

## September 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.

### Impact of Covid-19 on property statistics

Over the last few months, we have been checking and scrutinizing house market statistics as many were still being influenced by lockdown as the market didn't open until mid-May. However, we are starting to see similar trends emerging between the indices suggesting that the stats are being less affected. But I would still only take averages with a pinch of salt. What matters to home movers and investors is what's happening to property prices/rents on a particular street, at a local level we see huge variations versus the 'average'.

### Summary of property price reports

#### Report Headlines

[Rightmove](#)

*"Busiest month for ten years as home-buying supersedes summer holidays"*

[NAEA Propertymark](#)

*"Number of houses sold reaches 13 year high following stamp duty holiday"*

[RICS](#)

*"Sales market continues to show strong momentum with house price inflation now accelerating sharply"*

[Nationwide](#)

*"House prices recover from recent dip to reach new all-time high in August"*

[Halifax](#)

*"House prices rebound further to reach record high, challenging affordability"*

[Hometrack](#)

*"Time to sell falls more than a quarter as homeowners shrug off recession fears"*

### What's happening in the property market currently?

	High	Low	May-20	Jun-20	Jul-20	Aug-20	Annual Change	Annual Average (05 - 20)		
Rightmove	£241,474	£213,570	n/a	n/a	£320,265	£319,497	4.6%	3.5%	Asking prices	E & W
Nationwide	£184,131	£147,746	£218,902	£216,403	£220,936	£224,123	3.7%	2.6%	Mortgaged only	UK
Halifax	£199,766	£157,767	£237,808	£237,616	£241,604	£245,747	5.2%	2.7%	Mortgaged only , seasonally adjusted	UK
LSL Acadata HPI	£231,829	£197,145	n/a	£298,842	n/a	n/a	0.4%	3.2%	Actual prices, includes cash sales	E & W
UK HPI	£190,032	£154,452	£235,673	n/a	n/a	n/a	2.9%	3.0%	Sold prices, includes cash sales and new builds	UK

## What's happening in the property market currently? - cont'd

With much talk of a 'mini boom' in the housing market, it's important to put this into context. To do this, we focus on the annual average since 2005, which includes one boom and a bust to understand how the current year on year property price changes are performing versus the past. What this shows is that house price inflation is slightly up year on year versus the long run average of 3.5% growth each year for asking prices from Rightmove which are currently recording a 4.6% rise. For the likes of Nationwide, a similar trend is emerging with long term annual average growth of 2.6% versus the current average of 3.7%.

We don't tend to put too much stall by Halifax's data as we know that since the last crash their on-going data is quite erratic. For LSL and UK HPI, they haven't yet quite caught up with the latest data, so aren't showing the increases we see in the other indices and it's why the year on year stats are lagging behind.

## National commentary from individual indices

### Rightmove

*"Prices usually fall at this time of year, as sellers try to tempt holiday distracted buyers, with the national average monthly fall for the last ten years being 1.2%. While there is a slight monthly fall of 0.2% (-£768), this is due to London's more normal seasonal fall of 2.0%, reversing what would otherwise have been an unseasonal national rise."*

### RICS

*"The August survey feedback points to a sharp acceleration in house price inflation over the month. At the national level, +44% of respondents reported an increase in prices, the strongest reading since 2016. For properties listed at below £500k, 78% of respondents now report that sales prices are coming in at least level with the asking price. Interestingly, this is much higher than the 63% of survey participants seeing this back in January. Furthermore, when looking at properties marketed at between £500k and £1million, 34% of respondents are seeing sales prices come in below asking, significantly down on 48% reporting this discrepancy at the start of the year. For properties listed at above £1million, 51% of contributors do note that sales prices are below asking, but even this is slightly less than 57% noting this trend beforehand."*

### Nationwide

*"UK house prices rose by 2.0% in August, after taking account of seasonal effects, following a 1.8% rise in July. This is the highest monthly rise since February 2004 (2.7%). As a result, annual house price growth accelerated to 3.7%, from 1.5% last month. House prices have now reversed the losses recorded in May and June and are at a new all-time high. The bounce back in prices reflects the unexpectedly rapid recovery in housing market activity since the easing of lockdown restrictions. This rebound reflects a number of factors. Pent up demand is coming through, where decisions taken to move before lockdown are progressing. Behavioural shifts may also be boosting activity, as people reassess their housing needs and preferences as a result of life in lockdown. Our own research, conducted in May, indicated that around 15% of people surveyed were considering moving as a result of lockdown."*

