February 2021 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 current property price reports

Report Headlines

Rightmove	*"Activity surge by new buyers, despite slim chance of beating tax deadline"*
NAEA Propertymark	*"Housing market experiences busier than usual December due to stamp duty holiday"*
RICS	*"Sales market activity softens over the month amid third national lockdown"*
Nationwide	*"Annual house price growth slows for first time in six months as end of stamp duty holiday approaches"*
Halifax	*"House prices fall slightly in January, with early signs market could start to cool"*
e.surv	*"The year ends on a high, up 7.8%"*
Hometrack	*"Demand rebounds but lockdown makes sellers reluctant to list homes for sale"*

What's happening in the property market currently?

	High	Low	Nov-20	Dec-20	Jan-21	Annual Change	Annual Average (05 - 21)		
Rightmove	£241,474	£213,570	£322,025	£319,945	£317,058	3.3%	3.3%	Asking prices	E & W
Nationwide	£184,131	£147,746	£229,721	£230,920	£229,748	6.4%	2.6%	Mortgaged only	UK
Halifax	£199,766	£157,767	£253,243	£253,374	£251,968	5.4%	2.7%	Mortgaged only , seasonally adjusted	UK
e.surv	£231,829	£197,145	£319,816	£326,762	n/a	7.8%	3.6%	Actual prices, includes cash sales	E & W
UK HPI	£190,032	£154,452	£249,633	n/a	n/a	7.6%	3.2%	Sold prices, includes cash sales and new builds	UK

National commentary from individual indices

Rightmove	*"Average price of property coming to market falls by 0.9% this month, with some new sellers still hoping to tempt buyers and squeeze in a sale before the stamp duty holiday ends."*
Nationwide	*"January saw the annual rate of house price growth slow modestly to 6.4%, from 7.3% in December. House prices fell by 0.3% month-on-month, after taking account of seasonal effects – the first monthly decline since June."*
Halifax	*"The average UK house price slipped by -0.3% in January, the biggest monthly fall since April last year."*
e.surv	*"Prices rose rapidly over much of England and Wales in 2020, with the average house price in December up 7.8% on the previous year. This is the highest annual increase since 2016, though it is worth noting that most of this growth took place in the last six months of the year as pent-up demand was released by more relaxed coronavirus restrictions."*
Hometrack	*"The annual rate of UK house price growth is 4.3%, the highest since April 2017. The impetus for growth is coming from Wales, northern England and Scotland where strong demand and attractive affordability allow headroom for above average growth rates. The rate of annual price inflation is highest in Wales and the North West at +5.4%."*

A bit more of a mixed picture this month from the indices, some reporting on December, some stretching into January. I tend to ignore the monthly price/reported changes, they tend to be up and down like yoyos! However, overall, the indices agree that the huge demand and supply from the last six months of 2020 is starting to reduce and that's not a surprise, as pent up demand from lockdown and demand created from the stamp duty holiday was never going to last forever. However, this doesn't mean it's 'bad news' or signs of a crash, in fact many of the indices and other moving services are still saying they are doing better than this time last year, both in December and January.

From a stats perspective, this year's figures will continue to look better up until mid May 2021, post the stamp duty holiday ending (if it does!), and because of the low figures during lockdown. It will be from May that the statistics will be showing a real market slowdown based on year on year stats, so expect to see some 'doom and gloom' headlines for the second part of the year!

Regional property price performance

My report on regional performance is usually: 'look how diverse the performance is' but not this month. All regions have bounded back incredibly post lockdown and rather than forecasts of falls in the housing market, it's clearly done the opposite.

And, some great news for the North East, finally, average prices have recovered to their 2007 peak – that's taken a massive 13 years! Of course, taking into account that inflation has risen since this time by 42%, it still means in real terms prices are 40% lower than they were in 2007, but it's good news for the region as we haven't seen anything like this level of growth for over a decade. These stats also mean that the East, London and the South East are the only three regions where property prices (on average) have grown in real terms.

Yes, it's likely that year on year the market won't have a chance of retaining these one-off demand driven rises, so the good news for buyers this year is prices are likely to be stable or see small falls year on year and a much less frantic market post March 2021.

