



Jackson-Stops
& Staff

Market Insight

2016 in Review and 2017 Outlook



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

2016 SALES IN REVIEW

2016 saw the Surrey property market rise overall in value while the prime markets experienced continued reaction to increased taxation and uncertainty.

Over the course of the year the Surrey market appreciated in value with latest Land Registry figures recording an increase of 5.5% (Jan 16 – Oct 16) and an annual change of 8.1% (Oct 15 – Oct 16).

The county has grown at a slightly faster rate than England as a whole where national annual growth was recorded at 7.3% (Oct 15 – Oct 16). Capital appreciation has been more concentrated in the lower value brackets with the top-end of the market still adjusting to a number of circumstances which dampened market activity disproportionately including concern surrounding June's EU Referendum

and the ongoing hesitancy over the higher Stamp Duty levels for property worth over £1,000,000.

Despite such a position, our Weybridge office recorded stable demand across all price brackets and sold more properties over £1,000,000 in 2016 than in 2015. In a different position to our London offices, the local mainstream Elmbridge market relies almost exclusively on domestic demand, not considering the larger estates, which is less encumbered by the uncertainty dampening the prime central London market.

2016 LETTINGS IN REVIEW

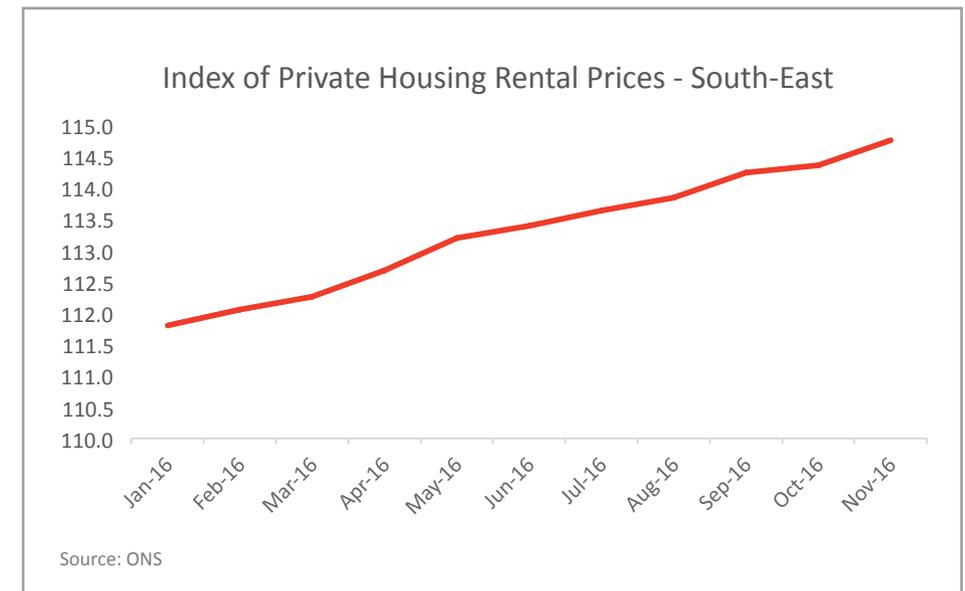
Unlike previous asymmetrical movements between the rental and sales market, both have acted similarly, but for different reasons.

In a comparable pattern to the sales market, the price for rental properties continues to appreciate on average, increasing 3.4% according to the latest data from the Office for National Statistics (Jan 16 – Nov 16), while the top-end of the lettings market has typically not seen such growth.

The appreciation in the rental market is predominantly in response to rising tenant demand. Across our London network we have seen the number of tenants looking to rent increase 2% in 2016 compared with 2015, whereas the more prime areas have seen an increase in supply of properties on the market

