



Homes & Communities Agency

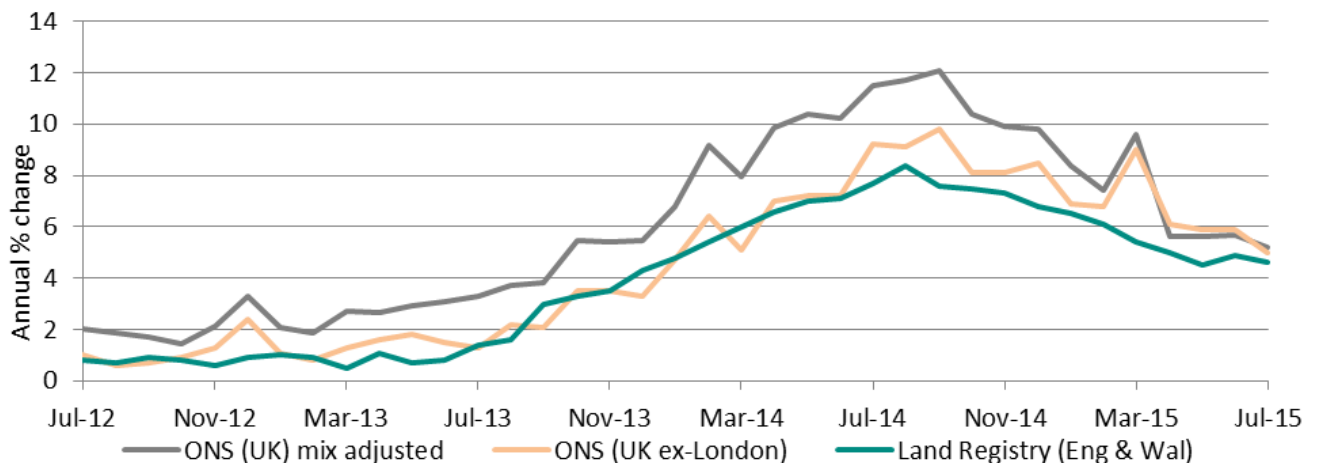
HCA Monthly Housing Market Bulletin, September 2015

For more information please click on the links provided, or contact the HCA's Spatial & Market Intelligence team, Market.Intelligence@hca.gsi.gov.uk.

OVERVIEW

- House prices:** National average house prices are increasing at a slower rate than this time last year, but nevertheless average price rises remain strong.
- Transactions:** Despite a small fall in the number of home sales this month, the seasonally adjusted trend has generally been upwards in 2015.
- Economy:** The unemployment rate has stabilised, whilst the CPI inflation rate has returned to zero. Year on year GDP growth was 2.6% at Q2.

HOUSE PRICES



House prices data source	Date	% change over previous:		
		1 month	3 months	1 year
ONS	Jul 15	2.0%	4.0%	5.2%
ONS (UK, excl London)	Jul 15	1.8%	3.1%	5.0%
Land Registry	Jul 15	1.7%	2.5%	4.6%
Nationwide	Aug 15	0.3%	0.7%	3.2%
Halifax	Aug 15	2.7%	3.0%	9.0%
Hometrack	Aug 15	0.7%	2.8%	6.3%
Rightmove	Aug 15	0.9%	0.2%	6.4%

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) 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

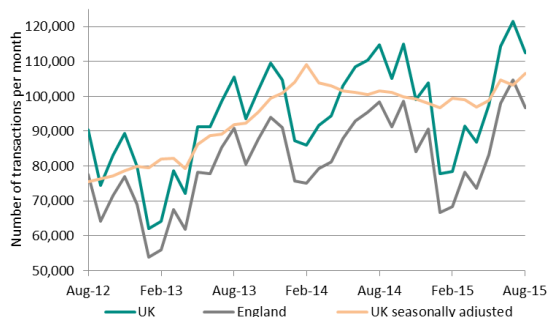
House price indicators vary depending on their methodology and sampling:

- 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.

HOUSING MARKET

Housing transactions

- There were 96,620 residential property transactions in England in August 2015, which is 1.9% lower than one year earlier. The series high was 136,790 in August 2007, and the low point was 34,750 in January 2009.



- There were a total of 1,033,990 transactions in the 12 months to the end of August 2015. This is 0.5% lower than in the previous 12 months. (HMRC)

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

Homelessness

- 13,850 households were accepted as homeless by English local authorities between April and June 2015. This is 5.0% higher than the same quarter in 2014.
- There were 54,090 acceptances over the 12 month period Q3 2014 – Q2 2015, which is approximately 6.2% greater than the total for the previous 12 months.

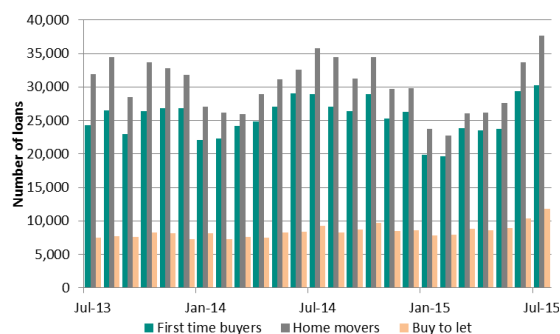
<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

Mortgages

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

Type of buyer	Measure (loans)	July 2015	Change from July 14
First time buyers	Number	30,200	4.5%
	£m	4,600	7.0%
Home movers	Number	37,700	5.3%
	£m	7,600	10.1%
Buy to Let	Number	11,800	26.9%
	£m	1,600	33.3%

- The chart below demonstrates the seasonal fluctuation in the mortgage market. It also shows that the market has grown strongly in all sectors over the last two years, particularly in the buy to let sector.



