



OXFORD

Damian Gray, Head of Knight Frank's Oxford office, discusses a bumper year, who's buying, which property types are most in demand, and where the next hotspots are.

2011 was an extraordinary year. The first six to eight months saw dramatic sales volumes and, for the first time in a number of years, there was a noticeable increase in the number of country houses coming to the market and these country houses became a very attractive proposition, due to the combination of lower prices and low interest rates. Furthermore, the weakening value of the pound spurred an increase in the number of overseas buyers showing interest, leading to a number of dramatic sales in the country market, attracting up to 10 bidders per house in some cases.

Are there any areas or property types under more pressure than others?

Activity is buoyant across all sectors, however the number of properties in the country house market has fallen by around 50%, so this is where we see the most pent-up demand. There are some areas of the market under a little pressure; anything that suffers blight, or is perceived to be overpriced, seems to be receiving little or no attention from buyers. There are of course some hot pockets; the Thameside villages, Didcot commuting areas and the edge of the Cotswolds being the standout choices.

Who's buying in the area?

Almost a third of our buyers come from London and we have noticed a significant increase in interest from overseas buyers. Oxford city has led this transformation, with buyers from Russia, Hong Kong and Singapore most prominent. It is not uncommon to see Knight Frank on the streets of Oxford with interpreters in tow.

What properties are most sought after?

Interestingly, there has been quite a sea change in desire over the last few years. Until recently the majority of buyers were looking for a period house in need of refurbishment or enlargement, enabling the buyer to add value. With everyone now working far harder and having less time to undertake a refurbishment project, the highest premiums paid now are for edge-of-village houses that have already been refurbished, perhaps even "Londonised". That said, an old wreck with a separate cottage on the river, or in the Cotswolds will still produce phenomenal interest from buyers.

Oxford sales market at a glance

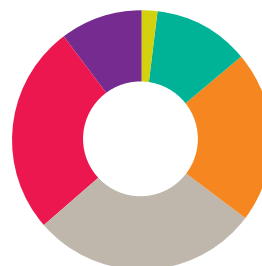


Figure 1
What do our applicants want to spend?
 New applicants, past 12 months

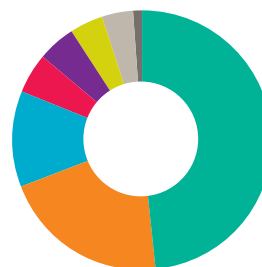


Figure 2
Where does the money come from?
 Buyers, past 12 months



Figure 3
What is coming to market?
 New instructions, past 12 months



Where are the next hotspots?

We are often asked what areas provide the safest investment. Aside from the City of Oxford itself, which still offers fantastic returns, the areas just north of Witney are tipped for price growth. This market town is growing in stature, with a rail link to Oxford also planned. To the south, demand for villages surrounding Didcot is always strong due to its commutability to London, and now that the route of the HS2 line has been decided, we expect north Buckinghamshire will rebound due to its excellent communications and lovely countryside.

What is the outlook for the region this year?

Our region, particularly Oxfordshire, is continuing to buck the trend. The number of buyers registering with us is increasing, as is the number of sales, and confidence is reasonably high. This is being driven in part by a dramatic supply shortage and buoyant trading conditions in London. We still feel that the next six months will see sensibly priced quality properties selling extremely well.

Why is the region so resilient to market forces?

Oxfordshire seems to have its own micro-climate. The attraction of the university, its colleges, innovative technology companies, teaching hospitals and some of the best schools in the country, generates extraordinary demand in both the city and the countryside. Its proximity to London means the area is also attractive to those looking for a second home. All these factors combine to create the imbalance between supply and demand, thus driving prices forward.

Charting the Oxford sales market

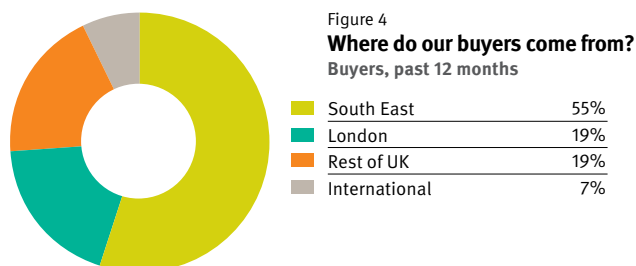
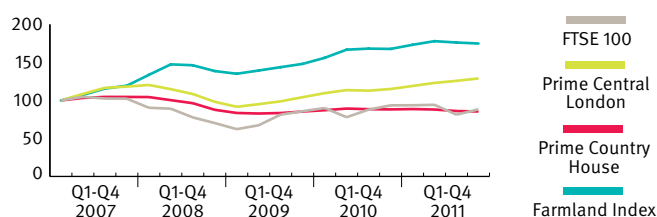


Figure 5
Market activity
 Year-on-year change (November 2011 to January 2012)

| | |
|------------------|--------|
| Exchanges | ↑ 155% |
| New applicants | ↑ 59% |
| New instructions | ↑ 16% |
| Viewings | ↑ 20% |

Figure 6
Wider market performance
 Prime country (sale prices) vs FTSE 100, past 5 Years



Oxford properties and the Knight Frank team

SOLD

Fulfill the dream

CHADLINGTON

5
 Guide £4.25m



SOLD

Picturesque Cotswold stone listed manor house

MINSTER LOVELL

9
 Guide £2.95m



FOR SALE

Impressive country house in rural setting

NR CHARLBURY

6
 Guide £3.25m



FOR SALE

Former rectory in sought-after village

APPLETON

8-10
 Guide £3.5m



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