



# News Release

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## **Country house prices rise for first time in two years, says Knight Frank**

### **Quarter 3 results from the Knight Frank Prime Country House Index**

#### **Key Highlights:**

- **Prime country house prices rose on average by almost 1% in the third quarter of the year - the first overall increase in the Knight Frank Prime Country House Index since autumn 2007**
- **The increase was the greatest in the Home Counties (2.1%) where prices have increased for the second quarter running**
- **On an annual basis, average prices fell by 13.4% in the 12 months to the end of Q3. Prices, however, are still 20% below their Q3 2007 peak**

#### **Andrew Shirley, Knight Frank's head of rural property research commented:**

"The positive sentiment that we saw in the Home Counties market last quarter has now started to spread across the UK. According to the Knight Frank Prime Country House Index, the average price of quality houses in the countryside increased by 0.8% in the third quarter of 2009, compared with a decline of 0.9% in the second three months of the year.

"For the second quarter in succession the Home Counties have seen the strongest growth with prices rising 2.1% on the back of increasing confidence in the prime central London market. However, we are now also seeing this recovery extend into the south-west (+0.6%) and central regions (+0.7%).

"A surge in demand and a shortage of quality property on the market is the principal reason prices are increasing. According to our index the best country houses have still proved a better investment since 1995 than the stock market (see graph below).



“Many of those who have been looking to move for the past 12 months are now back in the market as the immediate impact of the credit crunch starts to fade - people, for whatever, reason, need to get on with their lives and cannot delay indefinitely. We are also seeing a large number of clients who are currently renting looking to buy again. Having sold at or near the peak of the market they were hoping the interest from their sales would cover their rent. Miserly bank rates, however, mean some are being forced to eat into their capital, eroding their future purchasing power.

“In August, usually a month of limited activity, the number of houses sold by Knight Frank in the Home Counties increased 85% compared with the same month in 2008. By contrast, the number of houses put up for sale fell by 27%.

“As long as this imbalance remains I believe that prices will continue to remain steady or gradually strengthen further. The big question now is how much pent-up demand from frustrated potential buyers remains in the system to maintain the momentum. An increase in interest rates or availability next year could dampen the recovery ”

**Rupert Sweeting, Knight Frank’s head of country department said:**

“It now appears that the prime county house market has bottomed out across most of the country. We should, however, not get too carried away. Even though the worst is certainly behind us, there is no guarantee that the recovery will not stutter again next year while questions remain over the UK and global economies.

“To my mind the rest of 2009 looks like an ideal window for potential vendors. Demand remains strong and the market is slowly being starved of quality stock. For those with sensible deposits, interest rates are set to remain extremely attractive. We are seeing more and more instances of competitive bidding and it is now no longer a rarity for a property to sell for over its guide price.

“The picture for 2010 is less clear and the prospect of a spring General Election, with the uncertainty that a likely change in political emphasis always engenders, only muddies the waters.”

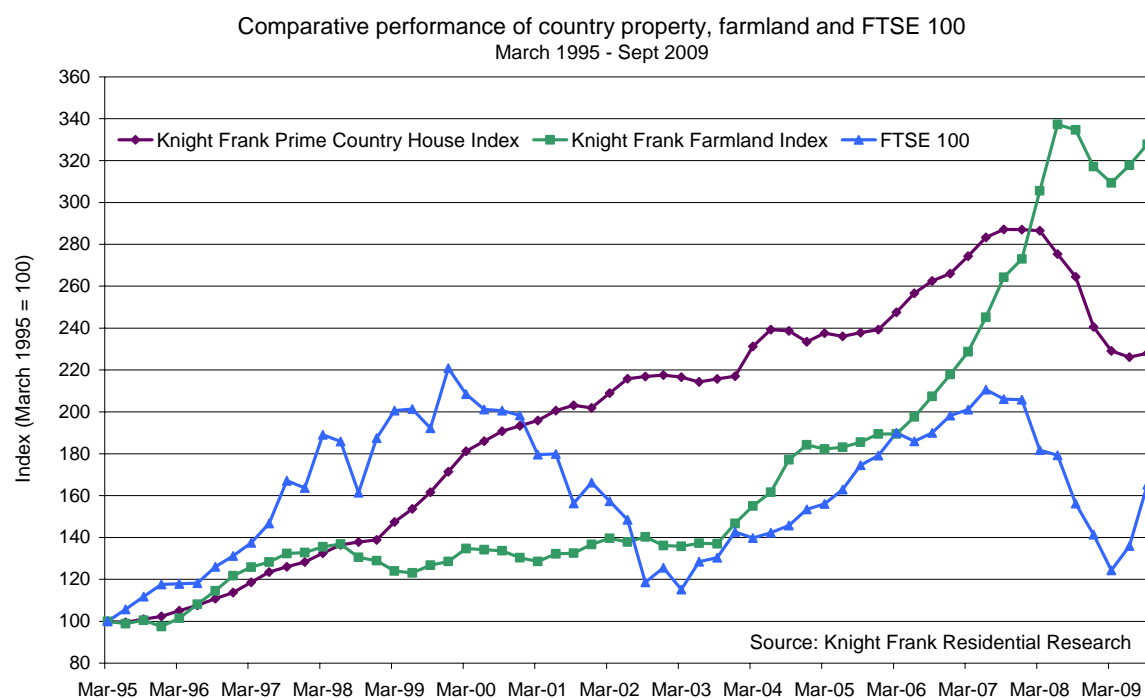
**Prime country property performance by sector**



Property Type	Quarter 3 price change %	Annual price change %	Average value
Cottage	0.7	-12.0	£0.44m
Farmhouse	1.4	-10.9	£1.1m
Manor House	0.3	-17.2	£2.5m
Unweighted average	0.8	-13.4	£1.3m

#### Prime country property performance (all types) by Knight Frank region

Region	Quarter 3 price change %	Six-month change %	Annual change %
Home Counties	2.1	2.9	-11.9
South West	0.6	-0.1	-14.0
Central England	0.7	0.3	-11.7
North and Scotland	-0.3	-5.5	-20.6



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### **Notes to Editors**

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank and its New York-based global partner, Newmark Knight Frank, operate from 196 offices, in 38 countries, across six continents. More than 6,770 professionals handle in excess of US\$700 billion (almost £355 billion) worth of commercial, agricultural and residential real estate annually, advising clients ranging from individual owners and buyers to major developers, investors and corporate tenants. For further information about the Company, please visit [www.knightfrank.com](http://www.knightfrank.com).

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### **About the Knight Frank Prime Country House Index**

The Knight Frank Country House Index is a valuation based index, compiled quarterly from valuations prepared by professional staff in every Knight Frank Country House office in the UK. The index is based on the valuation of a comprehensive basket of properties throughout all UK regions based on actual sales evidence.

Knight Frank tracks the performance of three country house property categories; cottages, farmhouses and manor houses. A typical manor house comprises a large property standing in its own, usually extensive, grounds with a private drive. A typical farmhouse has between five and six bedrooms, several acres of land including garden, paddock and barns. A typical cottage has about one acre of land, is detached and has three/four bedrooms. Detailed definitions of the three property types are available on request together with current case studies of properties being marketed.