

HIGHLIGHTS

SCOTLAND & NORTHERN ENGLAND

Uncertainty has become the new 'norm' and with various tax changes announced for the property sector, 2015 was another difficult year for buyers and sellers choosing whether or not to move. Predictably, the best quality, fairly priced properties continued to perform well.

WELCOME

Political and financial turbulence in Scotland – but also in the UK and the wider world – continued the challenging market conditions for mainstream residential property. The ever changing political environment in Scotland has meant that those living and working here have adopted a cautious position and have been reluctant to commit.

Those buyers moving into Scotland or buying additional homes still view Scotland as good value and somewhere that you can buy a uniquely beautiful property in a global context.

A predicted additional 3% Land and Buildings Transaction Tax (LBTT) charge on second home and buy-to-let properties is bound to drive the market at the beginning of 2016. Buyers and sellers continue to acclimatise to the new tax and should find more confidence to invest in the year ahead.



Ran Morgan

Partner & Head of Scotland Residential

COUNTRY LIVING

Extraordinary mountain vistas. Wild, windswept coastlines. Fertile lowlands with wide horizons. Scotland and Northern England boast some of the most breathtaking scenery you'll find anywhere, and the real estate to match.

In 2015, we saw certain types of property perform particularly well. Perhaps the most high profile have been the estates and rural properties in extraordinary locations. These unique properties draw buyers and investors to this corner of the world, year in, year out.

“Scottish property draws buyers and investors to this corner of the world year in, year out”

Despite having many hundreds of miles of sandy beaches and rugged cliffs, demand for coastal properties has been low in Scotland during the last 12 months. The West Coast of Scotland is a perennial hotspot, with properties here routinely commanding a premium of 15-20% over comparable homes away from the coast.

There is more of a sense of caution as the effects of recent political and financial change continue to be felt. Country houses and farms in particular are proving to be more price sensitive. Realistic pricing is the order of the day and is the key to regaining momentum in this area of the market.

Overall, this is a part of the UK that has a number of built-in advantages when it comes to property. It offers excellent relative value when compared to the rest of the UK and similarly developed international markets, while at the same time offering world-class infrastructure, culture and architecture. It is a compelling combination that assures high levels of interest when quality property comes to the market.

The following pages offer a small selection of the country properties we have sold for our clients during 2015.



“ Sold on behalf of an existing client. The estate sold for a premium, selling in two lots; one lot to a Scottish buyer, the other to an international buyer ”

1. Cluanie and East Glenquoich Estate, Glenmoriston, Inverness-shire. About 20,554 acres. Offers over: £3,950,000

2. **Ardtur House** near Appin, Argyll, 5 bedrooms. Offers over: £1,100,000
3. **Invereil House** near Dirleton, East Lothian, 10 bedrooms. Offers over: £1,800,000

4. **Hallrule Estate** near Bonchester Bridge, Roxburghshire. About 69 acres. Offers over: £1,750,000



“ Knight Frank sold this estate to our clients in 2000. It has now been bought by a Scottish based businessman who has been known to us for 10 years”



EDINBURGH PROPERTY

“Through our 20 year history in the Edinburgh market, we now have our greatest market share and dominate the prime market”

In recent years the major cities of Scotland and Northern England have prospered as both cultural and commercial hubs, attracting ever-growing numbers of property buyers choosing to live and invest here.

Edinburgh is at the heart of Knight Frank's network in this region of the UK and is where we focus our residential sales market. Through our 20 year history in the Edinburgh market, we now have our greatest market share and dominate the prime market.

2015 was an interesting year. Following the uncertainty caused by the referendum, we didn't immediately return to business as usual. In fact, the introduction of LBTT created an extraordinarily active market in the first three months of the year as people sought to transact before the higher rates came in on 1st April. Following that, the lower end of the market became very busy whilst the higher end of the market was a little subdued.

For 2016, we expect to see transaction numbers normalise as people become used to the LBTT system. It may mean some tougher negotiations as buyers look for the vendors to share the extra tax burden. Already this year, we are seeing a notable increase in buyers registering with us and we have taken on some wonderful new properties to bring to the market.

We are pleased to announce the launch of Edinburgh New Homes, which will be led by Neil Scott who has established an excellent track record in the new homes and developments market. As well as that, Emma Bailey will be leading a specialist flats/apartments department to build on our success in this busy sector of the market in the centre of Edinburgh.

Edinburgh continues to draw buyers from all over the world. In 2015, 42% of our buyers originated from outside Scotland with 9% coming from abroad. Be it for work, education or the cultural offerings, Edinburgh remains a very popular place to live and offers a wonderful quality of life.

The following pages feature a selection of city properties we successfully marketed for our clients during 2015.

“ Having generated interest from international buyers, this house was sold at a closing date and was the highest price achieved for a townhouse in the spring market of 2015 ”



1. **Regent Terrace** in Edinburgh, 5 bedrooms. Offers over: £1,850,000

“ This newly refurbished townhouse attracted interest from local and overseas buyers. It sold to an American buyer within two weeks of coming to the market ”



2



3

2. **Rothesay Place** in the West End, 5 to 6 bedrooms. Offers over: £1,200,000
3. **Grange Road** in Grange, 5 bedrooms. Offers over: £1,075,000
4. **Moray Place** in New Town, 4 to 6 bedrooms. Offers over: £975,000



“ 25 viewings from UK and international buyers, three offers and sold at a closing date in excess of the Home Report valuation ”

“An award winning Relais & Châteaux hotel, available very privately to carefully selected buyers on our database. Sold to a London buyer who will continue to operate the castle as a luxury hotel”

1. **Glenapp Castle** in Ballantrae, South Ayrshire, 17 bedrooms. Asking price: £2,250,000



BEHIND CLOSED DOORS



For some buyers and sellers – and this is particularly true when a rare or coveted property is involved – the discretion of an off-market transaction is the preferred option.

Every year, our team handles a significant number of sales where the property never actually reaches the open market and the deal is done from start to finish behind closed doors.

This year in Scotland and Northern England we handled the sale of a prominent country house in this way, together with a number of impressive rural houses and several Edinburgh houses and flats.

In one of those cases, the buyer was a neighbour who had been waiting for the property to come to the market for a considerable time. In the others, the buyers came from Knight Frank's extensive database of buyers from around the world.

Off-market sales happen most commonly when a buyer registers with us looking for a very specific type of property. With such a narrow criteria, they are often willing to be flexible on location in order to increase the chances of a successful search, and this is where our network of contacts nationally and internationally comes into its own.

Indeed, almost every transaction that we handle has the potential to be handled off-market due to the sheer volume of buyers on the firm's books at any one time. Depending on the market and the property, of course, the best advice might be to generate the sense of competition that comes from an open market listing.

In those situations where this is not the case, or where the seller is reluctant to publicise the sale, our teams have shown – often working with colleagues around the Knight Frank network – that we can quickly and discreetly source committed buyers.

OUR TEAM

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