes here are second homes – the second highest of all the Monaco villages
MAYFAIR	2	£3.22	Highest apartment price growth among the London villages 2010-2013 at 57% 41% of homes are owned, 38% are private rented	Least populated London village (4,360 people) and with lowest population density (44 people/ha)	The highest dwelling density among the London villages with 143 dwellings per hectare
BOULEVARD DES MOULINS & SAINT ROMAN	3	£2.04	26% of all sales in Monaco in 2013 were in Boulevard des Moulins & Saint Roman, the second highest after Monte Carlo	Most densely populated Monaco village at 295 people per hectare	35% of dwellings are owner-occupied, the second highest rate in Monaco (after Monaco Ville)
KNIGHTSBRIDGE	1	£3.27	The most expensive average apartment price in 2013, up by 49% since 2012 The most expensive village to rent	Population 6,505	The highest proportion of homes that are owned (47%), and the highest % of homes that are owned outright (33.4%)

FIGURE 7 Summary of key indicators in twinned 'village' area of Monaco and London - Housing Market and People (Cont'd)

Village	Apartment prices 2013		Housing profile	People	Interesting fact
	Most expensive Monaco/ London	Average price (million)			
LA CONDAMINE	4	£2.01	Prices here are evolving quickly and so there is a great range in product offer and value, from older buildings to luxury homes	Population has declined by 4% between 2000 and 2008	10% of land use here comprises shops, the highest % in Monaco
MARYLEBONE	5	£1.42	Fewest transactions and lowest price growth (8.9%) in 2013 of the London villages	Highest population density (150.6 people/hectare)	Fewest households with second addresses (13.1%)
JARDIN EXOTIQUE	5	£1.85	Prices vary greatly here due to the mix of residential offer (old and new) Just 9% of homes have 4 or more bedrooms (the lowest of all Monaco villages)	Most populated 'village' at 8,252 people (2008) and second most densely populated area	The lowest proportion of second homes (2% of stock)
CHELSEA	6	£1.37	Most transactions of all the London villages here in 2013 (24%) (tied with South Kensington) Second highest proportion of homes that are private rented (47.2%) Cheapest in terms of unit price in 2013	Most populated area (22,381)	32% of households have a second address in the UK or overseas
MONACO-VILLE	6	£1.77	The cheapest average unit price in 2013 Second lowest in terms of sales in 2013 37% of homes are rented (the lowest proportion in Monaco) 14% of homes have 4 or more bedrooms (the highest % in Monaco)	Least populated area (fewer than 1,000 residents) and fewest houses	Almost half (49%) of dwellings are owner-occupied, the highest owner-occupier rate in Monaco
LARVOTTO	(Just 3 sales in 2013, totalling £37.9 million)		The second highest proportion of rented homes in Monaco (73%) Most sought-after area for high end property, includes properties by the sea on Avenue Princesse Grace	Third most densely populated area of Monaco	Larvotto has the highest proportion of second homes (7% of dwellings)
BELGRAVIA	4	£1.92	Lowest proportion of homes that are owned (27%). 46% are private rented	Population 8,123	18% of homes are owned outright (the lowest % among the villages)

Source: IMSEE, Lonres, UK 2011 Census, Monaco 2008 Census

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LONDON VS MONACO - A TALE OF TWO CITIES

	AVERAGE SALES PRICE OF APARTMENT (2013)	AVERAGE RENTAL PRICES (2013) (£/SQFT/ANNUM)	
MAYFAIR			
57% Highest apartment price growth among the London villages 2010 – 2013.	£3.22m	£57.00	**26%** of Monaco's housing space is located in Monte-Carlo.
	£2.71m	£61.20	**MONTE-CARLO**
SOUTH KENSINGTON			
47.3% Highest proportion of private rented homes of all London villages.	£2.12m	£50.85	**12%** Highest proportion of Monaco homes which have boats.
	£3.43m	n/a	**FONTVIEILLE**
KNIGHTSBRIDGE			
33.4% Highest % of homes that are owned outright.	£3.27m	£65.38	**295** People per hectare – most densely populated Monaco village.
	£2.04m	£51.26	**BOULEVARD DES MOULINS/SAINT ROMAN**
MARYLEBONE			
8.9% Lowest price growth in 2013 of the London villages.	£1.42m	£47.13	**10%** of land use here comprises shops, the highest % in Monaco.
	£2.01m	£49.73	**CONDAMINE**
BELGRAVIA			
18% of homes owned outright, the lowest % among the villages.	£1.92m	£48.97	**7%** of dwellings are second homes, the highest proportion of the Monaco villages.
	(only 3 sales)	£55.08	**LARVOTTO**
CHELSEA			
22,381 residents, the most populated London village.	£1.37m	£50.10	**8,252** residents, the most populated Monaco village.
	£1.85m	£45.90	**JARDIN EXOTIQUE**

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