

SUPER-PRIME NORTH SURREY

2017/18

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Higher purchase taxes and political uncertainty have weighed on this market in recent years, but there are positive signs emerging.

The super-prime market in North Surrey remains price sensitive. Changes to stamp duty at the end of 2014 and again in April 2016 slowed activity in a market largely driven by discretionary sales.

But there are now signs that momentum is building. Increasing sales volumes in 2017 compared with 2016 are reflective of growing confidence in the market, as well as a willingness on the part of vendors to adjust prices to better reflect higher purchase costs.

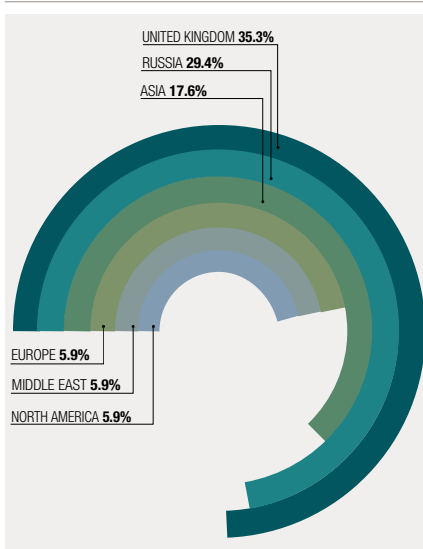
Demand has been further boosted by currency movements following the EU Referendum in June 2016, which have effectively made UK property cheaper

for buyers denominated in most international currencies.

The private estates situated in North Surrey, within a 45-minute drive of central London, are the hubs of super-prime activity outside the capital.

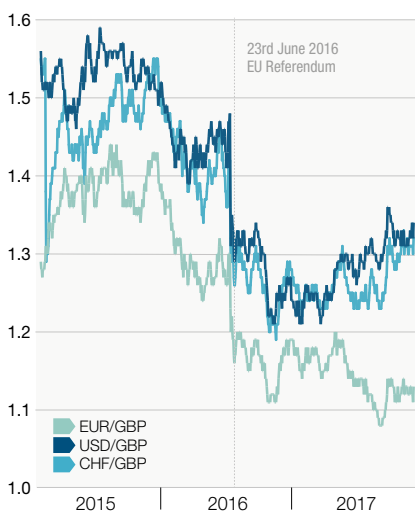
Recently, our research shows there has been a shift in terms of the type of sales taking place. As figure 2 shows, there has been a fall in the number of developers buying plots with the intention of building and selling new homes, despite anecdotal evidence that demand for best-in-class new-build property remains high signalling that the supply of new-build homes may not meet demand in the coming years.

FIGURE 1
Super-prime (£5m+) buyers in North Surrey By nationality, 2017



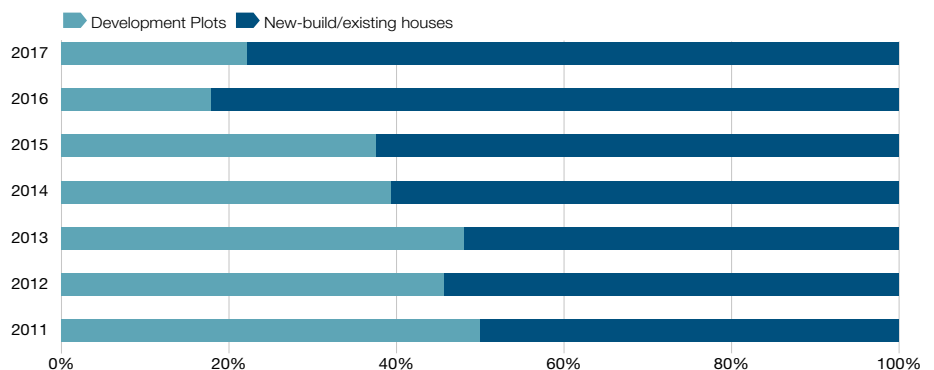
Source: Knight Frank Research

FIGURE 3
The currency effect
£1 is worth (selected currencies)



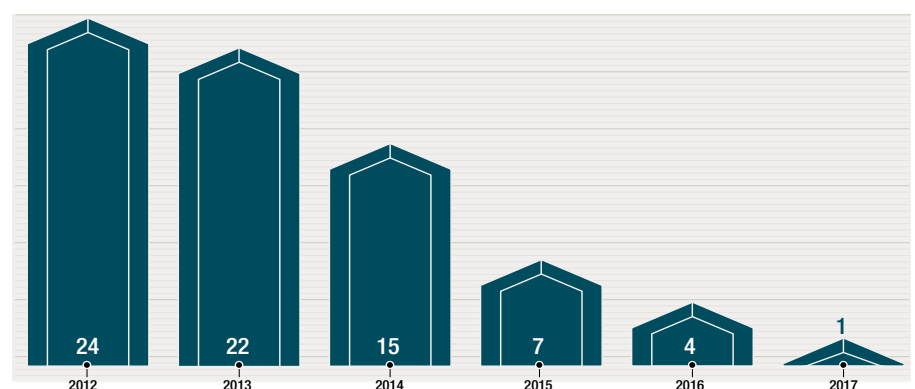
Source: Knight Frank Research

FIGURE 2
Super-Prime sale type Split of sales in St George's Hill and Wentworth Estate



