

# WINCHESTER MARKET INSIGHT Q2 2016

**There was no change in prime property values in Winchester in the second quarter, but strong demand and limited supply have ensured robust price growth on an annual basis.**

Prime property prices in Winchester were unchanged between April and June following growth of 5% in the first three months of 2016, according to the latest Knight Frank Index.

Uncertainty surrounding the result of the EU referendum as well as higher rates of tax for individuals buying additional properties contributed to slowing price growth during the quarter, reflecting a trend seen across the wider UK prime market.

However, while prices may have been unchanged on a quarterly basis, values were still 9.1% higher over the year to June 2016.

Such strong annual growth has been underpinned by an imbalance between supply and demand across the city - especially for properties valued at up to £1 million. Homes in this price bracket have been less affected by stamp duty changes introduced back in December 2014.

Above this level negotiations have become more protracted as the higher purchase costs are factored into offers in some cases.

The market has absorbed stamp duty changes in the past, but it is a process which usually takes place gradually, something which highlights the importance of correct pricing when homes are placed on the market.

## Transactions

Despite recent political and economic headwinds, activity has continued unperturbed. Property viewings were 14% higher between April and June than the same period of 2015 and sales doubled over the same timeframe highlighting the strength of underlying demand.

FIGURE 1  
**Location of  
£500,000+ sales**

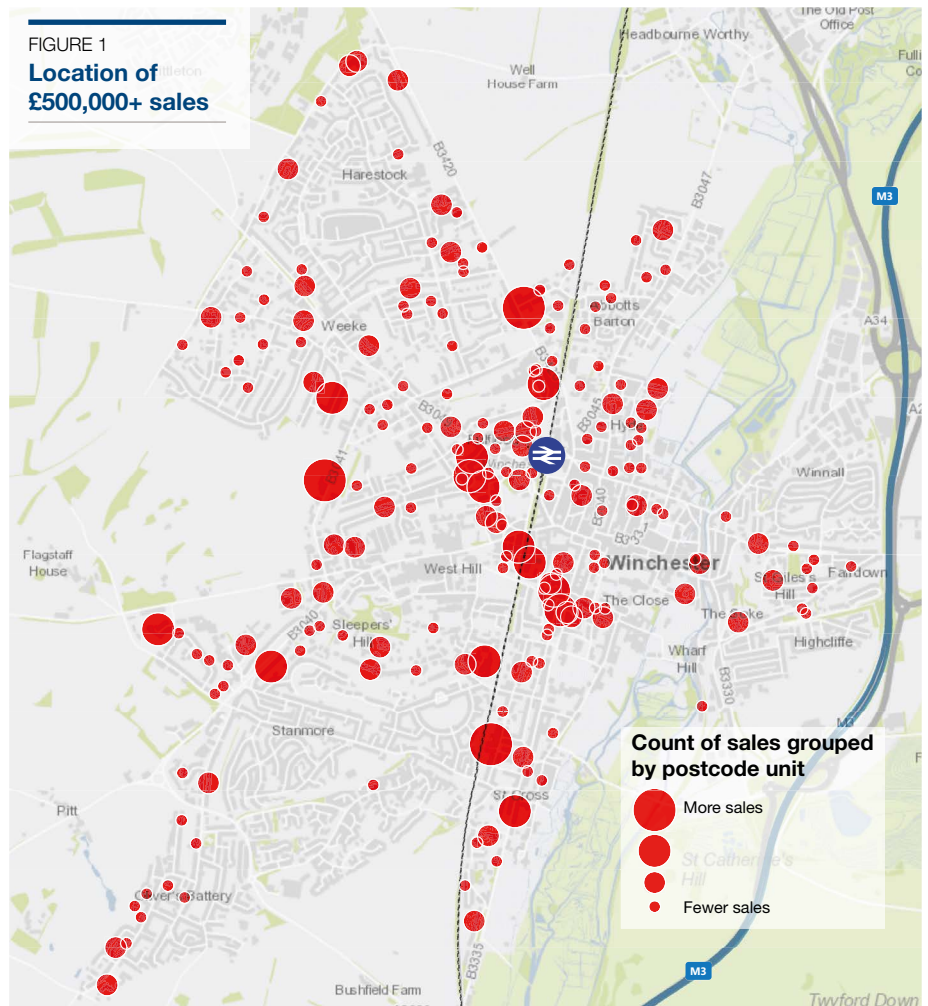
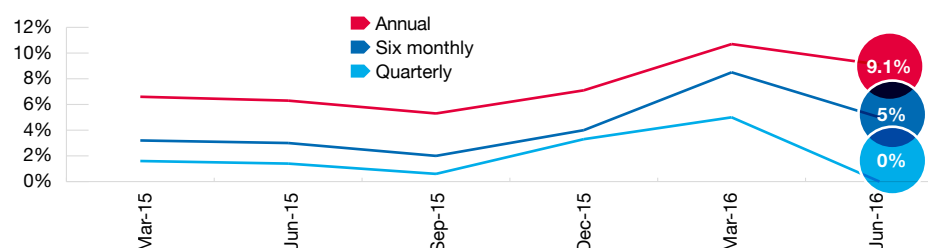


FIGURE 2  
**Prime Winchester price growth**



Source: Knight Frank Research

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Our analysis of Land Registry sales data (see map) shows the main hubs for prime sales across the city. Over the last 12 months, prices in excess of £650 per square foot have been achieved - on a par with some markets in London surrounding the central zones.

