

Consumer Property Market Reports

This report is written by Kate Faulkner, one of the UK's top independent property price and rental market commentators. It is written to help the public considering buying, selling, investing, building, renovating or renting a home so they understand what's actually happening nationally and in their local property market. This helps them to work out if now is a good time to carry out their property project, or if they should wait.

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This report is aimed at giving an independent view, following a professional review of all the different property price reports to look for consistent trends, understand differences and utilise commentary from sources we have tracked over time who we believe, with hindsight, have given good analysis of what's happening, as opposed to reports which are often more for PR purposes.

We also analyse the market from a consumer, not a business perspective. As such, we take less notice of year on year and month on month price comparisons, and instead look at how prices are performing against previous market highs and lows. This helps us and the general public understand what's happening in their local area.

We ask questions people ask via our property clinics, free Q&A's and seminars:-

- Are we at the bottom of the market? Does it matter if we are?
- Should you wait until prices are going up or buy as soon as the reports/media tell you prices are falling?
- What are the pros and cons of Help to Buy, Shared Ownership, Shared Equity?

Average House prices for December 2013/January 2014

How do December's/January's prices compare over time?

This month's figures suggest:-

- The [Nationwide](#) reported average property price of £176,491 for January 2014 when compared to previous years is the highest figure since April 2008.
- The [Land Registry](#) average price for December 2013 of £167,353 is the highest figure since August 2008.
- [Acadadata](#) reported property prices in January 2014 are an average of £241,101 and are now around £12k higher than at the start of 2013.

**(Appendix about seasonal adjustments)*

How do this month's prices compare to the rest of the year in England and Wales?

For 2013, we can see from the chart that the average price trend is now moving upwards.

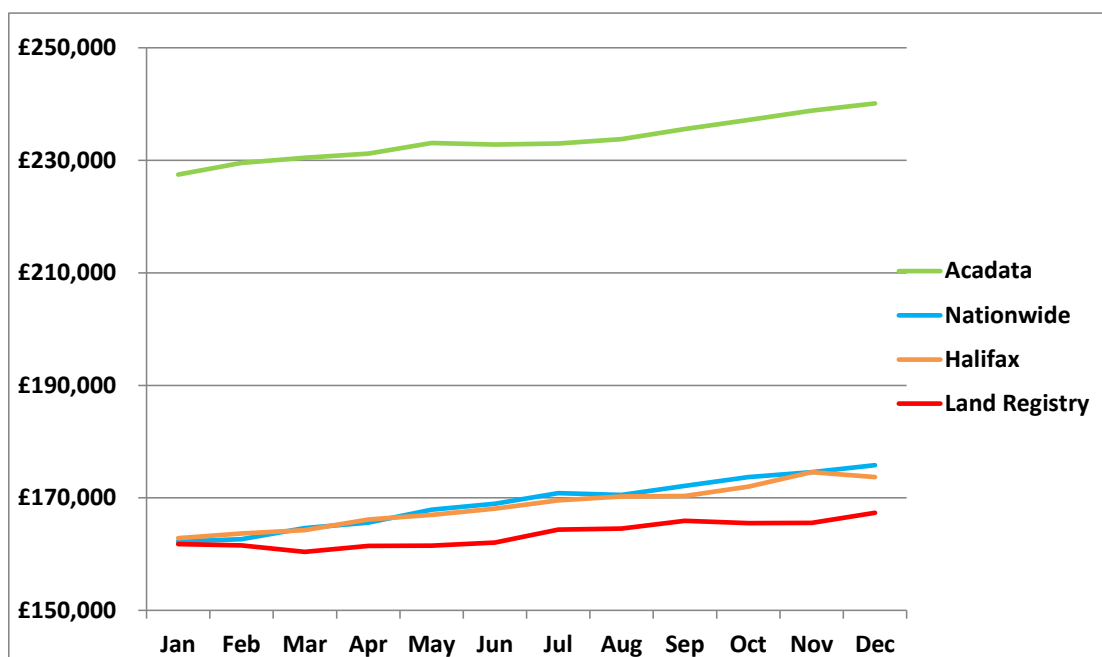


Chart above showing average property/house prices in England & Wales from January - December 2013*

- So far last year, 'average property' prices for mortgaged properties started off at £ £162,245 in January 2013 and has grown consistently to a height of £176,491 for [Nationwide](#) (January 2014).
- [Land Registry's](#) average sold prices (including some cash sales) started at £161,795 in January 2013 and have now reached £167,353 (December 2013).
- [Acadadata](#) (January 2014) average property prices for all properties started off in January 2013 at £227,478 and have now reached a high of £241,101.