## National commentary from individual indices – cont'd

### Halifax

*“House prices continued to beat expectations in August, with prices again rising sharply, up by 1.6% on a monthly basis. Annual growth now stands at 5.2%, its strongest level since late 2016, with the average price of a property tipping over £245,000 for the first time on record.*

*“A surge in market activity has driven up house prices through the post-lockdown summer period, fuelled by the release of pent-up demand, a strong desire amongst some buyers to move to bigger properties, and of course the temporary cut to stamp duty. Notwithstanding the various positive factors supporting the market in the short-term, it remains highly unlikely that this level of price inflation will be sustained. The macroeconomic picture in the UK should become clearer over the next few months as various Government support measures come to an end, and the true scale of the impact of the pandemic on the labour market becomes apparent.*

*“Rising house prices contrast with the adverse impact of the pandemic on household earnings and with most economic commentators believing that unemployment will continue to rise, we do expect greater downward pressure on house prices in the medium-term.”*

### Hometrack

*“The strength of demand and sales is supporting the headline rate of UK house price inflation which slowed to +2.5% in July from +2.7% in June. The 3-month growth rate peaked at +1.1% in April on sales agreed before the lockdown and has now almost halved to +0.6%.”*

## Regional property price performance

The regional data comparison for each of the indices below shows some similar trends with Yorkshire and Scotland topping the year on changes for Rightmove's asking prices and home.co.uk shows a similar trend, adding the North West as a growing area. Although these are asking prices rather than price paid, it's likely that only slightly lower rises will be recorded when the final price is agreed.

### Regional trends

Region	Rightmove Average house price Aug-20	Annual change	Home.co.uk Average house price Aug-20	Annual change
North East	£159,700	4.6%	£167,036	4.0%
North West	£210,438	5.5%	£221,379	6.7%
Yorkshire & Humber	£206,818	5.9%	£218,112	8.1%
East Midlands	£241,749	6.3%	£245,846	3.2%
West Midlands	£243,260	6.3%	£264,236	3.3%
East of England	£364,971	3.7%	£353,501	0.7%
London	£629,261	2.0%	£528,431	2.3%
South East	£417,987	2.0%	£406,861	2.9%
South West	£323,487	5.4%	£334,365	2.8%
Wales	£212,800	5.8%	£221,615	4.8%
Scotland	£166,635	6.3%	£199,060	6.6%

Sources:

[Rightmove](#)

[Home.co.uk](#)

### Regional commentary from individual indices

[Rightmove](#)

*"Unseasonal record high for new seller asking prices in seven regions, but London drags down the national average to a 0.2% fall due to its own more typical 2.0% seasonal monthly drop. The out-of-city exodus drives prices in places like Devon and Cornwall to new records."*

[RICS](#)

*"Virtually all parts of the UK are now seeing prices increase to a greater or lesser degree. The only exception is London, where prices are cited to have remained more or less flat over the past two months."*

# Analysis of towns/cities

## Zoopla UK house price index and 20-city summary – July 2020

	Average price	%yoy Jul-20	%yoy Jul-19	Monthly trend	Annual trend
UK	£217,600	2.6%	0.9%		
20 city index	£253,600	2.5%	1.0%		
Nottingham	£158,500	4.4%	3.2%		
Manchester	£174,100	4.0%	3.6%		
Leeds	£169,900	3.6%	2.5%		
Liverpool	£122,900	3.3%	2.8%		
Edinburgh	£229,100	3.0%	4.4%		
Leicester	£183,300	3.0%	4.9%		
Birmingham	£167,700	2.9%	3.1%		
Bristol	£279,900	2.9%	1.3%		
Sheffield	£139,000	2.8%	2.3%		
Cardiff	£207,900	2.7%	2.8%		
Glasgow	£119,200	2.3%	2.4%		
Belfast	£137,000	2.2%	2.8%		
Portsmouth	£235,400	2.1%	0.4%		
London	£475,100	2.1%	-0.9%		
Cambridge	£415,400	2.1%	-0.9%		
Newcastle	£126,700	2.0%	0.3%		
Bournemouth	£289,500	1.6%	0.3%		
Oxford	£398,700	0.8%	-0.3%		
Southampton	£224,900	0.7%	0.2%		
Aberdeen	£145,100	-1.4%	-3.9%		

Source: [Hometrack](#)

### Towns/cities commentary

While we wait for the Land Registry data to catch up, Hometrack continues to show how different property price performance is across the country.

