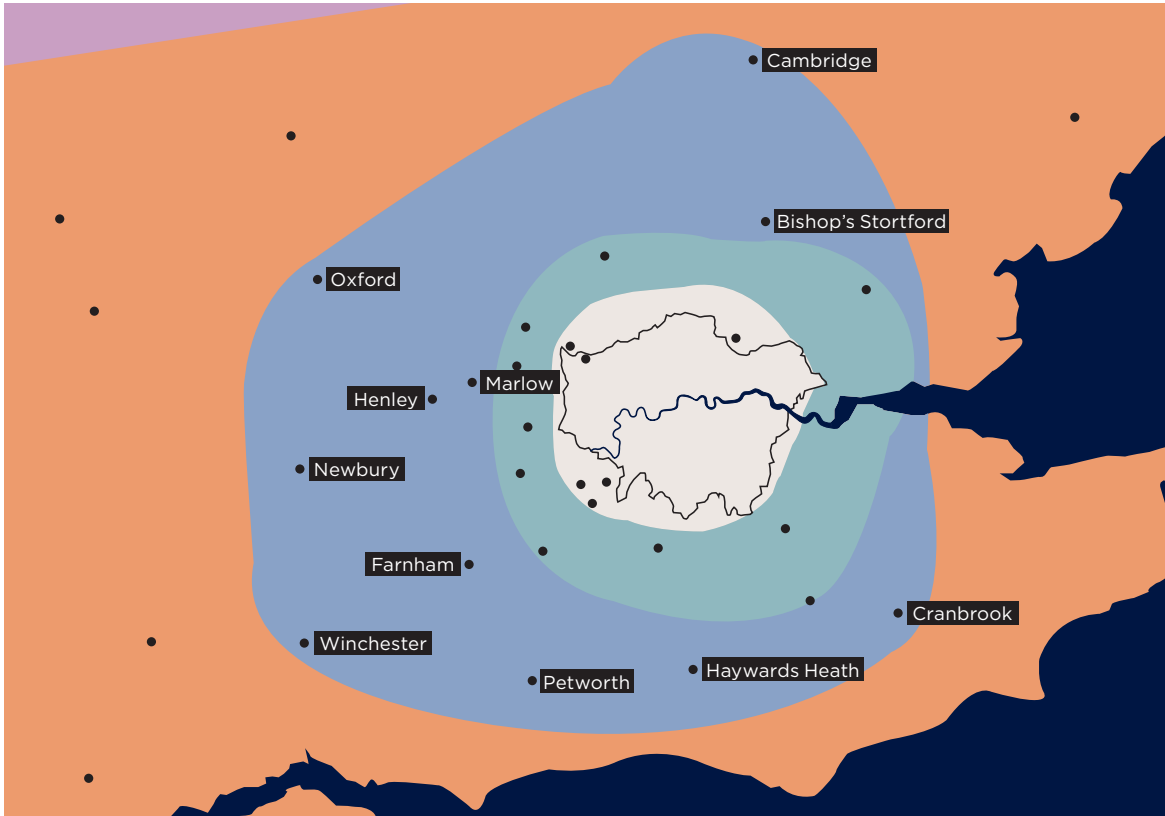


Prime London's Outer Commute



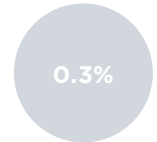
PROPERTIES LOCATED WITHIN 30-60 MINUTES OF LONDON



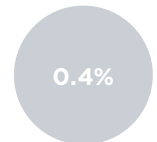
Key ■ London's outer commute ■ London suburbs ■ London's inner commute ■ Wider South ● Savills office index areas
Source Savills Research

Price monitor

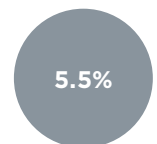
Key statistics for house price growth



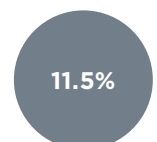
Quarterly price movement across all prime regional housing markets



Quarterly price movement across prime London's outer commute



Five-year price movement across prime London's outer commute



Five-year price movement for property in urban areas of prime London's outer commute

Note Prices to June 2019
Source Savills Research

Prices rise after two-year slowdown

Values in the prime London's outer commuter zone have risen for the first time in more than two years, despite ongoing price sensitivity. They increased by 0.4% in the past quarter, leaving them down just 0.3% in the past year. This compares with a fall of 1.2% at the same point last year.

Brexit appears to be the most significant challenge. In a recent survey, two-thirds of Savills offices in the region – typically 30-60 minutes from London – say that uncertainty surrounding Brexit is the biggest difficulty they face as the stamp duty changes appear to have been absorbed into the market during the past five years.

The very top end of the market has shown signs of levelling out. Properties in the £2m-plus price band have increased by

1.7% in the past three months – the first significant rise since the EU referendum. Annually, values have fallen by just 0.3%, a big improvement on last quarter when the figure was -3.3%.

The market is dominated by local needs-based buyers. But as one in seven of prime buyers in the area moves from London and more than one-third still travel to work in the capital, the weakness of the prime London and suburban markets has weighed on buyer sentiment.