Average House prices for December 2013/January 2014 – Cont'd

How far away are property prices from the heights achieved in 2007/8?

Whilst we have seen recent improvements in property prices in some areas of the UK, compared to the heights of 2007/08, property prices remain:-

- -4% below the height of 2007/08 for [Nationwide](#)
- -9% below the height of 2007/08 for [Land Registry](#)
- 4% above the height of 2007/08 for [Acadadata](#)

How do this month's property prices compare to the lows of 2009?

Although in the main, property prices haven't recovered to the heights of 2007/8, compared to 2009 lows, property prices are recovering quite strongly – especially for mortgaged properties through Nationwide:-

- 19% above the lows of 2009 for [Nationwide](#)
- 10% above the lows of 2009 for [Land Registry](#)
- 22% above the lows of 2009 for [Acadadata](#)

Kate's & other Expert Market Commentary

Rightmove and Home.co.uk data tracks prices properties are marketed (not sold) for. This means they are a lead indicator for what *sellers think prices will rise or fall by*, but don't reflect *actual* or real sale prices.

Miles Shippide, Rightmove Director says: *"The market rebound continues. While February is historically a positive month for prices of property coming to market, this is the second highest February rise since our index began in September 2001. New sellers are now asking over £16,000 more than those who came to market a year ago, a rate of increase not seen since before the credit-crunch took hold in 2008."*

Doug Shephard, Director of Home.co.uk comments: *"Home [asking] prices are rising unsustainably fast in London and the South East. Whilst many applaud the effects of neo-Keynesian economic wizardry, more sober observers may wonder how this asset bubble-inflating policy might play out in the medium term for one of the most indebted nations on Earth."*

"Of course, rapidly rising house prices precipitate a groundswell of support for current economic policy (and makes banks and building societies' lending books look much more solid). However, inflating the cost of housing does nothing for the nation's international competitiveness and will only hasten the current tide of quality jobs heading overseas. Until interest rates return to normal levels and government incentives for buyers cease, we remain in an artificial market subject to the vagaries of government policy and economic tinkering on an unprecedented scale."

Nationwide and Halifax figures show what's happening to a small percentage of properties bought *ONLY* with a mortgage, so it excludes all cash sales, which are currently over 30% of total sales.

Robert Gardner, Nationwide's Chief Economist, says: *"The housing market is continuing to gather momentum on the back of further solid gains in employment, record low mortgage rates and rising confidence. House prices recorded their thirteenth successive monthly increase in January, rising by 0.7% on the month. The price of a typical home [bought with a mortgage] was 8.8% higher than January 2013."*

"There have been encouraging signs that activity levels in the housing market are also gradually returning towards more normal levels. According to HMRC, the total number of housing transactions increased to 103,000 in December, 30% higher than the same month in 2012. The pickup in activity appears to be fairly broad-based, and it is encouraging that first time buyers are a key driving factor behind the upturn."

Martin Ellis, Halifax (Lloyds Banking Group) housing economist, said: *"House prices in the three months to January were 1.9% higher than in the previous three months. The annual growth in prices fell slightly compared with last month with prices in the three months to January 7.3% higher than in the same period last year."*

"With the supply of properties being slow to respond to more buoyant market conditions, stronger demand has resulted in continued upward pressure on house prices. Demand has increased against a background of low interest rates and higher consumer confidence underpinned by signs that the economy is recovering and unemployment falling faster than expected. Official schemes, such as Help to Buy, also appear to have boosted housing demand. However, continuing pressures on household finances, as earnings fail to keep pace with consumer price inflation, are expected to remain a constraint on the rate of growth of house prices."

Kate's & other Expert Market Commentary – Cont'd

LSL data comes from **Acadadata** who base their indices on Land Registry data and a forecasting method uses the mean house price data, so is higher than LR and Nationwide which use the median.

