



Homes & Communities Agency

HCA Monthly Housing Market Bulletin - July 2014

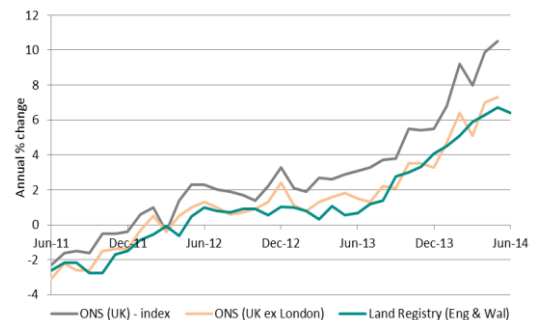
This HCA bulletin provides the latest information on trends in the housing market and the economy. For more information please click on the links provided, or contact the HCA's Strategic and Market Intelligence team Market.Intelligence@hca.gsi.gov.uk.

OVERVIEW

- House prices:** Average house prices continue to increase, although the rate of increase seems to be easing a little as the nationally dominant London market slows down.
- Transactions:** Numbers of housing transactions have increased, but remain below their 2007 peak. Numbers of mortgage advances continue to grow rapidly.
- House building:** Average British residential building land values have increased. Greenfield land is now at some three quarters of its 2007 level, and the average urban value is around half of the 2007 peak.
- The economy:** The economy continues to grow, with GDP increasing by 0.8% in Q2 2014 (3.1% y/y). The unemployment rate is stable at 6.6%, and CPI inflation is 1.9%.

HOUSING MARKET

Data source for House Prices	Date	% increase over previous:		
		one month	three months	one year
ONS	May 14	0.8%	3.5%	10.5%
ONS (UK, excl London)	May 14	0.5%	2.3%	7.3%
Land Registry	June 14	0.0%	1.5%	6.4%
Nationwide	June 14	1.0%	2.6%	11.8%
Halifax	June 14	-0.6%	2.3%	8.8%
Hometrack	July 14	0.3%	-	-
Rightmove	July 14	-0.8%	2.9%	6.5%



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 (E&W) <http://www.hometrack.co.uk/our-insight/monthly-national-house-price-survey>
 Rightmove (E&W) www.rightmove.co.uk/news/house-price-index

Housing affordability

- The house price to earnings ratio was 4.95 in June 2014, based on a standardised average property price of £183,462.
- This compares to the series high of 5.83 in July 2007, and a low of 3.07 in December 1995. (Halifax and ASHE)
<http://www.lloydsbankinggroup.com/Media/economic-insight/halifax-house-price-index/>

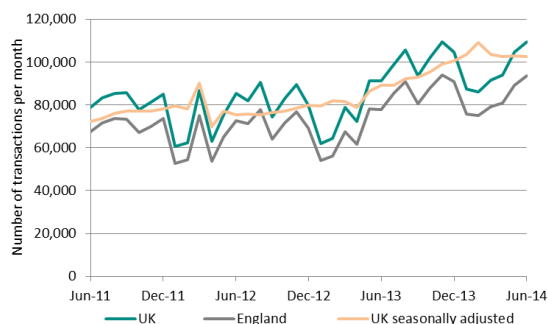
House price indicators vary depending on their individual methodology and sampling process:

- 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

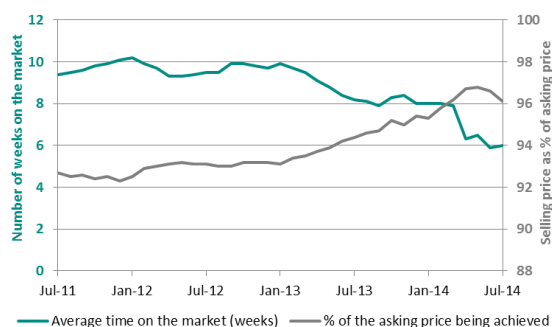
- There were 93,690 residential property transactions in England in June 2014. There were a total of 1,023,150 transactions over the 12 month period to the end of June 2014, which is 23.9% more than in the previous 12 months. (HMRC)



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

Supply and demand

- In July 2014 the average time taken to sell a home was 6.0 weeks. The average sale price was 96.1% of the asking price. (Hometrack)



