

HIGHLIGHTS

THE THREE COUNTIES

TBS

THE BUYING SOLUTION



Jonathan and Claire have purchased over £605,000,000 of property in Worcestershire, Herefordshire and the Cotswolds


Whether you're seeking the valley that catches the morning sunlight, that perfectly situated central regency townhouse, the finest picks of the social calendar or even the best shortcuts for the school run, Jonathan and Claire know the region inside out.

The Buying Solution team provides property search and acquisition in London and throughout the UK.

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Welcome to Knight Frank's Three Counties Highlights. In this year's edition, we look at the prevailing conditions and trends that have shaped the property market in the region and also feature a selection of properties marketed by our teams during 2015.

WELCOME

Of course the big UK story of the year was the surprise election result in May. In property terms the uncertainty surrounding the outcome – and the possible introduction of the so-called Mansion Tax – had the effect of putting the brakes on a market already slowed by the increase in stamp duty introduced at the end of 2014. However, by the late summer of 2015 the market was showing signs of absorbing these factors and getting back to business as usual.

If there has been any lasting impact it is that sensible pricing levels have been the key to achieving successful sales. The prime market in 2015 saw those properties listed at an attractive level generating a lot of interest – and often achieving significantly more than the guide price following competitive bidding.

The regional hotspots have remained those areas within a reasonable commute of the capital, as Londoners cash in and move out in search of more space. The Cotswolds and Hampshire continue to be the strongest performers and their popularity means new buyers are now looking increasingly at neighbouring regions, finding that they offer excellent value.

In the South West, the second home market has been strong, with waterfront properties leading the charge as ever. In Scotland and Northern England meanwhile, a changing political landscape is spelling a note of caution, although international investors are remaining very active.

Overall, there is a sense of a market returning to peak form and factors such as attractive mortgage rates are likely to provide added momentum in the months ahead.



Peter Edwards
Country House Department

COUNTRY LIVING

The rolling wooded hills of Warwickshire, Worcestershire and Herefordshire have a great deal to offer those hunting for a fine country home. As well as the stunning landscape, there are historic towns and villages, a rich cultural heritage and, thanks to the central location, excellent connections to London, Birmingham and Bristol. Compared to the neighbouring Cotswolds, the prime properties here also represent outstanding value for money.

In 2015, it was the price gap between London and the country that again drove a great deal of activity. The relative strength of the capital's market meant that, in a growing number of cases, buyers could afford to retain their city home while purchasing a grand base in the country.

The most popular areas continue to be focused on the villages close to the major towns of Stratford upon Avon, Hereford and Worcester, with many buyers – particularly families – preferring to be closer to the heart of things rather than in 'glorious isolation'. These three counties are peppered with idyllic locations that offer the best of both worlds; stunning period homes in country settings but with access to thriving local communities, excellent independent schooling and a full social and cultural calendar.

The choice of properties is diverse, offering everything from Regency grandeur to Tudor grace, and generous grounds come as standard.

Many country properties also come with ancillary cottages or outbuildings that can become holiday lets; a popular way of providing income that can contribute to the running costs of the home.

One of the undoubted highlights from 2015 in the region was our successful sale of The Mynde, a Grade I listed manor house, for £15,000,000. To date, this magical estate is the most expensive private home to sell in Herefordshire.

The outlook for 2016 is extremely encouraging for the prime country house market. We are expecting quality homes in good condition to continue to perform well throughout the region as the flow of equity-rich buyers from London shows no sign of abating.

The following pages feature a selection of country properties we successfully marketed for our clients during 2015.