Regional commentary from individual indices

Property Prices - Regions	Latest month's data Nov-20	Changes since 2007 peak	Year on year change in price in Nov 20	Annual average increase since 2005	Annual average increase since 2007	Annual average increase since 2000
North East	£140,248	1%	8.3%	1.4%	0.0%	5.3%
North West	£180,280	18%	8.5%	2.6%	1.2%	6.2%
Yorkshire & The Humber	£180,856	20%	9.7%	2.7%	1.3%	6.3%
East Midlands	£208,662	31%	7.1%	2.7%	1.9%	6.3%
West Midlands	£213,974	29%	6.9%	2.7%	1.8%	5.9%
South West	£278,391	31%	8.5%	2.9%	1.9%	6.0%
East	£302,624	44%	4.8%	3.5%	2.7%	6.3%
South East	£342,271	43%	6.2%	3.6%	2.6%	5.8%
London	£513,997	72%	9.7%	5.1%	4.0%	6.7%

Source: UK HPI

Regional commentary from individual indices – cont'd

RICS

"Despite the softer tone across the range of sales market activity indicators this month, house prices continue to be driven higher for the time being. Indeed, +50% of survey participants saw an increase in January, thereby still signalling a significant degree of upward pressure on prices (albeit this is down slightly on +63% posted in both November and December). The results show house prices continue to rise firmly in virtually all parts of the UK. London remains the sole exception, where -9% of respondents noted a fall in prices over the latest survey period. As such, this marks the first negative reading for the survey's measure of price growth across the capital since July 2020.

"Back at the national level, +30% of respondents anticipate prices will increase over the year to come (up slightly from a figure of +24% beforehand). All UK regions/countries are expected to see prices rise to some degree in the next twelve months, with Wales, Northern Ireland and Scotland all exhibiting especially strong projections."

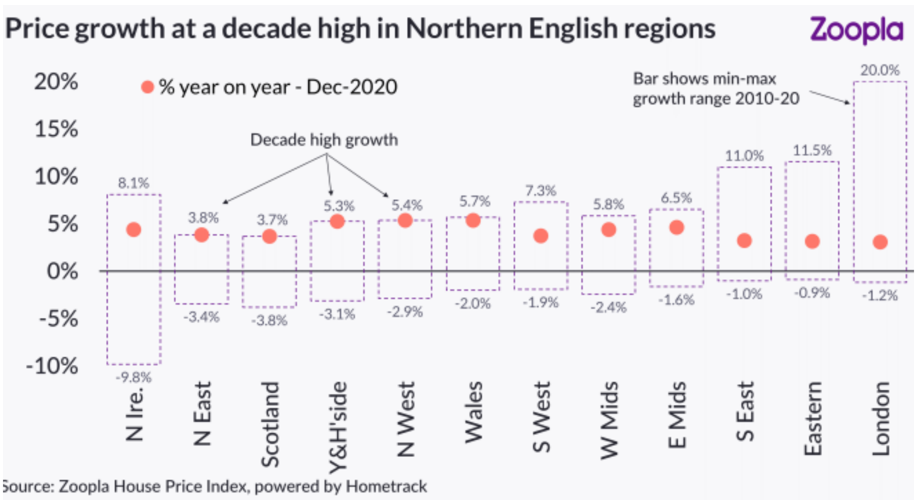
e.surv

"This is the third consecutive month in which all ten Government Office Regions (GOR) areas have simultaneously set a new record average house price. It is also the fifth month in a row in which all ten of the GOR areas have seen a positive movement in their annual growth rates.

"The South West retained its first place as the region with the highest house price growth, of 10.9%, and with areas within it such as Cornwall, Bournemouth, Bristol and Gloucestershire all experiencing price growth in excess of 15%. This month, the North West has moved up to second position, with growth of 9.0%, followed by the East Midlands at 7.4%. Interestingly, the South East and the East of England have both moved down the growth league table by three places compared to last month – perhaps suggesting that movement away from the capital to nearby suburbs is beginning to run its course, while the South West's exceptional growth indicates demand for countryside and coastal locations remains strong."

Hometrack

"House price growth is at a decade high across three regions – North East, North West, Yorkshire and the Humber – in fact growth is running at the highest since before the global financial crisis. The chart below compares current growth rate to the high-low range between 2010 and 2020. Affordability pressures are acting as a drag on price growth across southern England where, in 2014 London house price growth reached +20%. Decade high growth rates of c.5% are low by historic standards yet remain ahead of the growth in household incomes."



