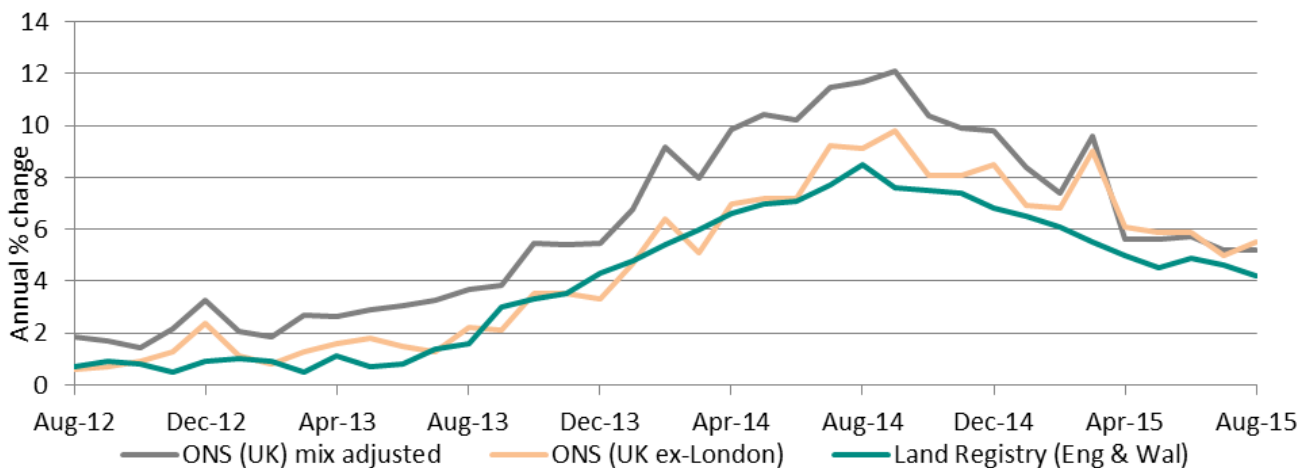




SUMMARY

- House prices:** National average house price increases have slowed but still remain higher than both retail price inflation and average wage inflation.
- Housing market:** The seasonally adjusted trend in the number of home sales has generally been upwards in 2015, and total mortgage lending continues to increase.
- Construction:** Commercial and infrastructure output have increased in 2015. Housing had been having a good year but output paused in August.
- Economy:** Several key economic metrics (the unemployment rate, consumer price inflation and year-on-year GDP growth) have been stable through 2015.

HOUSE PRICES



House prices data source	Date	% change over previous:		
		1 month	3 months	1 year
ONS	Aug 15	0.7%	4.0%	5.2%
ONS (UK, excl London)	Aug 15	1.2%	4.1%	5.5%
Land Registry	Aug 15	0.5%	3.0%	4.2%
Nationwide	Sep 15	0.5%	0.8%	3.8%
Halifax	Sep 15	-0.9%	2.0%	8.6%
Hometrack	Sep 15	0.6%	2.7%	6.6%
Rightmove	Oct 15	0.6%	0.7%	5.6%

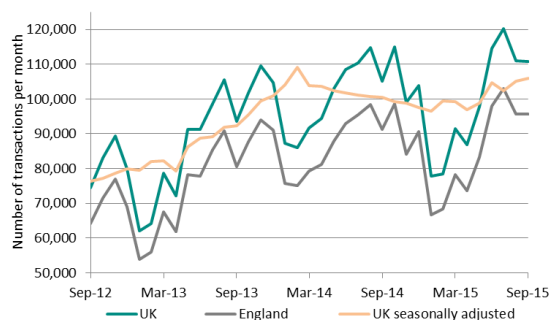
ONS mix-adjusted house price indices (UK) <http://www.ons.gov.uk/ons/rel/hpi/house-price-index/index.html>
 Land Registry (England & Wales) <http://www.landregistry.gov.uk/public/house-prices-and-sales>
 Nationwide (UK) www.nationwide.co.uk/hpi/
 Halifax (UK) http://www.lloydsbankinggroup.com/media1/economic_insight/halifax_house_price_index_page.asp
 Hometrack (UK) <http://www.hometrack.com/uk/insight/uk-cities-house-price-index/>
 Rightmove (E&W) www.rightmove.co.uk/news/house-price-index

