

EXETER MARKET INSIGHT Q4 2016

Demand for property in the city increased last year, but this was not matched by an uptick in supply

A key trend which has been identified across UK property markets over the last year has been the growing imbalance between the supply of properties to the market relative to demand.

Exeter has been no exception in this regard. Indeed, Knight Frank analysis of the market reveals that there were 17% fewer homes valued above £500,000 available for sale in Exeter in the final three months of 2016 compared with the same period of 2015.

Meanwhile, over the same timeframe, the volume of enquiries from new prospective buyers looking to purchase a property in the city increased by 46% and viewings were 31% higher, highlighting the strength of underlying demand.

As a result, competition among buyers has been strong, especially for the most sought-after homes in popular suburbs including St Leonards, Topsham and Pennsylvania.

This discrepancy between supply and demand has put upwards pressure on prices, which increased by 5.2% in 2016, slightly above the 3.4% growth reported in 2015.

Buyers, particularly those with access to larger deposits, have also been able to take advantage of a sustained period of very low interest rates, as well as the continued availability of competitive mortgage deals.

The increase in values is also an indication of the resilience the city market in Exeter is showing in spite of wider political and economic uncertainty surrounding the EU Referendum and changes to property taxation over the last year.

However, while the headline figures indicate that the market has been buoyant, it has not been completely sheltered from these headwinds.

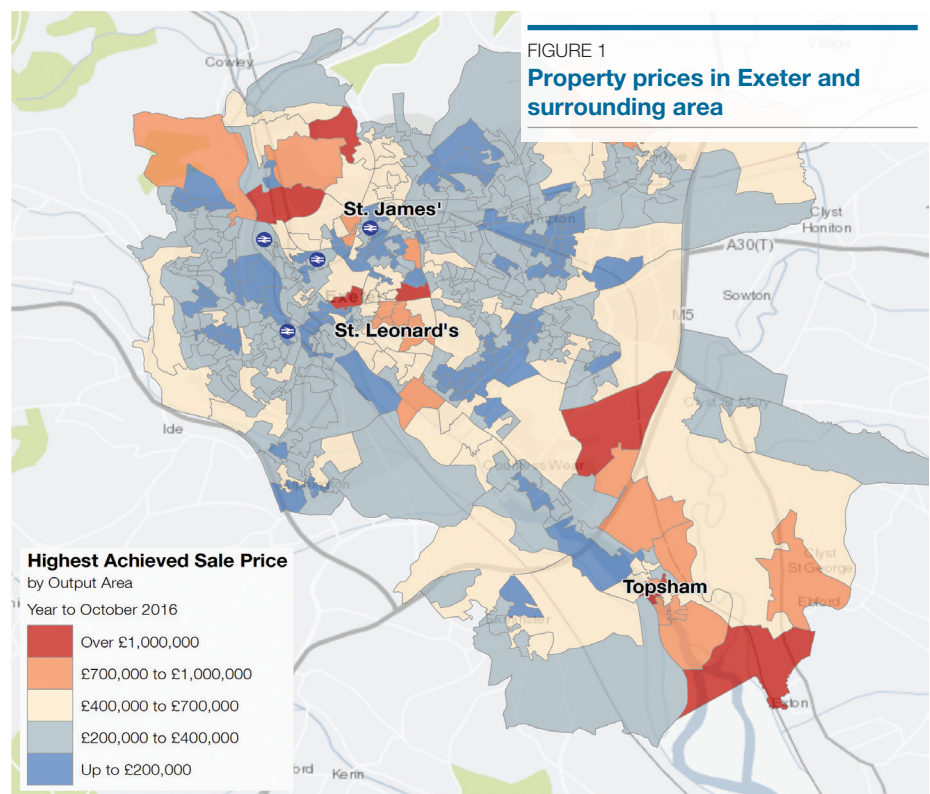
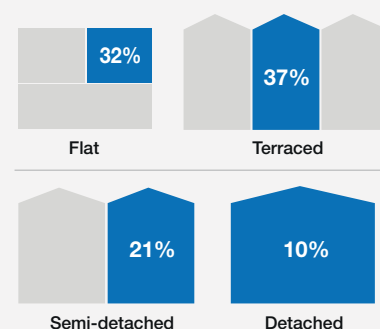


FIGURE 2 Exeter fact sheet

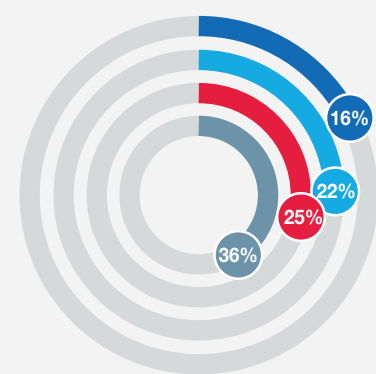
5.2% Average price growth in 2016
1.4% Average price growth in Q4 2016

PROPERTY TYPE



AGE OF HOUSING STOCK

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



Source: Knight Frank Research

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Tax, especially, remains a live issue, particularly at the top end of the market for homes valued above £1 million. The introduction of a 3% surcharge for buyers purchasing additional homes or buy-to-let properties in April last year has also had an impact, with Land Registry figures showing a surge in activity in the first three months of 2016 as buyers looked to complete deals ahead of its introduction.

