

July 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 make it easy to access the information and support consumers' needs via FREE of charge [eBooks](#), checklists, articles and one-to-one advice.

Impact of Covid-19 on property statistics

We are looking at any indices with a great deal of caution. Due to a lack of robust data there are some that have even been suspended, including our 'main report' we rely on: the government's Land Registry.

We are producing reports as best as we can using one off reports from the likes of Hometrack, Savills and Knight Frank and reports such as the RICS which is a sentiment survey. We are sense checking any statistics by talking to people we trust who are on the 'front line' of sales and understanding not just the numbers but the conversations they are having with buyers and sellers.

Confidence drives the market up and down and currently we are trying to understand what's happening.

Summary of property price reports

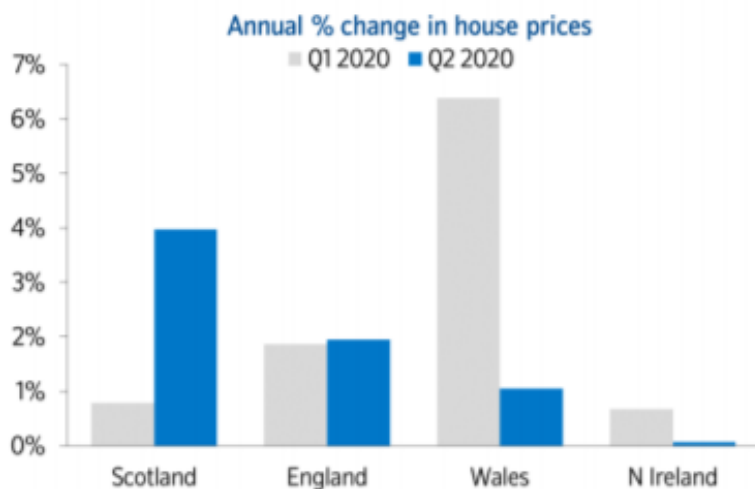
Report Headlines

Rightmove	<i>"Prices up as activity bounces back but 175,000 sellers missing from market"</i>
Home.co.uk	<i>"The market reanimates: Vendors return with higher prices"</i>
NAEA Propertymark	<i>"Housing market picking up following lockdown"</i>
RICS	<i>"Recovery in activity now underway but longer-term expectations remain cautious"</i>
Nationwide	<i>"Annual house price growth grinds to a halt in June as the impact of the pandemic filters through"</i>
Halifax	<i>"House prices fall for fourth straight month – but new mortgage enquiries surge"</i>
Hometrack	<i>"Demand props up price growth"</i>

What's happening in the property market currently?

This month we are missing the data from Land Registry, so instead have adapted the information we have received from Rightmove, Nationwide and Halifax.

Country data



Source: [Nationwide](#)

According to Nationwide, annual percentage changes in Scotland have performed the best in Q2, which has to be questioned as Scotland has yet to be opened, while England and Wales are seeing rises of around 2% and 1% respectively, year on year.

Northern Ireland registers small growth, but this is based on a low sample size.

Although the headlines from Nationwide talk of a 1.4% fall from May to June, we have never trusted or used month on month data unless it shows a trend of six months. Typically, this statistic is pretty volatile, so to use this as a headline, for me shows a poor understanding the accuracy of housing stats. Add to this the fact that there was little data for the last few months and I am not currently confident of relying on this data – only time will tell how accurate it is.

In addition, to report 0.1% as a “fall year on year” is just not viable in my view and therefore this data is ‘of interest’ but for me, I’m certainly not relying on its accuracy as information ‘on the ground’ just isn’t reflecting that the market is stalling or going into reverse – just yet!

And even though these ‘negative figures’ were used by the Chancellor to explain why he was giving the [Stamp Duty holiday](#) Nationwide are stating in their latest report that they believe that housing market activity will pick up:-

“With lockdown measures due to be eased in the weeks ahead, housing market activity is likely to edge higher in the near term, albeit remaining below pre-pandemic levels.”

