

# HIGHLIGHTS

SOUTH WEST



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Welcome to Knight Frank's South West Highlights, covering our Bath, Bristol, Exeter and Sherborne offices. In this year's edition, we look at the prevailing conditions and trends that have shaped the property market in the region and also feature a selection of properties marketed by our teams during 2015.

# WELCOME

Of course the big UK story of the year was the surprise election result in May. In property terms the uncertainty surrounding the outcome – and the possible introduction of the so-called Mansion Tax – had the effect of putting the brakes on a market already slowed by the increase in stamp duty introduced at the end of 2014. However, by the late summer of 2015 the market was showing signs of absorbing these factors and getting back to business as usual.

If there has been any lasting impact it is that sensible pricing levels have been the key to achieving successful sales. The prime market in 2015 saw those properties listed at an attractive level generating a lot of interest – and often achieving significantly more than the guide price following a bidding situation.

The regional hotspots have remained those areas within a reasonable commute of the capital, as Londoners cash in and move out in search of more space. The Cotswolds and Hampshire continue to be the strongest performers and their popularity means buyers are also looking increasingly at neighbouring regions, finding that they offer excellent value.

In the South West, the second home market has been strong, with waterfront properties leading the charge as ever. In Scotland and Northern England meanwhile, a changing political landscape is spelling a note of caution, although international investors are remaining very active.

Overall, there is a sense of a market returning to peak form and factors such as attractive mortgage rates are likely to provide added momentum in the months ahead.



**James McKillop**  
Country House Department

# TOWN LIVING

Cities in the South West such as Bath, Bristol and Exeter offer some of the best quality of life on offer anywhere in the UK. Sophisticated, cosmopolitan and thriving, they also boast stunning countryside and coastline within easy reach. Little wonder there has been such a healthy property market across the region's main centres in recent years.

Improved communications have only added to the allure. Better rail links and an increase in remote working have meant a leap in the numbers considering the South West's cities while still retaining work ties to the capital.

A UNESCO World Heritage site due to its impeccable architectural heritage, Bath is a 'mini-London' in property terms as well as the shopping and social life on offer. Knight Frank's local office, the go-to firm for properties above £500,000, saw strong performance at every level of the market in 2015 – from apartments to townhouses.

***“Knight Frank's Bath office saw strong performance at every level of the market in 2015 – from apartments to townhouses”***

When the upgrade to the rail line cuts journey times to London Paddington to around one hour in

2017, we expect to see the demand grow still further.

In Bristol, most of the prime property is to be found in the delightful and ever-popular Clifton district. The concentrated nature of this market and relative scarcity of property ensured that this remained a seller's market in 2015; a situation that we expect to remain unchanged during 2016.

Exeter's property market enjoyed an excellent year, with sales activity levels high and asking prices generally being achieved. The addition of a route from London City Airport to Exeter at the beginning of the year, added to the accessibility of the city and a corresponding jump in interest in prime property.

2015 underlined the strength of the South West's City property and all the trends – including improving accessibility – are pointing to this growth being sustainable over the medium term and beyond.





*“Sold to a family from London looking to move for the start of the academic year”*

1



2

◀ *“After competitive bidding this property was sold to a buyer coming from London who was also introduced to Knight Frank Finance to discuss bridging finance”*



3



1. **Towerhurst**, Leigh Woods, Bristol, 10 bedrooms. Guide price: £2,950,000
2. **Belmont**, Bath, 5 bedrooms. Guide price: £1,575,000
3. **Lyndhurst Road**, St Leonards, Exeter, 6 bedrooms. Guide price: £850,000

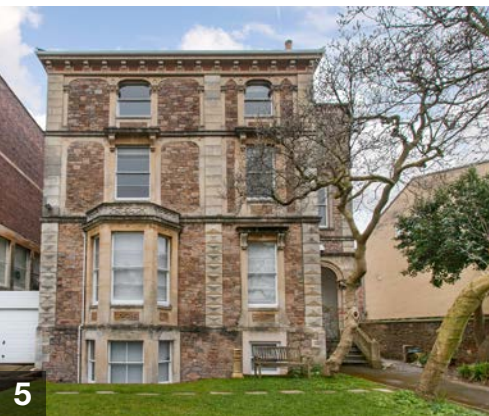
4. **The Chantry**, Bradford-on-Avon, 7 bedrooms. Guide price: £2,350,000
5. **The Avenue**, Clifton, Bristol, 6 bedrooms. Guide price: £1,895,000
6. **Athelstan House**, St Leonards, Exeter, 6 bedrooms. Guide price: £1,000,000

