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## East Midlands property market update

May 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



### LSL Acadata HPI

*"Outside of the West Midlands region and London, the East Midlands is keeping pace, up 4.3%."*



### Halifax

*"Property prices in the East Midlands picked up by 8.0% year-on-year, which placed the region in second place for price growth in Q1."*

Lincolnshire has a lower than average proportion of rental properties. Out of a total of 306,971 properties, only 13% are privately rented through a landlord or letting agent (see Page 9).

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East Midlands	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 Mar-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 Mar 17	Annual average increase since 2000	Highest yearly average increase since 2000	
									Date	% Increase
All property types	£159,537	£129,876	-18.59%	£176,213	10%	36%	6.7%	6.7%	Feb-03	33.9%
Detached	£228,903	£187,002	-18.31%	£257,984	13%	38%	6.4%	6.4%	Feb-03	32.2%
Semi Detached	£144,575	£117,374	-18.81%	£161,539	12%	38%	7.2%	6.9%	Feb-03	35.7%
Terraced	£121,744	£98,210	-19.33%	£132,448	9%	35%	6.3%	7.1%	Jan-03	35.5%
Flat	£107,207	£84,189	-21.47%	£108,226	1%	29%	7.3%	6.4%	Jan-03	37.3%

Source: UK HPI

Asking prices			Mortgaged only prices			Sold prices inc cash sales			Sold prices inc cash sales & new builds		
Rightmove Average Price Apr-16	Rightmove Average Price Apr-17	Rightmove % Change YoY	Nationwide Average Price Q1 16	Nationwide Average Price Q1 17	Nationwide % Change YoY	LSL Acadata HPI Average Price Mar-16	LSL Acadata HPI Average Price Mar-17	LSL % Change YoY	UK HPI Average Price Mar-16	UK HPI Average Price Mar-17	UK HPI % Change YoY
£196,665	£205,065	4.3%	£162,082	£170,082	4.9%	£194,258	£202,606	4.3%	£165,175	£176,213	6.7%



## KATE FAULKNER COMMENTS ON PRICES

“ During the credit crunch the East Midlands took a bit of a dive, especially flats in the city centres of the likes of Nottingham and Derby, with average falls of 18-21%. Prices have just started to recover, although flat prices remain exactly that... flat!

The main recovery though has only just begun with property price rises year on year just reaching their long-term average growth rate of 6-7%. For those who bought at the low of the market, good gains of

30-40% can have been achieved. Overall, although the Land Registry data shows 6-7% growth year on year, the later indices show this has now slowed to 4-5%, suggesting growth rates have peaked and are now falling back as in the rest of the UK.

In summary, properties in the East Midlands remain good value for money. Properties can still be bought for under £100,000, making the cities in the East Midlands some of the most affordable in the UK.

East Midlands 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 Mar-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 Mar 17	Annual average increase since 2000	Highest yearly average increase since 2000	
									Date	% Increase
Leicester	£135,317	£110,071	-18.66%	£151,474	12%	38%	5.2%	7.3%	Mar-03	35.4%
Lincoln	£128,707	£106,017	-17.63%	£140,345	9%	32%	1.2%	7.3%	Feb-03	38.0%
Nottingham	£119,010	£93,696	-21.27%	£127,302	7%	36%	6.4%	6.2%	Mar-03	37.9%

Source: [UK HPI](#)

City	Current price	%yoy Mar 2017	% last 3 months
Nottingham	£142,600	6.7%	2.2%
Leicester	£162,100	6.6%	1.8%

Source: [Hometrack](#)

**Table 1: 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 Midlands	153,779	130,717	23,062	15%

Source: [Halifax/CML](#)



## LSL Acadata HPI

*"This month there are six regions where house prices have reached a new peak, being the North West, the East and West Midlands, the East of England, the South East and Wales." (Apr 17)*

FTB average paid	£148,380
Trading up average price paid	£198,937
Cash purchase average price paid	£171,211
New build average price	£235,029

Source: [UK HPI](#)

## Cost of buying a first home vs renting

### Up-front costs to buy or rent a property:

	Buying a property	Renting a property
Deposit @ 5%	£5,625	£685
Mortgage/tenant fees	£1,000	£300
Stamp duty	£500	£0
Survey fees	£500	£0
Legal costs	£1,000	£0
<b>Total investment:</b>	<b>£8,625</b>	<b>£985</b>

