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RESIDENTIAL PROPERTY REVIEW

JUNE 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.

“Wait and see” attitude for buyers and sellers

The latest RICS (Royal Institution of Chartered Surveyors) UK Residential Market Survey indicates a decline in new buyer enquiries, new instructions and agreed sales, in May. In addition, the survey deduced that national price growth eased and is expected to slow further over the summer.

Respondents alluded to the fact that the fall in property coming to the market was likely to have been exacerbated by the forthcoming election as some chose to adopt a “wait and see” approach. At a national level, new buyer enquiries fell, following a six-month period of stagnancy. The majority of respondents to the survey believe the election was adversely impacting demand.

Over the medium term, contributors still expect house prices to increase at a quicker pace than wages, not good news for any first-time buyers who may be struggling to get a foothold on the property ladder.

What next for residential property post-election?

Like all markets, the residential property market abhors uncertainty. Rather than a serene finale to the general election, the lack of a conclusive result means we have the reverse scenario.

Immediately following the election results, the Chairman of estate agent Jackson-Stops & Staff, Nick Leeming, was quoted as saying: “The UK was promised a period of stability but today’s announcement provides anything but at this stage...” He went on to add: “The housing market has already been the recipient of doom and gloom in the news this week and certainty is now required to inject confidence and increase fluidity across all levels.”

Following the election, Lewis Johnston, the Parliamentary Affairs Manager at RICS outlined the importance of the new government in refocusing on property and to: “put housing, infrastructure investment and the regional growth agenda at the heart of its programme.” He noted that Gavin Barwell, the Housing and Planning Minister, was amongst the Tory ministers who lost their seats, the fifth politician to hold the post in under five years. Lewis commented that Barwell: “had been making headway towards developing a long-term strategy for driving up housing supply across all tenures. This vision must not be lost and the new government should stick to its plan to fix the housing market.”

Strengthening demand in Central Scotland

The central Scottish residential property market is experiencing steady growth and continues to attract second home owners and downsizers from outside the region, according to the Savills Summer 2017 ‘Market in Minutes’ research on the region. Despite insignificant property value growth, the increase in the amount of transactions indicates a strengthening market in areas such as Fife, Perthshire, Shropshire and Clackmannanshire; the latter has experienced an annual transaction growth increase of 16%.

The market has remained robust in holiday home hotspots such as St Andrews, despite the introduction of the extra 3% Land and Buildings Transaction Tax applicable on additional properties.

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HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (APR 2017)*	115.4*
AVERAGE HOUSE PRICE	£220,094
MONTHLY CHANGE	1.6%
ANNUAL CHANGE	5.6%

*(Jan 2015 = 100)

- Average house price stands at **£220,094**
- East of England experienced highest annual change at **8.1%**
- Average London house price is **£482,779**, an annual increase of **4.7%**

Source: The Land Registry / Release date: 13/06/2017
Next data release: 18/07/2017

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	1.3	5.7	£236,519
NORTHERN IRELAND (QUARTER 1 - 2017)	-0.8	4.3	£124,007
SCOTLAND	5.4	6.8	£145,735
WALES	0.9	4.2	£147,921
EAST MIDLANDS	1.6	6.5	£178,844
EAST OF ENGLAND	0.6	8.1	£280,690
LONDON	0.7	4.7	£482,779
NORTH EAST	1.0	0.6	£123,234
NORTH WEST	2.1	4.1	£152,765
SOUTH EAST	0.3	5.9	£315,334
SOUTH WEST	0.7	6.8	£243,215
WEST MIDLANDS REGION	1.3	6.0	£183,250
YORKSHIRE AND THE HUMBER	3.9	4.9	£155,357

UK UNEMPLOYMENT FIGURES

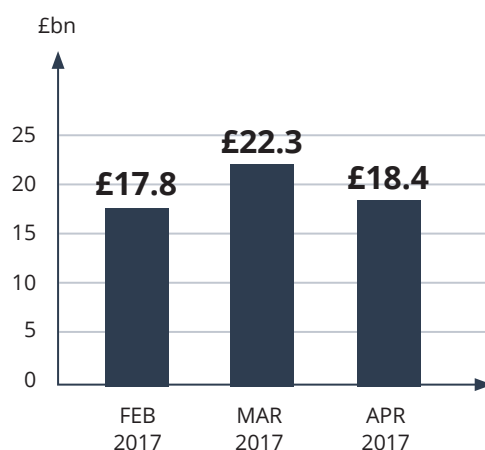
- Unemployment rate remains at **4.6%**
- **8.85** million economically inactive people
- There were **31.95** million people in work

Jobless total
1.53m

Unemployment rate
4.6%

Source: Office for National Statistics
Release Date: 14/06/2017

MORTGAGE ACTIVITY



- Gross mortgage lending 4% higher than a year ago
- CML says: "First-time buyers and remortgaging appears to be buoying the market..."
- ..we expect this trend to continue over the coming months"

Source: Council of Mortgage Lenders
Release date: 25/05/2017

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