

# WINCHESTER MARKET INSIGHT Q4 2016

**Price growth in Winchester's city market may have moderated over the last year, but demand for homes remains strong**

Across the UK, the general trend over the last year has been for more moderate house price growth as the market continues to adjust to changes in taxation and recent political events. Winchester has been no exception.

Annual price growth in the city centre was 5.8% at the end of 2016, down from a peak of 10.7% earlier that year. Growth of just 0.8% was recorded in the second half of the year.

While growth is still evident, the slowdown in the pace of price rises comes after two years of exceptional growth.

It means that in some areas of the city, prices per square foot have been achieved which are on a par with markets in several outer London boroughs.

A moderation in price growth is also an indication that the market is adjusting to higher rates of stamp duty and, to a lesser extent, the uncertainty caused by the result of the EU Referendum.

As figure 4 shows, there was a surge in activity in the first three months of 2016 as buyers looked to complete deals ahead of the introduction of the additional 3% rate of stamp duty for second home buyers and buy-to-let investors.

But whilst sales volumes may have slowed since, there remains a notable imbalance between supply and demand across the city.

The volume of new prospective buyers registering their interest in buying a property in Winchester increased by 10% in 2016 compared with the previous year, Knight Frank figures show.

FIGURE 1

## Property prices in Winchester and surrounding area

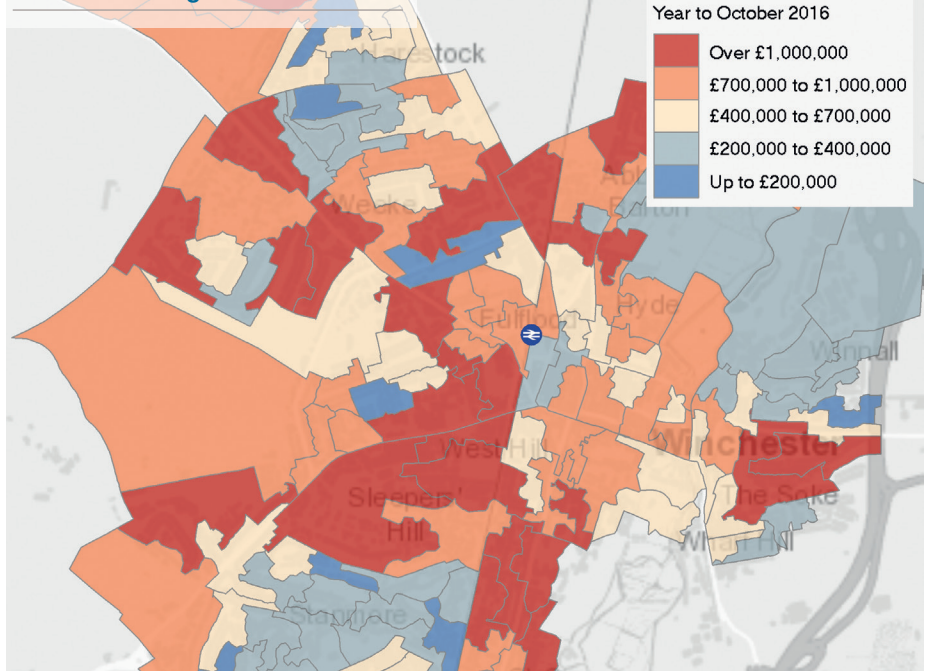
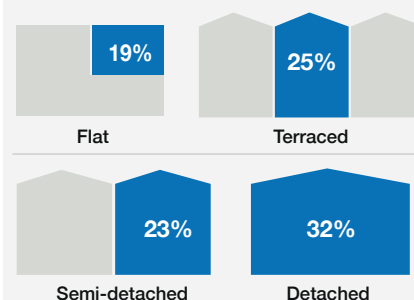


FIGURE 2 **Winchester fact sheet**

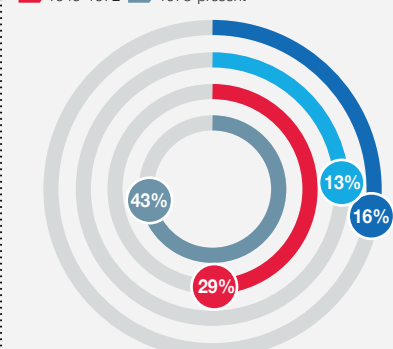
**5.8%** Average price growth in 2016  
**0.6%** Average price growth in Q4 2016

### PROPERTY TYPE



### AGE OF HOUSING STOCK

Pre-1900 1900-1939  
1945-1972 1973-present



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The number of viewings conducted was also 21% higher over the same time period.

