



# ESHER OUTLOOK

Regional Property Market Focus 2011

**Knight Frank**

Insight into your  
local market

Focus on the national  
country house market

Impact of the prime  
London market

Market forecast



## LOCAL UPDATE

**Our office continued to build on what was a fantastic 2009/10 financial year. The recovery from the economic downturn gathered pace and the Esher market remains resilient in what have been testing times for the UK property market across the board.**

A shortage in the number of good quality houses available for sale has meant that price levels are near those of the 2007 peak in many cases. Buyers therefore remain frustrated and we expect to see strong demand continue through 2011.

One thing that our clients can be sure of is that the advice

and level of commitment we provide is the same for all, irrespective of a property's value. This is highlighted by the fact that well over half of the properties sold by our office in 2010 were priced below £2m.

This publication is intended to give you a flavour of the market and demonstrate our expertise,

both locally and nationally. Whether you are looking to act now or later in the year, our friendly and experienced team is here to help. But do bear in mind that those who act earlier will reap the benefits of lower stamp duty and good mortgage deals while they remain competitive, as this could change with future interest rate hikes.

On a final note, we are pleased to announce that Alex Philo has joined us from Marsh & Parsons in London and brings with him a wealth of experience from the market in south-west London. He is a

welcome addition to an already successful team and will help us to provide an even better service to our clients this year.

We hope you enjoy the outlook and look forward to hearing from you.



**Alex Herman**  
Office Head

## ESHER BY NUMBERS

**Knight Frank's Esher office has emerged from the credit crunch as the area's leading prime property agent and expects to consolidate this position further during 2011.**

- International buyers have spent £30m through us in the past 12 months.
- 32% of our sales in the last 12 months were priced under £1.5m.
- On average we have achieved 89.2% of the guide price on sales in the past 12 months.
- Knight Frank Esher's online property listings are viewed 1,081 times a day through our award-winning website.



### Where do our buyers come from?

South East	47%
London	13%
Rest of UK	16%
International	24%



### Instructions by price band

Under £500k	10%
£500k - £750k	10%
£750k - £1m	10%
£1m - £1.5m	10%
£1.5m - £3m	30%
Over £3m	30%

## OUR TEAM IN ACTION

### Semaphore House

Built in 1822, this landmark Grade II Listed property has historical significance as it was part of the Admiralty's Semaphore tower system, which relayed messages from Whitehall to Portsmouth. It was launched to the market with a professional

brochure and distributed to our extensive database of buyers at a guide price of £1,295,000. A competitive bidding situation ensued and the property was sold in excess of the asking price. The whole process took less than four weeks from launch to exchange.



SEMAPHORE HOUSE



# NATIONAL COUNTRY HOUSE MARKET

**Activity boosted by the closing gap between overly ambitious sellers and cautious buyers.**

The national country house market experienced quite an upheaval last year. Although price growth in the 12 months to June 2010 helped the market claw back some of the falls seen during the credit crunch, ongoing problems with mortgage availability and affordability caused this growth spurt to reverse. Prices by the end of the year did however, remain 3.3% higher than the year before.

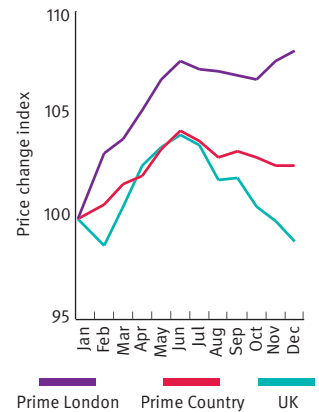
A positive outcome of this was the impact it had on the gap between overly ambitious sellers and cautious buyers. The necessary asking price reductions that began to take place in August and September narrowed this gap, leading to improved activity in the final quarter of the year.

We expect 2011 to mirror 2010 – the best properties are likely to sell well due to thin supply

and strong demand. Indeed, we moved into 2011 with 12% more purchasers registered to buy country house properties across the UK compared to the same position in 2010. The market for properties priced below £1m will however remain challenging for vendors due to the absence of a noticeable recovery in mortgage supply.

