

EXETER MARKET INSIGHT 2016

Robust demand for homes valued up to £1 million has been a key driver of Exeter's prime city market over the last year

A trend we're seeing across regional markets is the continued rise of prime urban locations, which have consistently outperformed their more rural counterparts since the credit crunch.

Buyers have increasingly sought out properties in thriving urban locations close to good schools, amenities and transport links.

Homes in prime cities such as Exeter have benefited from this. Annual price growth in 2015 stood at 3.4%, slightly above the 3.1% growth seen across the whole prime market in England & Wales over the same time.

Within the city, price increases have been underpinned by local demand for properties valued up to £1 million – a section of the market which accounted for 64% of Knight Frank sales in Exeter last year. Professionals working in the legal and health sectors within the city, or the wider South West region, made up the lion's share of demand over this time.

Above £1 million demand is more widespread, with equity rich buyers relocating to Exeter from further afield, including from London or internationally, tending to be more active.

Indeed, buyers moving to Exeter from the capital accounted for 37% of sales above £1 million in 2015, compared to just 12% of sales under £1 million. Many such buyers took advantage of the price differential which currently exists between property values in London and elsewhere in the country.

But while demand for prime property in the city remains robust, buyers are competing for a limited number of homes. Knight Frank figures show that the number of properties for sale in Exeter at the end of 2015 was at its lowest level since 2013 when stock levels were first tracked. This has led to a lower level of transactions taking place in the city centre.

Interest is particularly high in areas including Pennsylvania and St Leonard's which are

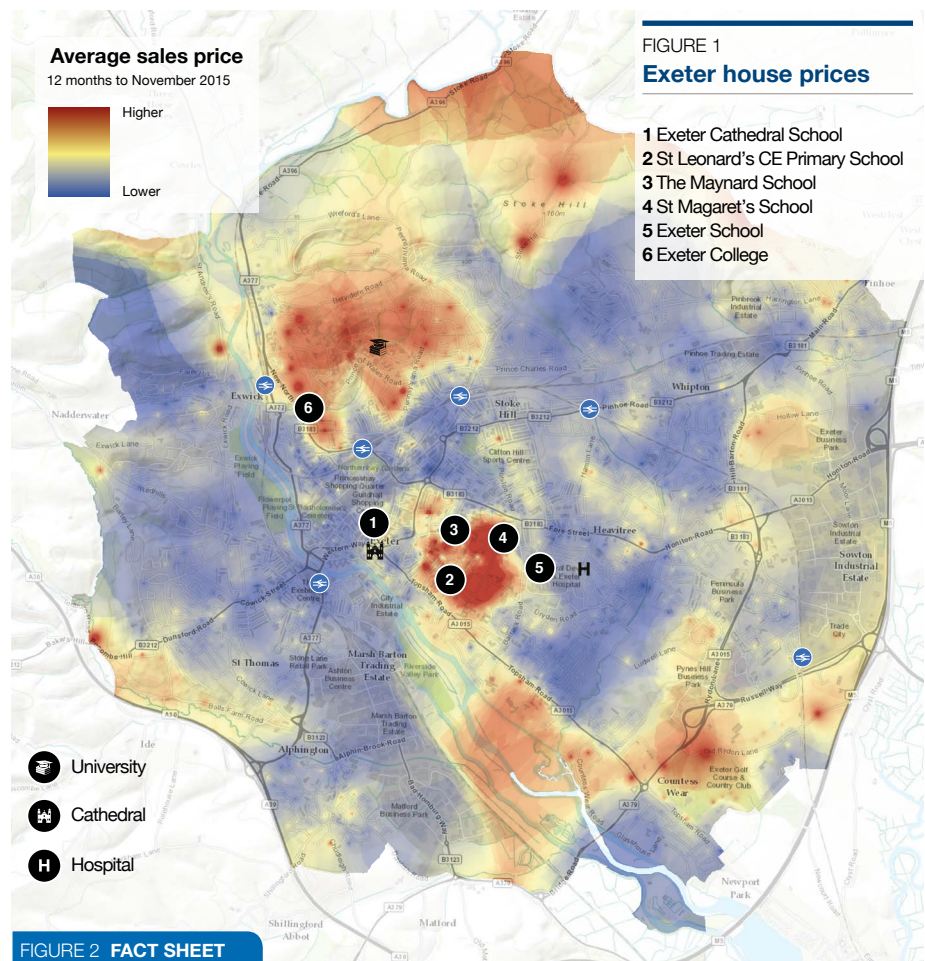


FIGURE 2 FACT SHEET

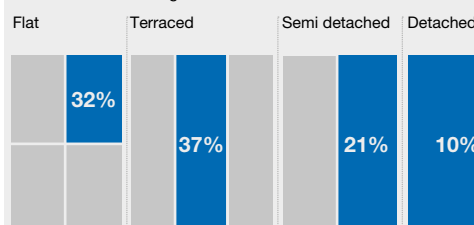
3.4%: Annual price growth, 2015

1.0%: Six monthly price growth, Q4 2015

0.6%: Quarterly price growth, Q4 2015

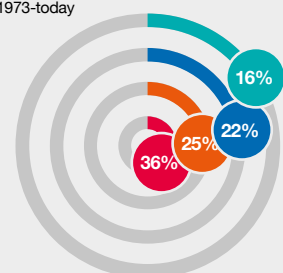
PROPERTY TYPE

as a % of total housing stock



AGE OF HOUSING STOCK

Pre-1900
1900-1939
1945-1972
1973-today



Source: Knight Frank Research

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within walking distance of the city centre and also close to high-performing schools including Exeter School, The Maynard and St Margaret's.

