

HIGHLIGHTS

HAMPSHIRE, WILTSHIRE & ISLE OF WIGHT

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Welcome to Knight Frank's Highlights for Hampshire, Wiltshire and Isle of Wight. 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 sold 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 a bidding situation.

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 buyers are also 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.



Edward Cunningham

Partner, Country House Department

COUNTRY LIVING

Every year, the commuter belt expands a little further as train lines improve and fewer people are tied to the five-day-a-week trip into town. It's a pattern that's shaped demand in the Hampshire country home market for some time, and continued to do so in 2015.

For the London buyer, North East Hampshire around Basingstoke is prime territory to search for their country home. Still in easy reach of town, it is a region where you use the proceeds of your Victorian terrace in South West London to buy a beautiful country house with grounds, and still have plenty left over for the pied-a-terre in the capital.

“By the end of the year a real sense of momentum was building that we expect to continue throughout 2016”

The market for country homes further into Hampshire tends, due to the longer commute, to be more in demand from those retiring to the area – again, often moving out of London – as well as local buyers. The trade-off for the greater journey times is a good stock of classically proportioned country homes in some of the most wonderful countryside in the south of England.

In terms of overall sales levels, it was a relatively quiet start to the year across the region. This was partly a hangover from the stellar performance of 2014 when sales levels outperformed forecasts by almost double. As we expected, this had a knock-on effect the following year which was exacerbated by the uncertainty generated in the run-up to the election and the prospect of a 'Mansion Tax' being introduced.

The result was that the main activity was pushed back to the summer and beyond. When activity did pick up, however, it was significant. Those buyers who had been sitting on their hands in London waiting for the property juggernaut there to slow, had clearly decided that the time was right to make the move. By the end of the year a real sense of momentum was building that we expect to continue throughout 2016.

“Sold under competition within four weeks of its launch to the market”

1. **Hoggs Lodge**, Alresford, 5 bedrooms. Guide price: £2,150,000



2. **The Old Rectory**, Yatesbury, Wiltshire, 8 bedrooms. Guide price: £1,950,000
3. **The Pheasantry**, near Hartley Wintney, 6 bedrooms. Guide price: £7,950,000
4. **Queens House**, Monk Sherborne, 6 bedrooms. Guide price: £3,450,000
5. **Durley Gate**, Durley near Marlborough, 5 bedrooms. Guide price: £1,850,000
6. **The White House**, Odiham, 6 bedrooms. Guide price: £2,200,000
7. **Little Manor**, Lower Woodford, 5 bedrooms. Guide price: £2,500,000
8. **Skyers Farm**, Ramsdell, plot for 6 bedroom house. Guide price: £2,500,000



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“Sold to an overseas buyer who wanted the privacy and accessibility to London and Farnborough Airport”



4



3

“Sold to a London buyer after only one week of marketing”



5



◀ *“An immaculate house in the Woodford Valley sold for the guide price”*





“Sold in excess of the guide price following competition from a number of interested parties”

- 9. **Norris Castle**, East Cowes, Isle of Wight, 14 bedrooms. About 225 acres.
- 10. **Four Oaks**, Little Bedwyn, 6 bedrooms. Guide price: £2,200,000
- 11. **Oakhanger Park**, Shefford Woodlands, 8 bedrooms. Guide price: £5,500,000

- 12. **Ambley Manor**, Pill Heath, 8 bedrooms. Guide price: £5,250,000
- 13. **Green Lodge**, St. Mary Bourne, 6 bedrooms. Guide price: £2,500,000
- 14. **The Coach House**, Fullerton, 5 bedrooms. Guide price: £2,950,000



10



11

“A national buyer who sold through Knight Frank”



13



12

“An early launch in 2015 which lead to a sale following three buyers bidding”



14



15

“A unique opportunity to acquire a wonderful home lead to multiple viewings, resulting in a sale to a family renting in Hampshire”



16

- 15. **Ropley Grove**, Ropley, 9 bedrooms.
Guide price: £3,350,000
- 16. **The Old Rectory**, Tichborne,
6 bedrooms. Guide price: £2,500,000
- 17. **Garston House**, Sparsholt, 7 bedrooms.
Guide price: £2,650,000
- 18. **Moongrove**, East Woodhay,
7 bedrooms. Guide price: £3,600,000
- 19. **Old Rectory**, Newton Toney,
5 bedrooms. Guide price: £2,350,000
- 20. **Broadhanger**, Froxfield, 9 bedrooms.
Guide price: £3,350,000

“A spacious family home near Winchester sold to a family returning to the UK from Singapore”



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19



18

◀ *“A sale was achieved prior to the property coming to the market”*



“Sold in early January following bids from different buyers”

20

“Offered to a select number of buyers without marketing and sold to a buyer from London”

1. Lower Chidden Farmhouse, Hambledon, 6 bedrooms. Guide price: £3,150,000





BEHIND CLOSED DOORS

There are some sellers who prefer to handle the sale of their property away from the gaze of the market. It could be that they wish to limit the number of viewings to a carefully selected few or would rather not see their home in the local estate agent's window. In either 'off-market' situation, Knight Frank is ideally positioned to find the perfect buyer.

