

*New-build supply
shortage*

St George's Hill

Wentworth Estate



Super-Prime North Surrey

2020

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SUPER-PRIME NORTH SURREY

The super-prime market in North Surrey is experiencing modest price growth and an increase in prospective buyers. However, development activity is subdued, suggesting new-build supply will not keep pace with demand.

The private estates of St George's Hill and Wentworth in North Surrey are hubs of super-prime sales activity outside the capital.

In a similar way to the prime London market, prices for high-value properties in North Surrey have corrected in recent years in response to tax changes and political uncertainty (see figure 3).

Average prices in North Surrey fell by 13% from their peak in September 2014, with the decline bottoming out in March 2019. Over the course of last year, prices rose by 1%.

In addition to the fact prices have corrected, there is renewed confidence and growing buyer demand following the UK's decisive December general election result. The number of viewings across the UK (excluding London) hit a 20-year

high in the first two weeks of 2020, 14% ahead of the same period in 2019, Knight Frank data shows.

The number of prospective buyers outside London in the same period was at a five-year high, up 15.6% compared with 2019.

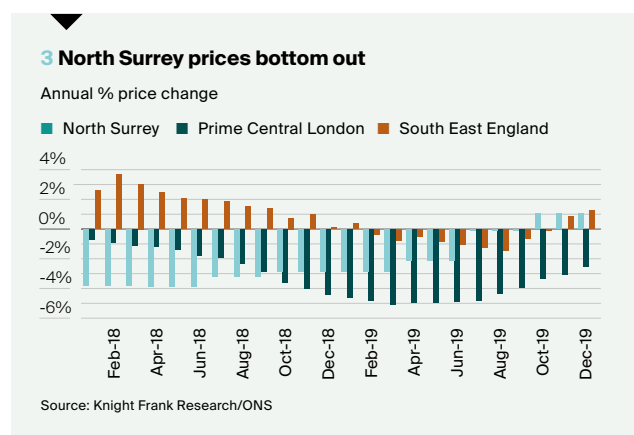
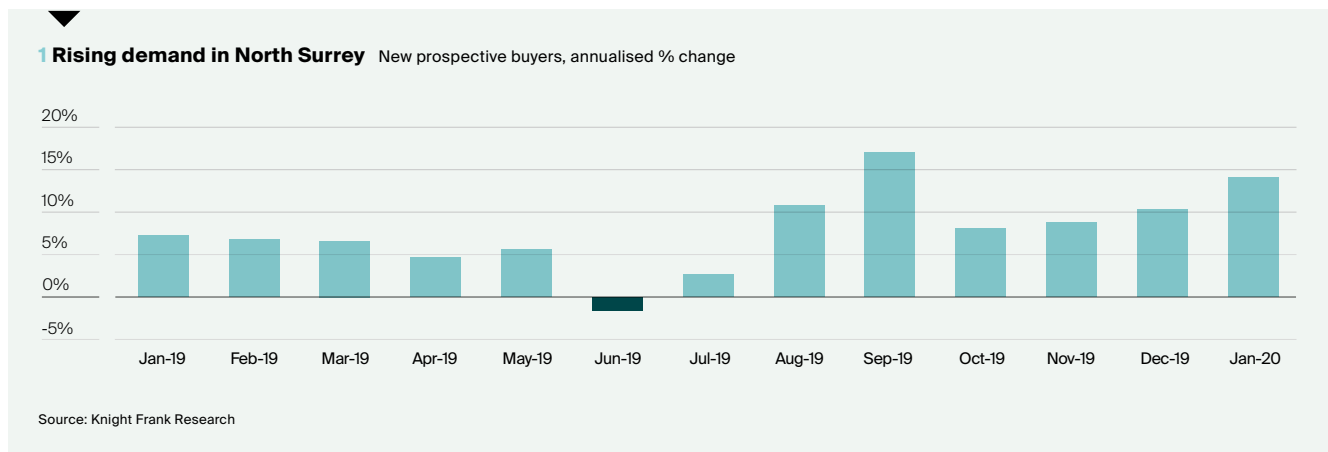
There has been a similar trend in North Surrey (see figure 1). The number of prospective buyers increased 14.1% in the year to January 2020 compared to the previous 12 month period.

This has boosted activity levels in higher-value markets. There were 18 £5 million-plus sales in the year to September 2019 in Elmbridge and Runnymede & Weybridge (the local authorities where the estates are located), compared with seven in the previous 12 months.

However, the supply of the type of

new-build properties that are in greater demand appears unlikely to keep pace with this re-invigorated demand. Sales of plots to developers on St George's Hill and the Wentworth Estate have slowed significantly, with just three sold between 2016 and 2019. In comparison, there were 37 such sales from 2012 to 2015. The number of plot sales to private individuals for building their own homes, as opposed to redevelopment for sale, has remained more consistent and there were nine such transactions in 2019.

Across both estates, work is underway on two development plots, with three more builds planned next year. Given a typical development time of two to three years, there will be a shortage of new-build supply in the short to medium term, which is likely to keep upwards pressure on prices.