7. **Kelston Knoll**, Bath, 8 bedrooms. Guide price: £2,500,000
8. **Lansdown Place East**, Bath, 5 bedrooms. Guide price: £1,850,000
9. **Great Pulteney Street**, Bath, 6 bedrooms. Guide price: £2,300,000



4

◀  
“Sold in excess of the guide price after competitive bidding”



5

◀  
“Achieved a number of viewings from buyers across the globe”



6



7



8



9

▶  
“Successfully sold through our country-wide network of offices”



10



10. **Harley Place**, Clifton, Bristol, 5 to 6 bedrooms. Guide price: £1,950,000

11. **Compton Castle**, Compton Pauncefoot, Somerset, 9 bedrooms.  
Guide price: £20,000,000

12. **Hayes Raleigh**, Lypstone, Exeter, 6 bedrooms. Guide price: £1,750,000

13. **Bathwick Hill House**, Bath, 6 bedrooms.  
Guide price: £3,250,000

14. **Norland House**, Clifton, Bristol, 6 to 8 bedrooms. Guide price: £2,850,000



*“Sold to London based buyers,  
highlighting the importance of our 29  
strategically placed London offices”*



# COUNTRY LIVING

The Devon, Cornwall and Dorset coasts have long been a magnet for property hunters, particularly those searching for a holiday home. 2015 saw this market continuing to perform well and be buoyed by the steady flow of buyers enjoying the gains of a strong London market.

The undoubted stars of the show remain the South Hams and Cornwall. Growth has continued to be strong in these areas, as well as in the countryside surrounding Bath, Bristol and Exeter. As major commercial centres in their own right, these cities have generated an increasingly healthy country home market.

***“Prime waterfront sites whip up a great deal of interest wherever they are in the region. Competitive bidding saw one property exceed its guide price by more than 25%”***

Prime waterfront sites whip up a great deal of interest wherever they are in the region and one of the highlights of 2015 was the sale of

a bungalow in a fabulous position above Putsborough Sands in North Devon. Competitive bidding saw the property exceed its £3.25m guide price by more than 25% within a few weeks of listing. A similar property half a mile inland would have fetched perhaps half and would almost certainly have taken longer to find a buyer.

In a market where second homes are so dominant, particularly at the premium end, the 3% rise on stamp duty on homes that are not the principle private residence has been a big point of discussion.

For prime properties we don't expect it to have much impact, such is the level of competition. For the rest of the market, we expect that after an initial lull this rise will be accepted and reflected in pricing.





1



2



*“On with a competitor for two years before we were instructed. Our professional advice and strategy resulted in two interested parties and a successful outcome”*



3



*“Exchanged in under four weeks, in excess of the guide price”*



4



1. **Chapel Point House**, Portmellon, Cornwall, 5 bedrooms. Guide price: £2,950,000
2. **Compton Valance**, near Dorchester, 6 bedrooms. Guide price: £2,850,000
3. **Oysters**, Rock, Cornwall, 5 bedrooms. Guide price: £3,000,000
4. **Belluton House**, Belluton, North Somerset, 5 bedrooms. Guide price: £2,000,000
5. **Gurrington House**, Ashburton, 8 bedrooms. Guide price: £1,975,000
6. **Spring Grove**, Milverton, near Taunton, Somerset, 9 bedrooms. Guide price: £4,250,000
7. **Hollisters**, Upton Cheyney, 5 bedrooms. Guide price: £2,500,000
8. **Codrington Court**, South Gloucestershire, 6 bedrooms. Guide price: £1,950,000
9. **Pitney House**, Langport, 8 bedrooms. Guide price: £2,000,000



5

◀ *“Sold to a buyer based in Kent looking for a second home in the West Country. They registered with Knight Frank via our Country Department based in London”*



6

◀ *“Launched early spring as clients wanted to secure another property. Buyer found in 6 weeks”*