As with so many things, it's a great deal about contacts. Our teams in the South West and Hampshire include agents with several decades' experience in the region who have built up unrivalled knowledge of local properties, sellers and buyers. We also work closely with our colleagues

the prime end of the market where a lack of supply meant that quality homes were able to generate a lot of interest. One of the highlights of the year was the sale of Compton Castle in Dorset. A fairytale property with a castellated main building and a section of waterfront, it was handled by our Sherborne office and quickly matched to a buyer without a formal listing.

Closer to the capital, Ansell House near Newbury was another outstanding property that attracted a handful of cash bidders who pushed the price well beyond the £2.85m guide.

2016 looks set to deliver more of the same. Where prime property is involved and the seller's circumstances or wishes point towards an off-market sale, there will be no shortage of demand and competitive bidding is likely to be the order of the day.

“Off-market sales were strong in the south during 2015, particularly at the prime end of the market”

in Knight Frank's London-based Country Department, tapping into a network that stretches around the world. From this combination of local knowledge and global connections, we are able to draw on a vast pool of vetted, committed buyers.

Off-market sales were strong in the south during 2015, particularly at

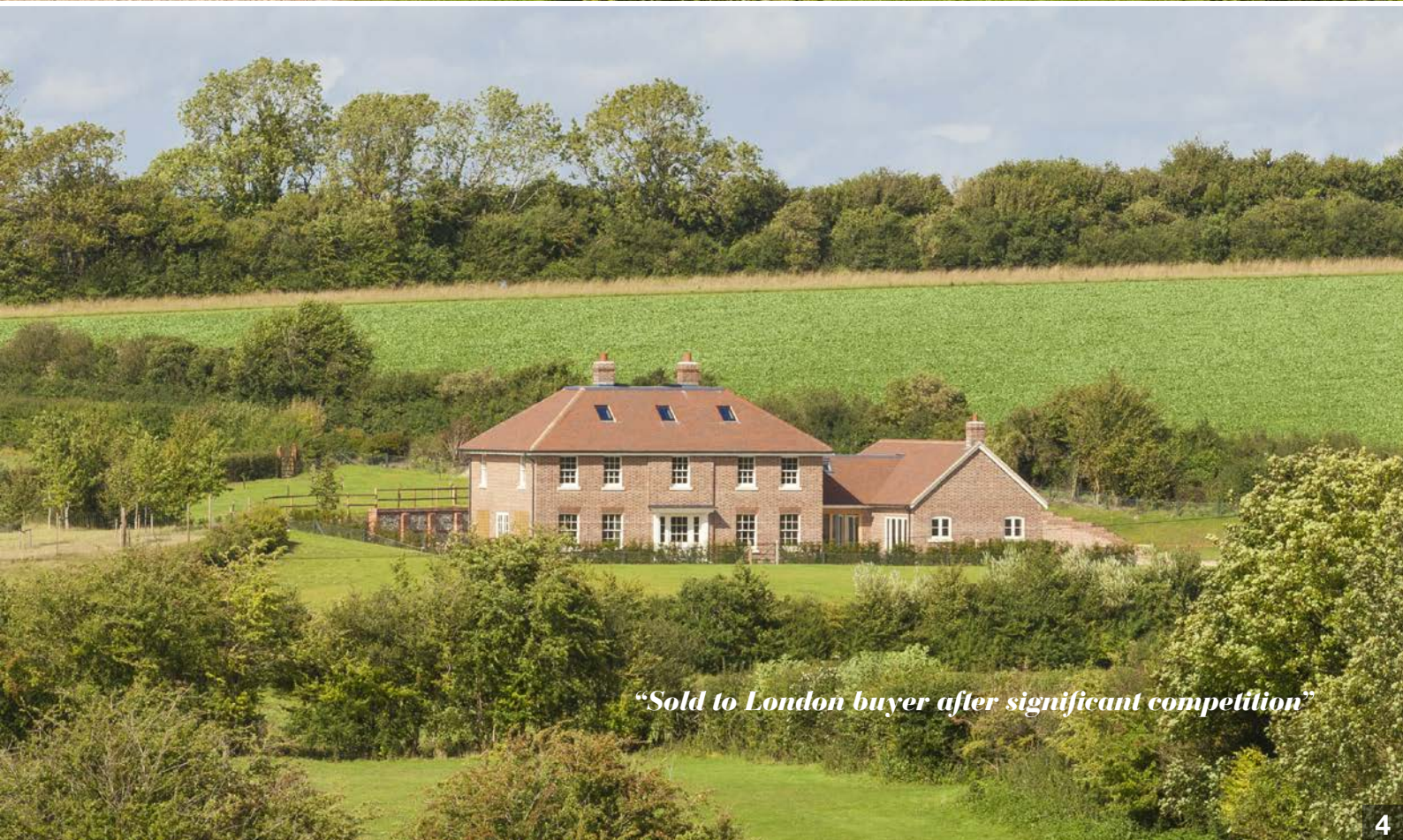
2. **Grays House**, Bramley, 6 bedrooms.
Guide price: Confidential
3. **Ansell House**, North End, 6 bedrooms.
Guide price: £2,850,000
4. **Bitham House**, Ham, 6 bedrooms.
Guide price: £2,850,000