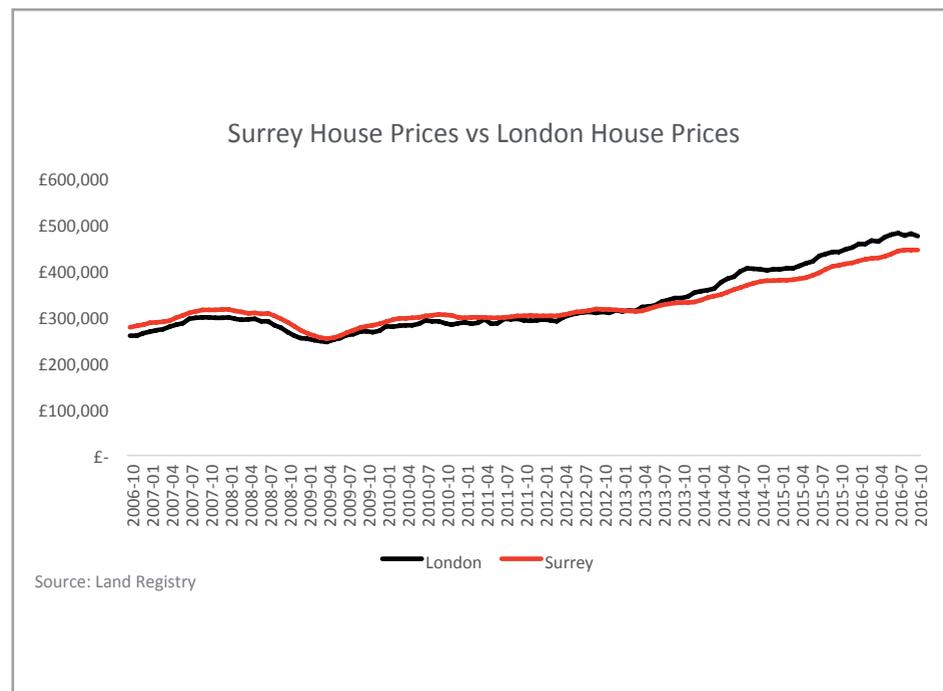
which has led to some downward pressure on rents. In our local Elmbridge market we have seen an 8% increase in the number of people looking to let out a property in 2016 versus 2015.

This increase in supply along with some reduction in demand from financial sector tenants has resulted in many landlords having to lower asking prices to achieve little to no void periods for the larger properties. However, the Weybridge market on average saw stable demand throughout 2016 unlike some of our central London offices where demand has been slightly more depressed.



SURREY VERSUS LONDON

The graph below displays the average price of property in Surrey and London as recorded by the Land Registry over the past 10 years:



As seen by the above trend, the average price of property sold in Surrey has increased in line with average prices for London as a whole. The average price of a property in Surrey is currently £444,583 and £474,475 in London. London has over the last four years overtaken Surrey slightly in terms of the rate of growth, however both remain closely aligned.

2017 OUTLOOK

The Surrey property market in 2017 is likely to sustain the trends seen over 2016, but will be somewhat bolstered by reduced uncertainty.

With demand for residential property across Surrey remaining above the level of supply, the outlook for 2017 is a continuing increase in average house prices and rents. As 2016 demonstrated, however, growth will be strongest for the mid to lower value properties with high end values and rents being affected by weak demand. We see this as an important period for adjustment which will support future price stability for the market as a whole.

The market for sales is likely to see a small increase in transaction volumes as serious vendors adjust asking prices to ease the burden of higher Stamp Duty levels and a degree of pent-up demand should feed through to the market which will translate into an increase in the number of sales, providing more realistic asking prices are set. Prices on average should continue in a stable momentum realising

further gains, responding to continued strong domestic demand aided by the very low interest rate environment.

For rental property, it is likely that the top-end of the market will remain subject to greater supply with depressed demand resulting in little to no price growth for many areas. Some high value rents may reduce to meet demand but values as a whole should continue to slowly appreciate given continued demand feeding through from the bottom of the market.

Activity in both markets will reflect the national and local economic position and sentiment over leaving the EU. Post Referendum the market did not go into freefall as some predicted and demand is likely to improve now that a clearer Brexit plan has been announced, with Article 50 expected to be triggered by the end of March. The most commonly used word, "Brexit", became relegated by the word "uncertainty", but despite the negative effect on the market, record prices were still achieved during 2016 for the some of the more sought after properties among our local network. Our Surrey head office in Weybridge exceeded the number of sales in the previous 12 months after nine months of the current trading year demonstrating an active market. We anticipate competitive interest for well-presented and realistically priced properties throughout 2017.

Surrey ranks first in terms of the highest average price out of England's 27 County Councils.



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