

BRISTOL CITY MARKET INSIGHT Q4 2016

A growing imbalance between supply and demand continues to be the main driver of price growth in Bristol's property market

Bristol's property market was buoyant in 2016, in spite of the headwinds which dampened sentiment in the wider prime market across England and Wales.

Prime property values in the city rose by 5.6% over the course of the year, according to Knight Frank's index. This compares to a fall of 0.4% on average for prime markets across the rest of the country.

Outperformance in Bristol has been driven by a number of factors, chief among which is a growing imbalance between supply and demand at the top end of the market.

The volume of new buyer enquiries for property in the city was 30% higher in 2016 compared with the previous year, while the number of viewings conducted jumped by 35% over the same period.

Looking just at the last quarter of the year, a traditionally quieter period in terms of activity, new enquiries were up 52% year-on-year and viewings were 58% higher highlighting Bristol's continued appeal.

Rising demand has been underpinned by a sustained period of low interest and mortgage rates, which has helped boost confidence among buyers. In addition, the more traditional drivers of the market in Bristol, such as high quality schooling, remain unchanged.

However, this uptick in interest from prospective purchasers has not been matched on the supply side. Agents note that a number of vendors who are moving house are cautious about placing their homes on the market if they have not found a new property.

FIGURE 1
Property prices in Bristol and surrounding area

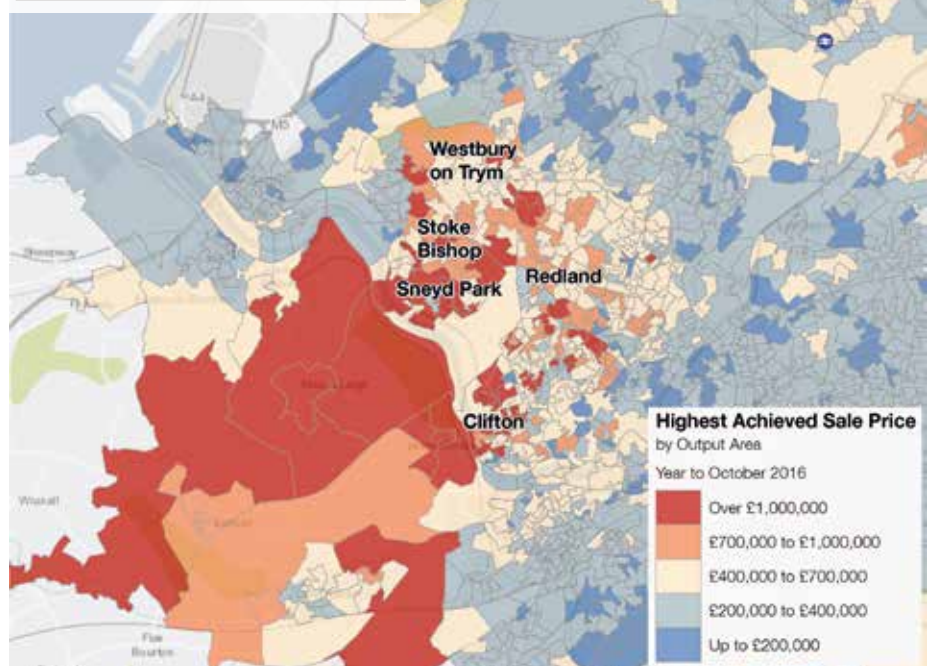
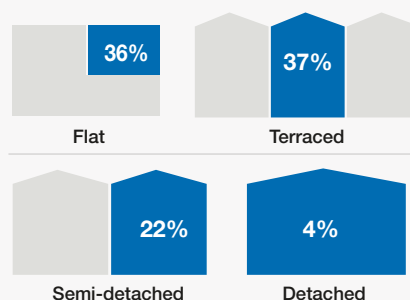


FIGURE 2 **Bristol fact sheet**

5.6% Average price growth in 2016

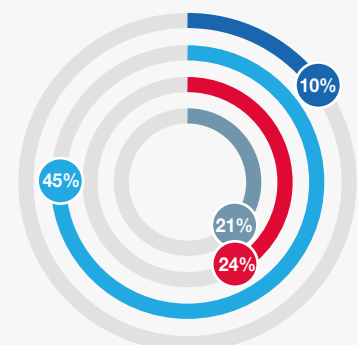
1.1% Average price growth in Q4 2016

PROPERTY TYPE



AGE OF HOUSING STOCK

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



Source: Knight Frank Research

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Consequently stock levels in Bristol remain near historic lows, Knight Frank figures show.

This means that competition among buyers tends to be strong, especially for the best homes. This is reinforced by data showing a 36% reduction in average time on the market for properties sold by Knight Frank in 2016 when compared with 2015.