It's clear that Aberdeen – having suffered economically for some time from the lower oil price – that prices are still some way away from previous levels achieved. Bearing in mind they have Covid-19 issues on top of an already poorly performing local economy, this might give an indication of what will happen to prices across the rest of the UK once furlough has ended.

It appears that there are areas with 'room' for prices to grow, ie the affordability cap hasn't been reached, such as Nottingham, Manchester, Leeds and Liverpool. However, there is always an exception and Edinburgh seems to be it in this case, with prices rising above average.

Although the likes of Oxford, London and Cambridge, some of our more expensive cities, are in positive growth territory, prices are still being held back at this time with growth well below the long run average.

And, of course it's important to note that whatever is happening to prices at a city level, in today's market it's all about individual homes on a road, so only a local agent can advise buyers and sellers on price changes.

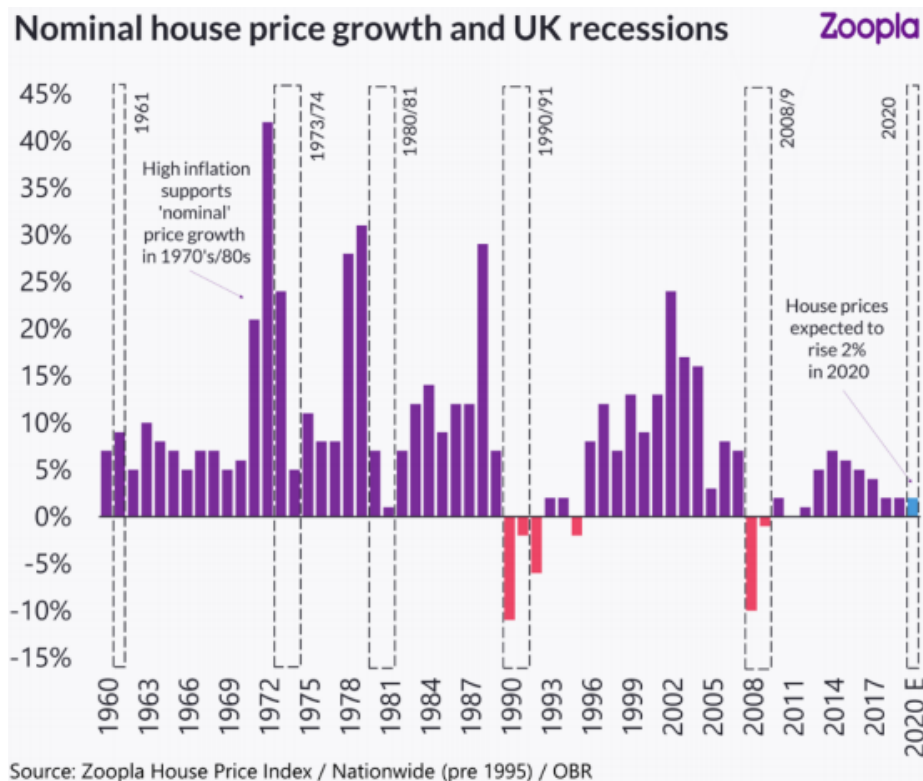
## Towns/cities commentary from the indices

### Hometrack

*“At a city level growth rates are holding steady with average prices rising at over 4% per annum in Nottingham and Manchester and 16 of the 20 cities recording growth of 2% or more. There is no sign of any immediate deterioration in price growth despite the onset of economic recession. Government support for the economy has been vital in supporting business and consumer confidence.*

*“Looking back over the last 60 years there have been five recessions with nominal house price falls recorded over the last two (1990/91 and 2008/9). These more recent recessions were deeper and lasted longer than those before. Every recession has different underlying drivers and the current one is no different. The most important aspects for UK housing is the impact on household incomes, credit availability, mortgage rates and unemployment.*

*“While the economy has contracted sharply and unemployment is rising, consumer spending has rebounded and purchasing manager indices are pointing to a wider rebound in the economy. This is positive but the unwinding of the furlough scheme and other Government support is the next challenge that will test the strength of economic recovery. In the short term we still believe that house prices will end the year 2% to 3% higher than at the start.”*



