AUGUST 2019

PREMIUM MARKETS

NATIONAL HOUSING MARKET UPDATE

KEY STATS

ENGLAND AND WALES

PREMIUM SALES, LAST 12 MONTHS

The premium markets represent the top 5% of sales

PREMIUM PRICE THRESHOLD
£675,000

AVERAGE PRICE
£993,065

ANNUAL CHANGE IN AVERAGE PRICE
-1.96%

AVERAGE £PSF
£592

TOTAL VALUE OF SALES
£48.4bn

NUMBER OF SALES AT OR OVER £1M
14,794

KEY HOUSING MARKET INDICATORS

Most recently published monthly data with the exception of house building data which is the latest available quarterly data.

	LATEST DATA	QUARTERLY CHANGE	ANNUAL CHANGE
MORTGAGE APPROVALS	66,440	1.6%	1.1%
RESIDENTIAL TRANSACTIONS	84,490	-7.3%	-16.5%
GROSS MORTGAGE LENDING	£21.8 bn	0.3%	-0.4%
NEW HOME STARTS (QT)	32,180	12.2%	-8.6%
NEW HOME COMPLETIONS (QT)	32,840	-16.2%	14.6%

Source: Dataloft Inform, Bank of England, HMRC, ONS

MARKET OVERVIEW

ONE SMALL STEP

Boris Johnson walked through the door of Number 10 Downing Street as the UK's Prime Minister in the same month as the world commemorated the fifty-year anniversary of the Apollo 11 landing and man's first steps on the moon. At least one of these momentous events marked the culmination of an ambitious and perfectly executed plan. Both spawned rousing speeches about the power of believing anything is possible.

THEN AND NOW

Fifty years ago, the average house price was £3,859 and the UK was seeking to join the European Economic Community; a feat finally achieved in 1973. Today, the average house price is 60 times higher and the UK may quit the EU without a deal at the end of October. Parliament is on a summer recess, yet political manoeuvrings are sure to continue to dominate headlines.

The Bank of England voted on 1st August to keep interest base rates at 0.75%, back in 1969 they were up at 8%. At 2.43% the current average mortgage rate is at a historic low and, with a fall in 5-year swap rates in recent months set to add liquidity to the mortgage market, they may fall further. The average price of a home in 1969 was four times annual income (£858), today it is the equivalent of eight times.

The UK economy rebounded by 0.3% in May after contracting in April (Office for National Statistics), however at its August meeting the Bank of England downgraded the forecast for UK economic growth to 1.3% in 2019 and 1.3% in 2020, down from 1.5% and 1.6% respectively. Wage growth is currently at its highest level in a decade, with real incomes rising at their fastest level in over three years, while unemployment remains at 3.1%, a historic low last recorded in 1969. Positive news for personal finances has resulted in a marginal uptick in consumer confidence in July. Although the GfK consumer confidence tracker remains in negative territory (-11), the impact of Brexit on the wider economy remaining a key concern, there has been a boost in attitudes to our own personal financial situation. The Major Purchase Index, ("do you think now is the right time for people to make major purchases") saw a six-point jump in July compared to June.

SIGNS OF STABILISATION

There are signs that the housing market is stabilising. Demand levels were largely unchanged in June following consecutive months of decline since July 2018, according to the latest survey from the Royal Institute of Chartered Surveyors. At a national level, agents expect some improvement in sales rates over the next 12 months, sales volumes to date in 2019 at 3.6% lower than a year ago (HMRC). Although mortgage approvals are up marginally on a year ago, at 62 days to sell, Rightmove report the average time to find a buyer in July is the longest since July 2013 and stock levels per agent are at their highest level in three years. Property prices remained virtually static in May according to the official UK House Price Index, up just 0.1% on April, with year-on-year prices having risen by 1.2%. The second half of 2019 may well prove a buyer's market.

STAMP DUTY SET FOR AN OVERHAUL?

