



Housing market overview

Produced 09 March 2018

This document provides the latest information available from various sources, with dates varying from December 2017 - February 2018

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- > Month-on-month price fluctuations continue to be very small, with the majority of our sources reporting slight increases, but only in the range 0.2% to 0.8%. Nationwide is alone in suggesting a slight fall (of just 0.3%). Nationwide go on to suggest that while month-to-month changes can be volatile, the recent slowdown is consistent with signs of softening in the household sector in recent months.
- > Annual price movements, according to Nationwide, have fallen back to 2.2% in the year to February (compared with 3.2% in the year to January). Other sources report annual increases in the range 1.5% to 5.2%, with just two – LSL and Halifax – reporting annual falls of 0.4% and 0.7% respectively.
- > Looking to the year ahead, Nationwide says that housing market activity is anticipated to slow only modestly, since unemployment and mortgage interest rates are expected to remain low by historic standards. Similarly, the lack of properties on the market is likely to provide ongoing support for house prices.
- > Rightmove retains its characteristic upbeat stance, reporting that 2018 has got off to an active start with prices remaining resilient. They say that the Midlands is dominating the faster-selling hotspots, with prices rising three times faster than the national average; Kettering and Corby have performed especially well, with annual price rises of 9% and 7% respectively according to the portal.
- > Hometrack is also optimistic, predicting that house prices in regional cities such as Birmingham and Manchester will increase by 20% to 30% over the next three to four years, assuming that mortgage rates remain low and the economy continues to grow.
- > Halifax sets a slightly more cautious tone; expecting price growth to remain low, they echo the sentiment that low mortgage rates, combined with an ongoing shortage of properties for sale, should continue to support house prices over the coming months.

Summary of published price indices

Source website	Period covered	Monthly change (%)	Annual change (%)	Average house price	Official releases
gov.uk UK house price index	December '17	^ 0.4	^ 5.2	£226,756	13.02.2018
LSL Property Services	January '18	^ 0.2	∨ 0.4	£301,477	12.02.2018
Halifax	February '18	^ 0.4	∨ 0.7	£224,353	07.03.2018
Home.co.uk	February '18	^ 0.2	^ 2.3	£305,320	13.02.2018
Hometrack	January '18	N/A	^ 5.0	£248,900	27.02.2018
Nationwide	February '18	∨ 0.3	^ 2.2	£210,402	02.2018
Rightmove	February '18	^ 0.8	^ 1.5	£300,001	19.02.2018

UK annual house prices – rate of change

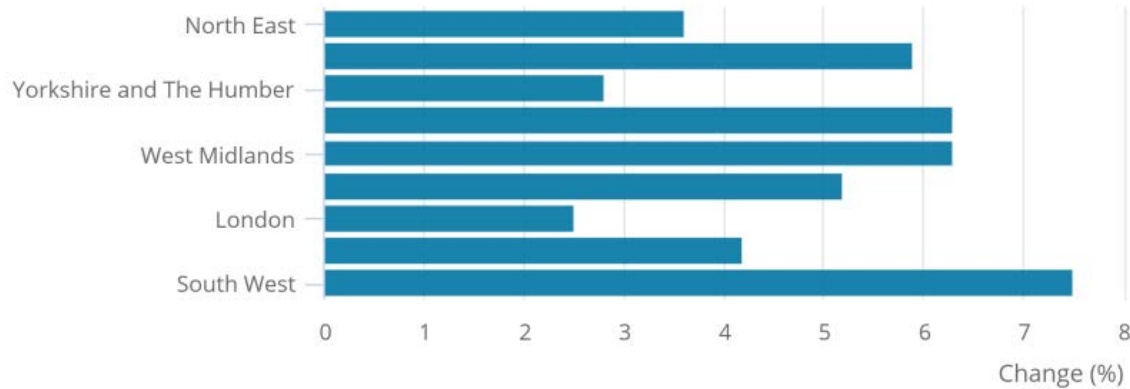


“ Average house prices in the UK have increased by 5.2% in the year to December 2017 (up from 5.0% in November 2017). The annual growth rate has slowed since mid-2016 but has remained broadly around 5% during 2017.

