

June 2017 property price update

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 and her team from Propertychecklists.co.uk make it easy to access the information and support consumers' needs via FREE of charge eBooks, checklists, articles and one-to-one advice.

Summary of property price reports

Report Headlines

| | |
|-----------------------------------|---|
| Rightmove | <i>"Another price record is set as the under-elevens keep the market moving"</i> |
| NAEA PropertyMark | <i>"Demand for housing drops as general election uncertainty starts to kick in"</i> |
| RICS | <i>"Key indicators show little near term impetus"</i> |
| Nationwide | <i>"Further slowing in annual house price growth in May"</i> |
| Halifax | <i>"Annual house price growth eases again to 3.3%"</i> |
| LSL Acadata HPI | <i>"Affordability struggles continue as election looms"</i> |
| Hometrack | <i>"City house price growth is running at 5.3%, down from 8.7% in April 2016"</i> |

Key facts:

Average prices across the indices vary from mortgaged only prices from the Nationwide HPI (May 17) of £208,711, through to marketing prices (*ie not necessarily sold*) from Rightmove (May 17) of £317,281, a 52% difference. Average sold prices from the UK HPI stand at £232,530 (Mar 17).

UK, England and Wales data

| | High | Low | Current Month Mar-17 | Current Month Apr-17 | Current Month May-17 | Annual Change | Annual Average (05 - 17) | | |
|-----------------|----------|----------|-------------------------|-------------------------|-------------------------|------------------|--------------------------------|---|-------|
| Rightmove | £241,474 | £213,570 | £310,108 | £313,655 | £317,281 | 3.0% | 4.4% | Asking prices | E & W |
| Nationwide | £184,131 | £147,746 | £207,308 | £207,699 | £208,711 | 2.1% | 2.6% | Mortgaged only | UK |
| Halifax | £199,766 | £157,767 | £219,755 | £219,649 | £220,706 | 3.3% | 2.5% | Mortgaged only , seasonally adjusted | UK |
| LSL Acadata HPI | £231,829 | £197,145 | £301,278 | £301,606 | n/a | 3.5% | 4.1% | Actual prices, includes cash sales | E & W |
| UK HPI | £194,764 | £159,340 | £232,530 | n/a | n/a | 4.4% | 3.2% | Sold prices, includes cash sales and new builds | E |

Kate Faulkner comments on the national market:

The reports are currently giving mixed reviews. Some claim that the market is slowing due to the election, some suggest that property prices continue to move forward. However, I think that up until now the market has moved as expected. It has seen a recovery since the credit crunch, albeit a very mixed performance on a regional and even postcode basis with a 'recovery' defined as +60% since the falls through to only just recovering to prices seen 10 years ago, although not for every property on each street.

However, the election result is probably a bit of a disaster for the housing market in the short term. We've lost yet another housing minister, Gavin Barwell (although he is now an adviser to Theresa May) so he will need replacing. Worse still, it's going to be so hard for the current government to get anything passed, housing is in danger of falling off the policy agenda in favour of the likes of Brexit and public policy for education and social care/NHS. This would be such a shame as we have got so close to getting housing as a key focus for political parties. But as we know, politics is a very fickle sector.

On the other hand, for those who like a bargain or two, the continued uncertainty is likely to help drive some good deals which have been tough to find while markets were recovering so fast.