- House price indicators vary depending on their methodology and sampling:**
- ONS and the Land Registry are based on completions data.
 - The Land Registry data is the most comprehensive, as it includes all property sales, including cash buyers.
 - Nationwide and Halifax are based on their own mortgage offers.
 - Rightmove is from asking prices.
 - Hometrack is based on a survey of estate agents which includes the agents' opinion of achievable selling prices.
 - Halifax, Nationwide and Land Registry data are seasonally adjusted.

HOUSING MARKET

Housing transactions

- There were 95,670 residential property transactions in England in September 2015, which is 4.9% higher than one year earlier. The series high was 136,790 in August 2007, and the low point was 34,750 in January 2009.



- There were a total of 1,035,870 transactions in the 12 months to the end of September 2015. This is 1.3% lower than in the previous 12 months.
- The seasonally adjusted trend has generally been for increasing monthly sales numbers through 2015 (HMRC) <http://www.hmrc.gov.uk/statistics/transactions.htm>

Mortgages

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

Type of buyer	Measure (loans)	Aug 2015	Change from Aug 14
First time buyers	Number	27,500	1.9%
	£m	4,200	5.0%
Home movers	Number	34,800	1.2%
	£m	7,100	7.6%
Buy to Let	Number	10,500	26.5%
	£m	1,400	40.0%

- Total gross mortgage lending in September 2015 was an estimated £20bn, a 12% year on year increase. (CML) <http://www.cml.org.uk/cml/media/press>

REGIONS

Regional housing markets

- House price increases are being pushed by a combination of strong demand and low supply, particularly in southern markets.
- Supply of UK property for sale fell to a new record low for September, down 65% vs. Sept 2007. (Home.co.uk)

	Average time on market (days) ¹	Annual % supply change ¹	Annual price change Aug 15 ²
S. East	108	-9%	7.4%
London	110	-19%	4.2%
East	123	-16%	8.8%
S. West	155	-14%	6.1%
E. Mids	163	-9%	3.1%
W. Mids	173	-8%	3.6%
Eng & W	176	-9%	5.5%
Yorks	211	-5%	4.8%
N. West	214	-3%	4.7%
N. East	265	0%	2.9%

¹ Supply data from: http://www.home.co.uk/asking_price_index/

² Price change data from: <http://www.ons.gov.uk/ons/rel/hpi/house-price-index/index.html>

Regional economic growth

- London recorded the highest year-on-year economic growth rates in Q2 2015, showing 3.3% growth. The North West came second at 2.6%, whilst Yorkshire and the Humber recorded the lowest annual rate at 1.8%.
- Quarterly growth from Q1 to Q2 was also highest in London at 0.7%, followed by the North West, South West and South East in joint second place with 0.6% growth.
- London's strength in Q2 originated in the ICT and professional, scientific and technical services sectors which London is more reliant on than most. Regions with a higher reliance on manufacturing struggled in Q2. (RBS) <http://www.rbs.com/news/2015/october/regional-growth-figures-released-for-q2-2015.html>

HOUSE BUILDING

House building

- UK house building in 2015 is forecast to top 2014 output.
- In Jun-Aug 2015, there were 40,101 NHBC new home registrations, an 11% increase on last year (36,149). Regional totals are shown in the table below.
- Private sector registrations increased by 12% to 30,210 (compared with 27,072 in 2014).
- Public sector registrations increased by 9% to 9,891 (from 9,077).
- Registrations for August, however, were down by 6% to 10,362 (compared to 11,037 last year).
- In the month, the private sector was down 1% on August 2014, but the public sector fell 23%. This decrease follows six consecutive months of public sector housing growth when compared to last year. (NHBC)
<http://www.nhbc.co.uk/NewsandComment/>

