



News Release

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London revival pushes prime country house prices higher

Knight Frank Prime Country House Index results, Q1 2011

Headlines

- Prices of UK prime country houses rose in the first quarter of 2011 by 0.5%, partially reversing some of the price falls in the second half of 2010.
- With prices of prime London property having risen by 30% since March 2009, buyers coming out of the capital are beginning to have an effect on the prices of the best country properties.
- Price growth in the country is still not evenly spread, with slight falls recorded in the North and Scotland, and the strongest growth, 1% and 1.2% respectively, recorded in the South East and the South West of England.
- With low stock volumes and ongoing strong interest from London based buyers, further price growth in the counties around London should be expected over the spring and summer.

Liam Bailey, head of residential research at Knight Frank, comments: "The UK housing market has been experiencing difficult conditions since the middle of last year, and the prime country house market did not escape this trend.

"Prices fell in the second half of 2010 across most regions. However, the revival in the London market since the autumn has begun to filter through to the country house market. With foreign buyers happily buying over 50% of central London £2m+ properties, some of these vendors are now looking to move into the country house market.

"For London buyers, moving to the country at the current time makes a lot of sense. Prices in London are 30% higher than they were in March 2009; in the country prices are up only 7% over the same period. In short, this means that someone selling in London and moving to the country has more than 20% additional spending power now compared to two years ago.

"While we ought not to expect rapid price growth from this point, it would seem fair to assume that the best country house properties will see further rises over the next few months."



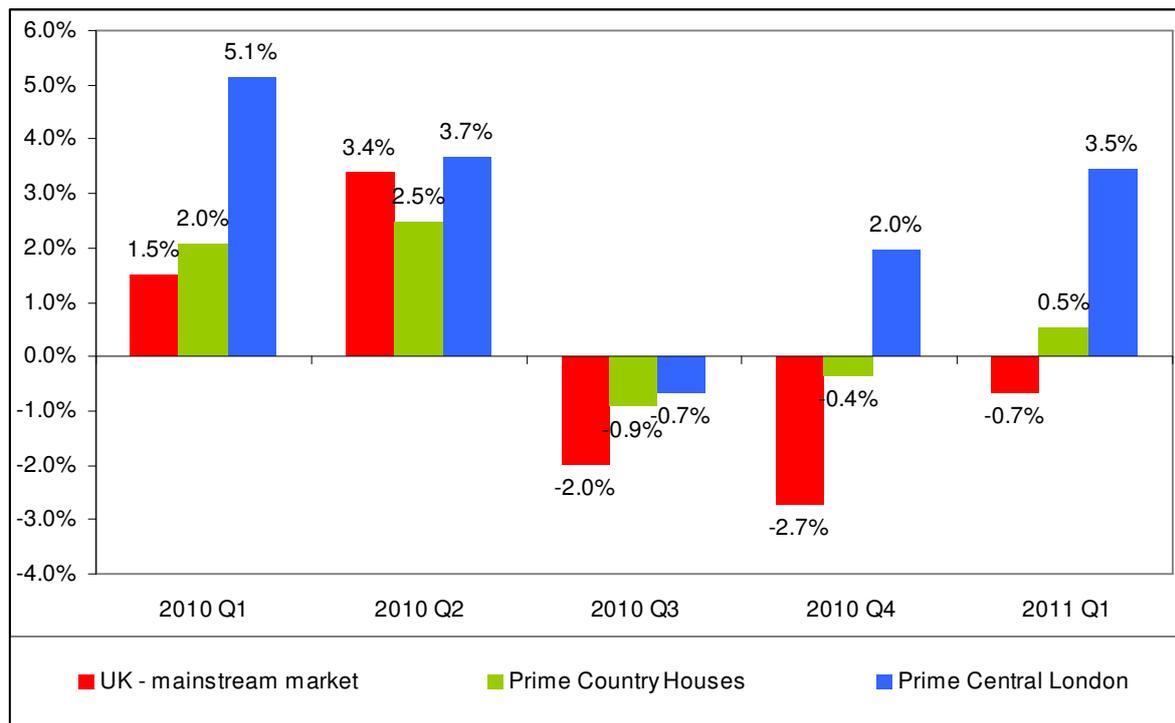
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Rupert Sweeting, head of the country department at Knight Frank, comments: "With an imbalance of supply and demand in the prime country property market and the shortage of supply becoming quite acute in some areas such as the Cotswolds and Oxfordshire, we are confident that prime houses that are sensibly priced will attract considerable interest.

"Price rises for the best of the best are likely to occur and those vendors who go to the market now will be well rewarded. The ripple effect from London is spreading, albeit very slowly. Prices within a two hour radius of London are creeping up, however, more than two hours away from the capital it is not so straightforward. Buyers from London will get "more bang for their buck" the further they go from London."

Knight Frank Country House Index, data section

Figure 1: Prime Country House, Prime London and Mainstream UK price performance



Source: Knight Frank Residential Research

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Figure 2: Prime Country House price performance

	Cottage	Farmhouse	Manor House	Unweighted average
Average Quarterly Change				
2009 Q1	-4.4%	-4.0%	-5.9%	-4.7%
2009 Q2	-0.4%	-0.3%	-1.9%	-0.9%
2009 Q3	0.7%	1.4%	0.3%	0.8%
2009 Q4	2.5%	2.6%	1.8%	2.3%
2010 Q1	1.9%	2.5%	1.7%	2.0%
2010 Q2	2.4%	1.9%	3.2%	2.5%
2010 Q3	-0.8%	-0.6%	-1.3%	-0.9%
2010 Q4	-0.5%	0.0%	-0.5%	-0.4%
2011 Q1	0.8%	0.9%	0.0%	0.5%
Average Annual Change				
2009 Q1	-21.1%	-19.2%	-19.8%	-20.0%
2009 Q2	-16.7%	-16.1%	-19.8%	-17.5%
2009 Q3	-12.0%	-10.9%	-17.2%	-13.4%
2009 Q4	-1.7%	-0.3%	-5.7%	-2.6%
2010 Q1	4.8%	6.4%	1.9%	4.3%
2010 Q2	7.7%	8.6%	7.2%	7.9%
2010 Q3	6.2%	6.5%	5.5%	6.1%
2010 Q4	3.1%	3.7%	3.0%	3.3%
2011 Q1	1.9%	2.0%	1.3%	1.8%
Average Unit Values				
2009 Q1	440,000	1,082,100	2,559,000	1,330,400
2009 Q2	438,100	1,079,300	2,510,100	1,318,900
2009 Q3	441,100	1,094,300	2,517,600	1,329,400
2009 Q4	452,200	1,122,900	2,564,100	1,360,300
2010 Q1	461,000	1,151,200	2,607,200	1,388,100
2010 Q2	472,100	1,172,500	2,691,500	1,422,800
2010 Q3	468,400	1,165,100	2,656,300	1,409,900
2010 Q4	466,100	1,164,700	2,642,100	1,404,900
2011 Q1	469,800	1,174,700	2,641,400	1,412,500

Source: Knight Frank Residential Research

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Notes to Editors

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