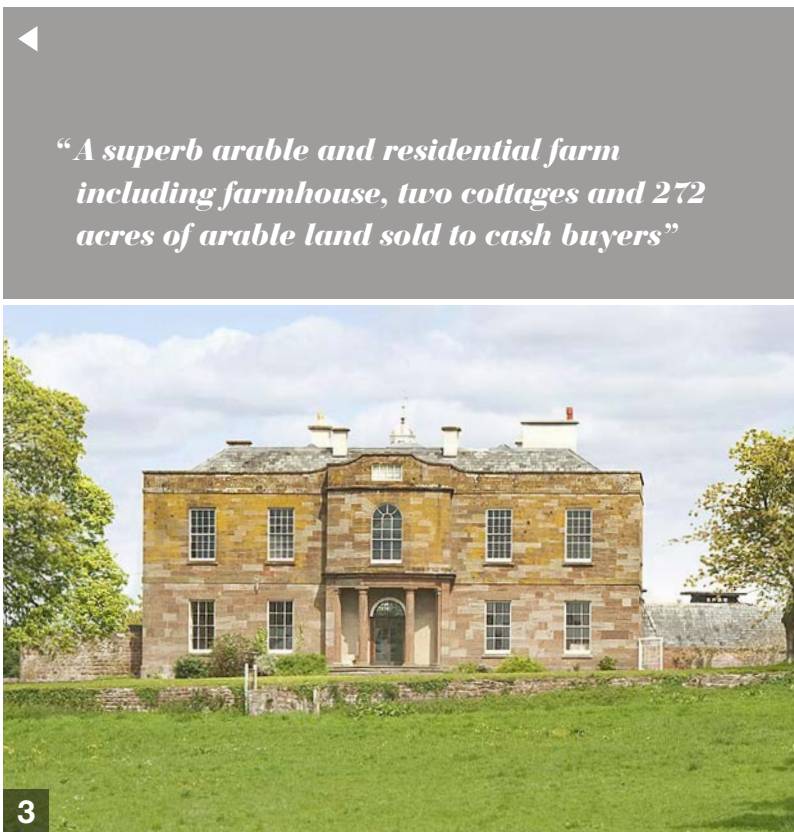
“These three counties are peppered with idyllic locations that offer the best of both worlds”

“A beautiful listed small country estate with 21 acres of land sold to a cash buyer from our database”

1. Cookhill Priory, Cookhill, 6 bedrooms. Guide price: £2,950,000



2. **Croft Farm**, Stratford upon Avon, 7 bedrooms. In all about 272 acres. Guide price: £5,750,000
3. **Mainstone Court**, Ledbury, 8 bedrooms. Guide price: £2,000,000
4. **Highfield**, Dorsington, 1 bedroom. Guide price: £2,450,000
5. **Coughton Lodge Farm**, Coughton, 9 bedrooms. Guide price: £3,300,000
6. **Chyknell Hall**, Chyknell, 11 bedrooms. Guide price: £6,000,000
7. **Cefntilla**, Usk, 12 bedrooms. Guide price: £1,650,000
8. **Hill House**, Hartpury, 6 bedrooms. Guide price: £2,350,000



“A superb arable and residential farm including farmhouse, two cottages and 272 acres of arable land sold to cash buyers”



“A spectacular leisure complex built as a modern folly by the late Felix Dennis and sold as part of his estate to a cash buyer from the South East, a long term Knight Frank client”

“ The Knight Frank Farms and Estates team worked closely with our local offices to market this estate effectively. Local knowledge and global coverage at its best”



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▶
“ Local office knowledge with the supporting prowess of our Country House Department led to a successful sale at the guide price”



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“The sale of the Court was handled by our local office working with our Country House Department based in London. The main house was part of a larger estate that had sold off six separate lots by The Knight Frank Auctions Department the year before”

9. **Tedstone Court**, Teme Valley,
7 bedrooms (+ ancillary accommodation).
Guide price: £1,800,000

10. **Dorsington House**,
Dorsington, 8 bedrooms.
Offers in excess of: £3,000,000

11. **Birch Farm**, Near Bewdley, 7 bedrooms
(+ ancillary accommodation).
Guide price: £6,000,000

12. **Three Gates House**, Moreton Morrell,
7 bedrooms. Guide price: £2,475,000



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◀ *“Regional Farms helped secure a sale to a young farmer looking to purchase a ring fenced farm from which to develop his agricultural business”*



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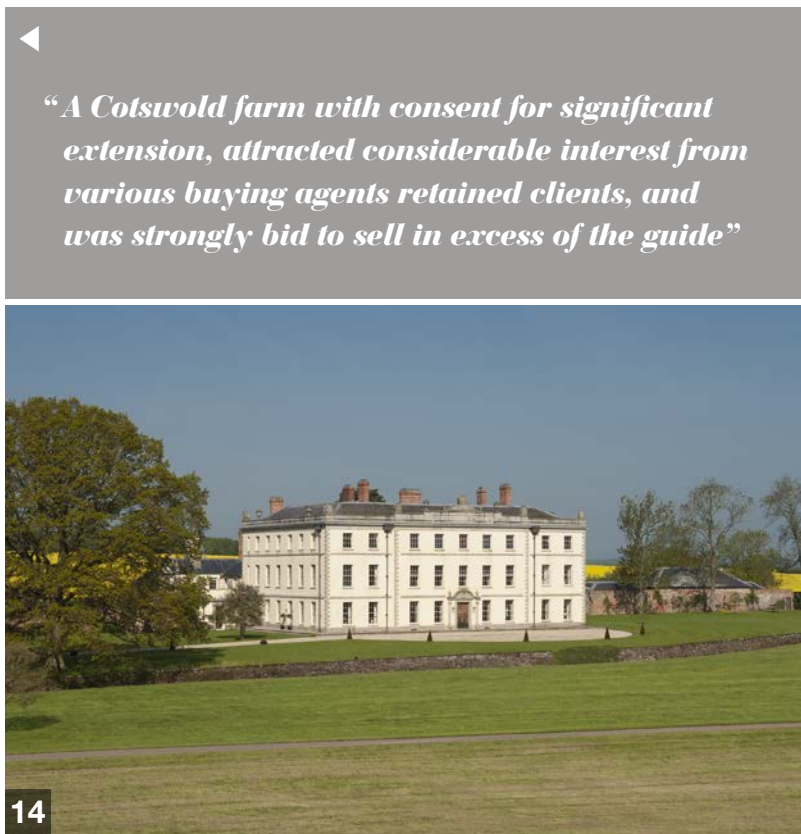
13. **Newtown Farm**, Near Guiting Power,
6 bedrooms (existing).
Guide price: £5,650,000
14. **The Mynde**, Much Dewchurch,
12 bedrooms. Guide price: £15,000,000