David Newnes, Director of LSL Property Services, comments: *"The UK housing market is roaring back to life in 2014 as the recovery continues across the board. Prices are now up 5.2% annually, driving the price for the average home to a new high. Mostly this is due to much increased activity, with growing demand for property buoyed by low interest rates and Help to Buy, combined with hot competition for homes. This boost in sales has seen an air of optimism encapsulate the market. While 2013 was a turning point in the recovery, 2014 is set to be a watershed year if the next few months continue in the same vein.*

"Last month saw the largest rise in sales over the past year, up 67% annually, with transaction levels crucially only 4% below the January average seen in the decade before the credit crunch. This astounding turnaround can largely be attributed to the resurgence of the first-time buyer. The wide range of attractive mortgage deals on offer, cheaper rates and wider product choice has been pivotal. Such rises in new buyer numbers has encouraged activity further up the ladder and inspired movement among second steppers, which will prove vital in sustaining a healthy rate of sales activity."

Kate Faulkner's Market Commentary:

"Every report is currently talking about a market recovery. However, some reports are over estimating the market success we are seeing. What we are seeing is London recovering to its normal rates of property price growth, no unsustainable bubble – much as it looks good in a press headline. Let's face it, people have had six years to save, many seeing no London house price growth at all during this time, so it's no wonder 20+ people are queuing to view properties to buy, the pent up demand in the Capital is huge. The good news is, other regional markets are now seeing property sales move to a more 'normalised' market – having seen sales numbers for first time buyers, people trading up and down or investing, halve in numbers during six credit crunch years. What regional markets will be keen to see next, is increased prices too, but whether this will be available for all properties in every market, will remain to be seen."

What's happening to property prices regionally in December 2013?

Regional Averages – England & Wales Summary (see chart below)

- Only London has recovered to 2007/8 heights. The annual average growth 2013 vs 2012 is normal
- North East and West, Yorkshire and Humber property prices are still 20% below 2007/8 heights
- The South East, Midlands and Wales are still down against the previous peak by 10 to 16%

Kate's key question answered: Are London prices really rising unsustainably as an asset?

London prices continue to rise, BUT, when you take into account inflation @3%, London prices have not, on average, kept up with inflation, so cash investors *IN REAL TERMS* are still losing money!

Are we really back to 'bubble' growth?

The blue column in the chart below shows how much property prices have grown annually since 2000. This increases ranges from 7-9% in most regions while London increases by 11%. During the 'bubble' days property prices grew by 25 to 30% year on year. It is a false claim to call current market growth a 'bubble' as they are below normal.

Property Prices Regionally <i>Land Registry data</i>	2007/8 Height	Latest Month's Data - Dec 13	+/- Market Height	Year on year change in price in December	Annual average increase since 2000	Land Registry Highest Yearly Average Increase Since 2000	
						Date	% Increase
England & Wales	£ 183,695	£ 167,353	-9%	4.4%	8.5%	Jan-03	24.7%
Wales	£ 141,344	£ 118,268	-16%	3.5%	8.8%	Jul-04	28.7%
Regions							
North East	£ 129,519	£ 97,596	-25%	-0.1%	7.2%	Apr-03	30.9%
North West	£ 137,582	£ 110,008	-20%	1.7%	7.9%	Jul-04	27.2%
Yorkshire & The Humber	£ 145,571	£ 116,012	-20%	0.5%	8.2%	Jan-03	27.3%
East Midlands	£ 147,541	£ 126,939	-14%	4.1%	8.3%	Jan-03	31.8%
West Midlands	£ 153,944	£ 131,800	-14%	3.2%	7.4%	Feb-03	26.7%
South West	£ 195,465	£ 176,783	-10%	3.6%	8.7%	Jan-03	28.2%
East	£ 194,114	£ 180,690	-7%	5.2%	8.8%	Feb-03	27.2%
South East	£ 228,328	£ 220,509	-3%	5.9%	8.1%	Jun-00	23.5%
London	£ 351,512	£ 403,792	15%	11.2%	11.6%	Apr-00	29.0%

Acadadata's Scottish index suggests average prices are rising and house sales levels are continuing to increase.

