

## May 2020 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](http://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.

### Covid-19 property price reports

Although many of the price reports are likely to struggle to reflect what's happening in the market over the coming months, we are able to glean some information from data running up to the stay at home measures and combine this with individual reports that some of the best commentators are publishing.

### Summary of property price reports

#### Report Headlines

[Rightmove](#)

*"Estate agents go virtual and homeowners research during market pause"*

[Home.co.uk](#)

*"UK home market paralysed by lockdown"*

[Nationwide](#)

*"Annual house price growth was gaining momentum before the pandemic struck the UK"*

[Halifax](#)

*"House prices fall in April as Coronavirus restrictions take hold"*

[Hometrack](#)

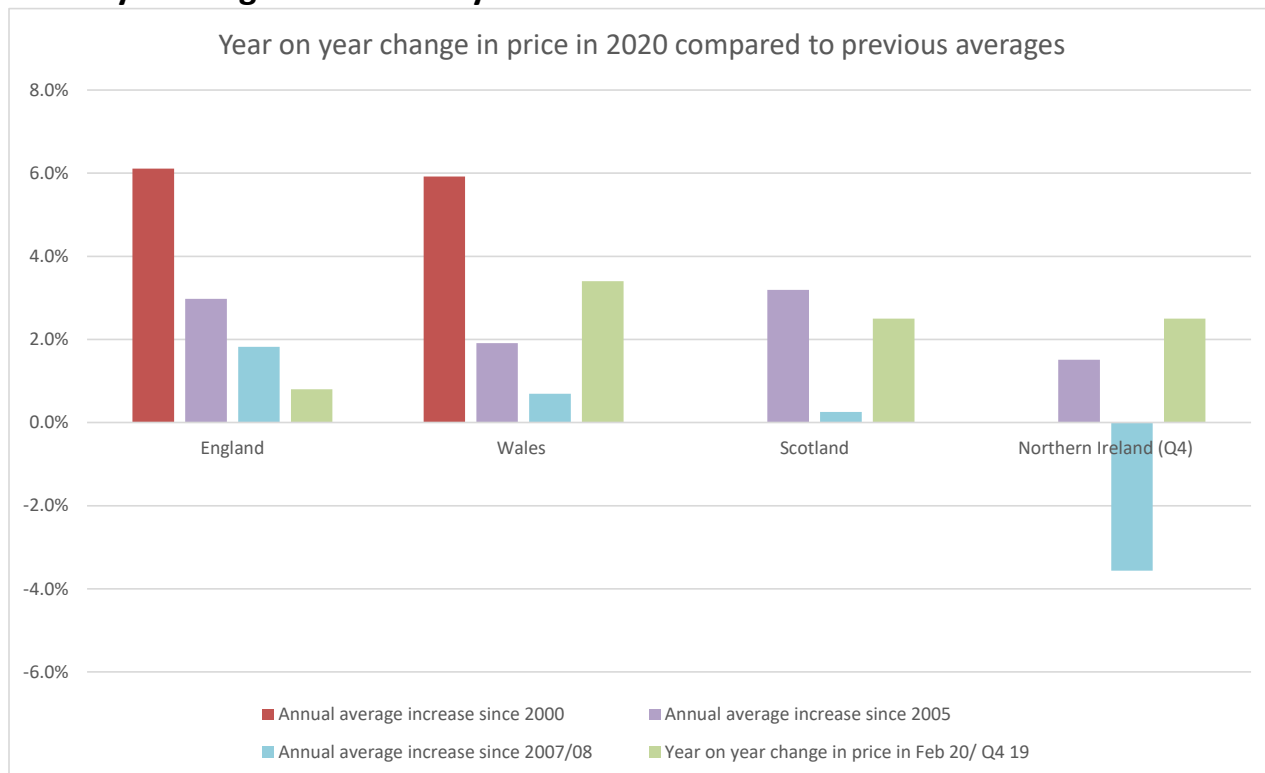
*"373,000 property transactions paused during coronavirus lockdown"*

### Country and regional summary (data from UK HPI)

Property Prices - Countries	Year on year change in price in Feb 20/ Q4 19	Annual average increase since 2005	Annual average increase since 2007/08	Annual average increase since 2000
England	0.8%	3.0%	1.8%	6.1%
Wales	3.4%	1.9%	0.7%	5.9%
Scotland	2.5%	3.2%	0.3%	n/a
Northern Ireland (Q4)	2.5%	1.5%	-3.6%	n/a

