



# News Release

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Date: 13<sup>th</sup> January 2011

## **Prime country house market remains resilient, however vendors advised to consider selling now before interest rates start to rise**

### **Quarter 4 2010 results from the Knight Frank Prime Country House Index**

#### **Key Highlights:**

- Prime country house prices in England fell by just 0.4% on average in the fourth quarter of the year, and are still 3.3% higher than they were 12 months ago
- Prices around London remained most resilient with values in the Home Counties increasing by 5% during 2010
- Uncertainty over interest rate should urge buyers to act now
- The market in the north of England remains toughest with prices down by 4% last year on average
- Realistic pricing remains key to a successful sale and can encourage competitive bidding

#### **Andrew Shirley, Knight Frank's head of rural property research, commented:**

"According to our Prime Country House Index the market remained remarkably strong in the final quarter of the year. Given the economic uncertainty and government cost cutting some were predicting that prices would start to fall significantly. In fact, average values across England dropped by only 0.4% in Q4 and rose by 3.3% during the year.

"There were regional variations, however. The market in the north of England saw a 4% decrease in values during the year, while The Home Counties recorded the strongest growth of 5%.



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"On an annual basis there was little variation in the performance of the various prime country house sectors. Cottages, farmhouses and manor houses all grew in value by between 3% and 4%. In terms of price bands, those properties valued between £4m and £5m saw the strongest growth of almost 8%.

"Properties at either end of our index's basket (below £500,000 or above £5m) slightly underperformed with annual growth of about 2%. This reflects the prevailing difficulty of obtaining mortgage finance at the lower end of the market and an extremely discerning approach from super-rich buyers looking for the very best property."

"Going forward, the fact that the economic recovery appears to have slowed will make the Bank of England cautious about raising interest rates too soon, but with inflation refusing to fall a number of commentators who were predicting no rate rises in 2011, now expect an increase at some point during the year.

This will put pressure on some homeowners later in the year, so our advice to anybody looking to purchase a house and lock in to historically low rates is to think about acting now".

**Rupert Sweeting, Knight Frank's head of country department, said:**

"Last year was not an easy one. All general elections tend to create uncertainty in the market, but this usually recedes once the results are known and people can plan accordingly. The emergence of a hung parliament, however, meant that the property market took more time than usual to adjust to the prospect of coalition government.

"Despite this, and despite the spending cuts announced in the Comprehensive Spending Review, our market has proved remarkably resilient. Average annual price growth of almost 4% in such turbulent economic times shows how desirable the UK's prime country properties are to buyers.

"That said, pricing still has to be realistic to attract interest and competitive bidding. It is also the best properties that have seen the strongest growth.



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"The real unknown is what will happen to interest rates. Any significant increase could put pressure on some owners later in the year. For anybody thinking of selling it could make sense to do so soon, to beat any potential increase in stock levels."

"Looking forward to this year, the prime country property market will continue to hold up well as there is still a real shortage of quality property available. Vendors brave enough to launch now, especially in areas such as the Cotswolds and around Oxford where there is a real dearth of supply, should see their properties sell well".

## Prime country property performance by sector

| Property Type      | Quarter 4 price change % | Annual price change % | Average value |
|--------------------|--------------------------|-----------------------|---------------|
| Cottage            | -0.5                     | 3.1                   | £0.47m        |
| Farmhouse          | 0.0                      | 3.7                   | £1.2m         |
| Manor house        | -0.5                     | 3.0                   | £2.6m         |
| Unweighted average | -0.4                     | 3.3                   | £1.4m         |

## Prime country property performance (all types) by Knight Frank office region

| Region          | Quarter 4 price change % | Six-month change % | Annual change % |
|-----------------|--------------------------|--------------------|-----------------|
| Home Counties   | -0.2                     | -0.5               | 5.0             |
| South West      | 0.0                      | -1.8               | 3.7             |
| Central England | -0.9                     | -2.4               | 2.1             |
| North           | -2.7                     | -4.7               | -4.0            |

Example properties for sale:

### Cottage :-

Brookside Cottage, Kemerton

<http://search.knightfrank.com/che090253>

### Farmhouse :-

Milford House, Warwickshire

<http://search.knightfrank.com/str100312>



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## **Manor house :-**

Leomansley Manor, Lichfield

<http://search.knightfrank.com/brm070394>

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## **Notes to Editors**

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## **About the Knight Frank Prime Country House Index**

The Knight Frank Country House Index is a valuation-based index, compiled quarterly from valuations prepared by professional staff in every Knight Frank Country House office in the UK. The index is based on the valuation of a comprehensive basket of properties throughout all UK regions based on actual sales evidence.

Knight Frank tracks the performance of three country house categories; cottages, farmhouses and manor houses. A typical manor house comprises a large property standing in its own, usually extensive, grounds with a private drive. A typical farmhouse has between five and six bedrooms, several acres of land including garden, paddock and barns. A typical cottage has about one acre of land, is detached and has three/four bedrooms. Detailed definitions of the three property types are available on request together with current case studies of properties being marketed.

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