



Homes & Communities Agency

HCA Monthly Housing Market Bulletin - January 2014

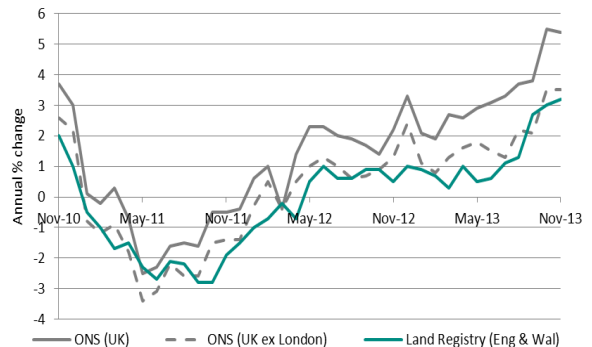
This HCA bulletin provides the latest information on trends in the housing market and the economy. For more information please click on the links provided, or contact the HCA's Strategic and Market Intelligence team Market.Intelligence@hca.gsi.gov.uk.

OVERVIEW

- House Prices:** Average house price inflation continues to increase, led by the London market, although some areas of the country remain subdued.
- Transactions:** Housing transactions continue to increase, having done so consistently since April 2013.
- House Building:** Construction output in the quarter increased, compared to last year (5.1%) and the previous quarter (0.7%).
- Economy:** The economy continued to grow, with GDP increasing by 0.7% q/q (1.9% y/y) in Q3 2013 and the unemployment rate falling to 7.1%. Inflation also continued to fall (to 2.0%, CPI).

HOUSING MARKET

Data source for House Prices	Date	% increase over:		
		one month	three months	one year
ONS	Nov 13	0.5%	0.7%	5.4%
ONS (UK, excluding London)	Nov 13	0.3%	0.5%	3.5%
Land Registry	Nov 13	0.1%	0.5%	3.2%
Nationwide	Dec 13	1.4%	2.7%	8.4%
Halifax	Dec 13	-0.6%	1.9%	7.5%
Hometrack	Dec 13	0.5%	-	-
Rightmove	Jan 13	1.0%	-3.4%	6.3%



ONS mix-adjusted house price indices (UK, & UK excluding London) <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tc%3A77-320867>

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

Rightmove (E&W) www.rightmove.co.uk/news/house-price-index

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

Housing affordability

- The UK house price to earnings ratio was 4.68 in December, up from 4.48 in the previous year. Mortgage payments accounted for 27.2% of income, down from 27.8% in the previous year (Halifax). http://www.lloydsbankinggroup.com/media1/economic_insight/halifax_house_price_index_page.asp

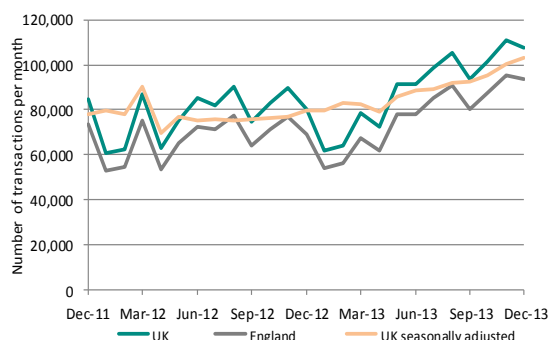
House price indicators vary depending on their individual methodology and sampling process:

- 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.

Transactions

- There were 93,510 residential property transactions in England in December 2013. Over the last 12 months, transactions totalled 927,850, 15% more than the previous 12 month period.

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



Supply and demand

- The volume of new buyers registering with agents fell by 0.3% in December from the previous month, the volume of properties listed fell by -4.9%, and sales agreed decreased by 0.2% (Hometrack).

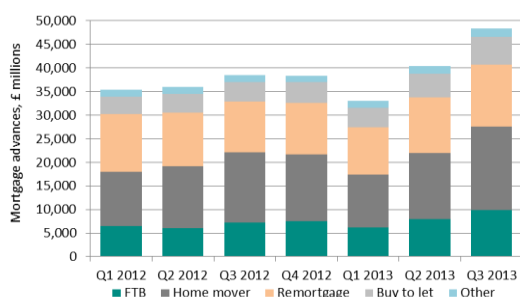
<http://www.hometrack.co.uk/our-insight/monthly-national-house-price-survey>

- Surveyor sentiment in December suggests that new instructions are at a similar level to November. Stronger demand is underpinned by easing credit conditions; sales and price expectations remain firm (RICS, UK Residential Market Survey).