Analysis of towns/cities

As with the regional growth, most cities experienced extraordinary year on year growth across the UK, however, there are more differences at this lower geographical level. Glasgow shoots to the top of the year on year rises, with prices exceeding 10% growth for the Land Registry, while Liverpool is top for Hometrack's Cities Index which although shows price growth of 6.3%, is reporting much more subdued price increases. Meanwhile a mix of good value and expensive areas haven't seen price growth like everywhere else, such as Reading, Belfast, Peterborough, Lincoln, Newcastle and Oxford. Price growth to date is under 2%.

This is going to make it hard to manage sellers' expectations in areas where prices aren't rising so fast and both the local media and home movers need to be alerted to the fact that prices haven't exploded everywhere.

Property Prices Towns/Cities *England, Wales, Scotland & NI*	**Highest average house price pre-credit crunch 2007/08**	**Latest month's data Nov 20/ Q3 20**	**Year on year change in price in Nov 20/ Q3 20**	**Annual average increase since 2005**
Glasgow	£130,473	£149,735	10.2%	2.8%
Bradford	£139,640	£153,034	9.9%	2.8%
London	£298,596	£513,997	9.7%	5.1%
Sheffield	£144,875	£185,060	9.3%	3.0%
Portsmouth	£169,633	£230,146	8.9%	3.0%
Liverpool	£130,249	£145,064	8.7%	2.0%
Bristol	£195,196	£309,759	8.4%	4.5%
Leeds	£161,439	£203,868	8.0%	2.6%
Bournemouth, Christchurch & Poole	£206,227	£298,570	7.2%	3.3%
Leicester	£135,317	£187,642	5.9%	3.0%
Brighton and Hove	£257,108	£384,082	5.6%	4.1%
Cardiff	£170,496	£222,107	4.8%	2.5%
Nottingham	£119,010	£155,713	4.8%	2.2%
Birmingham	£148,578	£197,111	4.6%	2.5%
Milton Keynes	£194,666	£270,802	4.4%	3.4%
Tunbridge Wells	£279,413	£394,747	3.9%	3.4%
Manchester	£140,431	£192,922	3.6%	4.7%
Norwich	£166,498	£208,663	3.2%	3.1%
Edinburgh	£225,750	£287,239	3.1%	3.6%
Southampton	£168,795	£213,191	2.4%	2.4%
Cambridge	£283,241	£445,376	2.2%	4.5%
Belfast (Q3)	£213,626	£136,436	2.0%	1.6%
Reading	£216,724	£294,386	1.7%	3.3%
Peterborough	£156,264	£200,332	1.6%	2.6%
Lincoln	£128,707	£155,484	1.2%	2.4%
Newcastle upon Tyne	£164,935	£166,023	0.9%	1.2%
Oxford	£289,855	£420,590	0.1%	3.8%

Source: UK HPI

Analysis of towns/cities – cont'd

Zoopla UK House Price Index and 20-city summary - December 2020

	Average price	%yoy Dec-20	%yoy Dec-19	Monthly trend	Annual trend
UK	**£223,700**	**4.3%**	**1.3%**		
20 city index	**£260,500**	**3.7%**	**1.7%**		
Liverpool	£127,200	6.3%	2.4%		
Manchester	£179,900	6.0%	3.5%		
Nottingham	£165,400	5.8%	3.7%		
Leeds	£175,300	5.8%	2.4%		
Leicester	£190,200	5.0%	4.0%		
Sheffield	£143,800	4.7%	2.3%		
Cardiff	£216,100	4.3%	2.2%		
Birmingham	£173,000	4.2%	2.6%		
Bristol	£288,300	3.7%	2.0%		
Newcastle	£129,900	3.6%	0.1%		
Belfast	£141,500	3.6%	2.8%		
Bournemouth	£294,900	3.5%	0.8%		
Portsmouth	£245,200	3.3%	1.2%		
Edinburgh	£234,200	3.0%	3.9%		
Glasgow	£121,900	2.9%	2.6%		
London	£485,600	2.9%	0.8%		
Oxford	£407,800	2.6%	-0.7%		
Southampton	£229,600	2.2%	0.3%		
Cambridge	£416,300	1.1%	1.4%		
Aberdeen	£141,700	-2.4%	-3.2%		

