

HIGHLIGHTS

SOUTHERN HOME COUNTIES

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Welcome to Knight Frank's Southern Home Counties Highlights. In this year's edition, we look at the prevailing conditions and trends that have shaped the property market in the region and also feature a selection of properties marketed by our teams during 2015.

WELCOME

Of course the big UK story of the year was the surprise election result in May. In property terms the uncertainty surrounding the outcome – and the possible introduction of the so-called Mansion Tax – had the effect of putting the brakes on a market already slowed by the increase in stamp duty introduced at the end of 2014. However, by the late summer of 2015 the market was showing signs of absorbing these factors and getting back to business as usual.

If there has been any lasting impact it is that sensible pricing levels have been the key to achieving successful sales. The prime market in 2015 saw those properties listed at an attractive level generating a lot of interest – and often achieving significantly more than the guide price following a bidding situation.

The regional hotspots have remained those areas within a reasonable commute of the capital, as Londoners cash in and move out in search of more space. The Southern Home Counties provides just that, its popularity stemming from the excellent value on offer compared to the City.

Overall, there is a sense of a market returning to peak form and factors such as attractive mortgage rates are likely to provide added momentum in the months ahead.



James Cleland
Partner, Country House Department

TOWN LIVING

The Southern Home Counties is dotted with towns that offer an easy commute to London together with a slower pace of life in greener surroundings. It's a tempting mix that keeps property here in big demand, and 2015 was yet another busy year for our offices in Guildford, Haslemere, Horsham, Sevenoaks and Tunbridge Wells.

The market for town properties was buoyant in 2015, and the speed of sales underlined this ongoing trend – we were continuing to see quality properties going under offer in as little as two weeks. Townhouses in the £1-£2m region were perhaps the most sought-after commodity, with a steady increase throughout the year in the number of families moving out of town.

that now is the right time to sell and make the leap to country living.

New developments in this area are always well-subscribed, and in 2015 Bellerby in Guildford was a case in point. This collection of 30 one and two-bedroom apartments above the town's Waitrose store were fully reserved within two weeks of release. The vast majority of buyers were investors, with many being introduced to the property through Knight Frank's international network.

As you would expect in the current seller's market, prices rose steadily during 2015 – we saw rises of between 5% and 10% in town properties by the end of the year. 2016 is on course to deliver more of the same healthy growth.

The following pages feature a selection of town properties that our teams successfully marketed during 2015.

“A motivator has been the plateau in Central London property prices, prompting many to believe that now is the right time to sell up and move out of London”

Local schooling is a key factor for this type of buyer and towns in our catchment area offer an excellent choice – both independent and state. Another motivator has been the plateau in Central London property prices, prompting many to believe

***“Sold to local buyers downsizing but seeking a premium
Tunbridge Wells Park location”***

1. **Calverley Park**, Tunbridge Wells, 5 bedrooms. Guide price: £2,850,000





“Sold at the guide price within two weeks”



2. **Roseneath**, Sevenoaks, 5 bedrooms.
Guide price: £2,675,000
3. **Chase Farm**, Haslemere, 6 to 7 bedrooms. Guide price: £2,500,000
4. **The Garden House**, Sevenoaks, 6 bedrooms. Guide price: £2,850,000
5. **Hoye**, Sevenoaks, 8 bedrooms.
Guide price: £3,250,000
6. **Oakhill Road**, Sevenoaks, 6 bedrooms.
Guide price: £1,995,000





“Sold to a local family who had previously bought a house from Knight Frank Sevenoaks three years ago when they returned from China”

7. **Waverley House**, Farnham,
6 bedrooms. Guide price: £3,650,000
8. **Knapton**, Sevenoaks, 5 bedrooms.
Guide price: £2,500,000
9. **Nevill Park**, Tunbridge Wells,
6 bedrooms. Guide price: £2,500,000





COUNTRY LIVING

During 2015, the market for rural property in the Southern Home Counties was characteristically steady, with little of the volatility that has typified the neighbouring London market.

