



BPI House
Bourne End Business Park
Cores End Road
Bourne End
Bucks
SL8 5AS

T 01494 442700
T 01628 566234
E info@bpinvestment.com
www.bpinvestment.com

Registered in England at the above address, no: 3852280
Business & Personal Investment Ltd is authorised and
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RESIDENTIAL PROPERTY REVIEW

SEPTEMBER 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.

Timely spike in remortgaging ahead of base rate rise seen

Just ahead of the Bank of England's decision to raise the base rate by a further 0.25%, the second quarter of 2018 saw over three quarters of remortgaging applications via intermediaries result in completion.

The 'Mortgage Market Tracker' released by the Intermediary Mortgage Lenders Association (IMLA) said that for the second time this year, Q2 saw an increase in the number of mortgagees endeavouring to protect themselves from forecasted base rate increases and benefit from more affordable deals.

Executive Director of the IMLA, Kate Davies, was quoted as saying: *"The last 12 months have seen the end of a decade of record low interest rates that many borrowers have become accustomed to. The Bank of England's response to managing rising inflation had been widely anticipated by the industry and consumers . . ."*

Proximity of quality state schools boosts property prices

Savills have reported that the proximity of top-performing state schools is one of the leading factors for families when deciding where to buy a house.

The research reveals that the average price of a house near a primary school rated 'outstanding' in England was 16% (£37,000) higher than one nearer a school rated 'good', and 30% (£61,000) higher when compared to a home in the catchment area of a primary school only rated 'inadequate' or 'requires improvement'.

Home buyers in London are paying an average of £670,000 to live close enough to the best primary schools to gain admission for their offspring.

This trend extends to Scotland where, according to The Bank of Scotland, parents are paying a premium of nearly £73,000 to live in the catchment area of a top performing state secondary school. They go on to add that the average house price in areas covering the top 20 state schools, has now reached £277,134, which represents a 36% premium to those houses in the immediately surrounding areas, now estimated at an average of £204,162.

UK assets including land and house values top £10 trillion

According to the Office for National Statistics (ONS), UK housing values added £40bn to the net worth of the country's assets in 2017. Overall land values added an additional £450bn. With UK land now worth £5.4 trillion, this equates to 53% of all the wealth found in the country, an increase of a third in net assets since 1995. This figure is now just shy of the record value of 53.3%, which was recorded by the ONS back in 2006 and 2007, just prior to the global financial crash.

In summary, the net value of total UK assets now sits at a staggering £10.2 trillion, against the last valuation of £9.75 trillion.

"The last 12 months have seen the end of a decade of record low interest rates that many borrowers have become accustomed to. The Bank of England's response to managing rising inflation had been widely anticipated by the industry and consumers . . ."

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (JUL 2018)*	121.4*
AVERAGE HOUSE PRICE	£231,422
MONTHLY CHANGE	1.2%
ANNUAL CHANGE	3.1%

*(Jan 2015 = 100)

- UK house prices rose by **3.1%** in the year to July 2018
- House prices grew fastest in the North West region, increasing by **5.6%**
- House prices in London fell by **0.7%** in the year to July 2018

Source: The Land Registry / Release date: 19/09/2018
Next data release: 17/10/2018

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	1.2	3.0	£248,611
NORTHERN IRELAND (QUARTER 2 – 2018)	-1.0	4.4	£132,795
SCOTLAND	1.4	3.2	£152,245
WALES	-0.2	4.2	£157,368
EAST MIDLANDS	-0.2	3.0	£188,716
EAST OF ENGLAND	1.3	2.4	£294,603
LONDON	0.6	-0.7	£484,926
NORTH EAST	2.6	2.8	£131,505
NORTH WEST	3.4	5.6	£165,529
SOUTH EAST	0.4	1.8	£327,002
SOUTH WEST	2.4	4.4	£259,971
WEST MIDLANDS REGION	0.6	4.4	£195,447
YORKSHIRE AND THE HUMBER	0.4	3.3	£161,712

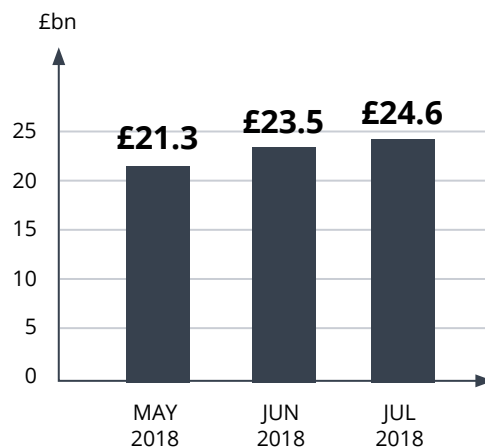
AVERAGE MONTHLY PRICE BY PROPERTY TYPE – JULY 2018

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £352,138	4.6%
SEMI-DETACHED £216,785	3.3%
TERRACED £187,242	3.4%
FLAT / MAISONETTE £207,639	0.6%

Source: The Land Registry
Release date: 19/09/2018

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MORTGAGE ACTIVITY



- "July saw steady growth in gross mortgage lending, driven largely by remortgaging as homeowners locked into attractive deals in anticipation of the recent base rate rise."

Peter Tyler, Director at UK Finance

Source: UK Finance
Release date: 24/08/2018

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