

RESIDENTIAL PROPERTY REVIEW

JANUARY 2020



Our monthly residential 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.

Experts' predictions for 2020 - 'cautiously optimistic'

The Conservatives' general election win and increased certainty on the direction of Brexit have led property experts to predict growing confidence in the housing market in 2020. However, their optimism is cautious, according to researchers at Savills who have predicted a 1% rise. The Royal Institution of Chartered Surveyors gave a more confident prediction of 2%.

Nitesh Patel, Yorkshire Building Society's strategic economist, commented: *"Sales to first-time buyers are buoyant and now account for around half of all house purchases. A strong jobs market and low mortgage rates are likely to support the market, but concerns around affordability may limit the number of people wanting to move home."*

Britain's most affordable commuter towns revealed

On 2 January, Rail fares increased by an average 2.7% across the board, meaning that commuters could be paying up to £132 more for their season tickets this year.

Your location can have a huge impact on your travel costs, as recent research from property website Zoopla has shown. The study combined the average cost of a season ticket with the average yearly mortgage repayment, to reveal the most affordable commuter towns to live in this year.

For commuters to London, Grays in Essex is officially the cheapest commuter town, with mortgage repayment and sales ticket costs totalling £15,008 per year. The top three for London commuters is then completed by Leagrave in Bedfordshire (£15,399) and Crayford in Kent (£15,662).

Outside London, the best value commuting town for Bristol is Newport in Wales. Wolverhampton offers the best value for Birmingham and commuters to Manchester should look to Hindley. If you want to save money on your commute to Edinburgh, you could consider buying in Dunfermline to keep your costs down.

Edinburgh is best city to live in as a young adult

Comparison site, Compare the Market, recently rated the Scottish capital as the best place to live for 18 to 35-year-olds. The site analysed aspects such as rental costs, living expenses, mental wellbeing and nightlife to come up with the final list.

Manchester, Bristol, Liverpool, Newcastle and Glasgow also made it onto the top 10 list. Newcastle was found to boast the cheapest average monthly rent (£567), while, unsurprisingly, London is the UK's best paid city, with an average salary of £47,089.

Gap narrowing between buyers' and sellers' expectations

In Q4 2019, Savills conducted analysis on its prime regional markets to come up with a list of top factors likely to influence the residential property market in 2020.

Almost three quarters (72%) of Savills regional sales teams identified Brexit uncertainty as a major challenge for 2020, while 54% said that a lack of housing stock would become problematic as buyer demand increased.

Importantly though, many teams observed that buyers and sellers' pricing expectations were becoming more closely aligned, with sellers willing to accept more realistic offers and buyers happier to pay asking prices.

HOUSE PRICES HEADLINE STATISTICS

| | |
|-------------------------------|----------|
| HOUSE PRICE INDEX (NOV 2019)* | 123.0* |
| AVERAGE HOUSE PRICE | £235,298 |
| MONTHLY CHANGE | 0.4% |
| ANNUAL CHANGE | 2.2% |

*(Jan 2015 = 100)

- Average house prices in the UK increased by **2.2%** in the year to November 2019, up from **1.3%** in October 2019
- The largest annual price growth was in Wales, increasing by **7.8%** in the year to November 2019
- The lowest annual growth was in the East of England, where prices fell by **0.7%** over the year to November 2019

Source: The Land Registry
Release date: 15/01/2020
Next data release: 19/02/2020

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – NOV 2019

| PROPERTY TYPE | ANNUAL INCREASE |
|-------------------------------|-----------------|
| DETACHED £359,296 | 2.6% |
| SEMI-DETACHED £224,550 | 3.0% |
| TERRACED £189,614 | 1.9% |
| FLAT / MAISONETTE £206,357 | 1.0% |

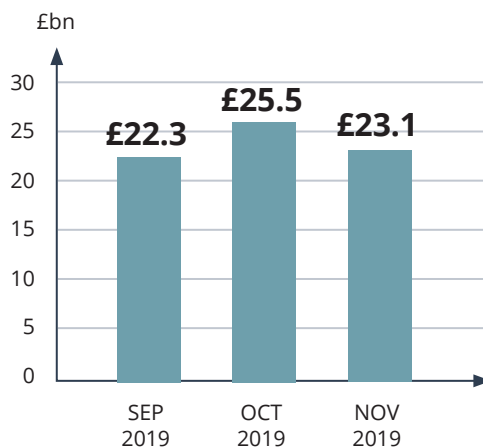
Source: The Land Registry
Release date: 15/01/2020

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HOUSE PRICES PRICE CHANGE BY REGION

| REGION | MONTHLY CHANGE (%) | ANNUAL CHANGE (%) | AVERAGE PRICE (£) |
|-------------------------------------|--------------------|-------------------|-------------------|
| ENGLAND | 0.3 | 1.7 | £251,222 |
| NORTHERN IRELAND (QUARTER 3 - 2019) | 2.3 | 4.0 | £139,951 |
| SCOTLAND | 0.4 | 3.5 | £154,798 |
| WALES | 3.5 | 7.8 | £172,574 |
| EAST MIDLANDS | 1.1 | 2.5 | £197,792 |
| EAST OF ENGLAND | -0.7 | -0.7 | £291,281 |
| LONDON | -0.5 | 0.2 | £475,458 |
| NORTH EAST | 0.7 | 1.4 | £130,712 |
| NORTH WEST | 1.1 | 3.8 | £169,362 |
| SOUTH EAST | 0.4 | 1.0 | £326,636 |
| SOUTH WEST | -0.3 | 1.1 | £259,758 |
| WEST MIDLANDS REGION | 1.7 | 4.0 | £204,238 |
| YORKSHIRE AND THE HUMBER | -1.0 | 2.6 | £165,642 |

MORTGAGE ACTIVITY



- Gross mortgage lending across the residential market in November 2019 was 23.1 billion
- 3.3% lower than in the same month in 2018
- Mortgage approvals for home purchase by the main high street banks were 6.8% higher than in October 2018

Source: UK Finance
Release date: 30/12/2019

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