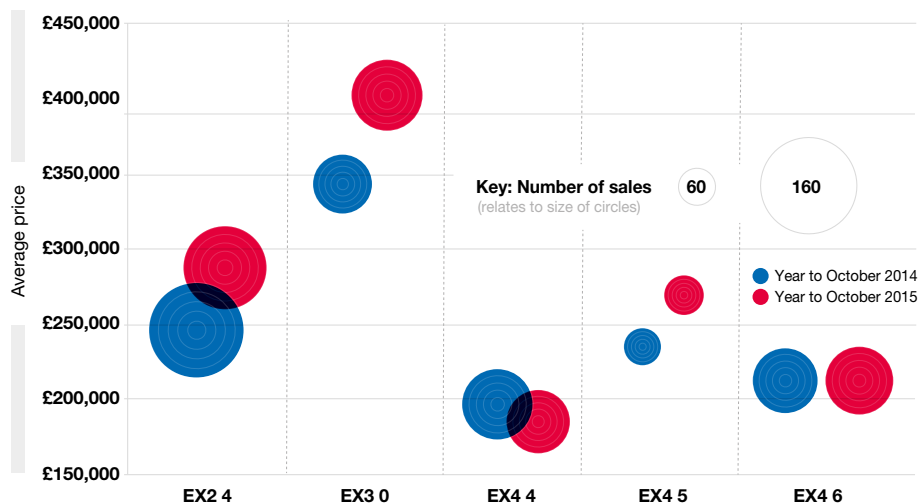
Exeter's prime city market is expected to be underpinned by a buoyant employment market and growing local economy in 2016, combined with a continuing imbalance between supply and demand.

It is anticipated that market activity will pick-up early in the year ahead of the introduction of the newly announced 3% "additional Stamp Duty" for second homes and investment properties as buyers affected by the change look to complete deals ahead of it coming into force in April.

Knight Frank is forecasting average price growth of 4% across the mainstream South West market in 2016 and cumulative growth of 19.9% between now and 2020.

FIGURE 3

Average price and sales volumes in Exeter by neighbourhood

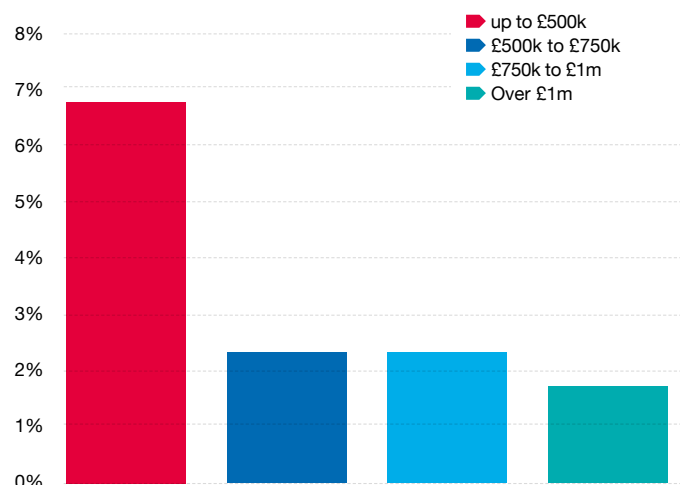


Source: Knight Frank Research

FIGURE 4

Exeter prime property price growth, by price band

Year to Q4 2015

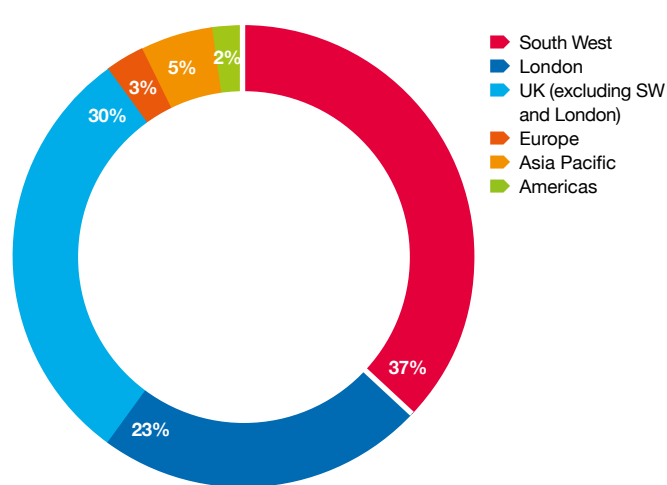


Source: Knight Frank Research

FIGURE 5

Local demand

Where did prime property buyers in Exeter come from? (year to Q4 2015)



Source: Knight Frank Research

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