

Too early to see impact of Covid-19 on the UK housing market

The My Property Consultant Property Index Tracker - May 2020

The data collected is a snapshot of the current and latest official data, however these figures can be lagging behind the current national (and global) crisis. Figures here should be taken in context with relation to the extent of the pandemic which won't be fully seen until the next few reports.

House Prices

Nationwide, Halifax and Rightmove have all reported gains in house price growth over the last 12 months (3.7%, 3.0% & 2.11% respectively), continuing the rise seen last month post-election. The ONS are reporting an increase of 1.1% in the average UK house price.

Rents

The HomeLet Buy-to-Let Rental Index saw a 0.4% increase since last month and 1.8% higher than last year. London's figures show a higher return over the same period with an increase of 1.4% since last month and a 3.7% increase since last year.

Lending

The BoE Mortgage Approval Rate has plummeted by 20.8% this month and is down 14.7% overall compared to this time last year as a result. 'UK Finance' have failed to release any data for the last 2 months due to the pandemic.

Property transactions

After taking into account seasonal fluctuations the HMRC have reported an annual increase in transactions of 0.3% compared to this time last year. Without applying seasonal decomposition, this figure is 2.7% lower than last year.

| Indicator | 12 Month Trendline | Current Value | Monthly/Quarterly % Change | Annual % Change | Comments |
|--|--------------------|---------------|----------------------------|-----------------|--|
| Nationwide House Price Growth (National) | | £222,915 | 1.5% ↑ | 3.7% ↑ | Commenting on the figures, Robert Gardner, Nationwide's Chief Economist, said: "Annual house price growth increased to 3.7% in April, up from 3% in March - the fastest pace since February 2017 (when annual growth was 4.5%). There have been month on-month gains for the last seven months in a row, after taking account of seasonal effects. "It's important to note that the impact of the pandemic is not fully captured in this month's figures. This is because our index is constructed using mortgage approval data, and there is a lag between mortgage applications being submitted and approved." Indeed, c80% of cases in the April sample relate to mortgage applications that commenced prior to the lockdown, and hence before the full extent of the impact of the pandemic became clear.... " a lack of transactions will make gauging house price trends difficult in the coming months. [It will] depend on there being sufficient transactions which are representative of the wider housing market. |
| Nationwide House Price Growth (National - 3 Month Avg) | | £217,911 | 0.9% ↑ | 2.5% ↑ | |
| Nationwide House Price Growth (London - 3 Month Avg) | | £460,266 | 0.4% ↑ | 1.0% ↑ | |
| Halifax House Price Growth (National) * | | £240,384 | -0.1% ↓ | 3.0% ↑ | The UK housing market began March with similar trends to previous months, as key market indicators showed a sustained level of buyer and seller activity. These factors all underlined a positive trajectory however the month ended in very different territory as a result of the country's response to the coronavirus pandemic and as a result on a practical level, most market activity has been paused |
| Rightmove Asking Price Growth (National) | | £311,950 | -0.2% ↓ | 2.1% ↑ | Given the lockdown and pausing of key activities in the housing market, statistics on the number of properties coming to market, new seller asking prices, and new sales agreed are not meaningful. You do not have a functioning market when buyers can't buy and sellers can't sell, and so the focus needs to be on what is required to help the market recover once the lockdown can safely be eased. For the record, the average asking price of the daily dwindling number of properties coming to market in our reporting period from 8th March to 11th April saw a monthly price fall of 0.2% to £311,950, with the annual rate of increase from last April being 2.1%. There was no London Report published by Rightmove this month due to the pandemic, only a national one. |
| Rightmove Asking Price Growth (G London) | | £638,826 | - | - | |
