



# Homes & Communities Agency

## HCA Monthly Housing Market Bulletin - March 2014

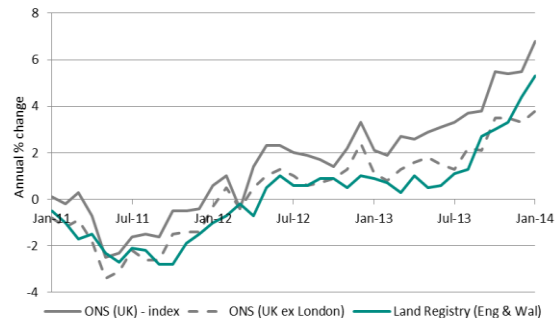
This HCA bulletin provides the latest information on trends in the housing market and the economy. For more information please click on the links provided, or contact the HCA's Strategic and Market Intelligence team [Market.Intelligence@hca.gsi.gov.uk](mailto:Market.Intelligence@hca.gsi.gov.uk).

### OVERVIEW

- House Prices:** Average house price inflation continues to increase, most strongly still in by London and the South East, but with modest increases in all regions.
- Transactions:** Housing transactions continue to increase, having done so through most of 2013. Numbers of mortgage advances continue to grow rapidly.
- House Building:** The number of housing planning permissions in Q4 2013 was the highest since Q1 2008, and the 2013 total was the highest annual total since 2007.
- The Economy:** The economy continues to grow, with GDP increasing by 0.7% q/q (1.8% y/y) in Q3 2013. Inflation fell again, with CPI down to 1.7%, and the unemployment rate was 7.2%.

### HOUSING MARKET

Data source for House Prices	Date	% increase over previous:		
		one month	three months	one year
ONS	Jan 14	0.6%	2.7%	6.8%
ONS (UK, excl London)	Jan 14	-	-	3.8%
Land Registry	Feb 14	0.7%	2.9%	5.3%
Nationwide	Feb 14	0.6%	3.0%	9.4%
Halifax	Feb 14	2.4%	2.1%	7.9%
Hometrack	Feb 14	0.7%	-	-
Rightmove	Feb 14	1.6%	6.0%	6.8%



ONS mix-adjusted house price indices (UK) <http://www.ons.gov.uk/ons/rel/hpi/house-price-index/january-2014/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) [www.rightmove.co.uk/news/house-price-index](http://www.rightmove.co.uk/news/house-price-index)

#### Housing affordability

- The UK median ratio of new borrowers' mortgages to earnings in January 2014 was 3.18, up from 3.03 in the same month one year before.
- Median new borrowers' mortgage repayments were 18.9% of net income in January 2014, down from 19.3% one year before (CML). <http://www.cml.org.uk/cml/media/press/3859>

#### Homelessness

- During the October-December 2013 quarter, 12,890 households in England were 'accepted' by their local authorities as homeless and in 'priority need'. This is 5% lower than in the same period one year before (DCLG). <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

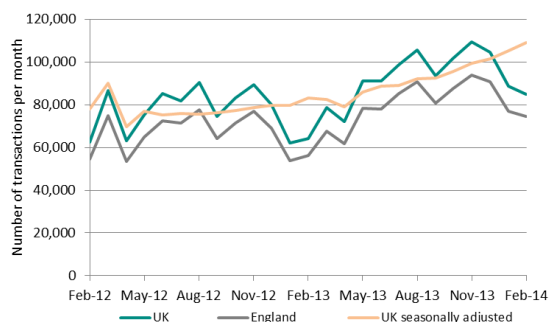
#### House price indicators vary depending on their individual methodology and sampling process:

- 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 74,400 residential property transactions in England in February 2014. Transactions totalled 965,400 over the last 12 months. This is 19.7% more than the previous 12 month period, to February 2013 (HMRC). <http://www.hmrc.gov.uk/statistics/transactions.htm>

