



Homes & Communities Agency

HCA Monthly Housing Market Bulletin - April 2014

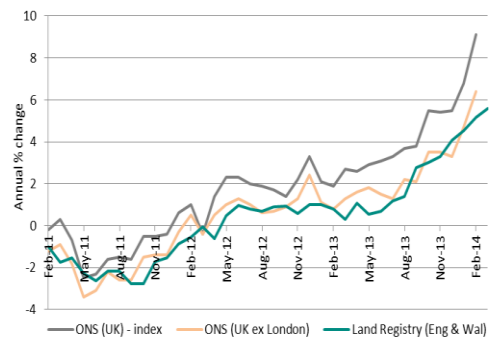
This HCA bulletin provides the latest information on trends in the housing market and the economy. For more information please click on the links provided, or contact the HCA's Strategic and Market Intelligence team Market.Intelligence@hca.gsi.gov.uk.

OVERVIEW

- House Prices:** Average house price inflation continues to increase, led by London and the South East.
- Transactions:** Housing transactions continue to increase, having done so through most of 2013. Numbers of mortgage advances continue to grow rapidly.
- House Building:** New construction orders continue to increase.
- The Economy:** The economy continues to grow, with GDP increasing by 0.8% q/q (3.1% y/y) in Q1 2014. Inflation fell again, with CPI down to 1.6%, and the unemployment rate fell to 6.9%.

HOUSING MARKET

Data source for House Prices	Date	% increase over previous:		
		one month	three months	one year
ONS	Feb 14	0.5%	2.0%	8.5%
ONS (UK, excl London)	Feb 14	0.1%	1.1%	5.8%
Land Registry	Mar 14	-0.4%	1.5%	5.6%
Nationwide	Mar 14	0.4%	2.6%	9.5%
Halifax	Mar 14	-1.1%	2.3%	8.7%
Hometrack	Mar 14	0.6%	1.6%	5.7%
Rightmove	Mar 14	2.6%	7.7%	6.8%



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) (covering 9th March - 5th April) www.rightmove.co.uk/news/house-price-index

Housing affordability

- The UK median ratio of new borrowers' mortgages to earnings in February 2014 was 3.40, up from 3.21 in the same month one year before.
- Median new borrowers' mortgage repayments were 18.5% of net income in January 2014, down from 18.7% one year before. (CML) <http://www.cml.org.uk/cml/media/press/3874>
- The ratio of lower quartile house prices to lower quartile earnings decreased in 2013 to 6.45, down from 6.58 in 2012.
- The ratio of median house prices to median earnings decreased in 2013 to 6.16, down from 6.23 in 2012. (ONS) <https://www.gov.uk/government/statistical-data-sets/live-tables-on-housing-market-and-house-prices>

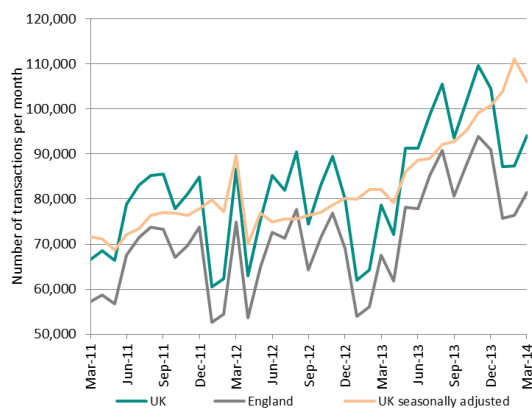
House price indicators vary depending on their individual methodology and sampling process:

- 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 81,420 residential property transactions in England in March 2014. Transactions totalled 980,290 over the 12 month period to March 2014. This is 22.6% more than the previous 12 month period. (HMRC)
<http://www.hmrc.gov.uk/statistics/transactions.htm>



Supply and demand

- The volume of new buyers registering with agents in March increased by 6.6% from the previous month, the volume of properties listed was up 1.9%, and sales agreed rose by 14% (Hometrack).
<http://www.hometrack.co.uk/our-insight/monthly-national-house-price-survey>
- Sales per surveyor are at the highest level since February 2008. New instructions have declined for a third month in a row. RICS believe this may be underpinning the upward trend in prices. Perceived LTV ratios for first time buyers continue to increase. (RICS)
<http://www.rics.org/uk/knowledge/market-analysis/uk-residential-market-survey>

Mortgage Lending

- Loans advanced for home owner house purchases totalled £14.8bn in February 2014, a 40% increase compared to February 2013.
- There were 48,400 loans advanced for home owner house purchases in February 2014, a 32.6% increase when compared to February 2013.
- Loans advanced for first-time buyers totalled £3.1bn in February 2014, a 55% increase compared to February 2013.
- There were 22,200 loans advanced for first-time buyers in February 2014, a 41% increase when compared to February 2013.
<http://www.cml.org.uk/cml/media/press>

HOUSE BUILDING

House builders

- New orders for construction in Q4 2013 are estimated to be 1.5% higher than Q3. This is largely due to a 5.2% increase in orders for new housing.
<http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/january-2014/index.html>
- 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 first quarter of 2014 UK gross domestic product (GDP) increased by 0.8% compared with the previous quarter (3.1% y/y).
<http://www.ons.gov.uk/ons/taxonomy>

Interest rates

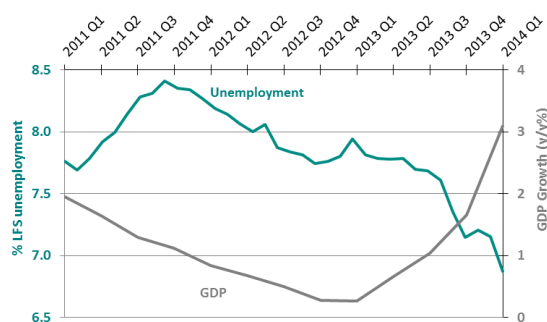
- UK gilt yields at 25th April 2014, are shown below.

Maturity	Yield	
	Current	One month ago
10 year	2.64%	2.71%
20 year	3.30%	3.36%
30 year	3.44%	3.50%

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

Employment and Unemployment

- The employment rate for people aged 16-64 in December 2013 to February 2014 was 72.6%, up 0.5 percentage points from September to November 2013. 30.89 million people aged 16+ were in employment, up 239,143 from September to November.
- The unemployment rate for people aged 16 to 64 in December 2013 to February 2014 was 6.9%, down 0.3 percentage points from September to November 2013. 2.24 million people aged 16+ were unemployed, down 63,000 from September to November.
- The number of people claiming Jobseeker's Allowance (the Claimant Count) was 1.2 million in February, down 388,200 from one year before.
- The total pay for employees from December to February 2014 rose by 1.7% and regular pay rose by 1.4% (ONS).
<http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/index.html>



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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Inflation

- CPI annual inflation was 1.6% in March 2014, down from 1.7% in February 2014.
- The largest contribution to the fall in the rate came from transport (principally motor fuels) with other smaller effects from the clothing, furniture, and household goods sectors. These were partially offset by upward contributions from restaurants, hotels, alcohol and tobacco.
- CPIH, the new measure of consumer price inflation which includes owner occupiers' housing costs, grew by 1.5% in the year to March 2014, down from 1.6% in February (ONS).
<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

Forecasts

- Data from HM Treasury's April 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	2.8	2.4
CPI inflation, Q4	2.0	2.0
RPI inflation, Q4	2.9	3.2
Average earnings	2.2	2.9
Official Bank Rate	0.5	1.0
House price inflation, Q4	7.5	5.9
Real household disposable income	2.0	2.1
LFS unemployment, Q4	6.6	6.3

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