

HIGHLIGHTS

COTSWOLDS

TBS

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Jonathan Bramwell & Claire Owen, TBS Cotswolds specialists

+44 (0)1608 503936

TheBuyingSolution.co.uk

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Welcome to Knight Frank's Cotswolds Highlights. 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 2015 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 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 and 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.



Rupert Sweeting

Head of UK Country House Department

TOWN LIVING

Our region is home to two destinations that have to rate among the UK's most architecturally blessed towns – Oxford and Cheltenham. In addition to their good looks, they offer a sophisticated lifestyle to rival the capital's and property that is in correspondingly high demand.

“The outlook for 2016 is positive in the town market, with the gains of 2015 expected to continue”

Oxford is the most well-established of the markets, serving a constant stream of mainly London buyers, but Cheltenham is growing fast. In 2015 alone, sales activity in the town was up over 20% on the previous year.

The availability of well-regarded independent schools is usually a key factor for parents searching for somewhere outside London, and each community offers some exceptional options.

Traditional homes are in great demand in both markets. Typically grand Victorian townhouses and villas in Oxford and Regency and Georgian homes in Cheltenham. At the top end of the market, high specification renovations are increasingly common as sellers cater to the demands of the discerning London purchaser. At least some of these buyers are financial professionals whose boutique banks and hedge funds have moved their offices from the City to West

London, opening up new commuting possibilities west of the capital.

In 2015 as in previous years, international buyers remained more focused on Oxford, mainly because of its global reputation for education. It also offers good value when compared to the London market. This is leading to steadily rising demand from the overseas investment community, particularly for new build apartments where supply is limited.

The outlook for 2016 is positive in the town market, with the gains of 2015 expected to continue. The introduction of the 3% additional stamp duty for second homes and buy to let investors might slow progress to some degree, but the impact should be limited in a market where the majority of sales are of principal private residences.

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

1. **Wellington Lodge**, Cheltenham, 5 bedrooms. Guide price: £1,600,000
2. **Linkside Avenue**, Oxford, 5 bedrooms. Guide price: £3,250,000
3. **Daylesford**, Cheltenham, 4 bedrooms. Guide price: £1,500,000

*“Sold to a cash buyer from Cheshire,
relocating to Cheltenham”*



- 4. **The Rock House**, near Stow-on-the-Wold, 6 bedrooms. Guide price: £1,500,000
- 5. **Wanborough Road**, Oxford, 7 bedrooms. Guide price: £2,750,000
- 6. **Park Town**, Oxford, 5 bedrooms. Guide price: £2,500,000

- 7. **The Manor**, Bourton-on-the-Water, 7 bedrooms. Guide price: £2,250,000
- 8. **Rockholme**, Cheltenham, 8 bedrooms. Guide price: £1,995,000
- 9. **Radcliffe House**, Boars Hill, Oxford, 5 bedrooms. Guide price: £4,500,000

- 10. **Postlip House**, Winchcombe, 7 bedrooms. Guide price: £4,000,000
- 11. **Lypiatt Terrace**, Cheltenham, 5 bedrooms. Guide price: £1,500,000
- 12. **Canterbury Road**, Oxford, 8 bedrooms. Guide price: £3,950,000



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◀
“Sold to an international buyer, who happened to be a previous owner of the property”

“Sold to a London buyer after 38 viewings”
 ▼



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“Sold to the first buyer to view the property following a Country Life launch”



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◀ *“Sold to a buyer from Hong Kong via a buying agent achieving 95% of the guide price”*



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COUNTRY LIVING

In the Cotswolds and the countryside surrounding Oxford and Cheltenham, 2015 was yet another busy year for the nine Knight Frank regional offices. The region's picture postcard backdrop and outstanding travel connections have ensured that it is home to some of the most sought-after rural property in the country.

“In these more cautious times, turn-key projects are also much in demand; there is less appetite for major renovations”

1. **Monks Cottage**, Eastleach, 5 bedrooms. Guide price: £4,000,000
2. **Winterlake**, Kirtlington, 7 bedrooms. Guide price: £2,500,000
3. **The Shire Barn**, Foxhill near Bourton-on-the-Water, 5 bedrooms. Guide price: £1,950,000
4. **The Old Forge** in Edgeworth, 6 bedrooms. Guide price: £3,000,000

2015 saw buying patterns change slightly due to a cooling London market. Buyers from the capital have started to take a more 'wait and see' approach; some choosing to hold on to their main home and searching for a country cottage instead of making the big move out of town. This meant that 2015 sales volumes were up, but the average value of sold properties dropped slightly.

