Our latest analysis of prime residential markets outside London comes amid a recovery in activity since the reopening of the market in England. The pent-up demand is translating into new instructions, deals agreed and contracts exchanged. But despite the upturn, the market remains price sensitive against an uncertain economy. This is reflected in the lack of movement in prime values in the three months to the end of June this year.

Changing buyer needs as a result of the lockdown are affecting the interest for different types of properties and locations, with a renewed appetite for space. Consequently, accessible village and countryside locations, where prices have lagged behind their urban counterparts in the past decade, have seen a significant uptick in demand, particularly from London-based buyers. While good schools are often a driving factor across regional markets, more garden and outdoor areas – as well as homes with a separate space to work – are currently top of buyer wish lists.

Our April sentiment survey suggested prospective buyers in the prime markets were more committed to moving in the next 12-24 months; however, the recent opening of the English market has shown they’re looking to move much sooner. This is particularly relevant for London buyers who are considering regional markets. Given the recent upswing in activity, some sellers might be tempted to harden their price expectations, but it’s important they exercise pragmatism as buyers are likely to factor current economic conditions into their offers.

### Prime regional price movements

<table>
<thead>
<tr>
<th></th>
<th>London suburbs¹</th>
<th>London’s inner commute²</th>
<th>London’s outer commute³</th>
<th>Wider South</th>
<th>Midlands and North</th>
<th>Scotland</th>
<th>All prime regional</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quarterly growth</strong></td>
<td>0.1%</td>
<td>-0.3%</td>
<td>0.4%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Annual growth</strong></td>
<td>2.3%</td>
<td>-0.3%</td>
<td>0.2%</td>
<td>0.9%</td>
<td>0.0%</td>
<td>1.4%</td>
<td>0.6%</td>
</tr>
<tr>
<td><strong>5-year growth</strong></td>
<td>-1.9%</td>
<td>1.1%</td>
<td>3.2%</td>
<td>5.4%</td>
<td>5.7%</td>
<td>8.6%</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

---

*Note: Within the M25 *Within a 30-minute commute *Within a one-hour commute. Price movements to 15 June 2020 Source: Savills Research
Regional hotspots attract high demand

While overall there was no discernible change in values in the quarter, locations that have backed the trend include those within easy reach of London, such as Rickmansworth, Sunningdale, Henley, Cambridge and Winchester. London’s suburbs and commuter areas have witnessed a higher level of committed buyers compared to the period before lockdown, with a strong interest not only in attainable properties below £1 million but also at the top end above £2 million.

Elsewhere, demand from London buyers looking for main or second homes has strengthened in the coastal hotspots of the South West and East Anglia. Improved confidence has also supported the markets across the Midlands and North of England, most notably in Chester and Nottingham, with surrounding village and country locations experiencing a significant increase in activity.

Easing the lockdown restrictions in Scotland has come slightly later; however, deals, viewings and valuations have continued remotely. Prior to the pandemic, Scotland had seen record market activity, with demand outsstriping supply.

The price gap between properties in urban and surrounding areas is beginning to narrow, as buyers rediscover the virtues of country living. The value on offer is most noticeable in the countryside market above £2 million where values rose slightly in this quarter, led by the Cotswolds (2.0%) as well as Essex and Suffolk in the East (1.2%). In this particular submarket, values are 21.4% below the peak of 2007.

A value gap has enabled a recovery in buyer demand across countryside locations

**OUTLOOK**

Despite the prevailing economic uncertainty, which we expect to slow the market in the latter part of the year before a more sustained pickup as concerns around Covid-19 and Brexit begin to ease.

Looking ahead, the fundamentals of prime demand will remain sound over the medium term, albeit with some changes in buyer behaviour. A softening in prices in this market is likely to create a compelling buying opportunity which should underpin a long-term recovery.

**Prime market forecasts**

<table>
<thead>
<tr>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>5-year compound growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>-2.0%</td>
<td>5.0%</td>
<td>6.0%</td>
<td>3.5%</td>
<td>2.5%</td>
<td>15.7%</td>
</tr>
</tbody>
</table>

**Note** These forecasts apply to average prices in the second-hand market. New build values may not move at the same rate. **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.

---

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

Andrew Perratt
Head of Country Residential
020 7016 3823
aperratt@savills.com

Savills plc is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 600 offices and associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world. This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. While every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.