Figures released by the Government indicate that revenue from Stamp Duty (SDLT) has risen by 8.1% over the second quarter of 2019 and sales and income received from properties sold over £1 million / subject to the Higher Rates for Additional Dwellings (HRAD) have not changed since January 2019. In a bid to stimulate economic growth and boost tax revenue through a rise in transaction volumes Mr Johnson is apparently considering an overhaul of stamp duty as part of an emergency 'no deal' Budget in September. This may well involve removing SDLT for all properties up to £500,000, switching the liability for SDLT from the buyer to the vendor, and a reversal of the 2014 hike from 7% to 12% on homes above £1.5 million. Over the past year there have been just shy of 6,000 sales across England and Wales priced at over £1.5 million, as recorded by the Land Registry – a figure that few would have envisaged back in 1969.

REGIONAL

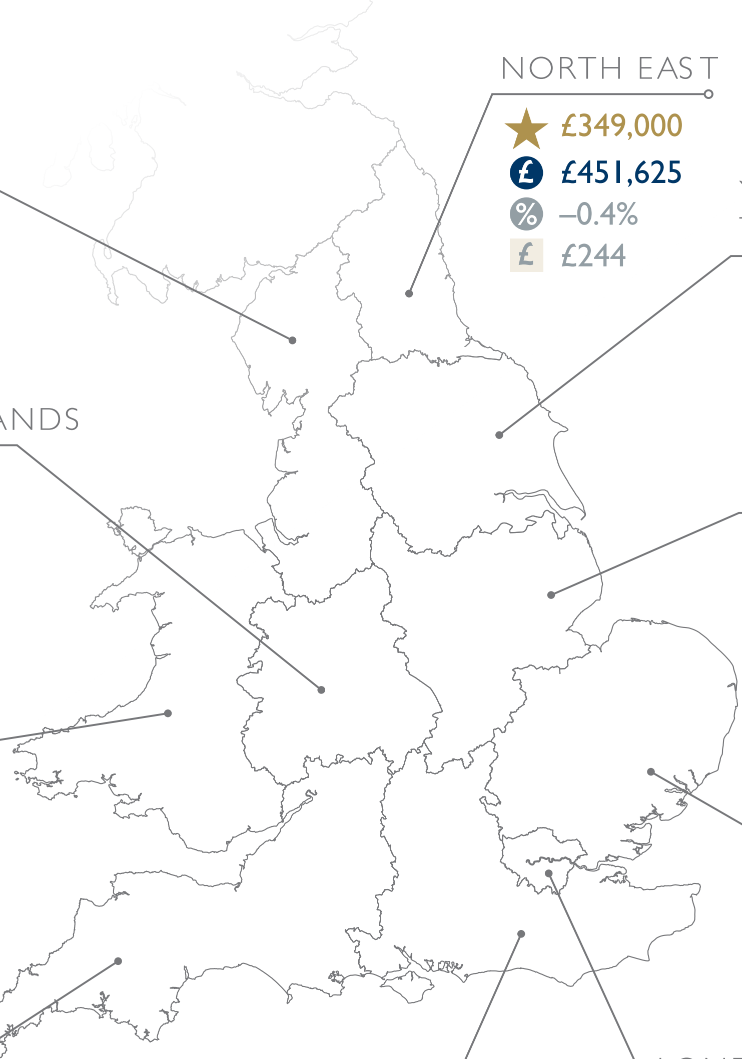
PREMIUM MARKETS: TOP 5%

★ PREMIUM PRICE THRESHOLD
5% of sales were above this level

£ AVERAGE SALES PRICE
Average sales price over the past 12 months of all sales above the premium price threshold

% ANNUAL % CHANGE
% change in average price of properties in the last 12 months compared to the previous 12 months

£ AVERAGE PSF
Average price per square foot of all sales above the premium threshold