Market analysis by country and region

| Property Prices - Countries | 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/ Q1 17 | How much higher/lower are latest prices vs height in 2007/8 | Year on year change in price in Mar 17 | Annual average increase since 2000 | Highest yearly average increase since 2000 | |
|-----------------------------|---|--|-------------------------------------|-----------------------------------|---|--|------------------------------------|--|------------|
| | | | | | | | | Date | % Increase |
| England | £194,764 | £159,340 | -18.19% | £232,530 | 19% | 4.4% | 6.9% | Jan-03 | 26.4% |
| Wales | £150,316 | £123,104 | -18.10% | £147,746 | -2% | 4.3% | 6.3% | Jul-04 | 33.4% |
| Scotland | £145,641 | £120,994 | -16.92% | £137,139 | -6% | 0.7% | n/a | Feb-05 | 19.0% |
| Northern Ireland (Q1) | £224,670 | £97,428 | -56.64% | £124,007 | -45% | 4.3% | n/a | Q1 07 | 51.5% |

| Property Prices - Regions | 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 | Year on year change in price in Mar 17 | Annual average increase since 2000 | Highest yearly average increase since 2000 | |
|---------------------------|---|--|-------------------------------------|----------------------------|---|--|------------------------------------|--|------------|
| | | | | | | | | Date | % Increase |
| North East | £139,400 | £117,079 | -16.01% | £122,298 | -12% | -0.4% | 5.7% | Jan-04 | 34.8% |
| North West | £152,427 | £124,654 | -18.22% | £150,250 | -1% | 6.2% | 6.5% | Jul-04 | 33.0% |
| Yorkshire & The Humber | £150,233 | £123,833 | -17.57% | £149,606 | 0% | 4.0% | 6.6% | Jun-04 | 29.3% |
| East Midlands | £159,537 | £129,876 | -18.59% | £176,213 | 10% | 6.7% | 6.7% | Feb-03 | 33.9% |
| West Midlands | £165,807 | £136,966 | -17.39% | £180,293 | 9% | 6.5% | 6.3% | Jan-03 | 29.5% |
| South West | £212,666 | £171,356 | -19.42% | £240,222 | 13% | 2.8% | 6.6% | Jan-03 | 29.8% |
| East | £209,624 | £168,263 | -19.73% | £277,127 | 32% | 6.7% | 7.3% | Jan-03 | 28.9% |
| South East | £238,670 | £191,156 | -19.91% | £311,514 | 31% | 3.8% | 6.6% | Jun-00 | 25.0% |
| London | £298,596 | £245,351 | -17.83% | £471,742 | 58% | 1.5% | 7.9% | Apr-00 | 28.3% |

Source: [UK HPI](#)

Summary of top and lowest performers

| Five high growth areas YoY towns/cities | YoY % | Five low growth areas YoY towns/cities | YoY % | Five high growth areas last 10 years towns/cities | % | Five low growth areas last 10 years towns/cities | % |
|---|-------|--|-------|---|-------|--|--------|
| Liverpool | 7.1% | Cambridge | -2.2% | Brighton and Hove | 37.4% | Belfast (Q1) | -45.8% |
| Manchester | 7.2% | Newcastle upon Tyne | 0.1% | Reading | 40.8% | Glasgow | -11.1% |
| Norwich | 7.4% | Edinburgh | 0.3% | Oxford | 47.1% | Newcastle upon Tyne | -8.2% |
| Bournemouth | 8.2% | Lincoln | 1.2% | Cambridge | 48.5% | Bradford | -8.1% |
| Southampton | 8.3% | Cardiff | 1.2% | London | 58.0% | Liverpool | -6.1% |

| Three high growth areas YoY London | YoY % | Three low growth areas YoY London | YoY % | Three high growth areas last 10 years London | % | Three low growth areas last 10 years London | % |
|------------------------------------|-------|-----------------------------------|-------|--|-------|---|-------|
| Haringey | 12.0% | Southwark | -3.5% | City of Westminster | 87.5% | Sutton | 43.6% |
| Havering | 9.6% | Islington | -4.8% | Haringey | 74.7% | Barking and Dagenham | 41.4% |
| City of Westminster | 8.7% | Tower Hamlets | -5.3% | Waltham Forest | 73.2% | Tower Hamlets | 38.4% |

Source: [UK HPI](#)

Regional commentary report

[RICS](#)