| Homelet Buy to Let index (rents - National) | | £959 | 0.4% ↑ | 1.8% ↑ | Average rents across the UK rose by 1.8% in March 2020 when compared to the same month a year previously whilst in London it increased by 3.7% during the same period. When London is excluded, the average UK rental value was actually £793, this is up 1.4% on last year. In fact London's average rental values were 111% higher than the rest of the UK HomeLet's March 2020 Rental Index reveals that rents rose from last year in 9 out of 12 of the regions covered in the research. |
| Homelet Buy to Let index (rents - London) | | £1,673 | 1.4% ↑ | 3.7% ↑ | |
| ONS House Price Index (Average Price - National) | | £230,332 | -0.6% ↓ | 1.1% ↑ | The latest house price data show that average house prices in the UK increased by 1.1% in the year to February 2020, down from 1.5% in the year to January 2020, this is £2,000 higher than in Feb 2019. London was the English region with the highest annual house price growth, with prices increasing by 2.3% to £477,000 in the year to February 2020, up from 1.3% in January 2020. |
| ONS House Price Index (Average Price - London) | | £476,972 | 0.2% ↑ | 2.3% ↑ | The East of England saw the only negative annual growth rate (negative 1.0%), the first negative annual growth rate experienced by a UK region since November 2019. |
| Bank of England Mortgage Approval Rate * | | 56,161 | -20.8% ↓ | -14.7% ↓ | The number of mortgages approved for house purchase in the United Kingdom decreased to 56,161 in March 2020 from an upwardly revised amount of 73,674 in the previous month and below market expectations of 60,000. This drop, due to the pandemic, is the lowest recorded since March 2013, |
| Bank of England Base Rate | | 0.1% | 0.0% → | -86.7% ↓ | Following the 2 interest rate drops imposed by the government last month due to the current crisis the interest rate remained at an all-time low of 0.1% this month. |
| RICS Price Expectation Survey | | 11% | -18% ↓ | N/A | In March, after three successive months of increasing buyer enquiries, a net balance of -74% of UK respondents reported a fall in buyer demand. Unsurprisingly, March also saw newly agreed sales drop across all parts of the UK, the results capture the period during which the economy moved into lockdown so show a somewhat mixed picture. |
| HMRC Property Transactions (Uk Residential) | | 93,050 | 12.6% ↑ | -2.7% ↓ | The provisional non-seasonally adjusted estimate of UK residential transactions in March 2020 is approximately 2.7% lower than last year and 12.6% higher than last month |
| HMRC Property Transactions (Uk Residential) * | | 99,440 | -0.2% ↓ | 0.3% ↑ | The provisional seasonally adjusted estimate of UK property transactions in March 2020 is 99,440 residential and 9,470 non-residential this is 0.3% higher than last year, and 0.2% lower than last month. |
| CPI - (Consumer Price Index) | | 108.6 | 0.0% → | 1.5% ↑ | The Consumer Prices Index (CPI) 12-month rate was 1.5% in March 2020, down from 1.7% in February. Falls in the price of motor fuels and clothing resulted in the largest downward contributions to the change in the CPI 12-month inflation rate between February and March 2020, whilst rises in air fares produced the largest, partially offsetting, upward contribution to change. |
| Rate of CPI (12 Month Rate) | | 1.5% | N/A | N/A | The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was also 1.5%. |
| UKF - Total No. of Loans ** | | 111,200 | -7.1% ↓ | -1.0% ↓ | |
| UKF - Total value of Loans (£m)** | | £21,100 (m) | -6.6% ↓ | 2.9% ↑ | |
| UKF - Buy to Let: Number of Loans ** | | 19,000 | -10.8% ↓ | 9.2% ↑ | |
| UKF - Buy to Let: Value of Loans (£m)** | | £3,000 (m) | -14.3% ↓ | 11.1% ↑ | |

There was no data provided by the UK Finance over the last calendar month again, the data that is currently displayed is the latest available data from the report published 2 months ago.

* Data is Seasonally Adjusted (SA). Data is subject to adjustments post publication by each individual organisation, past figures are therefore subject to revision and change.

Data illustrated is a snapshot of the latest official data as of: 01 May, 2020.

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