

Values in the farmhouse index fell in all regions throughout the UK, apart from the South, during Q1 2012.



Spring 2012

Farmhouse Index

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Despite proving relatively immune to the global economic uncertainty during Q1 2011, the sector has come under increasing downward pressure on pricing. This has resulted in an average 1.8% reduction in values across the UK since March 2011.

That said, the fall in values within the farmhouse market is relatively small in comparison to the sharper reductions witnessed across the wider housing market. The lack of good quality product has cushioned the sector to an extent. In addition, the typically lower reliance upon funding evident within the sector relative to the wider arena has also assisted its comparative resilience over the last six months.

The Northern market has witnessed the sharpest fall in values (6.0%) of all UK regions since March 2011. However, the quarterly rate of reduction is slowing within this region, suggesting that prices have reached, or are nearing, a sustainable level. While a notable reduction in the number of purchasers financially willing and able to progress was evident during Autumn 2011, recent statistics from our offices indicate a tentative increase in demand during 2012 to date. The average value of a farmhouse in the region is now £1.2 million.

In contrast, the Central, Western and Eastern regions have all witnessed declines

in values during Q1 2012, at 2.6%, 2.4% and 1.0% respectively. The falls were largely attributable to an overall lack of openly marketed stock. The average value of a farmhouse in the Central region is now £1.14 million, the Western region £950,000 and the Eastern region £1.37 million.

Latest figures suggest the North South divide is beginning to close

The Southern region witnessed a positive, if somewhat lacklustre rate, of just 0.5% between October 2011 and March 2012 to stand at a current level of £2.3 million. This compares to a 2.8% increase in values achieved over the same time period in 2011. Demand in this region has remained constant during the period, primarily driven by young professional families exiting a prosperous London residential market seeking quality of life and educational benefits.

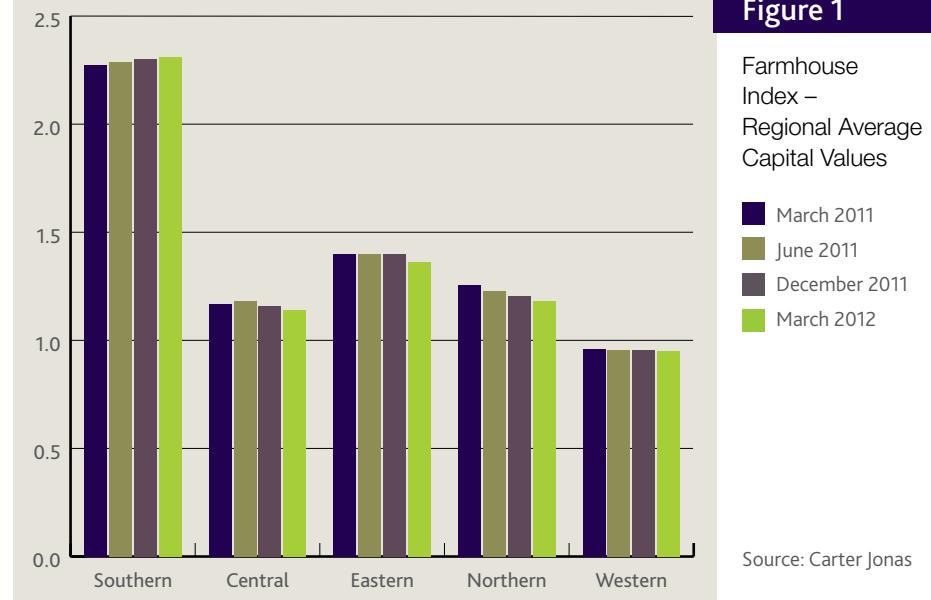
These latest figures suggest the North-South divide is beginning to close. Whilst further downward pressure on prices is predicted across the Central, Western, Eastern and potentially Southern region throughout the year, it is expected that values in the North will now plateau having reached a sustainable level.



The revised stamp duty land tax for properties worth £2 million and over to 7% from 5% takes effect from 22 March 2012 and is predicted to have a slightly negative effect upon the market.

Despite the falls in values witnessed throughout the majority of the UK, the outlook for the farmhouse market provides good opportunities for serious purchasers who are bidding cautiously but with genuine intent.

Figure 1



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