

Strong recovery in UK housing market

The My Property Consultant Property Index Tracker - October 2020

The data collected is a snapshot of the current and latest official data, however these figures can be lagging sometimes. This is because some of the organisations included can take as much as 3 months to collect and process the information.

House Prices

Nationwide, Halifax and Rightmove all reported national increases in house prices over the last 12 months (5.0%, 5.2%, 5% respectively), the last time all 3 were above 5% was back in June 2016. The ONS reported an increase of 3.4% during the same period.

Rents

The HomeLet Buy-to-Let Rental Index reports an increase of 2.1% in the national average over the last year. London's figures however have dropped by 2.8% over the same period.

Lending

The Bank of England reported another large increase relative to last month (27.8%) and has now finally overtaken pre-covid levels. In fact transactions are the highest they have been since 2007

Property transactions

After taking into account seasonal fluctuations the HMRC saw another 15.6% increase over the last month. However the housing market has still not fully recovered from the effects of the lockdown with figures still 16% lower than this time last year.

Indicator	12 Month Trendline	Current Value	Monthly/Quarterly % Change	Annual % Change	Comments
Nationwide House Price Growth (National)		£226,129	0.9% ↑	5.0% ↑	Commenting on the figures, Robert Gardner, Nationwide's Chief Economist, said: "UK house prices increased by 0.9% month-on-month in September, after taking account of seasonal effects, following a 2.0% rise in August. As a result, there was a further pick up in annual house price growth from 3.7% in August to 5.0% in September - the highest level since September 2016."
Nationwide House Price Growth (National - 3 Month Avg)		£224,337	1.9% ↑	3.5% ↑	"Housing market activity has recovered strongly in recent months. Mortgage approvals for house purchase rose from c66,000 in July to almost 85,000 in August - the highest since 2007, well above the monthly average of 66,000 prevailing in 2019."
Nationwide House Price Growth (London - 3 Month Avg)		£480,857	1.1% ↑	4.4% ↑	"The rebound reflects a number of factors. Pent-up demand is coming through, with decisions taken to move before lockdown now progressing. The stamp duty holiday is adding to momentum by bringing purchases forward. Behavioural shifts may also be boosting activity as people reassess their housing needs and preferences as a result of life in lockdown."
Halifax House Price Growth (National) *		£245,747	1.7% ↑	5.2% ↑	Russell Galley, Managing Director, Halifax, said: "House prices continued to beat expectations in August, with prices again rising sharply, up by 1.6% on a monthly basis. Annual growth now stands at 5.2%, its strongest level since late 2016, with the average price of a property tipping over £245,000 for the first time on record. "Rising house prices contrast with the adverse impact of the pandemic on household earnings and with most economic commentators believing that unemployment will continue to rise, we do expect greater downward pressure on house prices in the medium-term."
Rightmove Asking Price Growth (National)		£319,996	0.2% ↑	5.0% ↑	Price of property coming to market up 0.2% this month, just £269 below the record set in July: • Second-stepper sector of 3-4 bedroom homes hits new record of £291,618, as more buyers seek larger homes. Sales agreed compared to this time last year is particularly stronger for larger homes – more than doubling in the largest 'top of the ladder' homes sector (+104%), and growing strongly in the second-stepper sector (+55%) • National sales agreed for the whole year to date are down just 5% on the same period in 2019, with East of England (+4%) and South East (+1%) already ahead, while Scotland (-21%) and Wales (-16%) still lag behind due to their later reopening • Rightmove estimates that there are nearly 40% more sales currently going through the buying and selling process compared to this time last year, leading to congestion of sales in progress .
Rightmove Asking Price Growth (G London)		£633,269	0.6% ↑	4.9% ↑	
Homelet Buy to Let index (rents - National)		£987	0.2% ↑	2.1% ↑	For September 2020 the data shows that the average rental price for a new tenancy in the UK was £987 per calendar month (pcm), which is up by 2.1% on last year. Ten of the twelve regions monitored showed an increase in rental values between September 2019 and September 2020, with the South West seeing an increase of more than 6%.
Homelet Buy to Let index (rents - London)		£1,646	-0.4% ↓	-2.8% ↓	Average rents in London are down YOY, showing a 2.8% fall between September 2019 and September 2020, the fourth decrease in annual variance in subsequent months. However, average rental value in London (£1,646) was still 98.8% higher than the rest of the UK excluding London (£828).
ONS House Price Index (Average Price - National)		£237,834	2.7% ↑	3.4% ↑	The latest house price data for June 2020 show that average house prices in the UK increased by 3.4% in the year to June 2020, up from 1.1% in the year to May 2020. Likewise London saw an increase of 4.2% over the same corresponding period and as can be noted most of this was due to a huge spike in growth over the last month in both sectors.
ONS House Price Index (Average Price - London)		£490,495	3.6% ↑	4.2% ↑	This increase reflects the unusual conditions in the housing market during the coronavirus (COVID-19) pandemic and movement restrictions put in place from 23 March 2020. The ONS is now recording the corresponding influx of purchases after restrictions have eased.
Bank of England Mortgage Approval Rate *		84,715	27.8% ↑	28.9% ↑	The number of mortgages approved for house purchase in the United Kingdom jumped to 84,715 in August 2020, easily beating forecasts of 71,000, as the mortgage market continued to show more signs of recovery. This was the highest number of approvals since October 2007 and has managed to offset the weakness seen between March and June.
Bank of England Base Rate		0.1%	0.0% →	-86.7% ↓	Following the 2 interest rate drops imposed by the government in March the interest rate remains at an all-time low of 0.1% this month.
RICS Price Expectation Survey		44%	32% ↑	N/A	The RICS Price Expectation Survey was 44% in August, up 32% from the month before. This is the highest (ie. bullish) value recorded by RICS since March 2016.
HMRC Property Transactions (Uk Residential)		84,910	6.1% ↑	-23.9% ↓	The provisional estimate of UK residential transactions in August 2020 is 84,910, this is 23.9% lower than August 2019 and 6.1% higher than July 2020. after adjustments for seasonal fluctuations the HMRC is 81,280, this is 16.3% lower than August 2019 and 15.6% higher than July 2020.
HMRC Property Transactions (Uk Residential) *		81,280	15.6% ↑	-16.3% ↓	The provisional transactions have gradually increased month-on-month since the restrictions were eased but are still below levels observed in recent years. Meanwhile non-residential transactions in August 2020 is 7,530, 21.0% lower than August 2019 and 7.7% lower than July 2020
CPI - (Consumer Price Index)		108.6	-0.5% ↓	0.2% ↑	The Consumer Prices Index (CPI) 12-month rate was 0.2% in August 2020, down from 1.0% in July, and down from 1.7% from this time last year. The largest contribution to the rate came from recreation and culture (0.35 percentage points) whilst falling prices in restaurants and cafes, arising from the Eat Out to Help Out Scheme, resulted in the largest downward contribution (0.44 percentage points).
Rate of CPI (12 Month Rate)		0.2%	N/A	N/A	The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 0.5% in August 2020, down from 1.1% in July 2020.

* 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: 03 October, 2020.

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.

