

Residential Property Review

October 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.

Continuing uncertainty in residential property market

The latest Royal Institution of Chartered Surveyors (RICS) UK Residential Market Survey, has reported a decline in home listings coming onto the housing market, with the net balance for new instructions slipping to its weakest point for more than three years at -37%.

This follows the more stable trend seen over the last three months, as ongoing political and economic uncertainty continues to dissuade vendors. As a result, estate agents' books remain at near record low levels.

The near-term outlook suggests that sales will remain subdued over the next three months and price expectations will see a modest decline UK-wide over this period. However, sales volumes are expected to stabilise over 12 months and more respondents to the survey expect prices to rise, rather than fall over the coming year.

A mixed picture continues to be seen across the UK, with price gains in Scotland, the North West and Northern Ireland, whereas London and the South East retains negative momentum.

UK's best new building

In the centenary year of the introduction of mass council housing, the RIBA Stirling prize for the best new building in the UK has been awarded to Goldsmith Street in Norwich. This is the first time in the 23-year history of the prize that the award has been won by social housing.

The project has been built by Norwich City Council and comprises 100 terraced homes which are rented out on secured tenancies at fixed social rents. Goldsmith Street offers highly energy-efficient homes using a passive solar scheme where annual energy costs are expected to be 70% cheaper than that of the average household.

Chair of the 2019 RIBA Stirling Prize judges, Julia Barfield said: *"This is proper social housing, over ten years in the making, delivered by an ambitious and thoughtful council. These desirable, spacious, low-energy properties should be the norm for all council housing."*

Shock interest rate hike on Treasury loans

Councils have reacted with frustration after an unexpected rise in interest rates from 1.81% to 2.82% on new borrowing from the Treasury's Public Works Loan Board (PWLB). There are fears the rate hike, announced on 9 October, could delay or put a halt to regeneration plans and housebuilding schemes.

PWLB loans totalled nearly £8bn in 2018-19, which represents a 77% year-on-year rise in new borrowing. Many councils used the low-interest loans to invest in regeneration and housing projects and there are fears that housebuilding schemes will cease to be affordable and may have to be cancelled as a result.

Sharon Taylor, District Councils Network spokesperson and leader of Stevenage Borough Council commented: *"It is extremely disappointing that the government is to increase Public Works Loan Board rates, at a time when councils' finances are already under huge pressures. It's another big blow for local government finance. The need nationally is for good quality, affordable housing. My view is only councils can deliver that. Why would you want to slow that down in the middle of a housing crisis?"*

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House prices Headline statistics

House Price Index (AUG 2019)*	123.2*
Average House Price	£234,853
Monthly Change	0.8%
Annual Change	1.3%

*(Jan 2015 = 100)

– UK house prices grew by **1.3%** in the year to August 2019, up from 0.8% in July 2019

– Average house prices in the UK increased by **0.8%** between July 2019 and August 2019, compared with a rise of **0.3%** during the same period a year earlier

– House price growth was strongest in Wales where prices increased by **4.5%** in the year to August 2019

Source: The Land Registry
Release date: 16/10/2019
Next data release: 13/11/2019

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	0.8	1.1	£251,233
Northern Ireland (Quarter 2 - 2019)	0.8	3.5	£136,767
Scotland	0.3	1.6	£154,549
Wales	2.3	4.5	£168,318
East Midlands	1.8	2.6	£197,682
East of England	0.3	0.1	£294,192
London	-1.3	-1.4	£472,753
North East	3.1	3.3	£134,736
North West	1.3	3.1	£168,221
South East	0.8	-0.6	£326,232
South West	0.7	0.9	£260,901
West Midlands	1.5	2.4	£201,510
Yorkshire and The Humber	0.2	1.0	£165,767

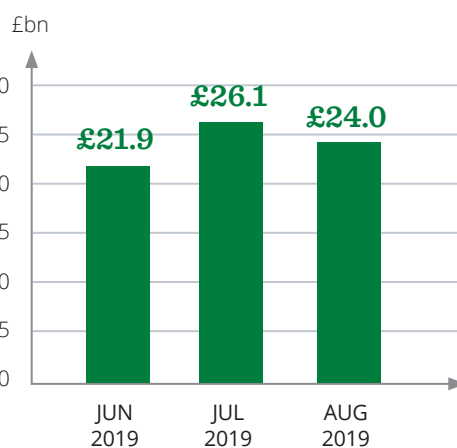
Average monthly price by property type – Aug 2019

Property type	Annual Increase
Detached £360,661	2.80%
Semi-detached £223,275	2.00%
Terraced £190,614	1.50%
Flat / maisonette £203,452	-1.80%

Source: The Land Registry
Release date: 16/10/2019

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Mortgage Activity



– Gross mortgage lending across the residential market in August was £24bn

– 3.2% lower than August 2018 data

– There were 85,931 mortgages approved by the main high street banks in August 2019

Source: UK Finance
Release date: 25/09/2019

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.