### Annual running costs:

	Buying a property	Renting a property
Mortgage @ 4% x 12 months	£8,163.84	£6,870
Council tax	£1,440	£1,440
Utility bills	£1,500	£1,500
Phone/TV packages	£600	£600
Contents insurance	£125	£125
Buildings insurance	£167	£0
Maintenance	£1,000	£0
<b>Total annual running cost:</b>	<b>£12,995.84</b>	<b>£10,535</b>

Notes: Purchase deposit includes H2B ISA contribution and £685 rental deposit will be returned at the end of the tenancy if the property has been returned in good condition

## Entry level property opportunities

For first-time buyers in Nottingham, for around £60,000 there are two-bed flats available, such as this one: <http://www.rightmove.co.uk/property-for-sale/property-46817997.html>

Or for similar money, around £67,000, there are brand new two bed terraced/semi detached houses available via the Shared Ownership Scheme:

<http://www.rightmove.co.uk/property-for-sale/property-63726011.html>

<http://www.rightmove.co.uk/property-for-sale/property-63726209.html>



## KATE FAULKNER COMMENTS ON TOWN AND CITY PRICE DIFFERENCES

“ First-time buyers can definitely bag a bargain in the East Midlands with the average price paid around £150,000.

Although the average deposit is £23,000, with a 5% deposit of £7,500 and using the Help to Buy ISA, our analysis above shows that FTBs would actually need to save £5,625, or if buying as a couple, just under £3,000 each. Over a two-year period that would mean saving £250 a month each.

Comparing this to renting, it costs on average around £600 per month, while to buy a £150,000 home would cost £680 a month in repayment of which £475 goes in ‘dead money’ ie interest to the lender.

The average new build price is £235,029 versus the £176,213 people pay on average for a property suggesting quite a premium to buy new versus an existing home.

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 Feb-17	Actual Nationwide Q1 17
UK	0.0%	13.0%	1.0%	14.2%	-1.0%					5.8%	4.1%
England & Wales						6.5%	31.9%				
England										6.3%	
London	0.0%	11.0%	-1.0%	12.5%	-1.3%	7.0%	37.6%*	£589,853	7.1%	3.7%	5.0%
South East	2.0%	17.0%	1.0%	17.0%	-1.0%	7.0%	35.6%	£407,428	7.3%	5.4%	6.4%
South West	1.0%	14.0%	2.0%	16.5%	-0.5%	5.0%	25.8%	£284,542	3.9%	6.2%	5.4%
East of England	2.5%	19.0%	1.5%	18.1%	-1.0%	7.0%	36.9%	£343,935	7.5%	10.3%	5.7%
<b>East Midlands</b>	<b>0.0%</b>	<b>14.0%</b>	<b>1.5%</b>	<b>17.6%</b>	<b>-0.5%</b>	<b>5.0%</b>	<b>25.8%</b>	<b>£204,063</b>	<b>1.5%</b>	<b>7.5%</b>	<b>4.9%</b>
West Midlands	-0.5%	13.0%	1.5%	17.6%	-0.5%	4.5%	22.8%	£212,894	1.9%	7.0%	4.5%
North East	-2.5%	9.0%	0.5%	9.3%	-0.25%	3.0%	14.8%	£167,590	3.2%	2.2%	-0.4%
North West	-2.0%	12.0%	0.5%	10.4%	-0.25%	4.5%	23.4%	£198,660	5.2%	6.7%	5.0%
Yorks & Humber	-2.0%	10.0%	1.0%	13.1%	-0.5%	4.0%	21.1%	£200,641	4.7%	5.2%	2.5%
Wales	-2.0%	10.0%	0.0%	8.8%	-0.3%			£178,924	1.4%	1.8%	1.2%
Scotland	-2.5%	9.0%	2.0%	11.0%	0.0%			£208,907	4.6%	3.1%	2.9%



## KATE FAULKNER COMMENTS ON PRICE FORECASTS



Forecast wise, property prices are not expected to grow much over the coming years. On average, the increases range between 14% and 26%. Since 2000, the average over a five-year period would have

been 38%. Looking at the different forecasts, although we are not yet halfway through the year, it looks like the forecasts may be a little light for the region... bar Chestertons who are currently 'spot on'.