Gordan Fowlis, Regional Managing Director of Your Move, part of LSL, comments: *"The recovery of the Scottish housing market is bouncing ahead, with price rises moving past those seen in every other region in Great Britain aside from London and the South East. Average prices are now £5,131 higher than the same time last year, propelled forward by a significant number of sales. In fact, December saw the greatest number of homes change hands in a single month since July 2008, and 27% more sales than a year ago."*

Property Prices Regionally <i>* Ros.gov Data (Dec 13)</i>	2005	2007/8 Height	2009 Low	+/- versus Market Height	Latest Month's Data - Dec 13	+/- Market Height	Year on year change in price in December
Scotland *	£118,198	£ 160,592	£ 136,192	-15.19%	£ 160,322	0%	1.1%

Property prices in Northern Ireland continue to struggle being down 47% versus the 2007/08 high. Whilst this remains perhaps not such good news for sellers that bought their properties around five years ago, this could be the time for potential purchasers to revisit their options and look at getting on the property ladder versus renting.

Property Prices Regionally <i>** Bank of Ireland Data (Q4 13)</i>	2007/8 Height	2009 Low	+/- versus Market Height	Latest Data - Q4 13	+/- Market Height	Year on year change in price in Q4
Northern Ireland **	£ 250,586	£156,857	-37.40%	£ 132,922	-47%	-4.4%

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- [Trading Up Checklist](#)

What's happening in your town in December 2013?

Even at city and town levels, your property price or the value of the property you want to buy or sell can be going up when the regional data says, on average, prices are going down. So as well as tracking the regional data, we also track the latest property prices movements for major towns and cities in the UK during December 2013.

What do price falls and rises mean for buyers and sellers?

Liverpool and Bradford property prices are still nearly 30% below market heights reached six years ago. Consider inflation of 3% per year and in real terms, a £100,000 property bought with cash in 2007/8 would need to be worth £113,000, whereas it would be worth £70,000 so a *real loss* of £43,000.

Peterborough and Nottingham property prices are now about level with 'the bottom' of the market seen in 2009, but prices are still 20% below previous heights. Year on year though prices seem to be stabilising so this may be a good time to look at buying. **Sheffield, Manchester and Birmingham** are still below their previous height but prices are moving forward with growth rates picking up of 3 to 7%.

Areas that appear to be recovering back to 2007 heights and showing good year on year growth include **Bournemouth, Cardiff and Bristol**, each area only a year's growth against returning to 2007/8 heights.

Brighton and Hove has already surpassed 2007/8 heights. With year on year growth of 5.5% and the potential to reach 12% year on year annual average increases, this is definitely an area to consider both selling and buying in, as is **London** which is showing signs of returning to a normal market and nearly recovering any inflationary losses.

Towns & Cities <i>England & Wales Land Registry data</i>	2007/8 Height	Latest Month's Data - Dec 13	+/- Market Height	Year on year change in price in December	Annual average increase	Land Registry Highest Yearly Average Increase Since 2000	
						Date	% Increase
Liverpool	£ 124,934	£ 90,741	-27%	0.8%	7.6%	Jul-04	42.7%
Bradford	£ 125,925	£ 93,425	-26%	0.8%	7.1%	Oct-04	29.1%
Manchester	£ 121,340	£ 96,458	-21%	7.5%	8.8%	Sep-04	24.4%
Leeds	£ 155,110	£ 124,065	-20%	1.6%	8.1%	May-03	28.3%
Nottingham	£ 105,214	£ 83,872	-20%	-0.5%	6.0%	Feb-03	33.5%
Sheffield	£ 139,484	£ 116,967	-16%	3.0%	9.5%	Apr-03	26.7%
Birmingham	£ 136,345	£ 114,625	-16%	3.9%	7.1%	Apr-03	28.8%
Bournemouth	£ 192,914	£ 173,515	-10%	2.8%	7.9%	Feb-03	25.5%
Bristol	£ 188,869	£ 177,663	-6%	5.1%	10.2%	Feb-03	29.8%
Cardiff	£ 159,475	£ 144,567	-9%	3.7%	8.2%	May-03	28.8%
Peterborough	£ 134,523	£ 107,062	-20%	0.3%	7.6%	Dec-02	26.9%
Brighton and Hove	£ 232,584	£ 240,948	4%	5.5%	12.7%	Jul-00	35.5%
London	£ 351,512	£ 403,792	15%	11.2%	11.6%	Apr-00	29.0%

