



Homes & Communities Agency

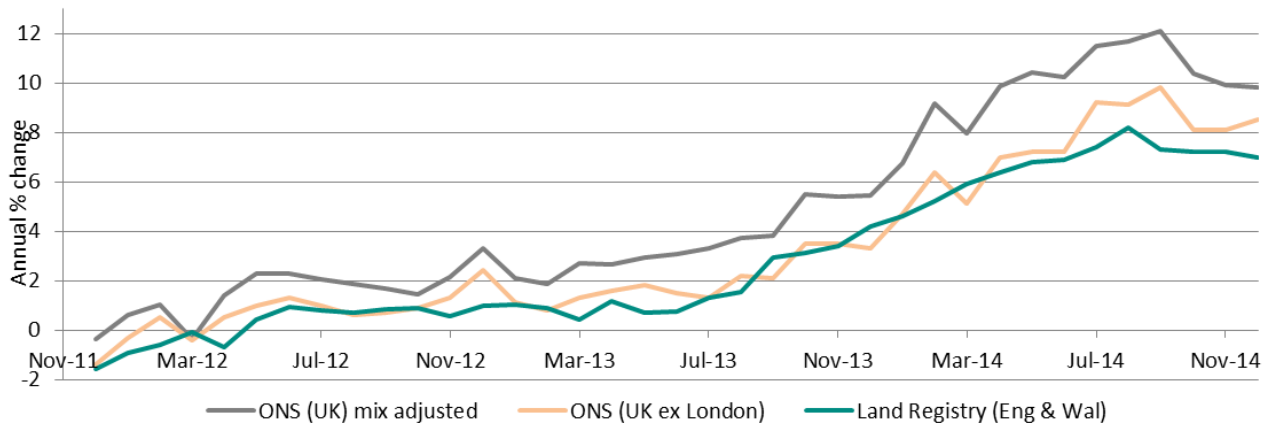
HCA Monthly Housing Market Bulletin, February 2015

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 national average rate of increase is easing it is still high by historical standards. There is a large amount of regional variation.
- Transactions:** Seasonally adjusted numbers of housing transactions have been falling gradually for around one year.
- The economy:** GDP and employment have increased again, whilst unemployment and the CPI continue to fall.

HOUSE PRICES



House prices data source	Date	% increase over previous:		
		1 month	3 months	1 year
ONS	Dec 14	0.6%	-0.2%	9.8%
ONS (UK, excl London)	Dec 14	0.7%	0.2%	8.5%
Land Registry	Dec 14	0.6%	0.3%	7%
Nationwide	Jan 15	0.3%	0.9%	6.8%
Halifax	Jan 15	2.0%	1.9%	8.5%
Hometrack	Jan 15	0.3%	1.1%	7.9%
Rightmove	Feb 15	2.1%	4.4%	6.6%

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.

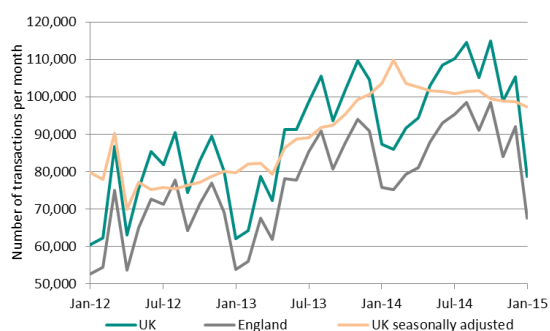
ONS mix-adjusted house price indices (UK) <http://www.ons.gov.uk/ons/rel/hpi/house-price-index/index.html>
 Land Registry (England & Wales) <http://www.landregistry.gov.uk/public/house-prices-and-sales>
 Nationwide (UK) www.nationwide.co.uk/hpi/
 Halifax (UK) http://www.lloydsbankinggroup.com/media1/economic_insight/halifax_house_price_index_page.asp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

HOUSING MARKET

Housing transactions

- There were 67,620 residential property transactions in England in January 2015, which is 10.7% lower than one year before. The series high was 136,790 in August 2007, and the low point was 34,750 in January 2009.
- There were a total of 1,043,370 transactions over the 12 month period to the end of January 2015, which is 10.3% higher than in the previous 12 months. (HMRC)