Source: [UK HPI](#)

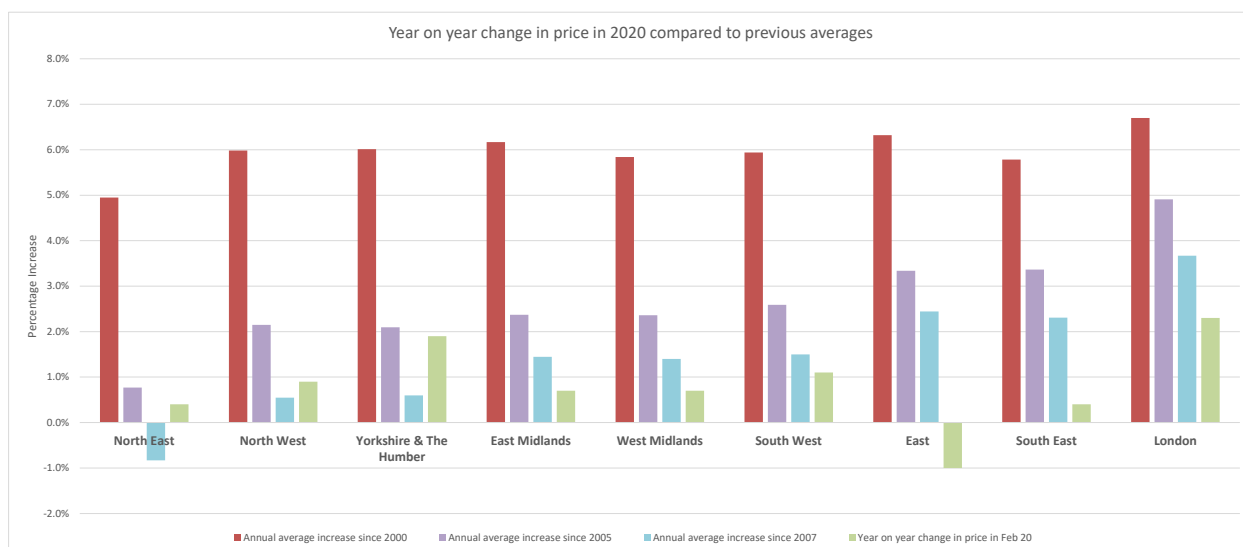
## Country and regional summary – cont'd



Source: [UK HPI](#)

Property Prices - Regions	Market low +/- versus market height	Latest month's data Feb-20	Changes since 2007 peak	Year on year change in price in Feb 20	Annual average increase since 2005	Annual average increase since 2007	Annual average increase since 2000
North East	-19.65%	£125,053	-10%	0.4%	0.8%	-0.8%	4.9%
North West	-18.27%	£163,602	7%	0.9%	2.1%	0.5%	6.0%
Yorkshire & The Humber	-17.57%	£162,334	8%	1.9%	2.1%	0.6%	6.0%
East Midlands	-18.59%	£192,244	21%	0.7%	2.4%	1.4%	6.2%
West Midlands	-17.39%	£198,658	20%	0.7%	2.4%	1.4%	5.8%
South West	-19.42%	£258,044	21%	1.1%	2.6%	1.5%	5.9%
East	-19.73%	£286,869	37%	-1.0%	3.3%	2.4%	6.3%
South East	-19.97%	£321,329	35%	0.4%	3.4%	2.3%	5.8%
London	-17.83%	£476,972	60%	2.3%	4.9%	3.7%	6.7%

Source: [UK HPI](#)



Source: [UK HPI](#)

## Commentary on country and regional performance

Current data is a little difficult to use to assess what's happening to the property market, but the Land Registry data allows us to assess what was happening to the property market prior to lockdown, and this will help us understand what might happen when the market is opened.

Country wise, England was lagging behind on price performance, with the average increase for February 2020 versus the previous year only showing 0.8% of growth, and versus annual average growth of 3% since 2005. Meanwhile, both Wales and Northern Ireland were starting to outperform on this measure, with growth of 3.4% in Feb 2020 vs 1.9% in Wales and 2.5% in Feb 2020 vs 1.5% in Northern Ireland. Scotland was about on a par.

The England 'low' growth is being driven by year on year falls in areas such as the East of England, while the South East and Midlands growth slowed to almost zero. Meanwhile, London was about to see the start of a recovery with prices up annually by 2.3%.

