



Homes & Communities Agency

HCA Monthly Housing Market Bulletin - June 2014

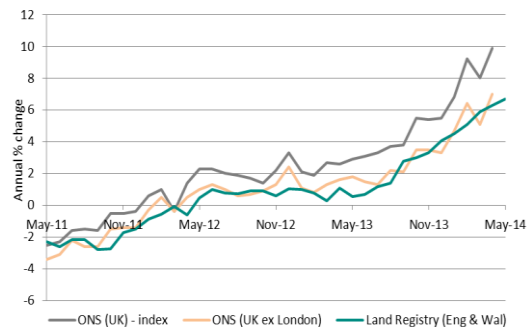
This HCA bulletin provides the latest information on trends in the housing market and the economy. For more information please click on the links provided, or contact the HCA's Strategic and Market Intelligence team Market.Intelligence@hca.gsi.gov.uk.

OVERVIEW

- House prices:** Average house prices continue to increase, led by London and the South East, although there are signs the market could be cooling.
- Transactions:** Housing transaction numbers increased throughout 2012, 2013 and 2014, but still remain below their 2007 peak. Numbers of mortgage advances continue to grow rapidly, although seasonally adjusted numbers have reduced over the last few months.
- House building:** The moving annual total of outline planning permissions is increasing, and is at the highest level since 2008.
- The economy:** The economy continues to grow, with GDP increasing by 0.8% q/q (3% y/y) in Q1 2014. Inflation is stable, with CPI at 1.5%, and the unemployment rate has decreased to 6.6%.

HOUSING MARKET

Data source for House Prices	Date	% increase over previous:		
		one month	three months	one year
ONS	Apr 14	3.2%	3.2%	9.9%
ONS (UK, excl London)	Apr 14	2.3%	1.8%	7.0%
Land Registry	May 14	0.4%	1.5%	6.7%
Nationwide	May 14	0.7%	2.3%	11.1%
Halifax	May 14	3.9%	2%	8.7%
Hometrack	Jun 14	0.3%	-	6.0%
Rightmove	Jun 14	0.1%	6.4%	7.7%



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 (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 4.96 in May 2014, based on a standardised average property price of £184,464. This is a 4% increase on May 2014.
- 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/>

Rental market

- Monthly rents recorded from 1 Apr 2013 to 31 Mar 2014 show the lower quartile rent is £465, the median is £595, the mean is £720, and the upper quartile rent is £795.
<http://www.voa.gov.uk/corporate/statisticalReleases/PrivateRentalMarketStatistics.html>

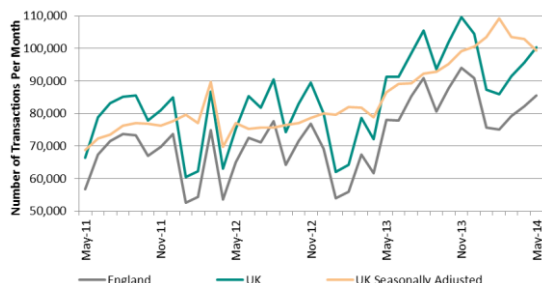
House price indicators vary depending on their individual methodology and sampling process:

- 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

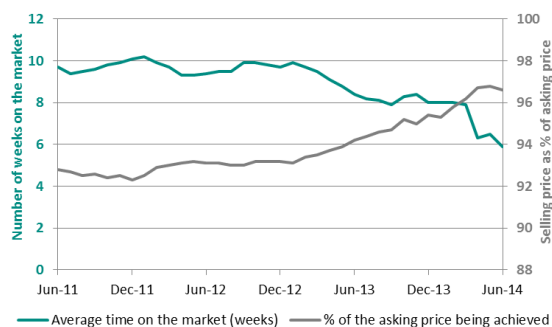
- There were 85,550 residential property transactions in England in May 2014. Transactions totalled 1,004,960 over the 12 month period to May 2014. This is 22.5% more than in the previous 12 month period. (HMRC)



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

Supply and demand

- In June 2014 the average time taken to sell a home was 5.9 weeks, which is the lowest since the data series began (Jan 2010). The average sale price as a percentage of asking price was 96.6%. (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)	April 2014	Change from April 2013
First time buyers	Number	24,500	36.9%
	Value £m	3,500	52.2%
Home movers	Number	28,700	29.9%
	Value £m	5,300	47.2%
Buy to Let investors	Number	8,400	49.2%
	Value £m	1,000	61.3%

