



Homes & Communities Agency

HCA Monthly Housing Market Bulletin - February 2014

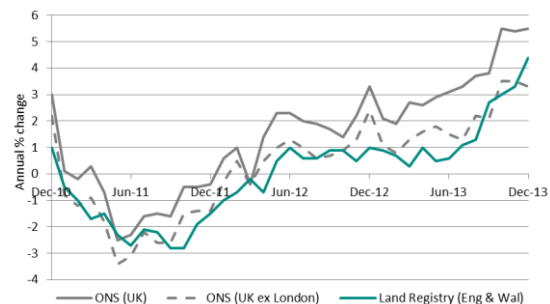
This HCA bulletin provides the latest information on trends in the housing market and the economy. For more information please click on the links provided, or contact the HCA's Strategic and Market Intelligence team Market.Intelligence@hca.gsi.gov.uk.

OVERVIEW

- House Prices:** Average house price inflation continues to increase, led by the London market, although some areas of the country remain subdued.
- Transactions:** Housing transactions continue to increase, having done so through most of 2013. Numbers of mortgage advances continue to grow rapidly.
- House Building:** The number of housing starts on site in 2013 was the highest since 2007. Both construction sector housing output and housing repairs and maintenance work have increased compared to last year.
- The Economy:** The economy continues to grow, with GDP increasing by 0.7% q/q (1.8% y/y) in Q3 2013. Inflation fell again, with CPI down to 1.9% at year-end, and the unemployment rate was 7.2%.

HOUSING MARKET

Data source for House Prices	Date	% increase over previous:		
		one month	three months	one year
ONS	Dec 13	0.7%	1.9%	5.5%
ONS (UK, excl London)	Dec 13	-	-	3.3%
Land Registry	Dec 13	1.1%	1.0%	4.4%
Nationwide	Jan 14	0.7%	2.9%	8.8%
Halifax	Jan 14	1.1%	1.9%	7.3%
Hometrack	Jan 14	0.3%	-	-
Rightmove	Feb 14	3.3%	2.2%	6.9%



ONS mix-adjusted house price indices (UK) <http://www.ons.gov.uk/ons/rel/hpi/house-price-index/december-2013/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
 Rightmove (E&W) <http://www.rightmove.co.uk/news/house-price-index>
 Hometrack (E&W) <http://www.hometrack.co.uk/our-insight/monthly-national-house-price-survey>

Housing affordability

- The UK median ratio of new borrowers' mortgages to earnings in December 2013 was 3.23, up from 3.07 in the same month one year before.
- Median new borrowers' mortgage repayments were 18.7% of net income in December 2013, down from 19.4% one year before (CML). <http://www.cml.org.uk/cml/media/press/3816>

Homelessness

- During the July-September 2013 quarter, 13,330 households in England were 'accepted' by their local authorities as homeless and in 'priority need'. This is 4% lower than in the same period one year before (DCLG). <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

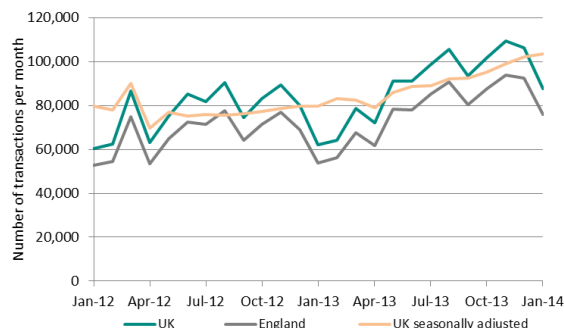
House price indicators vary depending on their individual methodology and sampling process:

- ONS and the Land Registry are based on completions data, so record later in the house buying process.
- The Land Registry data is the most comprehensive, as it includes all property sales, including cash buyers.
- The Nationwide and Halifax indices are based on mortgage offers approved by them. Rightmove is based on asking prices from its website. Hometrack is based on a survey of estate agents which includes the agents' opinion of achievable selling prices.
- Seasonal variation occurs in the market. Halifax, Nationwide and Land Registry data are seasonally adjusted, the others are not.

HOUSING TRANSACTIONS

Transactions

- There were 75,990 residential property transactions in England in January 2014. Transactions totalled 947,450 over the last 12 months. This is 17.7% more than the previous 12 month period, to January 2013 (HMRC). <http://www.hmrc.gov.uk/statistics/transactions.htm>

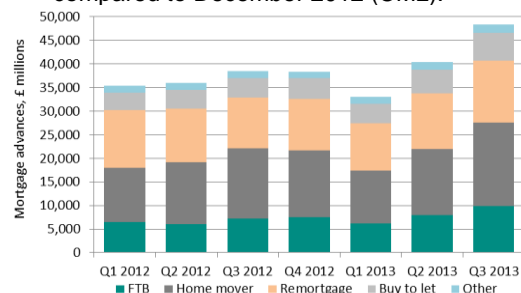


Supply and demand

- The volume of new buyers registering with agents in January fell by 4.4% from the previous month, the volume of properties listed dropped by 6.6%, and sales agreed decreased by 8.1% (Hometrack). <http://www.hometrack.co.uk/our-insight/monthly-national-house-price-survey>
- Surveyor sentiment in January suggests that agents' inventory of property for sale continues to edge lower, but activity indicators remain generally firm. Price gains look particularly strong in London and the South East with more modest rises elsewhere (RICS). <http://www.rics.org/uk/knowledge/market-analysis/uk-residential-market-survey>

Mortgage Lending

- Loans advanced for house purchases totalled £9.3bn in December (60,000 loans), a 35% increase compared to December 2012 (a 26.5% increase in the number of loans).
- 26,700 loans were advanced to first-time buyers in December, an increase of 37% compared to December 2012 (CML).

