

The index is valuation-based, compiled quarterly from valuations prepared by professional staff in every Knight Frank Country office in the UK and based on actual sales evidence.



# Prime Country House Index

Q4 2019

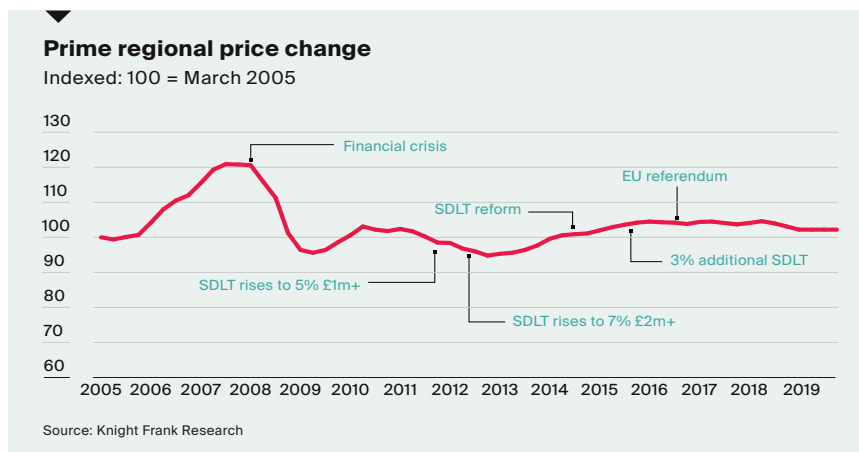
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## PRIME REGIONAL HOUSE PRICES Q4 2019

ANNUAL CHANGE	COTTAGE	FARM HOUSE	MANOR HOUSE	TOWN HOUSE	PCHI
-0.7%	-0.7%	-0.6%	-1.1%	-0.7%	-0.8%

INDEX	COTTAGE	FARM HOUSE	MANOR HOUSE	TOWN HOUSE	PCHI
258.7	258.0	221.1	124.5	241.9	



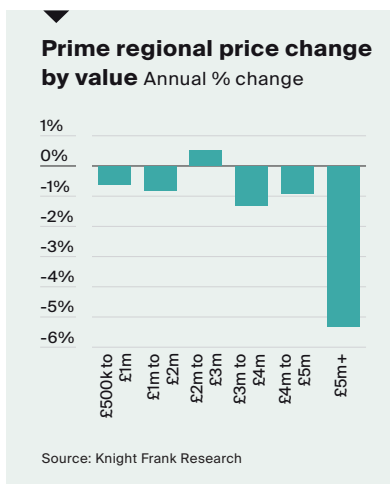
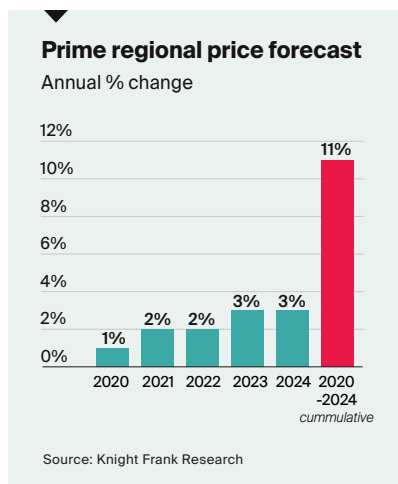
## Prime regional market update

Prime regional house prices were unchanged in the final three months of 2019, taking the annual change in values to -0.8%. Prices have been flat or declining now for the past three years.

Political uncertainty continues to be the biggest single constraint on the market, agents note. The run-up to the general election in December added to this, with some buyers putting deals on hold while awaiting the result and some vendors holding off bringing properties to market.

That said, overall demand has remained strong albeit price-sensitive. The average number of new prospective buyers registering their interest in purchasing a property per Knight Frank office was 9% higher in 11 months to November 2019 compared with the same period last year, for example.

The certainty afforded by the outcome of the election should result in some of this pent-up demand being released into the market. The extent to



which this translates into transactions in the short-term will depend on the size of the pricing expectation gap between buyers and sellers.

Supply is likely to rise in the New Year as vendors anticipate stronger

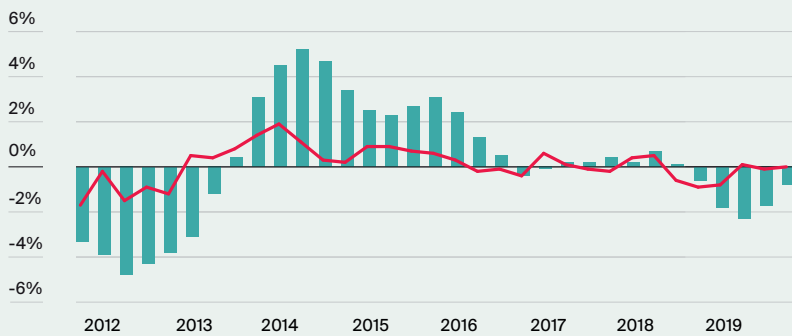
market conditions. While some may expect these conditions to support higher prices, any growth in supply will potentially apply downwards pressure, and therefore demand will remain price-sensitive.

In the market for homes priced at £2 million or more, average prices are now 6% lower than they were at the time of the EU referendum. Values are still, on average, 20% below the market peak in 2008.



### Annual and quarterly change in prime regional property values

■ Annual % change ■ Quarterly % change



Source: Knight Frank Research

## OUTLOOK

Knight Frank forecasts prices in prime regional markets will rise by 1% in 2020 and by 11% over the next five years. There will be more modest growth in the short-term as Brexit no-deal uncertainty persists, combined with the possibility of stamp duty changes for some buyers and the normalisation of interest rates.

As ever, the headline figures only tell a very general story and we expect there will continue to be variations in different parts of the market, dependent on both price and location. While anything that brings greater certainty is likely to improve market conditions, we expect the market to remain price sensitive over the remainder of the year.

**Knight Frank forecasts that prices in prime regional markets will rise by 1% in 2020 and by 11% over the next five years**

OLIVER KNIGHT  
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We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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