The general caution surrounding the economy and the General Election result calmed activity slightly, especially during the early part of the year, but we saw sales levels bounce back markedly during the summer and autumn. A shortage of quality homes coming to the market throughout the year served to increase competition, with the best properties often going to sealed bids.

“The hotspots have continued to be the villages south of Guildford into the South Downs and around Sevenoaks”

The hotspots have continued to be the villages south of Guildford into the South Downs and around Sevenoaks. With their excellent road and rail links, these commuter-friendly corridors leading out of the capital are always popular.

The difference between prices here and in London was also at its greatest in 2015, so buyers have been able to swap, for example, a Victorian terrace in West London

for a six-bedroom house with five acres. Add in the excellent schools throughout this region and it's clear why so many families have decided now is the time to make the move out of town.

The rise in stamp duty introduced at the end of 2014 continued to have an impact on property sales above £2m, but has now largely been factored into pricing. Throughout 2015, however, we saw buyers tending to stick more closely to their wish-lists, knowing that making the wrong move would be an expensive mistake.

The picture ahead is characterised by continuing growth, but at sensible, sustainable levels. There are no elections or taxation developments looming, so we expect the Southern Home Counties region to perform well as stock and activity levels rise.

The following pages feature a selection of rural properties our teams successfully marketed during 2015.



“Generated strong interest and offers from six different buyers. Eventually agreed at a price 20% above the guide”

1. Haremere Hall, Etchingam, 12 bedrooms. Guide price: £2,000,000

2. **The Old Mill House**, Shoreham,
5 bedrooms. Guide price: £2,200,000
3. **Heathfield House**, Old Heathfield,
9 bedrooms. Guide price: £5,000,000
4. **Hascombe Grange**, Hascombe,
8 bedrooms. Guide price: £3,000,000

5. **Reeds**, Liss, 10 bedrooms.
Guide price: £2,250,000
6. **Home Green**, Worplesdon Hill,
6 bedrooms. Guide price: £3,250,000
7. **Funtings**, Kirdford, 5 bedrooms.
Guide price: £5,350,000

8. **Kinsbrook**, Brooks Green,
6 to 7 bedrooms. Guide price: £1,950,000
9. **Winfield House**, Crouch, 5 bedrooms.
Guide price: £2,650,000
10. **Longfield**, Weald, 6 bedrooms.
Guide price: £2,450,000



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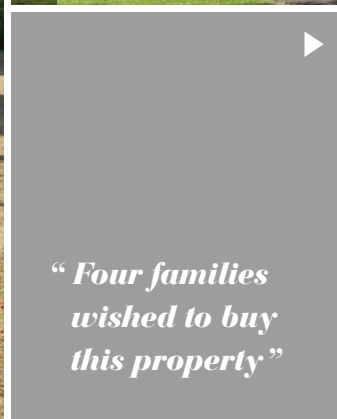
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“Four families wished to buy this property”



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“Formerly on the market with another agent. Knight Frank agreed a sale to buyers from London”



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◀
*“Sold to a London buyer
 from the Knight Frank
 Horsham database”*

11. **The Vineyard**, Woking, 6 bedrooms.
Guide price: £3,000,000

12. **Prospect House**, Laughton, Lewes,
7 bedrooms. Guide price: £2,950,000

13. **Realm Park**, Bidborough, Kent,
7 bedrooms. Guide price: £2,250,000

14. **Old Soar Manor**, Plaxtol, 6 bedrooms.
Guide price: £2,500,000

15. **Blonks Farm**, Shipley, 6 bedrooms.
Guide price: £2,950,000

16. **Overwey**, Tilford, 5 bedrooms.
Guide price: £5,000,000

17. **Dalton Hill**, Albury, 6 bedrooms.
Guide price: £3,000,000

18. **Wood House**, Loxwood, 7 bedrooms.
Guide price: £2,250,000

19. **The Old House**, Lodsworth, 8 bedrooms.
Guide price: £3,850,000



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“After nine months of being marketed by a competitor Knight Frank introduced the buyer”



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“Purchaser was moving from London and was introduced via the Country Department”



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***“The off market sale was handled discreetly
by our Haslemere office”***

1. Haslemere, 6 bedrooms. Guide price: £4,950,000



BEHIND CLOSED DOORS

Ready access to vetted buyers is the key to making a successful sale away from the glare of the open market. With a wealth of local contacts built up over many years, and a strong national and international network, Knight Frank has become the first port of call for this more discreet approach to selling a home.