<http://www.hometrack.co.uk/our-insight/monthly-national-house-price-survey>

Mortgage lending

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

Category of buyer	Measure (loans)	May 2014	Change from May 2013
First time buyers	Number	26,800	18.6%
	Value £m	3,900	30.0%
Home movers	Number	31,100	9.1%
	Value £m	5,700	21.3%
Buy to Let investors	Number	8,700	21.2%
	Value £m	1,100	37.5%

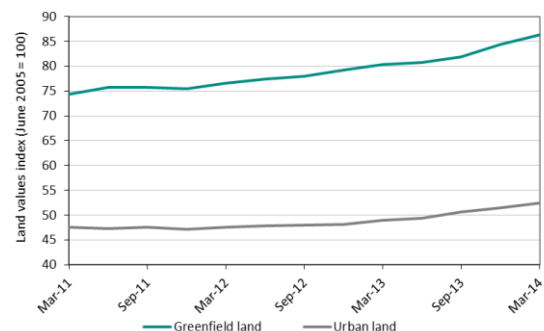
- The total number of loans for home owner house purchase increased by 13.1%, in May 2014 compared with May 2013, with the value up 24.7% to £9,600m.
- There were 21,600 remortgage loans in May 2014, worth £3,300m which is 15.4% less than one year before.

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

HOUSE BUILDING

Land Value

- Based on valuation rather than sale prices, British urban land values are around half the level they held in 2007, whilst greenfield values are around three quarters of their pre-slump maximum. (Savills Research: Development Land Statistical Supplement, June 2014)



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>

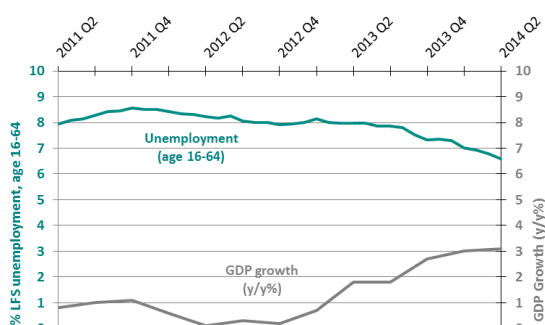
THE ECONOMY

Growth

- In the second quarter of 2014 UK gross domestic product (GDP, preliminary estimate) increased by 0.8%, which is the same increase as in the previous quarter.
- GDP was 3.1% higher in Q2 2014 compared with the same quarter a year ago.
<http://www.ons.gov.uk/ons/taxonomy>

Employment and unemployment

- In March to May 2014, there were 30.64m people in work, which is 929,000 more than a year earlier.
- The unemployment rate for people aged 16-64 in March to May 2014 was 6.6%, down 1.4 percentage points from the same months one year before. 2.12m people aged 16+ were unemployed, down 383,000 from one year earlier.
- The number of people claiming Jobseeker's Allowance (the Claimant Count) was 1.02m in June, down 419,500 from one year before.
- Total pay for employees in March to May 2014 rose by 0.3%, compared to a year previous, and regular pay rose by 0.7%. (ONS)



<http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Labour+Market#tab-overview>

Inflation

- CPI annual inflation grew by 1.9% in the year to June 2014, up from 1.5% in May.
- The largest contributions to the rise in the rate came from the clothing, food & non-alcoholic drinks and air transport sectors. There were no large downward effects to offset the change.
- CPIH, the measure of consumer price inflation which includes owner occupiers' housing costs, grew by 1.8% in the year to June, up from 1.4% in May (ONS).
<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

Interest rates

- UK gilt yields at 29 July 2014, were as follows:

Maturity	Yield	
	Current	One month ago
10 year	2.56%	2.64%
20 year	3.15%	3.27%
30 year	3.29%	3.40%

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

Forecasts

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

Median forecast, % increase (annual average, unless stated otherwise)	Year	
	2014	2015
GDP growth	3.1	2.5
CPI inflation, Q4	1.7	2.0
RPI inflation, Q4	2.6	3.1
Average earnings	1.8	2.8
Official Bank Rate	0.6	1.3
House price inflation, Q4	8.9	6.0
Real household disposable income	1.9	2.3
LFS unemployment, Q4	6.3	5.9

<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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