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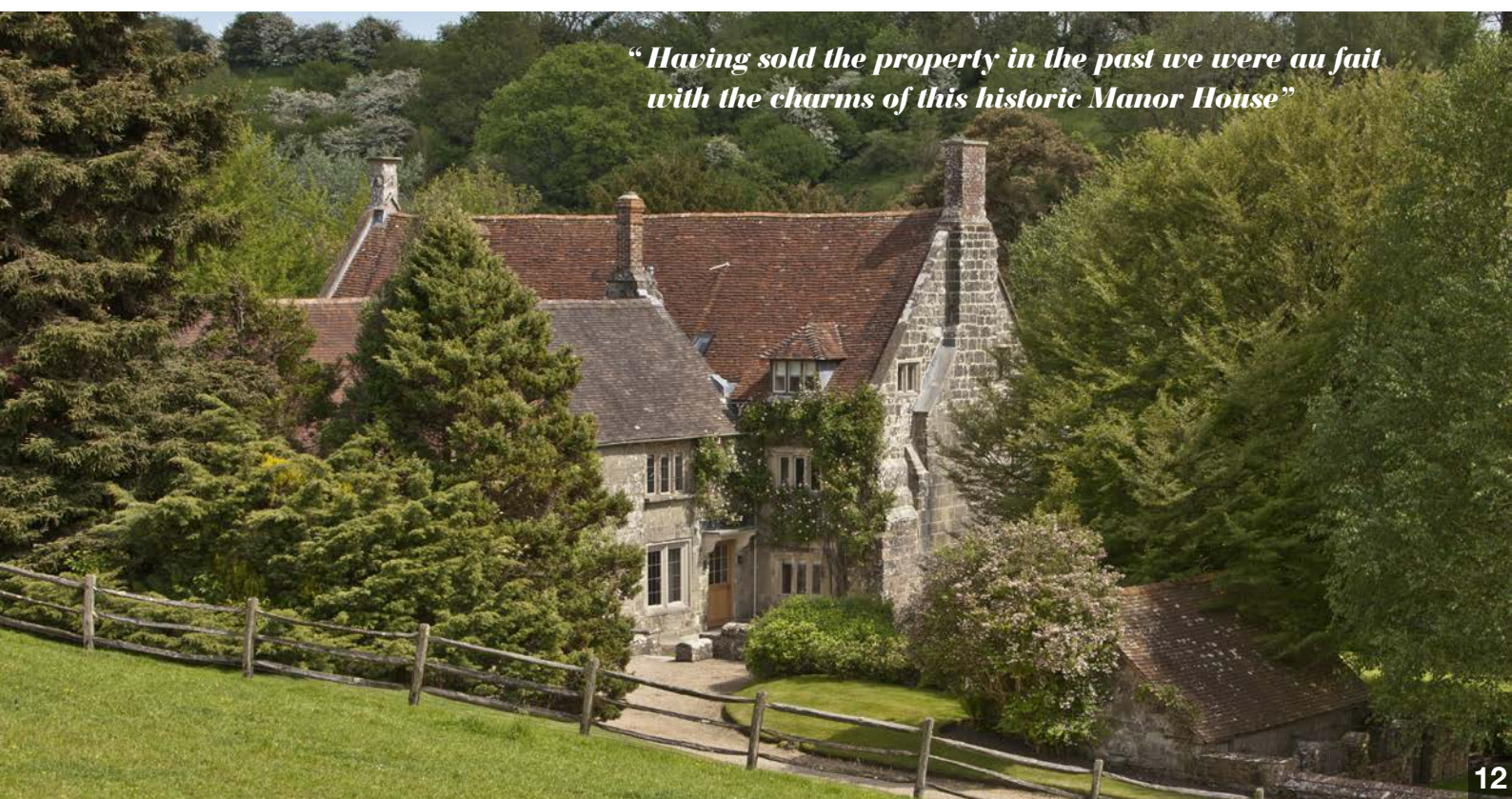
◀ *“Buyer spotted the property when sailing up the river. Offered and exchanged without seeing the property”*



11



10. **Pieds Dans L'eau**, Fowey Estuary, Cornwall, 5 bedrooms. Guide price: £1,975,000
11. **Standerwick Court**, Frome, 12 bedrooms. Guide price: £4,750,000
12. **Ansty Manor**, near Tisbury, 6 bedrooms. Guide price: £3,750,000
13. **Manor House**, Poyntington near Sherborne, 7 bedrooms. Guide price: £2,150,000
14. **Farleigh Combe Manor**, Backwell, Bristol, 7 bedrooms. Guide price: £2,250,000
15. **South Wraxall House**, Bradford-on-Avon, 7 bedrooms. Guide price: £3,950,000
16. **Shatwell House**, Yarlinton, 5 bedrooms. Guide price: £2,000,000