In geographical terms, price growth has been fairly uniform across the city. Property values in Hyde and the city centre rose by 10.8% and 9.4% respectively over the year to June 2016. To the south and the east of the city centre in St Cross and St Giles Hill annual price growth of 7.2% and 9.3% was recorded over the same time.

## Outlook

All attention will now turn to the political and economic impact of the UK's vote to leave the EU as the plans on how to achieve this become clearer.

Markets and investors have reacted positively following the swift appointment of a new Prime Minister and cabinet, while the Bank of England's decision to cut interest rates to a new record low of 0.25% in August will be welcome news to borrowers.

It is difficult to gauge just how strong overall demand will be following the seasonal summer lull, but the fundamentals of the market in Winchester show little sign of changing.

Low mortgage rates and a continued imbalance between supply and demand are likely to underpin sales, while the primary drivers of the market are largely unaffected - with schools and key transport links acting as a draw.

FIGURE 3

## Average price and sales volumes in Winchester by neighbourhood

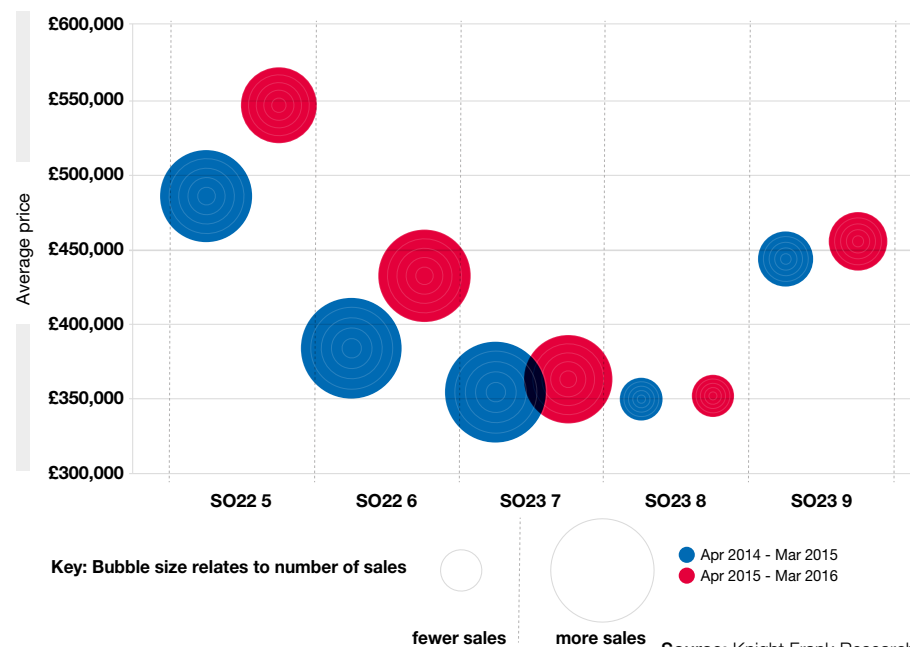


FIGURE 4

## Prime annual price growth by area

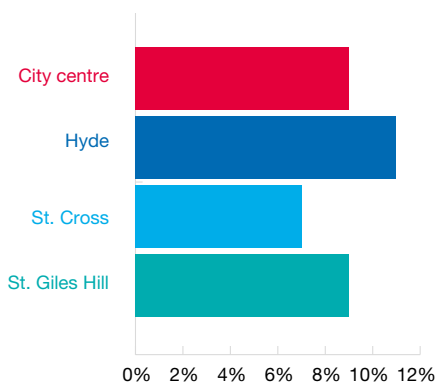
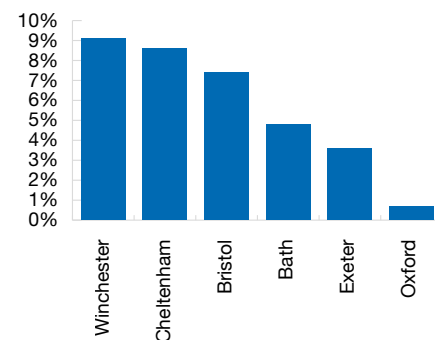


FIGURE 5

## Prime market comparisons

Annual % price change



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