Regions that could have seen a recovery haven't, with the North East still seeing average prices 10% lower than they were in 2007, which is an astonishing lack of growth since the credit crunch. Meanwhile the North West and Yorkshire and Humber haven't even been able to achieve a 1% increase each year in prices, with averages only increasing by 7% and 8% over the last 13 years respectively.

In real terms, every region bar the East, South East and London have seen property prices grow at a lower rate than inflation - bad news for those who own with cash, but good news for buyers.

## Detailed analysis of towns/cities current versus over time

However, as we have seen since the credit crunch, property prices differ from one property on a street to another - let alone within towns, cities and regions.

Although the North West is seeing prices 7% higher than 2007, Manchester has grown by 27% during this time, while Liverpool has increased by just 3%.

In the Midlands, regionally, prices have increased by just over 20% since the last market high, with Leicester and Milton Keynes growing by 35% versus Lincoln's 18% growth.

And in the South East, growth of 35% for the region since 2007, breaks down to 20% growth in Southampton versus London's growth of 60% - even taking into account recent falls.

Whatever happens next, we know from these figures that the impact of this recession on the property market is likely to be very different than before, if only for the reason that this is the first time we'll be going into a recession when property prices haven't been overinflated by a hyped economic performance and lax lending policies.

In theory, this should reduce the impact on price falls. However, we won't know that until the market re-opens and the back log of property sales is dealt with. This is especially because there is the 'unknown' factor of how the lockdown will have changed people's behavior towards property. Will they have a 'I don't care about prices, I just want a decent roof over my head' ie one that has a garden, or will they decide they don't want to move until we can move freely again?

## Detailed analysis of towns/cities current versus over time – cont'd

Property Prices Towns/Cities <i>England, Wales, Scotland &amp; NI</i>	How much higher/ lower are latest prices vs height in 2007/8	Year on year change in price in Feb 20/ Q4 19	Annual average increase since 2005	Annual average increase since 2007	Annual average increase since 2000	Highest yearly average increase since 2000	
						Date	% Increase
Belfast (Q4)	-38%	0.1%	1.5%	-3.6%	n/a	Q1 07	57.1%
Glasgow	3%	4.0%	2.3%	0.2%	n/a	Jan-05	19.2%
Edinburgh	20%	3.7%	3.5%	1.4%	n/a	May-07	17.3%
Cardiff	22%	0.2%	2.3%	1.6%	6.0%	May-03	30.7%
Newcastle upon Tyne	-5%	0.8%	0.9%	-0.4%	5.1%	Feb-04	39.2%
Bradford	-3%	1.8%	2.1%	-0.3%	5.5%	Sep-04	36.5%
Liverpool	3%	-0.4%	1.6%	0.2%	5.9%	Jul-04	59.0%
Leeds	17%	3.5%	2.3%	1.2%	6.3%	Apr-03	30.7%
Sheffield	20%	5.2%	2.8%	1.4%	6.5%	Sep-04	31.9%
Manchester	27%	-0.2%	4.4%	1.8%	7.8%	Jun-04	34.9%
Lincoln	18%	-1.7%	2.4%	1.3%	6.6%	Feb-03	38.0%
Nottingham	23%	2.3%	1.9%	1.6%	6.0%	Mar-03	37.9%
Norwich	24%	-0.5%	3.2%	1.7%	6.7%	Oct-02	37.9%
Peterborough	23%	0.9%	2.5%	1.6%	6.3%	Dec-02	30.2%
Birmingham	28%	0.2%	2.4%	1.9%	6.1%	Feb-03	36.4%
Leicester	35%	8.1%	3.0%	2.3%	7.2%	Mar-03	35.4%
Milton Keynes	35%	2.8%	3.5%	2.4%	6.6%	Feb-03	32.0%
Oxford	45%	2.3%	4.1%	2.9%	6.3%	Jun-00	29.5%
Cambridge	56%	2.8%	4.8%	3.5%	7.0%	May-00	27.5%
Bournemouth *	22%	-0.1%	2.3%	1.5%	5.7%	Apr-03	32.5%
Southampton	20%	-3.5%	2.2%	1.4%	5.5%	Apr-03	29.7%
Portsmouth	25%	1.9%	2.7%	1.8%	5.8%	Mar-03	29.1%
Brighton and Hove	42%	1.4%	4.1%	2.8%	6.8%	Jul-00	35.4%
Reading	32%	-3.5%	3.3%	2.2%	5.2%	Jun-00	35.9%
Tunbridge Wells	39%	2.2%	3.5%	2.6%	5.9%	May-00	25.2%
Bristol	45%	1.9%	4.1%	2.9%	7.1%	Apr-03	29.7%
London	60%	2.3%	4.9%	3.7%	6.7%	Apr-00	28.3%

