

CHEL TENHAM MARKET FOCUS - 2017

Property prices in Cheltenham increased by 2.8% over the first six months of 2017, taking annual growth to 6.4%

While the annual rate of price growth has moderated slightly, from 7.7% at the end of 2016, pricing in the Cheltenham market has still comfortably outperformed both the wider UK property market and the prime country market, where political and economic uncertainty have weighed more heavily on growth.

Whilst not completely sheltered from these headwinds, the primary driver of the market in Cheltenham over the last year has been a growing imbalance between supply and demand.

Our analysis showed that there were 12% fewer properties offered for sale in the town in the second quarter of 2017 compared with the same period last year.

As a result, competition among buyers has been strong. Demand has also been underpinned by a sustained period of very low interest rates and competitive fixed-term mortgage deals.

Apartment Sales

Apartment sales accounted for 27% of all transactions completed by

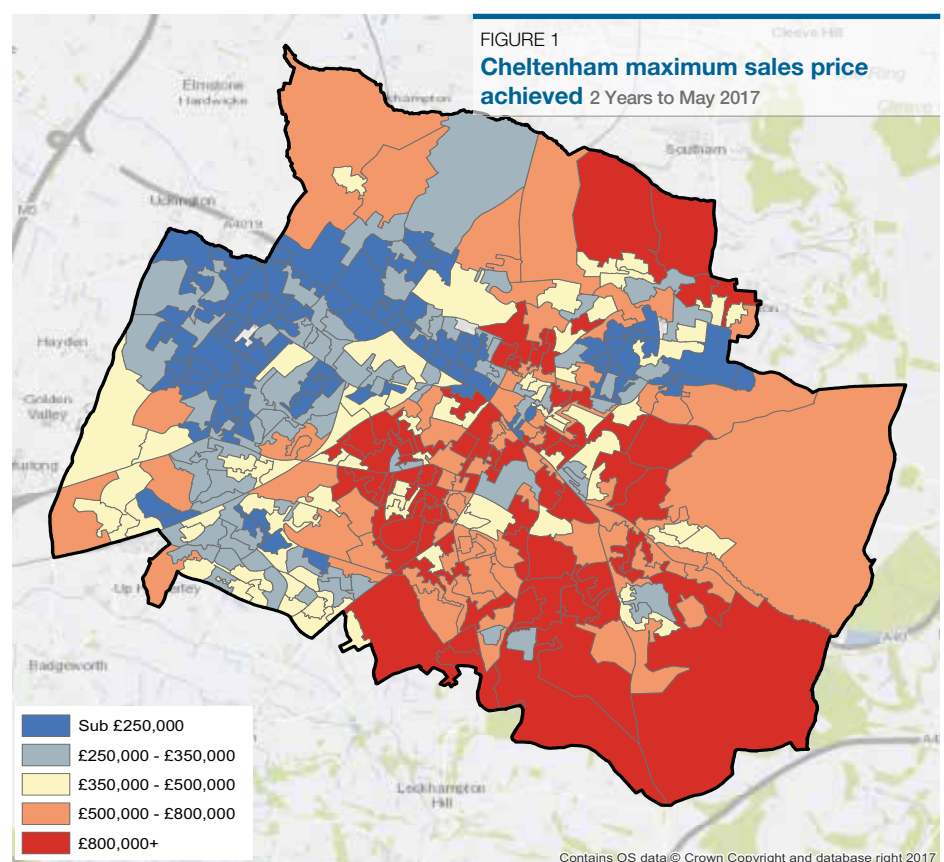
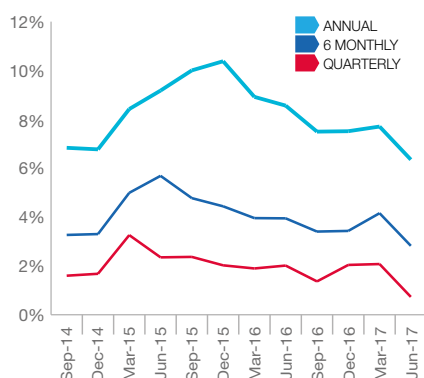
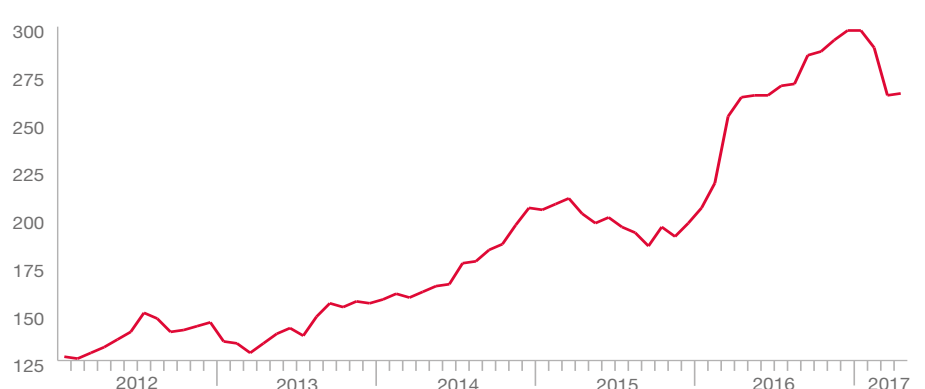


FIGURE 2
Cheltenham: Prime price change



Source: Knight Frank Research

FIGURE 3
Cheltenham: Number of sales Annual rate (rolling 12 monthly totals), £500,000+



Source: Knight Frank Research / Land Registry

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Knight Frank in Cheltenham in the first six months of the year, in line with last year. Demand has been greatest for flats in the town centre, with downsizers and investors the primary purchaser types.

