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East of England property market update

March 2017

Independent, free, expert advice on housing

Buying, selling or investing in today's variable market means you need to take a great deal of care before making a decision. It's essential to secure independent, up-to-date advice you can trust. Kate Faulkner and her team make it easy to access the information and support consumers' needs via FREE of charge [eBooks](#), checklists, [The Buy To Let Show](#), articles and one-to-one advice.



Report Headlines



Nationwide

"All regions saw house price growth in 2016, with East Anglia topping the table for the first time since 2010, with average prices up 10.1% year-on-year."



LSL Acadata HPI

"East of England is top performing region in terms of prices, up 5.9%."



Overlooking the River Yare in Norwich, a city which can represent good value (see page 5).

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East of England	Highest average house price pre-credit crunch 2007/08	Lowest average house price during recession 2009	Market low +/- versus market height	Latest month's data Jan-17	How much higher/lower are latest prices vs height in 2007/8	How much higher/lower are latest prices vs 2009 low	Year on year change in price in Jan 17	Annual average increase since 2000	Highest yearly average increase since 2000	Date	% Increase
All property types	£209,624	£168,263	-19.73%	£279,231	33%	66%	9.4%	7.3%	Jan-03		28.9%
Detached	£309,679	£250,930	-18.97%	£419,111	35%	67%	10.5%	7.0%	Jan-03		26.3%
Semi Detached	£208,200	£166,616	-19.97%	£281,939	35%	69%	9.1%	7.4%	Feb-03		28.7%
Terraced	£174,069	£139,362	-19.94%	£231,448	33%	66%	8.1%	7.6%	Jan-03		30.0%
Flat	£153,112	£121,332	-20.76%	£190,878	25%	57%	10.1%	7.2%	Jan-03		32.9%

Source: [UK HPI](#)

Asking prices			Mortgaged only prices			Sold prices inc cash sales			Sold prices inc cash sales & new builds		
Rightmove Average Price Mar-16	Rightmove Average Price Mar-17	Rightmove % Change YoY	Nationwide Average Price Q4 15	Nationwide Average Price Q4 16	Nationwide % Change YoY	LSL Acadata HPI Average Price Jan-16	LSL Acadata HPI Average Price Jan-17	LSL % Change YoY	UK HPI Average Price Jan-16	UK HPI Average Price Jan-17	UK HPI % Change YoY
£326,826	£339,721	3.9%	£251,296	£268,656	6.9%	£296,843	£314,287	5.9%	£255,235	£279,231	9.4%



KATE FAULKNER COMMENTS ON PRICES

“ The average house price in the East of England ranges from £279,231 (HPI price paid) to over £326,000 (Rightmove, asking prices) and, at the moment, prices are rising at a faster rate than they have annually since 2000 – with detached homes and flats rising by double figures.

Looking at the data, those who bought property at the height of the market should be fine to move on as prices have recovered in the

main and, for those who were lucky enough to ‘time their market entry’, they should be pretty pleased as since 2009 the growth in house prices is double that of those who bought prior to the crash.

Flats appear to be excellent value for money versus houses, being sub £200,000 and, with parts of East of England commutable to London within an hour or so, it’s a viable place to own a home while working in the capital.

East of England Towns & Cities	Highest average house price pre-credit crunch 2007/08	Lowest average house price during recession 2009	Market low +/- versus market height	Latest month's data Jan-17	How much higher/lower are latest prices vs height in 2007/8	How much higher/lower are latest prices vs 2009 low	Year on year change in price in Jan 17	Annual average increase since 2000	Highest yearly average increase since 2000	
									Date	% Increase
Cambridge	£283,241	£224,469	-20.75%	£431,344	52%	92%	0.5%	8.1%	May-00	27.5%
Norwich	£166,498	£123,698	-25.71%	£192,042	15%	55%	7.3%	7.4%	Oct-02	37.9%
Peterborough	£156,264	£123,752	-20.81%	£171,946	10%	39%	6.1%	6.8%	Dec-02	30.2%