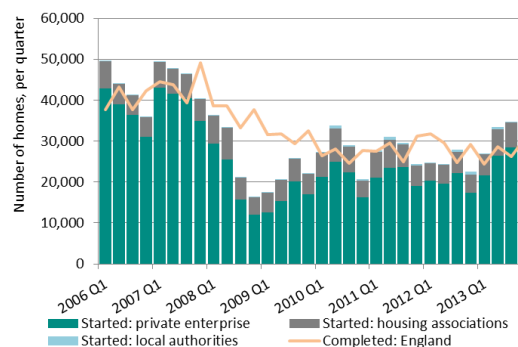


- Total buy-to-let loans advanced increased to 46,700 loans (£6.1bn) in Q4 of 2013, up 33% on the same quarter one year before.
- There was a reduction in the number of mortgages in arrears. At the end of 2013 144,700 mortgages (1.3% of all loans) were in arrears of 2.5% or more of the balance. There were 28,900 repossessions in 2013, compared to 33,900 in 2012 (CML). <http://www.cml.org.uk/cml/media/press> <http://www.fca.org.uk/firms/systems-reporting/mortgage-lending-stats>

HOUSE BUILDING

Starts and completions

- Provisional DCLG figures at Q4 2013 show 123,010 housing starts on site and 109,670 completions in England, over the past year.
- The annual number of housing starts was at the highest level since 2007, with the private sector accounting for 80%.



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

- Housing construction output increased by 21% by value in October to December 2013, compared to the same period in the previous year. The value of housing repair & maintenance work increased by 9.2% in the private sector, but fell by 4.2% in the public sector (ONS). <http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Output+in+the+Construction+Industry>

House builders

- For financial information on housebuilders 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

Growth

- In the third quarter of 2013 UK gross domestic product (GDP, second estimate) increased by 0.7% compared with the previous quarter (1.8% y/y).
<http://www.ons.gov.uk/ons/taxonomy>

Interest rates

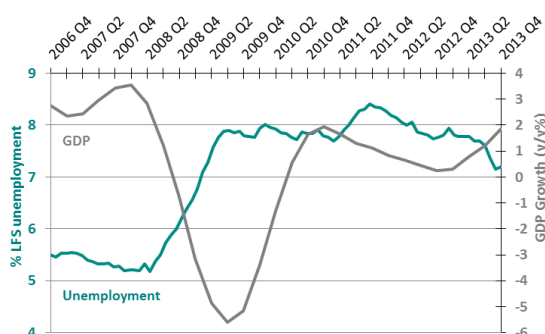
- The Bank of England held the Bank Rate at 0.5% and maintained the Asset Purchase Programme at £375bn in February.
www.bankofengland.co.uk
- UK gilt yields at 26 February 2014, are shown below.

Maturity	Yield	
	Current	One month ago
10 year	2.75%	2.78%
20 year	3.32%	3.35%
30 year	3.53%	3.54%

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

Employment and Unemployment

- The employment rate for October to December 2013 was 72.1% (of people aged 16 to 64), up 0.3 percentage points from July to September 2013. 30.15 million people were in employment (aged 16+), up 193,000 from July to September.
- The unemployment rate was 7.2% (aged 16 to 64), down 0.4 percentage points from July to September 2013. 2.34 million people are unemployed (aged 16+), down 125,000 from July to September.
- The number of people claiming Jobseeker's Allowance (the Claimant Count) was 1.22 million in January, down 327,600 from one year before.
- Over the past year total pay for employees in Great Britain rose by 1.1% and regular pay rose by 1.0% (ONS).
<http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/index.html>



Inflation

- CPI annual inflation grew by 1.9% in the year to January 2014, down from 2.0% in December.
- The fall in the rate resulted from price movements for recreational goods & services, furniture & household goods, and alcoholic beverages & tobacco. These were partially offset by price movements for miscellaneous goods & services.
- CPIH, the new measure of consumer price inflation which includes owner occupiers' housing costs, grew by 1.8% in the year to January 2014, down from 2.0% in December (ONS).
<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

Forecasts

- Data from HM Treasury's February 2014 compilation of independent forecasts for the UK economy is presented below.

Median forecast, % increase	Year (annual average, unless stated otherwise)				
	2014	2015	2016	2017	2018
GDP growth	2.6	2.5	2.4	2.4	2.4
CPI inflation	2.1	2.0	2.1	2.1	2.2
RPI inflation	2.8	3.0	3.2	3.2	3.3
LFS unemployment, Q4	6.9	6.5	6.1	5.9	5.1
Official Bank Rate	0.5	0.9	1.6	2.2	2.8
Average earnings growth	2.6	3.4	-	-	-
Real household disposable income	1.1	1.1	-	-	-
House price inflation, Q4	6.2	7.2	-	-	-

<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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