In these more cautious times, turn-key projects are also much in demand; there is less appetite for major renovations and the spiralling budgets that can go with them. In 2015, an immaculately presented home in Gloucestershire was a case in point. A four-bedroom home in 17 acres on the market at over £4m, it attracted 27 viewings and went under offer at over the guide price within two weeks. In this market, quality, setting and convenience count.

Another factor that is always key when looking at the relative performance of rural properties is communications,

and the Cotswolds region and surrounds is extremely well-served. This means it is relatively simple to find good property with excellent road or rail links to London, the Midlands and the South West, or close to Cheltenham and Oxford with their excellent schooling. The beautiful villages in the Coln, Leach and Windrush Valleys are the perfect place to start when looking for that balance between countrified and connected.

In the search for value, buyers are also spreading the net a bit further. The A40 makes it fast and easy to head west and find quality properties at a significant discount to those in the heart of the Cotswolds. It can mean the difference between a rectory outside Oxford or a working country house estate near Hereford. That migration is a trend we are expecting to see more of in 2016.

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



“Following 27 viewings, a sale was agreed to a purchaser from London who was previously known to Knight Frank. Exchange took place within 8 days”

1



2

◀ *“Substantial houses with land and views are keenly sought after so close to the city of Oxford. Winterlake was no exception with a sale agreed within 11 days of going to the market and contracts exchanging within 10 working days of agreeing a sale”*



3

◀ *“A successful sale was quickly agreed to an overseas buyer returning to the UK”*



4

- 5. **Old Rectory**, Whittington, 6 bedrooms. Guide price: £3,250,000
- 6. **Goosey House Farm**, Goosey, 6 bedrooms. Guide price: £2,950,000
- 7. **Manor Farm**, Hampton Gay, 7 bedrooms. Guide price: £3,500,000

- 8. **Upper Milton Barn**, Milton-Under-Wychwood, 5 bedrooms. Guide price: £2,300,000
- 9. **Newtown Farm**, Guiting Power, 5 bedrooms. Guide price: £5,650,000
- 10. **Middle Lypiatt**, Middle Lypiatt near Bisley, 6 bedrooms. Guide price: £2,500,000

- 11. **Alstone Manor**, Alstone, 7 bedrooms. Guide price: £1,450,000
- 12. **Dunthorp House**, Heythrop, 7 bedrooms. Guide price: £3,970,000
- 13. **Scar Hill**, Minchinhampton, 8 bedrooms. Guide price: £2,750,000



◀ *“Sold to a cash buyer from Hong Kong as second home”*



◀ *“A rare opportunity to purchase a farm within 15 minutes of Oxford proved very popular, with competing bids from 15 different purchasers”*



◀ *“Contracts were exchanged in 9 working days at a premium over the guide price”*



14. **Hills Farm**, Chedworth, 5 bedrooms. Guide price: £3,850,000

15. **Haven Cottage**, Broad Campden, 5 bedrooms. Guide price: £1,500,000

16. **The Dillay**, near Bisley, sporting estate with 158 acres. Guide price: £2,750,000

17. **Hill House**, Hartpury, 6 bedrooms. Guide price: £2,350,000

18. **The Manor**, Stanton, 7 bedrooms. Guide price: £1,850,000

19. **Ampney Knowle**, Cirencester, 410 acre farm. Guide price: £9,000,000



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▶
“Magical small sporting estate sold to an international buyer, in under 4 weeks from property being launched to the open market”



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1. **The Dower House**, Westwell, 8 bedrooms. Guide price: £4,850,000





BEHIND CLOSED DOORS

Selling a property without putting it on the open market is a strategy that relies on an agent with excellent local knowledge and a bulging contact book. It's one that Knight Frank's agents in the Cotswolds and surrounding region – many of them with 20 or more years' experience – employ for around a quarter of sales.

Often it can be at the request of clients who prefer a more discreet approach to selling their home, or those who want to minimise disruption by limiting viewings to a hand-picked selection of vetted buyers. Where it is a property type that rarely comes to market, it can be effective as committed buyers are happy to pay a premium rather than face the uncertainty of a bidding war.

