

BATH CITY FOCUS

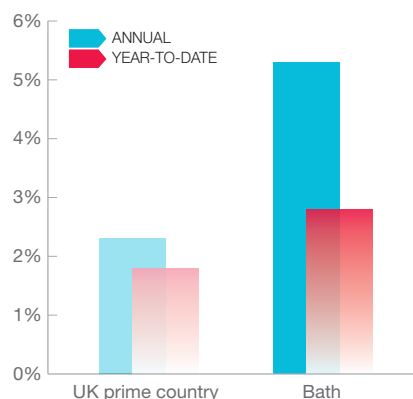
A shortage of prime properties for sale combined with strong demand for homes in the city contributed to rising prices in the first six months of 2015.

According to our index, which tracks the value of prime property in Bath, the average price of a home in the city rose by 2.8% between January and June and by 5.3% on an annual basis.

Such growth means that values have outperformed the wider prime market in the UK where prices have risen by 1.8% so far this year and by 2.3% over the 12 months to the end of June.

Price increases in Bath are being driven by a shortage of properties for sale at all levels of the market and strong demand from buyers for homes in prime urban markets with good schools, good infrastructure and amenities.

FIGURE 1
Price outperformance in Bath
Prime property price change



Source: Knight Frank Residential Research

To illustrate this, in June, while prime stock levels in Bath were at their lowest level of the year according to Knight Frank data, the number of potential new buyers registering with our office was 32% higher than a year earlier.

Anecdotal evidence suggests that interest has been particularly strong for properties

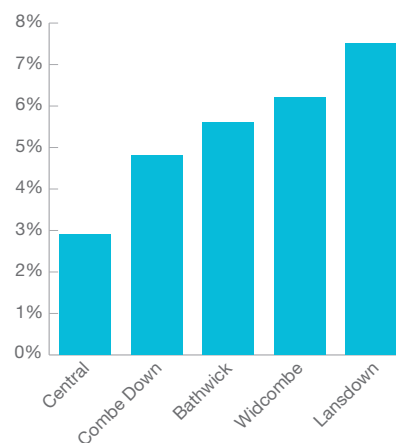
valued up to £1m with the recent changes to stamp duty announced in the December 2014 Budget likely to be a factor here.

As a result of stamp duty revisions, purchase costs have fallen for those buying property valued at less than £1.14m.

Above this threshold however, potential buyers have become more price sensitive. Properties in Bath valued at over £2m, for example, fell in value by 0.7% between April and June taking price growth so far this year to just 0.3%.

Price growth has also been far from uniform across the city. Property values in Lansdown and Widcombe have risen by 4.6% and 3.2% respectively over the first six months of 2015, and by 7.5% and 6.2% over the past year.

FIGURE 2
Bath annual price growth by area
Q2 2014 - Q2 2015



Source: Knight Frank Residential Research

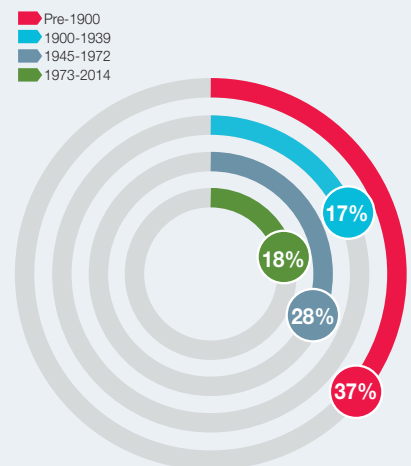
South of the city centre, in Bathwick and Combe Down annual price growth of 5.6% and 4.8% has been recorded.

The number of people searching for homes in Bath on Knight Frank's website was 40% higher between January and June 2015 compared with last year, an indication that activity is likely to continue in the coming months. The prospect of a more comfortable commute between Bath and London from 2017 as a result

of improvements being made to both the track and the trains has also given lift to buyer interest.