Source: [UK HPI](#)

City	Current price	%yoy Jan 17	% growth last quarter
Cambridge	£418,100	2.2%	0.0%

Source: [Hometrack](#)



LSL Acadata HPI

“Despite a slow down, with prices up just 0.1% over the month, the East of England continues to top the table for annual growth, up 5.9%. The London commuter hotspots of Luton (growing 10.4% in the last year) and Essex (6%) both set new peak prices in the month.” (Feb 17)

Table 2 First-Time Buyers: Average Price, Loan and Deposit by Region, 2016

	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
East Anglia	196,367	164,503	31,864	16%

Source: [Halifax/CML](#)



Hometrack

“Cambridge and Oxford have recorded strong price gains of >75% which have resulted in record high price to earnings ratios in these cities.” (Jan 17)

FTB average paid	£232,412
Trading up average price paid	£270,975
Cash purchase average price paid	£263,765
New build average price	£406,089

Source: [UK HPI](#)



KATE FAULKNER COMMENTS ON TOWN AND CITY PRICE DIFFERENCES



The areas in East of England have performed very differently since the credit crunch.

For anyone trying to live in Cambridge, it's not just prices and rents that are tough to afford due to the huge economic and academic success of this area and the lack of building, it's the sheer fact that there are far more people who want to live there versus the number – and quality - of homes available.

All this is set to change over the coming years with areas such as Trumpington being built near the hospital and also new towns such as Cambourne being created. For those keen to find out what is coming up in the area, it's worth investigating the plans for the [Cambridge-Milton Keynes-Oxford Corridor](#) as there is hope for vast numbers of new homes planned to be built in the area and improvements in transport over the coming years.

For first-time buyers, although Cambridge maybe out of your reach, other areas can be quite good value, especially when you look at the likes of Norwich and Peterborough. Properties can still be – and are – being bought sub £200,000 and in areas such as Peterborough, entry level properties can be accessed near the station for under the £125,000 stamp duty limit, including three-bed terraced homes. There are also opportunities for shared ownership properties. Bearing in mind that currently Peterborough is just 45 minutes from Kings Cross and you will soon be able to reach there from under 40 minutes, it's commutable to London, without the normal price tag.



Cambridge remains out of reach for many buyers.

Image: © Socrates | Dreamstime.com

Property Price Forecasts	Savills 2017 (Feb 17)	Savills 5 Yr Forecast (Feb 17)	Knight Frank 2017 (Nov 16)	Knight Frank 5 Yr Forecast (Nov 16)	Countrywide 2017 (Summer 16)	Chestertons 2017 (Nov 16)	Chestertons 2016-20 growth (compounded) (Nov 16)	NAEA 2017 (Dec 15)	YoY % Increase	Actual UK HPI Jan-17	Actual Nationwide Q4 16
UK	0.0%	13.0%	1.0%	14.2%	-1.0%					6.2%	4.5%
Great Britain											
England & Wales						6.5%	31.9%			6.5%	
England											
London	0.0%	11.0%	-1.0%	12.5%	-1.3%	7.0%	37.6%*	£589,853	7.1%	7.3%	3.7%
South East	2.0%	17.0%	1.0%	17.0%	-1.0%	7.0%	35.6%	£407,428	7.3%	8.7%	6.9%
South West	1.0%	14.0%	2.0%	16.5%	-0.5%	5.0%	25.8%	£284,542	3.9%	7.4%	4.4%
East of England	2.5%	19.0%	1.5%	18.1%	-1.0%	7.0%	36.9%	£343,935	7.5%	9.4%	10.1%
East Midlands	0.0%	14.0%	1.5%	17.6%	-0.5%	5.0%	25.8%	£204,063	1.5%	5.6%	4.9%
West Midlands	-0.5%	13.0%	1.5%	17.6%	-0.5%	4.5%	22.8%	£212,894	1.9%	5.8%	4.1%
North East	-2.5%	9.0%	0.5%	9.3%	-0.25%	3.0%	14.8%	£167,590	3.2%	2.2%	0.1%
North West	-2.0%	12.0%	0.5%	10.4%	-0.25%	4.5%	23.4%	£198,660	5.2%	4.6%	3.7%
Yorks & Humber	-2.0%	10.0%	1.0%	13.1%	-0.5%	4.0%	21.1%	£200,641	4.7%	2.7%	4.0%
Wales	-2.0%	10.0%	0.0%	8.8%	-0.3%			£178,924	1.4%	4.2%	2.4%
Scotland	-2.5%	9.0%	2.0%	11.0%	0.0%			£208,907	4.6%	4.0%	2.2%



