

PRICES BROADLY STABLE IN Q2 BUT DEMAND REMAINS STRONG

The Scottish country house market remains price sensitive and this has kept a lid on price growth over the last year. However, the prime market is looking increasingly good value.

Key facts for Q2 2017

Prime Scottish country house prices **fell by 0.2%** between April and June 2017

The **annual change in prime values** over the year to June 2017 was **-0.9%**

Prime Scottish country house prices **remain more than 20% below previous market peaks**

There has been a **7.6% increase in the number of new buyers** registering to purchase Scottish country houses in the first six months of 2017 year-on-year

Prime Scottish country house prices fell by 0.2% between April and June 2017, taking the annual change in values to -0.9%, according to the Knight Frank Scottish Country House Index.

A lack of momentum in terms of price growth over the last year reflects the fact buyers remain price sensitive. More recently, uncertainty surrounding the political and economic landscape has also weighed on growth.

However, while prices are fairly unmoved, this hasn't dampened demand. Knight Frank activity data points to a 7.6% increase in the number of new buyers registering to purchase Scottish country houses between January and June 2017 compared with the previous year. The number of viewings was 16.5% higher over the same period.

Ran Morgan, Head of Scotland Residential, said: "The main point for current and prospective vendors to note is that the market is still extremely price sensitive,

but that well-presented and correctly priced homes are still selling well. The gap between prime prices in Scotland and the rest of the UK remains large, and we expect the relative value offered in Scotland as a result will underpin sales this year."

Additionally, the result of the General Election may have the unintended consequence of reducing some of the political uncertainty - surrounding a both a 'hard' Brexit and a second independence referendum - which has kept a lid on price growth.

Prime Scottish country house prices remain more than 20% below previous market peaks on average. On this measure, property looks relatively good value compared with markets elsewhere in the UK.

The recent weakness of sterling relative to other currencies has also contributed to a rise in interest in Scottish property from both international buyers and expats.



OLIVER KNIGHT
Associate

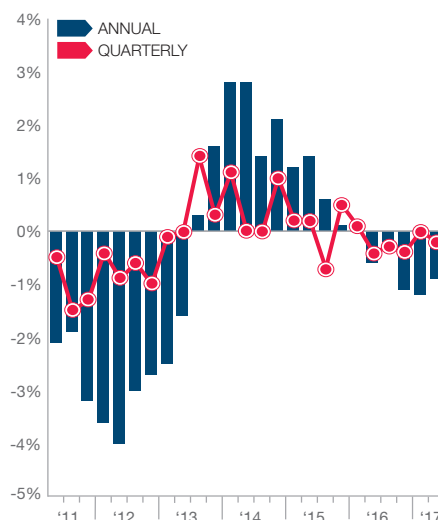
"While there remain challenges related to property taxation, politics and the economy, Knight Frank activity data suggests that demand has been robust so far in 2017."

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FIGURE 1
Prime Scotland price change

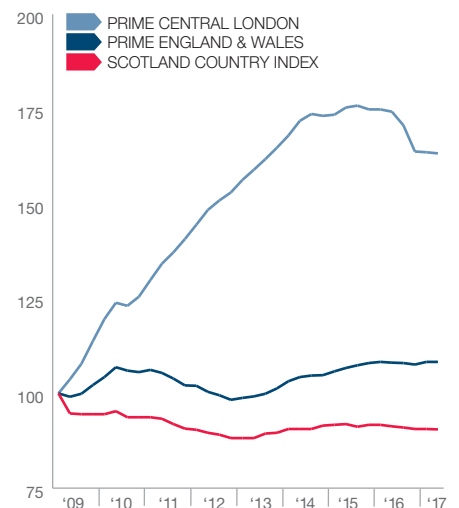
Annual and quarterly price growth



Source: Knight Frank Research

FIGURE 2
Prime price growth compared

Indexed 100 = Q1 2009



Source: Knight Frank Research

Knight Frank Prime Scottish Property Index Q2 2017

	Cottage	Farmhouse	Small country house	Large country house	Average
3 month	0.0%	0.1%	-0.9%	0.2%	-0.2%
6 month	0.0%	0.2%	-1.0%	0.2%	-0.2%
1 year	0.0%	-0.2%	-1.8%	-0.9%	-0.9%

Source: Knight Frank Research

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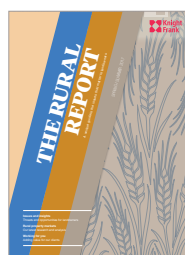
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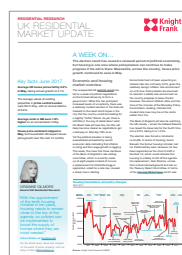
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