



# WORCESTER OUTLOOK

Regional Property Market Focus 2011

**Knight Frank**

Insight into your  
local market

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Focus on the national  
country house market

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Impact of the prime  
London market

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Market forecast

## LOCAL UPDATE

**As 2010 ended we saw a shortage of good homes and competitive bidding taking place on some of the more desirable properties.**

Two prime market sales went to London buyers who, having originally not wanted to look further west of Oxford, reconsidered the significantly better market value and quality of properties available on the Worcestershire and Herefordshire borders.

The key to a successful sale is setting a sensible guide price. Our vast experience in the country and city markets ensures this is set with precision. We are able to compare the activity of markets throughout the country to monitor any waves of buyers moving from East to West. We

are truly a global agent who is able to pass buyers from one office to another in their quest.

As properties compete for buyer's attention, our comprehensive marketing is unsurpassed in attracting purchasers from far and wide. Knight Frank's award-winning website and iPhone app facilitate access to information on all our properties throughout the world.

We are dedicated to providing a very personal service to all our vendors and purchasers alike –

indeed, making all the difference to those selling and searching for their dream home is what motivates us, and we are looking forward to hearing from you.

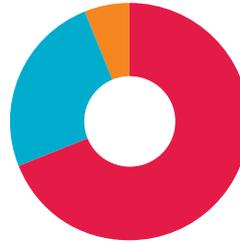


**Will Kerton MSc MRICS**  
Office Head

## WORCESTER BY NUMBERS

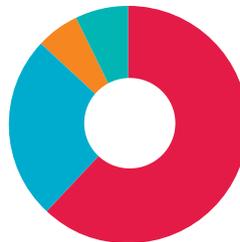
**Knight Frank's Worcester office has emerged from the credit crunch as the area's leading prime property agent and expects to consolidate this position further during 2011.**

- On average we have achieved 95.4% of the guide price on sales in the past 12 months.
- Knight Frank Worcester's online property listings are viewed 908 times a day through our award-winning website.
- On average, five offers are made on our properties every week.
- In the last three months alone, potential buyers from 116 different countries have viewed properties for sale online through Knight Frank Worcester.
- We currently have 10 buyers on our books for every property we have for sale.



### Sales by price band

|               |     |
|---------------|-----|
| Under £750k   | 69% |
| £750k - £1.5m | 25% |
| £1.5m - £2.5m | 6%  |



### New applicants by price band

|               |     |
|---------------|-----|
| Under £750k   | 62% |
| £750k - £1.5m | 25% |
| £1.5m - £2.5m | 6%  |
| Over £2.5m    | 7%  |

## OUR TEAM IN ACTION

### Bannut Tree House, Castlemorton, Near Malvern

Bannut Tree House is a success story in every sense. A truly wonderful and unique home, it was designed and built in 1890 by C F A Voysey, who was considered to be the finest Arts & Crafts designer and architect.

The house was much loved by the owners who moved there from Birmingham about 12 years ago. They created

wonderful gardens and were totally committed to preserving the fabric and history of the home.

We launched the property in February 2010 with a guide price of £975,000; and sent details out to 114 applicants. After 8 viewings, two competing parties offered more than the guide price, resulting in the property going under offer at 13% above the asking price, within a month of being on the market.



BANNUT TREE HOUSE



# NATIONAL COUNTRY HOUSE MARKET

**Activity boosted by the closing gap between overly ambitious sellers and cautious buyers.**

The national country house market experienced quite an upheaval last year. Although price growth in the 12 months to June 2010 helped the market claw back some of the falls seen during the credit crunch, ongoing problems with mortgage availability and affordability caused this growth spurt to reverse. Prices by the end of the year did however, remain 3.3% higher than the year before.

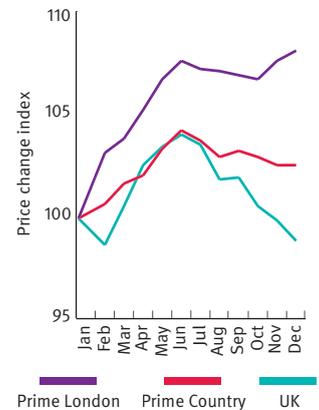
A positive outcome of this was the impact it had on the gap between overly ambitious sellers and cautious buyers. The necessary asking price reductions that began to take place in August and September narrowed this gap, leading to improved activity in the final quarter of the year.

