

Residential property continues to ride the storm, for now

The My Property Consultant Property Index Tracker - 28 August 2016

Although household confidence has fallen in the wake of the referendum result, none of the key property metrics are indicating a significant slowdown. Although it will be tempting for investors to assign any trends in the coming months to the impact of the referendum, we are also still observing the effects (and recovery) from the tax changes. It's not all doom and gloom for property investors though - increased economic uncertainty may lead to weaker demand for homes, while low interest rates and the chance of increasing inflation make property investment more attractive, in an otherwise low-return environment.

Lending

The BoE Mortgage Approval Rate has seen a decrease of 4.6% compared with 12 months ago. The Council of Mortgage Lenders - whose data is slightly ahead of the BoE data - is showing that the total number of loans and their respective net worth value have risen 0.8% and 6.1% over the last 12 months.

Property transactions

The HMRC Property Transactions Index is showing a drop of 8.3% compared to this time last year, and 0.9% lower than last month.

House Prices

Nationwide, Halifax and Rightmove all indicate an increase in house prices over the last 12 months (5.2%, 7.7% and 4.1% respectively), and ONS figures also show that prices have increased by 8.7% over 12 months. Overall London house prices have increased at a greater rate than the national average in the same corresponding time.

Rents

For the 2nd month in a row, the Buy-to-Let index has not been published due to internal structuring within the company. The figures shown below are the last published datasets.

Indicator	12 Month Trendline	Current Value	Monthly/Quarterly % Change	Annual % Change	Comments
Nationwide House Price Growth (National)		£205,715	0.4% ↑	5.2% ↑	UK house prices increased by 0.4% in July and, as a result, the annual rate of house price growth was little changed at 5.2%, compared with 5.1% in June. Robert Gardner, Nationwide's Chief Economist stated "This is the first month's data following the EU referendum. However, it is important to note that, in constructing the index we (Nationwide) use data at the mortgage offer stage – this means any impact from the vote may not be fully evident in July's figures, as there is a short lag between a buyer making the decision to purchase a property and applying for a mortgage
Nationwide House Price Growth (National - 3 Month Avg)		£204,238	2.9% ↑	5.1% ↑	
Nationwide House Price Growth (London - 3 Month Avg)		£472,384	3.6% ↑	9.9% ↑	
Halifax House Price Growth (National) *		£214,678	-1.0% ↓	7.7% ↑	There are signs that house price growth is slowing with a deceleration in both the annual and quarterly rates of increase in the past few months. Nonetheless, the current rates remain robust.
Rightmove Asking Price Growth (National)		£304,222	-1.2% ↓	4.1% ↑	Statistics from over 90% of the market show price of property falling by 1.2% (-£3,602), in line with the 1.2% average drop over the last six years at this seasonally subdued time of year. The price of property in London coming to market falls by 2.6% (-£16,301), though in the last six years there were larger falls of 3.1% in 2014 and 2010 at this seasonally subdued time of year.
Rightmove Asking Price Growth (G London)		£619,409	-2.6% ↓	2.1% ↑	
Your Move Buy to Let index (rents - National)		£792	-0.1% ↓	1.8% ↑	For the 2nd month in a row, Your Move & Reeds Rains have failed to release any data regarding their BuyTo-Let Index. Recent talks have confirmed that their department that publishes this data has recently been through a period of transition and the data has been omitted as a result. It remains to be seen when this data will be published again.
Your Move Buy to Let index (rents - London)		£1,220	-0.7% ↓	1.1% ↑	
ONS House Price Index (Average Price - National)		£213,927	1.0% ↑	8.7% ↑	On a regional basis, London continues to be the region with the highest average house price at £472,000, followed by the South East and the East of England, which stand at £309,000 and £270,000 respectively. The lowest average price continues to be in the North East at £124,000.
ONS House Price Index (Average Price - London)		£472,000	0.2% ↑	12.6% ↑	
Bank of England Mortgage Approval Rate *		64,766	-2.9% ↓	-4.6% ↓	This month's figure is once again lower than market expectations of 65,650, hitting the lowest since May of 2015 and below the average of 69,998 thousand over the previous six months.
Bank of England Base Rate		0.25%	-50.0% ↓	-50.0% ↓	For the first time since the 5th March 2009, we have seen a change in the official BoE Base rate with a drop from 0.5% to 0.25%.
RICS Price Expectation Survey		5%	-68.8% ↓	N/A	UK house price growth posted the lowest survey reading in three years in July. Just 5% more respondents nationally saw a rise rather than fall in prices, a downward trend that is evident across the UK.
HMRC Property Transactions (Uk Residential)		104,200	0.7% ↑	-13.6% ↓	This month's seasonally adjusted figure is 8.3% lower compared with the same month last year. This is still a consequence of the tax changes a few months ago, whilst April and May 2016 are lower than the corresponding months in 2015, it should be noted that the total for March to May 2016 is still substantially higher than the corresponding period last year.
HMRC Property Transactions (Uk Residential) *		94,550	-0.9% ↓	-8.3% ↓	
CPI - (Consumer Price Index)		100.6	0.0% →	0.6% ↑	The Consumer Prices Index (CPI) rose by 0.6% in the year to July 2016, compared with a 0.5% rise in the year to June. Although the small increase in the rate between June 2016 and July 2016 takes it to the highest seen since November 2014, it is still relatively low in the historic context.
Rate of CPI		0.6%	N/A	N/A	
CML - Total No. of Loans **		118,600	16.6% ↑	0.8% ↑	The CML figures reveal growth in house purchase activity and in particular for first-time buyers. As ever, there is uncertainty and it will take more time and patience to understand how the market will evolve in the current environment – these figures predominantly cover activity in the run-up to the referendum. CML still believe that the mortgage market is well capitalised, resilient and open for business, and will remain so for the foreseeable future.
CML - Total value of Loans (£m)**		£20,900(m)	21.5% ↑	6.1% ↑	
CML - Buy to Let: Number of Loans **		18,000	8.4% ↑	-17.8% ↓	Buy-to-let house purchase activity remains lower than before the stamp duty changes at the beginning of April, but showed a large month-on-month increase. As might be expected, buy-to-let remortgage seems to have been less affected by the changes and remains consistent with lending last year.
CML - Buy to Let: Value of Loans (£m)**		£2,900(m)	16.0% ↑	-14.7% ↓	

* 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: 28 August, 2016.

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