

# Prime outer commute



Braishfield,  
Romsey

**Prime outer commute**  
Properties located 30 to 60 minutes from London

Growth in the prime outer commute market by location in the past five years

Urban  
**15.7%**

Village  
**7.9%**

Rural  
**3.6%**

**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 outer 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%.

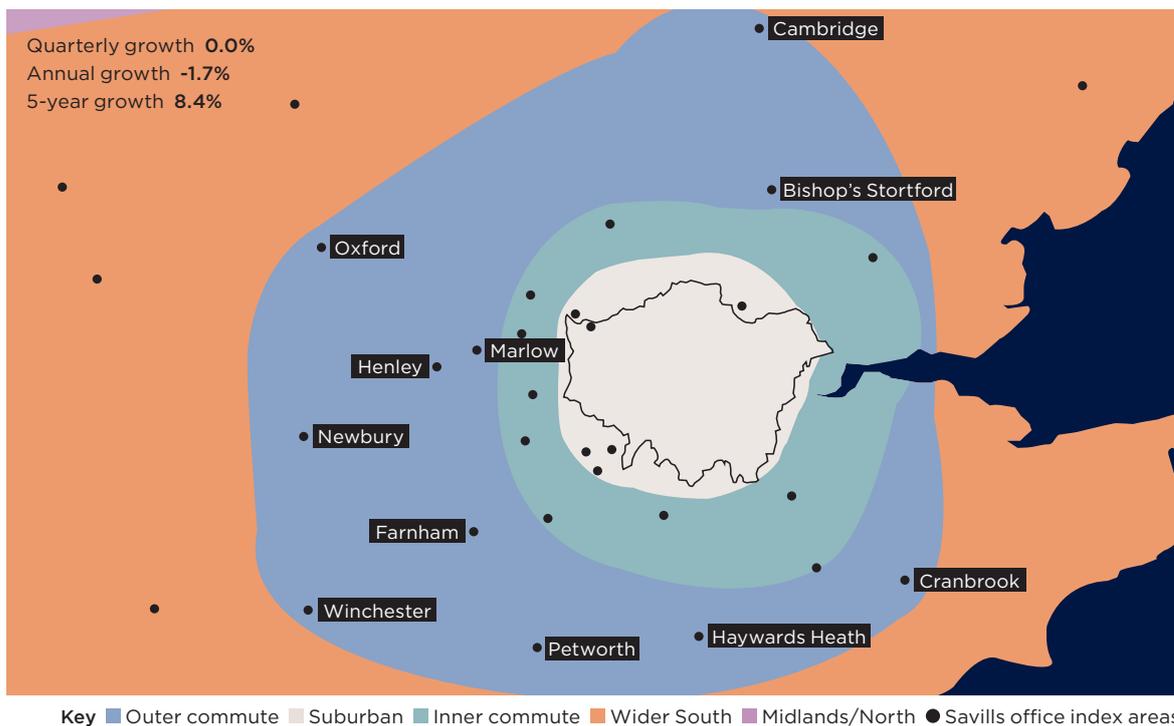
**Definition of prime property** This market consists of the most desirable and aspirational property by location, aesthetics, standards of accommodation and value. Typically, it comprises properties in the top 5% of the market by house price.

### Regional prime price movements (to December 2018)

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

Source Savills Research

**The outer commute in focus** Sentiment is a constraint, but we expect a return to growth



## Townhouses rise in popularity

Values in the prime outer commuter zone (typically within a 60-minute commute of London) remained flat in the final quarter of 2018, leaving them down 1.7% year on year.

Weakness in the prime London and suburban markets continues to filter into this zone. This is particularly evident in properties worth more than £2m in this market. They have been more affected by stamp duty and, as such, had a fall of 3.1% over the past year.

Prime properties in the most desirable towns and cities (15.7% growth) in the outer commute have significantly outperformed their counterparts in village (7.9%) and rural (3.6%) locations over the past five years, and townhouses have risen in popularity relative to the traditional farmhouse, rectory or manor house. However, all locations and property types have seen muted annual price growth.

### 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 be driven by needs-based purchasers and to remain price sensitive. 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 price growth. However, we expect a return to growth thereafter, assuming an ultimately orderly Brexit and no significant changes in domestic politics.

Prime five-year forecast	2019	2020	2021	2022	2023	5-year
Prime outer commute	0.0%	0.0%	3.0%	3.0%	4.5%	10.9%
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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