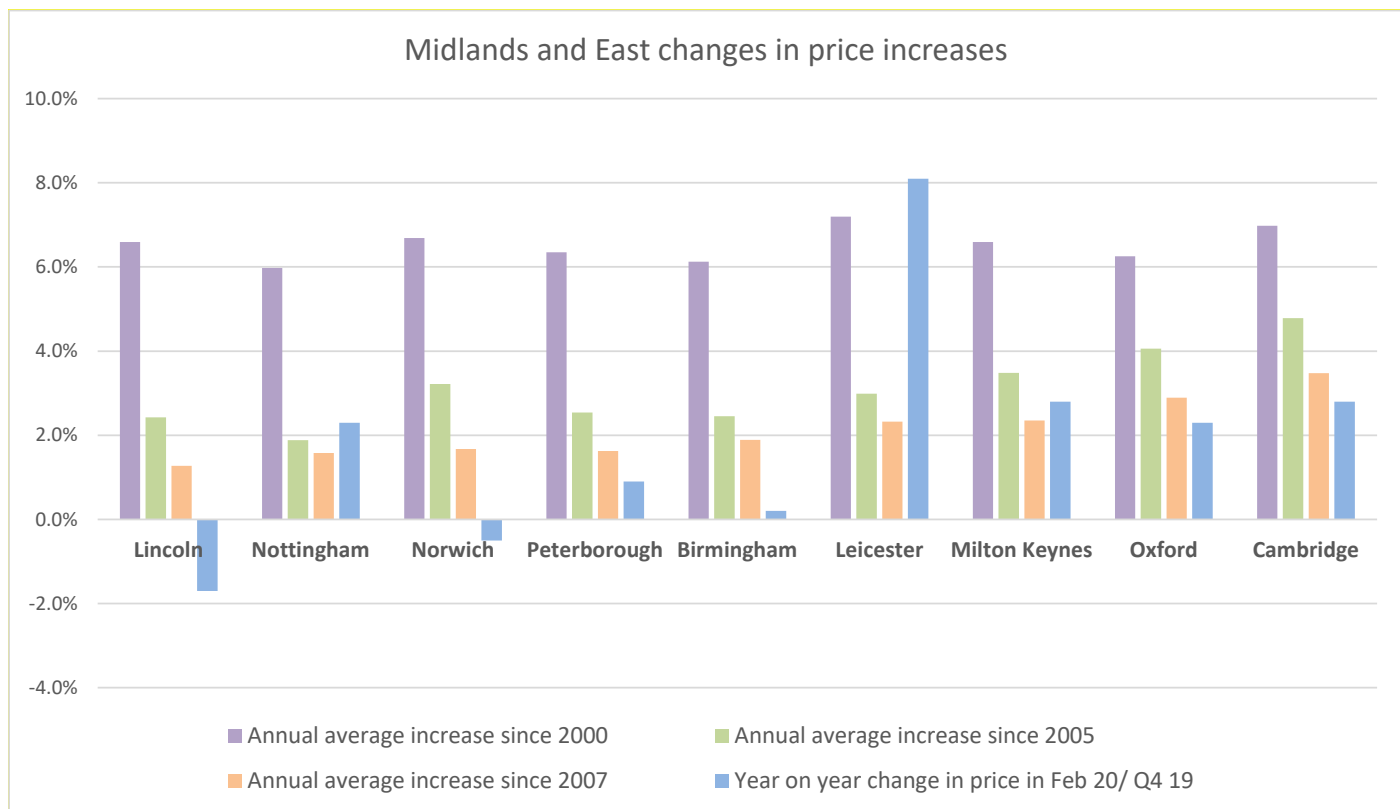
\* Jan 20 data

Source: [UK HPI](#)

