



Homes & Communities Agency

HCA Monthly Housing Market Bulletin – October 2014

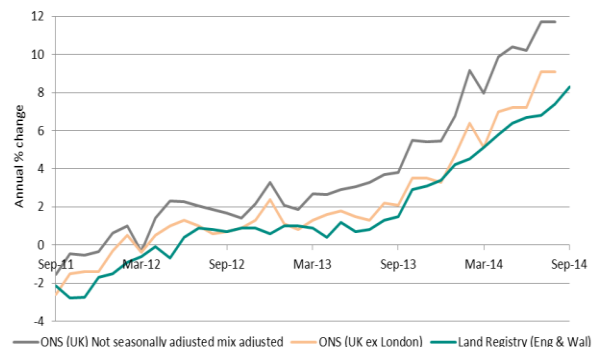
This HCA bulletin provides the latest information on trends in the housing market and the economy. For more information please click on the links provided, or contact the HCA's Strategic and Market Intelligence team Market.Intelligence@hca.gsi.gov.uk.

OVERVIEW

- House prices:** Average house prices continue to increase, although the rate seems to be easing.
- Transactions:** Housing transactions have started to decrease in the last few months.
- House building:** Total output of the construction industry decreased by 0.3%, the first time in over a year that the output has decreased.
- The economy:** The economy continues to grow, with GDP increasing by 0.7% in Q3 2014 (3.0% y/y). The unemployment rate continues to decrease, currently at 6.0%. Alongside CPI inflation, currently at 1.2%.

HOUSING MARKET

House prices data source	Date	% increase over previous:		
		one month	three months	one year
ONS	Aug 14	0.5%	4.4%	11.7%
ONS (UK, excl London)	Aug 14	0.8%	4.4%	9.1%
Land Registry	Sep 14	-0.2%	2.8%	7.2%
Nationwide	Oct 14	0.5%	1.4%	9.0%
Halifax	Sep 14	0.6%	2.7%	9.6%
Hometrack	Oct 14	-	-	10%
Rightmove	Sep 14	2.6%	0.6%	7.6%



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 5.04 in September 2014.
- 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/>

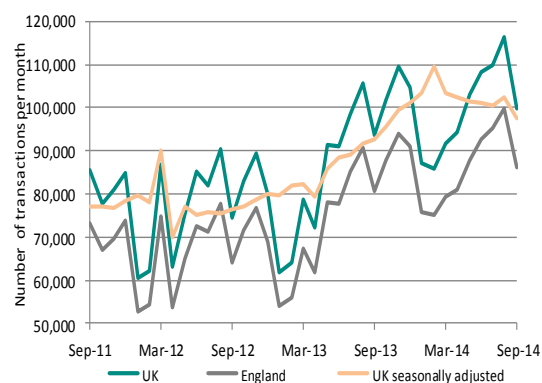
House price indicators vary depending on their individual methodology and sampling process:

- 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 86,210 residential property transactions in England in September 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 1,045,590 transactions over the 12 month period to the end of September 2014, which is 19.3% higher than in the previous 12 months. (HMRC)



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

Mortgages

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

Category of buyer	Measure (loans)	August 2014	Change from August 2013
First time buyers	Number	28,900	9.5%
	Value £m	4,400	22.2%
Home movers	Number	36,500	6.7%
	Value £m	7,000	16.7%
Buy to Let investors	Number	15,300	5.5%
	Value £m	2,100	10.5%

- Total gross mortgage lending in August 2014 was £18.1bn, a 10% increase on August last year.
<http://www.cml.org.uk/cml/media/press>

SOCIAL HOUSING

Social Housing

- In 2013-2014 there were 26,376 sales of social housing dwellings, an increase of 60% compared to 2012-2013.
- Of these sales, 11,740 were by local authorities, which was an increase of 70%. 14,636 were by private registered providers, which was an increase of 50%.
- 59% of social housing sales in 2013-2014 were through Right to Buy. This is an increase of 8% over 2012-2013.
- The average discount, as a percentage of market value, of Right to Buy local authority dwellings in 2013-2014 was 47%, two years ago this figure was 27%.

- The average discount, as a percentage of market value, of Right to Buy registered provider dwellings in 2013-2014 was 52%, two years ago this figure was 31%.
<https://www.gov.uk/government/statistics/social-housing-sales-in-england-2013-to-2014>

HOUSE BUILDING

House building

- In August 2014, output in the construction industry decreased 0.3% year on year. This is the first time since May 2013 that a year on year fall has been recorded.
<http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/august-2014/index.html>

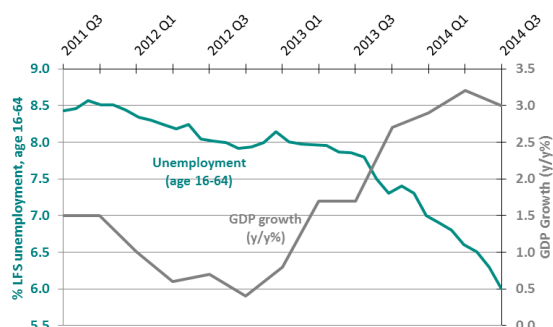
House builders

- 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>

THE ECONOMY

Employment and unemployment

- In June to August 2014, there were 30.76m people in work, which is 736,000 more than a year earlier.
- The unemployment rate for people aged 16-64 in June to August 2014 was 6.0%. 1.97m people aged 16+ were unemployed, down 538,000 from one year earlier. (ONS)



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

GDP

- GDP increased by 0.7% in Q3 2014, compared to Q2 2013.
- This equates to 3.0% per annum.
- Output increased by 0.7% in services, 0.5% in production, 0.8% in construction and 0.3% in agriculture.

Inflation

- CPI annual inflation grew by 1.2% in the year to September 2014, down from 1.5% in August.
- Falls in transport costs and prices for a range of recreational goods provided the largest contributions to the slowdown in the rate of inflation between August and September.
- Housing and household services accounted for a third of the rate of inflation in the year to September. If falling food and motor fuel prices were excluded, the rate of inflation would be a third higher.
- CPIH, the measure of consumer price inflation which includes owner occupiers' housing costs, grew by 1.2% in the year to September, down from 1.5% in August (ONS).

<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/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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Interest rates

- UK gilt yields at 30 October 2014, were as follows:

Maturity	Yield	
	Current	One month ago
10 year	2.23%	2.43%
20 year	2.80%	2.92%
30 year	2.97%	3.07%

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

Forecasts

- Data from HM Treasury's October 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	3.1	2.7
CPI inflation, Q4	1.6	2.0
RPI inflation, Q4	2.4	3.3
Average earnings	1.3	2.5
Official Bank Rate	0.5	1.3
House price inflation, Q4	9.2	5.2
Real household disposable income	1.6	2.3
LFS unemployment, Q4	5.9	5.6

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