“ Sold off-market prior to a full launch in the spring of 2016 ”



3



“Sold to London buyer after significant competition”

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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.

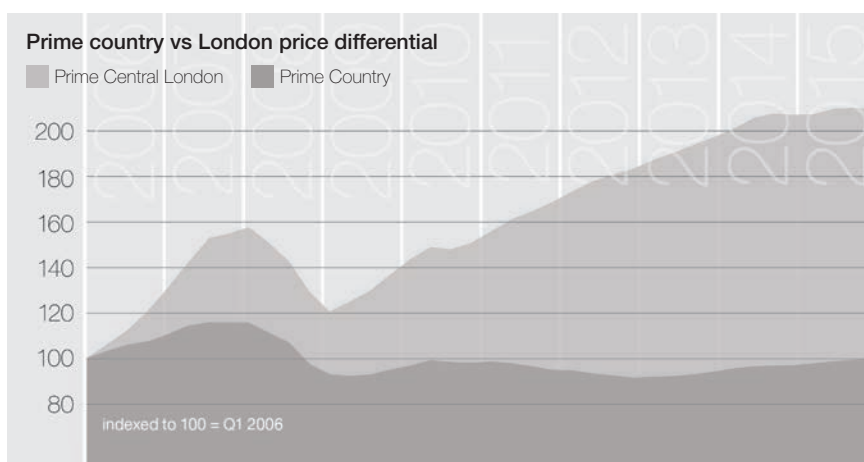
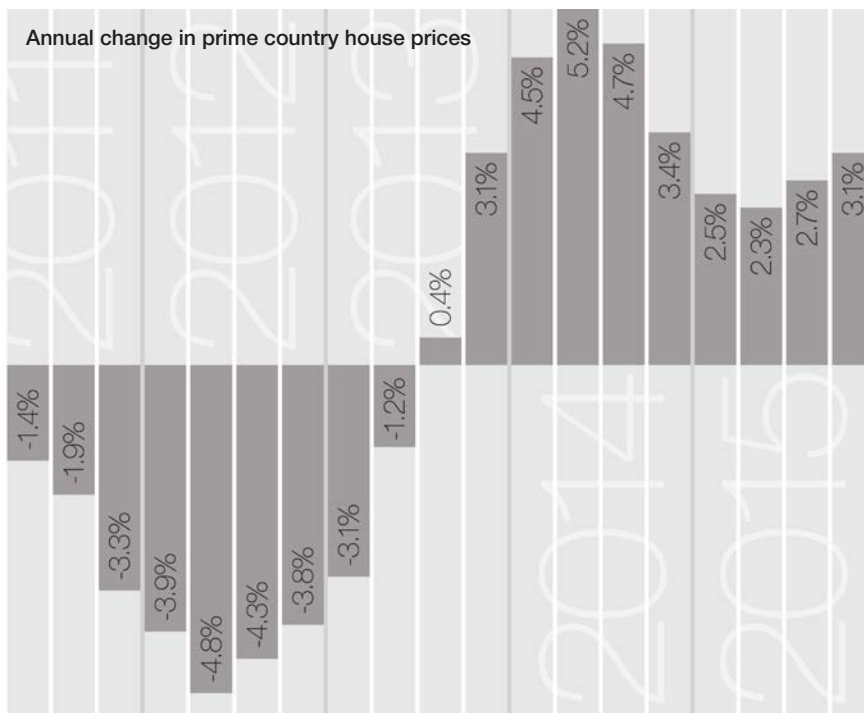
Furthermore, a degree of pent-up demand is being released as buyers at the top end of the market become more motivated after months of inaction.

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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