<http://www.rics.org/uk/knowledge/market-analysis/uk-residential-market-survey>

Mortgage Lending

- Loans advanced for house purchases totalled £9.4bn in November (60,000 loans), a 22% increase compared to November 2012 (a 15% increase in the number of loans).
- First-time buyers agreed 27,000 loans in November, an increase of 24% compared to November 2012 (CML).



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

<http://www.fca.org.uk/firms/systems-reporting/mortgage-lending-stats>

Private Rent

Rents increased modestly in the last 12 months across England, with the median rent increasing by 3.2% (VOA).

<http://www.voa.gov.uk/Corporate/statisticalReleases/PrivateRentalMarketStatistics.html>

House building

- Construction output increased by 5.1% in September to November, compared to the same period in the previous year. The components of new work and repair & maintenance, increased by 5.3% and 4.7% respectively (ONS).

<http://www.ons.gov.uk/ons/taxonomy/index.html?nscl=Output+in+the+Construction+Industry>

- 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>

- 44,251 planning permissions were granted in Q3 in England on 826 sites. This is an increase of 31% on Q3 2012, and the highest total number of sites granted planning approval since Q2 2008 (HBF).

<http://www.hbf.co.uk/media-centre/news/view/big-jump-in-housing-planning-permissions/>

THE ECONOMY

Growth

- In the third quarter of 2013 UK gross domestic product (GDP) increased by 0.7% compared with the previous quarter (1.9% y/y).
<http://www.ons.gov.uk/ons/taxonomy>

Interest rates

- The Bank of England held the Bank Rate at 0.5% and maintained the Asset Purchase Programme at £375bn in November.
www.bankofengland.co.uk
- UK gilt yields at 27th January 2014, are shown below.

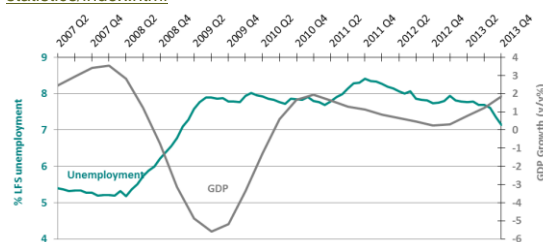
Maturity	Yield	
	Current	One month ago
10 year	2.79%	3.08%
20 year	3.36%	3.57%
30 year	3.56%	3.73%

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

Employment and Unemployment

- The employment rate for September to November 2013 was 72.1% (aged 16 to 64), up 0.5 percentage points from June to August 2013. 30.2 million people are in employment (aged 16+).
- The unemployment rate fell to 7.1% (aged 16+), down 0.5 percentage points from June to August 2013. 2.3 million people are unemployed (aged 16+).
- The number of people claiming Jobseeker's Allowance (the Claimant Count) was 1.27 million in November, down from 299,300 from a year earlier.
- Over the past year total pay and regular pay for employees in Great Britain rose by 0.9% (ONS).

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



Inflation

- CPI annual inflation grew by 2.0% in the year to December 2013, down from 2.1% in November.
- The largest contributions to the fall in the rate came from the food and non-alcoholic beverages, recreational goods and services. These were partially offset by an upward contribution from motor fuels.

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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- CPIH, the new measure of consumer price inflation including owner occupiers' housing costs, grew by 1.9% in the year to December 2013, unchanged from November (ONS).
<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

Forecasts

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

Median forecast (% increase)	Year (annual average, unless stated otherwise)			
	2014	2015	2016	2017
GDP growth	2.6	2.4	2.4	2.2
CPI inflation	2.3	2.2	2.1	2.1
RPI inflation	3.0	3.0	3.2	3.5
LFS unemployment (Q4)	6.9	7.0	6.7	6.4
Average earnings growth	2.2			
Official Bank Rate (Q4)	0.5			
House price inflation (Q4)	7.9			

Note: 2015-2017 forecasts were published in Nov 2013.
<https://www.gov.uk/government/collections/data-forecasts>