Headlines	Jun-20	May-20
Monthly Index*	428.3	434.6
Monthly Change*	-1.4%	-1.7%
Annual Change	-0.1%	1.8%
Average Price (not seasonally adjusted)	£216,403	£218,902

* Seasonally adjusted figure (note that monthly % changes are revised when seasonal adjustment factors are re-estimated)

Source: [Nationwide](#)

Regional property price performance

England and regional trends

Region	Rightmove Average house price	Annual change	Halifax Average house price	Annual change	Nationwide Average house price	Annual change this quarter
England	£337,884	2.9%			£258,178	1.9%
North East	£157,291	2.3%	£140,147	2.0%	£129,505	0.0%
North West	£206,909	3.1%	£180,923	5.0%	£170,216	4.8%
Yorkshire & Humber	£202,502	4.1%	£167,337	3.8%	£162,870	1.9%
East Midlands	£236,110	2.5%	£198,150	4.0%	£187,812	1.5%
West Midlands	£238,123	3.0%	£205,947	3.9%	£194,577	0.6%
East of England	£363,066	2.6%	£282,706	1.7%	£230,652	0.7%
London	£628,284	1.5%	£500,632	2.8%	£475,448	2.1%
South East	£419,595	2.3%	£331,547	1.8%	£282,936	2.1%
South West	£321,996	3.4%	£246,340	3.0%	£251,392	2.3%

Sources:

Rightmove

IHS Markit

Nationwide

According to the data we have, Rightmove, which really represents sellers' property price expectations, rather than what people actually pay for properties, (the average price of a property on Rightmove is 31% higher than Nationwide for England) shows that sellers are expecting higher prices across England. London is showing the lowest growth of just 1.5% while areas such as Yorkshire and Humber are suggesting a 4.1% rise in asking prices and the South West, 3.4%.

According to the Halifax and Nationwide, which track mortgage data only and therefore miss around 30% of the market which is cash sales, the Nationwide is reporting the North West as rising by 4.8%, with East Anglia and West Midlands only having registering 0.7% and 0.6% rises respectively.

The Halifax data does provide some consistency to Nationwide showing the North West rising at 5%, with the weakest areas being Scotland, which they say has nearly 1% fall, in total contrast with Nationwide, while the South East and East of England rising at just under 2%.

Regional commentary from individual indices

Nationwide

"All UK regions saw modest annual price growth of between 0% and 5% in Q2 as a whole (i.e. taking April, May and June together and comparing with the same period of 2019). The North West was the strongest performing region, with annual price growth picking up slightly to 4.8%.

"Elsewhere in England, house price growth across northern England as a whole (North, North West, Yorkshire & Humberside, East Midlands and West Midlands) converged with that in the south (London, Outer Metropolitan, Outer South East and East Anglia).

"Annual house price growth in London edged higher, with prices up 2.1% in Q2. Average prices in the capital are now just 3% below the all-time highs recorded in Q1 2017 and 55% above their 2007 levels (UK prices remain 19% higher than their 2007 peak).

"The surrounding Outer Metropolitan region also saw a modest pickup in annual price growth to 1.6%, while the neighbouring Outer South East region saw annual price growth edge up to 2.1%.

"The North was the weakest performing region, with prices unchanged compared with a year ago. Scotland was the strongest performing nation in Q2, with annual price growth picking up to 4.0%. Conditions remained subdued in Wales and Northern Ireland, which saw annual price growth of 1.0% and 0.1%, respectively."

Regional commentary from individual indices – cont'd

RICS *“At a regional level, London and the South East currently exhibit the weakest momentum, returning net balances of -58% and -33% respectively.”*

Analysis of towns/cities

In the absence of Land Registry data, we are using the Hometrack data to take a look at what's happening in cities across the UK. In general, they tend to perform better than the 'rest of the UK' as rural areas don't necessarily have the same supply and demand constraints.

City-level summary, May 2020

City	Current price	%yoy May-20	%yoy May-19
Nottingham	£158,400	4.3%	3.6%
Manchester	£173,700	3.9%	3.6%
Leicester	£184,000	3.5%	4.9%
Leeds	£169,700	3.4%	2.7%
Liverpool	£122,300	2.8%	3.0%
Bristol	£281,400	2.7%	1.4%
Birmingham	£167,600	2.6%	3.6%
Sheffield	£138,900	2.5%	3.0%
Edinburgh	£232,800	2.5%	4.8%
Cardiff	£211,000	2.4%	2.7%
Belfast	£138,000	1.8%	4.1%
London	£478,100	1.7%	-1.3%
Glasgow	£119,200	1.6%	3.0%
Bournemouth	£288,900	1.3%	0.6%
Portsmouth	£240,000	1.2%	0.4%
Newcastle	£127,400	1.0%	0.8%
Cambridge	£412,800	0.9%	-0.7%
Southampton	£227,000	0.5%	0.5%
Oxford	£400,100	-0.6%	-0.9%
Aberdeen	£143,000	-2.0%	-4.2%
20 city index	£254,600	2.1%	1.0%
UK	£217,500	2.4%	0.9%

Zoopla House Price Index, powered by Hometrack

According to the Hometrack Index, Nottingham tops the price growth chart in the last month showing a year on year 4.3% rise, along with Manchester, Leicester and Leeds all showing a rise of 3% year on year – a very different picture to the 'doom and gloom' being portrayed by the media.