Top Cities <i>Scotland * Ros.gov Data (Dec 13)</i>	2005	2007/8 Height	2009 Low	+/- versus Market Height	Latest Month's Data - Dec 13	+/- Market Height	Year on year change in price in December
Glasgow *	£111,162	£ 130,629	£105,000	-19.62%	£ 133,850	2%	2.2%
Edinburgh *	£168,986	£ 185,000	£168,000	-9.19%	£ 213,737	16%	-1.4%

In Scotland, **Edinburgh** continues to show good signs of growth at 16% up versus the highs of 2007. **Glasgow** is also now 2% above the high of 2007.

Top City <i>Northern Ireland ** Bank of Ireland Data (Q4 13)</i>	2007/8 Height	2009 Low	+/- versus Market Height	Latest Data - Q4 13	+/- Market Height	Year on year change in price in Q4
Belfast **	£ 258,332	£155,483	-39.81%	£ 136,830	-47%	-8.3%

The property market in **Belfast** continues to struggle, with prices yet to reach the bottom of the market.

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Property Supply & Demand

To work out what might happen to property prices in the future and whether now is a good time to buy, sell or invest, understanding what's happening to demand and supply for property in your local area is essential.

FSSA Board Count *	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
	29.5%	32.9%	32.9%	28.4%	33.0%	38.6%	39.7%	39.1%	33.8%	40.4%	49.7%	42.0%	40.2%

The [FSSA](#) data (see chart above) shows that with the exception of April and September, the ratio of properties for sale versus sold gradually increased to a height of 49.7% in November. However, the percentage dropped back in December and again in January 2014 to 40.2%. In a 'normal market', the average figure of properties for sale versus sold would typically be 40% so these figures would suggest the market is certainly becoming more 'normal', in other words, supply and demand are creating an active market.

There does however, remain huge regional contrasts, with **Fleet in Hampshire** recording the highest ratios of sold vs for sale boards at 73.8%, and **Brigg and Scunthorpe in North Lincolnshire** recording the lowest ratio at 10%, underlying the need to fully research your local property market and not rely on average figures and headlines.

**For Sale Sign Analysis (FSSA) provides figures which helps us track the number of properties for sale versus sold. This is another good, early indicator of what's happening locally to supply and demand in the property market.*

If you want to understand how to board count in your local area, then click on the following link:-
[Working out what's happening in your local market through board counts](#)

How many viewings do you need to sell a home? How many weeks will it take to sell?

November 2013 versus 2012

Hometrack	Previous Year/Month - % Offer to Asking Price January 2013	Time to Sell Weeks	Number of Viewings	Current Month - % Offer to Asking Price January 2014	Time to Sell Weeks	Number of Viewings
England & Wales	93.1%	9.9	10.3	95.3%	8	10.3
Wales	92.0%	12.9	n/a	94.8%	9.6	n/a

The English Market

[Hometrack's](#) data (see chart above) for January 2014 versus a year ago, shows key demand and supply indicators steadily rising. The percentage offer to asking price for England and Wales has now just exceeded the magic 95%, which is classed as a 'normal market', with the average number of weeks it takes to sell a property in England and Wales now standing at eight weeks, a drop from just over 10 weeks year ago.

The number of viewers it takes to secure an offer is also a good indicator of market trends, and during January 2014, this stood at 10.3 being unchanged from a year ago. Considering all the Hometrack data, this suggests we are, on average, heading towards a more 'normalised market', however, we also need to consider that property 'volumes' remain seriously low and are way down on pre-peak levels.

What's Happening in Wales?

The time it takes to sell a property in Wales has fallen from 12.9 a year ago, to 9.6 weeks in January 2014. The offer to asking price percentage has increased compared to last year and is almost at the magic 95%, which would indicate that the Welsh property market is also heading towards a more 'normalised' market.

Property Supply & Demand – Cont'd

There are of course regional differences, and according to [Hometrack's](#) regional data, (see chart below), all areas have seen a rise in the average offer to asking prices and, with the exception of the North West where the time to sell remains the same as a year ago, a fall in the time it takes to sell a property year on year.

