

House prices cool as rents soar. Ideal buying conditions for buy-to-let landlords?

The My Property Consultant Property Index Tracker - 27th May 2016

Lending

The Council for Mortgage Lenders have officially reported final figures of £25.5bn worth of mortgages for March, a 48% increase on February, and a 62% increase on the same time last year. 27.5% of this total consisted of buy-to-let loans which showed a remarkable upsurge relative to last year. The figures for April will likely show a substantial drop as evidenced by the Bank of England's latest Mortgage approval rate drop.

Rents

Rents across England now rising at the fastest rate for six months. Landlords see total annual returns (before costs) of 10.7% in year to April, with gross yields steady at 4.9%.

House Prices

Nationwide, Halifax and Rightmove continue to indicate an increase in house prices over the last 12 months (4.9%, 8.1% and 7.8% respectively), whilst the ONS figures show that prices have increased by 9% over the last 12 months. Halifax are reporting that their quarterly and annual rates are at their lowest since last autumn hinting again at a possible slowdown.

Property transactions

As expected, there was a substantial drop in property transactions following the rush to buy property last month so as to beat the stamp duty changes. The HMRC figures report a dramatic drop of 49% on their seasonally adjusted data from last month and 13% from that of last April.

Indicator	12 Month Trendline	Current Value	Monthly/Quarterly % Change	Annual % Change	Comments
Nationwide House Price Growth (National)		£202,436	1.1% ↑	4.9% ↑	While UK house prices edged up 1.1% during the month of April, the annual rate of house price growth moderated to 4.9% from 5.7% in March. This slowdown returns the annual pace of house price growth to the fairly narrow range between 3% and 5% that had been prevailing since the summer of 2015. It may be that the surge in house purchase activity resulting from the increase in stamp duty on second homes from 1 April provided a temporary boost to prices in March.
Nationwide House Price Growth (National - 3 Month Avg)		£198,564	0.8% ↑	5.3% ↑	
Nationwide House Price Growth (London - 3 Month Avg)		£455,984	-0.1% ↓	11.5% ↑	
Halifax House Price Growth (National) *		£212,321	-0.8% ↓	7.8% ↑	House prices fell by 0.8% between March and April. This combined with February's 1.5% fall has all but offset March's 2.5% gain.
Rightmove Asking Price Growth (National)		£308,151	0.4% ↑	7.8% ↑	The price of property coming to market in London falls by 0.3% (-£2,112) this month with Inner London the main drag factor with average fall of 1.1% (-£9,618). Of the top ten biggest national price-increase hotspots for typical first-time buyer properties, six are in Outer London with four in the commuter-belt outside London with Croydon leading the capital's first-time buyer price charge, up by 18.6% year-on-year
Rightmove Asking Price Growth (G London)		£644,088	-0.3% ↓	10.8% ↑	
Your Move Buy to Let index (rents - National)		£793	0.3% ↑	2.5% ↑	Rents are marching upwards at the fastest pace since last autumn, and have reached the highest levels seen so far this year, according to the latest Buy-to-Let Index from Your Move and Reeds Rains. A strong acceleration in market rents comes on the back of what was previously a relatively subdued month, when rents saw no change between February and March 2016.
Your Move Buy to Let index (rents - London)		£1,229	-0.2% ↓	2.1% ↑	
ONS House Pricing Index		228.6	2.9% ↑	9.0% ↑	UK house prices increased by 9.0% in the year to March 2016, up from 7.6% in the year to February 2016. Annual house price increases in England were driven by an annual increase in London (13.0%), the South East (12.2%) and the East of England (12.1%).
ONS House Pricing Index - London		273.6	5.2% ↑	13.0% ↑	
Bank of England Mortgage Approval Rate *		71,357	-3.4% ↓	15.9% ↑	The number of loan approvals for house purchase decreased to 71,357 in March of 2016 from a downwardly revised 73,190 in February and below market expectations of 74,500.
Bank of England Base Rate		0.50	0.0% →	0.0% →	The Base rate set by the monetary Policy Committee at the Bank of England stays at 0.5% for seven years in a row.
RICS Price Expectation Survey		41%	-2.4% ↓	N/A	Interest from UK house buyers has dropped for the first time since March 2015, as uncertainty continues to affect the market, according to the RICS UK Residential Market Survey.
HMRC Property Transactions (Uk Residential)		70,690	-56.4% ↓	-18.7% ↓	The large increase in transactions for March 2016 followed by the substantial reduction in April is likely to be associated with the introduction of the higher rates of stamp duty on additional properties in April 2016. However, whilst April 2016 is lower than April 2015, it should be noted that the total for March and April 2016 is still substantially higher than the corresponding period last year.
HMRC Property Transactions (Uk Residential) *		84,280	-49.1% ↓	-12.7% ↓	
CPI - (Consumer Price Index)		100.2	0.0% →	0.3% ↑	The Consumer Prices Index (CPI) rose by 0.3% in the year to April 2016, down from 0.5% in the year to March. From late 2015, the rate began to increase gradually from close to zero. The drop in April 2016 is the first fall since September 2015. CPIH grew by 0.6% in the year to April 2016, down from 0.7% in March.
Rate of CPI		0.3%	N/A	N/A	
CML - Total No. of Loans **		142,300	42.6% ↑	47.0% ↑	Activity was distorted in March due to a rush to beat the introduction of changes to stamp duty on second properties in April, alongside the seasonal uptick in activity before Easter. While the increases are substantial, these supercharged levels of activity are likely to be temporary and will fall back over the summer months. This is the most amount of loans taken out in a monthly period for house purchase since June 2014 and the most amount borrowed for house purchase since August 2007. This was mainly driven by home mover activity with the most amount of loans in a monthly period for home movers since November 2007 and the most amount home movers have borrowed in a monthly period since August 2007.
CML - Total value of Loans (€m)**		£25,500(m)	48.3% ↑	62.4% ↑	
CML - Buy to Let: Number of Loans **		44,500	90.2% ↑	141.8% ↑	
CML - Buy to Let: Value of Loans (€m)**		£7,000(m)	89.2% ↑	159.3% ↑	

* Data is Seasonally Adjusted (SA).

** The data compiled is the combined value of both new house purchase loans as well as remortgaged loans. It relates to mortgage advances only.

Data illustrated is a snapshot of the latest official data as of: 27 May, 2016.

MPC Disclaimer: My Property Consultant Limited confirms that information contained herein, including forecasts and house price data, has been obtained from sources which are in the public domain but also deemed as reliable. The information provided is to act as a guide and does not represent a forecast to future house price growth. This information is presented exclusively for MPC clients and industry professionals. All rights to this material are reserved and cannot be reproduced without prior written consent from MPC.