”
Source: [gov.uk price index](https://www.gov.uk/price-index)

Source: [gov.uk price index](https://www.gov.uk/price-index)

Regional all-dwellings annual house prices – 12-month % change



“ Strong price growth in the Midlands and Yorkshire keeps national average positive despite London falls. No signs of recovery for London as the downward, now 21-month slide continues. Supply surges in the East, South East and South West of England. ”

Source: [gov.uk price index](https://www.gov.uk/price-index)

Source: [home.co.uk price index](https://www.home.co.uk/price-index)

UK house-price rates of change: types of buyer

Type of buyer	Average price December 2017	Monthly change	Annual change
First time buyer	£190,722	0.0%	4.7%
Former owner occupier	£263,775	0.7%	5.8%

Source: [gov.uk price index](#)

“ First-time buyers are continuing the trend that we’ve seen since the announcement of the stamp duty changes, with registrations up 11% on January 2017. Sales are yet to see the full benefit of the increase in activity, however, with the confidence levels exhibited by both vendors and prospective purchasers moving ahead of those seen during the latter part of 2017, we do expect market conditions to show continued improvement during the first quarter. ”

Source: [Rightmove price index](#)

UK house-price rates of change: types of dwelling

Property Status	Average price October 2017	Monthly change	Annual change
New build	£299,443	2.2%	14.3%
Existing resold property	£221,588	0.2%	5.1%

Source: [gov.uk price index](#)



With not enough supply of new-build properties, the market needs more churn from existing owners to get the healthy balance of buyer momentum without unhealthy property scarcity and consequently higher prices. Nationally, 2% more sellers have come to market this month compared to the same period a year ago, which is a small step in the right direction



Source: [Rightmove price index](#)

Number of housing transactions per month

Country	October 2017	October 2016	Difference
England	63,603	70,825	-10.2%
Northern Ireland (Quarter 4 - 2017)	5,501	6,033	-8.8%
Scotland	8,831	8,503	3.9%
Wales	3,805	3,957	-3.8%

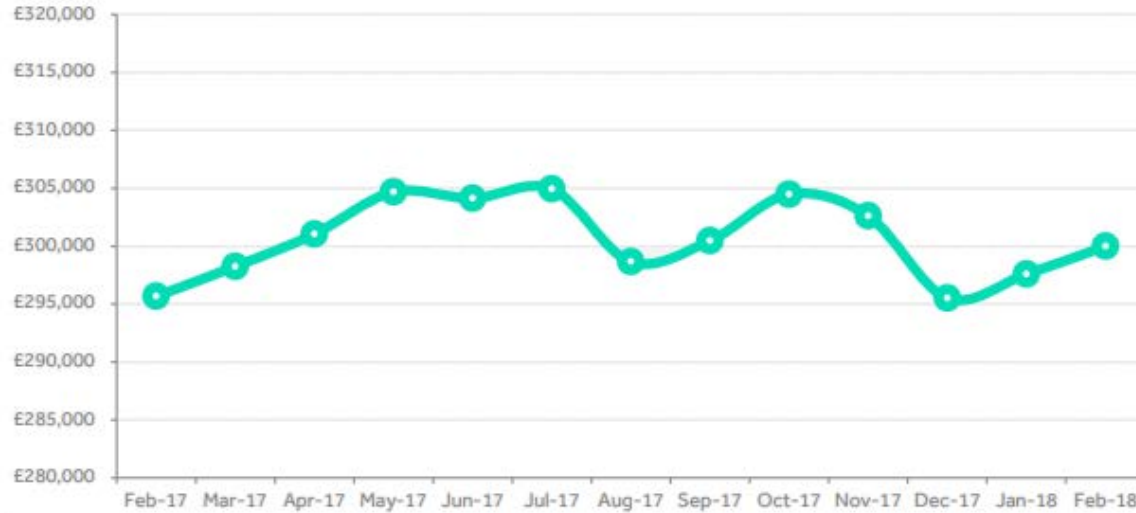


The largest annual price growth was recorded in Scotland, where house prices increased by 7.7% over the year to December 2017. Wales saw house prices increase by 5.4% over the last 12 months. In England, the average price increased by 5.0% over the year. The average price in Northern Ireland increased by 4.3% over the year to quarter 4 (October to December) 2017.



Source: [gov.uk price index](https://www.gov.uk/price-index)

