

Prime Country Residential



Grove Farm, Fifield
Sold: £3,550,000

Market monitor

Key statistics across prime Country residential



Annual price movement to Q3 2019



Five-year price movement to Q3 2019



Increase in buyer registrations (Sept 2019 compared with Sept 2018)



Source Savills Research

Higher demand despite political uncertainty

The prime regional and country house market remains price sensitive, with average price movements pretty much flat, as they have been for the past four years. Brexit uncertainty continues to be the biggest single constraint on the market according to our agents. This has contributed to a lack of stock being brought to the market which has, in turn, supported values. Prices fell only marginally over the three months to the end of September.

There remains demand for well-priced stock from needs-based purchasers and those who are taking a long-term view

of the market. A rise in registered buyers and viewing activity provides cause for optimism, but buyer and seller expectations need to be aligned for that to translate into activity.

While there has been significant regional variation in price movements since stamp duty changes were introduced at the end of 2014, performance across the regions now appear to be converging. Over the past five years, the markets furthest from London have been the top performers. The prime markets in Scotland continue to be the most robust, underpinned by demand for town houses in Edinburgh and Glasgow.

Prime Country price movements

	London suburbs*	London's inner commute**	London's outer commute†	Wider South	Midlands and North	Scotland	All prime regional
Quarterly growth	-0.1%	-0.9%	0.1%	-0.4%	-0.1%	0.4%	-0.2%
Annual growth	0.4%	-2.7%	0.4%	-0.2%	0.7%	1.8%	-0.2%
5-year growth	-5.5%	1.8%	4.7%	6.7%	4.8%	6.1%	3.7%

Note *Within the M25 **Within a 30-minute commute †Within a one-hour commute. Price movements to September 2019 Source Savills Research

Variation by price band

Across the prime regional markets, we continue to see an increase in buyer registrations, which were 2.4% higher in September 2019 compared with the same month last year. This points to a healthy pool of demand among buyers, despite Brexit concerns.

In the £2m+ country house market, two-thirds of agents cite a lack of stock as the biggest constraint, where values have fallen by just 1.0% during the past year. On average, values of these £2m+ properties are 21.5% below their 2007/08 peak and have fallen 4.1% since the EU referendum. They now look good value in the broader market context.

In the private estates of St George's Hill and Wentworth, in Surrey, prices have fallen more

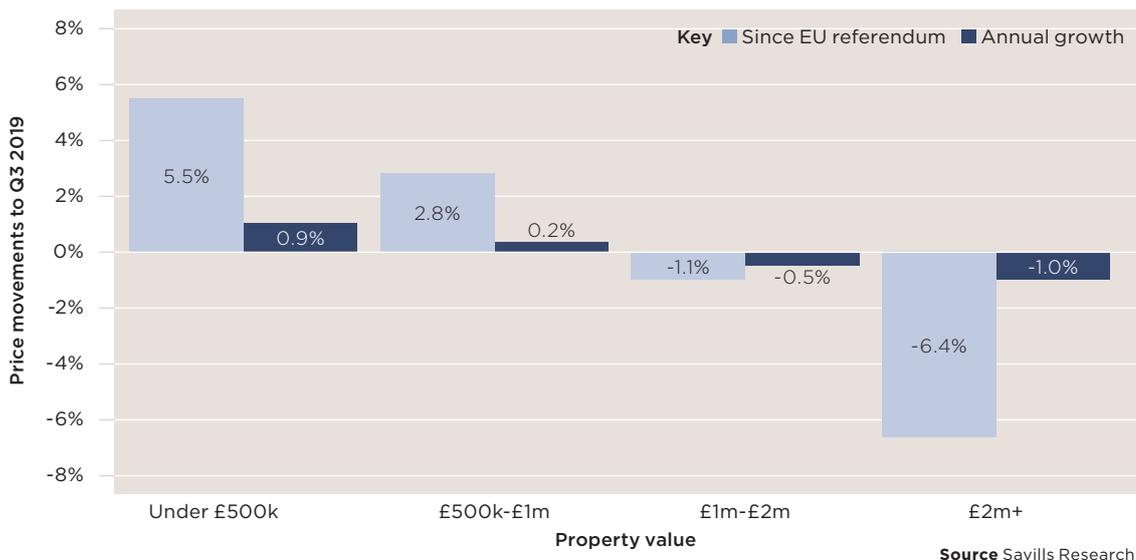
sharply, down 4.1% in the past year, though such repricing has resulted in an increased level of activity as buyers and developers see value in that market.

Properties worth less than £1m have continued to see values rise since the June 2016 vote and during the past year. Some of the highest levels of annual growth have been in the very established prime urban and suburban markets of Cambridge, Edinburgh and Henley, at times resulting in competitive bidding for well-priced property from needs-based buyers.

Demand at this price point has been underpinned by those relocating for lifestyle or employment reasons and upszers.

🗨️ Some of the highest levels of annual growth have been in Edinburgh, Henley and Cambridge, with signs of competitive bidding 🗨️

Value performance Growth has been most robust in the sub-£1m market



OUTLOOK

We expect the sense of caution in the market to continue for the rest of the year, as buyers and sellers await the outcome of Brexit.

The prospect of a general election by the end of the year or early next year is likely to add to this.

Current polling indicates that the election of a hard left majority government would require a substantial swing in voting intentions. This limits the risk of a dramatic change

in the political environment. But only once this risk has passed, do we expect the seeds of a recovery to be planted.

We also believe that cuts to stamp duty that were mooted by Boris Johnson in his leadership bid are unlikely. First, it's uncertain whether the Conservatives can deliver a clear majority. Second, any government is going to be reluctant to put at risk receipts which we estimate to

be between £2 billion and £4 billion, at a time when it will be looking to increase spending to support the economy.

Deal or no deal, what is needed to stimulate market demand is greater certainty over the way forward.

Across the prime regional markets, needs-based buyers taking advantage of the relative value compared with London will continue to keep the market moving in

the intervening period. Quality will remain key in this cautious market.

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