



Homes & Communities Agency

HCA Monthly Housing Market Bulletin - September 2014

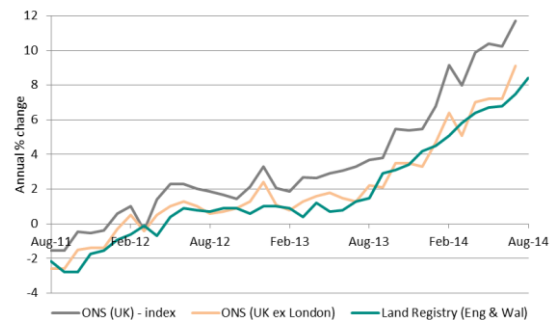
This HCA bulletin provides the latest information on trends in the housing market and the economy. For more information please click on the links provided, or contact the HCA's Strategic and Market Intelligence team Market.Intelligence@hca.gsi.gov.uk.

OVERVIEW

- House prices:** Average house prices continue to increase, although the rate seems to be easing, particularly in the London market.
- Transactions:** Numbers of housing transactions have increased, but remain below their 2007 peak. Numbers of mortgage advances continue to grow.
- House building:** Average British residential land values continue to increase. Total output of the construction industry is still growing, but at a reduced rate.
- The economy:** The economy continues to grow, with GDP increasing by 0.9% in Q2 2014 (3.2% y/y). The unemployment rate is decreasing, currently at 6.3%. CPI inflation is at 1.5%.

HOUSING MARKET

House prices data source	Date	% increase over previous:		
		one month	three months	one year
ONS	Jul 14	2.5%	4.4%	11.7%
ONS (UK, excl London)	Jul 14	-	-	9.1%
Land Registry	Aug 14	1.0%	3.4%	8.4%
Nationwide	Sep 14	-0.2%	1.5%	9.4%
Halifax	Aug 14	0.1%	3.0%	9.7%
Hometrack	Sep 14	0.0%	-	-
Rightmove	Sep 14	0.9%	-2.7%	7.9%



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 5.01 in August 2014, based on a standardised average property price of £186,270.
- 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/>

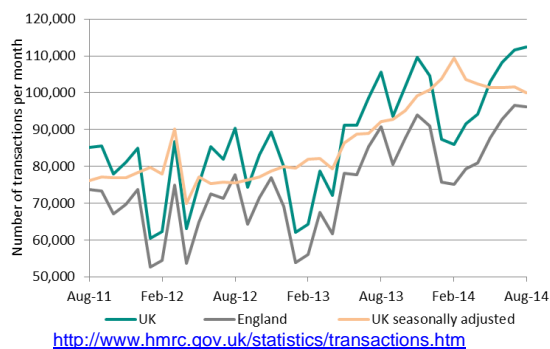
House price indicators vary depending on their individual methodology and sampling process:

- 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

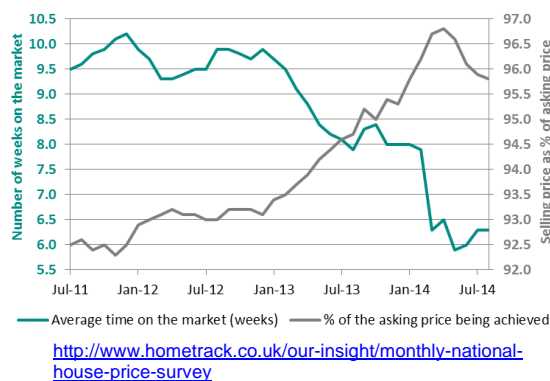
Transactions

- There were 96,260 residential property transactions in England in August 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 1,037,770 transactions over the 12 month period to the end of August 2014, which is 21.7% higher than in the previous 12 months. (HMRC)



Supply and demand

- In September 2014 the average time taken to sell a home was 6.3 weeks. The average sale price was 95.8% of the asking price. (Hometrack)



Mortgages

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

Category of buyer	Measure (loans)	July 2014	Change from July 2013
First time buyers	Number	30,200	25.3%
	Value £m	4,600	39.4%
Home movers	Number	37,500	18.7%
	Value £m	7,200	30.9%
Buy to Let investors	Number	17,500	18.2%
	Value £m	2,400	26.3%