“Central London prices has now lingered in negative territory for thirteen months in succession (albeit the latest reading was less negative than previously). Elsewhere, house price inflation across East Anglia has slowed noticeably in recent months and, along with the North East, was one of only two other regions in which prices were not reported to have increased. At the other end of the spectrum, the North West again returned the strongest positive net balance, with 67% more respondents noting higher (rather than lower) prices in the April report.”
(Apr 17)

Regional commentary report – cont'd

LSL Acadata HPI

“In March 2017, for the second month running, the figures show the West Midlands topping the charts for regional house price growth at 6.2%, with the East of England remaining in second place at 4.9%, and the South West third at 4.5%. Greater London remains in 9th position in terms of regional price change, one place ahead of the North East which is in bottom position. This is the fourteenth month in succession in which the North East has seen the lowest rise in house prices of all ten regions. In March, four regions are showing an increase in their annual rates from the previous month, four regions are recording no change, with two regions seeing a fall in their annual rates. The West Midlands is showing the largest increase in its rate, up by 1.2% from the previous month, while Greater London has the greatest fall of 0.8%. Overall in March, house price inflation fell to 3.3%, down from the 3.4% of the previous month.” (Apr 17)

Hometrack

“Eleven of the twenty cities are registering higher growth than at the same time a year ago. This includes Aberdeen where price falls have moderated. Annual price growth is lower across nine cities with a material slowdown in the highest value, most unaffordable cities such as London. Manchester continues to register the fastest growth rate of 8.4%, up from 6.3% a year ago. The ratio of sales to new supply in Manchester indicates relatively tight housing supply which points to continued upward pressure on house prices.

“Other cities with above average growth include Leicester (7.7%), Birmingham (7.7%) and Nottingham (7.2%). Rates of growth in regional cities are overtaking growth in previously high growth cities such as Bristol and London.

“The scale of the recent deceleration in house price inflation across cities in southern England is stark. London, Cambridge, Oxford and Bristol have all seen the rate of growth slow from double to single digits over the last year. This steep deceleration in growth reflects weaker levels of demand from home owners and investors in the face of affordability constraints, tax changes and weaker market sentiment.” (Apr 17)

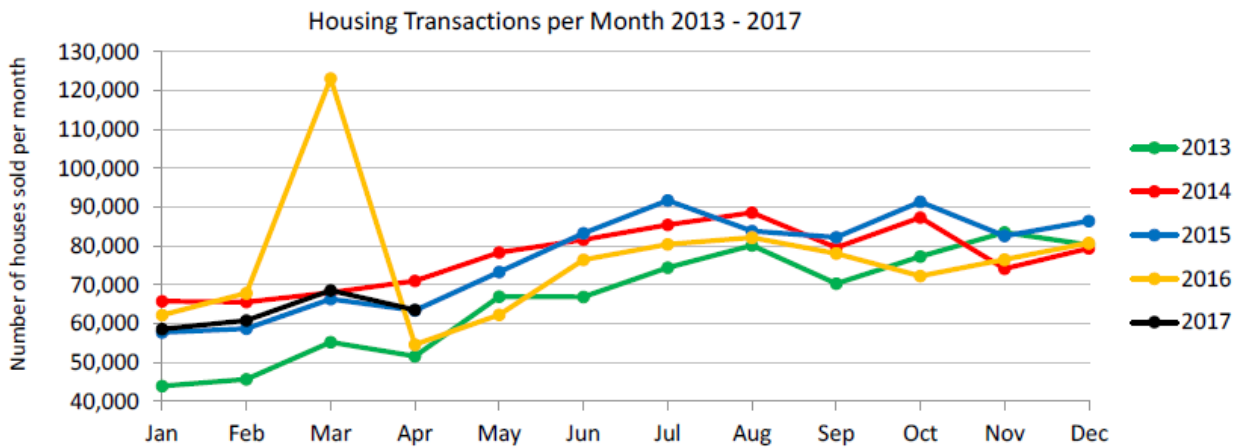
Kate Faulkner comments on country and regional differences:

