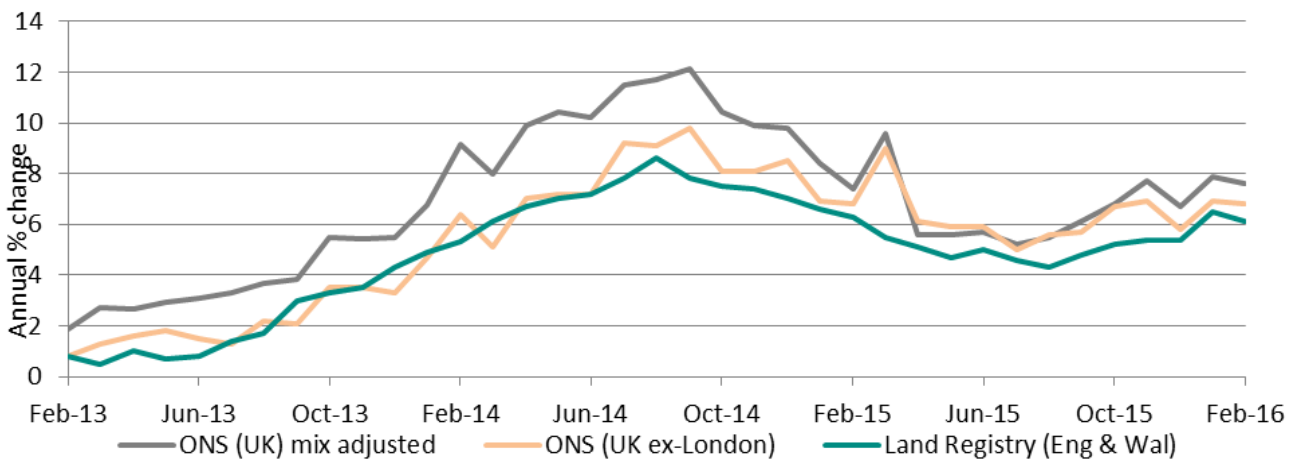




SUMMARY

- House prices:** Average house prices are continuing to grow, and at an accelerating rate. All English regions are now seeing growth: strongly in the South East, the East and in London, and slowly in the North.
- Housing market:** The number of residential sales surged forward strongly in March. Gross mortgage lending continues to see robust growth; levels are over one third higher than a year ago.
- Construction:** Private sector housebuilding investment continues to increase, but public sector investment has stalled. The value of greenfield residential development land is slipping, but urban land is increasing.
- Economy:** At 74.1% the employment rate is the highest since records began in 1971. Consumer price inflation remains low. GDP increased by 0.4% in Q1 and 2.1% year on year.

HOUSE PRICES



House prices data source	Date	% change over previous:		
		1 month	3 months	1 year
ONS	Feb 16	0.4%	-1.7%	7.6%
ONS (UK, excl London)	Feb 16	-0.1%	-0.6%	6.8%
Land Registry	Feb 16	-0.2%	2.2%	6.1%
Nationwide	Mar 16	0.8%	1.5%	5.7%
Halifax	Mar 16	2.6%	2.9%	10.1%
Hometrack	Mar 16	0.9%	3.2%	8.6%

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/>

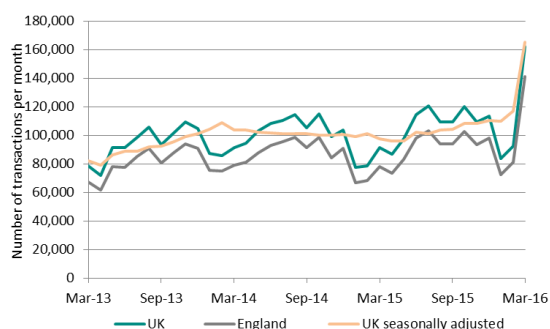
House price indicators vary depending on their methodology and sampling:

- 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.
- 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 141,310 residential property transactions in England in March 2016, which is 80.6% higher than one year earlier.
- This sharp uptick could have been the result of by Buy-to-Let buyers having brought forward purchases in order to avoid increased Stamp Duty tax liabilities from April.



- There were a total of 1,135,830 transactions in England in the year to the end of March 2016. This is 9.9% higher than in the previous 12 months.
- Aside from this the spike in the data in March, the seasonally adjusted monthly total has been moving strongly upwards for the past year.

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

Supply of homes for sale

- The total stock of property for sale remains historically low, reports Home.co.uk
- In England and Wales overall, the number of properties entering the market was down 6% in March compared to a year before.
- The supply shortage is most keenly felt in the West Midlands and the South West regions where, respectively, 12% and 11% less stock was registered for sale with estate agents compared to March 2015.
- Greater London was the only English region with increased numbers of homes coming to the market, up 6% on the same month in 2015.

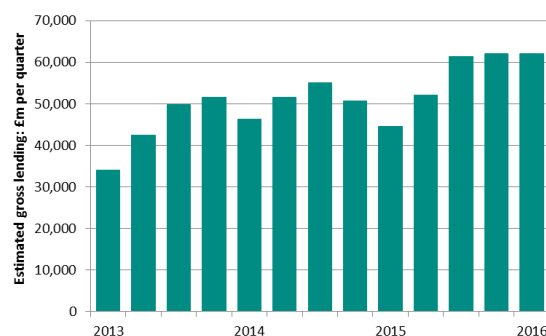
http://www.home.co.uk/asking_price_index/HAPIndex_APR16.pdf

Mortgages

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

Type of buyer		Feb 2016	Change from Feb 15
First time buyers	Number	22,000	11.1%
	£m	3,400	21.4%
Home movers	Number	26,000	13.5%
	£m	5,300	20.5%
Buy to Let	Number	10,300	30.4%
	£m	1,500	66.7%

- Gross mortgage lending reached an estimated £25.7bn in March. This is 59% higher than March 2015.
- Gross mortgage lending for the first quarter of this year was an estimated £62.1bn, which is 39% higher than the first three months of 2015.



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

Housing Stock

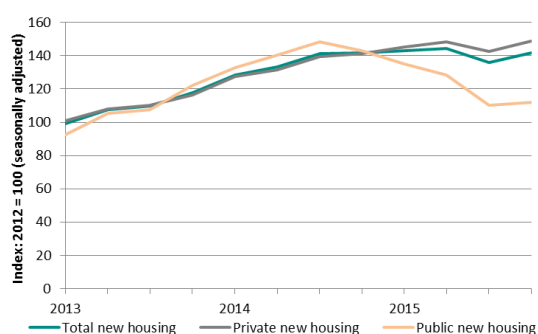
- There were a total of over 23.5 million dwellings in England in 2015, which is 704,000 (3.1%) more than in 2010, according to new DCLG data.
- The number of private sector homes had increased by 649,000 (3.5%), and there were over 209,000 (9.3%) more Private Registered Provider homes.
- Meanwhile, the number of Local Authority owned homes fell by nearly 143,000 (8.0%) over the same period.

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants>

HOUSE BUILDING

Construction industry: housing output

- The Output in the Construction Industry indices show the total value of new housing development in Great Britain is unchanged in the 4th quarter of 2015 compared to Q4 2014.
- The trend in the private sector has been of sustained steady increase over at least three years.
- The public new housing sector enjoyed expansion during 2013 and most of 2014 but then had four quarters of shrinking output from Q4 2014. Q4 2015 saw a slight upturn.