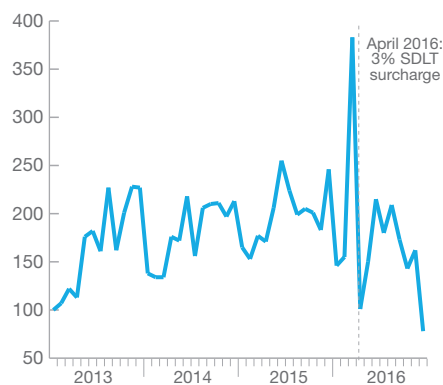
Historical trends show that markets do absorb property tax changes, however this tends to be a gradual process.

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

An ongoing imbalance between supply and demand in Exeter's city market is likely to help underpin further price growth this year.

FIGURE 4

Exeter: Sales volumes

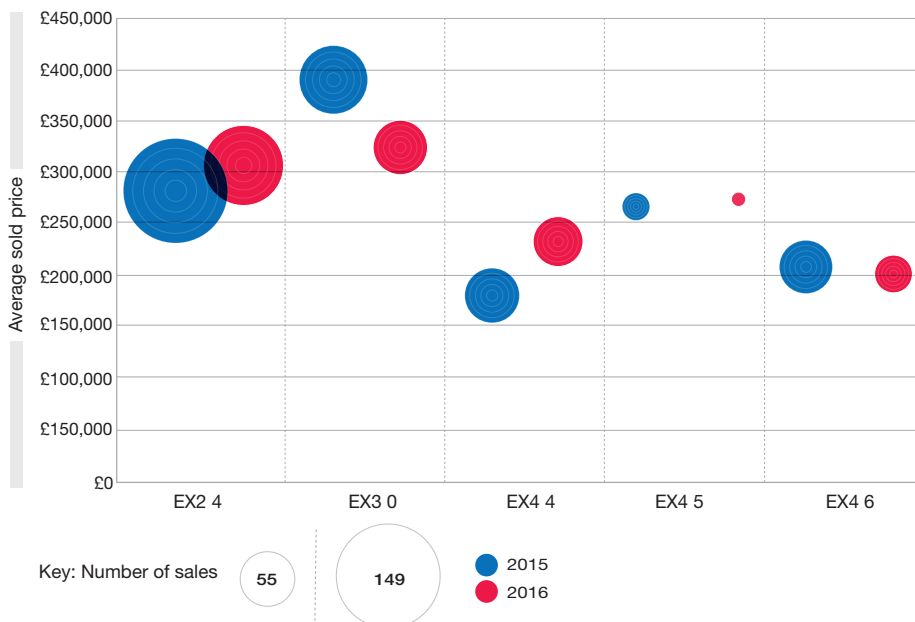


Source: Knight Frank Research / Land Registry

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

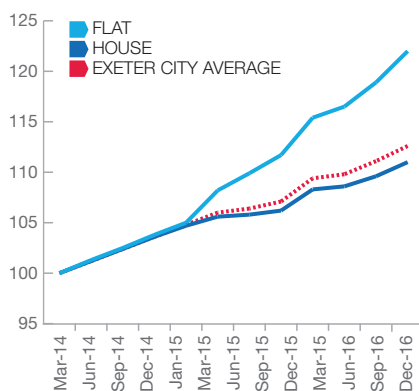


Source: Knight Frank Research

FIGURE 5

Exeter city price growth

Indexed 100 = Q1 2014

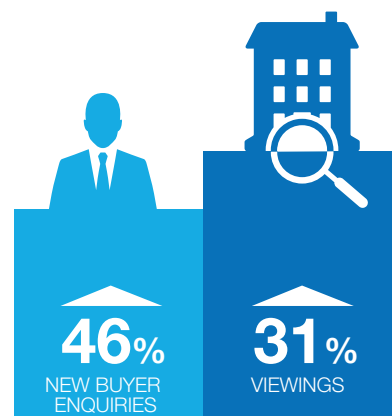


Source: Knight Frank Research

FIGURE 6

Exeter: Buyer demand rises

Q4 2015 v Q4 2016



Source: Knight Frank Research

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