KATE FAULKNER COMMENTS ON PRICE FORECASTS



Moving forward, the region is expected to grow, potentially even faster than London, with Savills forecasting a 19% increase in prices versus 11% in London over the next five years, although this has never really happened before, so we'll have to wait and see if London truly is slowing. Also, it is likely that growth will be mixed. Many areas such as Norwich, Ipswich and Peterborough do have the space to build homes and, with the government's current big push to build, these areas are also likely to be attractive to Build

to Rent schemes - with good rental income possibilities as they build/let new properties in bulk as opposed to landlords just buying and letting one or two buy to lets.

As such, not only may this area prove to be accessible to those considering moving out of London, but the wealth they can bring may also help to drive prices upwards, perhaps even helping some make the move longer term back to London as their equity grows.

Sales volumes by local authority/county

Local authority/county	Sales volume Jan-Nov 15	Sales volume Jan-Nov 16	Sales volume YoY %
Bedford	2995	2350	-21.5%
Bedfordshire (Central)	5589	4501	-19.5%
Cambridge	1565	1133	-27.6%
Cambridgeshire	10156	8881	-12.6%
Essex	26270	22615	-13.9%
Hertfordshire	19448	15512	-20.2%
Norfolk	15711	13824	-12.0%
Norwich	2233	1922	-13.9%
Peterborough	3106	2776	-10.6%
Suffolk	12754	11425	-10.4%

Source: [UK HPI](#)

SUPPLY AND DEMAND

The data below comes from Agency Express and gives an indication over a three-month period of what's happening to supply (new listings) and demand (properties sold over time).

	New listings		Properties sold	
	Dec-Mar 17	Dec-Feb 16	Dec-Feb 17	Dec-Feb 16
East Anglia	-0.3	12.7	-1.3	8.1

Source: [Agency Express](#)



KATE FAULKNER COMMENTS ON PROPERTY TRANSACTIONS. DEMAND AND SUPPLY



It's clear that sales volumes are suffering and these tend to go hand in hand with price growth falling – hence seeing the 'shine' taken off price growth in the likes of Cambridge where last year sales fell dramatically, by nearly 30%. Also, considering the size of the area, selling just over 1,000 when there are hundreds of agents there is a truly shocking statistic, showing the issues of stock that cause the greatest of problems in our housing market. Cambridge and areas like Hertfordshire are likely to struggle moving forward to make ends

meet for landlords with new taxation and costs of delivering a legally and safely let home but, for those already invested, it is likely to help drive up rents and prices, so returns should improve in the long term. From a purchase perspective, new builds and potentially new towns and big development areas around the A14/A1 such as [Alconbury](#) are probably the best places to investigate for value for money and government-supported help to get on the ladder.