Those not doing so well include Oxford and of course Aberdeen which has been suffering economically since oil prices fell, and now of course has the added pressure of the impact of Covid.

Analysis of towns/cities – cont'd

According to Hometrack:-

“The surge in demand for property is expected to delay house price falls, pushing them towards the end of 2020, according to this month’s UK House Price Index by Zoopla - the UK’s leading property resource”

And they

“expect the headline rate of house price growth to remain in the 2-3% range over the next quarter.

Not seeing any downward pressure on prices materialising until much later in 2020.”

Towns/cities commentary from the indices

Hometrack

“UK house price growth is 2.4% on the year, up from 1.4% at the start of 2020 as the post-election rebound in market activity pushed house price inflation higher.

“The rate of growth in the 20-city index has moderated from 2.4% in April to 2.1% in May. House price growth over the last 12 months has been strongest in Nottingham (4.3%), followed by Manchester (3.9%). Prices are falling in Oxford (-0.6%) and Aberdeen (-2%).

“Data on pricing for new sales agreed in the last 4 weeks is starting to feed through and points to a resumption in the upward pressure in house prices seen at the start of the year.

“We expect the headline rate of house price growth to remain in the 2-3% range over the next quarter. We do not see any downward pressure on prices materialising until much later in 2020.”

Property transactions, demand and supply

Rightmove

“Now that the market has been open since 13th May there is sufficient new seller asking price data for England, though not yet for Scotland or Wales. The price of property coming to market is an accurate early indicator of pent-up demand, and this is following through to a rebound in the number of sales agreed in England.

“New supply is also starting to recover, though there are over 175,000 missing sellers that would have come to market between 24th March and 12th May, when compared to the same period in 2019. Whilst it’s still early days, Rightmove’s statistics covering 95% of the market indicate far more resilience than had been expected, with a strong initial bounce-back in all metrics.”

NAEA Propertymark

“The average number of sales agreed per estate agent branch stood at five in May, a decrease of almost half (44 per cent) since February when there were nine sales recorded per branch. This is of course partly down to the market not reopening until mid May.

“The number of sales recorded is the lowest number since December 2019. Year-on-year, the number of sales agreed has fallen from nine on average per branch.

“The number of sales made to FTBs stood at 32 per cent, a rise from 22 per cent recorded in February.

Property transactions, demand and supply – cont'd

“The number of house hunters registered per estate agent branch rose by seven per cent since before the lockdown, increasing from 322 in February to 344 in May. Year-on-year, housing demand is up by 12 per cent, rising from 307 in May 2019 as prospective buyers were able to resume their home buying plans.

“The number of properties available per member branch stood at 35 in May. Year-on-year, the supply of housing fell by 15 per cent from 41 per branch in May 2019.”

RICS

“In terms of buyer demand, +61% of survey participants saw a rise in enquiries over June. This marks a strong rebound and respondents across virtually all parts of the UK reported a pick-up in buyer enquiries during June.

“At the same time, new instructions being listed onto the sales market also rose firmly over the month. Nevertheless, despite edging up slightly at the national level in June, the average number of properties on agents’ books remains close to an all-time low of just 39 homes.

“The survey’s gauge of newly agreed sales moved into positive territory for the first time since February, with contributors citing an increase in transactions during June. Moreover, sales are expected to continue to rise in the coming three months, albeit the near term outlook is only modestly positive.”

Table 1: RICS Residential Market Survey – Key Figures

	2019								2020				
<i>Net balances seasonally adjusted</i>	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Past prices	-3	-10	-5	-3	-5	-12	1	17	29	7	-22	-32	-15
New buyer enquiries	6	0	-1	-15	-14	-5	17	21	14	-76	-94	-5	61
New sales instructions	-2	-4	-5	-36	-28	-6	6	19	8	-72	-97	-20	42
Sales per surveyor (past 3m)	12.6	13.0	12.9	12.6	12.3	13.1	13.3	14.1	15.9	13.6	7.2	7.2	9.8
Unsold stocks per surveyor	41	42	43	42	42	41	43	43	42	40	35	35	39
Tenant demand	-3	-4	7	10	13	12	15	29	23	23	22	21	24
Landlord instructions	-14	-22	-12	-15	-19	-17	-11	-10	-9	-14	-9	-21	-4
Rent expectations	22	30	33	25	26	24	25	12	25	28	29	-24	11
Source: RICS													

Source: [Capital Economics](#)

Hometrack

“New sales agreed lag increased demand which was rising over the lockdown and spiked higher as the English market reopened. Rising demand also leads new supply as households searching for homes will then list their homes for sale.

