



News Release

Date: 11 October 2010

Realistic pricing key as country house prices fall back after 12 months' growth, according to Knight Frank

Quarter 3 2010 results from the Knight Frank Prime Country House Index

Key Highlights:

- Prime country house prices in England fell on average by almost 1% in the third quarter of the year, but are still over 6% higher than they were 12 months ago
- Prices fell in every part of England, although areas around London remained most resilient
- Manor houses (-1.3%) saw the biggest fall in value. Farmhouses and cottage prices slipped by 0.6% and 0.8% respectively
- Realistic pricing is key to a successful sale, with further price falls expected in the final three months of the year
- Now is a very good time for potential purchasers to buy a lovely country house at a sensible price.

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

"After strong growth during the past 12 months, the slight weakening of the English prime country house market in Q3 by 0.9% did not come as a surprise. The economic recovery is still stuttering and the coalition government has made it very clear that the Comprehensive Spending Review later this month is likely to be extremely tough. This sentiment was reinforced by David Cameron's comments at the recent Conservative Party conference, which emphasised that everybody in the UK is expected to share the pain of rebalancing the country's books.



News Release

"When you combine these concerns with a steady increase in the number of quality houses for sale across the country (stock levels in September were up 12% compared with 2009), the prime country house market is actually proving remarkably resilient. Serious vendors, however, must not be complacent if they want to achieve a successful sale. If guide prices need to be reassessed, this should be done sooner rather than later as prices could fall further by the end of the year.

"The prime country house market around London tends to be slightly less affected by domestic issues, such as government spending cuts, because more purchasers come from overseas. Across Knight Frank's offices in the Home Counties average values fell by just 0.3% in Q3 and are up almost 8.5% on this time last year. In south-west and central England prices fell by 1.8% and 1.5%, respectively.

"Purchasers at the top-end of the market currently seem the most price sensitive. According to our index, the average value of a manor house fell by 1.3% in Q3, while cottages and farmhouses dropped by 0.8% and 0.6%, respectively."

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

"Knight Frank is still achieving some excellent prices for the best country houses, but there is no doubt that purchasers across the board are starting to become much more price conscious, especially where a property is not absolutely best in class. After 12 months of having very little to choose from, supply is also starting to pick up.

"On the positive side now is a very good opportunity for potential purchasers to acquire a lovely house at a sensible price before more buyers start looking in the spring."

Prime country property performance by sector

Property Type	Quarter 3 price change %	Annual price change %	Average value
Cottage	-0.8	6.2	£0.47m
Farmhouse	-0.6	6.5	£1.2m
Manor House	-1.3	5.5	£2.7m
Unweighted average	-0.9	6.1	£1.4m



News Release

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

Region	Quarter 3 price change %	Six-month change %	Annual change %
Home Counties	-0.3	2.1	8.4
South West	-1.8	1.5	6.7
Central England	-1.5	1.3	5.4
North	-1.5	-0.9	3.2

Example properties for sale:

Cottage :-

Buttercombe Cottage, Newton Abbot, Devon – guide price £475,000

Buttercombe Cottage is a beautifully presented Grade II Listed thatched cottage situated in a peaceful village location with good access to Totnes, Torbay and Newton Abbot. Finished to a high standard with many original features.





News Release

Farmhouse :-

The Malthouse, Chipping Norton, Oxfordshire – guide price £1.26 million.

A Georgian family house requiring modernisation, with gardens and paddock land of about 6.5 acres. Four bedroom cottage with garden and paddock, 6 acres of further land and outbuildings available separately.



Manorhouse :-

Poole Keynes House, Cirencester, Gloucestershire – guide price £2.5 million.

A charming Cotswolds property with traditional gables. All the rooms are well proportioned and lend themselves well to either family living or formal entertaining. The property is surrounded by mature woodlands and well kept gardens.





News Release

For further information, please contact:

Andrew Shirley, head of rural property research, Knight Frank; andrew.shirley@knightfrank.com
+44 (0) 207 861 5040, +44 (0) 7500 816 217

Rupert Sweeting, head of country department, Knight Frank; rupert.sweeting@knightfrank.com
+44 (0) 207 861 1078, +44 (0) 7836 260 236

Davina Bell, residential PR manager, Knight Frank; davina.bell@knightfrank.com
+44 (0) 207 861 1033, +44 (0) 7796 996 154

Ends

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 207 offices, in 43 countries, across six continents. More than 6,340 professionals handle in excess of US\$886 billion (£594 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.

About Residential Research

Research provides strategic advice, consultancy services and forecasting to a wide range of clients worldwide including developers, investors, financial and corporate institutions. Our research reports are available at www.knightfrank.com/research

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 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.

No: 10pr 538