



Homes & Communities Agency

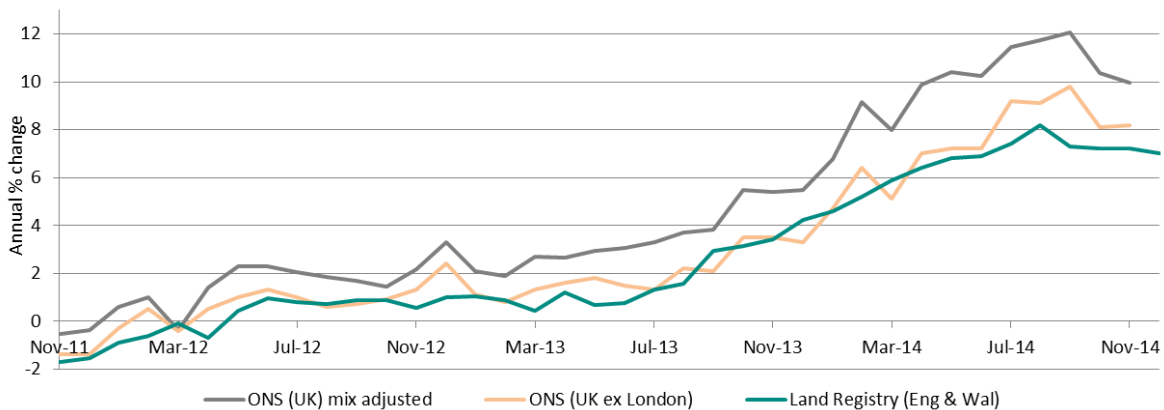
HCA Monthly Housing Market Bulletin – January 2015

This HCA bulletin provides the latest information on trends in the housing market and the economy. For more information please click on the links provided, or contact the HCA's Strategic and Market Intelligence team Market.Intelligence@hca.gsi.gov.uk.

OVERVIEW

- House prices:** Average house prices continue to increase. Although the national average rate seems to be easing it is still high by historical standards. There is a large amount of regional variation.
- Transactions:** Seasonally adjusted numbers of housing transactions have stayed fairly constant for the last six months.
- The economy:** GDP and employment have increased, whilst unemployment and the CPI have decreased.

HOUSE PRICES



House prices data source	Date	% increase over previous:		
		1 month	3 months	1 year
ONS	Nov 14	0.1%	-0.9%	10%
ONS (UK, excl London)	Nov 14	0.3%	-0.3%	8.2%
Land Registry	Dec 14	0.6%	0.3%	7%
Nationwide	Jan 14	0.3%	0.9%	6.8%
Halifax	Dec 14	0.9%	0.3%	7.8%
Hometrack	Dec 14	0.4%	1.3%	8.3%
Rightmove	Jan 14	-1.4%	0.6%	8.2%

House price indicators vary depending on their methodology and sampling:

- ONS and the Land Registry are based on completions data.
- The Land Registry data is the most comprehensive, as it includes all property sales, including cash buyers.
- Nationwide and Halifax are based on their own mortgage offers.
- Rightmove is from asking prices.
- Hometrack is based on a survey of estate agents which includes the agents' opinion of achievable selling prices.
- Halifax, Nationwide and Land Registry data are seasonally adjusted.

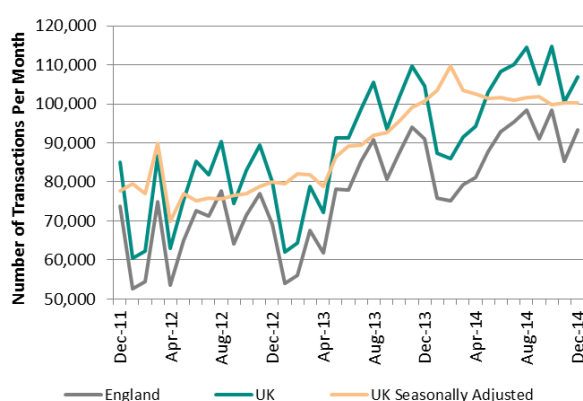
ONS mix-adjusted house price indices (UK) <http://www.ons.gov.uk/ons/rel/hpi/house-price-index/index.html>
 Land Registry (England & Wales) <http://www.landregistry.gov.uk/public/house-prices-and-sales>
 Nationwide (UK) <http://www.nationwide.co.uk/hpi/>
 Halifax (UK) http://www.lloydsbankinggroup.com/media1/economic_insight/halifax_house_price_index_page.asp
 Hometrack (UK) <http://www.hometrack.com/uk/insight/uk-cities-house-price-index/>
 Rightmove (E&W) www.rightmove.co.uk/news/house-price-index

