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.
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.