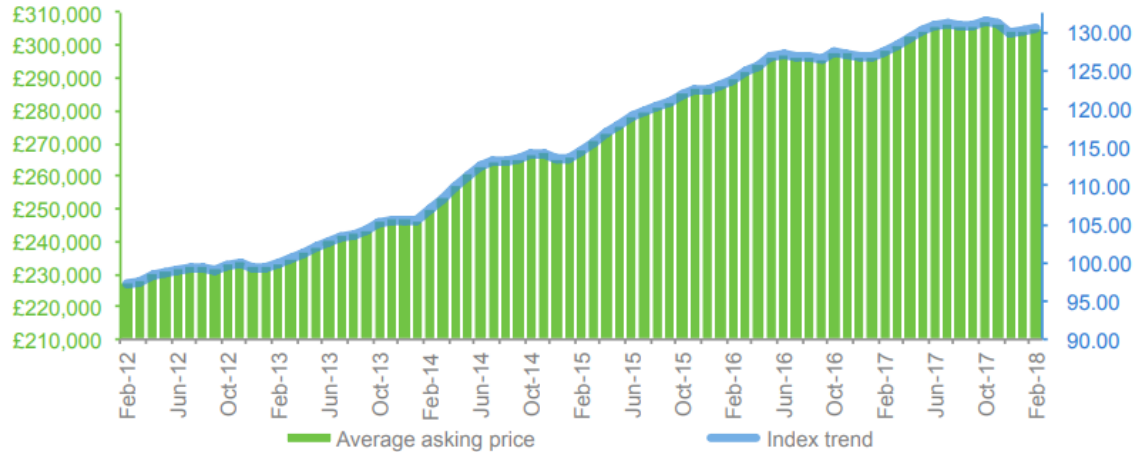
Monthly asking-price trend



Whilst it is the norm for new sellers' asking prices to be buoyant at the start of a new year, this first complete month in 2018 is seeing more pricing optimism than the comparable period in 2017. The political and economic uncertainty is out of sellers' control, but they are in control of their asking prices, and in general they are not being overly ambitious or setting too high an asking price.

Source: [Rightmove price index](#)

Home asking-price trend for England & Wales

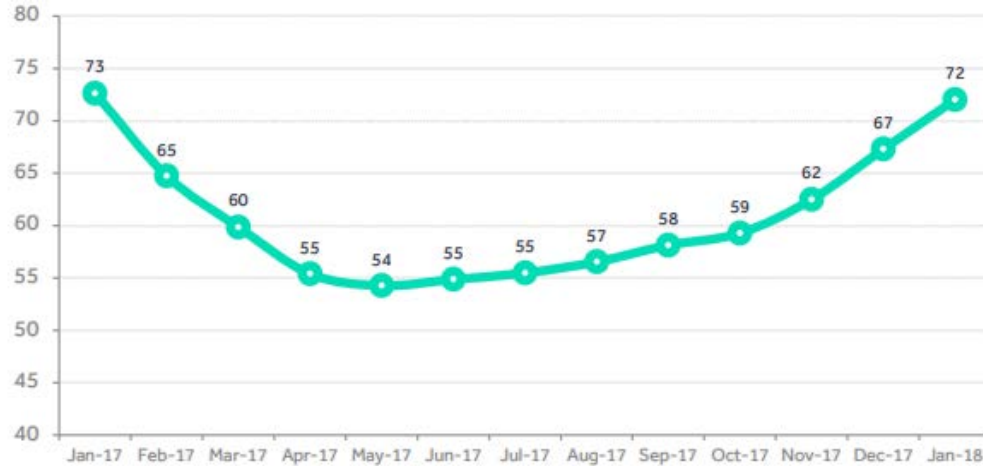


Overall supply of property for sale in the UK is up 12% YoY. The largest contributions over the month of January were from the East (+22%), South East (+18%) and South West (+20%). These large jumps in new instructions in the East and South East will serve to slow these markets further and depress prices. By contrast, supply contracted in Wales (-4%) and rose only 5% in the Yorkshire and Humber region.



Source: [home.co.uk price index](http://home.co.uk/price-index)

Average-time-on-market indicator – National

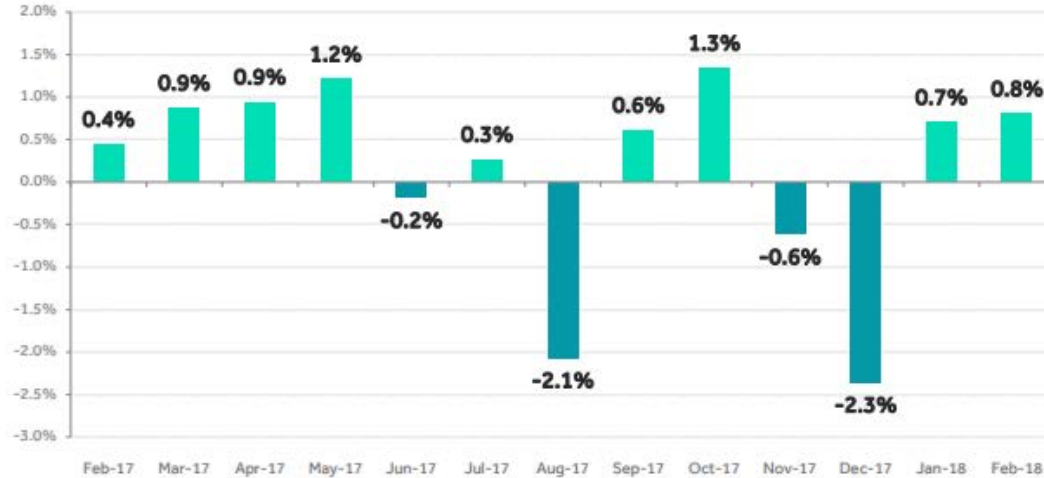


Source: [Rightmove price index](#)

