

EXETER FOCUS

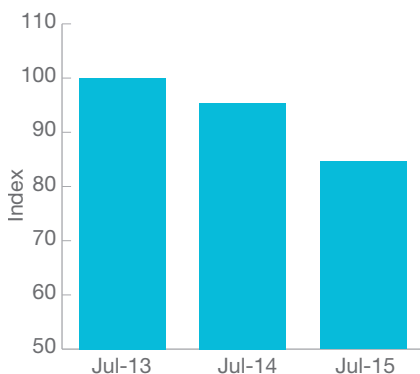
While average prime country house prices in the UK have risen by 2.3% in the year to the end of June, the prime Exeter city market has been more buoyant. Property values in the city rose by nearly 5% over the same period.

Price growth has been supported by good local demand. Buyers who are already living in the South West accounted for 41% of purchasers in the 12 months to July, according to Knight Frank data.

Over this time 23% of buyers relocated to the region from London, with the remainder moving from the rest of the UK and some international buyers. With two major train stations and an airport serving the capital, commuting from Exeter is possible. Furthermore, increasing employment prospects within the region, good schools and lower housing costs are an attraction for those looking to relocate.

FIGURE 1
Stock levels declining

Snapshot of properties for sale in Exeter
Indexed to 100 = July 2013



Source: Knight Frank Residential Research

Exeter Science Park, for example, continues to draw new firms to the area, while a recent survey of businesses by the Exeter Chamber of Commerce and Industry found that a record number of businesses in the city plan to increase investment in their companies this year.

This improving business environment is likely to have contributed to higher demand for housing as people move to the area, or look to move up the ladder locally.

Indeed, the number of new potential buyers registering their interest in purchasing a property in Exeter was 6% higher in the first seven months of the year compared to 2014.

But while demand for prime property in the city is rising, buyers are competing for a limited number of homes with the number of properties for sale in Exeter at the end of July 2015 11% lower than at the same time a year previously and 15% lower than at the end of July 2013.

Agents note that in the prime market properties valued up to £750,000 have been generating the most interest among prospective purchasers.

Meanwhile, the prospect of a quicker and more comfortable journey between Exeter and London from 2018 as

a result of improvements and upgrades to the trains could increase buyer interest further and help boost the local economy.

TRANSPORT



With the train to London taking about two hours, a daily commute to London may be the choice of a minority. However, the ability to travel directly to and from the capital when required remains a key factor in this city market. Such buyers often work in the capital for a couple of days a week.

News that the government has given the go-ahead to replace the existing fleet of trains which service the line between London and Cornwall is likely to be welcomed.

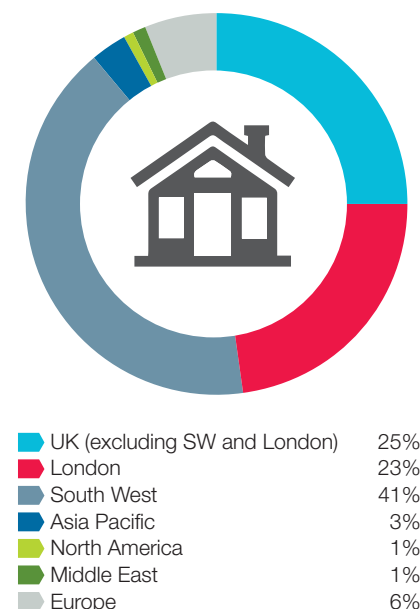
The new trains will knock 5-minutes off the journey between Exeter and London and the upgrade will result in more comfortable and more frequent journeys for the commuters, business travellers and tourists who use this route.



Since 2014, Exeter Airport has offered daily flights direct to London City Airport – significantly reducing travel time for passengers commuting into the City or to Canary Wharf.

Over £2.5m has been invested in the airport in the last two years and additional money has been spent upgrading and improving access roads.