15. **Dippersmoor Manor**, Kilpeck,
6 bedrooms. Guide price: £3,000,000
16. **Fossedene Manor**, Combrook,
6 bedrooms. Guide price: £2,500,000
17. **The Haffield Estate**, Ledbury,
10 bedrooms. Guide price: £2,350,000

18. **Mill Farm**, Mollington, land only.
Guide price: £5,250,000
19. **The Court House**, Birlingham,
7 bedrooms (+ ancillary accommodation).
Guide price: £2,500,000



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“This charming 17th Century farmhouse was sold to a buyer from our database with competitive bidding”



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“The Country House Department, the Worcester and Cotswold offices worked as a team to help sell this fine home”



19



“A unique and tranquil Cotswold smallholding with fantastic views was promptly sold Off Market, in excess of the guide price, to a buyer registered on our extensive national Knight Frank database”

1. Watery Gate Farm, Near Chipping Campden, Gloucestershire, 5 bedrooms



BEHIND CLOSED DOORS

Every year, our teams handle a number of prime property sales without an open market listing. There are advantages for both sellers and buyers, but the key to a successful transaction is an agent with a true command of the market and a substantial contact book.

There are several reasons why a seller might choose to transact behind closed doors. They might want complete discretion, for example, preferring not to see their home listed on websites and featuring in an agency window. Or the advice could be that an off-market sale will achieve the best price – typically this would be due to the sought-after nature of the property and an available shortlist of willing and ready buyers. This will often lead to a competitive bidding situation and routinely achieves excellent results for sellers.

The speed of the process can also be a factor. In one case during 2015 we were able to match an under-bidder who had missed out on a country house to a similar property in a neighbouring village. The owners were considering a move and were delighted to find a keen buyer happy to proceed straight away.

Often an off-market sale comes about through our international network. One UK client, for example, had arranged finance to purchase a property through us while retaining their current home. Hearing from a colleague abroad that a family was moving back to the UK and looking for just such a property, our agent was able to introduce the two and both transactions proceeded.

Whatever the situation that leads to an off-market sale, our teams have shown – often working with colleagues in London and abroad – that we can quickly and discreetly source committed buyers.

The following pages feature a number of properties we successfully sold off-market.

2. **Endon Hall**, Near Bredon Hill,
7 bedrooms. Price on application.
3. **Churchill Farm**, Warwickshire,
6 bedrooms. Guide price: £5,000,000
4. **Hunton Farm House**, Lyonshall,
6 bedrooms. Guide price: £975,000





“A private international buyer was introduced from our unique database of purchasers and an off market sale concluded within several weeks”



COUNTRY RESEARCH



Oliver Knight

Senior Analyst,
Knight Frank Research

The turning point for the prime country property market occurred in early 2013 as prices started to edge upwards after two years of negative growth. By June 2014 annual growth had reached 5.2%. Although the rate of growth has slowed, prices ended 2015 3.1% higher than a year earlier.

As has also been the case in the mainstream housing market, there are conflicting factors at play in the prime market which are both weighing on growth and driving it higher.

With interest rates remaining at record lows, the economy continues to recover. However, tighter lending regulations and higher transaction costs as a result of reforms to stamp duty introduced in December 2014 have had a noticeable impact on activity and price growth in 2015.

Indeed, the impact of the increased amount of stamp duty can't be underestimated. The changes mean that, while those buying homes worth up to £937,500 pay less stamp duty than before, above this value buyers are potentially paying substantially more. There is a small anomaly between £1.01 million and £1.11 million, where under the new regime buyers pay slightly less tax.