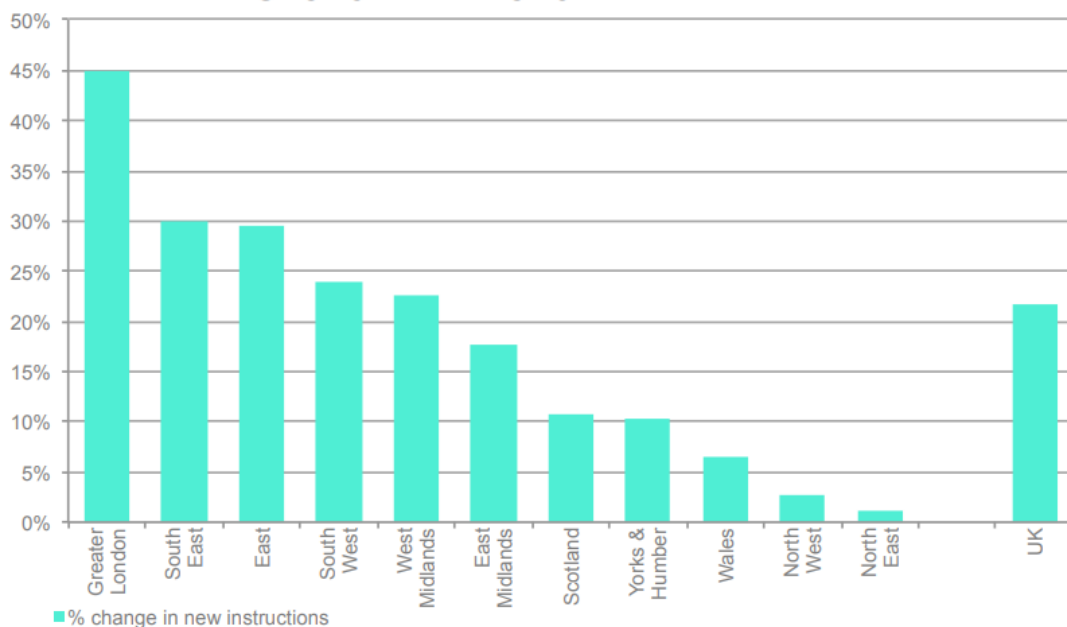
## Property transactions, demand and supply

The property market statistics are astounding at the moment. From an industry perspective, property transactions have performed at a level none of us could have dreamed of during lockdown. Demand and supply however is very individual as the home.co.uk and RICS surveys show, with some regions seeing plenty of new stock come onto the market, other areas such as the North, not so much.

Then there is the flat versus houses measures. Interestingly, flat price inflation hasn't been as high in many areas since 2007, it's mostly houses that drive the positive measures. A clear impact of Covid is people's desire to live in houses has increased even more, with some excellent insight provided by Hometrack of the lack of supply versus demand for three bed houses.

Moving forward, planners and developers are going to have to re-think what people's needs are post Covid and how best to design homes and new build estates. And for some areas, typically not seen in the past as 'commutable' on a daily basis, we may see them becoming more attractive to the new breed of 'part time' commuters.

### New Sales Listings, July 2020 vs. July 2019



Source: [Home.co.uk](https://www.home.co.uk)

### Rightmove

*"The number of monthly sales agreed is the highest that we have ever measured since we started tracking this figure ten years ago, up by 38% on the prior year, and a massive 20% higher than the previous record set in March 2017. The increase in activity is not just a result of the stamp duty holiday, as sales agreed are up across all sectors of the market. They're up 29% in the first-time buyer sector, 38% in the second stepper sector and 59% for larger, top of the ladder homes. Momentum is still building, with the latest weekly figure for the number of sales agreed having shot up by 60% compared to the same week a year ago. As part of the virtuous home moving circle, home-owners are bringing more properties to market than in any month since 2008, giving more choice to buyers. There are 44% more properties coming to market compared to the same period a year ago, though there are considerable regional variations."*



## Property transactions, demand and supply – cont'd

### NAEA Propertymark

*“The average number of sales agreed per estate agent branch stood at 13 in July, the highest figure recorded since June 2007. Year-on-year, the number of sales agreed per branch has increased by 44 per cent, rising from nine recorded in July 2019. The number of sales made to FTBs stood at 25 per cent, falling from 29 per cent in June.*

