



# CIRENCESTER OUTLOOK

Regional Property Market Focus 2011

**Knight Frank**



Insight into your  
local market

---

Focus on the national  
country house market

---

Impact of the prime  
London market

---

Market forecast

## LOCAL UPDATE

**The Cirencester Office ended 2010 on a high with a tremendous run of sales in the last quarter, resulting in a severe shortage of stock. As the country faces the reality of austerity measures such as the VAT increase and rise in stamp duty, house price rises are unlikely in the short term, however early indications are that there are many serious buyers hoping to make a purchase in 2011.**

Farmhouses and properties with land have performed exceptionally well in 2010 with the majority being snapped up almost immediately and some remarkable prices achieved.

Second homes, pretty stone cottages and good village houses have also performed

strongly. This was fuelled by the re-emergence of the discretionary buyer and was also coupled with a 15% increase in the number of new buyers registering with us during the course of the year.

The greatest demand in 2010 was for agricultural

land in the Cotswolds and we have seen a doubling of land values in Gloucestershire since 2006-07. In 2010 we achieved an average price of just under £9,000/acre for 1,500 acres of agricultural land sold within a 15-mile radius of Cirencester.

Our prime country house market experienced a more challenging year with properties worth over £2m taking longer to sell. Fortunately, the last quarter of the year saw a dramatic reversal of this trend, with a number of significant sales taking place due to realistic pricing.

We recommend coming to the market early in 2011 to take advantage of the current stock shortage and avoid the surfeit of property coming to the market in the spring. **As they say: the early bird catches the worm.**

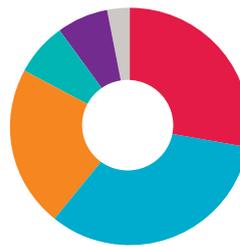


**Rupert Marchington**  
Office Head

## CIRENCESTER BY NUMBERS

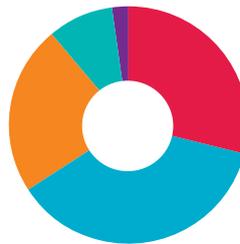
**Knight Frank's Cirencester office has emerged from the credit crunch as the area's leading prime property agent and expects to consolidate this position further during 2011.**

- International buyers spent £8.5m through us in 2010.
- 45% of our sales last year were priced under £1m.
- On average we achieved 97.2% of the guide price.
- 6 offers are made on our properties every week.
- Knight Frank Cirencester's online property listings are viewed 1,465 times a day through our award-winning website.



### Sales by price band

Under £750k	28%
£750k - £1.5m	33%
£1.5m - £2.5m	22%
£2.5m - £3.5m	7%
£3.5m - £5m	7%
Over £5m	3%



### Instructions by price band

Under £750k	29%
£750k - £1.5m	37%
£1.5m - £2.5m	23%
£2.5m - £3.5m	9%
£3.5m - £5m	2%

## OUR TEAM IN ACTION

### WINSON – £1,675,000

The vendor had an offer accepted on the **only** house he would move for.

We were instructed to offer his property on a private and confidential basis only and we had four weeks to find a

buyer. The right price needed to be achieved in a market lacking confidence.

The property was offered to hand picked potential purchasers from our extensive database and a sale was agreed within 3 DAYS.



NUMBER ONE, WINSON



# 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.

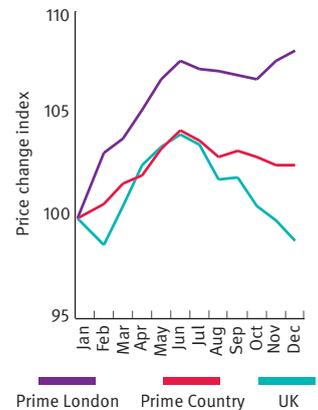
A positive outcome of this was the impact it had on the gap between overly ambitious sellers and cautious buyers. The necessary asking price reductions that began to take place in August and September narrowed this gap, leading to improved activity in the final quarter of the year.

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)1285 659771.**

# 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



### **Painswick**

5 viewings, sold at asking price within 13 days



### **Tarlton**

Brought in as joint agent, sale agreed after 8 days



### **Quenington**

Sold in excess of the asking price



### **Hampnett**

Sold for 20% in excess of the asking price



### **Sherborne**

10 viewings, 6 bidders, sold in excess of the asking price within 3 weeks



### **Hawkesbury**

33 viewings, 3 offers, sold within one month

## YOUR LOCAL TEAM



### **Atty Beor-Roberts, Partner Country Houses and Estates**

atty.beor-roberts  
@knightfrank.com



### **Rupert Marchington, Office Head Town houses, village houses and cottages**

rupert.marchington  
@knightfrank.com



### **Rupert Sturgis, Partner Farmhouses and property with land**

rupert.sturgis  
@knightfrank.com



### **Alice Trehane, Negotiator Village houses and cottages**

alice.trehane  
@knightfrank.com

### **Cirencester Office**

Gloucester House, Dyer Street, Cirencester, Gloucestershire GL7 2PT

+44 (0)1285 659771

[www.knightfrank.co.uk](http://www.knightfrank.co.uk)

© Knight Frank LLP 2011

Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP from any use of, reliance on or reference to the contents of this document. Reproduction of this report in whole or in part is not allowed without prior permission.