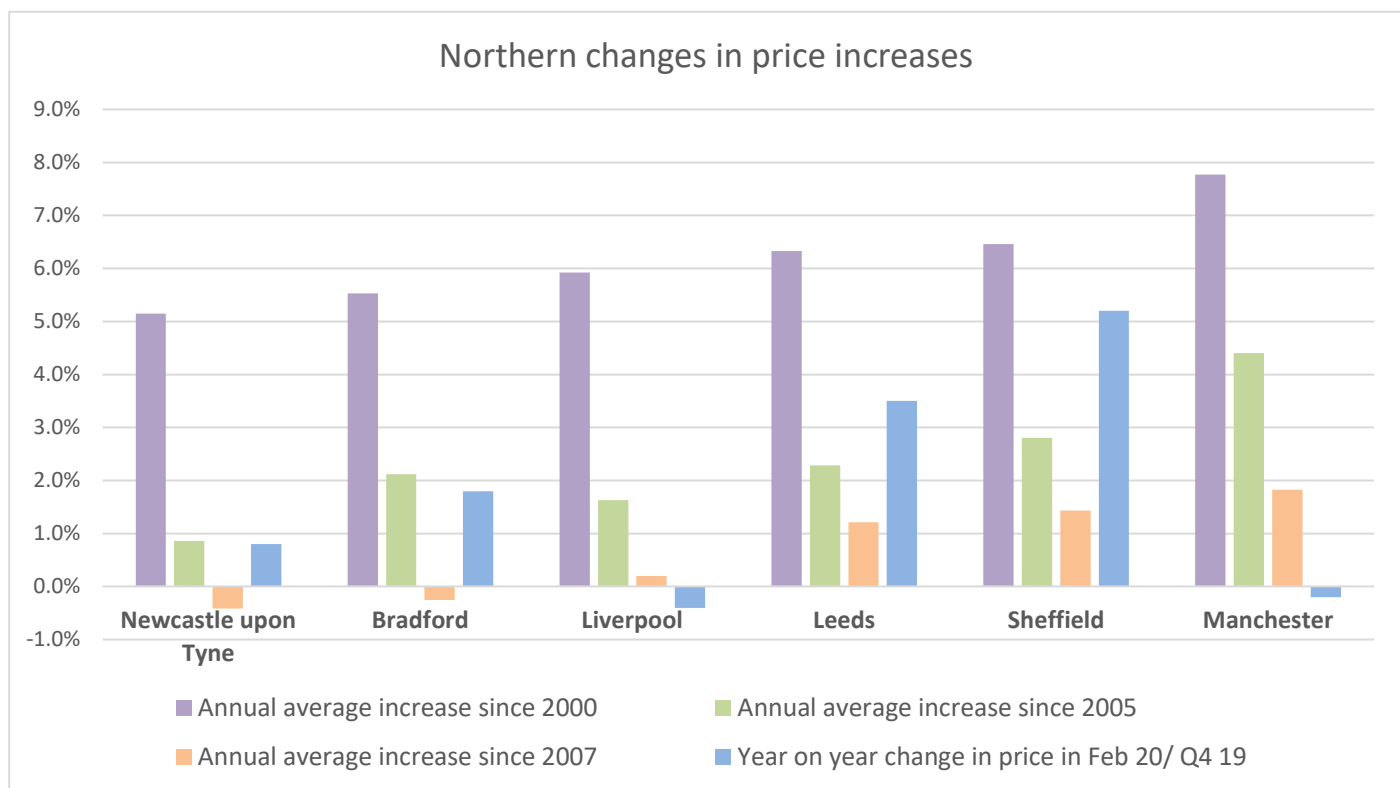
Five high growth areas YoY towns/cities	YoY %	Five low growth areas YoY towns/cities	YoY %	Five high growth areas last 12 years towns/cities	%	Five low growth areas last 12 years towns/cities	%
Leicester	8.1%	Southampton	-3.5%	London	60%	Belfast (Q4)	-38%
Sheffield	5.2%	Reading	-3.5%	Cambridge	56%	Newcastle upon Tyne	-5%
Glasgow	4.0%	Lincoln	-1.7%	Bristol	45%	Bradford	-3%
Edinburgh	3.7%	Norwich	-0.5%	Oxford	45%	Liverpool	3%
Leeds	3.5%	Liverpool	-0.4%	Brighton and Hove	42%	Glasgow	3%
Three high growth areas YoY London	YoY %	Three low growth areas YoY London	YoY %	Three high growth areas last 12 years London	%	Three low growth areas last 12 years London	%
Islington	9.5%	Camden	-8.2%	Waltham Forest	8%	Hammersmith and Fulham	43%
Hackney	8.5%	Merton	-5.2%	Hackney	5%	Tower Hamlets	44%
Tower Hamlets	8.1%	Hillingdon	-4.2%	City of Westminster	4%	Harrow	44%