“Sales agreed have now rebounded to pre COVID levels as have the number of new homes being listed for sale. Demand for housing remains 46% above the levels of early March but it has started to weaken over the last 2 weeks - falling 8% since the 11th June.

“This is not surprising given the strength of the boost in demand. While the Welsh and Northern Ireland markets have just reopened, demand has already rebounded close to English levels in anticipation of the market opening.

Property transactions, demand and supply – cont'd

“The market in Scotland reopens later in June but demand is already back in line with early March. Levels of agreed sales remain suppressed in these countries and their cities, although we expect them to rebound, mirroring England.

“New sales agreed, compared to February this year, have recovered strongly in English cities. The rebound in sales has been led by cities in northern England - Leeds, Sheffield and Manchester.

“In English cities where the recovery in sales has been weaker, including Bristol, Newcastle and Cambridge, this may not be solely due to demand-side factors, but the available supply of homes for sale.

“While the flow of new supply has returned to pre COVID levels, overall stock levels per agent are lower because of no new supply coming to the market over the lockdown period.

“Constrained supply is another reason why we believe house prices will rise in the short-term but it will be a concern for agents looking to rebuild sales pipelines. The message for would-be sellers is do not delay and list now while market conditions are stronger.”

Where is the market heading?

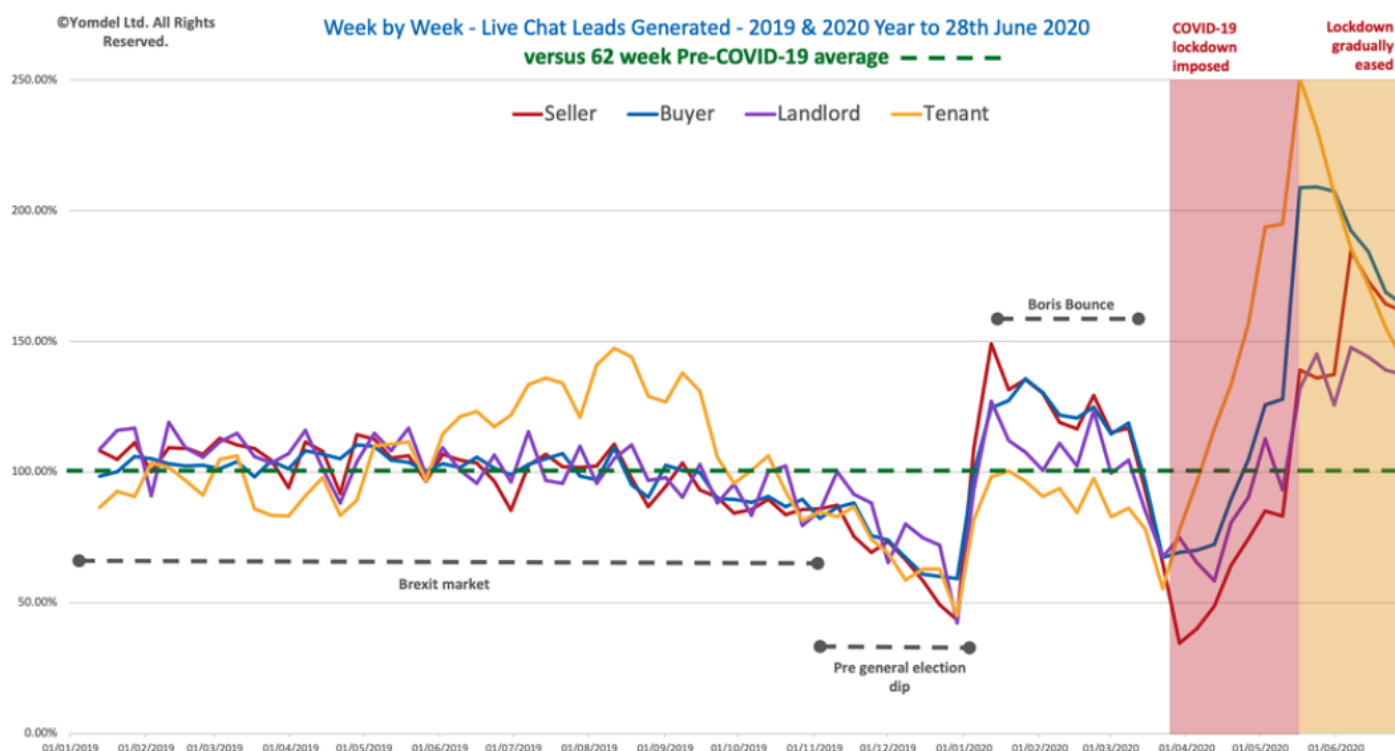
While we are waiting for more robust data to come back to help us analyse the market more fully, we have been looking at other data sources to explain more about the current and future market.

