

The index is valuation-based, compiled quarterly from valuations prepared by professional staff in every Knight Frank Country office in the UK and based on actual sales evidence.



Prime Country House Index

Q3 2019

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PRIME REGIONAL HOUSE PRICES Q3 2019



ANNUAL CHANGE

COTTAGE
-1.6%

FARM HOUSE
-1.3%

MANOR HOUSE
-1.7%

TOWN HOUSE
-1.9%

PCHI
-1.7%



INDEX

COTTAGE
258.7

FARM HOUSE
258.0

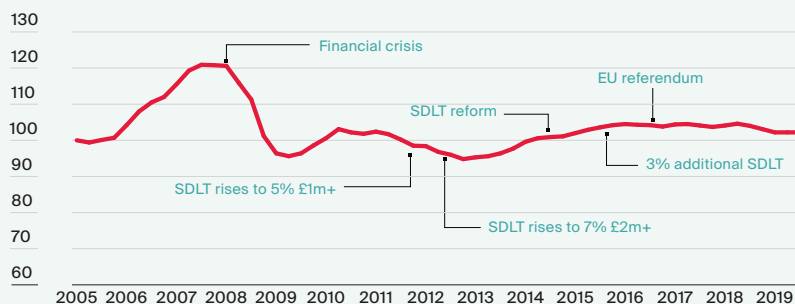
MANOR HOUSE
221.1

TOWN HOUSE
124.5

PCHI
241.9

Prime regional price change

Indexed: 100 = March 2005



Source: Knight Frank Research

Prime regional market update

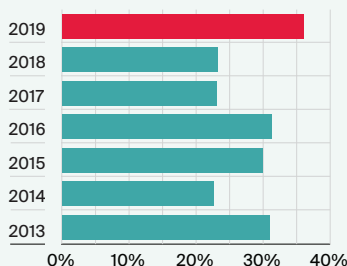
Price adjustments in the country house market attracted more buyers to some markets between June and September, leading to a moderation in price declines.

Average prime country values in England and Wales declined 0.1% during the quarter, taking the annual change to -1.7%, up from -2.3% in Q2.

Prices have been falling on an annual basis for five consecutive quarters, though the process of moderation began in 2016 following the EU Referendum. As prices have adjusted to reflect market conditions over the last 3 years, agents report a rise in buyer activity as they perceive value in certain locations. This is particularly the case in higher price brackets, where price adjustments have been most notable, with Knight Frank sales data showing an 8% increase in transactions for properties valued at £3 million or more between January and August 2019, compared with the same eight-month period in 2018.

London buyers in the country

As a proportion of total sales, January to August, £2m+

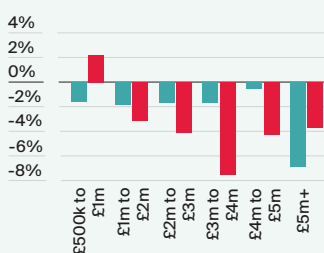


Source: Knight Frank Research

Top-end adjusts

Prime regional markets

Annual Since June 2016



Source: Knight Frank Research

Value at the top end

Political rhetoric has ramped up in recent weeks, and uncertainty surrounding the UK's future relationship with the European Union and what this may mean for the economy continues to be the biggest single constraint on prime markets.

Against this backdrop, however, sales activity has been relatively resilient. This has been helped by a more active market in prime London, given that the flow of buyers from the capital continues to be a key driver in prime country markets.

In the market for homes priced at £2 million or more, average prices are now 6% lower than they were at the time of the EU referendum. Values are still, on average, 20% below the market peak in 2008.

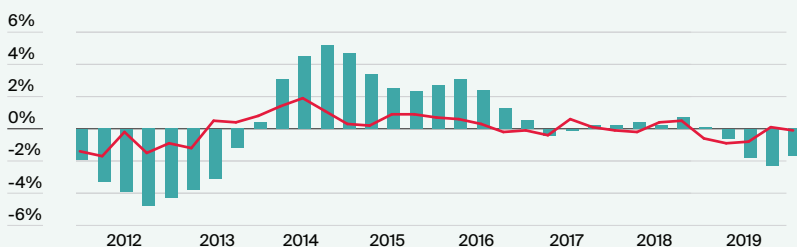
Price falls in the prime London market have started to moderate, and buyer interest is reaching record highs. Knight Frank buyer data shows that the number of Londoners who purchased properties valued above £2 million outside of the capital between January and June 2019 was at its highest level for any corresponding period since 2011.



Price declines moderate

Prime regional markets

■ Annual ■ Quarterly



Source: Knight Frank Research

OUTLOOK

The number of prospective buyers currently looking to purchase a property in prime country markets with Knight Frank with a budget of at least £2 million is 9% higher than at the same point in 2018, which suggests a robust level of demand within this market.

However, despite strong demand, supply remains constrained as vendors hesitate due to the political uncertainty. Whilst this is likely to put a floor under pricing to some extent, prime markets will remain price sensitive for the remainder of 2019 and 2020.

"Knight Frank sales data shows an 8% increase in sales above £3m so far this year compared with last."

OLIVER KNIGHT
ASSOCIATE

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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