

RESIDENTIAL PROPERTY REVIEW

MAY 2022



THREE KEY QUEEN'S SPEECH COMMITMENTS

Housing featured prominently in the Queen's Speech on 10 May, with social housing, rental reform and leasehold reform all part of the government's priorities in the coming twelve months.

Of the 38 legislative announcements, there were three significant ones relating to housing: the Social Housing Regulation Bill, the Renters' Reform Bill and the Leasehold Reform (Ground Rent) Act.

First, the Social Housing Regulation Bill promises to give tenants more rights with regards to the quality and safety of their homes. Five years after the Grenfell Tower tragedy, the proposed legislation will give more power to the regulator to inspect homes, order emergency repairs, issue limitless fines and intervene in badly managed organisations.

Standing in for his mother, Prince Charles affirmed the government's commitment to *"improve the regulation of social housing, strengthen the rights of tenants and ensure better quality safer homes."*

Second, the Renters' Reform Bill promises to abolish Section 21 evictions and strengthen landlords' rights of possession. A Section 21 notice, commonly known as a 'no-fault eviction', gives tenants just two months to move out – without the landlord having to give any reason for the eviction.

The Bill is expected to include widespread reforms to the private rented sector, including a national register of landlords. For now, however, details remain scarce; the government is expected to produce a White Paper later this year.

Third, the Leasehold Reform (Ground Rent) Act 2022 is the most advanced proposal, with the legislation set to come into force on 30 June 2022.

The Act will end ground rents for new, qualifying long residential leasehold properties in England and Wales by limiting the lease

to no more than 'one peppercorn per year'. It will also ban freeholders from charging administration fees for collecting this peppercorn rent.

HOUSING MARKET STILL RESILIENT IN FACE OF INFLATION WORRIES

Affordability concerns are not yet holding back activity in the residential market, the latest figures show, even if the rising cost of living could forewarn leaner times ahead.

Total transactions in March reached 111,000, 12% above 2017-19 levels for the month, according to Savills. Meanwhile, sales agreed remained 18% higher than pre-pandemic levels in April, according to TwentyCi, which should translate into strong sales for the next few months.

Alongside this persistent demand, there are some signs of increased supply. The number of homes on the market has increased in each of the first three months of 2022. This re-balancing of supply and demand could take some heat out of the market, experts suggest.

Moreover, inflationary pressures are adding to affordability concerns, with lenders now expecting lower availability of mortgages in Q2 2022, according to a Bank of England (BoE) survey. Indeed, the BoE's own decision to raise its Bank Rate to 1.0%, the fourth such rise in six months, could further erode mortgage affordability.

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HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (MAR 2022)*	146*
AVERAGE HOUSE PRICE	£278,436
MONTHLY CHANGE	0.3%
ANNUAL CHANGE	9.8%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **9.8%** in the year to March 2022
- On a non-seasonally adjusted basis, average house prices in the UK increased by **0.3%** between February and March 2022
- House price growth was strongest in the East Midlands where prices increased by **12.4%** in the year to March 2022.

Source: The Land Registry
Release date: 18/05/22
Next data release: 22/06/22

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.3%	9.9%	£297,524
NORTHERN IRELAND (QUARTER 1 - 2022)	3.4%	10.4%	£164,590
SCOTLAND	0.0%	8.0%	£181,415
WALES	0.4%	11.7%	£206,395
EAST MIDLANDS	1.2%	12.4%	£240,329
EAST OF ENGLAND	-0.8%	10.9%	£343,900
LONDON	-0.9%	4.8%	£523,666
NORTH EAST	1.1%	8.7%	£154,913
NORTH WEST	0.4%	9.7%	£205,121
SOUTH EAST	1.1%	11.7%	£384,966
SOUTH WEST	0.1%	10.9%	£313,834
WEST MIDLANDS REGION	1.1%	10.3%	£240,528
YORKSHIRE AND THE HUMBER	-0.2%	9.0%	£199,607

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – MARCH 2022

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £441,967	13.7%
SEMI-DETACHED £269,098	11.1%
TERRACED £226,211	8.8%
FLAT / MAISONETTE £223,401	4.0%

Source: The Land Registry
Release date: 18/5/22

HOUSING MARKET OUTLOOK

“For now, at least, despite the current economic uncertainty, the strong increases we’ve seen in house prices show little sign of abating. Demand in the housing market remains firm and mortgage servicing costs are relatively stable with fixed-rate deals making up around 80% of mortgages on homes across the industry, protecting many households from the effects of rate rises so far. However, the headwinds facing the wider economy cannot be ignored. The house price to income ratio is already at its highest ever level, and with interest rates on the rise and inflation further squeezing household budgets, it remains likely that the rate of house price growth will slow by the end of this year.”

Russell Galley, Managing Director at Halifax

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All details are correct at the time of writing (19 May 2022)

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