While these higher transaction costs will continue to weigh on activity and price growth in 2016, signs have begun to emerge that both buyers and sellers are adjusting to the changes. Increasingly, higher transactional costs at the top end of the market are being factored into pricing.

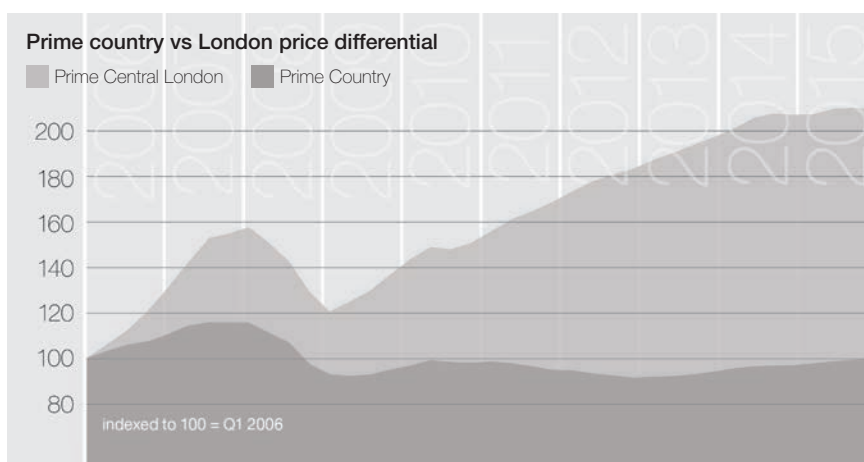
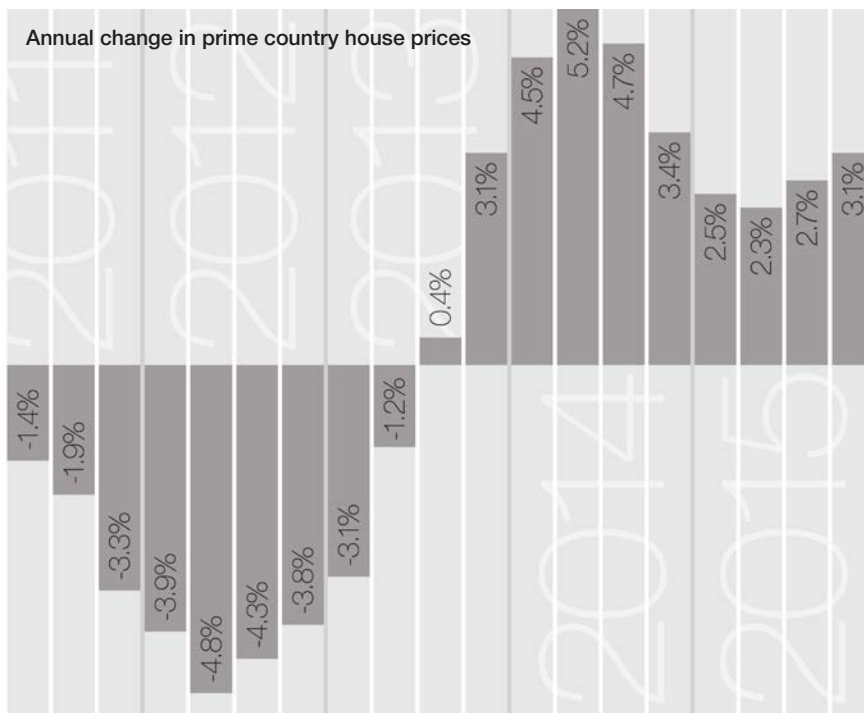
Furthermore, a degree of pent-up demand is being released as buyers at the top end of the market become more motivated after months of inaction.

We are forecasting average price growth across the prime country market of 3% in 2016.

As the economy continues to recover and prime property values outside of London increase, the trend for more London buyers to move will also gain traction, boosting the ripple effect of house price growth from the capital.

Popular commuter locations, within easy reach of the capital, are likely to be the biggest beneficiaries. Key town and city locations are also expected to outperform as the trend

“A degree of pent-up demand is being released as buyers at the top end of the market become increasingly motivated after months of inaction”



for urban living continues to grow. Infrastructure improvements, including new faster rail and road links, will enhance the appeal of these areas further, as well as opening up more rural markets once again.

The long-term outlook for the prime country market is positive. Prime country house prices remain 14%

below their 2007 peak and this suggests that there is potential for further price growth.

