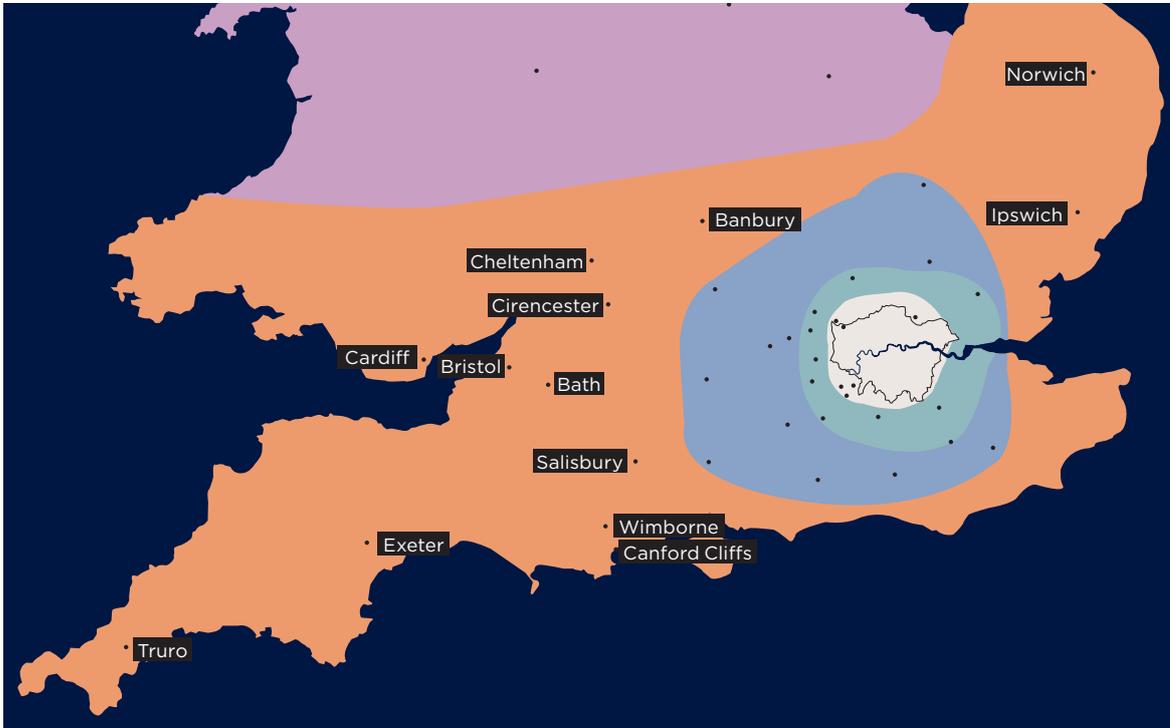


Prime Wider South

BEYOND LONDON'S COMMUTER ZONE



Key ■ Wider South ■ London suburbs ■ London's inner commute ■ London's outer commute ■ Midlands and North ● Savills office index areas
Source Savills Research

Price monitor

Key statistics for house price growth



Quarterly price movement across all prime regional housing markets



Quarterly price movement across the prime wider South



Five-year price movement across all prime regional housing markets



Five-year price movement across the prime wider South

Note Prices to Q2 2019
Source Savills Research

Growth in a cautious market

Values of prime properties across the wider South (the region that sits beyond London's commuter zone) marginally increased over the second quarter of 2019, growing by 0.6%. This leaves annual movement of the region's prime properties down 0.7%, which is an improvement on the previous quarter when the figure stood at -1.4%.

During the past five years, the wider South has held up better than the other prime regional markets. Despite a backdrop of caution that has been evident across the wider UK housing market, this has been underpinned by demand from

committed needs-based local buyers and London relocators.

Relocation, relocation

Since 2018, relocators have accounted for 34% of prime buyers across the wider South. This reflects the value which these prime properties offer relative to those in London or its commuter belt.

Properties located in the town and city markets, such as Bristol, Bath and Cheltenham in the South West, and Norwich in the East, are on average 5% above where they were in 2007.

By contrast, their counterparts within London's commuter zone are 17.3% above the same benchmark.

Despite price adjustments in the domestic prime London markets, a buyer is still able to get just under twice the space in, for example, Clifton, Bristol than they can in Clapham, London.

But the real value is in larger country properties. Rectories and manor houses are still around 13.5% below their peak of 12 years ago.

There is particular optimism in the prime markets of South Wales. Considerable investment in the local economy and increasing ease of accessibility – helped by the abolition of tolls on the Severn bridges – has opened that market up to a wider range of buyers.

Prime price movements (to June 2019)

	All prime London	All UK prime regional	London suburbs	London's inner commute	London's outer commute	Wider South	Midlands and North	Scotland
Quarterly growth	0.0%	0.3%	0.7%	-0.6%	0.4%	0.6%	0.3%	0.6%
Annual growth	-1.8%	-0.4%	-0.1%	-2.4%	-0.3%	-0.7%	0.6%	2.0%

ON THE WATERFRONT

If you were to wind the clock back six years, the value of prime coastal homes was 27% below its 2007 peak, primarily a reflection of the discretionary nature of demand for second homes. At that point, buyers sensed there was good value, with prices recovering well until March 2017.

A strong second quarter of 2019, when prices rose by 3.7%, reflects the fact that coastal properties still offer good value compared with other parts of the prime market, especially given the emergence of super-commuters who are choosing to build a family base in these locations.

Consistent performer Coastal properties still offer good value, particularly for relocators

To Q2 2019	Quarterly growth	Annual growth	5-year growth
City	0.4%	-1.4%	13.8%
Town	0.1%	-0.9%	5.3%
Village	0.9%	-0.6%	6.9%
Coastal	3.7%	1.9%	14.5%

Source Savills Research

“A strong second quarter of 2019, when prices rose by 3.7%, reflects the fact that coastal properties still offer good value compared with other parts of the prime market”



Poole, Dorset.
Guide price:
£1,495,000

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OUTLOOK

For 58% of our agents across the wider South, Brexit uncertainty is their biggest challenge in the current market. Further uncertainty over what the new prime minister will mean for our future relationship with the EU, the economy and, critically, tax policy is likely to mean markets will remain price sensitive for the rest of the year.

Boris Johnson has already raised the possibility of changes to stamp duty as a means of freeing up the housing market. For some sellers, this may seem like a reason to delay in the short term, in the hope that a future cut in rates may spur an increase in demand. But a decision to do so will be weighed against the risks of disruption

to the market from a possible no-deal Brexit or, in more extreme circumstances, tax changes in the event of a change of government. In the meantime, a rise in registered buyers and viewing activity this year suggests there will be continued demand for appropriately priced property. Quality is

key in this cautious market so vendors must present stock of the best possible condition. Over the longer term, the relative value offered in the regional prime markets compared with London will underpin future growth, together with wealth generated in the local economy and demand from second home buyers.

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.