NORTH EAST
★ £349,000
£ £451,625
% –0.4%
£ £244

NORTH WEST
★ £415,000
£ £570,778
% +0.5%
£ £311

YORKSHIRE & THE HUMBER
★ £406,000
£ £541,062
% +1.5%
£ £293

WEST MIDLANDS
★ £470,000
£ £620,722
% +1.7%
£ £337

EAST MIDLANDS
★ £434,000
£ £562,565
% +3.3%
£ £299

WALES
★ £379,000
£ £478,587
% –0.6%
£ £272

EAST OF ENGLAND
★ £679,000
£ £914,015
% –1.2%
£ £477

SOUTH WEST
★ £591,000
£ £789,459
% +1.3%
£ £422

SOUTH EAST
★ £798,000
£ £1,107,246
% +1.4%
£ £535

LONDON
★ £1,400,000
£ £2,289,700
% –4.2%
£ £1,233

NATIONAL

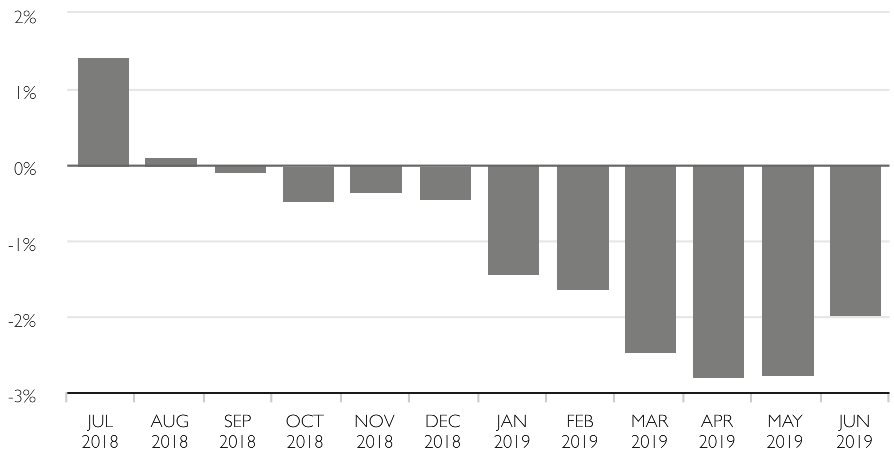
PREMIUM MARKETS: TOP 5%

ANNUAL CHANGE IN AVERAGE PRICES

PROPERTIES SOLD ABOVE THE PREMIUM PRICE THRESHOLD

The premium price threshold is the value over which the top 5% of property sales occur. The chart shows a rolling 12 month change in the average price paid for premium properties compared to the previous 12 month.

ENGLAND & WALES



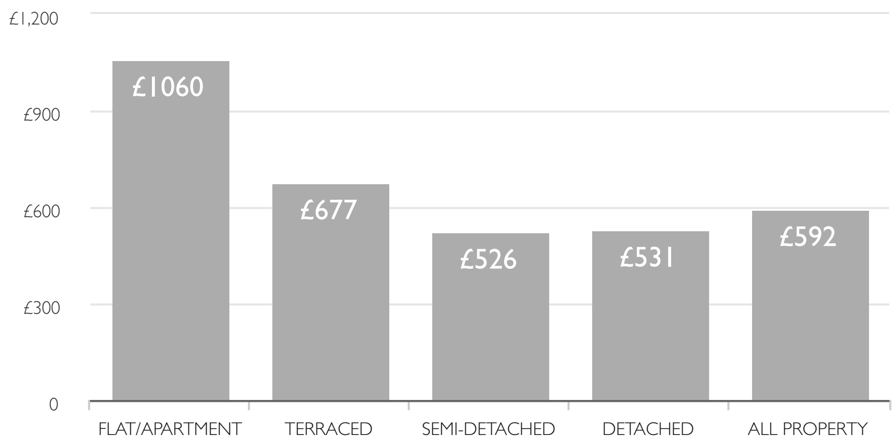
Source: Dataloft, Land Registry

AVERAGE PRICES PER SQUARE FOOT

BY PROPERTY TYPE OVER THE LAST 12 MONTHS, PROPERTIES SOLD ABOVE THE PREMIUM PRICE THRESHOLD

An individual premium price threshold is calculated for each property type based on sold prices in the last 12 months. The chart shows the average price paid per square foot for all of these premium properties.

