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RESIDENTIAL PROPERTY REVIEW

JANUARY 2019



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.

RESIDENTIAL MARKET ACTIVITY DECLINES

In their latest 'UK Residential Market Survey', the Royal Institution of Chartered Surveyors has reported weaker market activity, with both supply and demand retreating into negative territory. Its data suggests this trend will continue into the first quarter of 2019. However, it also believes that a "more stable trend is expected to emerge further out."

On the demand side, their 'New Buyer Enquiries' gauge fell to -21%, against -15% recorded in their previous report. One of the major factors cited was the lack of suitable properties available.

At the same time, the supply side recorded the average stock levels on estate agents' books at a near record low of 42.1, representing a decline in available property of -24% in November 2018. This is the fifth consecutive report that reveals a decline in residences coming onto the market.

THREE MILLION SOCIAL HOUSING BUILDS NEEDED BY 2040

There will be a need for an additional three million new social homes to be built in the UK over the next two decades, according to a year-long housing commission launched in the wake of the Grenfell Tower disaster.

The influential cross-party commission, initiated by the housing charity Shelter, includes Goldman Sachs Chief Economist, Lord Jim O'Neill, former leader of the Labour Party, Ed Miliband, and Baroness Sayeeda Warsi, the former Chair of the Conservative Party.

To put the recommendations into perspective, the current level of social house building stands at just over 6,000 new homes a year, which means the number of new homes proposed is equivalent to seven times more houses than there are in Birmingham and 27 times more than in Milton Keynes.

BUYER CONFIDENCE MAIN DRIVER OF MARKET IN 2019

In its latest 'Residential Outlook: Six Trends for 2019', Savills revealed that residential house price movements through 2019, are more likely to be determined by buyer confidence, rather than property affordability.

Overall, they believe that household finances are more likely to be major influencers and induce buyer caution, which will in turn, limit the growth in house prices nationally.

They went on to add that, in the current housing cycle, property price growth in the Midlands and the North of England, is likely to outperform growth in London and the South.

Their data revealed that by the end of Q3 2018, there were 15 institutional build-to-rent projects, with plans to deliver more than 1,000 residences each. This trend will inevitably increase diversified projects into the private rental market.

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HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (NOV 2018)*	121.0*
AVERAGE HOUSE PRICE	£230,630
MONTHLY CHANGE	-0.1%
ANNUAL CHANGE	2.8%

* (Jan 2015 = 100)

- UK house prices grew by **2.8%** in the year to November 2018, up slightly from **2.7%** in the year to October 2018
- The strongest annual growth in house prices was in the West Midlands, increasing by **4.6%** in the year to November 2018
- House prices in London fell by 0.7% in the year to November 2018. London house prices have been falling over the year each month since July 2018.

Source: The Land Registry / Release date: 16/01/2019
Next data release: 13/02/2019

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – NOV 2018

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £350,317	3.7%
SEMI-DETACHED £217,986	3.5%
TERRACED £188,131	4.0%
FLAT / MAISONETTE £202,663	-0.4%

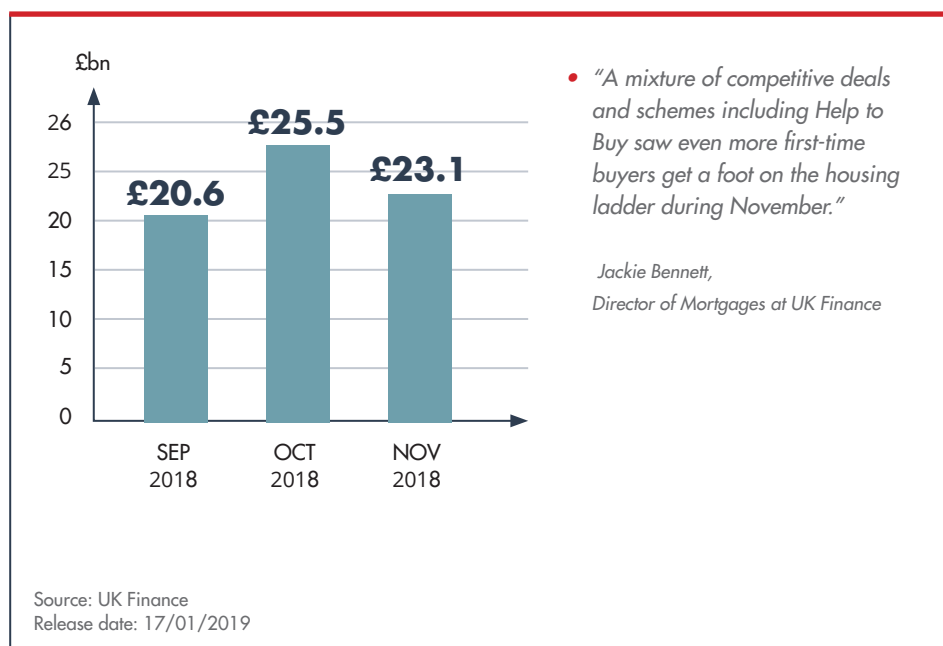
Source: The Land Registry
Release date: 16/01/2019

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HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	-0.1	2.6	£247,430
NORTHERN IRELAND (QUARTER 3 - 2018)	2.3	4.8	£135,060
SCOTLAND	-0.7	2.9	£150,638
WALES	0.2	5.5	£161,499
EAST MIDLANDS	0.3	4.4	£192,061
EAST OF ENGLAND	0.8	2.6	£294,530
LONDON	-1.2	-0.7	£472,901
NORTH EAST	1.2	4.0	£132,257
NORTH WEST	-0.6	3.1	£162,717
SOUTH EAST	-0.1	1.1	£323,876
SOUTH WEST	1.1	4.3	£260,177
WEST MIDLANDS REGION	-0.4	4.6	£197,387
YORKSHIRE AND THE HUMBER	-1.3	2.0	£160,155

MORTGAGE ACTIVITY



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