With three out of our four countries still not recovering their average prices from a decade ago and average house price growth being lower than the long-term average in six out of the nine English regions, it's clear the market is slowing. This is an enormous departure from property price performance in the past. This is the first time I can see from the data where some areas haven't recovered their prices to pre-recession levels and then have seen further falls. In the North East, for example, according to the Land Registry, prices on average are still 12% lower than they were a decade ago and now the latest data shows prices have fallen year on year. The media often talk about 'bursting bubbles' and it's quite incredible that they have still not mentioned the fact that we have probably now seen the UK's first true property price bubble for some properties/areas across the country. It's likely over the coming years that people are going to start to realise property isn't the money-making ATM it has been in the past and this, thank goodness, is likely to slow down market growth further. If wages can push through, this – together with government Help to Buy and shared ownership schemes – will help affordability tremendously over the coming years, hopefully helping to reinvigorate what is currently a low transaction market.

From a towns and cities perspective, outside the South and London, for now Hometrack are showing a definite revival in many key cities, such as Birmingham, Liverpool and Manchester.

Property transactions

Most commentary focuses on what is happening to property prices, but as anyone in the property industry knows, property prices are driven by what happens to supply and demand, which is why performance is so localised, pretty much to a property on a street.



TRANSACTIONS ANALYSIS BY REGION

| REGION | Feb - April | | | Feb - April | |
|----------------------------|----------------|----------------|---------|-------------|-------------|
| | 2015 | 2016 | 2017 | 2015/17 | 2016/17 |
| NORTH EAST | 6,784 | 7,747 | 7,475 | 10% | -4% |
| NORTH WEST | 20,077 | 24,429 | 21,229 | 6% | -13% |
| YORKS & HUMBERSIDE | 15,152 | 17,853 | 16,148 | 7% | -10% |
| EAST MIDLANDS | 14,557 | 18,030 | 15,154 | 4% | -16% |
| WEST MIDLANDS | 15,290 | 18,488 | 16,194 | 6% | -12% |
| EAST OF ENGLAND | 20,609 | 24,722 | 20,107 | -2% | -19% |
| GREATER LONDON | 22,222 | 25,489 | 18,032 | -19% | -29% |
| SOUTH EAST | 30,962 | 35,743 | 28,696 | -7% | -20% |
| SOUTH WEST | 19,507 | 23,511 | 19,584 | 0% | -17% |
| WALES | 8,050 | 9,846 | 9,127 | 13% | -7% |
| ENGLAND & WALES | 173,210 | 205,858 | 171,746 | -1% | -17% |

Source: [LSL Acadata HPI](#)

[LSL Acadata HPI](#)

"The number of housing transactions in April 2017 in England & Wales is estimated at 63,500, based on the Land Registry methodology of accounting for domestic property sales. This is down 7% on March's total and is a marginally larger fall than the typical average seasonal decrease of 5% that occurs this month based on data from the last 20 years." (Apr 17)

[NAEA Propertymark](#)

"The average number of sales agreed fell in April, to eight per branch. In March, 10 sales were agreed. The proportion of sales made to FTBs in April remained at 25 per cent." (Apr 17)

[Bank of England](#)

"Approvals for house purchase and remortgaging loans fell further in April, to 64,645 and 40,575 respectively." (Apr 17)