The most critical issue for vendors this year will be price. Only the most perfect properties can justify ambitious expectations in the current market. For most properties, this approach will lead to delays in attracting interest and lost marketing time in the critical spring months.

## How the prime London, prime country house and mainstream UK markets compared in 2010



Sources: Knight Frank Central London Sales Index, Knight Frank Prime Country House Index, Nationwide House Price Index

# LONDON'S SUCCESS FEEDS DEMAND FOR COUNTRY PROPERTY

There is no doubt that the strongest performing property market in the UK during 2010 was the prime London market – with prices rising by nearly 11% over the year.

While prices in London are unlikely to see any significant growth, we expect 2011 to

see a rerun of last year's strong performance in terms of sales volumes and buyer demand.

For large parts of the country house market across England, and even into Scotland and Wales, this positive outlook for London matters. Over 22% of buyers of country houses priced

£1m+ across the UK are from London. The figure hits 31% for property costing £2m+.

Our experience in the London market confirms that much of its strong performance stems from the perception that the market is a 'safe haven', particularly for international buyers.

This is demonstrated by the volume of new applicants from Europe looking to buy in central London, which rose 23% year-on-year in the final quarter of 2010. London property provided a strong defensive

option as the difficulties in the Eurozone worsened, and while the pound was trading at a discount to the euro.

London also experiences ongoing demand from Asia-Pacific buyers who have benefited from 30% to 50% price growth in Hong Kong, Singapore and other key Asian centres over the past year. They are keen to take advantage of the weak pound, removing their money from what have arguably become very hot markets in Asia.

# FINANCING WITH KNIGHT FRANK

As a highly respected team in the property financing industry, with 150 years of combined experience, Knight Frank Finance specialises in mortgages for main or second homes, investment property, buy-to-let mortgages and commercial property finance.

For loans below £1m, we have access to all of the most competitive mortgage interest

rates available on the high street. If you are considering borrowing above £1m, our close working relationships with the world's private banks, commercial lending sources and finance houses, enables us to achieve the very best terms for our clients, including those unable to find financing solutions elsewhere.

To find out more, please call us on: +44 (0)1372 460888.

# MARKET FORECAST

We are unlikely to see strong capital growth in any residential sector in 2011. The opportunity for speculative gains was presented in early 2009 and by mid 2010 this had all but disappeared, at least for the short-term.

The vast majority of buyers in the market have recognised this fact and are looking at property as offering a stable home for their wealth in the long run. Demand from investors and holiday home buyers has remained strong, but again is driven by a view of long-term potential growth.

While we expect country house prices to rise only marginally in 2011, the fundamentals underpinning the market are as strong as ever. This year will be the third consecutive year when new-build development volumes will struggle to reach even 50% of the 2007 peak level.

For those with access to equity this year, there will be considerable opportunities in the market. For the investor or holiday home purchaser these opportunities will be centred on strong yielding properties. For others it will be in securing properties with scope for refurbishments or improvements.



## A SELECTION OF PROPERTIES SOLD IN 2010



**Split Pines, St George's Hill, £7,500,000**  
A magnificent new build mansion



**Dragonwyck, St George's Hill, £4,500,000**  
A development site in a prime location



**32 Palace Rd, East Molesey, £1,950,000**  
Period gem by the river



**Semaphore House, Claygate, £1,325,000**  
Grade II Listed with historical significance



**4 Clare Hill, Esher, £3,250,000**  
A prime position in Esher



**Priors Field, Chipstead £5,500,000**  
A fabulous estate with equestrian pedigree

## YOUR LOCAL TEAM



**Tim Garbett**

With 40 years in the property industry, 22 of them at Knight Frank, Tim is an expert in his field.  
tim.garbett@knightfrank.com



**Alex Herman**

Office Head who knows the Elmbridge market inside out after 15 years experience.  
alex.herman@knightfrank.com



**James Machell**

With a property background in the Knightsbridge market, James brings central London experience to Surrey.  
james.machell@knightfrank.com



**Alex Philo**

After a recent move out of South West London, Alex is keen to establish himself in the Esher area.  
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