*“The number of house hunters registered per estate agent branch rose from 379 in June, to 428 in July. Year-on-year, housing demand is up by 35 per cent, rising from 316 in July 2019.*

*“The number of properties available per member branch stood at 43 in July, rising from 37 in June. Year-on-year, the supply of housing increased marginally from 41 properties available per member branch in July 2019.”*

### RICS

*“The pandemic is expected to cause a lasting shift in the desirability of certain property characteristics, as 83% of respondents anticipate demand increasing for homes with gardens over the next two years. On the same basis, -62% and -75% expect demand to decline for homes located in highly urban areas and tower blocks respectively.*

*“Looking at the trend in new buyer enquiries over the latest survey period, 63% of contributors reported an increase in buyer interest during August. New instructions being listed onto the sales market also continue to rise. Even so, given the strong sales activity of recent months, the average number of homes currently held on estate agents’ books remains relatively low in a historical context, at 42 properties.”*

### Hometrack

*“The post lockdown rebound in the housing market shows little signs of slowing. The cumulative increase in buyer demand since the start of the year is +34% higher than over the same period in 2019. The growth in housing demand has moderated noticeably over August as the holiday season starts, but with many people staying in the UK housing market conditions remain strong.*

*“More demand brings increased numbers of sellers and more homes to the market. Over the last month the flow of new supply has been 50% faster than last year but the closure of the market means available inventory per agent remains 3% lower than a year ago. The supply/demand gap is slowly closing.*

*“Homes are selling at a faster rate across all regions and countries. Our standard time to sell measure looks at the average days for homes selling over a rolling 180-day period. To allow for the market closure we have analysed the time to sell for homes that have sold over the last 3 months, since the lockdown lifted.*

*“At a UK level we find that homes are selling in 27 days. This is 31% lower than the same 3-month period last year, reflects the strength of demand. Homes are currently selling in less than a month across all regions and countries.”*

*“The COVID crisis has shifted buyer expectations and requirements and this is reflected in the time to sell between different types and size of home – again focusing on homes sold over the last 90 days. The three-bed house is the mainstay of the UK housing market, accounting for just under half of all housing supply. Three-bed houses remain the fastest selling properties with an average time to sell of just 24 days.*



## Property transactions, demand and supply – cont'd

*“Zoopla’s tracking of supply and demand shows the greatest mis-match is for 3 bed houses. These are the most in-demand property type, but the proportion of available supply falls short of demand across all parts of the UK. At a regional level there has been noticeable jump in demand for 3 beds in London and the S East of England as households seek out more space. Those looking to buy in London may need to look outside the city to meet their needs. In the West Midlands 60% of all applicant demand is for 3 bed houses.*

*“Changing buyer requirements - as households prioritise more space and widen their search criteria to find a home - has resulted in the time to sell 4 and 5 bed houses falling by over a third compared to last year. Four bed houses are now selling faster than the average flat. Flats make up a quarter of homes for sale at present. Sales periods have also declined but less than average resulting in flats having the longest time to sell at an average of 32 days - still quick by historic standards.*

*“While housing sales are running 76% ahead of the 5-year average not all homes are flying off the shelves. The health warning with this analysis is that it tells us about the homes that are selling i.e. where the property is well presented and priced in line with demand in the local market. Even with strong market conditions it is important that serious sellers do their research and talk to their agent about pricing their home at the right level in order to achieve a sale.”*

### Knight Frank

*“UK exchanges were 69% higher than the five-year average in the week ending 29<sup>th</sup> August. Outside of London, the equivalent increase was 60%, and the weekly total was the biggest since December 2018. In the capital, where the housing market has taken longer to gain momentum since restrictions were lifted, the rise was 94%.*

*“Pent-up demand built in recent years against the backdrop of political uncertainty and tax changes. The eight-week shutdown of the property magnified this trend and demand has been robust since the market re-opened in mid-May.*

*“As a result, the seasonal slowdown that normally takes place in July and August has not happened this year. The weekly number of exchanges are therefore higher than previous years but also high compared to many periods during recent years.*

*“The number of exchanges across the UK in the week ending 29<sup>th</sup> August was the 15<sup>th</sup> highest on record. Outside of London the number of exchanges for the period was 9<sup>th</sup> highest on record. Knight Frank records go back 20 years.”*