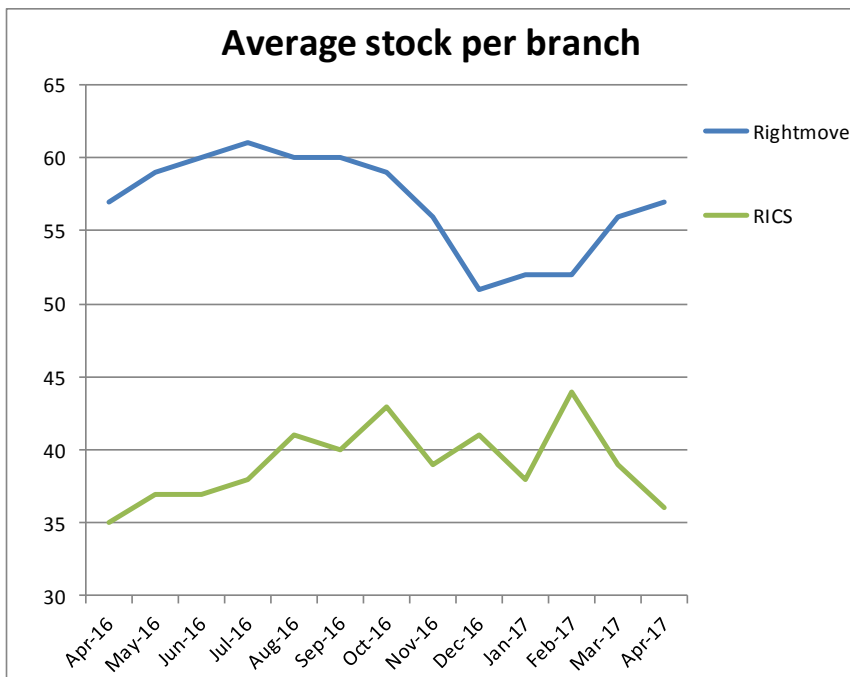
[BBA](#)

"House purchase approval numbers in April of 40,750 were slightly down on the monthly average of 41,959 over the previous six months." (Apr 17)

Kate Faulkner comments on property transactions:

The transaction data from LSL clearly shows the amazing difference between what's happening in previously high growth areas such as London, the South and East which are clearly down 2015 vs 2017. The 2016 vs 2017 period is interesting from a business perspective but, marketwise, was influenced far too heavily by the introduction of the 3% stamp duty surcharge. What the data shows is that it's the affordable areas which are up – such as Wales (up 13% vs 2015) and the North East (up 10%), even though their property prices have yet to recover from pre-credit crunch heights. The question to consider now, even in the next few weeks, is whether election jitters will now hold the market back in the North as well as the South, stifling recovery in these areas and potentially holding back their economies, worsening the North/South divide.

Property demand and supply



RICS

“An acute shortage of stock remains a key factor underpinning prices for the time being. Average properties on estate agents’ books continue to hover close to record lows, while the headline indicator on new sales instructions remained negative for a fourteenth month in a row. Interestingly, instructions have now reportedly picked-up slightly in London in each of the last two months (in net balance terms). The lack of choice for would-be buyers across the UK appears to be one influence dampening overall sales market activity. New buyer enquiries were again broadly unchanged and have now failed to see any meaningful growth since November of last year. Alongside stagnant demand, the latest figures point to agreed sales starting to slip (modestly) following a number of months of static transactions.” (Apr 17)

Kate Faulkner comments on property demand and supply:

I am getting an increasing number of questions now as to whether the market is going to crash and if now is a good time to buy. However, as the RICS point out, a crash is unlikely while demand remains high and supply still low in many areas. Unless, of course, the election nightmare and the high level of uncertainty in the economy results in people turning away from the property market. The next few months through to September will be critical to securing an idea of how the housing market will react in light of such seismic economic changes to how our country is run.

The age-old dilemma – where to house our ageing population?

The election has thrown up many issues, especially the perceived divide between the young and old generation, probably represented most significantly through housing.

But while we often discuss how difficult it is for the younger generation to get on the housing ladder, I feel it is just as problematic for older people to know what to do when it comes to their final move. What to do, where to go, and what are the housing options available both within and outside of their current area?

This uncertainty provides agents with an enormous opportunity to help the older generation make way for the new, while generating more transactions in the market.

