

RESEARCH SURREY'S PRIVATE ESTATES 2024

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Surrey's private estates have held up strongly against wider economic pressures.

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After a year of uncertainty, confidence has started to return to the prime residential markets of the UK. Slowing inflation and lower mortgage rates mean price falls have eased. Surrey's private estates and roads have generally held up more strongly, though they haven't been immune to the market pressures that have dictated performance since September 2022.

Higher interest rates throughout much of last year means the source of buyers' funding has been a key factor in the performance of different markets. Debt-dependent buyers in particular, saw their budgets squeezed but those with existing housing equity and the ability to buy with cash remained in a stronger position.

Across Surrey's private estates and roads, almost two thirds (62%) of buyers used cash to fund their purchase in 2023, higher than the 48% recorded in 2021.

As a result, values in these private estates and roads have only fallen by an average of -3.9% since the peak of the market in September 2022. This compares to a more significant fall of -7.1% across the wider prime markets of Ascot, Elmbridge, Sunningdale and Virginia Water.

Price falls eased considerably in the final quarter of 2023 (-0.4%) and despite these recent decreases, values remain 13.9% higher than they were before the pandemic.

Across the prime rental markets, following a number of years of significant rental growth, seasonality trends returned at the end of 2023. The imbalance between demand and supply,

which has been a key market driver during the past few years, is beginning to ease and rental values have fallen, albeit marginally, for the first time in four years. That said, similarly to sale prices, rents remain more than 20% higher than they were before the pandemic.

Value comparisons

These exclusive estates and roads command a premium, for both sale and rent, when compared to other nearby homes, because they offer outstanding luxury and security.

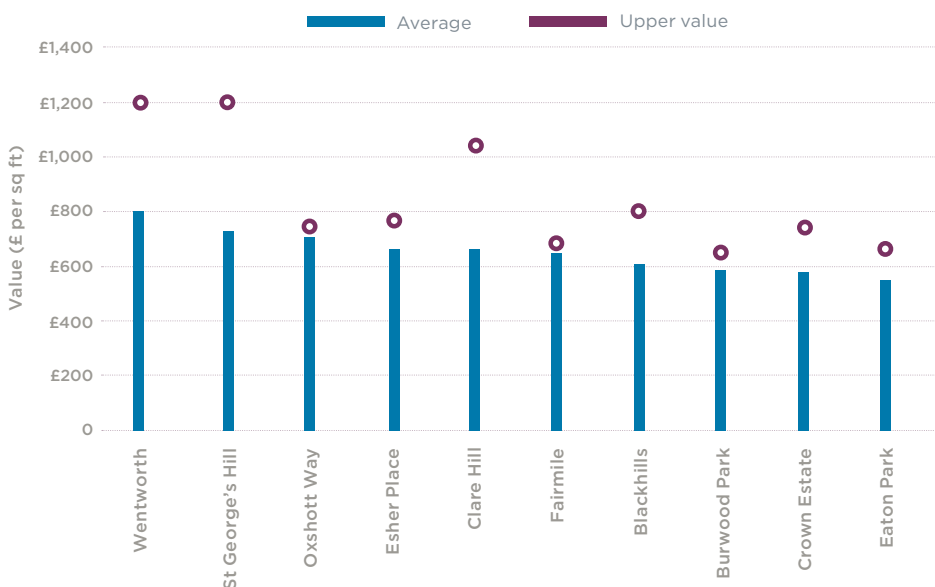
The average value of homes sold on one of Surrey's private estates or roads exceeded £670 per sq ft between 2021 and 2023, one fifth higher than those in the surrounding Ascot, Elmbridge, Sunningdale and Virginia Water markets, according to Savills dealbook data. For rents, although premiums tend to be less pronounced, tenants can expect to spend around £24 per sq ft to live on one of these estates or road.

The highest prices can be found on the well-known estates of St George's Hill and Wentworth where buyers typically spend £730 per sq ft and £800 per sq ft, respectively, whilst tenants often exceed £30 per sq ft.

Although lesser known, the equally prestigious private roads and estates in Esher, including Esher Place, Meadway and Esher Park Avenue frequently see prices exceed £700 per sq ft for buyers and £27 per sq ft for tenants.

Despite these premium prices, the value on offer compared to London remains stark. Those moving from the capital typically come from central or South West London where average prices are around £1,900 per sq ft and £900 per sq ft, respectively for sales and £60 per sq ft and £35 per sq ft for lets. This relative value, along with the lifestyle on offer remains a considerable driver of demand to Surrey's private estates and roads.

£ per sq ft comparison across Surrey's private estates



Source: Savills dealbook data, 2021 - 2023

SAVILLS PRIVATE ESTATES DEPARTMENT

Savills private estates specialists cover the whole of Surrey, working from offices in Cobham, Esher, Weybridge, Sunningdale and London. Our expertise is supported by specialist Savills departments, as well as 600 offices worldwide.



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MARKET TRENDS AND DATA

94% *Proportion of buyers across Surrey's private estates who have bought their main residence*

£670 *Average price per square foot for property sold on one of Surrey's private estates or roads*
per square foot

43% *Proportion of tenants across Surrey's private estates who work in London*

BUYER & TENANT PROFILES

Located in some of the UK's most prestigious towns and villages, Surrey's private estates and roads continue to have global appeal. International demand remains strong with a third of sales and roughly half of lets to those from overseas in 2023.

One of the main attractions of these estates is their proximity to London's international airports such as Heathrow. Almost a fifth (18%) of last year's buyers work abroad, double the proportion in 2019, and far higher than the 6% seen across the wider Ascot, Elmbridge, Sunningdale and Virginia Water neighbourhoods, not on a private estate or road. Another driver of demand is accessibility to London with 58% of buyers and 43% of tenants working in the capital.

Despite their international appeal, there also continues to be strong demand from domestic buyers, with the vast majority (94%) of buyers looking to purchase their main residence. A quarter of buyers are also choosing to relocate to one of these private estates or roads and a further 60% are upsizing, greater than the 51% in the surrounding Ascot, Elmbridge, Sunningdale and Virginia Water areas.

This highlights the attractiveness of these private estates and roads for buyers who see them as their home as they offer unique lifestyle incentives such as privacy, security and space combined with easy transportation into London and the rest of the world.

Outlook

Across the prime regional markets of the UK, we expect price falls to continue easing as mortgage markets improve and more confidence returns. Financial pressures and increased borrowing costs have reduced buyers' spending power, leading to slower demand. That said, best in class homes, like many of those on Surrey's private estates and roads, are still attracting demand from buyers.

We are forecasting that prices in the prime regional markets will fall by -1.5% on average by the end of 2024. Price growth is expected to return across all regional markets in 2025 once economic conditions stabilise, with price growth expected to be about 19% in the five years to 2028.

For the prime rental markets, there has been an easing in the imbalance between supply and demand over the past few months. Despite the prime markets being more insulated against

current affordability pressures, many tenants have been pushed to the top end of their budgets. As such, prime rents for houses outside of London have started to see a slowing in rental growth after a number of years of strong growth.

Over the next 12 months rents will continue to increase, albeit at a much slower rate than we have seen over the past few years. We are forecasting average rental increases of 2.0% during 2024, slowing slightly in 2025 and totalling 6.7% on average by 2028.

Overall, homes on Surrey's private estates and roads command a premium in comparison to neighbouring areas, however values remain lower than across prime London. These prestigious homes continue to attract an increasing number of high net worth individuals, whether buyers or tenants, from the UK and around the world who seek a more luxury lifestyle.

