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RESIDENTIAL PROPERTY REVIEW

FEBRUARY 2017



Our monthly property market review is intended to provide background to recent developments in property markets as well as to give an indication of how some key issues could impact in the future.

No 'silver bullet' to fix housing crisis

The Housing Minister, Gavin Barwell MP, told a recent conference for the National Association of Estate Agents that the crucial shortage of new housing in the UK could not be solved by a single 'silver bullet' solution, but rather by a number of 'small adjustments'.

He went through the recent recommendations of the government's White Paper on the housing shortage, 'Fixing our broken housing market'. This included the need for streamlining planning approvals by local authorities by reducing the timing of approvals from three to two years and the government's ambition to stop developers from retaining land earmarked for development but left unused.

He outlined at the close that: *"I expect developers to up their game and if they don't, I shall give extra powers...to ensure that happens."*

Low interest rates reduce repossessions by 25% to 35-year low

The Council of Mortgage Lenders (CML), the main trade body representing mortgage lenders across the country, has reported that the number of properties taken into repossession last year has fallen to its lowest level since 1982.

At 7,700 repossessions, the 2016 figure is 25% below the total figure for 2015, as the historically low interest rates have alleviated pressure on many mortgage holders.

There were 94,100 mortgages with arrears of 2.5% or more of the outstanding balance at the end of 2016, which compares favourably with the total of 101,700 a year earlier.

Director General of the CML Paul Smee commented on the data: *"It is encouraging to see another improvement in arrears and possessions during a year in which borrowers were clearly helped by the downward trend in mortgage rates. But customers do need to be ready for a time when the outlook may not be so benign, with pressure on real incomes increasing and as interest rates begin to move upwards again."*

Latest official data releases

The Royal Institution for Chartered Surveyors (RICS) recently announced that they recorded a marginal increase in new home-buyer enquiries in December. The number of actual home sales in the UK increased by 0.2% between November and December 2016, but compared with the figures for December 2015, there were 8.5% fewer residential sales.

Focusing on supply, RICS reported a 10th consecutive month with no improvement in national listings, clearly highlighting that low stock levels are weighing heavily on buyer activity.

From a construction output perspective, the Office for National Statistics (ONS) recently outlined that 36.5% more houses were built between January 2014 and November 2016, than there were between January 2011 and November 2013.

"I expect developers to up their game and if they don't, I shall give extra powers...to ensure that happens."

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (DEC 2016)*	115.2*
AVERAGE HOUSE PRICE	£219,544
MONTHLY CHANGE	1.4%
ANNUAL CHANGE	7.2%

*(Jan 2015 = 100)

- Average UK house price stands at **£219,544**
- East of England experienced highest annual change (11.3%) to average **£281,513**
- North East England experienced the highest monthly increase (2.3%) to average **£128,631**

Source: The Land Registry / Release date: 15/02/2017
Next data release: 15/03/2017

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	1.6	7.7	£236,424
NORTHERN IRELAND (QUARTER 4 - 2016)	0.6	5.7	£125,480
SCOTLAND	-0.2	3.5	£141,553
WALES	1.0	4.7	£148,177
EAST MIDLANDS	1.0	7.1	£176,790
EAST OF ENGLAND	1.9	11.3	£281,513
LONDON	1.8	7.5	£483,803
NORTH EAST	2.3	4.1	£128,631
NORTH WEST	1.9	6.6	£152,259
SOUTH EAST	1.7	8.5	£316,026
SOUTH WEST	1.3	7.0	£242,808
WEST MIDLANDS REGION	0.4	7.1	£181,328
YORKSHIRE AND THE HUMBER	2.2	6.5	£154,985

UK UNEMPLOYMENT FIGURES

- At **4.8%**, the unemployment rate is down from **5.1%** one year earlier
- **8.86** million people aged from 16 to 64 were economically inactive
- **31.84** million people in work, **302,000** more than one year earlier

Jobless total

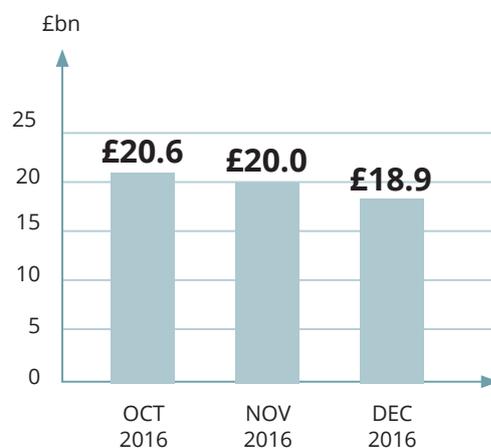
1.6m

Unemployment rate

4.8%

Source: Office for National Statistics
Release Date: 15/02/2017

MORTGAGE ACTIVITY



- Home-owner lending reached £11.6bn in December
- Q4 lending totalled 182,000 loans
- Buy-to-let lending down 7% by volume

Source: Council of Mortgage Lenders
Release date: 14/02/2017

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