

BATH MARKET INSIGHT Q4 2016

While the fundamentals underpinning the market in Bath remain unchanged, the latest figures suggest that price growth has started to ease

Property prices in Bath increased by 3.5% in 2016, down from 4.5% the previous year.

Taxation continues to be the biggest drag on the top end of the market with higher purchase costs contributing to the slowdown in values as buyers and vendors factor the increased charges into both pricing and offers.

This is especially noticeable when we consider price performance by property value.

As figure 4 shows, homes in Bath worth between £1 million and £2 million rose in value by 2.7% in 2016, while those valued at over £2 million increased by just 1.3% over the same time.

In comparison, price growth of 5.2% was seen in the sub-£1 million market – where the stamp duty burden is lower.

The market has absorbed stamp duty changes in the past, but it is a process which generally takes place gradually – especially in areas such as Bath which historically attracts significant numbers of discretionary purchasers.

That being said, properties which are located close to good schools and transport links have remained popular with families and young professionals, especially if appropriately priced.

Elsewhere, the EU Referendum in June added to a climate of uncertainty over the course of the year, resulting in a softening in demand as potential purchasers adopted a “wait and see” approach. This trend has coincided with a slowdown in prices and activity in traditional feeder markets to Bath, such as London. Agents

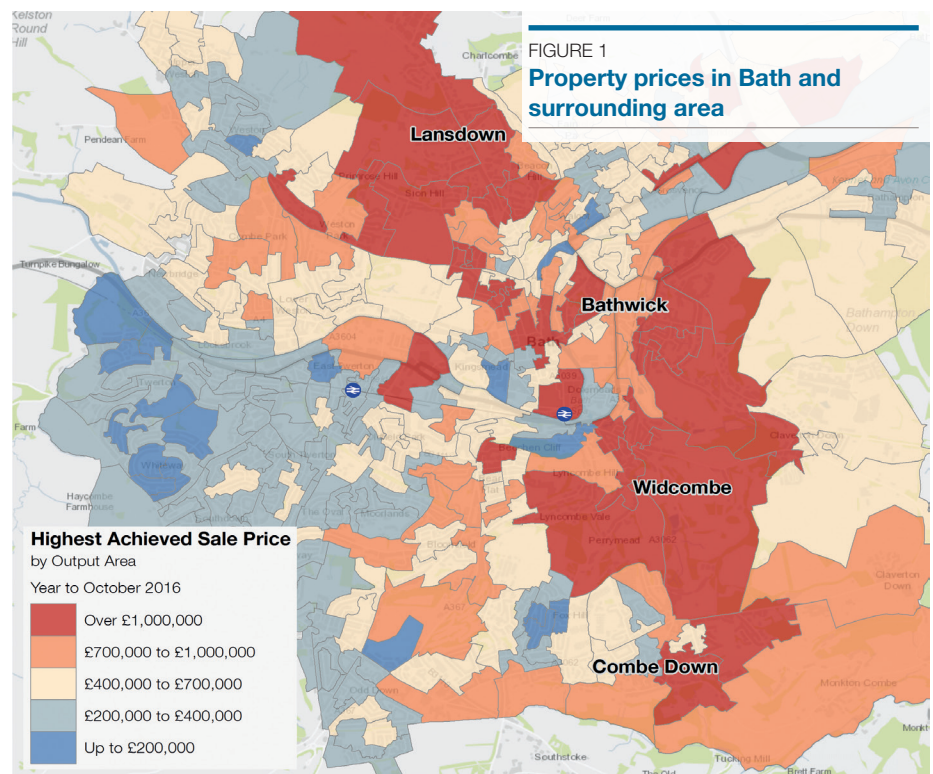
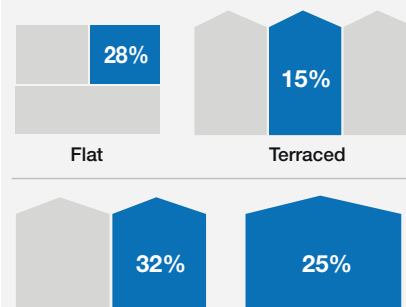


FIGURE 2 Bath fact sheet

3.5% Average price growth in 2016

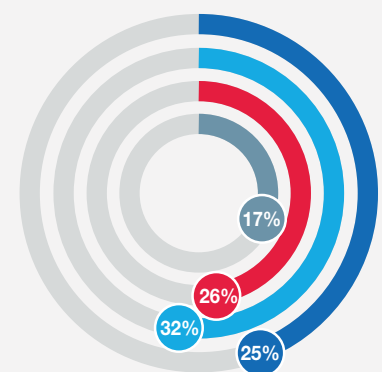
0.5% Average price growth in Q4 2016

PROPERTY TYPE



AGE OF HOUSING STOCK

Pre-1900 1900-1939 1945-1972 1973-present



Source: Knight Frank Research

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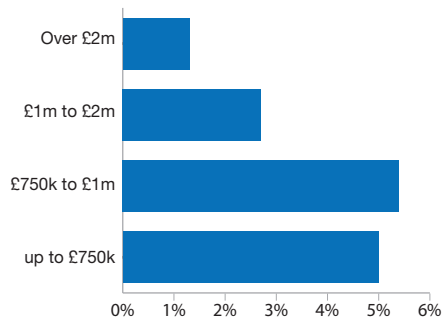
note that would-be buyers looking to relocate are cautious about buying if they have not sold their current property.