	Jun-Aug 15	Jun-Aug 14	% change
London	8,310	5,006	66.0%
NE	1,444	1,241	16.4%
NW	3,451	3,040	13.5%
England	34,622	31,477	10.0%
E Mids	3,385	3,156	7.3%
SW	3,641	3,545	2.7%
Eastern	3,642	3,838	-5.1%
W Mids	3,569	3,775	-5.5%
SE	4,505	5,454	-17.4%
Yorks	1,855	2,422	-23.4%

House builders

- For financial information on house builders that are listed on the London Stock Exchange please try this link:
<http://www.londonstockexchange.com/prices-and-markets/stocks/stocks-and-prices.htm>

CONSTRUCTION

Construction industry output

- In August 2015, output in the construction industry was estimated to have decreased by 1.3% compared with August 2014. This was the first year-on-year fall since May 2013.
- The largest decrease was in public new housing, which decreased by 28.9% by volume from August 2014 to August 2015. There was also a decrease in the level of repairs and maintenance work.
- The biggest increase was in the infrastructure sector, 31.6% by volume. There were also modest gains in private sector industrial and commercial work. (ONS)
<http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/index.html>

Construction industry survey

- The Markit/CIPS UK Construction Purchasing Managers' Survey reported that construction output growth had accelerated to a seven-month high in September 2015.
- House building remained the best performing category of construction activity, which was in part attributed to the launch of development projects that had been delayed earlier in 2015.
- Commercial construction and civil engineering activity increased.
- Greater workloads and positive sentiment contributed to an increase in staffing levels, so skill shortages remain a dominant concern.
- Supplier performance was reported as improving as supply chain pressures continued to subside and cost pressures softened.
- However, new business growth has eased, with the latest upturn in new work the weakest for five months.
- But construction companies remain upbeat about prospects for output growth. More than half of the survey panel (52%) forecast an upturn in business activity, while only 6% anticipate a reduction.
<http://www.markiteconomics.com/Survey/PressRelease.mvc/d7221fcd0bae4cb7aaa9cf60248f6f81>

THE ECONOMY

Inflation

- The Consumer Prices Index (CPI) fell by 0.1% in the year to September 2015, compared to no change (0.0%) in the year to August 2015.
- A smaller than usual rise in clothing prices and falling motor fuel prices were the main contributors to the fall in the rate.
- The rate of inflation has been at or around 0.0% for most of 2015.
- CPIH, the measure of UK consumer price inflation that also includes owner occupiers' housing costs, grew by 0.2% in the year to September 2015, down from 0.3% in August.
<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

Forecasts

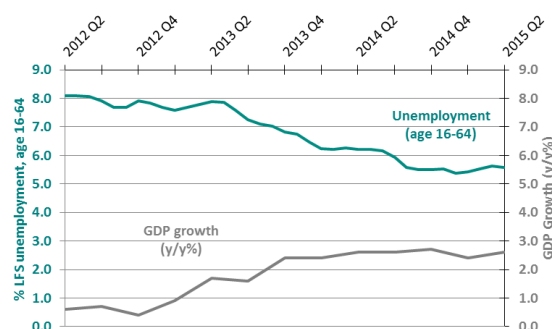
- Data from HM Treasury's October 2015 compilation of independent forecasts for the UK economy is presented below.

Median forecast (annual, unless stated otherwise)	% change in year	
	2015	2016
GDP growth	2.5%	2.4%
CPI inflation, Q4	0.2%	1.6%
RPI inflation, Q4	1.2%	2.7%
Average earnings	2.8%	3.3%
Official Bank Rate	0.5%	1.0%
House price inflation, Q4	5.9%	4.8%
Real household disposable income	3.4%	2.3%
LFS unemployment, Q4	5.4%	5.1%

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

Employment and unemployment

- For June to August 2015, 73.6% of people aged from 16 to 64 were in work, up from 73.2% for a year earlier.
- The unemployment rate for June to August 2015 was 5.4%, down from 6.0% for a year earlier. The rate has been fairly stable throughout 2015.
(ONS)
<http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/index.html>



Interest rates

- UK gilt yields at 26 October 2015, were as follows:

Maturity	Yield	
	Current	1 month ago
10 year	1.82%	1.84%
20 year	2.40%	2.37%
30 year	2.58%	2.54%

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

Homes and Communities Agency, Spatial 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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