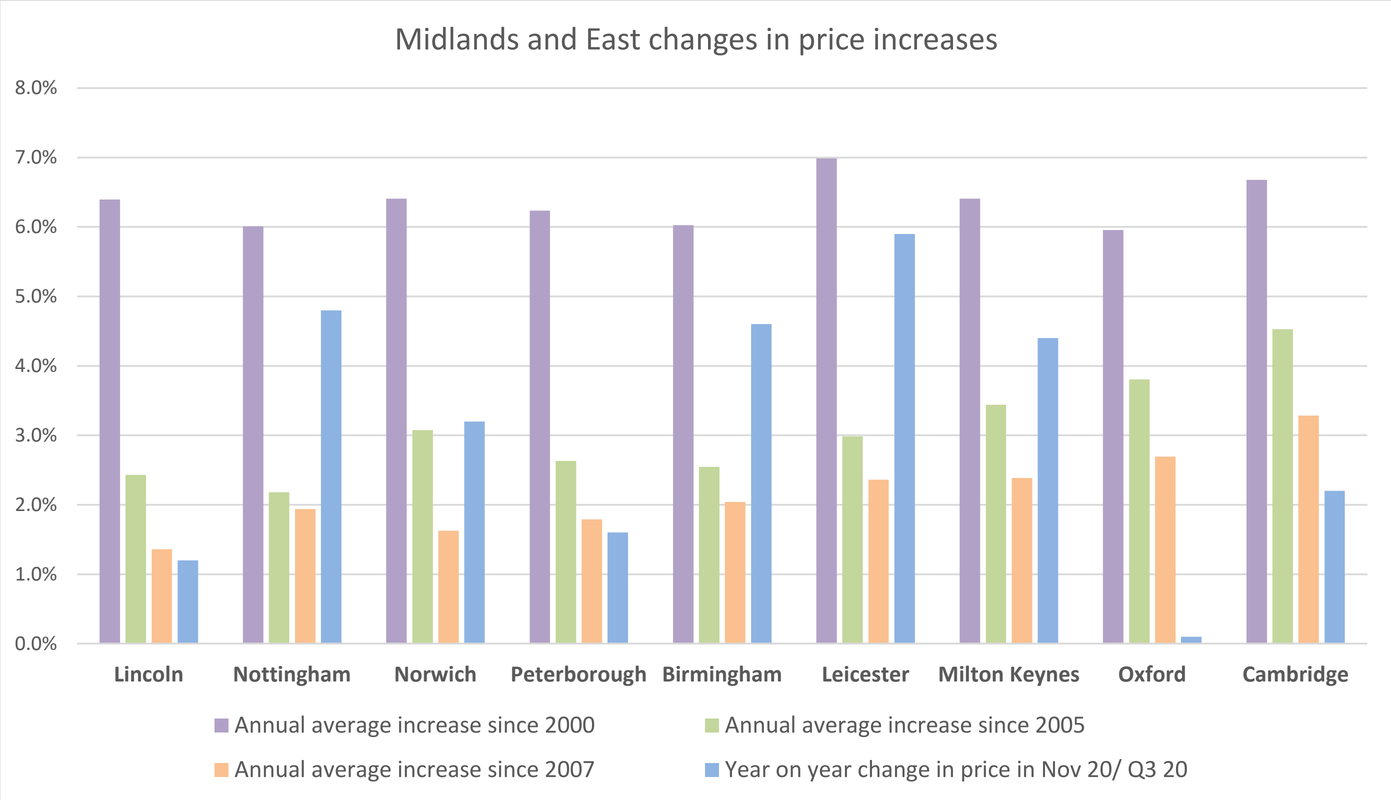
Source: Zoopla House Price Index

Five high growth areas YoY towns/cities	YoY %	Five low growth areas YoY towns/cities	YoY %	Five high growth areas last 14 years towns/cities	%	Five low growth areas last 14 years towns/cities	%
Glasgow	10.2%	Oxford	0.1%	London	72%	Belfast (Q3)	-36%
Bradford	9.9%	Newcastle upon Tyne	0.9%	Bristol	59%	Newcastle upon Tyne	1%
London	9.7%	Lincoln	1.2%	Cambridge	57%	Bradford	10%
Sheffield	9.3%	Peterborough	1.6%	Brighton and Hove	49%	Liverpool	11%
Portsmouth	8.9%	Reading	1.7%	Oxford	45%	Glasgow	15%

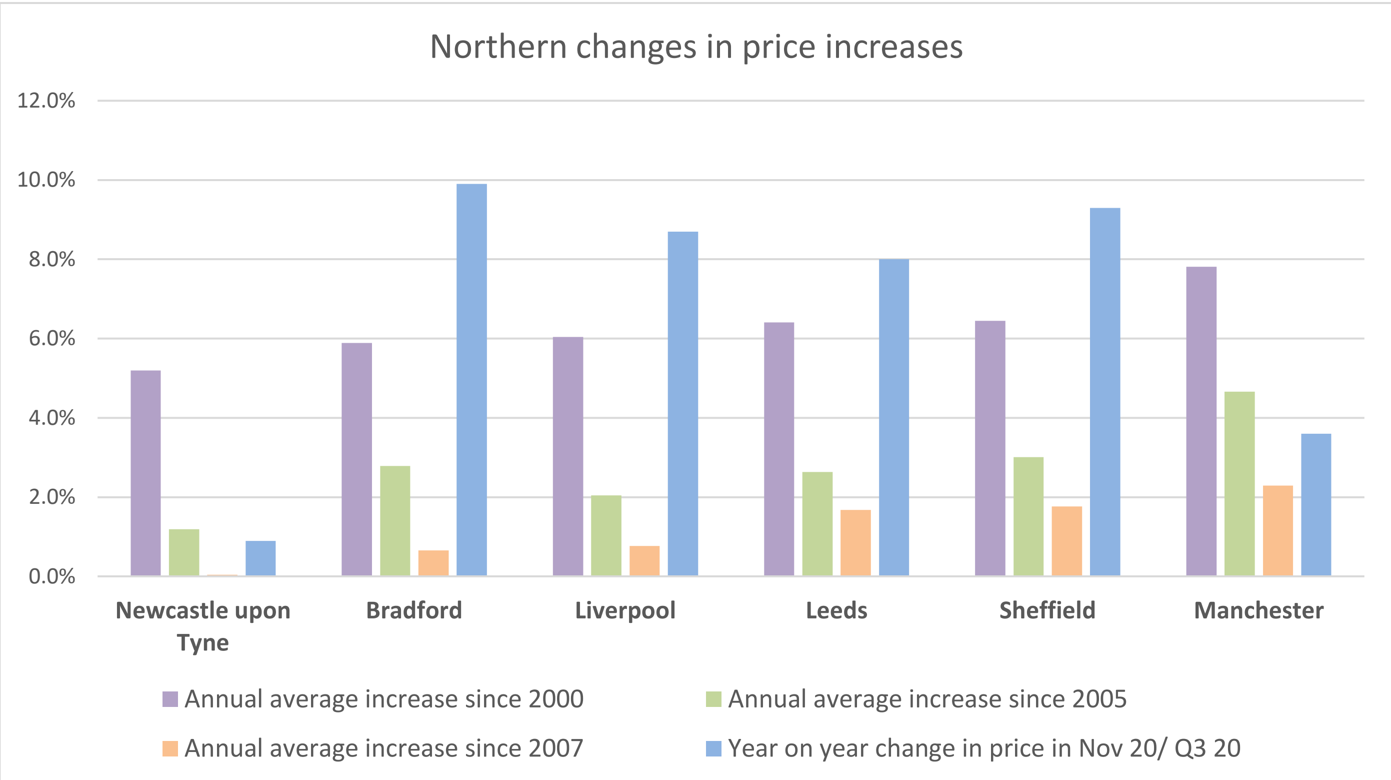
Three high growth areas YoY London	YoY %	Three low growth areas YoY London	YoY %	Three high growth areas last 14 years London	%	Three low growth areas last 14 years London	%
Kensington and Chelsea	28.6%	City of Westminster	-4.2%	Waltham Forest	86%	Hammersmith and Fulham	45%
Brent	23.9%	Barking and Dagenham	-0.8%	Haringey	85%	Havering	52%
Merton	14.9%	Barnet	-0.8%	Hackney	83%	Barnet	52%

