

RESIDENTIAL PROPERTY REVIEW

MAY 2021



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.

QUEEN'S SPEECH IS 'SIGNIFICANT' FOR HOUSING MARKET

A key announcement in the Queen's Speech on 11 May was a new Planning Bill, which aims to simplify and speed up the planning process using a digital, map-based service, allowing more active public engagement in the development process.

The reforms should allow homes, schools and hospitals to be delivered at a faster pace across England. Melanie Leech, Chief Executive of the British Property Federation, said the government intention is to create a "seismic shift in how local authorities plan for and deliver new housing, simplifying the process to put an end to inefficiencies and delays."

The speech also confirmed:

- a reform to leaseholds, to put an end to ground rents, as announced by Housing Secretary Robert Jenrick, in January
- as part of the Building Safety Bill, a new Building Safety Regulator (BSR) is to be set up, specifically to oversee all high-rise buildings, as well as other buildings, through oversight of the building control profession
- a Renters Reform White Paper is to be published this autumn, with legislation to follow soon after.

STRONG DEMAND AND A LACK OF SUPPLY DRIVE PRICES

According to the latest Royal Institution of Chartered Surveyors (RICS) UK Residential Market Survey, buyer demand has remained steady and consistent across the UK, but the lack of fresh listings is causing a mismatch in supply and demand, consequently driving house prices up.

The survey confirms 'insufficient' stock levels, with the average number of properties on estate agents' books at just 40, having briefly stood at 46 back in December.

Zoopla has also reported on the mismatch, stating that home buyer appetite is up 27.5% this year compared to average levels in 2020, whereas the number of listings is 19% down on the 2020 average. In particular, there has been a sharp drop in the number of three and four-bedroom houses on the market, as family homes remain the most in-demand properties.

TOP CITIES REVEALED FOR RESIDENTIAL INVESTMENT

Cambridge, Edinburgh and Bristol are the top three cities in the UK for residential property investment, according to a new report from Colliers International, comparing key cities from the UK against 20 indicators in the four main areas of economics, property, education and liveability.

Cambridge achieved first place thanks to its accessible and attractive quality of life for residents, its strong reputation for science and tech businesses, as well as its university's top ranking in the UK.

Edinburgh took top spot in the UK in terms of economics, due to its recent performance and demographics. The Edinburgh economy grew at an average annual rate of 1.8% between 2010 and 2020 and is expected to expand at 2.3% p.a. between 2021 and 2025. The city's population is forecast to grow at an average rate of 1.2% each year between 2020 and 2030.

Coming in at third place, Bristol ranked highly due to its strong economy, house price growth, skilled and educated workforce, strong rental yields and low level of income inequality.

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (MAR 2021)*	134.5*
AVERAGE HOUSE PRICE	£256,405
MONTHLY CHANGE	1.8%
ANNUAL CHANGE	10.2%

* (Jan 2015 = 100)

- Average house prices in the UK increased by **10.2%** in the year to March 2021
- Annual house price growth was strongest in Yorkshire and the Humber, where prices increased by **14.0%** in the year to March 2021
- The lowest annual growth was in London, where prices increased by **3.7%** in the year to March 2021.

Source: The Land Registry
Release date: 19/05/21
Next data release: 16/06/21

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	1.7	10.2	£274,615
NORTHERN IRELAND (QUARTER 1 - 2021)	1.1	6.0	£149,178
SCOTLAND	2.8	10.6	£166,566
WALES	3.1	11.0	£185,431
EAST MIDLANDS	1.9	12.4	£219,950
EAST OF ENGLAND	1.2	9.4	£315,059
LONDON	1.0	3.7	£500,310
NORTH EAST	3.0	13.7	£145,893
NORTH WEST	1.2	12.8	£187,924
SOUTH EAST	0.9	7.9	£348,615
SOUTH WEST	2.6	10.9	£287,650
WEST MIDLANDS REGION	1.8	10.7	£220,982
YORKSHIRE AND THE HUMBER	3.4	14.0	£188,575

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – MAR 2021

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £395,202	11.7%
SEMI-DETACHED £244,814	10.6%
TERRACED £211,277	11.9%
FLAT / MAISONETTE £214,365	5.0%

Source: The Land Registry
Release date: 19/05/21

DIFFICULTIES GETTING ONTO THE PROPERTY LADDER

“The largest annual house price increase since 2007 will benefit existing homeowners but make it much harder for renters to get on the property ladder, because deposit requirements rise at the same rate as house prices. We know that significant numbers of renters are continuing to grapple with arrears.”

Rachelle Earwaker, Economist at Joseph Rowntree Foundation

Source Yorkshire Evening Post May 2021

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All details are correct at the time of writing (20 May 2021)

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