LSL Average Monthly Rent Jan-16	LSL Average Monthly Rent Jan-17	LSL % Change YoY	Homelet Average Monthly Rent Feb-16	Homelet Average Monthly Rent Feb-17	Homelet % Change YoY	Belvoir Average Monthly Rent Feb-16	Belvoir Average Monthly Rent Feb-17	Belvoir % Change YoY	ONS Index of PRS Rental Prices % Change over 12 months Feb-17
£827	£870	5.2%	£885	£896	1.2%	£726	£767	5.6%	2.8%

Belvoir	Highest average monthly rent pre-credit crunch 2008	Lowest average monthly rent during recession 2009	How much higher/lower are latest rents vs 2008 height	How much higher/lower are latest rents vs 2009 low	Average Monthly Rent Feb-16	Average Monthly Rent Feb-17	% Change YoY	Annual average increase since 2008
East of England	£702	£680	9.3%	12.8%	£726	£767	5.6%	1.0%

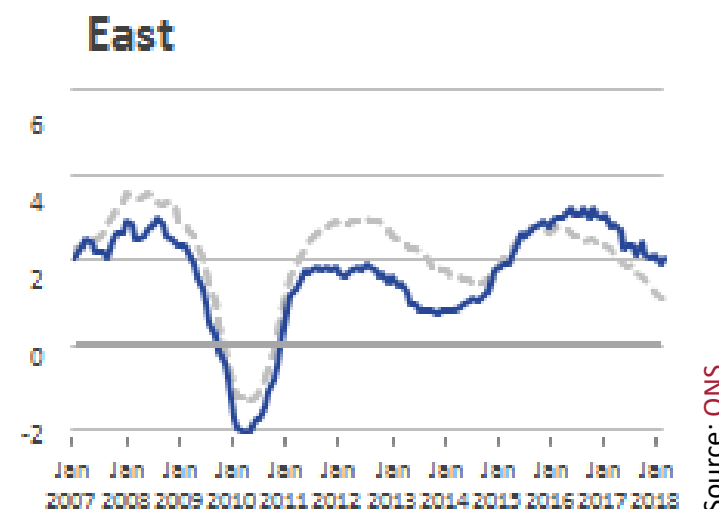
ONS	Lowest % change over 12 months during recession 2009/2010	Highest % change over 12 months pre-credit crunch 2008	% Change over 12 months Feb-17
East of England	-2.1%	3.0%	2.8%

Source: [ONS](#)



LSL

"The East of England was home to the fastest rising rents in the last year. Prices in this area increased by 6.9% in the year to January 2017 and now stand at £870 per month. This region also saw the fastest growth month-on-month with rents ticking up 0.7% between December and January". (Jan 17)



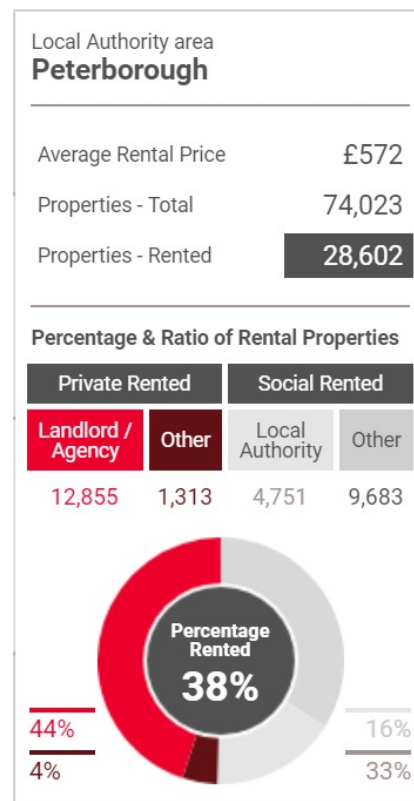
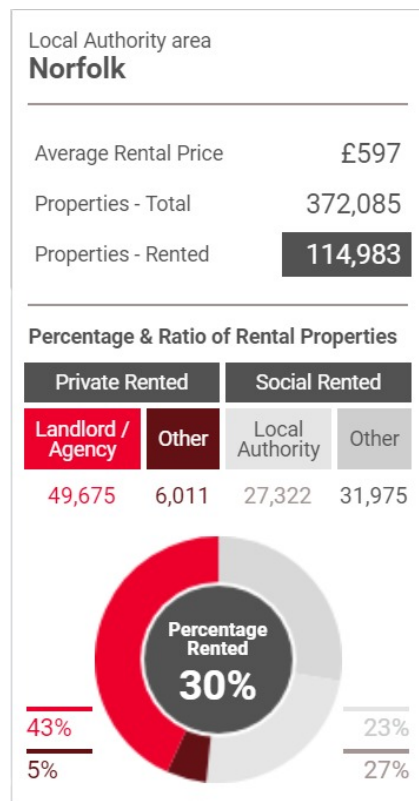
Dotted grey line shows average England 12 month % change