Yomdel

Report that vendor, buyer and landlord enquiries remain at record levels. They comment that the market has slowed as new enquiries from vendors and buyers dipped slightly but overall remains buoyant. Tenant demand also remained very strong at 43% above average levels, but for the first time dipped below its peak reached in mid-2019.

According to Andy Soloman, Yomdel founder and CEO. *“Things have settled somewhat in the past week, and while the flow of new leads to estate agents via live chat has slowed a little, this is only really moving from a fast boil to rapid simmer. New opportunities are still flooding in, and listing and transaction data shows deals are being done”*

Yomdel Property Sentiment Tracker (w/e 28th June 2020)



Source: [Yomdel](#)

Mortgage data

Helpfully we have been given permission to use some mortgage data which gives a really good indication of demand, not just in the 'overall' market, but broken down by different target groups

The following information is from Twenty7Tec.

It shows that the opening of the market dramatically increased every target market's interest in moving home, interestingly, although from a low base with Let to Buy showing the biggest rise, while although up by nearly 50%, followed by shared ownership, the lowest increase is from the Buy to Let community. It will be really interesting to see what happens in July post the Government's changes to Stamp Duty, which for once gives a tax break for landlords.

Where was the demand in the June 2020 market?

	Mortgage Type	May searches	June searches	% change
1.	Standard Residential	431933	769069	78.05%
2.	Buy To Let	142064	211465	48.85%
3.	Standard (inc. Shared E...	48201	80665	67.35%
4.	Shared Equity / Help to ...	26656	47888	79.65%
5.	Shared Ownership	18003	35372	96.48%
6.	Let To Buy	8021	18281	127.91%

Looking at the different property valuations, it's interesting to see from the next table that the under £250,000 show the biggest increase while those looking for higher priced properties still saw substantial increases. As above it will be interesting to see if the higher value market is going to be boosted by the Stamp Duty changes (mostly in England though as Scotland only increased the Stamp Duty holiday to £250,000).

How did June 2020 demand split by property value?

Property Valuation	April searches	May Searches	June Searches	May to June %
Under £150,000	78,843	111,112	193,695	74.32%
£150,000 - £249,999	138,663	189,499	333,990	76.25%
£250,000 - £499,999	196,380	251,280	420,290	67.26%
£500,000 - £999,999	76,876	92,453	148,646	60.78%
£1,000,000+	19,944	22,024	35,253	60.07%

The data looking at what people are searching for loan to value wise shows we really need to look at re-introducing 90-95% mortgages if we are to secure first time buyers into the future – essential to 'kick start' a chain. They are looking for help, but currently it's not available.

This data also shows how popular re-mortgaging is, showing agents and brokers the need to liaise with their client base – past and present, to ensure consumers are on the right rates and deals for them.

What products are applicants searching for?

LTV	June Purchase Searches (No FTB)	June Purchase Searches (FTB)	June remortgage searches	June Total Searches
60-65	23,802	4,891	38,415	67,108
65-70	24,557	6,638	39,373	70,568
70-75	37,168	13,718	48,488	99,374
75-80	110,970	30,487	64,664	206,121
80-85	58,038	26,241	32,445	116,724
85-90	86,990	53,818	18,566	159,374
90-95	75,315	60,482	5,333	141,130

Source: [Twenty7Tec](#)

Mortgage data – cont'd

Phil Bailey from Twenty7Tec commented:-

"In June, we saw over one million searches for the first time since lockdown began. The year's prior highs were in January and February - it may sound obvious, but the market was flying then. Now June has overtaken those months for mortgage search activity, with the highest volumes across all stamp duty bands this year. Mortgage searches are up a minimum of 60% for properties of all prices.

