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## RESIDENTIAL PROPERTY REVIEW

MARCH 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.

### Building Society calls for Stamp Duty reform

Yorkshire Building Society (YBS) was left disappointed following the Chancellor of the Exchequer's Spring Budget on 8th March, as no change was announced in the Stamp Duty regime. The building society had called for the tax to be reformed and converted to a liability on the seller rather than the buyer of property.

Basing their argument on data from the Council of Mortgage Lenders, the Chief Economist of YBS, Andrew McPhillips, said that the current regime has meant the proportion of first time buyers able to find a home under the £125,000 Stamp Duty threshold has halved in a decade, as they find it increasingly difficult to find suitable properties. He added: *"In its present form, Stamp Duty does not suit today's housing market – it pushes up costs for those looking to buy, exacerbating affordability issues in a market where prices have vastly outpaced wage growth."*

### Home ownership declines in England

According to the Department for Communities and Local Government, their recent 'English Housing Survey' has found the level of home ownership in England declined to 62.9% in 2016, its lowest level seen since 1985 and off 8% from its peak in 2003.

At the same time the survey reveals that there are 4.5 million people living in private rented accommodation and that 46.1% of people aged between 25 and 34 are renting privately. Of those private renters, they spend an average of 35% of their income on rent, whilst those renting from local councils or housing associations only spend 28% of their income on rent. In comparison home owner-occupiers are spending approximately 18% of income on housing costs.

### Families with children stay longer in rented accommodation

The English Housing Survey' has also disclosed that the average tenure of residential tenants is 4.3 years, which is a marginal increase from the 4.0 years published a year ago.

It also showed that over 60% of tenants have been living in their rented accommodation for in excess of three years, with just less than 50% staying for five years or more.

Interestingly, the percentage of tenants with children has also increased from 30% to 36% since the same survey conducted in 2005/06, which should reassure the Government that landlords are being seen to offer tenants better security of tenure, without any requirement for *"heavy handed legislation"*.

Mr Alan Ward, the Chairman of Residential Landlords Association, commenting on these findings, was quoted as saying: *"It is time to end the scaremongering peddled by some and focus not on heavy handed legislation, but looking at what more can be done to break the barriers preventing landlords offering longer tenancies, such as restrictions imposed by mortgage lenders. Landlords are stepping up to the plate and providing the stability that many tenants need and want."*

*"In its present form, Stamp Duty does not suit today's housing market – it pushes up costs for those looking to buy, exacerbating affordability issues in a market where prices have vastly outpaced wage growth."*

## HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (JAN 2017)*	114.5*
AVERAGE HOUSE PRICE	£218,255
MONTHLY CHANGE	0.8%
ANNUAL CHANGE	6.2%

\*(Jan 2015 = 100)

- Average UK house price stands at **£218,255**
- Housing market indicators for January suggest moderate demand continues to outmatch supply
- London experienced the highest monthly increase (3.0%) to average **£490,718**

Source: The Land Registry / Release date: 21/03/2017  
Next data release: 11/04/2017

## HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.7	6.5	£234,794
NORTHERN IRELAND (QUARTER 4 - 2016)	0.6	5.7	£125,480
SCOTLAND	2.1	4.0	£142,233
WALES	-0.6	4.2	£145,933
EAST MIDLANDS	-0.4	5.6	£174,222
EAST OF ENGLAND	0.2	9.4	£279,231
LONDON	3.0	7.3	£490,718
NORTH EAST	-1.5	2.2	£123,781
NORTH WEST	-0.4	4.6	£149,767
SOUTH EAST	2.4	8.7	£319,368
SOUTH WEST	1.9	7.4	£243,203
WEST MIDLANDS REGION	0.4	5.8	£179,633
YORKSHIRE AND THE HUMBER	-2.6	2.7	£148,458

## UK UNEMPLOYMENT FIGURES

- For the 3 months to January 2017, **74.6%** of people aged from 16 to 64 were in work
- Average weekly earnings increased by **2.2%** including bonuses, and by **2.3%** excluding bonuses, compared with a year earlier

Jobless total

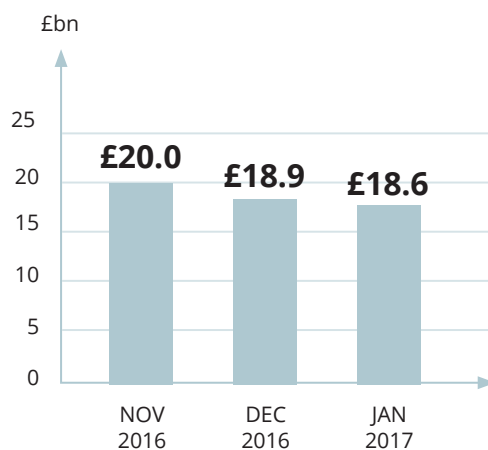
**1.58m**

Unemployment rate

**4.7%**

Source: Office for National Statistics  
Release Date: 15/03/2017

## MORTGAGE ACTIVITY



Source: Council of Mortgage Lenders  
Release date: 14/03/2017

- Home buyers borrowed £8.4bn in January, down 28% on December and unchanged on January 2016
- Gross buy-to-let saw month-on-month increases, up 11% by value and 12% by volume
- Affordability metrics for first-time buyers saw the typical loan size decrease from £136,000 in December to £132,400 in January

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