“This approach to marketing was the key to clients achieving their desired asking price in the manner that suited them”

Whatever the motivation for taking the off-market approach, Knight Frank's access to quality prospects is vital. Drawn from agents' local contacts and the firm's vast and ever-growing database, they include buyers who were outbid on similar sales and those with very specific wish-lists – high ceilings are a popular ask, for example, as is Georgian architecture; a relative rarity in the Cotswolds. The team is also in constant contact with

colleagues in London and around the Knight Frank network. With 30 offices in the capital alone, this is an exceptional source of quality, ready-to-proceed buyers.

These connections are underpinned by a wealth of local knowledge, through our nine Cotswold offices, built up over many years. With such deep roots in the region, it's not uncommon for Knight Frank to have handled the original purchase for the family now selling their home. This level of insight is invaluable in finding the perfect buyer for an off-market property and guiding the sale through to a successful, stress-free conclusion.

In 2015, Knight Frank teams in the Cotswolds and surrounding areas used the off-market approach to sell everything from a country cottage to a £4m+ family house. In every case, this approach to marketing was the key to clients achieving their desired asking price in the manner that suited them.

The following pages feature a selection of properties our teams successfully sold off-market during 2015.

2. **Hawk Hill House**, Nether Worton, Oxfordshire, 6 bedrooms in main house and 2 cottages. Guide price: £3,500,000
3. **Harwood House**, Cheltenham, 7 bedrooms. Guide price: £1,950,000
4. **The Old Rectory**, Oddington, 8 bedrooms, 2 bedroom cottage. About 6.41 acres.





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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.

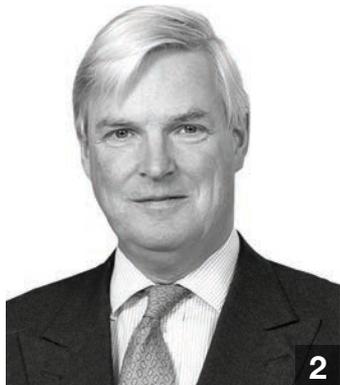
Under the proposals, an additional 3% rate will apply to the purchase of additional properties, such as buy-to-let and second homes. The new rate will come into effect from 1 April 2016.

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.

OUR TEAM

KEY CONTACTS



01 **David Peters**
Buying and selling residential
property outside of London
020 7861 1067
david.peters@knightfrank.com

02 **Atty Beor-Roberts**
Country Residential Sales - Central Region
01285 659771
atty.beor-roberts@knightfrank.com

03 **Damian Gray**
Office head - Oxford office
01865 790077
damian.gray@knightfrank.com

04 **Nick Chivers**
Office head - Cheltenham office
01242 246959
nick.chivers@knightfrank.com

05 **Rupert Wakley**
Office head - Stow-on-the-Wold office
01451 600610
rupert.wakley@knightfrank.com

06 **Rupert Sturgis**
Office head - Cirencester office
01285 659771
rupert.sturgis@knightfrank.com

07 **Peter Edwards**
Partner - Country House Department
01285 659771
peter.edwards@knightfrank.com

08 **Noel Flint**
Buying and selling London residential property
020 7861 5020
noel.flint@knightfrank.com

09 **Tim Hyatt**
Renting, letting and managing residential property
020 7861 5044
tim.hyatt@knightfrank.com

10 **James Del Mar**
Rural Property Services & Rural Consultancy
01488 688507
james.del.mar@knightfrank.com

