

OXFORD MARKET INSIGHT 2016

Price growth at the top end of the Oxford city market has moderated over the last year following a period of strong increases. Despite this, demand for homes in the city remains high especially among buyers moving locally.

Annual price growth for prime properties in the Oxford city market eased to 1.3% in 2015, down from around 6% in 2014.

A moderation in price growth reflects a heightened sensitivity to pricing among buyers. It follows a number of years of strong growth in the prime market driven by an imbalance between supply and demand and the city's strong local economy. In the six years to 2015, the average price of the top 5% of sales by value, increased by 21% from £545,000 to £660,000 (figure 3), according to figures from the Land Registry.

Oxford's economy is diverse, led by IT, high-tech manufacturing and publishing. The city's hospitals and two universities are also major employers and demand from local buyers is ever present thanks to these factors.

Knight Frank data shows that some 74% of buyers last year were moving within the city or the wider South East region, up from 48% in 2014.

But as well as local demand, buyers from London also form an important part of the market. Links with the capital are good, and Oxford attracts a number of commuters seeking more space and a balance between city and country life.

Major regeneration work has already taken place to improve transport links further including the opening of Oxford Parkway railway station in north Oxford during the second half of 2015. The service, which runs to London Marylebone, is the first new track linking a major city to London for more than 100 years.

A connection from here to Oxford railway station - in the heart of the city - opens in spring 2016 with more frequent services to London Marylebone planned.

The quality of its schools, both state and independent, is another major driver of demand.

FIGURE 1
Oxford house prices

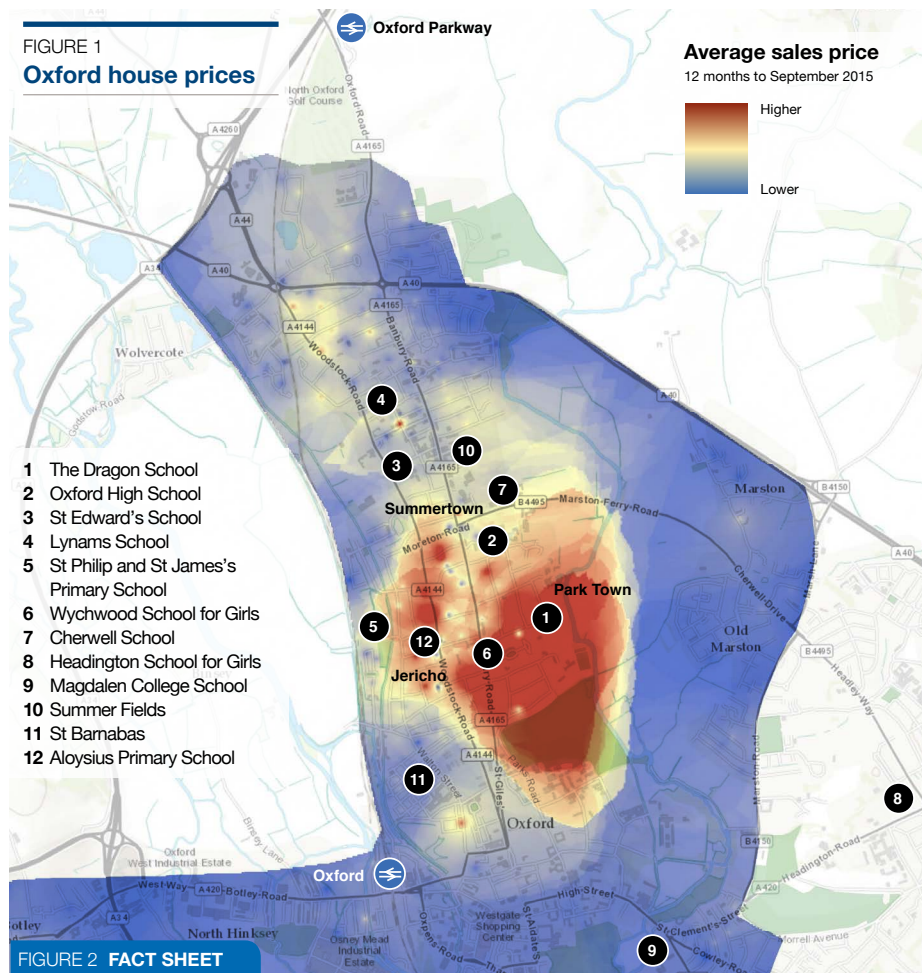
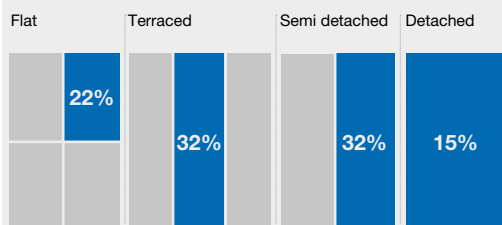


FIGURE 2 FACT SHEET

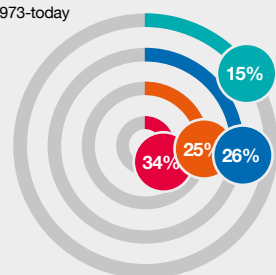
1.3%: Annual price growth, 2015
0.3%: Six monthly price growth, Q4 2015
0.0%: Quarterly price growth, Q4 2015

