

Prime Midlands & North



Tarporley, Cheshire

Price monitor

Key statistics for house price growth



Annual price movement across all prime regional markets.



Five-year price movement across all prime regional markets.



Five-year forecast across all prime regional markets.

Source Savills Research

The prime markets remain cautious

Our analysis starts by examining the prime Midlands & North market in a national context

Uncertainty surrounding the UK's exit from the EU, and what this means for the economy and household finances, has resulted in continued caution among both buyers and sellers of prime residential property.

In the final quarter of 2018, values across the prime regional housing markets of the UK fell by 0.3%, leaving them 0.9% below where they were at the start of the year. Although this decline in values is small, it is the fourth consecutive quarter that values have softened.

The ongoing price-sensitive nature of the market has meant property has had to be priced realistically to attract buyers. Where this has been the case, deals have continued to be agreed. Stand-out and unusual properties that don't often come to the market have commanded the strongest interest.

The prime markets closest to the capital have felt the effects of a weaker London market. While they have experienced greater falls in value than areas further from London, prices in the suburban and commuter markets still only fell by 2.6% and 1.6% respectively in 2018.

Values of other prime properties in the wider south have reduced by an average of 1.3% in the past 12 months. By contrast, in Scotland and the Midlands & North, prices have risen modestly by 2.0% and 1.0% respectively over the past year.

On average, prices for smaller, less expensive properties have held up best. Property worth £1 million or less has maintained modest annual price increases of 0.4% while £2 million-plus properties have fallen by an average of 3.1%.

Growth in the prime Midlands & North market in the past five years

Under £500k
14.2%

£500k-£1m
10.6%

£1m-£2m
-4.9%

£2m-plus
-9.7%

Source Savills Research

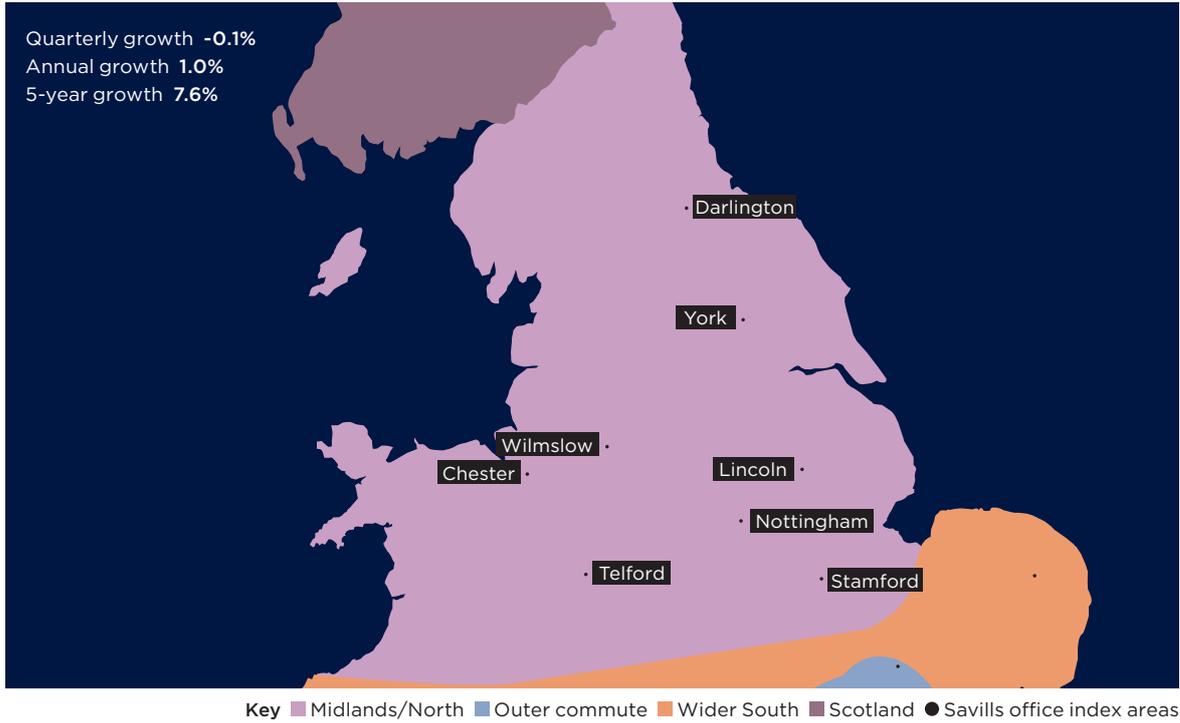
Definition of prime property This market consists of the most desirable and aspirational property by location, aesthetics, standards of accommodation and value. Typically, it comprises properties in the top 5% of the market by house price.

Regional prime price movements (to December 2018)

	London	Suburban	Inner commute	Outer commute	Wider South	Midlands/ North	Scotland
Quarterly growth	-0.8%	-0.7%	-0.8%	0.0%	-0.3%	-0.1%	0.2%
Annual growth	-3.0%	-2.6%	-1.5%	-1.7%	-1.3%	1.0%	2.0%

Source Savills Research

The Midlands/North in focus The region's prime markets are more robust than the UK average



Growth outpaces UK average

Values across the Midlands & North fell marginally by 0.1% in the final quarter of 2018, leaving them 1.0% above where they stood a year previously. These markets remain more robust compared with the UK prime regional market average, where prices have fallen by an average of 0.9% in 12 months.

Lower values and slower price growth in these regions over the past 10 years mean less exposure to stamp duty and less sensitivity to weakened sentiment.

Within these regions (as in the rest of England), demand has been strongest for townhouses in cities such as York, Chester and Nottingham. Urban property prices have risen by 14.9% during the past five years. Manchester's wealth has driven price growth in its affluent suburbs and villages. Rural houses across the wider region have not shown consistent value growth and are only just beginning to benefit from the wider pick-up in the region.

OUTLOOK

The relative value in the regional prime markets compared with London will underpin future growth. However, in the short to medium term, we expect the prime markets to remain price

sensitive and to be driven by needs-based purchasers. Quality is key – vendors must ensure they present the best stock.

Prime markets in the Midlands & North will

benefit from the flow of wealth out of London. The number of people relocating for work has risen, attracted by the ambitious, growing hub of Manchester, as well as good schools,

improving train connections and access to amenities.

We expect prime Midlands & the North values to outperform other regions, growing by 15.3% by 2023.

Prime five-year forecast	2019	2020	2021	2022	2023	5-year
Prime Midlands/North	☀️ 2.0%	☀️ 2.0%	☀️ 3.0%	☀️ 3.5%	☀️ 4.0%	15.3%
Prime regional	☁️ 0.5%	☁️ 1.0%	☀️ 3.0%	☀️ 2.5%	☀️ 4.0%	11.9%

Source Savills Research **Note** These forecasts apply to average prices in the secondhand market. New build values may not move at the same rate

Savills team

Please contact us for further information

Lucian Cook

Head of Residential Research
020 7016 3837
lcook@savills.com

Faisal Choudhry

Director Residential Research
0141 222 5880
fchoudhry@savills.com

Kirsty Bennison

Associate Director Residential Research
020 7016 3836
kbennison@savills.com

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