

London rental market shows signs of recovery since start of pandemic

The My Property Consultant Property Index Tracker - July 2021

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, process and publish the information.

House Prices

Nationwide, Halifax and Rightmove all reported national increases in house prices over the last 12 months (13.4%, 10.3%, 7.3% respectively). The ONS also reported an increase of 8.9% during the same period.

Rents

The HomeLet Buy-to-Let Rental Index reports an increase of 5.9% in the national average over the last year whilst London's figures are up by 1.5% compared to last year, this is the first positive YoY growth seen in London since April of last year.

Lending

The BoE Mortgage Approval Rate is up by 0.7% this month and by 827.9% compared to this time last year, when transactions were at their lowest during the 1st lockdown.

Property transactions

After taking into account seasonal fluctuations the HMRC have reported an annual increase of 138.2% compared to this time last year. This number is still hugely inflated due to the Stamp Duty holiday and more importantly due to the effects of the first lockdown.

Indicator	12 Month Trendline	Current Value	Monthly/Quarterly % Change	Annual % Change	Comments
Nationwide House Price Growth (National)		£245,432	1.1% ↑	13.4% ↑	Commenting on the figures, Robert Gardner, Nationwide's Chief Economist, said: "Annual house price growth accelerated to 13.4% in June, the highest outturn since November 2004. While the strength is partly due to base effects, with June last year unusually weak due to the first lockdown, the market continues to show significant momentum. Indeed, June saw the third consecutive month-on-month rise (0.7%), after taking account of seasonal effects. Prices in June were almost 5% higher than in March." "Regional data for the three months to June indicates that all parts of the UK saw an acceleration in annual house price growth with a national average of 10.3% recorded. Northern Ireland and Wales saw the largest gains, at 14% and 13.4% respectively in Q2. By contrast Scotland saw the weakest rate of annual growth, at 7.1% closely followed by London at 7.3%."
Nationwide House Price Growth (National - 3 Month Avg)		£242,709	4.8% ↑	10.3% ↑	
Nationwide House Price Growth (London - 3 Month Avg)		£509,935	5.7% ↑	7.3% ↑	
Halifax House Price Growth (National) *		£260,358	-0.5% ↓	9.5% ↑	Russell Galley, Managing Director, Halifax, said: "The average UK house price slipped by -0.5% in June, the first monthly fall since January. As a result annual house price inflation also eased back slightly to 9.5% (8.8% with seasonal adjustment). It is important to put such a moderate decrease in context, with average prices still more than £21,000 higher than this time last year, following a broadly unprecedented period of gains."
Rightmove Asking Price Growth (National)		£336,073	0.8% ↑	5.8% ↑	The price of property coming to the market rises by 0.8% (+£2,509) this month, pushing the national average to a new record high (£336,073) for the third consecutive month. This is a much smaller rise than last month's 1.8% or April's 2.1%, which alongside analysis of the activity of millions of home-movers on Rightmove, indicates an early sign of a slowing in the pace of the current hectic market. However it is still the largest rise at this time of year since 2015, buoyed by the strength of both the top end of the market and hotspot lifestyle change locations. This has resulted in new record highs for prices in all countries and regions of Britain, further stretching affordability for mass-market buyers whose ability to move is also affected by an unprecedented lack of choice of property to buy.
Rightmove Asking Price Growth (G London)		£650,294	1.5% ↑	3.5% ↑	
Homelet Buy to Let index (rents - National)		£1,007	1.0% ↑	5.9% ↑	Commenting on this month's data, Andy Halstead, chief executive at HomeLet & Let Alliance, said: "...Some people might be shocked to see the average UK rental price tip over the £1000 mark, yet supply and demand dynamics will only continue to drive rental prices upwards for the rest of the year, and we'll see more records broken in 2021." Commenting specifically on London, Andy added: "The impact of Brexit on international tenants has been exacerbated by the pandemic, noticeably in London. Positively, this month we can see the demand for rental properties in London growing, not only through the increase in rents but also the volume of new lets that we've seen in the Capital. "After a year where demand and rental values have dipped, we can expect to see growth again as the impact of the pandemic gradually subsides."
Homelet Buy to Let index (rents - London)		£1,607	1.5% ↑	1.5% ↑	
ONS House Price Index (Average Price - National)		£250,772	-1.93% ↓	8.9% ↑	<ul style="list-style-type: none"> The average UK house price was £251,000 in April 2021; this is £20,000 higher than in April 2020 UK average house prices increased by 8.9% over the year to April 2021, down from 9.9% in March. Average house prices increased over the year in England to £268,000 (8.9%), in Wales to £185,000 (15.6%), in Scotland to £161,000 (6.3%) and in Northern Ireland to £149,000 (6.0%). London continues to be the region with the lowest annual growth (3.3%) for the fifth consecutive month. London's average house prices remain the most expensive of any region in the UK at an average of £492,000 in April 2021.
ONS House Price Index (Average Price - London)		£491,687	-2.0% ↓	3.3% ↑	
Bank of England Mortgage Approval Rate *		87,545	0.7% ↑	827.9% ↑	The number of mortgage approvals for house purchase in the UK increased to 87,500 in May 2021, from 86,900 in the previous month and above market expectations of 85,900. The number of approvals, which is an indicator for future lending, has fallen from a recent peak of 103,200 in November, but remained above pre-February 2020 levels.
Bank of England Base Rate		0.1%	0.0% →	0.0% →	Following the 2 interest rate drops imposed by the government in March last year, the interest rate remains at an all-time low of 0.1% this month.
RICS Price Expectation Survey		83%	1% ↑	N/A	The June 2021 RICS UK Residential Survey results point to another solid month for activity across the sales market, even though indicators capturing new buyer demand have eased somewhat as the Stamp Duty holiday moves towards its tapered withdrawal. Crucially, a scarcity of new instructions coming onto the market has become more prominent during recent surveys, with measures tracking fresh listings moving deeper into negative territory over the month.
HMRC Property Transactions (Uk Residential)		103,100	-8.7% ↓	123.4% ↑	<ul style="list-style-type: none"> The provisional seasonally adjusted estimate of UK residential transactions in May 2021 is 114,940, this is an increase of 138.2% but caution is advised as a substantial amount of this difference is due to significant negative impacts from the coronavirus pandemic The provisional non-seasonally adjusted estimate for UK residential transactions in May 2021 of 103,100 is the highest total in May since 2014 when transactions were 103,110 The provisional non-seasonally adjusted estimate for UK residential transactions in 2021 quarter 1 of 392,860 is the highest quarterly total since 2007 quarter 3 when transactions were 442,930
HMRC Property Transactions (Uk Residential) *		114,940	-3.8% ↓	138.2% ↑	
CPI - (Consumer Price Index)		109.4	0.2% ↑	0.8% ↑	<ul style="list-style-type: none"> The Consumer Prices Index (CPI) rose by 2.1% in the 12 months to May 2021, up from 1.5% to April; on a monthly basis, CPI rose by 0.6% in May 2021, compared with little change in May 2020. The Consumer Prices Index including owner occupiers' housing costs (CPIH) also rose by 2.1% in the 12 months to May 2021, up from 1.6% to April. The largest upward contribution to the CPIH 12-month inflation rate came from transport (0.72 percentage points). These were partially offset by a large downward contribution from food and non-alcoholic beverages, where prices fell this year but rose a year ago, particularly for bread and cereals.
Rate of CPI (12 Month Rate)		2.1%	N/A	N/A	

* 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: 12 June, 2021.

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