- Estimated gross mortgage lending in August 2014 was £18.6bn, a 13% increase on August last year.
<http://www.cml.org.uk/cml/media/press>

HOUSE BUILDING

House building

- In July 2014, output in the construction industry showed continued year-on-year growth for the 14th consecutive month, increasing by 2.6%. However, this growth was the weakest since November 2013 (1.5%).
<http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/july-2014/index.html>

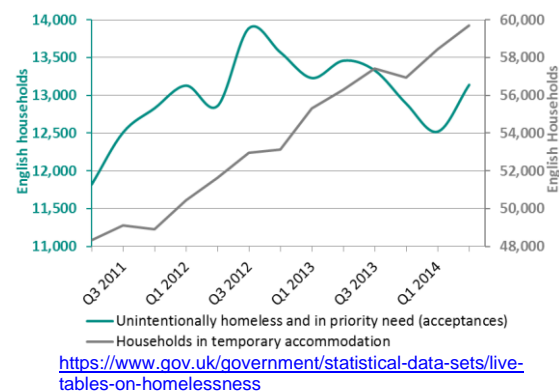
House builders

- 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>

HOMELESSNESS

Homelessness

- In April to June 2014 a total of 13,140 households were accepted by English local authorities as unintentionally homeless and in priority need. This is 2.4% lower than during the same quarter of 2013.
- 59,710 households were in temporary accommodation on 30 June 2014, a 6% increase on one year before and a five year high.



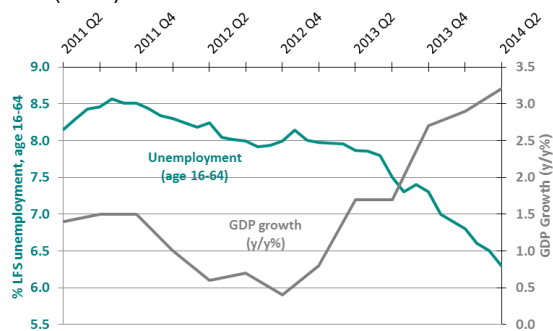
THE ECONOMY

Growth

- GDP accounting has been revised to meet international standards, which has led to an increase in historic figures.
- The second quarter estimate of UK gross domestic product has been revised upwards from a 0.8% increase to 0.9% (GDP, third estimate).
- GDP was 3.2% higher in Q2 2014, compared with the same quarter a year ago.
<http://www.ons.gov.uk/ons/taxonomy>

Employment and unemployment

- In May to July 2014, there were 30.61m people in work, which is 774,000 more than a year earlier.
- The unemployment rate for people aged 16-64 in May to July 2014 was 6.3%, down 1.6 percentage points from the same month one year before. 2.02m people aged 16+ were unemployed, down 468,000 from one year earlier.
- The number of people claiming Jobseeker's Allowance (the Claimant Count) was 966,500 in August, down 423,600 from one year before. This is the first time since September 2008 that the Claimant Count has been below 1,000,000. (ONS)



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

Inflation

- CPI annual inflation grew by 1.5% in the year to August 2014, down from 1.6% in July.
- Falls in the prices of motor fuels and food & non-alcoholic drinks provided the largest downward contributions to the change in the rate.
- The largest, partially offsetting, upward effects came from clothing, transport services and alcohol.
- CPIH, the measure of consumer price inflation which includes owner occupiers' housing costs, grew by 1.5% in the year to August, unchanged from July (ONS).
<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

Interest rates

- UK gilt yields at 25 September 2014, were as follows:

Maturity	Yield	
	Current	One month ago
10 year	2.43%	2.45%
20 year	2.92%	2.93%
30 year	3.07%	3.05%

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

Forecasts

- Data from HM Treasury's September 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	1.7	2.0
RPI inflation, Q4	2.5	3.2
Average earnings	1.3	2.5
Official Bank Rate	0.5	1.3
House price inflation, Q4	9.0	5.6
Real household disposable income	1.6	2.5
LFS unemployment, Q4	6.1	5.7

<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

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.