



BRISTOL CITY MARKET INSIGHT Q2 2016

Prime property prices in Bristol have continued to rise this year underpinned by an uptick in demand and growing confidence in the market

Annual price growth for property in Bristol rose to 7.4% over the year to June, up from 6.6% in 2015, as demand for homes in the city continued to outstrip supply.

Such strong price growth highlights an ongoing trend among buyers for properties in towns and cities that are home to excellent transport links, schools and amenities.

Bristol is no exception. Knight Frank figures show a 17% increase in the volume of new buyer registrations in the second quarter of this year versus the same period in 2015 and a 19% rise in viewings over this time.

Agents note that confidence in the market has remained high despite the wider uncertainty across the UK surrounding the outcome of the EU referendum, and higher rates of stamp duty for second home buyers and investors.

Indeed, prices rose by 1.4% between April and June and have risen by 3.1% in 2016.

Ultimately, the underlying economic environment remains favourable for buyers, especially those with access to high levels of equity. A sustained period of very low interest rates as well as competitive long-term mortgage deals have helped to drive demand.

Our analysis of Land Registry sales data (see map) shows the main hubs for prime sales in Bristol. Over the last 12 months, prices in excess of £500 per square foot have been achieved in a number of these markets.

Local hotspots

However, as figure 2 shows, growth in the city has been far from uniform. Over the year to June 2016, properties in Redland, Stoke Bishop and Clifton have seen price growth above the wider city average at 12.3%, 8.6% and 8.5% respectively.

FIGURE 1
Bristol: Where have prime sales taken place?

£500,000+, year to March 2016

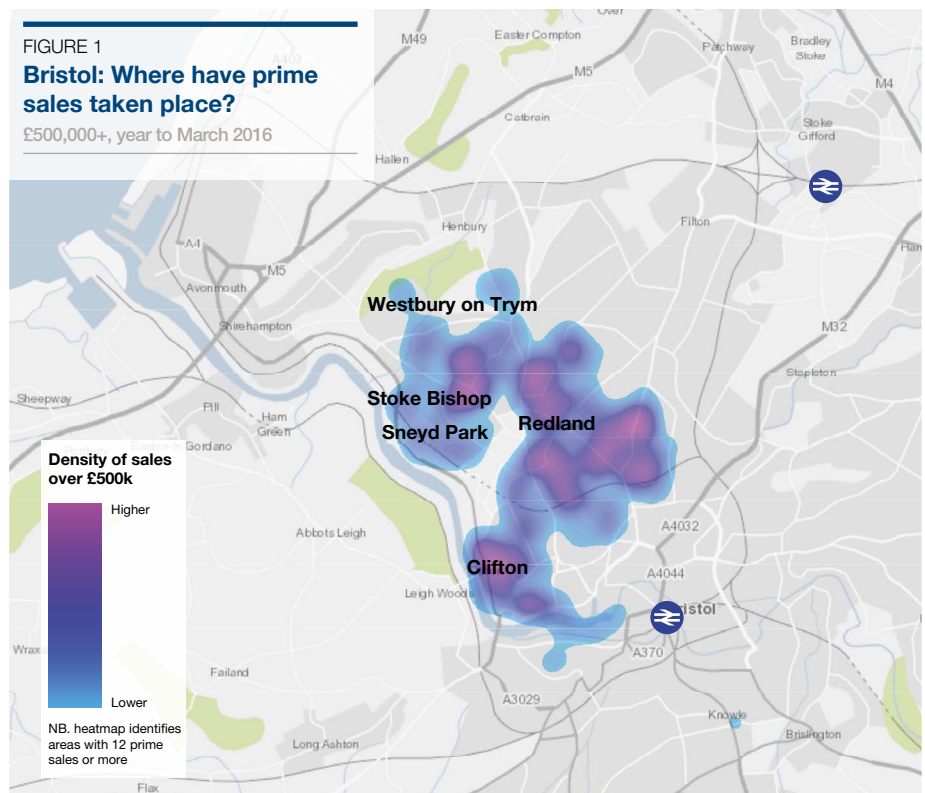
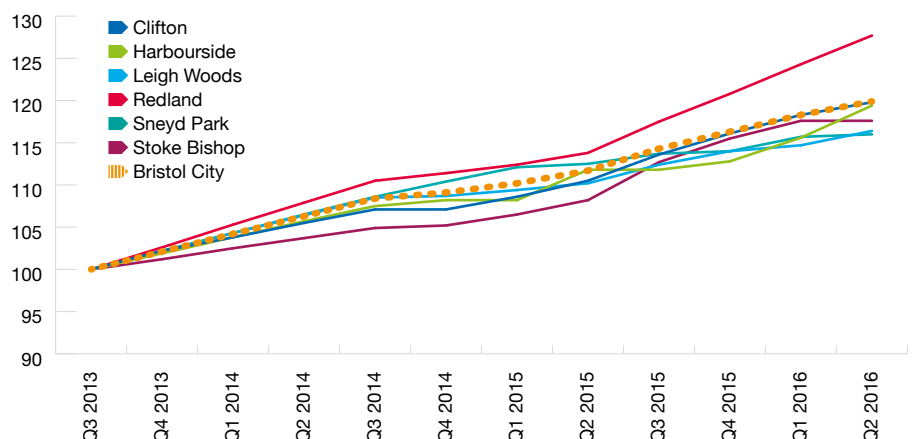


FIGURE 2
Average Bristol price growth by area

Indexed to 100 Q3 2013



Source: Knight Frank Research

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Comparatively, annual price growth in Sneyd Park has been more muted, at just 3.2% over the same timeframe.