<http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/index.html>

UK Construction PMI

- In the Markit/CIPS UK Construction Purchasing Managers' Index reported that overall output grew in March, but at the lowest rate in ten-months.
- Rises in commercial work and civil engineering activity were offset by another slowdown in residential building. The latest increase in housing activity was only marginal and the weakest recorded since January 2013.
- March data highlighted greater caution among construction companies in staff hiring, with the rate of employment growth at its slowest since June 2013. <https://www.markiteconomics.com/Survey/Page.mvc/PressReleases>

New home registrations

- In Q1 2016, the number of NHBC new home registrations in the UK was 36,566, a 9% decrease on the same period last year.
- 28,398 new homes were registered in the private sector, a 7% decrease on a year ago, with the public and affordable sector down 15% with 8,168 new homes registered.
- For the financial year 2015/16, however, registrations remained in line with the previous year with 152,329 new home registrations marginally ahead of the 152,262 registered in 2014/15.

<http://www.nhbc.co.uk/NewsandComment/>

Development land value

- Knight Frank research has estimated that average greenfield development land prices across England continued to slip back for the fourth consecutive quarter.
- Greenfield development land prices in England slipped by 2.1% in Q4, taking the annual change in prices to -4.9%.
- Urban development land prices, however, rose by 2.5% in the quarter, taking annual growth for urban sites to 11.9%.
- The price growth differential reflects increasing demand in many key cities and commuter towns, particularly in regional hubs. This demand has picked up momentum in the last year, lagging the pick-up in demand seen in the greenfield market two years ago.

<http://content.knightfrank.com/research/161/documents/en/q4-2015-3658.pdf>

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>

ENGLISH REGIONS

House prices

- House price growth has, by most measures, returned to all English regions.
- But the house price divide between the south eastern regions and the rest of the country has widened further since the start of 2016.

Regional annual house price change

	ONS	Nation wide	Home.co.uk
London	9.7%	11.5%	9.8%
East	10.3%	5.8%	11.5%
S East	11.4%	8.3%	10.1%
S West	7.0%	5.8%	5.4%
West Mids	4.1%	4.1%	6.4%
East Mids	6.0%	2.2%	5.4%
N West	2.1%	0.5%	2.8%
Yorks & H	1.5%	1.9%	2.7%
N East	1.4%	-1.1%	1.1%

<http://www.ons.gov.uk/ons/rel/hpi/house-price-index/index.html> - February 2016

<http://www.nationwide.co.uk/about/house-price-index/headlines> - Q1 2016

http://www.home.co.uk/asking_price_index/ - April 2016

House building

- DCLG data for the last 24 months shows a 6% increase in the total number of new homes started in England per year.
- But there are regional differences with some regions having started increasing numbers of homes whilst starts have decreased elsewhere.