ENGLAND & WALES



Source: Dataloft, Land Registry

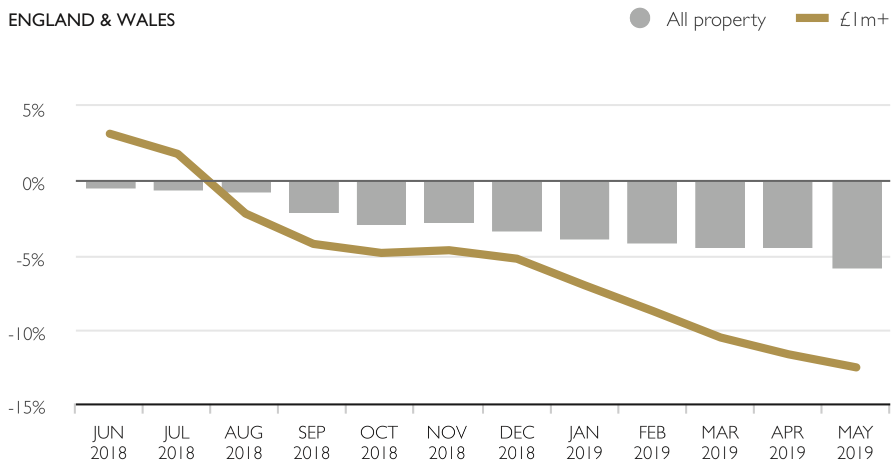
TRANSACTIONS

AND KEY PRICE POINTS

ANNUAL CHANGE IN TRANSACTION LEVELS

ALL PROPERTIES SOLD ACROSS THE COUNTRY

Chart shows a rolling 12 month change in transactions compared to the previous 12 month period for all properties and those priced at £1m or over.



Source: Dataloft, Land Registry

KEY STATS

MAINSTREAM AVERAGE | PREMIUM PRICE THRESHOLD | PREMIUM AVERAGE PRICE

	ALL PROPERTY	FLAT/APARTMENT	TERRACED
Mainstream average	£229,147	£214,503	£178,663
Premium price threshold	£675,000	£692,894	£549,715
Premium average price	£993,065	£1,104,704	£856,762

	SEMI-DETACHED	DETACHED	HOUSE
Mainstream average	£215,052	£349,359	£232,481
Premium price threshold	£539,817	£860,757	£672,263
Premium average price	£740,228	£1,231,674	£974,430