## Sales volumes by local authority/county

Local authority/county	Sales volume Jan-Dec 15	Sales volume Jan-Dec 16	Sales volume YoY %
Derby	3832	3424	-10.6%
Derbyshire	13627	12309	-9.7%
Leicester	3769	3400	-9.8%
Leicestershire	13074	11221	-14.2%
Lincoln	1845	1590	-13.8%
Lincolnshire	14519	12722	-12.4%
Northampton	4503	4195	-6.8%
Northamptonshire	14874	13210	-11.2%
Nottingham	4173	3807	-8.8%
Nottinghamshire	13976	13511	-3.3%
Rutland	849	614	-27.7%

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	
	Jan-Apr 17	Jan-Mar 16	Jan-Mar 17	Jan-Mar 16
East Midlands	31.9	24.2	24.4	16.4

Source: [Agency Express](#)



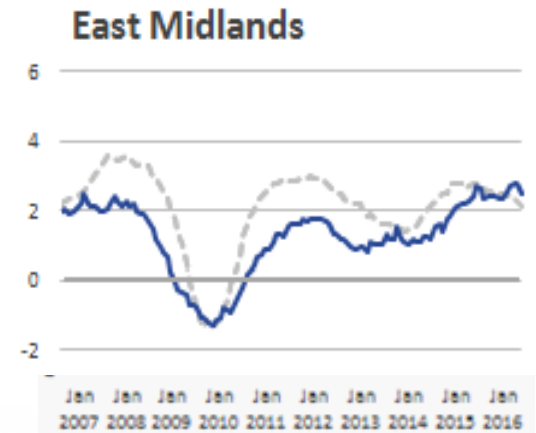
## KATE FAULKNER COMMENTS ON PROPERTY TRANSACTIONS, DEMAND AND SUPPLY



Overall, volumes are down 2016 vs 2015 for the full year despite the large increases in purchases in Quarter One to beat the stamp duty. The area with the biggest fall in sales (but also the smallest in number) is Rutland which is an expensive rural part of the East Midlands.

Nottinghamshire seems to be the most robust from a sales perspective with hardly any fall in sales volume. However, the data of new properties coming onto the market from Agency Express suggests that new listings and properties sold are doing well in 2017 versus 2016.

LSL Average Monthly Rent Mar-16	LSL Average Monthly Rent Mar-17	LSL % Change YoY	Homelet Average Monthly Rent Apr-16	Homelet Average Monthly Rent Apr-17	Homelet % Change YoY	Belvoir Average Monthly Rent Mar-16	Belvoir Average Monthly Rent Mar-17	Belvoir % Change YoY	ONS Index of PRS Rental Prices % Change over 12 months Mar-17
£613	£630	2.8%	£598	£604	1.0%	£607	£658	8.4%	2.5%



(Note: Dotted grey line shows average England 12 month % change)

Source: [ONS](#)

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 Mar-16	Average Monthly Rent Mar-17	% Change YoY	Annual average increase since 2008
East Midlands	£597	£551	10.2%	19.4%	£607	£658	8.4%	1.1%

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](#)

Index of Private Housing Rental Prices: % change over 12 months, Jan 07 to Feb 17

ONS	Lowest % change over 12 months during recession 2009/2010	Highest % change over 12 months pre-credit crunch 2008	% Change over 12 months Mar-17
East Midlands	-1.3%	2.5%	2.5%