Source: [UK HPI](#)

## Detailed analysis of towns/cities current versus over time – cont'd

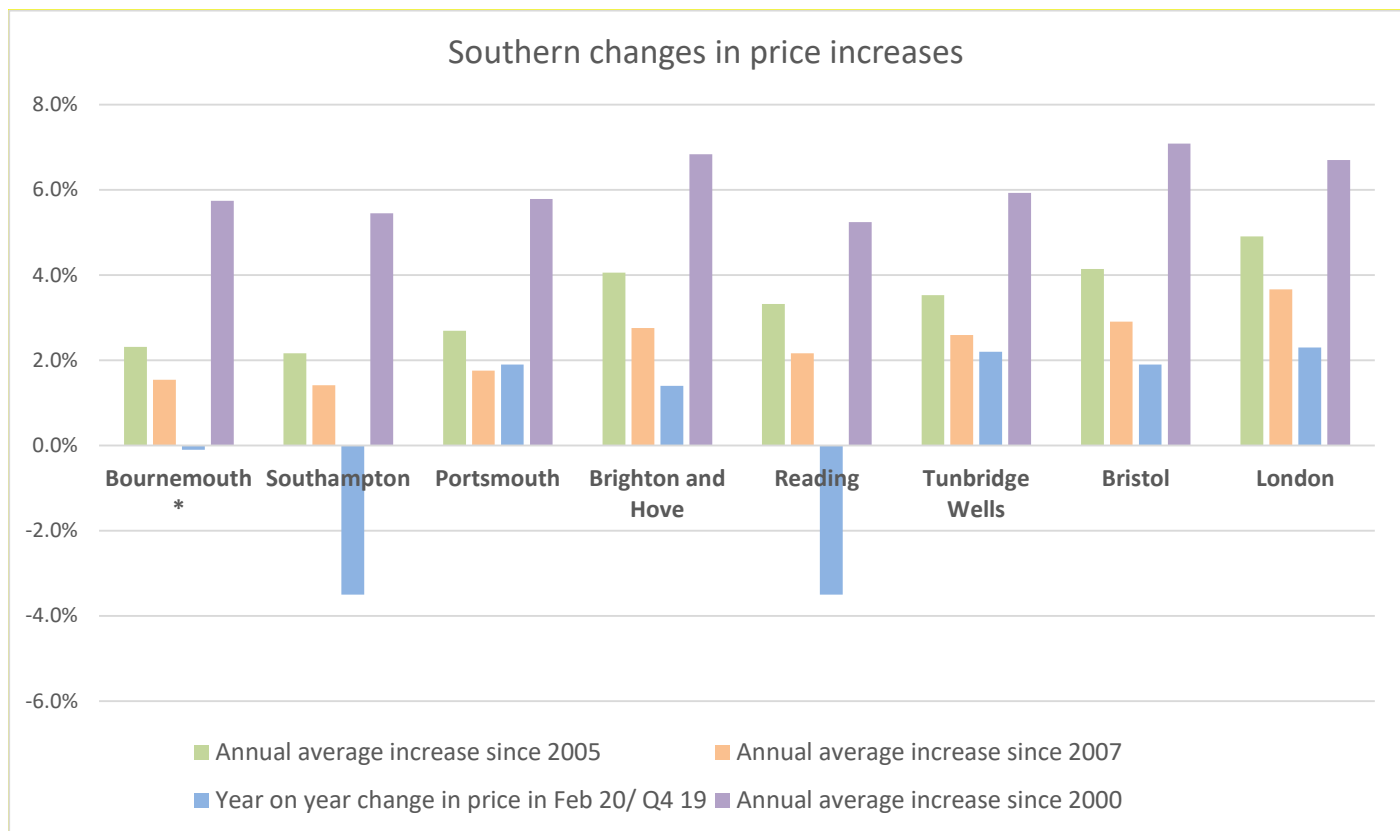


Source: [UK HPI](#)