12



13



14



15



*“The property was on the market for over a year with another agent. Knight Frank sourced a purchaser soon after being instructed”*



16



***“Instructed in November, offer accepted in January despite being a traditionally quiet time of year”***

1. Coombe Hatch, Bishopsteignton, Devon, 4 bedrooms. Guide price: £1,400,000







# BEHIND CLOSED DOORS

There are some sellers who prefer to handle the sale of their property away from the gaze of the market. It could be that they wish to limit the number of viewings to a carefully selected few or would rather not see their home in the local estate agent's window. In either 'off-market' situation, Knight Frank is ideally positioned to find the perfect buyer.

As with so many things, it's a great deal about contacts. Our teams in the South West and Hampshire include agents with several decades' experience in the region who have built up unrivalled knowledge of local properties, sellers and buyers.

***“20% of the properties we can offer between £2m and £5m are not listed on any public web portals”***

We also work closely with our colleagues in Knight Frank's London-based Country House Department, tapping into a network that stretches around the world. From this combination of local knowledge and global connections, we are able to draw on a vast pool of vetted, committed buyers.

Off-market sales were unusually low in the region during 2015, albeit there were some significant deals done. At the time of writing, 20% of the properties we can offer between £2m and £5m are not listed on any public web portals and are only available to buyers who pro-actively engage with us as agents.

Last year, the majority of sales were achieved on the open market in competition, however, Ansell House near Newbury was an outstanding property that attracted a handful of cash bidders who pushed the price well beyond the £2.85m guide.

2016 looks set to deliver more off-market sales than last year. Where prime property is involved and the seller's circumstances or wishes point towards an off-market sale, there will be no shortage of demand and competitive bidding is likely to be the order of the day.

2. **The Tynning**, Bath, 5 bedrooms.  
Guide price: £1,600,000
3. **North and South Villa**, Clifton,  
Bristol, 5 bedrooms in both.  
Guide price: £1,850,000 - £1,950,00







*“Sold prior to  
public launch with  
both properties  
achieving the  
guide price”*



# COUNTRY RESEARCH



**Oliver Knight**

Senior Analyst,  
Knight Frank Research

The turning point for the prime country property market occurred in early 2013 as prices started to edge upwards after two years of negative growth. By June 2014 annual growth had reached 5.2%. Although the rate of growth has slowed, prices ended 2015 3.1% higher than a year earlier.

As has also been the case in the mainstream housing market, there are conflicting factors at play in the prime market which are both weighing on growth and driving it higher.

With interest rates remaining at record lows, the economy continues to recover. However, tighter lending regulations and higher transaction costs as a result of reforms to stamp duty introduced in December 2014 have had a noticeable impact on activity and price growth in 2015.

Indeed, the impact of the increased amount of stamp duty can't be underestimated. The changes mean that, while those buying homes worth up to £937,500 pay less stamp duty than before, above this value buyers are potentially paying substantially more. There is a small anomaly between £1.01 million and £1.11 million, where under the new regime buyers pay slightly less tax.

While these higher transaction costs will continue to weigh on activity and price growth in 2016, signs have begun to emerge that both buyers and sellers are adjusting to the changes. Increasingly, higher transactional costs at the top end of the market are being factored into pricing.

Furthermore, a degree of pent-up demand is being released as buyers at the top end of the market become more motivated after months of inaction.