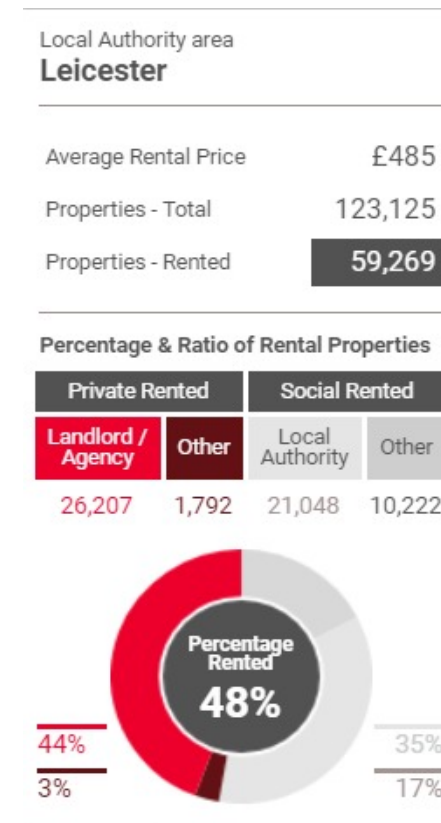
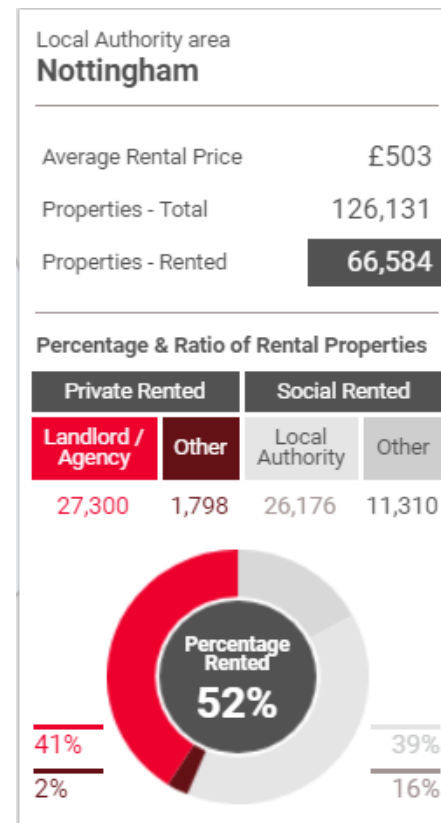
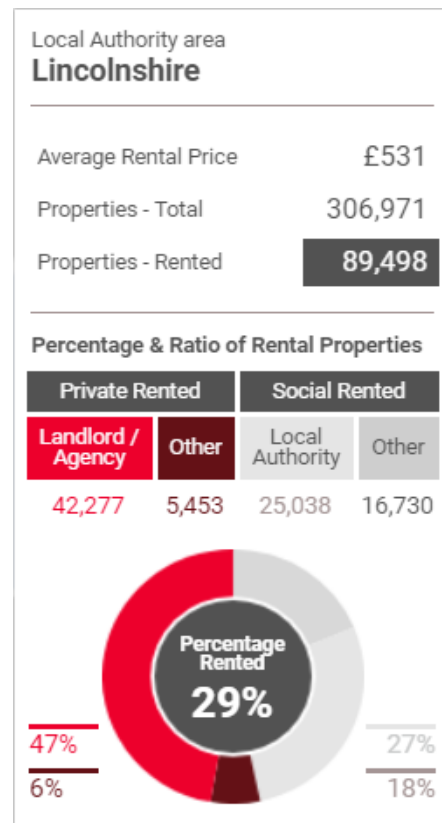
Source: [ONS](#)





## Rental Trends

For more information on rental and market trends in the East Midlands, 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. Here are some examples of the results from areas in the East Midlands. To check out your Local Authority area, visit the [Direct Line Landlords Rental Hotspots interactive heat map](#).



## KATE FAULKNER COMMENTS ON THE RENTAL MARKET



Depending on when tenants came into the rental market, will determine affordability calculations. For example, the Belvoir long-term rental index shows that the annual inflation for lettings is around 1% each year when smoothed out over falls and rises over the last 10 years.

Current inflation rates show that rents are rising on average in line with wages and with inflation – with the indices showing an increase

of 1-3% per year. Rental trends from Direct Line show that renting varies from 29% to over 50%, albeit this includes properties which are socially rented. The private rented sector shows that for Lincolnshire, out of a total of 306,971 properties, 13% are privately rented through a landlord/letting agent; in Nottingham, out of 126,131 properties, 21% are privately rented, and 21% in Leicester out of a total of 123,125 properties.

## Yields

Region	Rents Feb (£) 2017	One month change	Yields Feb 2017
East Midlands	634	0%	4.4%

Source: [LSL](#)

## Auction data

East Midlands		
January 2017 to March 2017	Residential	
Lots Offered	411 (509)	▼ 19.3%
Lots Sold	333 (391)	▼ 14.8%
Percent Sold	81.0% (76.8%)	▲ 5.5%
Total Raised	£35M (£47M)	▼ 24.8%

Source: [EI Group](#)



The Haymarket Memorial Clock Tower in Leicester. A fifth of homes in the city are rented privately (see Page 9).

Image: © NotFromUtrecht | creativcommons.org



### KATE FAULKNER COMMENTS ON THE INVESTMENT MARKET



The LSL data shows that rents are averaging around £634 per month and rental inflation from one month to the next isn't that different. Yields are showing at 4.4%, but over 7% can be achieved if buying the right property in the right area.

From an auction perspective, bargains can be found, but they need to be checked at a local level first to ensure it is possible to renovate and rent the property out at an achievable level prior to buying.



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

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