Whenever a seller approaches us with a new instruction, we can act straightaway to contact a shortlist of well-positioned buyers. By working with our colleagues in the Country department in London, we can spread that net even wider and reach out to potential purchasers within the UK or further afield.

“With more than 400 offices worldwide, Knight Frank has one of the most far-reaching shop windows in the property industry”

The pool of London buyers is particularly valuable as these are often purchasers with very specific property wish-lists, but flexibility in terms of location. So if the house has large grounds, a guest cottage and pool, for example, they may be happy to

consider anywhere within good commuting distance of the capital.

International buyers also feature heavily in transactions of this type. With more than 400 offices worldwide, Knight Frank has one of the most far-reaching shop windows in the property industry. This ensures that our database of purchasers is constantly being updated, increasing our ability to find the perfect buyer when the right property becomes available, even if it is being offered behind closed doors.

For purchasers, it can be an opportunity to gain an advantage and secure a sought-after piece of real estate. If it is a particularly popular location or property type, they will often be prepared to pay a premium to secure an off market sale rather than risk the uncertainty that goes with a public listing.

“Bournebrook was handled by the Guildford office without any exposure to the open market. We approached a small group of buyers who we knew were in a proceedable position.”



2. **Bournebrook**, Chobham, 5 bedrooms.
Guide price: £2,400,000



COUNTRY RESEARCH



Oliver Knight

Senior Analyst,
Knight Frank Research

The turning point for the prime country property market occurred in early 2013 as prices started to edge upwards after two years of negative growth. By June 2014 annual growth had reached 5.2%. Although the rate of growth has slowed, prices ended 2015 3.1% higher than a year earlier.

As has also been the case in the mainstream housing market, there are conflicting factors at play in the prime market which are both weighing on growth and driving it higher.

With interest rates remaining at record lows, the economy continues to recover. However, tighter lending regulations and higher transaction costs as a result of reforms to stamp duty introduced in December 2014 have had a noticeable impact on activity and price growth in 2015.

Indeed, the impact of the increased amount of stamp duty can't be underestimated. The changes mean that, while those buying homes worth up to £937,500 pay less stamp duty than before, above this value buyers are potentially paying substantially more. There is a small anomaly between £1.01 million and £1.11 million, where under the new regime buyers pay slightly less tax.

While these higher transaction costs will continue to weigh on activity and price growth in 2016, signs have begun to emerge that both buyers and sellers are adjusting to the changes. Increasingly, higher transactional costs at the top end of the market are being factored into pricing.