"Remortgages were almost the only game in town during lockdown, at one point representing 75% of the total mortgage searches. The year-to-date graph shows us how much the pendulum swung towards remortgages, and how much it has swung back since. Purchase searches are now ahead of long-term averages. June saw 63.8% of all searches being for purchase - against a long-term average of around 55-60%. Cautiously, we'd ask if it has now plateaued at the end of June?"

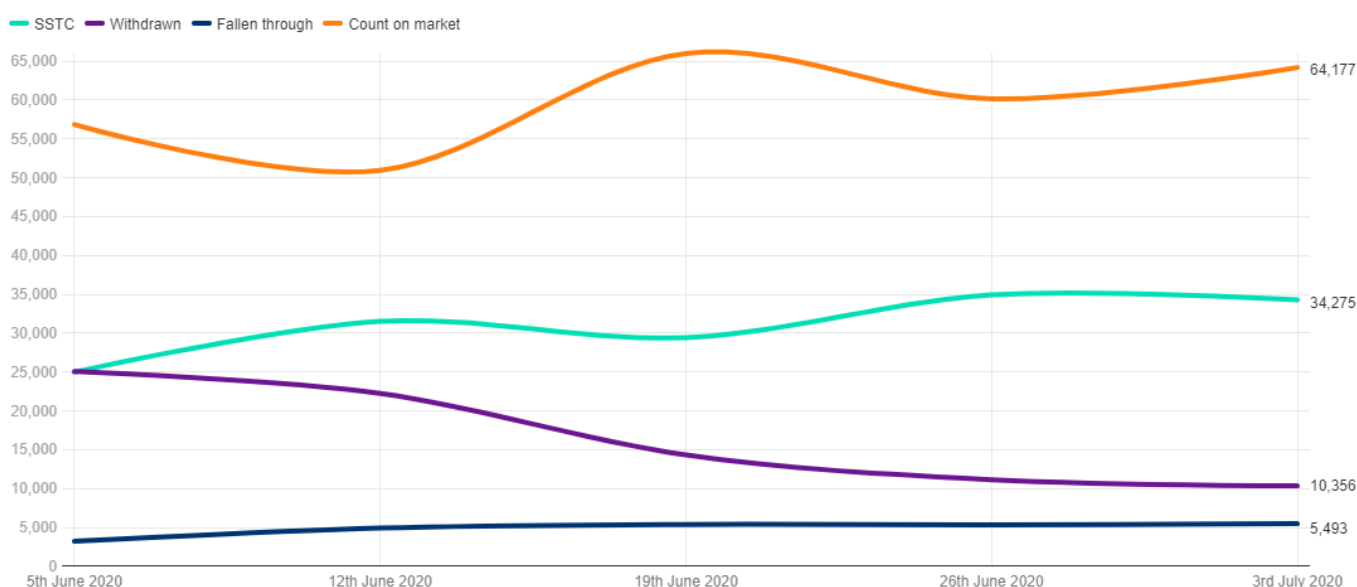
"This past month has also been about the return of the First Time Buyer, with FTB searches rising dramatically to now form 18.91% of all mortgage searches, up 44% from last month's 13.07%."

BriefYourMarket.com

The latest report from BriefYourMarket suggests a positive story for the market currently with lower than average fall through rates. Commenting on latest stats, their Chief Commercial Officer, Richard Combellack said: *"As June 2020 closed, the market remained buoyant. Over the past few weeks, there has been a consistent level of stock – in and around the 60,000 mark – coming to market on a weekly basis. As we entered July, it was really encouraging to see this trend continuing to climb. The positive trend in sales (SSTC) continues too. However, the best news from last week is that withdrawals have continued to reduce significantly on a weekly basis. Last week's analysis indicates that withdrawals are at the lowest level in five weeks, with a substantial -83% reduction. The fall-through rate continues to remain steady too, settling in and around the 5000 mark for the third week running now. All in all, a positive month in very challenging times."*

SSTC | Withdrawn | Fallen through | Count on market (Weekly Tracker)

This chart shows the combined weekly movement of on-market activity from Rightmove and Zoopla. SSTC shows the combined activity of properties changing status to SSTC. Withdrawn shows the combined activity where the status has been changed to inactive and is not via SSTC. Fallen through shows the combined activity where the status has changed from SSTC back to For Sale. Count on market shows the combined activity of new properties being listed.



Main period analysed: Saturday 27th June – Friday 3rd July (27.06.2020 – 03.07.2020) Comparative week: Saturday 20th June – Friday 26th June (20.06.2020 – 26.06.2020)
Source: BriefYourMarket.com