We expect 2011 to mirror 2010 – the best properties are likely to sell well due to thin supply

and strong demand. Indeed, we moved into 2011 with 12% more purchasers registered to buy country house properties across the UK compared to the same position in 2010. The market for properties priced below £1m will however remain challenging for vendors due to the absence of a noticeable recovery in mortgage supply.

The most critical issue for vendors this year will be price. Only the most perfect properties can justify ambitious expectations in the current market. For most properties, this approach will lead to delays in attracting interest and lost marketing time in the critical spring months.

## How the prime London, prime country house and mainstream UK markets compared in 2010



Sources: Knight Frank Central London Sales Index, Knight Frank Prime Country House Index, Nationwide House Price Index

# LONDON'S SUCCESS FEEDS DEMAND FOR COUNTRY PROPERTY

There is no doubt that the strongest performing property market in the UK during 2010 was the prime London market – with prices rising by nearly 11% over the year.

While prices in London are unlikely to see any significant growth, we expect 2011 to

see a rerun of last year's strong performance in terms of sales volumes and buyer demand.

For large parts of the country house market across England, and even into Scotland and Wales, this positive outlook for London matters. Over 22% of buyers of country houses priced

£1m+ across the UK are from London. The figure hits 31% for property costing £2m+.

Our experience in the London market confirms that much of its strong performance stems from the perception that the market is a 'safe haven', particularly for international buyers.

This is demonstrated by the volume of new applicants from Europe looking to buy in central London, which rose 23% year-on-year in the final quarter of 2010. London property provided a strong defensive

option as the difficulties in the Eurozone worsened, and while the pound was trading at a discount to the euro.

London also experiences ongoing demand from Asia-Pacific buyers who have benefited from 30% to 50% price growth in Hong Kong, Singapore and other key Asian centres over the past year. They are keen to take advantage of the weak pound, removing their money from what have arguably become very hot markets in Asia.

# FINANCING WITH KNIGHT FRANK

As a highly respected team in the property financing industry, with 150 years of combined experience, Knight Frank Finance specialises in mortgages for main or second homes, investment property, buy-to-let mortgages and commercial property finance.

For loans below £1m, we have access to all of the most competitive mortgage interest

rates available on the high street. If you are considering borrowing above £1m, our close working relationships with the world's private banks, commercial lending sources and finance houses, enables us to achieve the very best terms for our clients, including those unable to find financing solutions elsewhere.

**To find out more, please call us on: +44 (0)1905 723438.**

# MARKET FORECAST

We are unlikely to see strong capital growth in any residential sector in 2011. The opportunity for speculative gains was presented in early 2009 and by mid 2010 this had all but disappeared, at least for the short-term.

The vast majority of buyers in the market have recognised this fact and are looking at property as offering a stable home for their wealth in the long run. Demand from investors and holiday home buyers has remained strong, but again is driven by a view of long-term potential growth.

While we expect country house prices to rise only marginally in 2011, the fundamentals underpinning the market are as strong as ever. This year will be the third consecutive year when new-build development volumes will struggle to reach even 50% of the 2007 peak level.

For those with access to equity this year, there will be considerable opportunities in the market. For the investor or holiday home purchaser these opportunities will be centred on strong yielding properties. For others it will be in securing properties with scope for refurbishments or improvements.

## A SELECTION OF PROPERTIES SOLD IN 2010



**Alfrick, Worcestershire**  
**Guide price £2,300,000**  
Sold to a London Buyer



**Crothorne, Pershore**  
**Guide price £990,000**  
1,348 sales details viewed online through our website



**Malvern, Worcestershire**  
**Guide price £875,000**  
Re-sold by us again, following a previous successful sale in 2008



**Worcester City**  
**Guide price £640,000**  
A fine Regency home in one of Worcester's most prestigious addresses



**Droitwich, Worcestershire**  
**Guide price £650,000**  
Sold prior to coming to the open market from the first viewing



**Broadwas, Worcestershire**  
**Guide price £295,000**  
Sold by auction at 19% above the guide price

## YOUR LOCAL TEAM



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