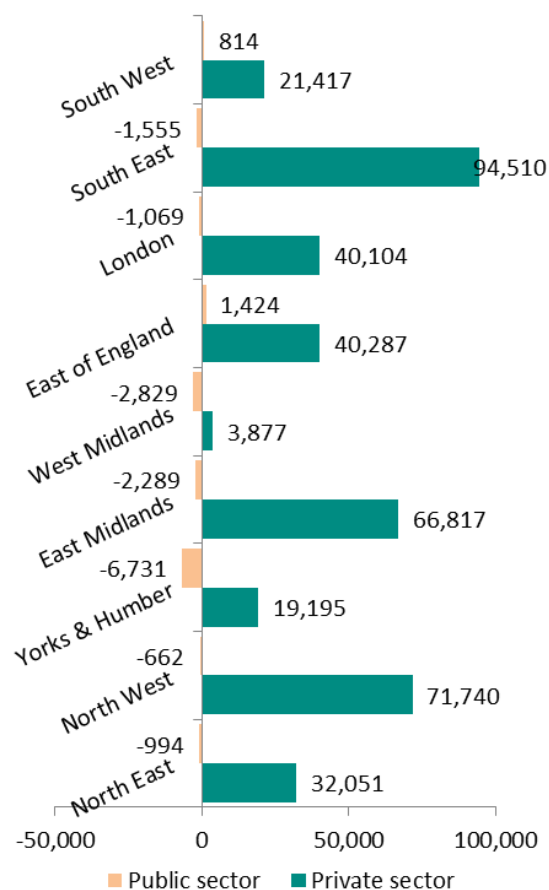
Regional housebuilding starts on site

	Q1 14 – Q4 14	Q1 15 – Q4 15	Difference
London	17,950	24,450	36.2%
East	15,380	17,520	13.9%
S East	22,270	24,880	11.7%
W Mids	12,220	13,510	10.6%
England	135,440	143,560	6.0%
E Mids	13,190	13,830	4.9%
N West	13,490	14,110	4.6%
N East	7,040	6,960	-1.1%
S West	19,710	17,480	-11.3%
Yorks/H	13,220	11,160	-15.6%

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

Employment sectors

- National employment levels are high, and have continued to rise through 2015. Employment growth has not, however, been uniform throughout England.
- The private sector was successful at generating employment in all English regions. There was a net increase of nearly 95,000 jobs in the private sector in the South East in 2015, but fewer than 4,000 in the West Midlands.
- Public sector employment, however, shrank in seven of the nine English regions. The region with the largest contraction in the sector was Yorkshire and The Humber where there were at least 6,770 fewer people working in the public sector by the end of the year.



<http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/regionalpublicandprivateemployment>

THE ECONOMY

GDP

- GDP is estimated to have increased by 0.4% in Q1 2016 compared to 0.6% in Q4 2015, and by 2.1% compared with the same quarter a year ago.
- Quarter-on quarter output in services increased by 0.6%. The three other main industrial groupings within the economy decreased, with production falling by 0.4%, construction output by 0.9% and agriculture by 0.1%.
<http://www.ons.gov.uk/ons/rel/gva/gross-domestic-product-preliminary-estimate/index.html>

Inflation

- The Consumer Prices Index (CPI) rose by 0.5% in the year to March 2016, compared with a 0.3% rise in the year to February.
- Rises in air fares and clothing prices were the main contributors to the increase in the rate between February and March 2016.
- These upward pressures were partially offset by a fall in food prices and a smaller rise in petrol prices than a year ago.
- CPIH, the measure of UK consumer price inflation that also includes owner occupiers' housing costs, grew by 0.7% in the year to March 2016, up from 0.6% in February.
<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

Bonds and rates

- UK gilt yields, 28 April 2016:

Maturity	Yield	
	Current	1 month ago
10 year	1.58%	1.41%
20 year	2.26%	2.16%
30 year	2.39%	2.30%

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

Forecasts

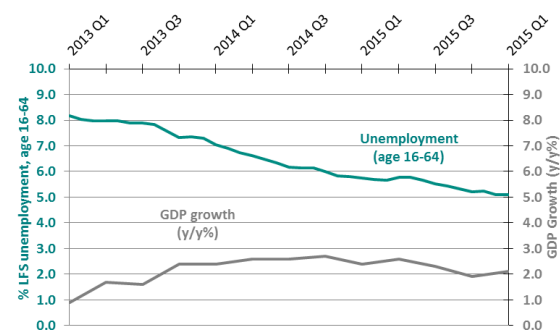
- Data from HM Treasury's April 2016 compilation of independent forecasts for the UK economy:

Median forecast (annual, unless stated otherwise)	% change in year	
	2016	2017
GDP growth	1.9%	2.2%
CPI inflation, Q4	1.2%	1.8%
RPI inflation, Q4	2.0%	3.0%
Average earnings	2.6%	3.2%
Official Bank Rate	0.5%	1.0%
House price inflation, Q4	6.0%	4.8%
Real household disposable income	2.4%	2.0%
LFS unemployment, Q4	4.9%	4.9%

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

Employment and unemployment

- In December 2015 to February 2016, 74.1% of people aged 16 to 64 were in work. This is the joint highest rate since comparable records began in 1971.
- The unemployment rate was 5.1%, down from 5.6% for a year earlier. The rate has generally been falling for four years.



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

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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