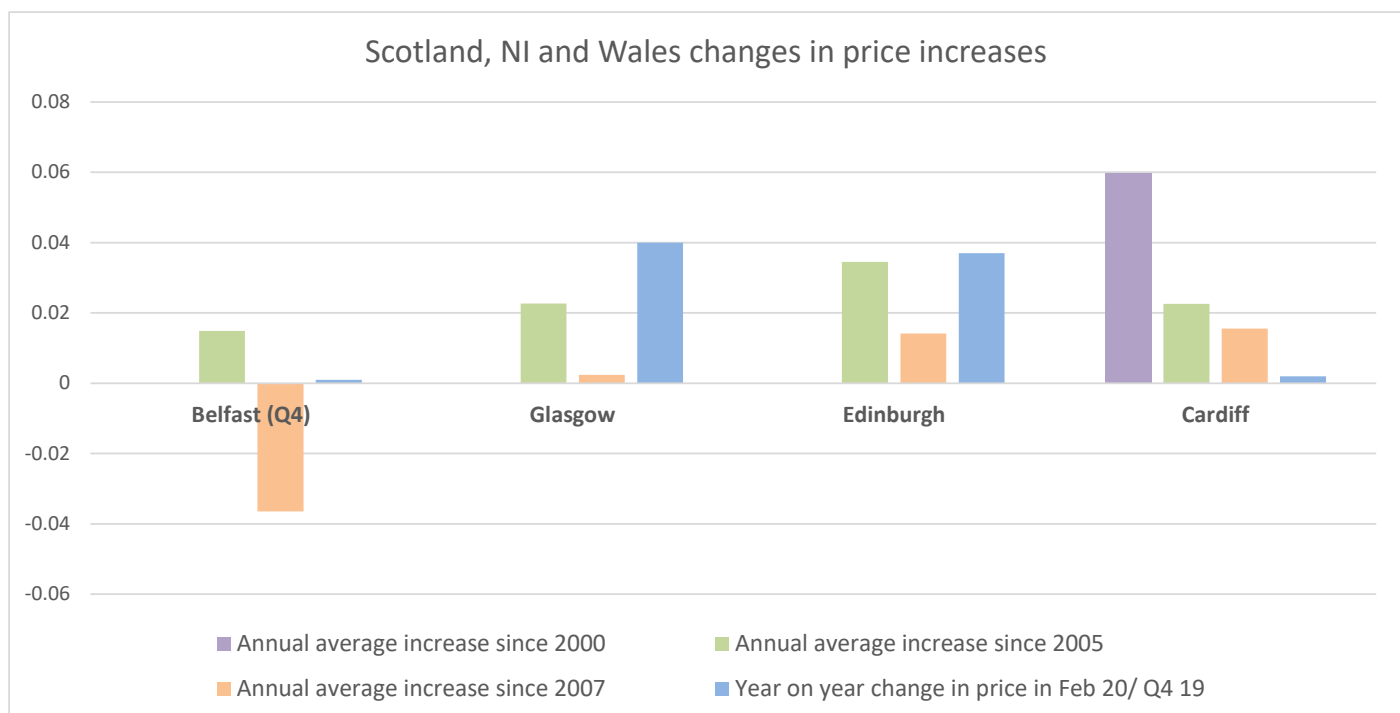


Source: [UK HPI](#)

## Detailed analysis of towns/cities current versus over time – cont'd



Source: [UK HPI](#)



Source: [UK HPI](#)

## Detailed analysis of towns/cities current versus over time – cont'd

### Knight Frank

*“We expect pricing to be impacted by the crisis in the short-term. The length of lockdown measures will be the critical issue which will dictate the severity of price falls.*

*“One issue which will influence price performance in different parts of the UK will be the legacy of recent price changes. Prime central London and parts of north-east England were the weakest-performing areas for house price growth in England and Wales over the past five years, potentially softening any impact on values from Covid-19 in these locations.*

*“The prime central London market saw price falls of up to 25% in some sub-markets over the past five-years. Ahead of the previous downturn, during the global financial crisis in 2008, prices have risen 74% in the preceding five years.*

*“Similarly, in the prime country market, prices have been flat over the last five years, compared to a 22% rise over just two years in the run-up to the 2008 recession.*

*We forecast UK prices to drop by 3% over the course of the year although ad hoc renegotiations of between 5% and 10% are taking place.”*