PROPERTY TYPE



AGE OF HOUSING STOCK

Pre-1900
1900-1939
1945-1972
1973-today



OXFORD MARKET INSIGHT 2016

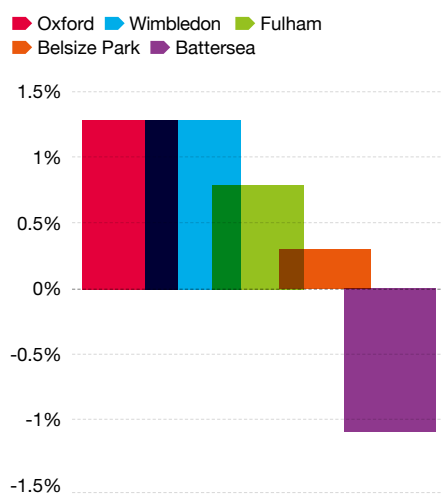
Activity is expected to remain strong in early 2016, especially as some buyers look to complete purchases ahead of the introduction of new stamp duty rules which have the potential to impact a small section of the market. The changes, which come into effect in April, will add an additional 3% onto purchase taxes for buyers purchasing second homes and buy-to-let investors.

Elsewhere, the redevelopment of the Westgate Shopping Centre will improve on the area's existing retail offering when completed in 2017. The centre will include 800,000 sq ft of retail including a flagship John Lewis store, further enhancing the appeal of the city.

But with stock levels at the end of December 18% lower than at the same point of 2014 and 21% lower than in 2013, demand is expected to continue outstrip new supply.

FIGURE 4
Annual price growth

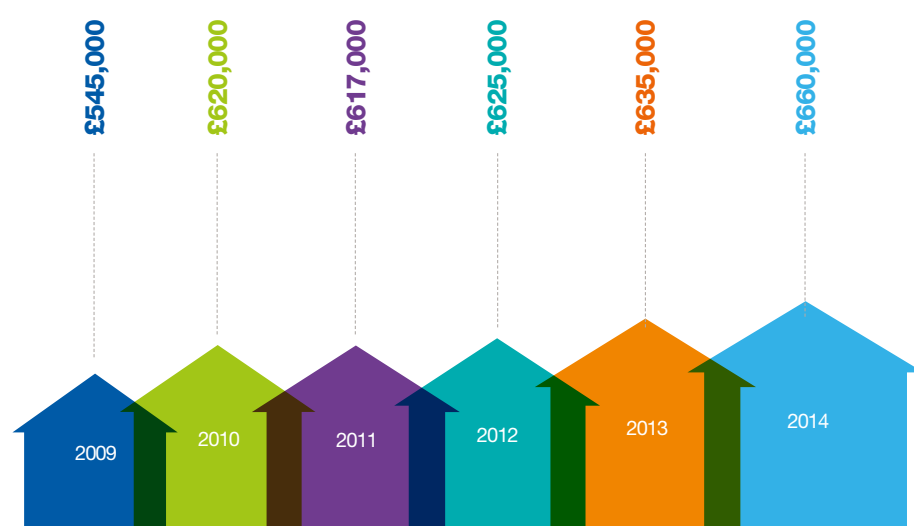
2015 versus selected prime London markets



Source: Knight Frank Research

FIGURE 3
Average prime sales price in Oxford

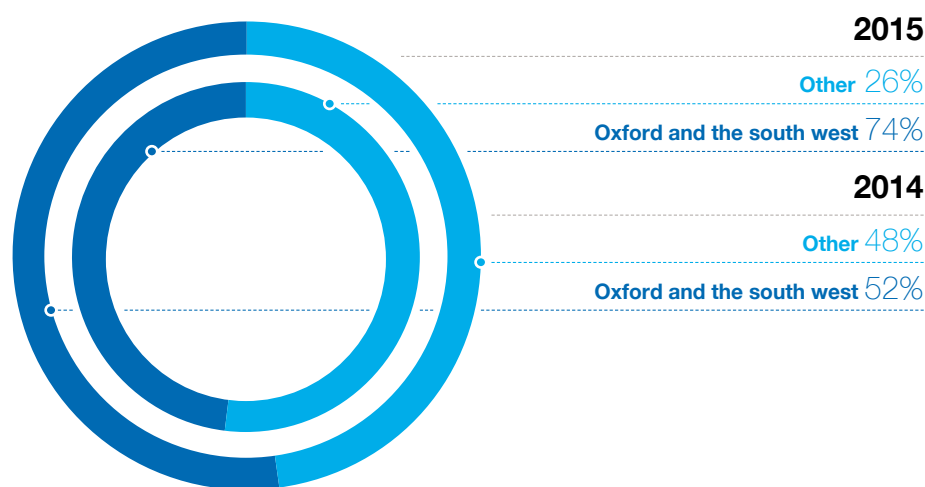
threshold for top 5% of sales by value



Source: Knight Frank Research / Land Registry

FIGURE 5
Local demand increases in Oxford

Where our buyers are coming from?



Source: Knight Frank Research

RESIDENTIAL RESEARCH

Oliver Knight
Senior Analyst
+44 20 7861 5134
oliver.knight@knightfrank.com

OXFORD CITY SALES

Damian Gray
Partner, Office Head
+44 18 6579 0077
damian.gray@knightfrank.com

William Kirkland
Partner
+44 18 6579 0077
william.kirkland@knightfrank.com



Important Notice

© Knight Frank LLP 2016 - This report is published for general information only and not to be relied upon in any way. Although high standards have been used in the preparation of the information, analysis, views and projections presented in this report, no responsibility or liability whatsoever can be accepted by Knight Frank LLP for any loss or damage resultant from any use of, reliance on or reference to the contents of this document. As a general report, this material does not necessarily represent the view of Knight Frank LLP in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Knight Frank LLP to the form and content within which it appears. Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street, London, W1U 8AN, where you may look at a list of members' names.

For a free market appraisal please call the team on +44 18 6579 0077