- Total gross mortgage lending in August 2015 was an estimated £20bn, a 12% increase compared to August last year. (CML)

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

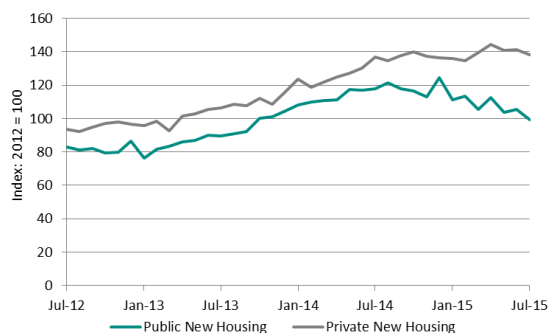
HOUSE BUILDING

Construction industry

- In July 2015 output in the construction industry decreased by 0.7%, compared with July 2014. This is the first year-on-year fall in construction output since May 2013.
- There were falls in all New Work types except infrastructure and private industrial. Public new housing (see below), private new housing, public other new work and private commercial work decreased by 5.8%, 2.0%, 4.5% and 2.9% respectively.
- 1.4% growth in non-housing Repair and Maintenance was offset by a 1.4% decrease in housing R&M.
- New orders for the construction industry in Q2 (April to June) 2015 were estimated to have increased by 1.9% compared with Q2 2014.
<http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/index.html>

House building

- The Output in the Construction Industry publication shows an annual decrease in the total value of new public housing development in Great Britain.



- The impact of the decrease in public housing output has been greatest in London, the South East and the North East regions. Meanwhile, the Yorkshire and The Humber region has experienced continued growth.
<http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/index.html>

Land value

- Opinion is divided on national average residential development land value trends in 2015.
- For Savills, price growth has returned to parts of the development land market following the election. British urban development land values increased in by 3.7% Q2 2015. Greenfield land values rose by 0.9%.
- High demand and low supply in areas linked to major urban centres such as Manchester, Birmingham and London have fuelled increases in values.
- By contrast, price falls have been seen in parts of Devon, Cornwall and Norfolk due to less scarcity of greenfield development land.
http://www.savills.co.uk/research_articles/141285/191539-0

- Knight Frank, however, reports that development land prices in England and Wales are now 2.4% lower on an annual basis.
- But they agree with Savills that average greenfield development land prices fell by 0.9% in Q2.
- Development land prices in prime central London, however, were up by 0.9% in Q2, and by 12.1% on an annual basis.
<http://content.knightfrank.com/research/161/documents/en/q2-2015-3105.pdf>

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>

THE ECONOMY

GDP

- GDP is estimated to have increased by 0.7% in Q2 2015 compared to Q1, and by 2.6% compared with the same quarter a year ago.
- Output in services increased by 0.7% and production increased by 1.0%. Construction growth was flat. In contrast agriculture decreased by 0.7%. (ONS)
<http://www.ons.gov.uk/ons/rel/naa2/second-estimate-of-gdp/q2-2015/stb-2nd-est-gdp.html>

Inflation

- The Consumer Prices Index (CPI) was unchanged in the year to August 2015, that is, a 12-month rate of 0.0%. That is down from 0.1% in the year to July 2015, and little changed in seven months.
- Changes in the prices of clothing, motor fuel and sea fares were the main contributor to the slight fall in the rate.
- Rising prices for soft drinks and for furniture and furnishings partially offset the fall.
- CPIH, the measure of UK consumer price inflation that also includes owner occupiers' housing costs, grew by 0.3% in the year to August 2015, down from 0.4% in July.
<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

Interest rates

- UK gilt yields at 28 September 2015, were as follows:

Maturity	Yield	
	Current	1 month ago
10 year	1.77%	1.97%
20 year	2.32%	2.45%
30 year	2.49%	2.58%

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

Homes and Communities Agency, Spatial and Market Intelligence

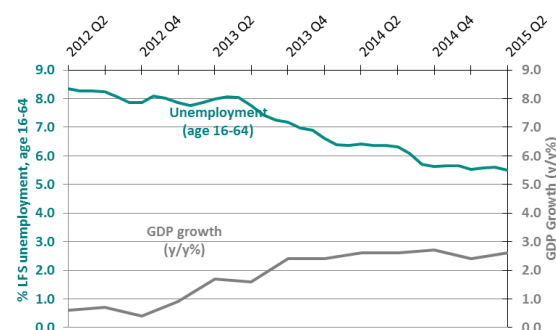
If you have any comments, questions or feedback about this bulletin we would love to hear from you.

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

Disclaimer – The Homes and Communities Agency (HCA) makes no warranty as to the content, accuracy, timeliness or completeness of the information in this document, or that the information may be relied upon for any reason. The HCA shall not be liable for any losses or damages (including any special, incidental, indirect or consequential damages of any kind) or any damages whatsoever arising out of or in connection with the use or performance of this publication or the similar use of other documents which are referenced by or linked to this publication. Any links to other websites do not constitute an endorsement or an approval by the HCA of any products, services, policies or opinions of the organisation or individual.

Employment and unemployment

- For May to July 2015, 73.5% of people aged from 16 to 64 were in work, up from 72.8% for a year earlier.
- The unemployment rate for May to July 2015 was 5.5%, down from 6.2% for a year earlier. The rate has been fairly stable throughout 2015. (ONS)
<http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/index.html>



Forecasts

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

Median forecast, % increase (annual, unless stated otherwise)	Year	
	2015	2016
GDP growth	2.6	2.4
CPI inflation, Q4	0.2	1.7
RPI inflation, Q4	1.2	2.8
Average earnings	2.7	3.3
Official Bank Rate	0.5	1.0
House price inflation, Q4	6.0	4.8
Real household disposable income	3.4	2.4
LFS unemployment, Q4	5.4	5.1

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