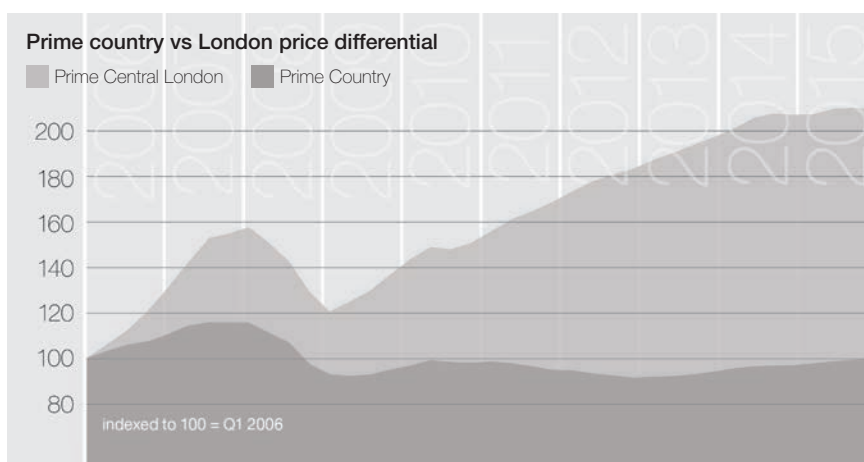
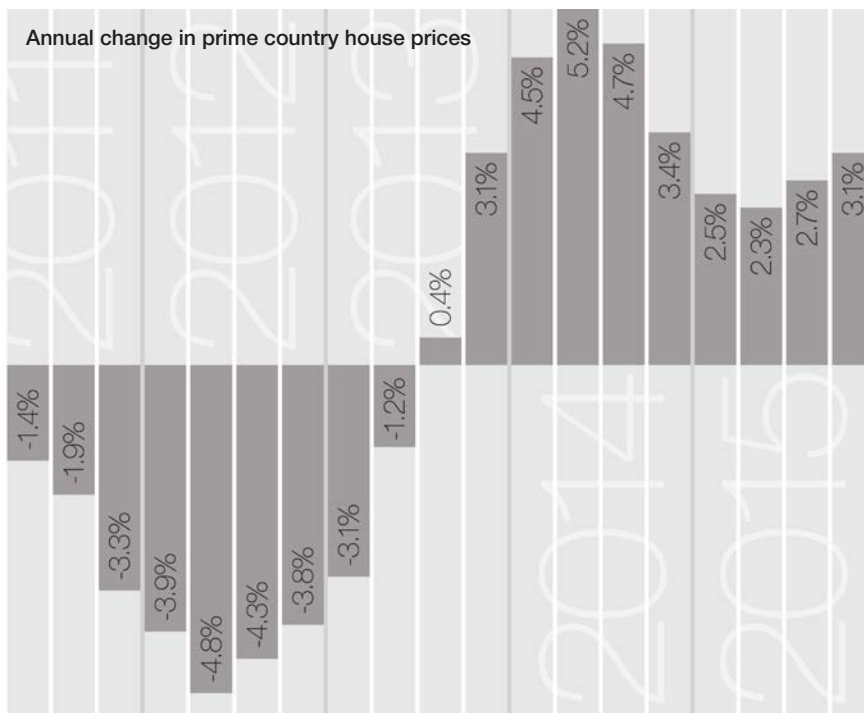
Furthermore, a degree of pent-up demand is being released as buyers at the top end of the market become more motivated after months of inaction.

We are forecasting average price growth across the prime country market of 3% in 2016.

As the economy continues to recover and prime property values outside of London increase, the trend for more London buyers to move will also gain traction, boosting the ripple effect of house price growth from the capital.

Popular commuter locations, within easy reach of the capital, are likely to be the biggest beneficiaries. Key town and city locations are also expected to outperform as the trend

“A degree of pent-up demand is being released as buyers at the top end of the market become increasingly motivated after months of inaction”



for urban living continues to grow. Infrastructure improvements, including new faster rail and road links, will enhance the appeal of these areas further, as well as opening up more rural markets once again.

The long-term outlook for the prime country market is positive. Prime country house prices remain 14%

below their 2007 peak and this suggests that there is potential for further price growth.

With a strong economic underpinning 2016 should see an improvement in trading conditions. The importance of correct pricing at the outset will remain critical to achieving sales.

SDLT CHANGES

Just over a year since George Osborne announced his major shake-up of Stamp Duty Land Tax (SDLT), the Government has proposed a further increase in purchase taxes for some buyers.

Under the proposals, an additional 3% rate will apply to the purchase of additional properties, such as buy-to-let and second homes. The new rate will come into effect from 1 April 2016.

The intention is that anyone who owns a home anywhere in the world will pay the higher stamp duty on purchases from April 1 2016, unless they are replacing their primary residence in the UK.

It would seem fair to expect a boost in activity between now and the end of March this year, as those affected by the changes look to complete on purchases before the new rates are implemented.

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