- The number of loans to home movers increased in April by 11%, with the value up 15% compared to March. Compared with April 2013, growth was up 30% by volume and 47% in value.
- Total number of loans for remortgage in April was up 6%, and 11% by value, compared to March.
<http://www.cml.org.uk/cml/media/press>

Mortgage lending

- The total value of all outstanding residential loans was £1,243bn in Q1 2014, an increase of 0.4% compared with Q4 2013 and of 1.2% over the previous four quarters.
- Amounts outstanding on regulated loans were £978.5bn in Q1 2014, which was 79% of the total. Non-regulated loans increased in the quarter by 0.8% to £264.4bn.
<http://www.fca.org.uk/your-fca/documents/mlar-statistics-june-2014-commentary>

HOUSE BUILDING

Planning pipeline

- The number of planning approvals granted for new homes in England in the 12 months to Q1 2014 was 177,731. That is 23% up in 12 months, and 49.7% up on the 12 months to Q1 2012.
- 679 sites were granted approval in Q4. (Home Builders Federation)
<http://www.hbf.co.uk/media-centre/news/view/new-home-permissions-rise-to-2008-level/>

Construction

- The seasonally adjusted estimate of construction output in April 2014 rose by 1.2% (£113m) when compared with March 2014. There was a slight rise of 0.9% (£55m) in new work and a larger increase of 1.6% (£57m) in repair and maintenance.
- Compared with April 2013, construction output increased by 4.6%, all new work increased by 4.9% due to strong increases in new housing and private industrial work. Repair and maintenance increased by 4.2% over the same period.
<http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/april-2014/index.html>

Homelessness

Homelessness

- Between 1 January and 31 March 2014 a total of 12,520 households were accepted by their local authority as owed a main duty under the homelessness legislation. This is 7% lower than during the same quarter of 2013.
- 58,590 households were in temporary accommodation on 31 March 2014, which is 6% higher than at the same date in 2013.

THE ECONOMY

Interest rates

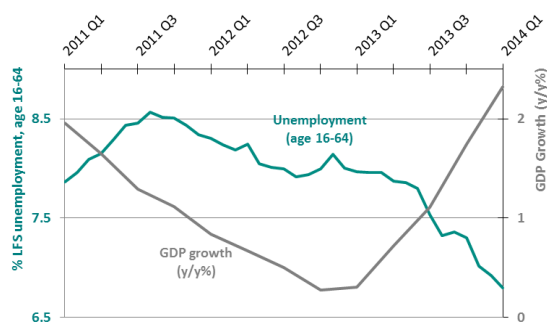
- UK gilt yields at 27 June 2014, are as follows:

Maturity	Yield	
	Current	One month ago
10 year	2.64%	2.64%
20 year	3.26%	3.30%
30 year	3.39%	3.47%

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

Employment and unemployment

- The employment rate for people aged 16-64 in February to April 2014 was 72.9%, up 1.4 percentage points from the same months one year before. 30.54m people aged 16+ were in employment, up 780,000 from one year earlier.
- The unemployment rate for people aged 16-64 in February to April 2014 was 6.6%, down 1.2 percentage points from the same months one year before. 2.16m people aged 16+ were unemployed, down 347,000 from one year earlier.
- The number of people claiming Jobseeker's Allowance (the Claimant Count) was 1.09m in May, down 406,300 from one year before.
- Total pay for employees in February to April 2014 rose by 0.7% compared to a year previous, and regular pay rose by 0.9% compared to a year previous (ONS).



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

Inflation

- CPI annual inflation was 1.5% in the year to May 2014, down from 1.8% in April.
- Falls in transport services costs, notably air fares, provided the largest contribution to the decrease in the rate. Other large downward effects came from the food, non-alcoholic drinks and clothing sectors. The largest offsetting upward effects came from motor fuels, recreation and culture.
- CPIH, the new measure of consumer price inflation which includes owner occupiers' housing costs, grew by 1.4% in the year to May, down from 1.6% in the year to April (ONS).

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

Forecasts

- Data from HM Treasury's May 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	3.0	2.6
CPI inflation, Q4	1.8	2.2
RPI inflation, Q4	2.7	3.4
Average earnings	2.5	3.2
Official Bank Rate	0.5	1.2
House price inflation, Q4	9.0	7.1
Real household disposable income	1.2	1.8
LFS unemployment, Q4	6.3	5.8

<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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