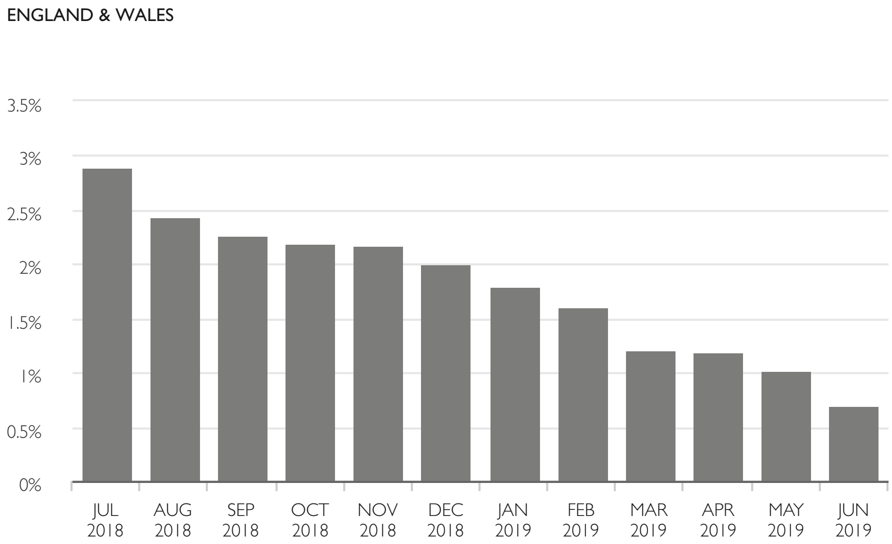
NATIONAL

MAINSTREAM MARKET

ANNUAL CHANGE IN AVERAGE PRICES

ALL PROPERTIES SOLD ACROSS THE REGION

Rolling 12 month change in the average price paid for all properties sold compared to the previous 12 month period.



Source: Dataloft, Land Registry

AVERAGE PRICES PER SQUARE FOOT

BY PROPERTY TYPE OVER THE LAST 12 MONTHS OF ALL PROPERTY SALES

Average price paid per square foot for all property transactions.

Source: Dataloft, Land Registry

AVAILABILITY

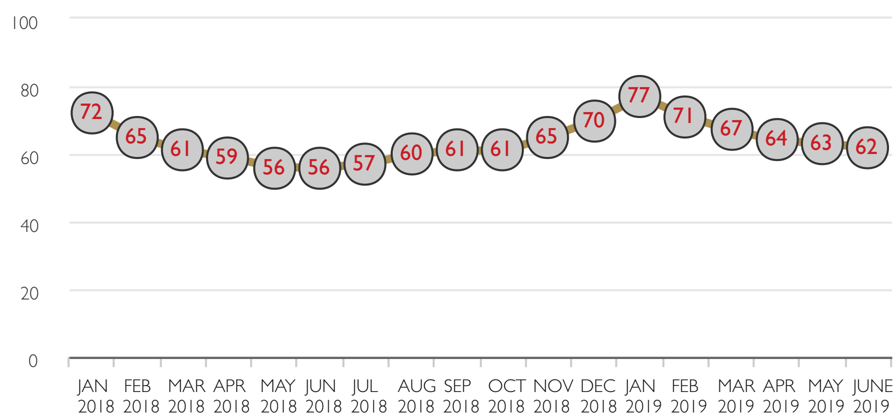
AND TIME TO SELL

TIME TO SELL

AVERAGE NUMBER OF DAYS TO SELL

Average number of days from when a property is first marketed on Rightmove to when the estate agent marks it as "sold subject to contract".

NATIONAL



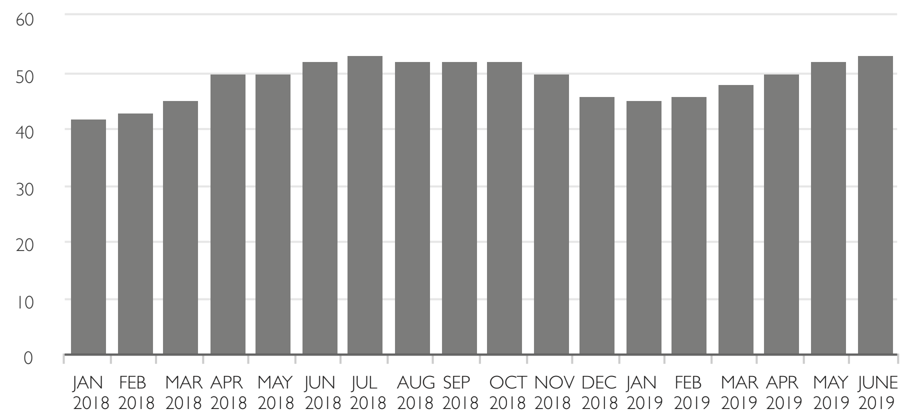
Source: Rightmove

AVAILABILITY

PROPERTIES AVAILABLE TO BUY PER AGENT

Average stock per agent calculated by the average number of properties an agent has on Rightmove each day across the month.

NATIONAL



Source: Rightmove

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