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## RESIDENTIAL PROPERTY REVIEW

AUGUST 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.

### Reduced supply means higher rents over next five years

The Royal Institution of Chartered Surveyors (RICS) latest survey indicates that rents could escalate by as much as 15% over a five year period, as a 'perfect storm' of diminishing supply of rental properties, combines with increasing demand from tenants. RICS estimate that rents will increase by up to 2% over the next twelve month period alone.

Many current small buy-to-let landlords are selling their properties as a result of tax changes, which have made buy-to-let a less lucrative prospect. Simultaneously, an increasing number of people are looking to rent, largely driven by a lack of affordability to purchase their own home.

Almost a quarter of the survey respondents (22%) reported a decline in new landlord instructions over the last quarter, making it the eighth three-month period in a row that the number of rental properties has fallen in pretty much every region of the UK.

### Green belt housing applications reach record high

Last year, applications to build an additional 35,000 homes on green belt land were submitted. This takes the proposed construction of homes on protected land to 460,000 – a record number.

In the last nine years, more than 24,000 homes were built on green belt land in the UK, according to data from the Campaign to Protect Rural England (CPRE). The data also reveals that the number of homes constructed on green belt land nearly doubled in 2017 to over 8,000 properties, with 3,300 on previously undeveloped land and 4,800 on brownfield sites. The developments represent a small proportion of green belt land

in the UK. The 315 hectares built on last year represents just 0.002% of the UK's 1.6m hectares of green belt.

The government has pledged to protect green belt land, however housing campaigners believe more controlled land could be released to build much needed new affordable homes. The CPRE data suggests that the majority of properties built on greenfield green belt land is in higher price brackets unattainable to many buyers. Interestingly, since 2009 just over a quarter (27%) of homes built or approved on greenfield land fell within the government's definition of affordable housing.

### City dwellers hanker after a slower pace of life

According to data from Zoopla, residents of Britain's major cities are most likely to look for new houses in quiet residential areas in the suburbs and by coastal towns, in close proximity of a city.

Zoopla spokesman Lawrence Hall commented: *"It's interesting to see how the data indicates that many city-dwellers are keen to escape to the coast. It perhaps comes as little surprise that many people living in Britain's busiest cities are looking for a slower pace of life."*

House hunters in the capital are keen on coastal properties in Margate, Kent and Wimbledon in the South West suburbs, where the average house price is currently £804,500.

The most popular searched-for area by Edinburgh residents is the seaside county of Angus, east of Dundee. Newcastle dwellers are keen on the southerly lying coastal town of Peterlee, while Liverpoolians favour Skegness in Lincolnshire.

## HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (JUNE 2018)*	119.8*
AVERAGE HOUSE PRICE	£228,384
MONTHLY CHANGE	0.4%
ANNUAL CHANGE	3.0%

\*(Jan 2015 = 100)

- UK house prices rose by **3.0%** in the year to June 2018
- West Midlands was the fastest growing region with an annual growth rate of **5.8%**
- London was the slowest growing region, falling by **0.7%** in the year to June 2018

Source: The Land Registry / Release date: 15/08/2018  
Next data release: 19/09/2018

## HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.3	2.7	£245,076
NORTHERN IRELAND (QUARTER 1 - 2018)	-1.0	4.4	£132,795
SCOTLAND	0.8	4.8	£150,472
WALES	1.7	4.3	£156,886
EAST MIDLANDS	-0.5	4.1	£187,553
EAST OF ENGLAND	1.0	3.3	£292,632
LONDON	-0.6	-0.7	£476,752
NORTH EAST	-1.9	-0.6	£127,271
NORTH WEST	0.5	3.1	£159,801
SOUTH EAST	0.6	2.1	£325,107
SOUTH WEST	-0.5	3.1	£252,558
WEST MIDLANDS REGION	1.9	5.8	£196,015
YORKSHIRE AND THE HUMBER	0.9	3.2	£160,727

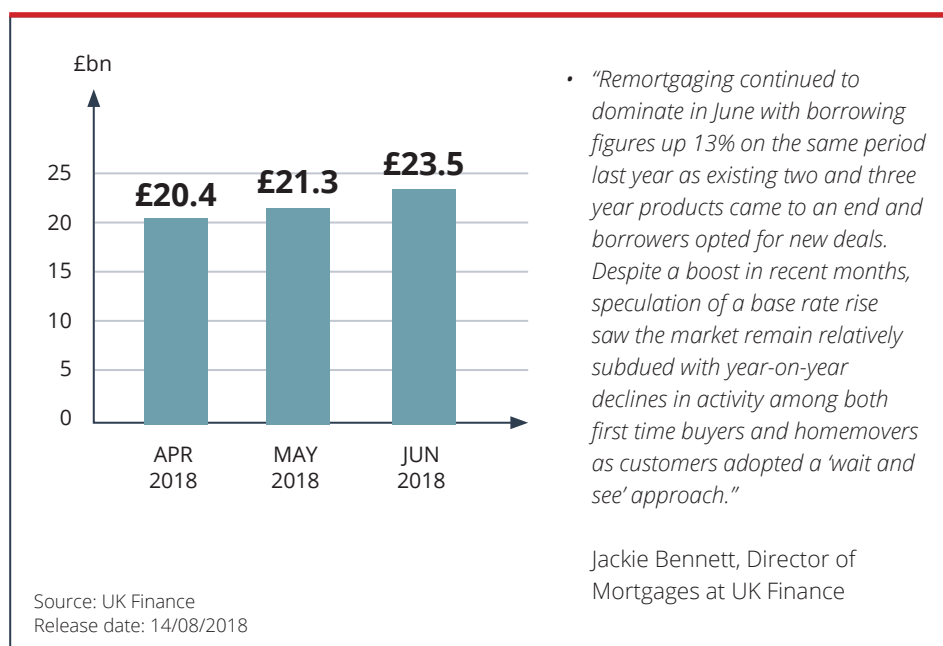
## AVERAGE MONTHLY PRICE BY PROPERTY TYPE – JUNE 2018

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £342,739	(3.2%)
SEMI-DETACHED £216,218	(4.4%)
TERRACED £185,623	(3.6%)
FLAT / MAISONETTE £204,247	(0.5%)

Source: The Land Registry  
Release date: 15/08/2018

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## MORTGAGE ACTIVITY



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