Location	2018	2019	2020	2021	2022	5-year compound growth
UK	2.5%	2.5%	3.0%	3.5%	3.5%	15.5%
London	3.0%	3.0%	3.5%	3.5%	3.0%	17.0%
UK excl London	2.0%	2.0%	3.0%	3.5%	3.5%	15.0%
Wages	3.0%	3.0%	3.0%	3.5%	3.5%	17.0%
CPI	2.0%	1.5%	2.0%	2.0%	2.0%	9.5%

Source: [Savills](#)

Rental trends

For more information on rental and market trends in the East of England, Direct Line have produced an interesting [interactive 'heat map'](#) of the UK showing the percentage and ratio of rental properties, together with average rental prices. On the right are some examples of the results from areas in the East of England. To check out your Local Authority area, visit the [Direct Line Landlords Rental Hotspots interactive heat map](#).



KATE FAULKNER COMMENTS ON THE RENTAL MARKET



Rents are strong in this neck of the woods, at £750-£900 per month, while other areas 'north' of here are charging around £500-£600. That means that anyone in this sector has to find £10,000, net of tax, to pay for a roof over their head; virtually impossible on a minimum wage. This potentially makes it easier for youngsters who can to stay at home with mum and dad and save for a deposit via a Lifetime ISA or to rent rooms rather than whole homes to keep costs down.

For those with families, though, access to social homes is important for the future, as is potentially finding long-term landlords who want to support those who haven't always had life easy. In the likes of Cambridge, this is definitely an area where vulnerable tenants need to be better looked after to make sure they aren't living in substandard homes.

Yields

Region	Rents Jan (£) 2017	One month change	Yields Jan 2017
East of England	870	0.7%	4.0%

Source: [LSL](#)

Auction data

East Anglia		
December 2016 to February 2017	Residential	
Lots Offered	191 (188)	▲ 1.6%
Lots Sold	144 (154)	▼ 6.5%
Percent Sold	75.4% (81.9%)	▼ 7.9%
Total Raised	£21M (£21M)	▼ 0.2%

Source: [EJ Group](#)



KATE FAULKNER COMMENTS ON THE EAST OF ENGLAND INVESTMENT MARKET

“ From an investment perspective, it is worthwhile finding areas which are commutable to London, where you are able as a landlord at least to break even cashflow-wise on your investment. Areas such as Peterborough stand out, but you need to pick your property and road carefully as some properties here haven't recovered price wise since the crash.

Potentially getting in early in on new build sites which have the best access to the likes of Cambridge or planned new stations could be worthwhile. To see the impact of how prices have developed, it's worth visiting the new town of Cambourne to see what's happened there.

Here are some examples of the best performing properties in Cambourne:

[71 School Lane, Lower Cambourne \(5 bed detached house\)](#)

[16 Chervil Way, Great Cambourne \(2 bed terraced house\)](#)

And some of the worst performing properties in Cambourne:

[61 Broad Street, Great Cambourne \(2 bed flat\)](#)

[73 Broad Street, Great Cambourne \(2 bed flat\)](#)

It is also worth investigating areas such as Peterborough, Ely, St Ives and Huntingdon.

For additional help and advice on property investment in the East of England, contact: [Belvoir Peterborough](#); [Maxine Lester](#); [Hunters](#); [Your Move](#); [Reeds Rains](#).

If you would like to attend one of Kate's landlord/buy to let seminars in the East of England, her next seminar is with [Maxine Lester](#) on 4th May 2017. Please contact [Maxine Lester](#) for further information.



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

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