Check out the differences in your area using the Hometrack data below

If you are a buyer, seller or investor, it's essential you speak to the local agents to find out what's actually happening in your area, as although regional averages are a good guide, there can be vast localised variations in the market.

London, the South East and South West appear to be experiencing a more 'normalised' market, with the West Midlands not being far behind. In the remaining regions, properties are still taking longer than average to sell, particularly in the North West, Yorkshire and The Humber, the East Midlands and East of England, where it takes around four times as long as London to sell a home. In London, the market shows real buoyancy with sales within a few weeks and offer to asking price ratios of 98%.

Hometrack Regions	Previous Year/Month - % Offer to Asking Price January 2013	Time to Sell Weeks	Current Month - % Offer to Asking Price January 2014	Time to Sell Weeks
North East	91.9%	10.1	93.2%	9.8
North West	92.1%	11.7	94.3%	11.7
Yorkshire and The Humber	92.0%	11.1	94.4%	10.2
East Midlands	93.1%	13.7	93.5%	11
West Midlands	92.5%	10.5	94.2%	8.8
South West	93.0%	10.1	95.9%	8.3
East	93.3%	11.5	95.1%	10.8
South East	94.2%	7.8	96.2%	5.6
London	94.5%	6.3	98.0%	2.7

What's supply and demand like within estate agencies?

Another source of checking current market conditions for supply and demand is looking at the average number of properties per branch of estate agents, together with the number of sales per estate agent branch.

The average property stock per branch data (see chart below) from [Rightmove](#) for the year to January 2014 shows a small rise over the summer months, but dropping back in November, December and January of this year. The [NAEA](#) average property stock figures per branch show slight increases from January 2013 to April, with stock levels over the remaining months ranging from 60 in May through to just 45 in January 2014.

Average Stock Per Branch	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14
Rightmove	64	65	68	69	71	71	71	70	69	67	63	58	57
RICS	63	66	69	68	n/a	n/a	66	n/a	n/a	n/a	n/a	60	59
NAEA	56	58	60	61	60	n/a	53	52	57	53	51	47	45
Average Sales Per Branch													
RICS	16	17	17	21	30	n/a	n/a	18	n/a	n/a	n/a	n/a	n/a
NAEA	7	8	8	9	10	n/a	8	9	9	10	9	6	8

According to the [NAEA](#), since January 2013, average sales of properties per branch have not changed very much at all, varying between 6 sales per branch in December through to 10 sales per branch in May and October.

What does this data tell you if you are buying or selling?

What does this mean for buyers/sellers? Basically it suggests now is potentially a great time to sell. Frustrated buyers are now back in the market in force, but sellers aren't. As more sellers are tempted onto the market and as price and interest rates rise, there will be pressure on affordability. So supply could increase while the number of buyers decreases – reducing pressure on prices longer term. So sellers, if prices are rising, now may be the time to sell!

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- [Preparing your Home for Sale](#)
- [How to Work Out my Property Market](#)
- [Help to Buy](#)

What to do next?

Don't carry out a property project, especially buying and selling without taking independent, up to date, advice. On average 30% of property sales fall through after offers are accepted – this can cost you thousands of pounds, let alone the stress of losing a property you wanted to buy.

For more help, from Kate and her team, join [Property Checklists](#), it's free of charge and here are links to checklists which will be of real help to you:-

- [Buying your first home](#)
- [Trading up](#)
- [Buy to Let](#)
- [Renting a Property](#)
- [Selling a Property](#)

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If you need Kate to appear on TV, radio or for general comment, please contact directly:-

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About Kate Faulkner

Kate carries out over 50 speaking engagements every year, highlighting property market issues to the industry and consumers. She has written six property books including four for Which?, is a featured property expert on the 4Homes website, regularly presents market issues for BBC Radio Nottingham and has a column in the Nottingham Evening Post and is currently the Telegraph's property club Q&A person.

She has appeared on BBC Breakfast News, Daybreak, 'Your Money', Radio 2's Jeremy Vine Show, Radio 4's You and Yours, Radio 5 Live, ITV/ITN News and The Big Questions.

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