# Property transactions, demand and supply

## Hometrack

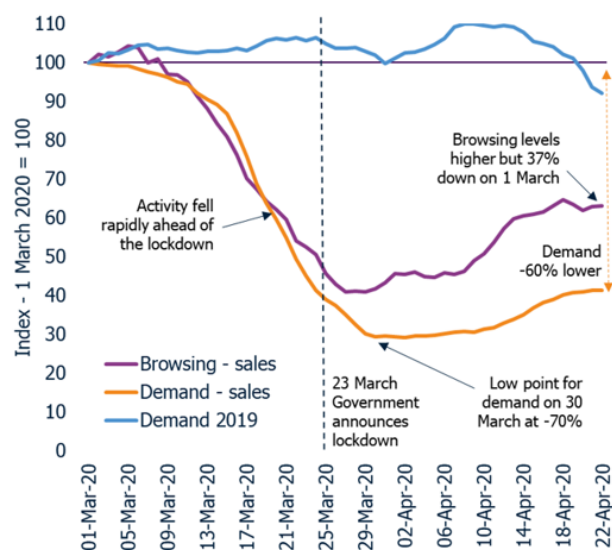
"The browsing of property online and the demand for homes fell sharply over March with the greatest decline before the lockdown. The fall in demand and browsing bottomed out at the start of April and has started to increase slowly off a low base. Browsing levels have recovered to within 35% of the levels at the start of March while demand is still 60% lower.

"While demand may be increasing off a low base, new sales agreed remain at very low levels. The temporary suspension of the sales market has put a significant volume of sales on hold. We estimate there are c 373,000 sales held up in the pipeline worth a total of £82bn. This equates to nearly £1bn in sales commission for estate agents. Our data shows that the majority of these sales were agreed (subject to contract) between November 2019 and February 2020. Many of these sales may come back later in the year, dependent on the wider economic landscape but at present they are on hold.

"Our current estimate is that we will see a 50% drop in completed housing sales in 2020 compared to 2019. The historic low for housing sales in a single month was 42,000 in January 2008. We expect sales volumes to remain below this level until September 2020. This will result in transaction completed being 50% lower than last year.

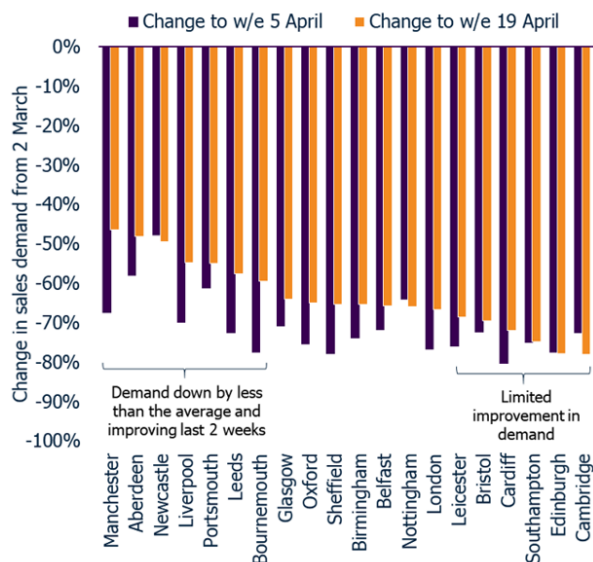
"Cities in northern England have recorded below average falls in demand over the recent downturn. In addition, they have recorded some of the stronger increases in demand over recent weeks, notably Manchester, Liverpool and Leeds. These are all cities where 2020 started strongly and housing affordability remains attractive. These cities could see a faster bounce-back when restrictions lift although most cities have recorded an improvement in recent weeks. At the other end of the spectrum, higher value and high growth cities such as Cambridge, Edinburgh and Southampton have recorded no material change to underlying levels of demand over the last two weeks."

Fig. 2: Index of demand and browsing (rolling 7-day)



Source: [Hometrack](#)

## Change in sales demand from 2<sup>nd</sup> March





## Property transactions, demand and supply

Knights Frank

*“The majority of housing sales agreed before lockdown are still holding together, as buyers and sellers hold their nerve. As we reported last week, only one in five transactions agreed before the lockdown are falling through.*

*“As newly agreed sales have fallen significantly, due to social distancing measures, we expect more than 500,000 lost sales this year, less than half of which are likely to return in 2021.*

*“There are however signs that people are also starting to look ahead to life after the lockdown. Waiting lists for viewings are being drawn up across the country for when government guidelines change.*

*“The volume of web views are also improving. In the week ending 21<sup>st</sup> March, web views for London properties were 44% below the level during the same week in 2019. By the week ending 25<sup>th</sup> April, the decline had narrowed to 12%. It was a similar story in markets outside of London, where an equivalent decline of 42% had switched to become an increase of 8% over the same period.”*