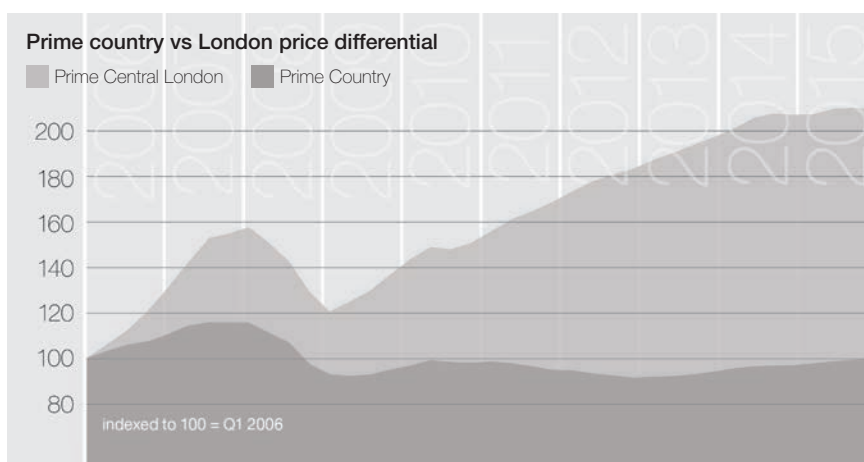
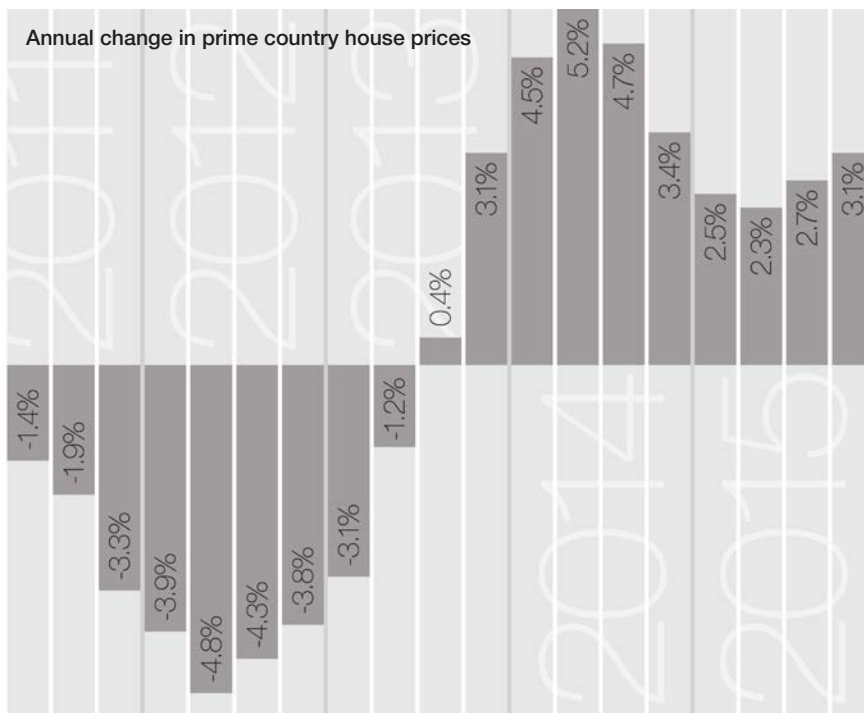
We are forecasting average price growth across the prime country market of 3% in 2016.

As the economy continues to recover and prime property values outside of London increase, the trend for more London buyers to move will also gain traction, boosting the ripple effect of house price growth from the capital.

Popular commuter locations, within easy reach of the capital, are likely to be the biggest beneficiaries. Key town and city locations are also expected to outperform as the trend

***“A degree of pent-up demand is being released as buyers at the top end of the market become increasingly motivated after months of inaction”***





for urban living continues to grow. Infrastructure improvements, including new faster rail and road links, will enhance the appeal of these areas further, as well as opening up more rural markets once again.

The long-term outlook for the prime country market is positive. Prime country house prices remain 14%

below their 2007 peak and this suggests that there is potential for further price growth.

With a strong economic underpinning 2016 should see an improvement in trading conditions. The importance of correct pricing at the outset will remain critical to achieving sales.

## SDLT CHANGES

Just over a year since George Osborne announced his major shake-up of Stamp Duty Land Tax (SDLT), the Government has proposed a further increase in purchase taxes for some buyers.

Under the proposals, an additional 3% rate will apply to the purchase of additional properties, such as buy-to-let and second homes. The new rate will come into effect from 1 April 2016.

The intention is that anyone who owns a home anywhere in the world will pay the higher stamp duty on purchases from April 1 2016, unless they are replacing their primary residence in the UK.

It would seem fair to expect a boost in activity between now and the end of March this year, as those affected by the changes look to complete on purchases before the new rates are implemented.

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