However, while domestic demand may have moderated slightly, there is anecdotal evidence that the weakening in the value of sterling relative to other major currencies has resulted in an increase in interest in property in Bath from expat buyers returning to the UK who are able to take advantage of an effective discount on the price of bricks and mortar.

On the supply side, the volume of properties available for sale across the city at the end of December was 25% higher than at the same point the previous year, according to our analysis.

Looking forward, the fundamentals of the market in Bath show little sign of changing with low interest and mortgage rates likely to underpin prices and activity this year. The primary drivers of the market are also largely unaffected – with access to schools and improving transport links remaining a key attraction.

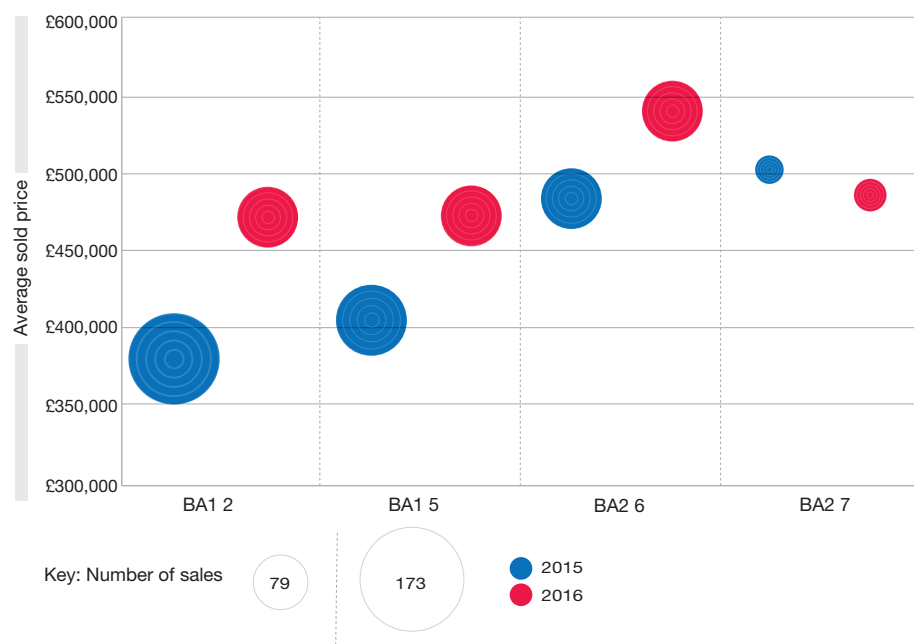
FIGURE 4
Bath price growth, by value
2016



Source: Knight Frank Research

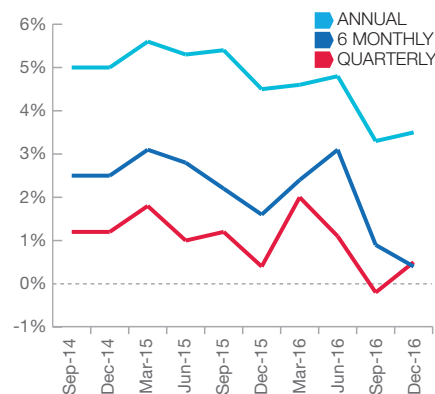
FIGURE 3
Average sold prices and sales volumes by neighbourhood

Note: Variations in average sold prices between different time periods do not necessarily indicate price growth



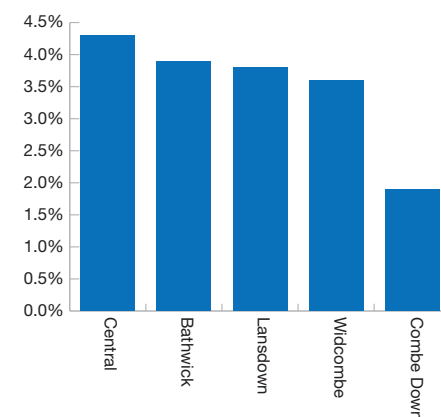
Source: Knight Frank Research

FIGURE 5
Bath prime price change
to Q4 2016



Source: Knight Frank Research

FIGURE 6
Bath price growth, by area
2016



Source: Knight Frank Research

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