

Prime Midlands and North



Key ■ Midlands and North ■ London's outer commute ■ Wider South ■ Scotland ● Savills office index areas
Source Savills Research

Price monitor

Key statistics for house price growth



Annual movement in prime Midlands and North values



Prime value growth since SDLT change



Prime value growth since 2007 peak

Growth in the prime Midlands and North market in the past five years

City: 9.5%
Town: 13.7%
Village: 8.6%
Rural: 1.0%



Note Prices to June 2019
Source Savills Research

Value growth bucks the national trend

Prime values across the Midlands and North of England continued to grow during the second quarter of 2019, outperforming the rest of the country. However, Brexit has become a major challenge, with uncertainty impacting supply and transactional growth. Against this backdrop, the gap between buyer and seller expectations has widened.

Annual growth in values in the Midlands and North during this period was 0.6% compared with a drop of 0.4% across the rest of the UK. However, one year ago, the figure for the Midlands and North was 1.7%, which highlights the price-sensitive nature of the current market.

Price growth has been most robust in the market below £1 million. Demand above this level has also picked up,

following an adjustment in values over the past five years due to higher rates of stamp duty.

Properties in urban locations that are close to local facilities and train stations have performed well, growing by 1.3% over the past year. However, the market in surrounding areas is offering excellent value for money and there is an increase in demand for country properties that are best in class. As a result, values in accessible village and rural areas grew by 0.4% following a long period of adjustment.

With a value differential of 34% compared with all properties in our prime indices outside London, it is no surprise that the Midlands and North continues to attract equity-rich buyers from the capital to supplement demand from within the region.

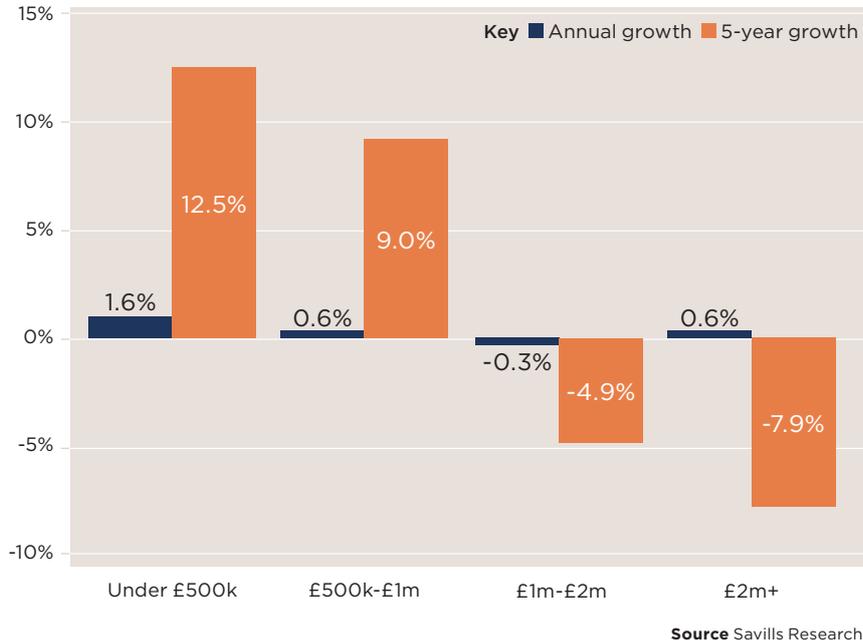
Prime price movements (to June 2019)

	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%

ROAD TO RECOVERY

Higher rates of SDLT taxation above £1 million have suppressed value growth at the top end of the market over the past five years. However, an adjustment in values has enabled a recovery in transactions and there is increased demand for properties with a high level of specification in easy-to-reach areas. The market will remain challenging for properties in remote locations that require upgrading.

Value performance The market above £1 million is recovering, following an adjustment in values due to higher rates of taxation



sectors such as agriculture, food and drink, biotechnology, chemical, automotive, financial services, ICT and tourism. There is the additional advantage of a direct rail service to London Euston in around two hours.

The number of viewers and buyers registering with Savills across Cheshire increased by 28% and 27% respectively during the first half of this year compared with 2018. Around a half of Savills purchasers in Cheshire are families. This market has had a 30% annual increase in buyers over the past year, attracted by the range of quality schooling.

In the Midlands, prime values in Nottingham increased by 1.6% annually. There is strong demand for bespoke new build properties and a resurgence among aspirational buyers, originating from the local area and from further afield, who are looking to upgrade to a larger property.

Attractive, well-connected

While prime values across the region have shown modest growth over the past year, a number of areas have performed well.

In the North, these include Wilmslow, Knutsford and Chester in Cheshire, where prime values

increased by 2% annually. Here, there has been continued strong demand for properties with a high level of internal specification in both town and country locations.

Cheshire has a vibrant economy, with a reputation for excellence in

OUTLOOK

The rise in registered buyers and viewing activity this year give reason for optimism. But heightened uncertainty over what the new prime minister will mean

for Brexit suggests the prime markets will stay price sensitive for the remainder of 2019.

Across the Midlands and North of England, the key fundamentals of attainability, quality

of life, good schools, transport connections to London and economic growth will drive local markets.

There is a healthy pool of motivated buyers, including

those from London and overseas, looking for well-maintained and high-quality properties. But prices will have to be set appropriately to stimulate demand and progress sales.

Definition of prime property This market consists of the most desirable and aspirational property by location, aesthetics, standards of accommodation and value. Typically, it comprises properties in the top 5% of the market by house price.

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