This said, more realism from those selling in London has underpinned activity, particularly from those in search of more space. Some 81% of buyers in this area have children, more than any other area in the country, and almost half are upsizing.

Prime price movements (to June 2019)

	All prime London	All UK prime regional	London suburbs	London's inner commute	London's outer commute	Wider South	Midlands and North	Scotland
Quarterly growth	0.0%	0.3%	0.7%	-0.6%	0.4%	0.6%	0.3%	0.6%
Annual growth	-1.8%	-0.4%	-0.1%	-2.4%	-0.3%	-0.7%	0.6%	2.0%

Source Savills Research

Pockets of urban appeal

Over the past five years, prime property in the towns and cities of London's outer commute has outperformed more rural locations, increasing by 11.5% compared with 3.6%. However, it has not been immune to the slowdown. In the past 12 months, values of prime property in the cities of Oxford, Cambridge and Winchester have fallen by an average of 1.6%.

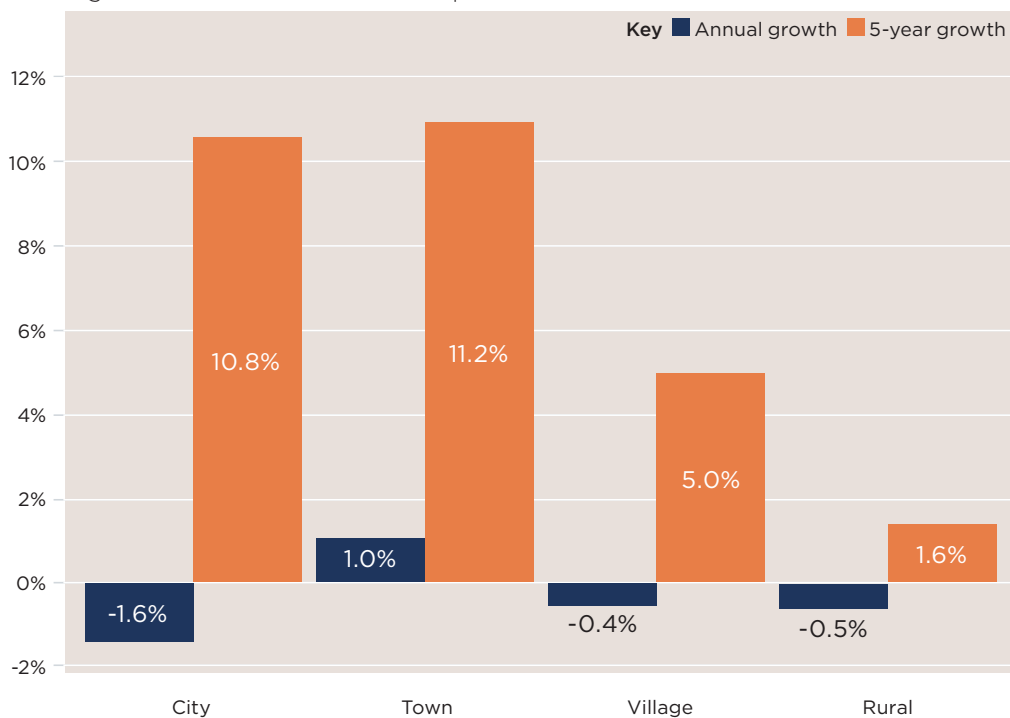
The strongest performer in London's outer commute has been Henley-on-Thames. Since the extension of the Brexit deadline, there has been an improvement in activity in the riverside town with quarterly growth of 3.8%, leaving values 4.3% higher than they were a year ago.

Similarly, demand has increased in neighbouring Marlow. Prime property prices

here increased by 1.1% in the year to the end of June, having remained broadly flat over the past three months.

Elsewhere, the prime markets remained stable. Prices in Cranbrook and Petworth slipped marginally by 0.3%, while those in Bishop's Stortford, Farnham, Haywards Heath and Newbury have stayed flat during the past three months.

Urban growth During the past five years, prime property in the region's towns and cities has outperformed more rural locations



Source Savills Research

“The strongest performer in London's outer commute has been Henley-on-Thames, with values 4.3% higher than they were a year ago”

OUTLOOK

A rise in registered buyers and viewing activity this year are positive signs and a cause of optimism. However, for the rest of 2019, we expect the prime markets to remain price sensitive and driven by needs-based purchasers.

Heightened uncertainty over what the new prime minister will mean for Brexit, the economy and tax policy will weigh down on market sentiment.

Boris Johnson has already raised the possibility of changes to stamp duty as a means of freeing up

the housing market. For some sellers, this may seem like a reason to delay, in the hope that it spurs an increase in demand. But a decision to do so will be weighed against the risks of disruption to the market from a possible no-deal Brexit or, in more extreme

circumstances, tax changes in the case of a change in government.

The relative value in the regional prime markets compared with London will underpin future growth. Quality is key in this cautious market, so vendors must present stock of the best condition.

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