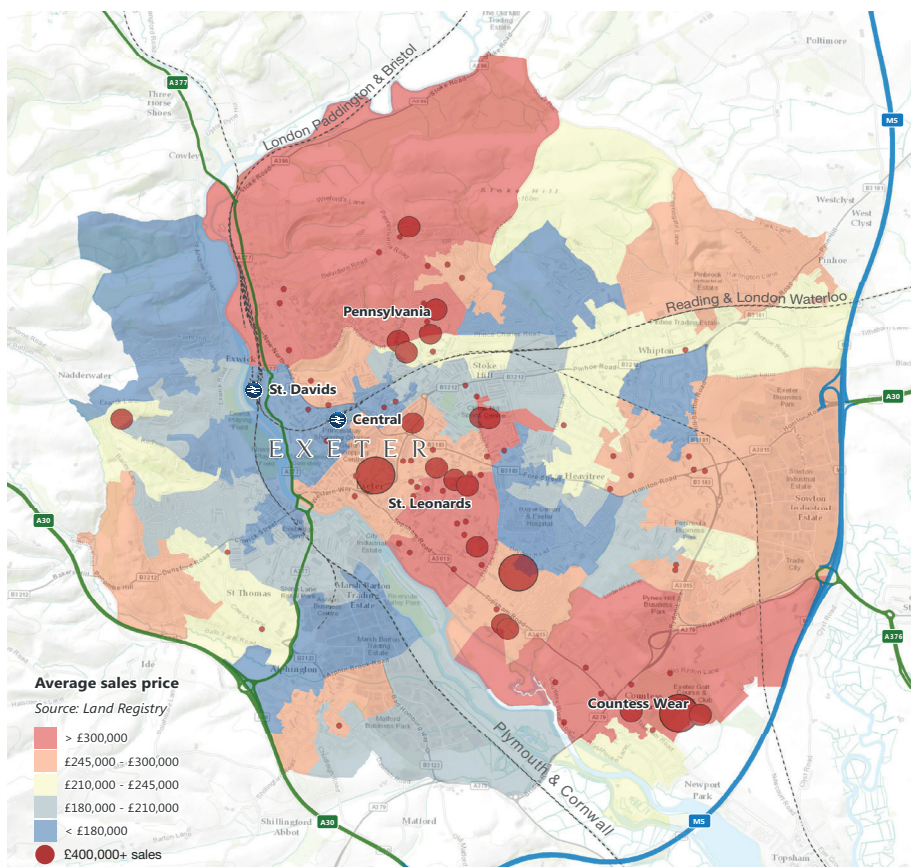
FIGURE 2
Where did prime property buyers in Exeter come from? Last 12 months



Source: Knight Frank Residential Research



FIGURE 3
Exeter city average sales price and location of £400,000+ sales
(last 12 months)



Source: Knight Frank Residential Research/Land Registry
Sales are grouped at the centre of the respective postcode sector

RESIDENTIAL RESEARCH

Oliver Knight
Residential Research
02078 615134
oliver.knight@knightfrank.com

EXETER CITY SALES

William Morrison
Partner, Office Head
01392 423111
william.morrison@knightfrank.com

Edward Khodabandehloo
Exeter City Sales
01392 423111
edward.khodabandehloo@knightfrank.com

Knight Frank Prime Exeter City Index Results

Date	KF Exeter City Index	Annual %	Six monthly %	Quarterly %
Jun-14	101.2	-	-	1.2%
Sep-14	102.4	-	2.4%	1.2%
Dec-14	103.6	-	2.4%	1.2%
Mar-15	104.8	4.8%	2.3%	1.2%
Jun-15	106.0	4.7%	2.3%	1.2%

Source: Knight Frank Residential Research



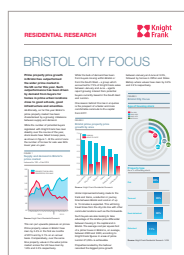
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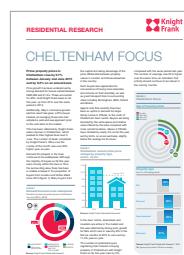
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