“ Typical Time on Market rises even further in London (+7.5%), the South East (+10.0%) and East (+7.7%) but year-on-year improvements are apparent in all other regions. Typical Time on Market for England and Wales has increased to 106 days, three days less than in Feb 2017. ”

Source: [home.co.uk price index](#)

Asking-price fluctuation percentage



There are signs that the increased home-hunter activity is fuelling a recovery in the number of sales agreed, which in Q4 of 2017 were running at an average drop of -5.5% compared to the prior year. Taking the first full month of 2018 as a snapshot, sales agreed numbers in January have now recovered to -1.6% down compared to a year ago.



Source: [Rightmove price index](#)

UK sales volumes by funding status

Funding status	Average price December 2017	Monthly change	Annual change
Cash	£215,985	0.3%	5.2%
Mortgage	£236,636	0.4%	5.4%

Source: [gov.uk price index](#)

“

Mortgage approvals for house purchases rose sharply in January. The number of mortgage approvals – a leading indicator of completed house sales – grew strongly by 9.4% month on month in January to 67,478. However, mortgage approvals in January were 2.4% lower than a year earlier.

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Source: [Halifax price index](#)

UK house-price-to-earnings ratio

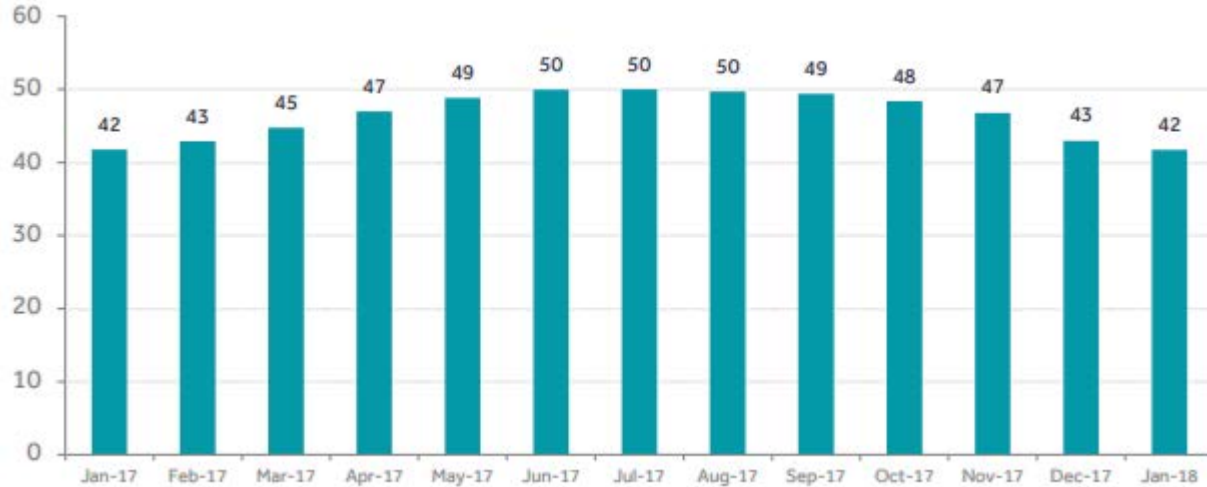


Source: [Nationwide price index](#)

“ How the housing market performs in the year ahead will be determined in large part by developments in the wider economy and the path of interest rates. Brexit developments will remain a key factor, though these remain hard to foresee. We continue to expect the UK economy to grow at modest pace, with annual growth of 1% to 1.5% in 2018 and 2019. Subdued economic activity and the ongoing squeeze on household budgets is likely to exert a modest drag on housing market activity and house price growth. ”

Source: [Nationwide price index](#)

Average properties for sale per estate agent



Nationally, 2% more sellers have come to market this month compared to the same period a year ago, which is a small step in the right direction. However, with a myriad of local markets with different supply and demand dynamics, those contemplating a move should monitor their area and use the expertise of local agents with their fingers on the pulse.



Source: [Rightmove price index](#)

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