Source: UK HPI

Analysis of towns/cities – cont'd

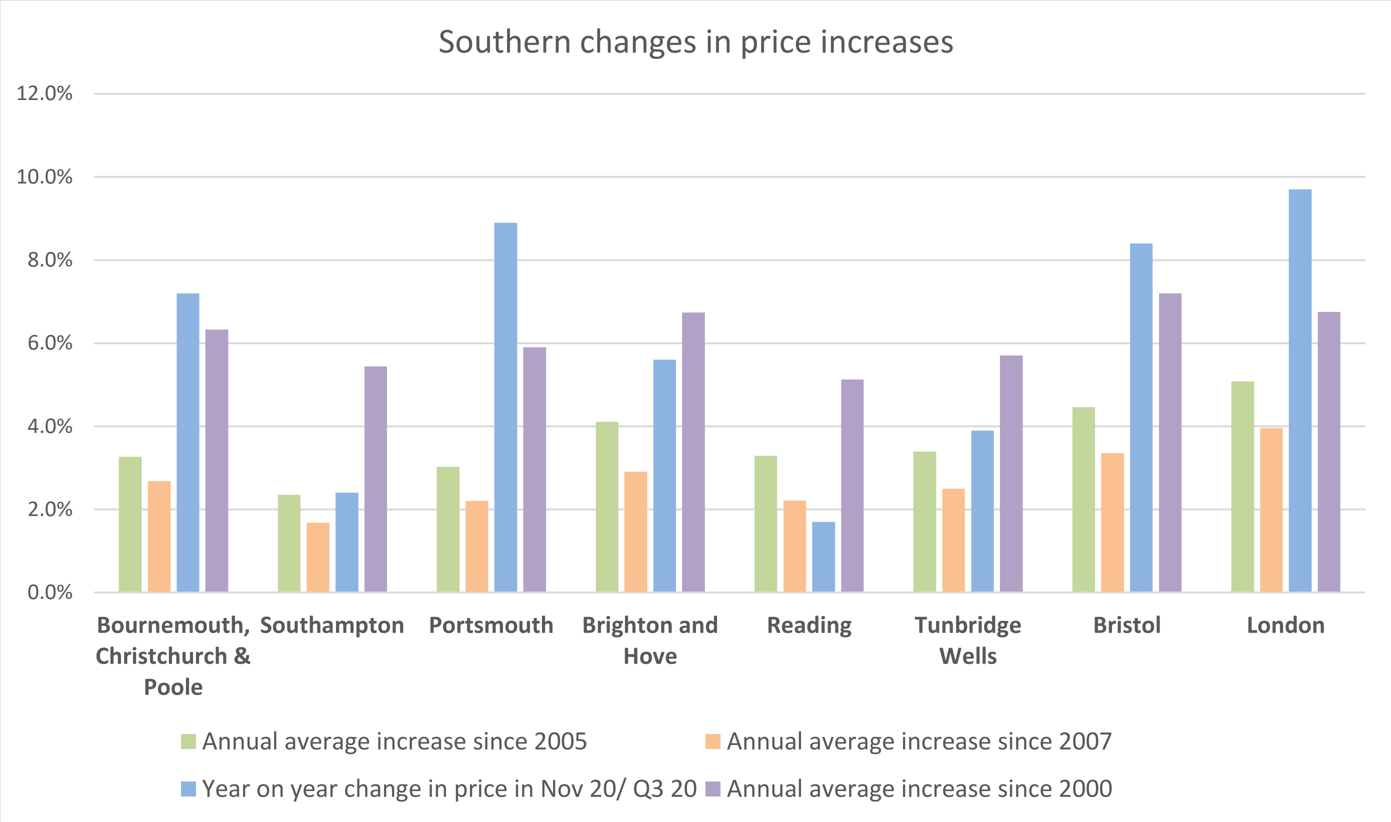


Source: UK HPI

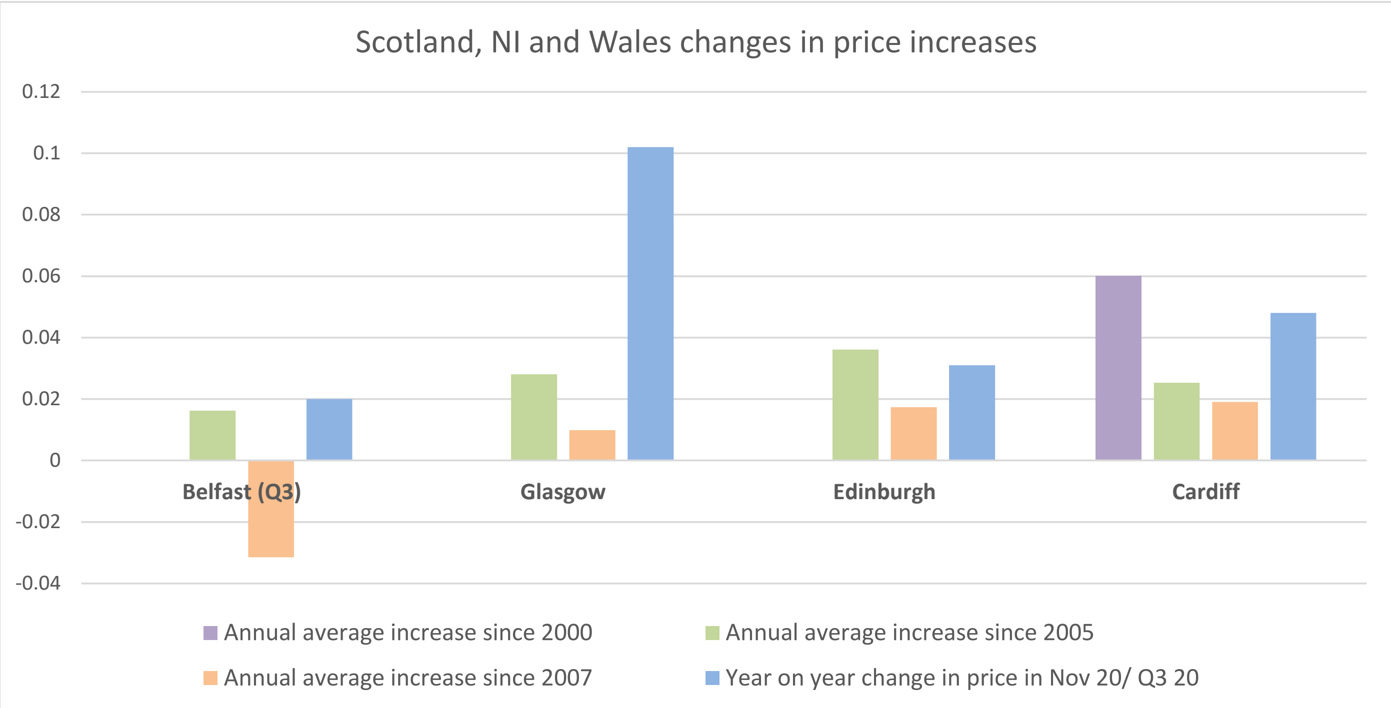


Source: UK HPI

Analysis of towns/cities – cont'd



Source: UK HPI



Source: UK HPI

Town/city commentary from individual indices

Hometrack

"At a city level, Liverpool has jumped to the top of the growth rankings with house prices rising by 6.3% over the last 12 months – this is the highest annual growth rate for 15 years. Manchester is close behind with a growth rate of +6.0%, back to levels of inflation last seen two years ago."

Property transactions, demand and supply

It’s not often we see London at the bottom of any charts when it comes to property, but this month, PropCast has 9/10 London postcodes in it’s coldest markets. According to Hometrack, there are two reasons for this. Firstly, they think people are selling flats and looking for houses and secondly, which is interesting, they believe investment landlords are selling up due to lower rents and fear of Capital Gains Tax rises to help pay for Covid. This will be an incredibly interesting development if landlords do sell, as this could put severe pressure on stock for tenants once the economy picks up and some rentals return to the short term accommodation market.

However elsewhere, the market is booming and potentially will continue to do so, even post lockdown based on insights from the indices. The NAEA are reporting sales agreed for agents falling from 13 to 8 (not a surprise considering the time of year) but this level hasn’t been seen since December 2006, showing just how much the market has performed price and transaction wise since it opened in May.

Hometrack’s analysis shows that January’s demand is up, while the number of properties coming onto the market to sell has been reduced during the third lockdown.

So, despite some worries and fears of the market slowing post the stamp duty holiday ending, it’s quite possible that there is pent up stock from sellers ready to come to the market along with pent up demand, which is especially likely if lower LTVs come back into the market which had frozen out FTBs in 2020.