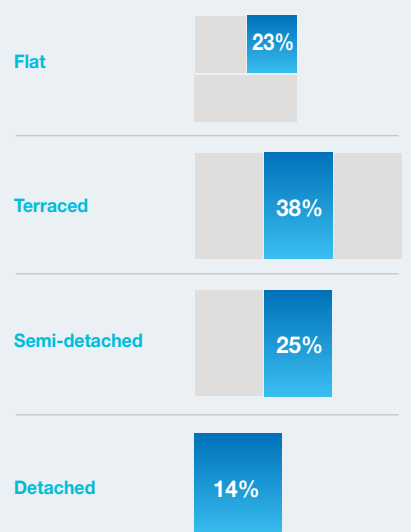
FIGURE 3
Bath City Focus

Age of housing stock



Property type

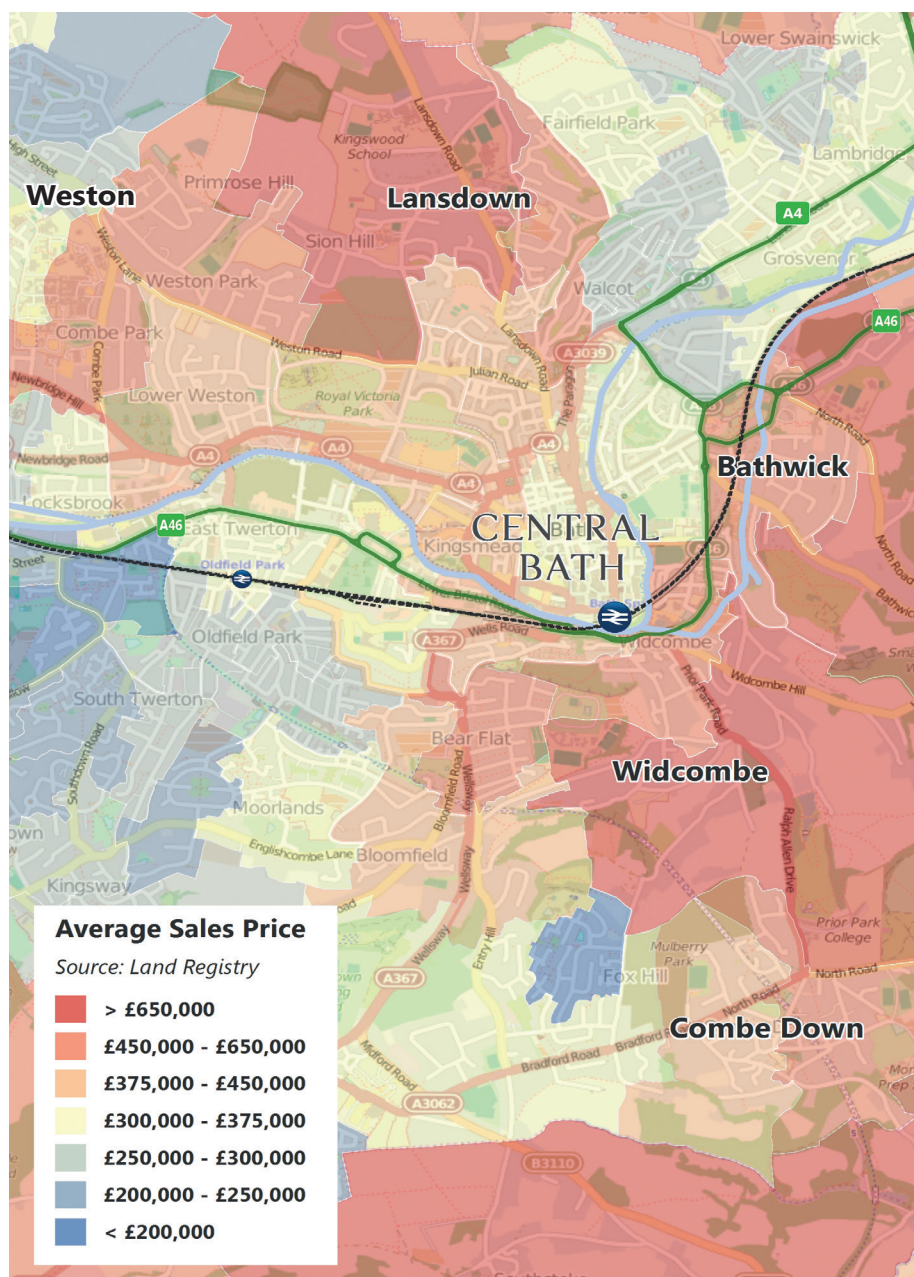
As a % of housing stock



Source: Knight Frank Residential Research / VOA

FIGURE 4

Bath City average sales price (last 12 months)



Source: Knight Frank Residential Research/Land Registry

Knight Frank Prime Bath City Index Results

Date	Annual %	Six monthly %	Quarterly %
Q4 2013	-	-	1.3%
Q1 2014	-	2.5%	1.2%
Q2 2014	-	2.5%	1.2%
Q3 2014	5.0%	2.5%	1.2%
Q4 2014	5.0%	2.5%	1.2%
Q1 2015	5.6%	3.1%	1.8%
Q2 2015	5.3%	2.8%	1.0%

Source: Knight Frank Residential Research

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