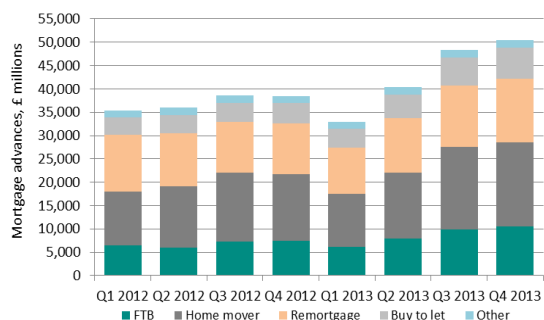


### Supply and demand

- The volume of new buyers registering with agents in February increased by 17.1% from the previous month, the volume of properties listed was up 11.2%, and sales agreed rose by 28.2% (Hometrack). <http://www.hometrack.co.uk/our-insight/monthly-national-house-price-survey>
- Surveyor sentiment in February suggests that price momentum remains strong across all UK regions and expectations for price and sales growth at the 12 month horizon remain optimistic. Sales-to-stock ratios hit a post-crisis high (RICS). <http://www.rics.org/uk/knowledge/market-analysis/uk-residential-market-survey>

### Mortgage Lending

- Loans advanced for home owner house purchases totalled £8.0bn in January (48,600 loans), a 42.9% increase compared to January 2013 (a 30.3% increase in the number of loans).
- 21,800 loans were advanced to first-time buyers in January, an increase of 38.0% compared to January 2013 (CML).



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

## HOUSE BUILDING

### Starts and completions

- Figures in HBF/Glenigan's New Housing Pipeline Q4 2013 report show that planning permission was granted for 52,534 new homes in the quarter, the highest quarterly total since Q1 2008. 174,471 planning permissions were granted in England in 2013, the highest annual figure since 2007. <http://www.hbf.co.uk/media-centre/news/view/housing-planning-permissions-up-1/>

### 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>

## THE ECONOMY

### Growth

- In the third quarter of 2013 UK gross domestic product (GDP, third estimate) increased by 0.7% compared with the previous quarter (1.8% y/y).  
<http://www.ons.gov.uk/ons/taxonomy>

### Interest rates

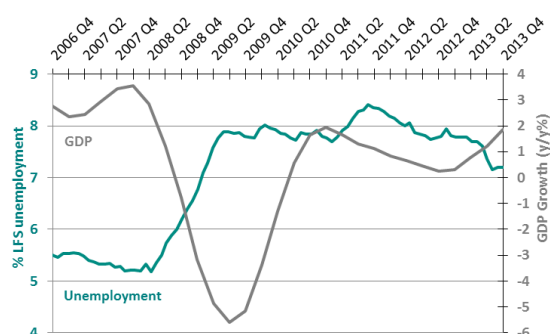
- The Bank of England held the Bank Rate at 0.5% and maintained the Asset Purchase Programme at £375bn in March.  
[www.bankofengland.co.uk](http://www.bankofengland.co.uk)
- UK gilt yields at 28 March 2014, are shown below.

Maturity	Yield	
	Current	One month ago
10 year	2.69%	2.72%
20 year	3.36%	3.29%
30 year	3.50%	3.50%

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

### Employment and Unemployment

- The employment rate for November 2013 to January 2014 was 72.3% (of people aged 16 to 64), up 0.3 percentage points from August to October 2013. 30.19 million people were in employment (aged 16+), up 105,000 from August to October.
- The unemployment rate was 7.2% (aged 16 to 64), down 0.2 percentage points from August to October 2013. 2.33 million people were unemployed (aged 16+), down 63,000 from August to October.
- The number of people claiming Jobseeker's Allowance (the Claimant Count) was 1.17 million in February, down 363,200 from one year before.
- Over the past year total pay for employees in Great Britain rose by 1.4% 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 grew by 1.7% in the year to February 2014, down from 1.9% in January.
- The largest contribution to the fall in the rate came from transport (principally motor fuels) with other smaller effects from the housing & household services and clothing & footwear sectors. These were partially offset by upward contributions from furniture & household goods and recreation & culture.
- CPIH, the new measure of consumer price inflation which includes owner occupiers' housing costs, grew by 1.6% in the year to February 2014, down from 1.8% in January (ONS).  
<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

### Forecasts

- Data from HM Treasury's March 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	2.7	2.4
CPI inflation	2.0	2.0
RPI inflation	3.0	3.2
Average earnings	2.6	3.4
Official Bank Rate	0.5	1.2
House price inflation, Q4	6.2	5.9
Real household disposable income	1.1	2.1
LFS unemployment, Q4	7.1	7.0

<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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