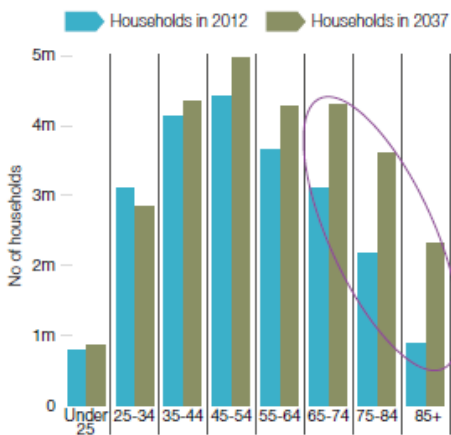
And it's worth doing:

- By 2039, one in 12 people will be aged 80 or over, likely to require some support at home or elderly care
- Just 3% of new-build units currently in the pipeline or under construction are designated 'elderly' or 'sheltered' housing
- To meet the need, the supply of retirement housing needs to increase five-fold
- Downsizing to a home with one fewer bedroom will release around £52,000 in equity on average across England and Wales, with large regional variations, much of which could be passed onto children to help them get on the ladder.

Source: [Knight Frank](#)

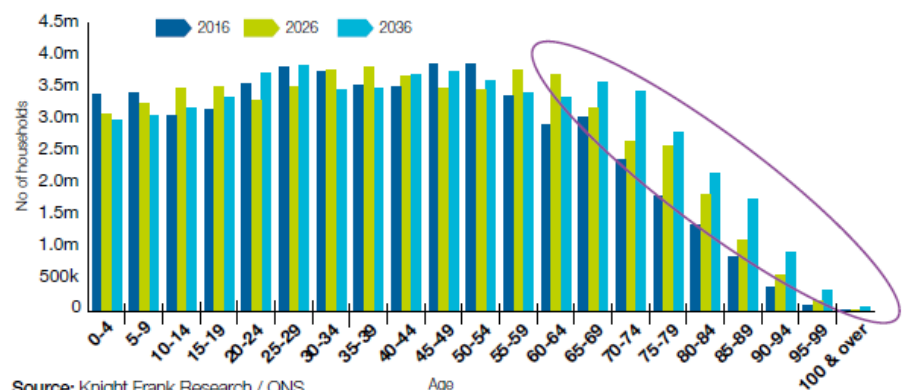
So, if an agent can persuade someone to move somewhere more suitable to support independent living, it could drive a property purchase for their children, potentially creating four transactions.

Households in England & Wales by age of household* (millions)

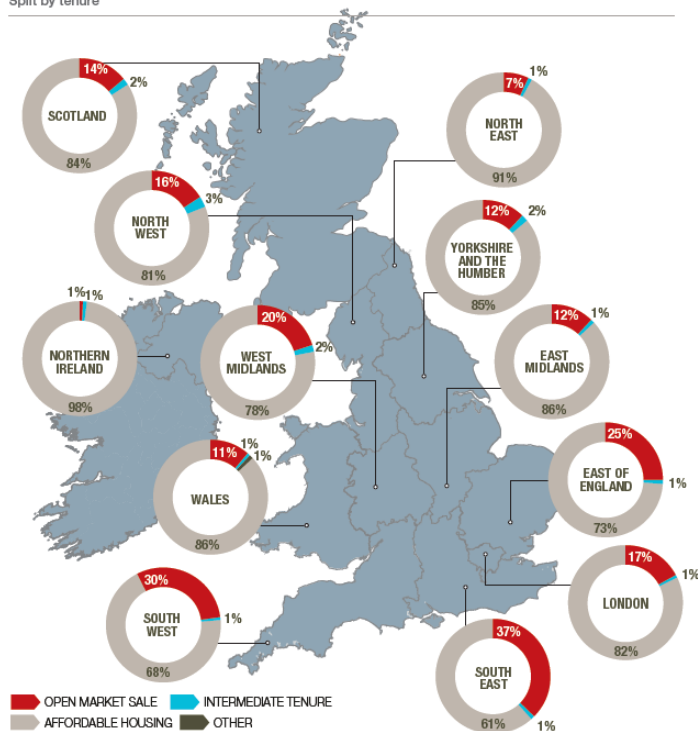


Source: Knight Frank Research / DCLG
 *Age of household is based on the household representative person who is usually the oldest full-time worker in a household.