Much of this demand was focused on the market for properties valued at up to £1 million. Homes in this price bracket have been less affected by the stamp duty changes introduced back in December 2014 and more recently in April 2016.

While still active, the market above £1 million has been more sensitive to tax changes. As a result, negotiations have been more protracted as higher purchase costs are factored into offers in some cases.

The market has absorbed stamp duty changes in the past, but it is a process which usually takes place gradually, something which highlights the importance of correct pricing when homes are placed on the market.

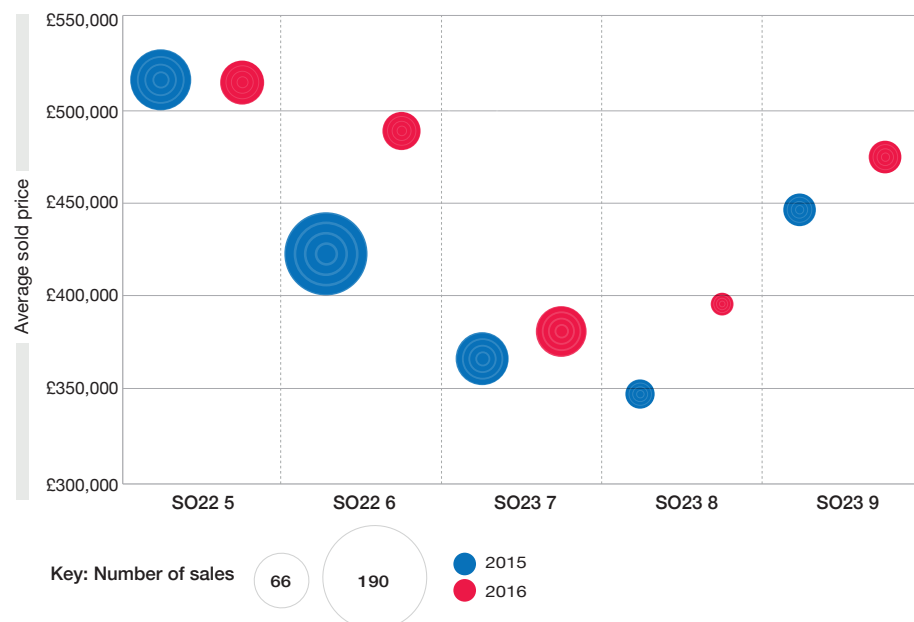
In geographical terms, price growth has been fairly uniform across the city. Property values in Hyde and the city centre rose by 7% and 6.3% respectively over the course of the year. To the south and the east of the city centre in St Cross and St Giles Hill annual price growth of 3.7% and 6.4% was recorded over the same time.

Low mortgage rates and a continued imbalance between supply and demand are likely to underpin pricing in 2017, while the primary drivers of the market are largely unaffected – with schools and good transport links to London and surrounding cities acting as a draw.

FIGURE 3

### Average sold prices and sales volumes by neighbourhood

Note: Variations in average sold prices between different time periods do not necessarily indicate price growth

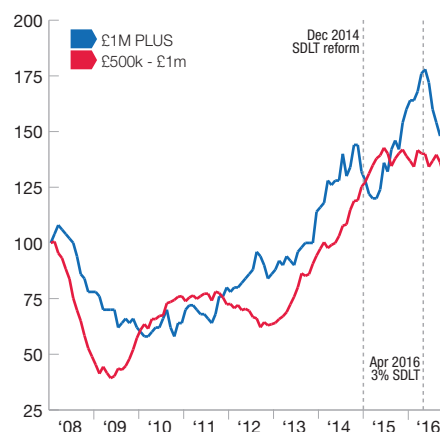


Source: Knight Frank Research

FIGURE 4

### Winchester sales volumes

Indexed 100 = Jan 2008

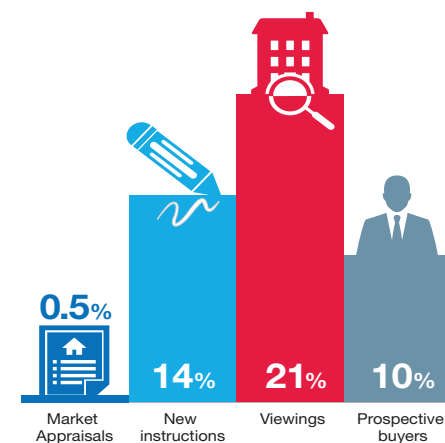


Source: Knight Frank Research

FIGURE 5

### Supply and demand drivers

2016 v 2015



Source: Knight Frank Research

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