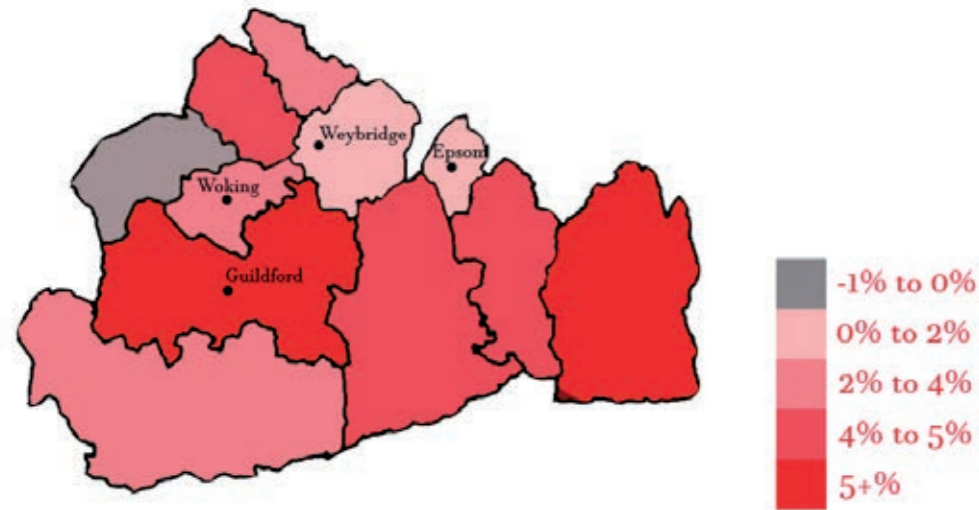


SURREY'S CAPITAL GROWTH MAPPED

The graphic below represents Surrey districts' average annual price changes over the last reported period by the Land Registry (Jun 16 – Jun 17).



Source: JSS Research/Land Registry

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Market Insight

Summer 2017



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Local & National reach through a network of London & Regional offices

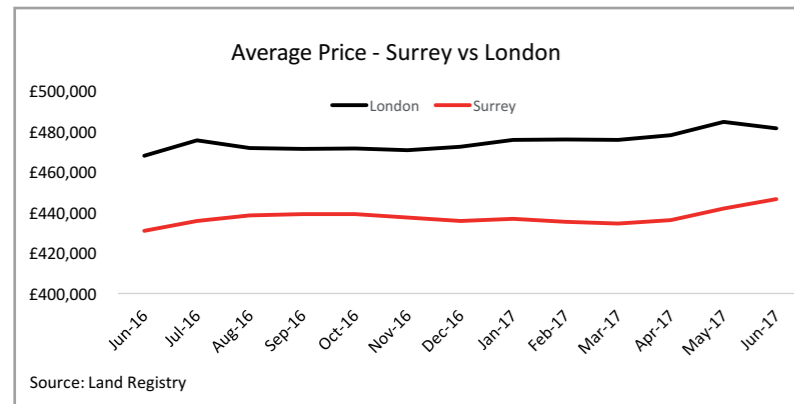
People
Property
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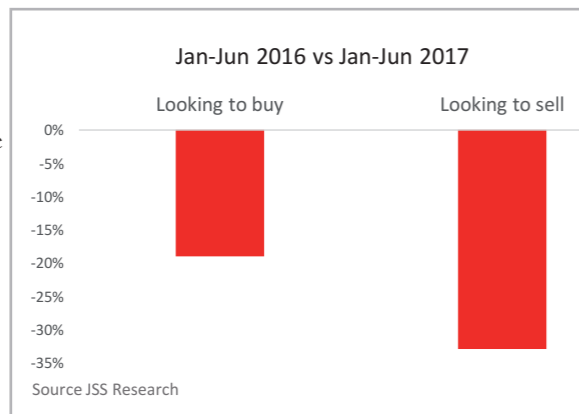
THE SALES MARKET

Latest data released from the Land Registry shows a 3.64% annual increase in the average house price in Surrey up until July 2017, taking the average price to £446,529. London house prices grew 2.87% over the same period with an average price of £481,556.