Taxation has acted as a drag on activity and pricing in this market, although agents note that both vendors and purchasers are factoring the additional costs into any decisions.

Outlook

Low mortgage rates and a continued imbalance between supply and demand are likely to underpin pricing in 2017. Furthermore, the arrival of a John Lewis store in 2018, alongside new restaurants and amenities, will improve the town's retail offer.

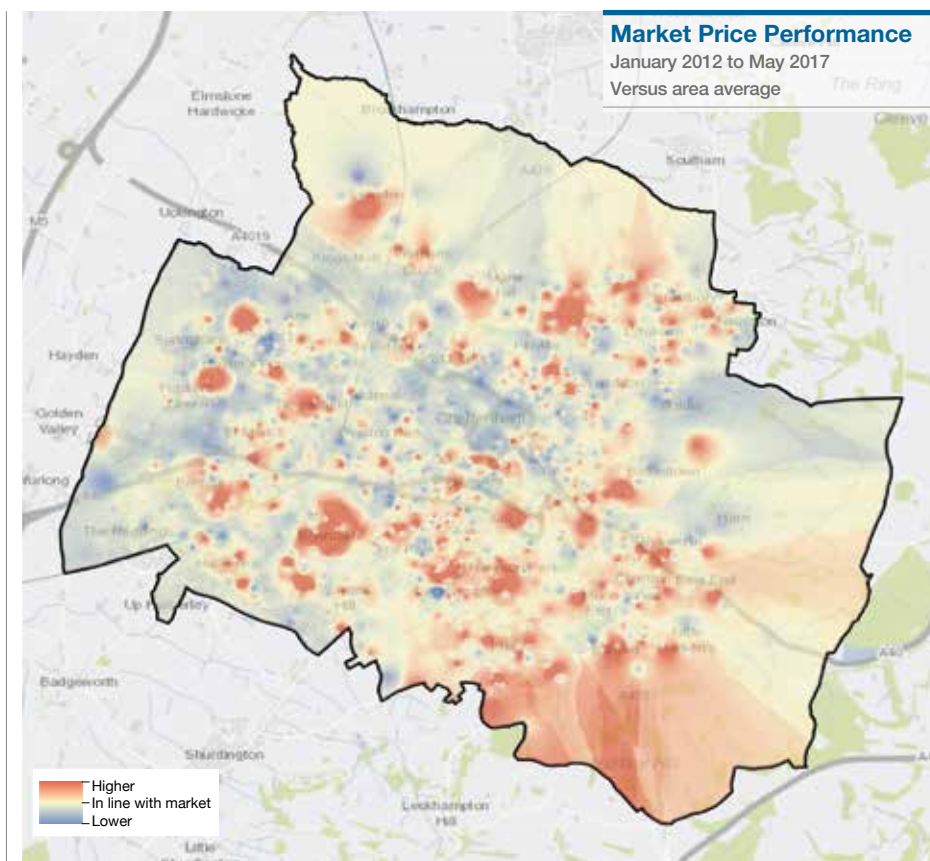
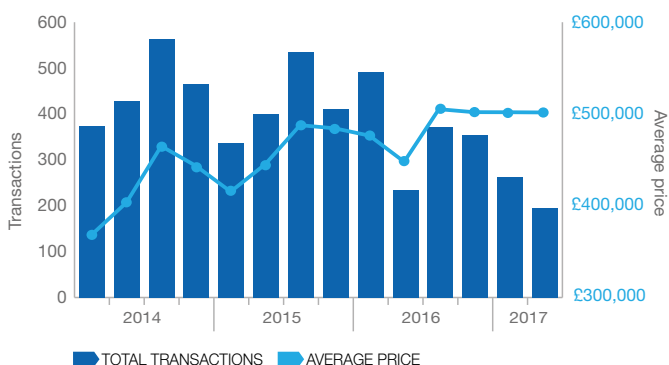
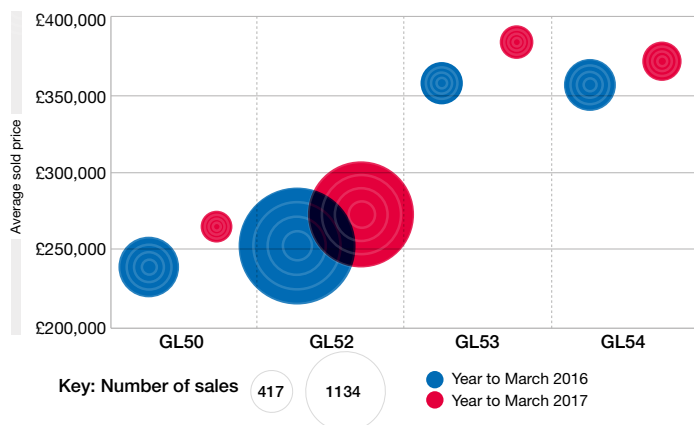


FIGURE 4
Cheltenham transaction volumes and pricing data



Source: Knight Frank Research / Land Registry

FIGURE 5
Average sold price and sales volumes by area



Source: Knight Frank Research / Land Registry

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