SUPER-PRIME NORTH SURREY IN FOCUS

St George's Hill and the Wentworth Estate are two key hubs of super-prime sales activity in south-east England.

St George's Hill

Located 25 miles from central London, St George's Hill is a gated estate set in 965 acres, near Weybridge in Surrey.

Following several exceptional years for transaction volumes in the period up to 2013, which was due to a combination of strong supply and demand, sales volumes in St George's Hill returned to more typical levels in 2014.

Good transport links to London, privacy and security, as well as extensive leisure facilities, all act as an attraction for buyers and underpin demand.

Although sales of plots to developers have traditionally

comprised a large portion of the market, accounting for more than half of sales in 2012, the last plot sold to developers was in 2018.

The Wentworth Estate

The estate is spread over 1,750 acres near Virginia Water, Surrey, 24 miles from central London.

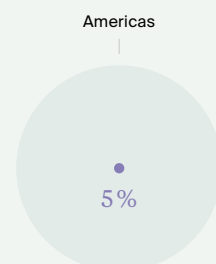
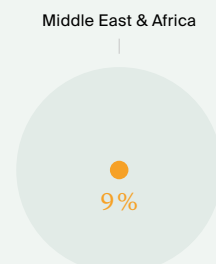
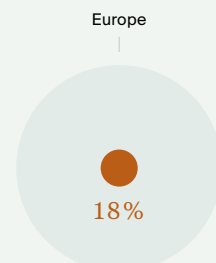
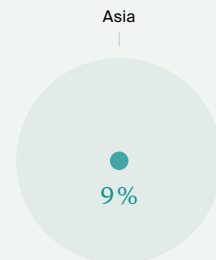
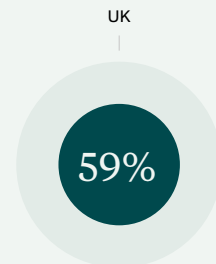
Demand is highest on the estate for homes in proximity to the 19th-century Wentworth Club House.

Sales volumes on the Wentworth Estate have remained both resilient and consistent in recent years.

Sales of plots to developers have traditionally made up a third of transactions each year but the last development plot sold was in 2017.

6 Where are the buyers from?

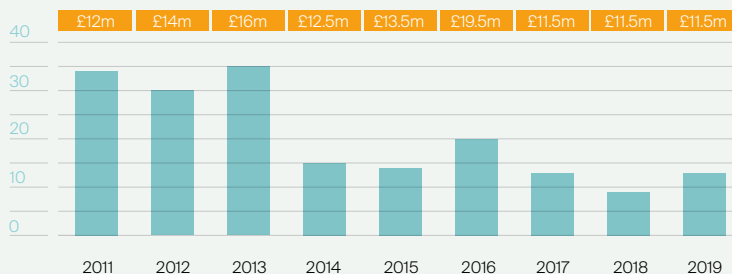
St George's Hill and the Wentworth Estate attracted a diverse range of buyers in 2019



Source: Knight Frank Research

4 St George's Hill in numbers

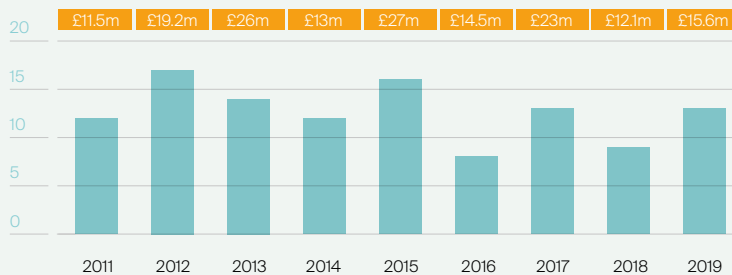
■ Number of transactions ■ Maximum sale price



Source: Knight Frank Research

5 The Wentworth Estate in numbers

■ Number of transactions ■ Maximum sale price



Source: Knight Frank Research

THE AGENT'S VIEW

Stuart Cole, Head of the North Surrey team at Knight Frank, explains why now is the time for developers to look at St George's Hill and the Wentworth Estate.



What is the pipeline of homes on the estates?

The supply of existing property for sale remains relatively consistent but the pipeline of new-build homes is significantly down on previous years. The shortage is quite marked given the tastes of buyers. Many purchasers want to be the first to live in a property and require all the advantages that come with a brand-new home, such as smart home capability, air con, lifts, high ceilings and premium-quality finishes.

What opportunity does this present for developers?

With very few developers currently operating in this market, there is going to be a limited supply of new homes in the coming years. This contrasts sharply with demand, which we anticipate will remain strong despite any economic headwinds as both overseas and domestic buyers look to the safety, security, education and proximity to London the estates provide.

Is it a case of act now for developers?

Absolutely, the hiatus in development over the last few years has left a shortfall, which means the supply and demand equation could benefit any developer entering the market now.

Where has demand come from in recent years?

The last few years has seen interest from a variety of buyers from around the globe. What is interesting is that many of the sales have been to British individuals relocating from elsewhere in the country. In 2020 we have also seen the return of interest from buyers in China and Hong Kong.

Please get in touch with us If you are looking to buy, sell or would just like some property advice, we would love to hear from you.



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