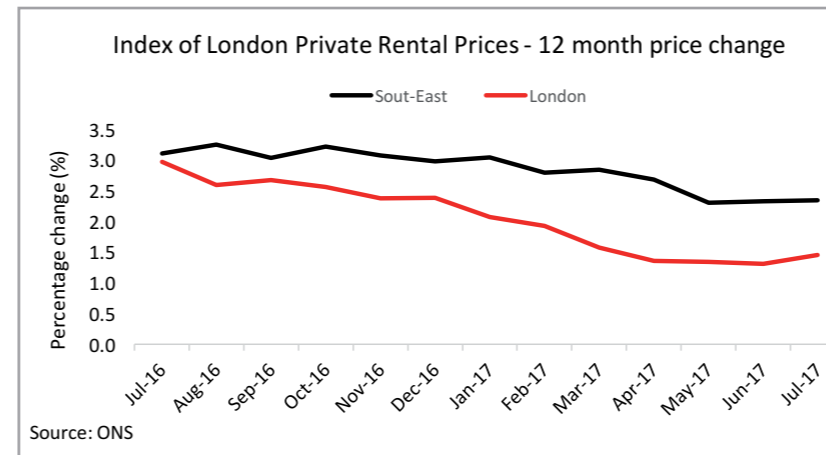
In our local market, the average price of a property in Elmbridge is £594,700, 33% higher than Surrey's average. Price growth has slowed with fewer people looking to buy, however prices remain stable against a backdrop of economic uncertainty and low transaction volumes, demonstrating that demand in the market is sufficient to keep values supported. Reviewing our Weybridge office's statistics and comparing the first half (Jan-Jun) of 2016 with the first half of 2017 we have seen 19% fewer applicants looking to buy a property and 33% fewer properties coming to the market.

This is reflected in lower than average transaction volumes occurring across the local and wider areas being reported by the Land Registry (see Market Outlook). However, the number of buyers still outweighs the number of properties for sale and we continue to achieve record prices for the more sought-after properties.

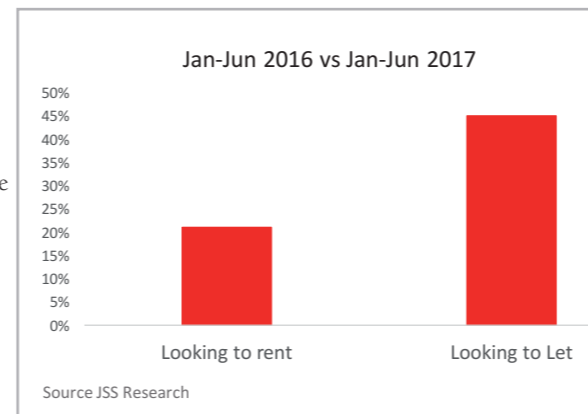


THE LETTINGS MARKET

On average, rental prices are increasing across London and the South East. The Office for National Statistics recorded a 2.6% annual change in July 2017 across the South East and 1.5% in London. The rate of growth has, however, slowed over the course of the past 12 months.



Comparing our Weybridge office's data for the first half of the year against the same period in 2016, we have registered more people looking to rent and let a property. However, the number of properties coming to the market outweighs the number of new tenants, which has had a dampening effect on rental prices. This helps explain why the rate of growth in rental values has slowed across the wider market; more locally, we are seeing properties staying on the market for longer periods in order to secure a tenant amid greater competition among landlords. However, those properties in excellent condition and competitively priced typically attract a tenant within a relatively short time of marketing.



MARKET OUTLOOK

In the sales market, values in London and the home counties are anticipated to continue appreciating but at a low rate of growth. Uncertainty will remain the theme as the backdrop of Brexit and our economic position following withdrawing from the EU becomes clear. The number of properties sold each month is currently well below the long-run average. This partly reflects a shortage of stock but in the main

represents buyers' lack of willingness and ability to transact through weaker sentiment and tight mortgage regulation.

The average number of properties completed per month in Surrey over Q1 2017 was 1275. The average over the past three years was 1778 per month and 1845 per month over the last 15 years. Demand has, however, been sufficient to keep prices balanced but in this relatively low-transaction environment large price gains are unlikely to be supported.



In a similar position to the sales market, the wider rental market is likely to continue appreciating in average value. However, in the more local, higher-value areas rental prices will continue to be suppressed against a surplus of stock. However, over-supply may start to subside following reduced investor demand after the changes to tax relief for residential landlords in April 2017 and the 3% increase in SDLT levy on additional property purchases.