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RESIDENTIAL PROPERTY REVIEW

FEBRUARY 2018



Our monthly residential 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.

First-time buyers reach a ten-year high

One of the UK's biggest mortgage lenders, Halifax, has reported that the number of first-time buyers in the UK has reached a ten-year high at 359,000. The average deposit for these purchases has climbed by 91% over the last decade.

To put that into perspective, the average house deposit back in 2007 was £17,740, this has rocketed to £31,339 today. This can be largely attributed to the fact the average house price has risen by 21% (or £37,377) over the last ten years to £212,079.

The Halifax Managing Director, Russell Galley was quoted as saying: *"This ten-year high in the number of first-time buyers shows continued healthy movement in this key area despite a shortage of homes and the ongoing challenge of saving enough of a deposit."*

Residential development land – values on the rise

In their recent Market in Minutes research paper on UK residential development land, Savills reports that residential land values have moved away from their historically benign state as land values are beginning to increase and competition for sites intensifies. This is particularly noticeable in the North of England and in Scotland. As a result of this, Savills forecast higher than average house price growth in Northern England over the next five years.

The report goes on to say that strategic land is a focus for investors and developers. Several major housebuilders are acquiring more of this strategic land, as it allows them to maintain their margins and retain greater control over their land pipelines.

At the same time medium-sized housebuilders are purchasing larger sites, with the typical build now encompassing an average of 87 plots per development, versus 72 plots seen in 2016.

Government's new-build housing target doubtful

The Royal Institution of Chartered Surveyors (RICS) recently reported that just 12% of respondents to their survey believe that the government will be able to reach its target of 300,000 new-build homes across the UK over the next few years.

One of the main reasons cited by respondents to the survey for this perceived shortfall is the severe shortage of skilled workers and in particular, trained professionals, such as quantity surveyors.

Difficulty in finding suitable sites with the required planning consent is also seen to be a crucial problem, together with the lack of local authority infrastructure funds being made available for the necessary amenities to be put in place for such developments.

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HOUSE PRICES HEADLINE STATISTICS

| | |
|-------------------------------|----------|
| HOUSE PRICE INDEX (DEC 2017)* | 118.9* |
| AVERAGE HOUSE PRICE | £226,765 |
| MONTHLY CHANGE | 0.4% |
| ANNUAL CHANGE | 5.2% |

*(Jan 2015 = 100)

- The North East of England saw the highest monthly gain of **2.7%**
- The South East of England saw the only monthly decline **(-0.5%)**
- London average house price now **£484,173**

Source: The Land Registry / Release date: 13/02/2018
Next data release: 20/03/2018

HOUSE PRICES PRICE CHANGE BY REGION

| REGION | MONTHLY CHANGE (%) | ANNUAL CHANGE (%) | AVERAGE PRICE (£) |
|-------------------------------------|--------------------|-------------------|-------------------|
| ENGLAND | 0.4 | 5.0 | £243,582 |
| NORTHERN IRELAND (QUARTER 4 - 2017) | 1.0 | 4.3 | £130,482 |
| SCOTLAND | 0.2 | 7.7 | £148,783 |
| WALES | 1.0 | 5.4 | £154,398 |
| EAST MIDLANDS | 0.6 | 6.3 | £185,694 |
| EAST OF ENGLAND | 0.2 | 5.2 | £290,341 |
| LONDON | 0.8 | 2.5 | £484,173 |
| NORTH EAST | 2.7 | 3.6 | £130,838 |
| NORTH WEST | 0.2 | 5.9 | £158,370 |
| SOUTH EAST | -0.5 | 4.2 | £322,269 |
| SOUTH WEST | 1.0 | 7.5 | £254,081 |
| WEST MIDLANDS REGION | 0.1 | 6.3 | £191,050 |
| YORKSHIRE AND THE HUMBER | 0.2 | 2.8 | £156,781 |

UK UNEMPLOYMENT FIGURES

- There were **32.15** million people in work
- There were **901,000** people (not seasonally adjusted) in employment on "zero-hours contracts"
- There were **8.77** million people aged from 16 to 64 who were economically inactive

Jobless total

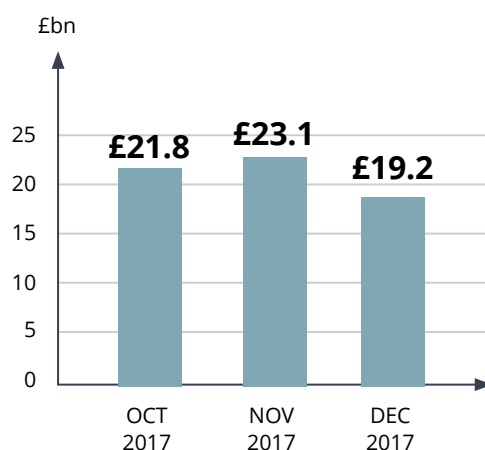
1.47m

Unemployment rate

4.4%

Source: Office for National Statistics
Release Date: 21/02/2018

MORTGAGE ACTIVITY



- 2017 saw highest number of first-time-buyers in decade
- 5,300 new Buy-to-Let mortgages completed in December
- There were 30,800 First-time-Buyers in December

Source: Council of Mortgage Lenders (now integrated into UK Finance)
Release date: 13/02/2018

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