Property transactions, demand and supply commentary from the indices

NAEA Propertymark	*“The average number of sales agreed per estate agent branch stood at eight in December which is a decrease from 13 in November. This is the highest figure recorded for the month of December since 2006, when the number also stood at eight.* *“The number of sales made to FTBs stood at 23 per cent in December, falling marginally from 24 per cent in November. Year-on-year this is a decrease of five percentage points from 29 per cent in December 2019.* *“The number of properties available per member branch stood at 33 in December, falling from 40 in November.* *“The average number of house hunters registered per estate agent branch stood at 348 in December, which is a decrease of 41 per cent from 580 in November. This is the lowest number recorded since May, when the property market first reopened following the government’s lockdown. However, it is the highest number recorded for December since 2016.”*
RICS	*“At the headline level, -28% of respondents reported a decline in new buyer enquiries over the month. This latest return brings to an end a run of seven consecutive positive monthly readings beforehand, and is consistent with a noticeable drop off in demand.* *“Alongside this, there was also a decline in the number of fresh listings being brought onto the market, evidenced by -38% of respondents noting a fall. Prior to January, new instructions had increased, to a greater or lesser degree, in each report since May 2020. Looking ahead, the number of appraisals undertaken over the month was reportedly below that of the corresponding period last year (-26%) suggesting that the pipeline for new instructions has also softened of late.*

Property transactions, demand and supply commentary from the indices – cont'd

> *"Meanwhile, nationally -18% of respondents cited a fall in agreed sales during January, down from a positive reading of +15% in December. In terms of the regional breakdown, contributors in the East Midlands, South West and Yorkshire & the Humber all returned particularly negative net balance readings this time out. At the other end of the spectrum, feedback has remained much more resilient regarding the sales picture across Northern Ireland."*

Hometrack

Fast start to 2021 as demand rebounds faster than 2020

Despite the new lockdown, demand for homes has posted the usual seasonal rebound which has been stronger than last year. Demand for homes is up 13% on this time last year, with new sales agreed also up 8%. This rebound is broadly uniform across all regions and countries. It is a continuation of above average demand and market activity from 2020 H2. The ongoing impact of the pandemic continues to drive moving intent amongst homeowners.

Some new buyers will be looking to beat the stamp duty deadline. In a normal year over 50% would make it, but far fewer are likely to complete a sale in time this year given the volume of business in the pipeline and longer completion times, unless they look to buy a new home.

Third lockdown creates reluctance amongst would-be sellers

The flow of new supply onto the market is slower than this time last year, down 12%. Sellers remain cautious in the face of 3rd lockdown, higher case numbers and calls for people to limit movement, even though the housing market remains open for business. We expect sellers to list homes once case numbers start to fall sharply and/or we move back to regional tier-based restrictions.

The one area where supply is growing is London with flats accounting for much of this increase. We believe this is a combination of 1) more owners looking to trade up from flats to houses motivated by a desire for space and more flexible working patterns; 2) investors looking to sell homes in the face of falling rents and expectations of an increase in capital gains tax rates in 2021.

Tracking buyer demand

The Advisory track current market conditions so buyers and sellers can gain an independent view of how easy it would be to buy and sell their home in their area. This makes it easier for good agents that are honest about market conditions to value and manage expectations. For example, in BN42 83% of the properties on the market are under offer.

From PropCast's perspective, the hot markets from a postcode perspective don't necessarily track the overall increases and decreases seen even at town and city levels, with Brighton, Bristol and Sheffield having some of the busiest markets, and London and Liverpool having some of the slower ones. View the House Selling Weather Forecast here.

Top 10 hot markets - buyer demand

Postcode	%	Jan 21
BN42	83	Brighton
BH18	83	Broadstone
BS5	82	Bristol
S17	82	Sheffield
BN13	80	Worthing
RM15	80	South Ockendon
BS7	80	Bristol
BH31	80	Verwood
S8	80	Sheffield
WA1	79	Warrington

Top 10 cold markets - buyer demand

Postcode	%	Jan 21
WC2	10	London
W1	10	London
W2	12	London
EC2	13	London
SW10	14	London
NW8	15	London
L2	15	Liverpool
SW1	15	London
SW3	15	London
WC1	15	London

Source: TheAdvisory