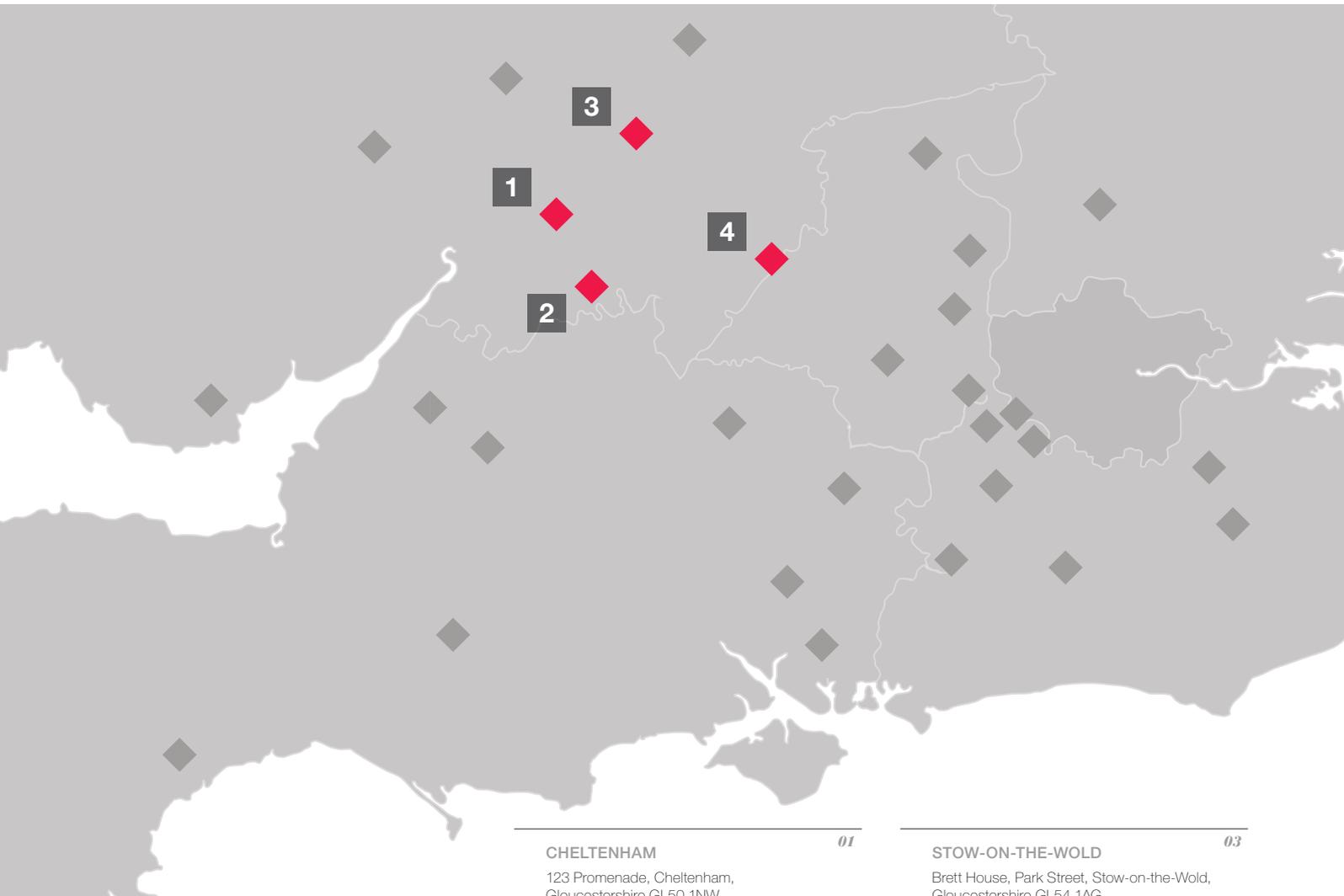
11 **Tom Barrow**
Residential Valuation & Consultancy
01285 886690
tom.barrow@knightfrank.com

12 **Jonathan Bramwell**
The Buying Solution
01608 690780
jonathan.bramwell@thebuyingsolution.co.uk



OUR TEAM

KEY LOCATIONS



01

CHELTENHAM

123 Promenade, Cheltenham,
Gloucestershire GL50 1NW
T: 01242 246959
cheltenham@knightfrank.com
@kfcheltenham
KnightFrank.co.uk/cheltenham

02

CIRENCESTER

Gloucester House, 60 Dyer Street,
Cirencester, Gloucestershire GL7 2PT
T: 01285 659771
cirencester@knightfrank.com
@KnightFrankCire
KnightFrank.co.uk/cirencester

03

STOW-ON-THE-WOLD

Brett House, Park Street, Stow-on-the-Wold,
Gloucestershire GL54 1AG
T: 01451 600610
stowonthewold@knightfrank.com
@KFstowonthewold
KnightFrank.co.uk/stow

04

OXFORD

280 Banbury Road, Summertown,
Oxford, Oxfordshire OX2 7ED
T: 01865 790077
oxford@knightfrank.com
@KF_Oxford
KnightFrank.co.uk/oxford

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