Source: Knight Frank North Surrey Team

FIGURE 4
Total plot sales to developers in St George's Hill and Wentworth
Excluding sales of development plots to home buyers



Source: Knight Frank North Surrey Team

MARKETS IN FOCUS

St George's Hill

Situated about 20 miles from Central London and 13 miles from Heathrow, St George's Hill is a private gated estate set in 965 acres, near Weybridge in Surrey.

Sales volumes on the estate have been steadily increasing over the last two years, according to our analysis of the market, though they remain below the highs seen in 2013. The average purchase price since the start of 2016 stands at £5.9m.

Good transport links to London, privacy, security, as well as extensive leisure facilities act as an attraction for buyers and underpin demand.

Sales of development plots have traditionally comprised a large portion of the market, accounting for 60% of sales in 2011. More recent data highlights a shift, with plot sales comprising 20% of the total in 2016 and under 10% of total sales in 2017.

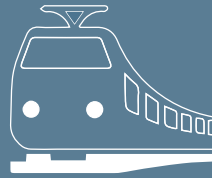
Private estate set in
965 acres
in Surrey



high levels of
privacy & security



30 minutes
to central London
by train



Consistently in
the top ranked
golf courses
in Surrey,
England and
the UK



Average purchase
price of
£5.9m
since 2016



7 miles
(11 km) south-west
of Heathrow Airport



A 1920s-founded estate of houses
and woodland spread over
1,750 acres



Internationally-
renowned
golf course



Leisure
tennis and squash club,
gym, swimming pool,
bars and restaurants



Average purchase
price of
£7.4m
since 2016



Wentworth Estate

The estate is spread over 1,750 acres near Virginia Water, Surrey, about 24 miles from Central London.

Wentworth has, on average, larger properties on bigger plots compared with St George's Hill and as a result house prices tend to be higher. The average purchase price since the start of 2016 stands at £7.4m.

Sales volumes have been robust in 2017, surpassing 2016 levels, our analysis of the market shows. Sales of development plots have traditionally made up around a third of total transactions each year, with the exception of 2016. In 2017, development plots comprised 31% of sales.

Demand is highest for homes in close proximity to the Wentworth Club House, where a gym, restaurants, health club, tennis courts, swimming pools and a world championship golf course, are located.



THE AGENT'S VIEW:

Stuart Cole, Head of the North Surrey Team at Knight Frank, discusses the super-prime country market in the Home Counties, why demand for development plots will outstrip supply, and where the sector is heading.

What is your view on the market?

The weakness of the pound has driven international interest in the North Surrey property market, while a shortage of new-build stock being offered for sale has underpinned pricing. At the same time, uncertainty surrounding Brexit and further possible interest rate rises is acting as a counter balance to these factors.

My view is that as Brexit negotiations progress, the ripple of demand from London, the great education on offer in the area, and the UK's stable political structure will keep driving the market forward in the coming years.

Where is demand coming from and what's driving it?

Buyer interest is very much global. Demand stems from all over the globe including CIS, Asia, Europe and South America. Education, as well as the proximity to nearby airports, London, and the countryside all contribute to this.

What trends are you seeing?

In recent years we have seen a fall in the number of developers buying plots with the intention of building and selling new homes. This has partly been due to the historically high levels of stock on the market. As a result, it seems likely that the demand for "best in class" new-build property will outstrip supply in the coming months and years.

Discretionary buyers form a large portion of the market and, as such, the factors influencing their purchasing decisions tend to lean towards family and schooling. For international buyers, political uncertainty elsewhere across the globe can make Brexit and other issues seem less significant, but it can influence what they are willing to pay.

How much demand is there for development plots?

There is good demand from buyers wanting to create their dream home and so the availability and supply of good plots is falling.

However, our experience is that the preferred option for the majority of buyers is to move into a 'turnkey' home – that is a new-build property in pristine condition which has already been developed and built. What is evident is that quality is very important. We are starting to see interest in developing in North Surrey from developers traditionally based in London, as well as overseas, who recognise the area as a global destination.

Where do you see the market heading?

Where prices have adjusted to take into account higher levels of taxation, we have seen a pick up in activity in 2017. Our experience is that sensibly priced homes built to exacting standards will sell. The private estates, security, quality of education, clean air, as well as proximity to London, airports and road and rail network all consistently drive buyers to the area and will continue to do so. The opening of new restaurants and shops, alongside existing provisions within Country Clubs such as Wentworth and Beaverbrook, will further reinforce the area's global appeal.

NORTH SURREY SALES

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