HOUSING MARKET

Housing transactions

- There were 93,280 residential property transactions in England in December 2014. This compares to the series high of 136,790 in August 2007, and a low of 34,750 in January 2009.
- There were a total of 1,053,930 transactions over the 12 month period to the end of December 2014, which is 14.0% higher than in the previous 12 months. (HMRC)

<http://www.hmrc.gov.uk/statistics/transactions.htm>



Housing affordability

- The UK house price to earnings ratio was 5.09 in December 2014.
- This compares to the series high of 5.83 in July 2007, and a low of 3.09 in December 1995.
- In the UK, the measure of mortgage repayments as a percentage of income was 29.6 in December 2014.
- This compares to the series high of 65.5 in Q2 1990, and a low of 23.6 in Q2 1996. (Halifax and ASHE)

<http://www.loydsbankinggroup.com/Media/economic-insight/halifax-house-price-index/>

Mortgages

- Council of Mortgage Lenders data on mortgage market growth (house purchase loans):

Type of buyer	Measure (loans)	Nov 2014	Change from Nov 13
First time buyers	Number	25,900	-3.4%
	£m	3,800	5.6%
Home movers	Number	29,700	-9.5%
	£m	5,400	-5.3%
Buy to Let	Number	17,700	9.3%
	£m	2,400	14.3%

- Total gross mortgage lending in November 2014 was £16.5bn, a 5% decrease on November last year.
- First time buyers saw a month-on-month lending decline of 11%, and a 3% decline on November 2013. By value, the amount was down 12% month-on-month, but up 6% on November last year.

<http://www.cml.org.uk/cml/media/press>

RENTAL PRICES

- Private rental prices grew by 1.8% in England, in the 12 months to December 2014.
- Rental prices increased in all the English regions over the year to December 2014, with rental prices increasing the most in London (2.4%), followed by the South East (2.1%).

HOUSE BUILDING

House building

- In November 2014, construction decreased by 2% when compared to October 2014.
- Compared with November 2013, output in the construction industry showed an increase of 3.6%.

<http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/september-and-q3-2014/stb-construction-september-and-q3-2014.html>

House builders

- For financial information on house builders that are listed on the London Stock Exchange please try this link: <http://www.londonstockexchange.com/prices-and-markets/stocks/stocks-and-prices.htm>

HOMELESSNESS

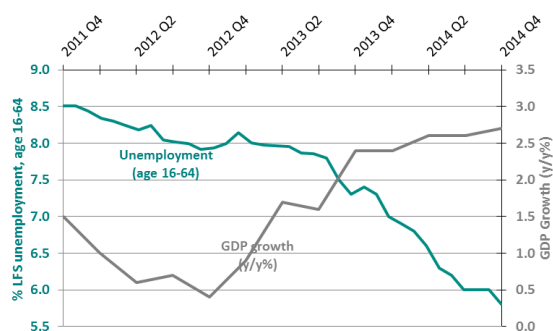
- 13,900 households were accepted as homeless between July and September 2014, 4% higher than the same quarter in 2013.
- Acceptances in 2013 were about a third (39%) of the previous peak total in 2003.

THE ECONOMY

Employment and unemployment

- Employment has continued to rise, and unemployment has continued to fall.
- From September to November 2014, 73% of people aged 16-64 were in work, up from 72% a year earlier.
- Unemployment has fallen from 7.1% to 5.8% over the same time period.

(ONS)
<http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/index.html>



Interest rates

- UK gilt yields at 30 January 2015, were as follows:

Maturity	Yield	
	Current	1 month ago
10 year	1.42%	1.79%
20 year	1.94%	2.37%
30 year	2.12%	2.55%

<http://markets.ft.com/Research/Markets/Bonds>

Inflation

- The Consumer Price Index grew by 0.5% in the year to December, down from 1.0% in November.
- The main contributions were from the falling price of oil, and the lack of increase in gas and electricity prices.
- CPIH, the measure of consumer price inflation which includes owner occupiers' housing costs, grew by 0.6% in the year to December, down from 1.0% in November (ONS).

<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

Forecasts

- Data from HM Treasury's January 2015 compilation of independent forecasts for the UK economy is presented below.

Median forecast, % increase (annual, unless stated otherwise)	Year	
	2014	2015
GDP growth	2.6	2.6
CPI inflation, Q4	0.9	1.0
RPI inflation, Q4	2.0	2.0
Average earnings	1.1	2.5
Official Bank Rate	0.5	0.8
House price inflation, Q4	8.8	5.0
Real household disposable income	1.7	2.7
LFS unemployment, Q4	5.9	5.5

<https://www.gov.uk/government/collections/data-forecasts>

Homes and Communities Agency, Strategic and Market Intelligence

If you have any comments, questions or feedback about this bulletin we would love to hear from you.

Please contact us at Market.Intelligence@hca.gsi.gov.uk

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