

RESIDENTIAL PROPERTY REVIEW

AUGUST 2019



Our monthly residential market review is intended to provide background to recent developments in property markets, as well as to give an indication of how some key issues could impact in the future.

A new era of renting - Build to Rent

A relatively new category in the rental market, Build to Rent, saw total investment of £2.6bn in 2018, an 11% increase from 2017 and it looks likely that this sector will continue to grow quickly.

Whilst home ownership remains an aspiration for many, figures show the private rented sector remains strong, growing from 3.7 million in 2009 to 5.4 million today, with many home-hunters choosing to rent long-term, often due to affordability and flexibility.

In contrast to many private landlords, Build to Rent providers often manage the whole building and seek to offer high levels of service and property management, as well as aiming to build a community.

The attractions of Build to Rent properties may include flexible tenancies with no fees or deposit, a monthly charge which includes all bills, facilities such as spas and gyms, on-site maintenance and community spaces.

Buyers' market likely in second half of 2019

Recent research from Rightmove indicates that buyers may be able to obtain good deals in the remainder of 2019, with lower prices combined with high stock levels.

The research also shows that market fundamentals such as low interest rates and record employment levels remain strong. Additionally, mortgage availability remains good, as indicated by figures from UK Finance, showing the number of mortgage approvals from the main high-street lenders in May was up by 9.1% year-on-year.

Miles Shippson, Rightmove's property expert said: *"Those who have postponed their purchase should note that estate agency branches have more sellers on their books than at any time for the last four years, so there should be more choice of properties to buy. It could be a good opportunity to negotiate a relative bargain in the second half of the year, if they can set aside the continuing Brexit distractions."*

He added: *"With activity and prices often weaker in the second half of the year, it will be those sellers who are bold enough to price aggressively who will attract buyers with the confidence to act rather than hesitate. It would appear to be sellers in the upper end of the market who need to be boldest on pricing, as data shows that the middle and lower sectors are holding up better."*

Brexit-related uncertainty remains in residential market

In its August Inflation Report, the Bank of England has reported that the housing market remains weak, but there are some signs of stabilisation.

The latest NMG survey, which is a biannual household survey commissioned by the Bank and covers over 6,000 households, revealed an expectation that house prices will decline a little over the next 12 months. The survey also revealed that around 20% of households who expect to move home in the next two years, reported having delayed their move due to Brexit-related uncertainty.

Nick Leeming, Chairman of Jackson-Stops said *"The data makes it clear that continued uncertainty as we creep ever closer to leaving the EU without a deal has caused hesitancy in some areas of the property markets. Yet, once a firm decision has been made on when the UK will leave the EU and people decide to get on with their lives, we should expect to see a modest uplift in property prices in the new year."*

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (JUNE 2019)*	120.8*
AVERAGE HOUSE PRICE	£230,292
MONTHLY CHANGE	0.7%
ANNUAL CHANGE	0.9%

*(Jan 2015 = 100)

- UK house prices grew by **0.9%** in the year to June 2019
- House price growth was strongest in Wales where prices increased by **4.4%** in the year to June
- The lowest annual growth was in London, where prices fell by **2.7%** over the year to June

Source: The Land Registry
Release date: 14/08/2019
Next data release: 18/09/2019

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.7	0.7	£246,728
NORTHERN IRELAND (QUARTER 2 - 2019)	0.8	3.5	£136,767
SCOTLAND	0.7	1.3	£151,891
WALES	1.2	4.4	£163,768
EAST MIDLANDS	1.6	3.2	£195,344
EAST OF ENGLAND	0.5	0.7	£291,370
LONDON	0.7	-2.7	£466,824
NORTH EAST	1.7	1.8	£130,342
NORTH WEST	0.2	2.4	£164,116
SOUTH EAST	1.1	-0.6	£322,866
SOUTH WEST	-0.4	-0.2	£252,122
WEST MIDLANDS REGION	0.9	2.6	£198,993
YORKSHIRE AND THE HUMBER	0.6	0.9	£161,997

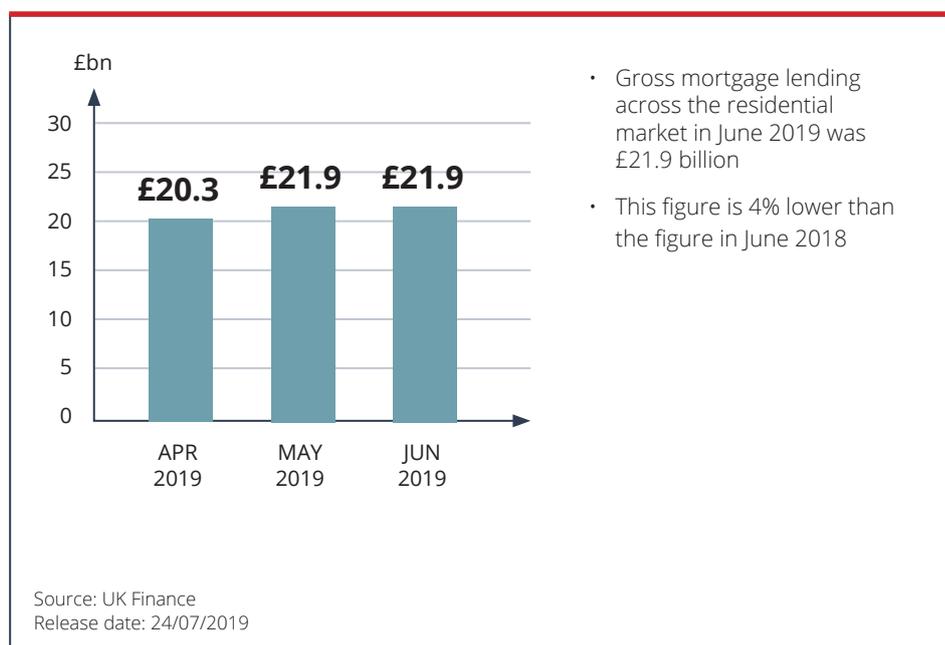
AVERAGE MONTHLY PRICE BY PROPERTY TYPE – JUNE 2019

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £349,879	1.70%
SEMI-DETACHED £219,752	1.90%
TERRACED £187,082	1.30%
FLAT / MAISONETTE £200,699	-2.00%

Source: The Land Registry
Release date: 14/08/2019

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MORTGAGE ACTIVITY



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