UK population projections, by age: old age structure variant



Source: Knight Frank Research / ONS



Source: Knight Frank / EAC

So how do you persuade the older generation to downsize?

In the past, I have focused many a local seminar on buy to let, but with that now typically restricted to existing landlords and investors rather than well-off new ones, it's time to consider how else agents can help drive transactions.

But it's not only the additional business for your agency that's important; having done a lot of part exchange work on behalf of McCarthy and Stone and Pegasus, I've seen how rewarding it can be to help someone out of a home they are struggling with into one that can give them a new lease of life. At the very least it can ease stress for loved ones who have been worrying about their parents.

Benefits for downsizers are:

Financial – they can boost their pension or help family members with university fees or onto the housing ladder. However, bearing in mind this is releasing capital, it's vital they seek independent financial advice to ensure gifts are done legally and in the most tax-efficient way. For agents, this can mean helping to guide people while securing additional commission from IFA referrals.

Reducing domestic maintenance – The McCarthy & Stone *'Understanding perspectives on downsizing in later life'* survey found that lower maintenance was the most important reason people downsized or would consider it (56%). Trading down can reduce maintenance issues or indeed render them non-existent if the move is to a new build or dedicated retirement home.

Health benefits – believe it or not, the McCarthy & Stone survey showed that 64% of people who downsized reported better health and well-being. Being in a home that suits someone's needs can really help to take the weight of people's shoulders.

Social benefits – anyone who has seen a mum or dad lose their life partner knows how lonely life can suddenly become. And having spent time in McCarthy & Stone and Pegasus complexes in particular, it's like watching students enjoy themselves – but this time with money! So it's no surprise that research shows residents of retirement developments are less lonely than those living in other general housing, particularly if moving nearer to family and away from the community they know.

Source: [McCarthy & Stone](#)

However, it's also worth being aware of what can go wrong so you can provide guidance. Things to consider are:

The emotional factor – many are literally 'frightened' of moving. They are attached to the memories of their home and to the people around them. This needs to be addressed to help people to move.

The nuisance factor – many are also scared of the upheaval and stress of moving; often due to the horrendously unfair press that agents receive. Tackled at a local level, building relationships will help people to trust an agent to take care of the buying and selling process. Also explain that these days, removers will pack and even unpack for them at very fair prices.

Where do I put the family? One thing I never understand – and my own mum did this – is why we buy homes with space to 'put people up' when needed. Family and friends may only visit a few times a year, so why spend tens or hundreds of thousands of pounds on bedrooms you don't need when there is a perfectly good hotel down the way, perhaps with a spa that all the family can use, too? It's a lot less stressful than all trying to live together!

The cost factor – this may be based more fear than reality. The cost of stamp duty in the main is so low now, it's easy to move on a budget, especially if it results in living life rather than struggling to survive in an unsuitable home.

What can agents do to help alleviate some of the fears?

- Have full knowledge and awareness of property options available within their area - eg single-storey properties, specialist retirement developments, new builds etc.
- Understand and have compassion for the health and mental issues that may arise or worsen during the move, particularly if the downsizers have existing health/mental problems.
- Communicate clearly – both in writing and verbally – while being patient and taking the time to explain processes, costs, etc.
- Be able to provide clear and impartial costings for the whole moving process and be able to refer people to financial experts who specialise in inheritance, capital gains etc.
- Have a complete 'sale and move in package' to take all the pressure off clients (similar to a wedding planner, but a 'moving planner'!).