

Residential Property Review

December 2019



Our monthly property market review is intended to provide background to recent developments in property markets as well as to give an indication of how some key issues could impact in the future.

We are not responsible or authorised to provide advice on investment decisions concerning property, only for the provision of mortgage advice. We hope you will find this review to be of interest.

A Conservative majority – what next?

According to Knight Frank, some certainty has returned to the property market following the general election result. Their opinion is that there will be growth in both property demand and supply, as those who were holding off acting in the midst of political uncertainty decide to take the plunge.

Knight Frank also believe there could be a shortage in private rental properties, particularly in the prime London market, with landlords taking advantage of improved market conditions to put their properties up for sale instead.

There is also the impending Budget, expected in February 2020, to take into account. The threat of proposed tax changes could prompt prospective buyers to act before these pass into law.

First-time buyers will be a key policy focus for the new government, having said they will refocus efforts on home ownership, particularly for first-time buyers. Although the manifesto reiterated the Help to Buy Equity Loan Scheme would be scaled back in 2021, subsequently ending in 2023, it pledged a review of methods to support home ownership following its completion.

Cash purchases hit record low

Decreasing numbers of investors and downsizers have meant cash purchases of property have fallen to a record low, according to the latest Land Registry data. At just 28%, that's the lowest proportion of sales since records began.

Purchases without a mortgage typically run above 30%, with a peak of 36% recorded in 2009. In March that year, prices hit their post-credit-crunch low, making them appear more affordable for those with the means to buy. One decade later, though, house prices are over 50% higher and new tax rules mean, for investors and overseas buyers, associated expenses have risen by even more.

Every region of the country saw a decline in cash buyers, with London reporting the lowest proportion of cash purchases in the survey. The attraction of the South West appears as strong as ever, where cash purchases were the highest in the UK, at 34%.

Northern Cities lead the way on house prices

Houses in the northern cities of the country may cost less, on average, than those in the South East, but prices are rising at a faster rate.

According to the latest Zoopla Cities House Price Index (to end October 19), Edinburgh, Manchester, Glasgow, Liverpool, Leeds, Nottingham, Newcastle and Birmingham all saw average rises of at least double that of London. Leicester topped the list with 4.7% growth, while Bournemouth was the only southern city to muster anything above 2%.

One city to buck the rising trend was Aberdeen, where the fallout from lower oil prices continues to hit. Here, house prices fell 5.9% compared with the same time last year.

The threat of proposed tax changes could prompt prospective buyers to act before these pass into law.

House prices Headline statistics

House Price Index (OCT 2019)*	122.2*
Average House Price	£232,944
Monthly Change	-0.7%
Annual Change	0.7%

*(Jan 2015 = 100)

– UK house prices grew by **0.7%** in the year to October 2019, down from **1.3%** in September 2019

– House price growth was strongest in Northern Ireland where prices increased by **4.0%** over the year to Quarter 3 (July to September) 2019

– The lowest annual growth was in London, where prices fell by **1.6%** over the year to October 2019

Source: The Land Registry
Release date: 18/12/2019
Next data release: 15/01/2020

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	-0.7	0.5	£248,939
Northern Ireland (Quarter 3 - 2019)	2.3	4.0	£139,951
Scotland	-0.9	1.4	£153,692
Wales	0.7	3.3	£166,245
East Midlands	-0.7	1.3	£194,134
East of England	-0.1	0.3	£293,928
London	-1.7	-1.6	£472,232
North East	-2.3	-1.1	£129,360
North West	-0.6	1.4	£166,134
South East	-0.8	-0.3	£323,438
South West	-0.8	0.6	£258,372
West Midlands Region	-1.6	0.2	£198,345
Yorkshire and The Humber	0.9	3.2	£166,904

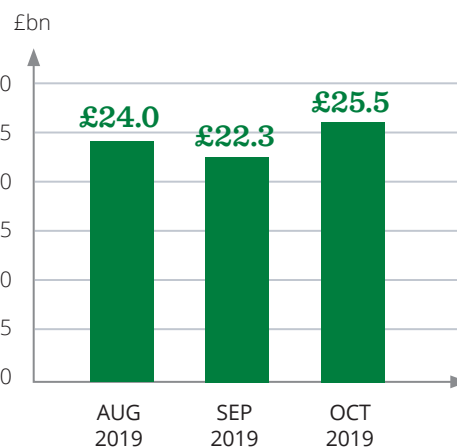
Average monthly price by property type – OCT 2019

Property type	Annual Increase
Detached £356,046	1.20%
Semi-detached £223,873	2.40%
Terraced £188,983	1.30%
Flat / maisonette £200,007	-2.90%

Source: The Land Registry
Release date: 18/12/2019

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Mortgage Activity



– Gross mortgage lending across the residential market in October 2019 was £25.5 billion

– 0.9% lower than in the same month in 2018

– Mortgage approvals for home purchase by the main high street banks were 3% higher than in October 2018

Source: UK Finance
Release date: 26/11/2019

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK.