

REAL ESTATE

## Prime country home prices see best growth in years

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A country estate listed for \$3.3 million in Surrey, United Kingdom. Image credit: Knight Frank

By SARAH RAMIREZ

Luxury country homes in the United Kingdom finished a strong 2020 with an annual growth rate of almost 8 percent in the highest price bracket.

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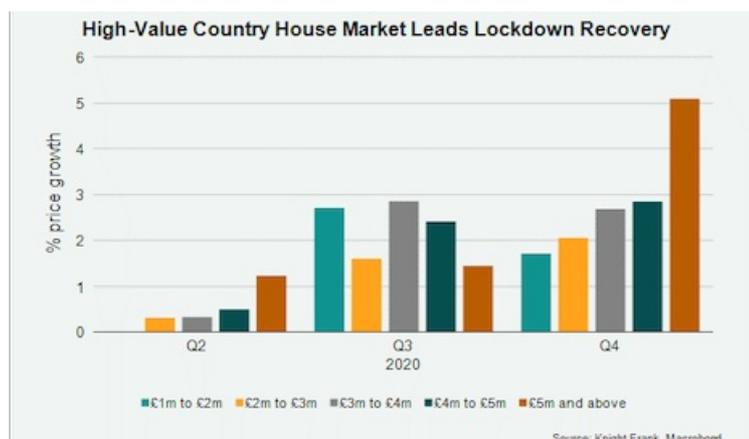
Knight Frank's **Prime Country House Index** which tracks high-value properties priced at 1 million pounds and up, or \$1.3 million at current exchange saw annual price growth of 4 percent. Country homes performed well as affluents leveraged their financial health to seek more outdoor space due to lockdowns and workplace flexibility.

Country homes

While property markets in the United Kingdom were closed between late March and mid-May, price growth in the top-tier of country homes still increased 1.2 percent in the second quarter ([see story](#)).

Price growth for country homes priced 5 million pounds and up, or about \$6.7 million, has only accelerated since Q2. It edged up to about 1.5 percent in Q3 before rising to 5.1 percent in the three months to December.

For the year, this top price bracket experienced an annual rate of growth of 7.9 percent.



*Country properties priced at \$6.7 million and up have seen the strongest price growth. Image courtesy of Knight Frank*

As a whole, the Prime Country House Index recorded growth of 1.7 percent in Q4, which pushed the Index's annual price growth to 4 percent. This the best performance in several years.

The number of accepted offers for the year also finished 35 percent higher than the five-year average, despite the property market closure in the spring.

Typically, the country market sees a seasonal pattern but that has also shifted this year and transactional activity is expected to remain busy at the start of the year, per Knight Frank.

During the U.K.'s fall lockdown, seven of the ten most-viewed locations were outside of London, further indicating country living remains desirable.

Although the pandemic has served as motivation for both buyers and sellers, higher-value properties were also primed for price growth after weaker increases than the overall market due to tax changes in recent years.

Push for space

During the course of the pandemic, many affluents have become drawn to more spacious and rural properties that may have previously been seen as vacation homes.

One in four people believe they are more likely to move in the next 12 months as a result of the coronavirus pandemic and continued fallout, according to a global survey from Knight Frank this summer.

A desire to upgrade their current primary residence is the leading reason for respondents to consider a home purchase. COVID-19 has also influenced what features home buyers are more interested in, such as more outdoor space and a home office ([see story](#)).

In the United States, sales of vacation homes are driving a boom in the real estate market as affluents have more flexibility and time to make such investments worthwhile amid the pandemic.

According to a report from real estate brokerage Redfin, home sales are climbing across the country thanks to low mortgage rates and a surge in relocations, but demand for second homes is particularly strong as the wealthy in the U.S. no longer send their children to school in person and face travel restrictions. As remote work encourages the migration from the city to resort towns, many are locking in bargain mortgage rates for second homes and downplaying the financial risk of doing so ([see story](#)).

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