

Prime inner commute



Bracknell,
Berkshire

Prime inner commute
Properties located within 30 minutes of London

Growth in the prime inner commute market by value in the past five years

£500k-£1m
16.8%

£1m-£2m
7.1%

£2m plus
-8.4%

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 inner commuter 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%.

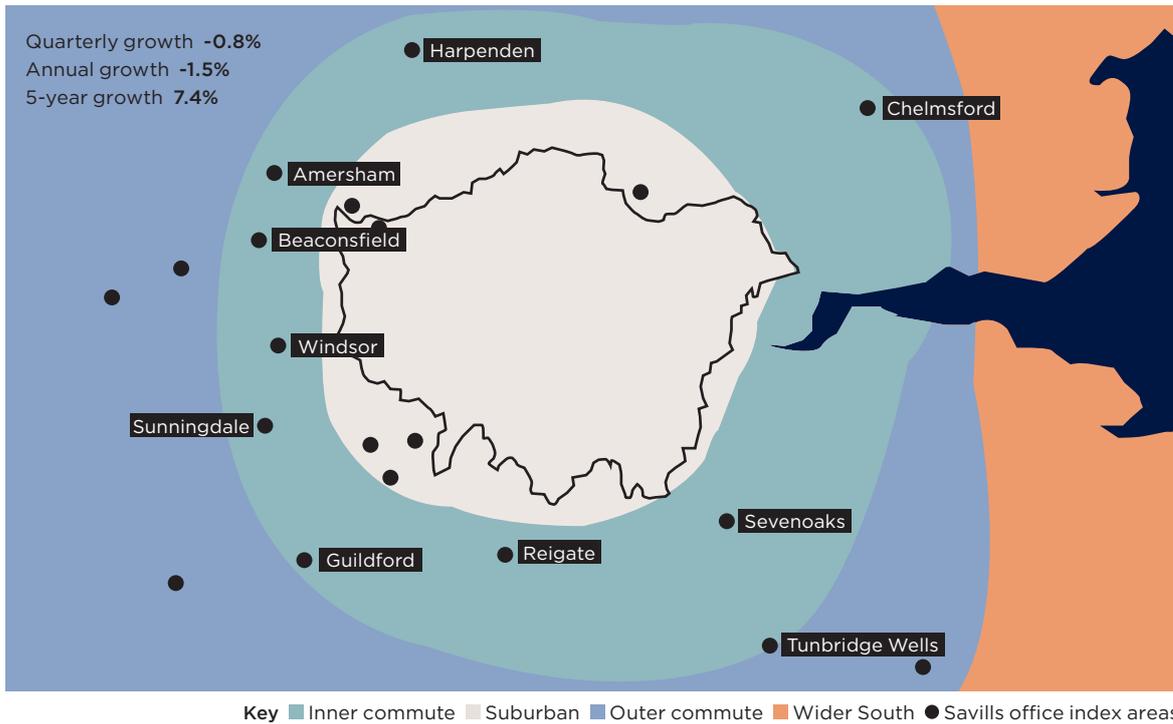
Definition of prime property This market consists of the most desirable and aspirational property by location, aesthetics, standards of accommodation and value. Typically, it comprises properties in the top 5% of the market by house price.

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 inner commute in focus Sentiment is a constraint, but we expect a return to growth



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Finding pockets of activity

Values in the prime inner commuter zone (typically within a 30-minute commute of the capital) fell by 0.8% in the final quarter of 2018, leaving them 1.5% below where they stood a year previously. Weak sentiment in the prime London and suburban markets continues to filter into the commuter zone, although there remains some stronger pockets of activity.

Chelmsford was the only market in the inner commuter zone with positive

quarterly growth (0.8%) during Q4. Here, value and commuter links continue to attract London and local buyers. Guildford and Sevenoaks also outperformed the wider average with values remaining flat over this period.

Overall, the inner commuter zone has seen stronger growth (7.4%) than the prime suburban and London markets in the past five years as the stamp duty changes of 2014 have not impacted this market as directly.

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.

Across London's commuter zone, we

expect the five-year outlook to be more modest compared with areas further from the capital. Sentiment during Brexit negotiations in the run up to March

2019 will be a constraint on house price growth. However, 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 inner commute	0.0%	0.0%	3.0%	2.0%	4.0%	9.3%
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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