With a strong economic underpinning 2016 should see an improvement in trading conditions. The importance of correct pricing at the outset will remain critical to achieving sales.

SDLT CHANGES

Just over a year since George Osborne announced his major shake-up of Stamp Duty Land Tax (SDLT), the Government has proposed a further increase in purchase taxes for some buyers.

Under the proposals, an additional 3% rate will apply to the purchase of additional properties, such as buy-to-let and second homes. The new rate will come into effect from 1 April 2016.

The intention is that anyone who owns a home anywhere in the world will pay the higher stamp duty on purchases from April 1 2016, unless they are replacing their primary residence in the UK.

It would seem fair to expect a boost in activity between now and the end of March this year, as those affected by the changes look to complete on purchases before the new rates are implemented.

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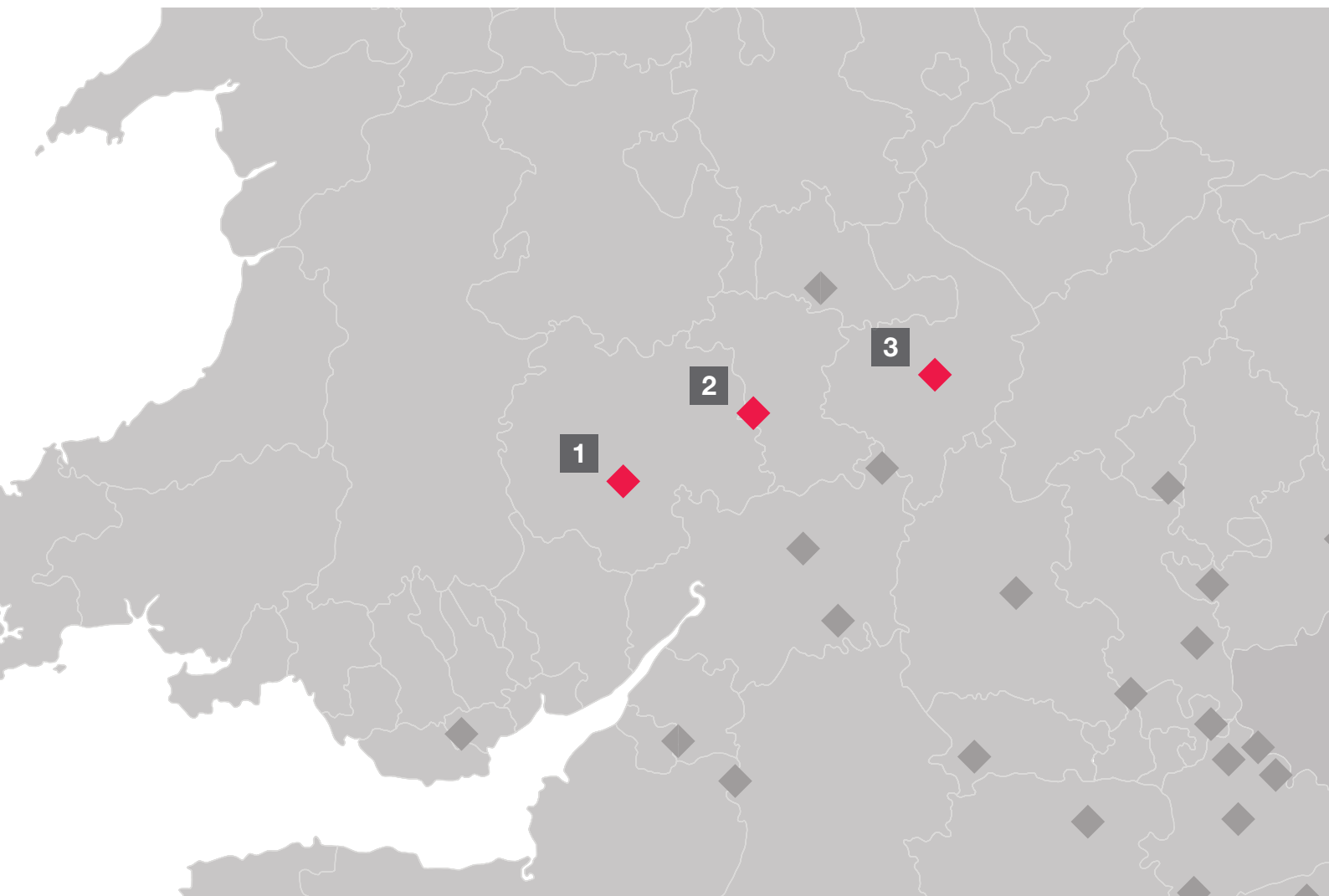
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