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



Housing affordability

- The UK house price to earnings ratio was 5.14 in January 2015.
- This compares to the average, in a data series going back to 1983, of 4.12. (Halifax and ASHE)

<http://www.lloydsbankinggroup.com/Media/economic-insight/halifax-house-price-index/>

MARKET RENTAL

- Private rental prices paid by tenants in England rose by 1.8% in the 12 months to December 2014.
- Rental prices increased in all the English regions, with the highest price increases in London (2.4%), followed by the South East (2.1%). (ONS)

<http://www.ons.gov.uk/ons/rel/hpi/index-of-private-housing-rental-prices/index.html>

MORTGAGES

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

Type of buyer	Measure (loans)	Dec 2014	Change from Dec 13
First time buyers	Number	26,100	-2.6%
	£m	3,800	0.0%
Home movers	Number	29,700	-7.2%
	£m	5,500	-1.8%
Buy to Let	Number	17,300	18.5%
	£m	2,500	31.6%

- Total gross mortgage lending in January 2015 was £14.3bn, an 11% decrease on January last year.
- In Q4 2014, 1.05% of mortgages (116,800 mortgages) had arrears of 2.5% or more of the total mortgage value. This was down from 1.12% (144,600) in Q4 2014, and was the lowest level since 2006.
- The number of mortgage property repossessions fell to 21,000 in 2014, that's 26% fewer than in 2013 and the lowest number since 2006.
- At 0.19%, the repossession rate was lower in 2014 than at any time since 2006. 16,100 were owner-occupied properties, and 4,900 were buy-to-let.

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

HOUSE BUILDING

House building

- Construction output in December 2014 increased by 0.4% compared to November 2014, and by 5.5% compared with December 2013.
- In Q4 2014 there were 24,990 new house building starts on site in England, and 33,040 completions.
- Compared to Q4 2013 that is a 10.6% decrease in starts but a 9.0% increase in completions.

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

THE ECONOMY

GDP

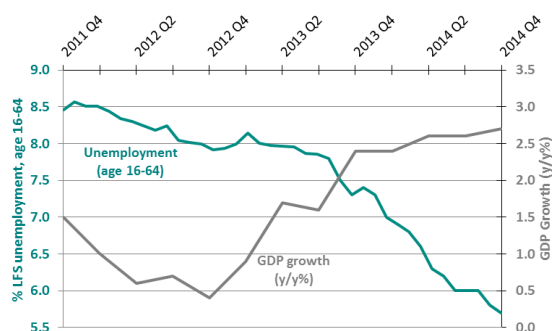
- GDP increased by 0.5% in Q4 2014, compared to Q3, and by 2.7% over the previous four quarters.
- In the latest quarter there were increases in two of the four main aggregates; 0.8% in services and 1.3% in agriculture. Output decreased by 1.8% in construction and 0.1% in production.

<http://www.ons.gov.uk/ons/rel/gva/gross-domestic-product--preliminary-estimate/q4-2014/index.html>

Employment and unemployment

- From October to December 2014, 73.2% of people aged 16-64 were in work, up from 72% a year earlier.
- Unemployment has fallen from 7.2% to 5.7% over the same time period. (ONS)

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



Interest rates

- UK gilt yields at 24 February 2015, were as follows:

Maturity	Yield	
	Current	1 month ago
10 year	1.72%	1.48%
20 year	2.25%	1.98%
30 year	2.42%	2.15%

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

Inflation

- The Consumer Price Index grew by 0.3% in the year to January, down from 0.5% in December.
- Falling prices for motor fuels and food were the main contributors to the slowdown in the rate of inflation.
- CPIH, the measure of consumer price inflation which includes owner occupiers' housing costs, grew by 0.4% in the year to January, down from 0.6% in the year to December (ONS).

<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

Forecasts

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

Median forecast, % increase (annual, unless stated otherwise)	Year	
	2014	2015
GDP growth	2.6	2.6
CPI inflation, Q4	0.9	0.9
RPI inflation, Q4	2.0	1.8
Average earnings	1.2	2.5
Official Bank Rate	0.5	0.5
House price inflation, Q4	9.0	5.0
Real household disposable income	1.7	3.1
LFS unemployment, Q4	5.9	5.4

<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

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