In terms of market supply, the number of properties for sale through Knight Frank at the end of June remained at a near record low, a fact which has put further upwards pressure on prices.

Outlook

All eyes 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.

We now at least have political certainty following the appointment of a new prime minister, 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.

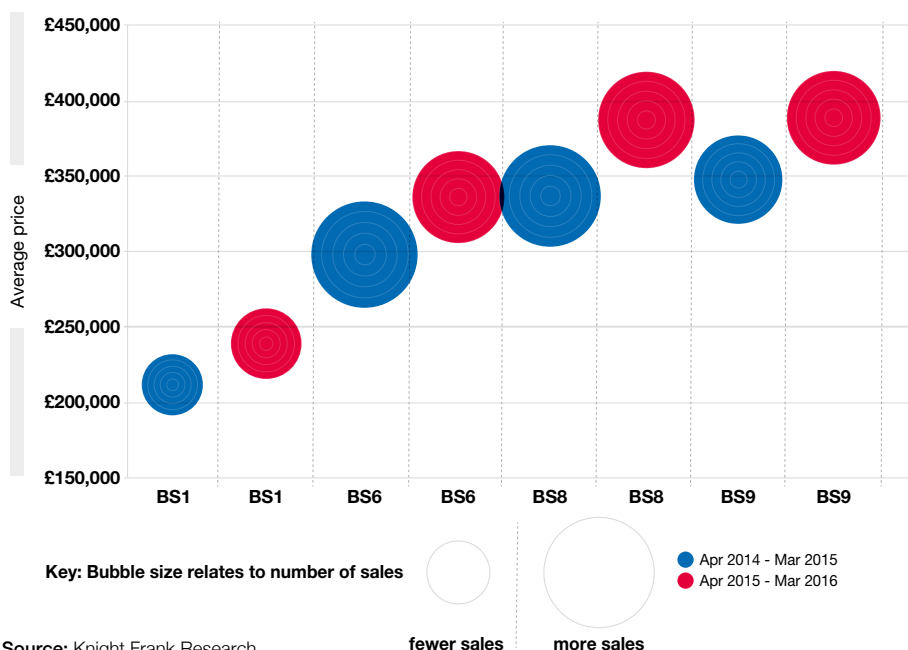
Meanwhile, the fundamentals of the market in Bristol show little sign of changing with low mortgage rates and a growing imbalance between supply and demand. The primary drivers of the market are also largely unaffected - with access to schools and improving transport links remaining a key attraction for buyers.

A reduction in journey times between Bristol and London as a result of improvements being made to the rail line is likely to further augment the city's appeal both locally and among buyers from outside the region who still need to travel into the capital on a relatively regular basis.

Once complete, the upgrades will bring travel times much more into line with other popular commuter locations such as Oxford and the wider Cotswolds.

FIGURE 3

Average price and sales volumes in Bristol by neighbourhood

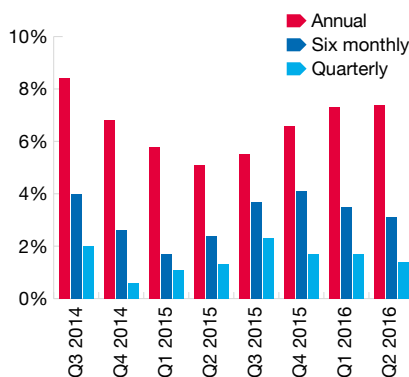


Source: Knight Frank Research

FIGURE 4

Bristol price change

Annual, six monthly and quarterly price growth, to June 2016

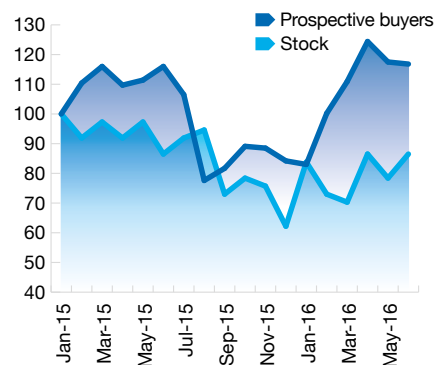


Source: Knight Frank Research

FIGURE 5

Supply and demand in Bristol's prime market

Indexed to 100 = Jan 2015



Source: Knight Frank Research

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