Our analysis of Land Registry sales data (see map) shows where prime markets are located across the city, with the highest prices generally being achieved in the south westerly suburbs.

Over the last 12 months, prices in excess of £500 per square foot have been reached in a number of these markets.

However, as figure 2 shows, growth in the market has been far from uniform. Over the year to June 2016, properties in Redland and Harbourside have seen values rise faster than the wider city average at 9.9% and 9.1% respectively.

Comparatively, annual price growth in Clifton (4.9%), Sneyd Park (4.9%) and Stoke Bishop (2.5%) has been more muted over the same timeframe.

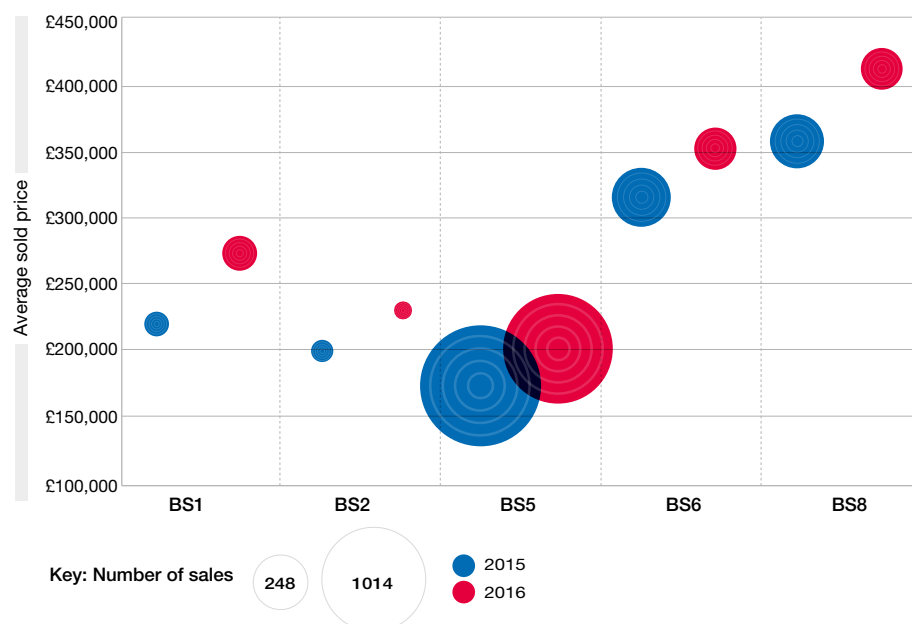
Lower than average price growth in these traditionally higher value markets can be partly attributed to a more cautious approach from buyers following two stamp duty hikes within space of 18 months. The changes targeted properties worth more than £1.1 million, buy-to-let investors and second home buyers.

However, agents note that where properties are correctly priced interest has been high. Ultimately, Bristol's strong track record of house price growth and the appeal and convenience of city living should underpin prices and activity again this year.

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

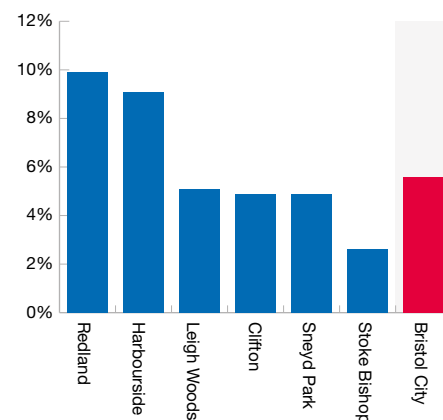


Source: Knight Frank Research

FIGURE 4

Bristol price growth by area

2016

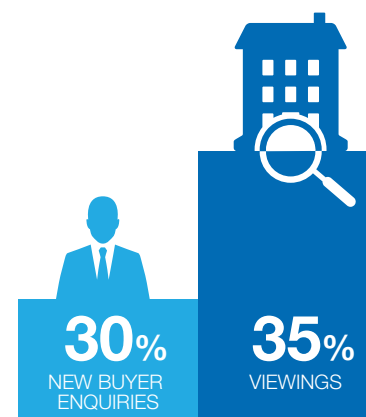


Source: Knight Frank Research

FIGURE 5

Bristol: Buyer demand rises

2016 v 2015



Source: Knight Frank Research

RESIDENTIAL RESEARCH

Oliver Knight

Associate

+44 20 7861 5134

oliver.knight@knightfrank.com

BRISTOL SALES

James Toogood

Partner, Office Head

+44 11 7317 1999

james.toogood@knightfrank.com

Robin Engley

Associate, Sales

+44 11 7317 1999

robin.engley@knightfrank.com



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