



# Homes & Communities Agency

## HCA Monthly Housing Market Bulletin - May 2014

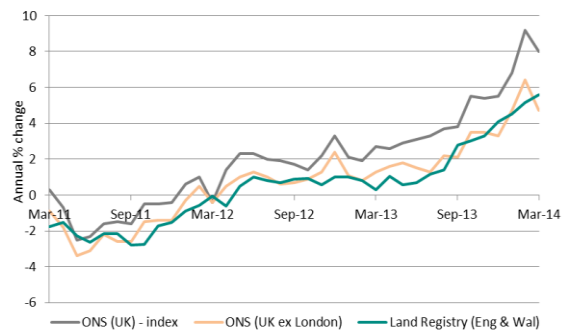
This HCA bulletin provides the latest information on trends in the housing market and the economy. For more information please click on the links provided, or contact the HCA's Strategic and Market Intelligence team [Market.Intelligence@hca.gsi.gov.uk](mailto:Market.Intelligence@hca.gsi.gov.uk).

### OVERVIEW

- House Prices:** Average house prices continue to increase, led by London and the South East.
- Transactions:** Housing transactions increased throughout 2012 and 2013, but still remain below their 2007 peak. Numbers of mortgage advances continue to grow rapidly.
- House Building:** The number of residential planning permissions is increasing, and starts on site are at their highest level since 2007.
- The Economy:** The economy continues to grow, with GDP increasing by 0.8% q/q (3.1% y/y) in Q1 2014. Inflation is stable, with CPI at 1.8%, and the unemployment rate remains at 6.9%.

### HOUSING MARKET

Data source for House Prices	Date	% increase over previous:		
		one month	three months	one year
ONS	Mar 14	-0.4%	1.5%	8.0%
ONS (UK, excl London)	Mar 14	-0.4%	1.8%	8.5%
Land Registry	Mar 14	-0.4%	1.5%	5.6%
Nationwide	Apr 14	1.2%	2.5%	10.9%
Halifax	Apr 14	-0.2%	2.3%	8.5%
Hometrack	Apr 14	0.6%	-	6.0%
Rightmove	May 14	3.6%	8.1%	8.9%



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) <http://www.nationwide.co.uk/hpi/>  
 Halifax (UK) [http://www.lloydsbankinggroup.com/media1/economic\\_insight/halifax\\_house\\_price\\_index\\_page.asp](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 6 Apr-10 May 2014) [www.rightmove.co.uk/news/house-price-index](http://www.rightmove.co.uk/news/house-price-index)

### Housing affordability

- The house price to earnings ratio was 4.77 in April 2014, based on a standardised average property price of £177,648. This is a 0.25 increase on April 2013.
- 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/>

### Right to Buy sales

- There were 11,238 local authority Right to Buy social housing sales in England in 2013/14, which is 89.1% higher than in the previous year. <https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales>

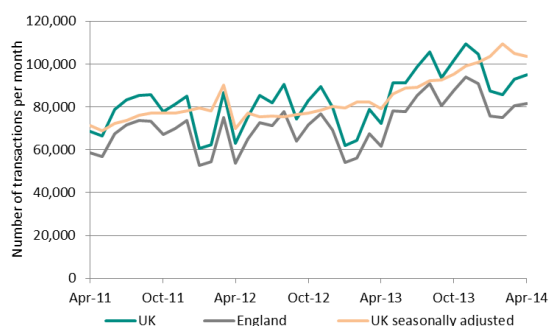
#### House price indicators vary depending on their individual methodology and sampling process:

- 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

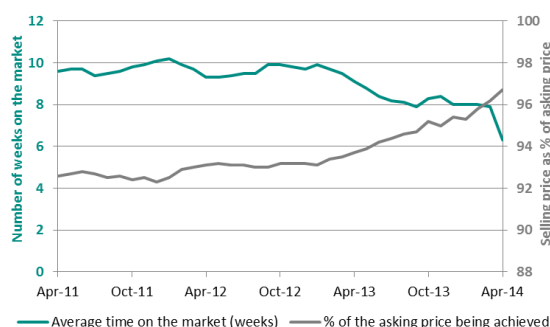
- There were 81,580 residential property transactions in England in April 2014. Transactions totalled 998,080 over the 12 month period to April 2014. This is 23.6% more than in the previous 12 month period. (HMRC)



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

### Supply and demand

- In April 2014 the average time taken to sell a home was 6.3 weeks, which is the lowest since the data series began (Jan 2010). The average sale price as a percentage of asking price was a series high of 96.7%. (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)	March 2014	Change from March 2013
First time buyers	Number	24,400	24.0%
	Value £m	3,400	36.0%
Home movers	Number	26,100	11.1%
	Value £m	4,600	17.9%
Buy to Let investors	Number	8,040	46.4%
	Value £m	960	60.0%

- Both the number and the proportion of mortgage loans in arrears fell during the first quarter of 2014, reaching their lowest level since the second quarter of 2008.
- There were 6,400 repossessions in Q1 2014, which is 20% lower than in the Q1 2013. <http://www.cml.org.uk/cml/media/press>

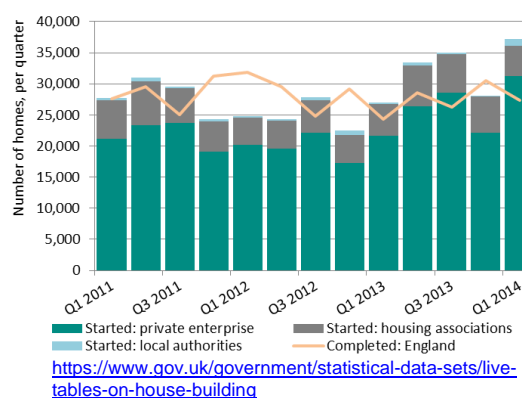
## HOUSE BUILDING

### Planning pipeline

- The number of planning approvals granted for new homes in England in 2013 was 174,471, up 24% on 2012, and 51% on 2011.
- 885 sites were granted approval in Q4, the highest quarterly total since Q1 2008. (Home Builders Federation) <http://www.hbf.co.uk/media-centre/news/view/housing-planning-permissions-up-1/>

### Construction

- There were 133,650 housing starts on site and 112,630 completions (both provisional) in England at Q1 2014, over the previous 12 months.
- Q1 2014 had the highest number of first quarter starts since 2007. The private sector accounted for 84%, whilst local authorities contributed over 1,000 units for the first time in any quarter since 1991. (DCLG)

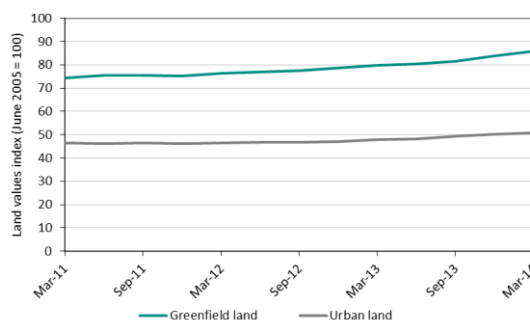


<https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building>

- The seasonally adjusted estimate of construction output in Great Britain increased by 5.4% (£1.5bn) from Q1 2013 to Q1 2014. £1bn was new construction work and £0.5bn was repair & maintenance. (ONS) <http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/index.html>

### 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 approaching two-thirds of their pre-slump maximum. (Savills Research: Development Land Statistical Supplement, March 2014)



## 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

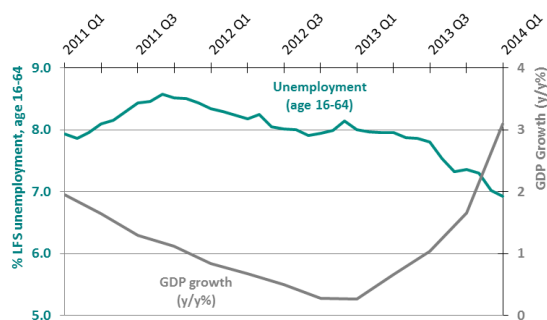
- UK gilt yields at 29th May 2014, are as follows:

Maturity	Yield	
	Current	One month ago
10 year	2.54%	2.69%
20 year	3.23%	3.34%
30 year	3.38%	3.47%

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

### Employment and Unemployment

- The employment rate for people aged 16-64 in January to March 2014 was 72.7%, up 1.3 percentage points from the same months one year before. 30.43m people aged 16+ were in employment, up 722,000 from one year earlier.
- The unemployment rate for people aged 16-64 in January to March 2014 was 6.9%, down 1.1 percentage points from the same months one year before. 2.21m people aged 16+ were unemployed, down 309,000 from one year earlier.
- The number of people claiming Jobseeker's Allowance (the Claimant Count) was 1.12m in April, down 399,600 from one year before.
- Total pay for employees from January to March 2014 rose by 1.7%, and regular pay rose by 1.3% (ONS).



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

### Inflation

- CPI annual inflation was 1.8% in the year to April 2014, up from 1.6% in March.
- Increases in transport costs, notably air fares, sea fares and motor fuels, provided the largest contribution to the rise in the rate. An overall fall in the price of food was the largest offsetting factor.
- CPIH, the new measure of consumer price inflation which includes owner occupiers' housing costs, grew by 1.6% in the same period, up from 1.5% in March (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	2.9	2.5
CPI inflation, Q4	1.8	2.0
RPI inflation, Q4	2.8	3.1
Average earnings	2.2	3.0
Official Bank Rate	0.5	1.0
House price inflation, Q4	8.0	5.5
Real household disposable income	2.0	2.2
LFS unemployment, Q4	6.5	6.2

<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](mailto:Market.Intelligence@hca.gsi.gov.uk)

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