

Prime suburban



Weybridge,
Surrey

Prime suburban

Properties located
within the M25

Growth in the prime
suburban market by
value in the past
five years

£500k-£1m
21.3%

£1m-£2m
4.2%

£2m plus
-22.0%

Price monitor



Annual price movement
across all prime
regional markets.



Five-year price
movement across all
prime regional markets.



Five-year forecast
across all prime
regional markets.

Source Savills Research

The prime markets remain cautious

Our analysis starts by examining the prime suburban market in a national context

Uncertainty surrounding the UK's exit from the EU, and what this means for the economy and household finances, has resulted in continued caution among both buyers and sellers of prime residential property.

In the final quarter of 2018, values across the prime regional housing markets of the UK fell by 0.3%, leaving them 0.9% below where they were at the start of the year. Although this decline in values is small, it is the fourth consecutive quarter that values have softened.

The ongoing price-sensitive nature of the market has meant property has had to be priced realistically to attract buyers. Where this has been the case, deals have continued to be agreed. Stand-out and unusual properties that don't often come to the market have commanded the strongest interest.

The prime markets closest to the capital have felt the effects of a weaker London market. While they have experienced greater falls in value than areas further from London, prices in the suburban and commuter markets still only fell by 2.6% and 1.6% respectively in 2018.

Values of other prime properties in the wider south have reduced by an average of 1.3% in the past 12 months. By contrast, in Scotland and the Midlands & North, prices have risen modestly by 2.0% and 1.0% respectively over the past year.

On average, prices for smaller, less expensive properties have held up best. Property worth £1 million or less has maintained modest annual price increases of 0.4% while £2 million-plus properties have fallen by an average of 3.1%.

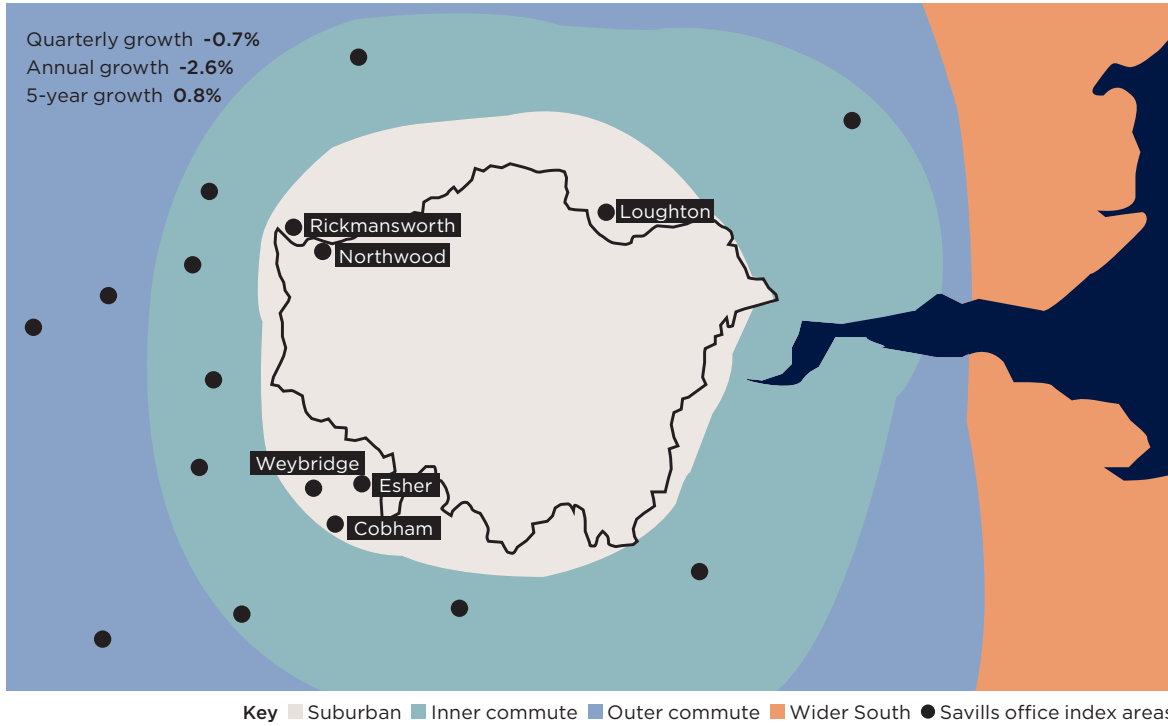
Definition of prime property This market consists of the most desirable and aspirational property by location, aesthetics, standards of accommodation and value. Typically, it comprises properties in the top 5% of the market by house price.

Regional prime price movements (to December 2018)

	London	Suburban	Inner commute	Outer commute	Wider South	Midlands/ North	Scotland
Quarterly growth	-0.8%	-0.7%	-0.8%	0.0%	-0.3%	-0.1%	0.2%
Annual growth	-3.0%	-2.6%	-1.5%	-1.7%	-1.3%	1.0%	2.0%

Source Savills Research

The suburbs in focus Values have fallen as less housing equity is exported out of the capital



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Stamp duty subdues the top end

Values in the prime suburban markets (within the M25) fell by 0.7% in the final quarter of 2018, leaving them 2.6% below where they stood a year previously. In the suburban markets, which are most closely aligned to sentiment emanating from the prime London market, values have fallen as political and economic uncertainty means less housing equity is being exported out of the capital. While markets further

from the capital have fared better, stamp duty is still subduing the top end across all areas.

At the top end of the prime suburban market, properties worth more than £2m fell 4.9% over 2018. This reflects buyer caution as a result of wider uncertainty, as well as the ongoing effects of stamp duty on higher-value property. By contrast, prices in the under-£2m market have fallen by 1.9% over the same period.

OUTLOOK

The relative value offered in the regional prime markets compared with London will underpin future growth. However, in the short to medium term, we expect the prime

markets to remain price sensitive and to be driven by needs-based purchasers. Quality is key in this cautious market - vendors must present stock of the best possible condition.

Across London's suburbs, we expect the five-year outlook to be more modest compared with areas further from the capital. Sentiment during negotiations on Brexit in the run up to

March 2019 will be a constraint on price growth. But, we expect a return to growth assuming an ultimately orderly Brexit and no significant changes in domestic politics.

Prime five-year forecast	2019	2020	2021	2022	2023	5-year
Prime suburban	-1.0%	0.0%	3.5%	1.5%	4.0%	8.2%
Prime regional	0.5%	1.0%	3.0%	2.5%	4.0%	11.9%

Source Savills Research Note These forecasts apply to average prices in the secondhand market. New build values may not move at the same rate

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