



Homes & Communities Agency

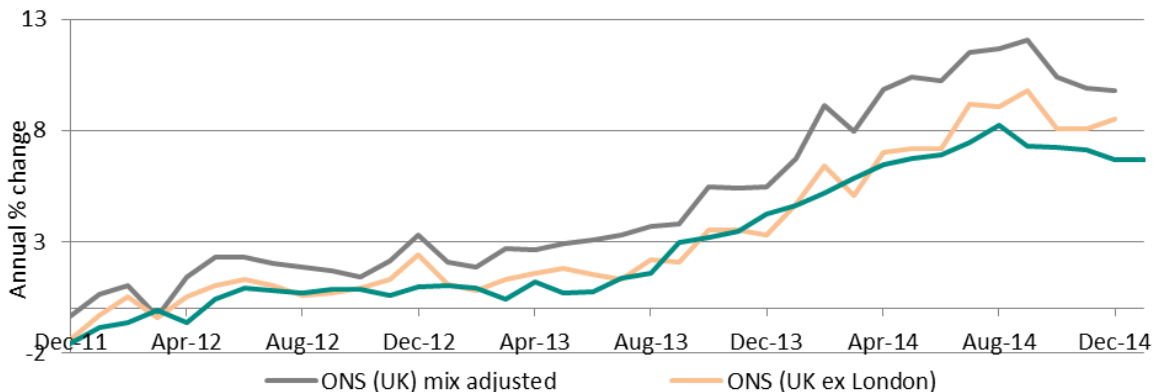
HCA Monthly Housing Market Bulletin, March 2015

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.
- Mortgages:** First time buyers and home movers have seen lending decline, but buy to let mortgages have increased.
- 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	Jan 15	1.3%	1.7%	6.7%
Nationwide	Feb 15	-0.1%	0.4%	5.7%
Halifax	Feb 15	-0.3%	2.6%	8.3%
Hometrack	Jan 15	0.3%	1.1%	7.9%
Rightmove	Mar 15	1.0%	4.4%	9.0%

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) <http://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.

LAND

Land value

- Average greenfield residential development land prices are up 2.3% in 2014, after a 5.3% rise in 2013.
- Prices rose by 0.1% in Q4, the most modest growth since Q4 2012.
<http://www.knightfrank.co.uk/research/residential-development-land-index-q4-2014-2629.aspx>
- Greenfield land values up 0.6% in Q4 2014, compared to 2.0% in Q3. Urban values slowed in growth from 3.4% to 1.6% over the same period.
http://www.savills.co.uk/research_articles/141280/186380-0

MORTGAGES

Mortgages

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

Type of buyer	Measure (loans)	Jan 2015	Change from Jan 14
First time buyers	Number	19,000	-14.0%
	£m	2,800	-9.7%
Home movers	Number	41,400	-15.5%
	£m	7,000	-12.5%
Buy to Let	Number	18,200	11.7%
	£m	2,500	13.6%

- First-time buyers saw a drop in lending compared to the same month in 2014.
- Home movers were advanced 22,400 loans, a decline of 24% compared to December and 17% down year on year.
- Remortgage lending increased month-on-month with 25,600 loans advanced – up 15% on December but 21% down on January 2014.
- There were 18,200 buy-to-let loans in January – up 6% on the previous month and up 12% on the same period in 2014.
<http://www.cml.org.uk/cml/media/press>

HOUSE BUILDING

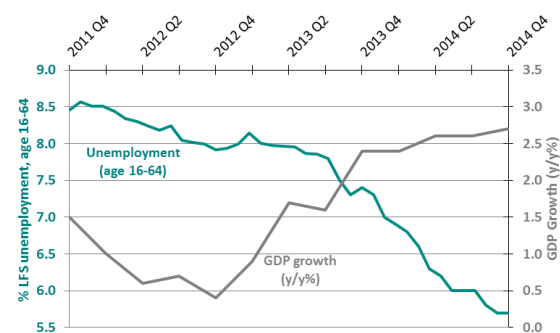
House building

- Construction output in January 2015 decreased by 2.6% compared to December 2014, and by 3.1% compared with January 2014.
<http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/december-and-q4-2014/index.html>
- Permissions in principal for over 195,000 new homes in England were granted in 2014, up 12% on the previous year and 39% on 2012. The number of permissions for private homes increased by 23%.
<http://www.hbf.co.uk/media-centre/news/view/planning-permissions-granted-in-principle-for-close-to-20000-new-homes-a-year/>

THE ECONOMY

Employment and unemployment

- From November 2014 to January 2015, 73.3% of people aged 16-64 were in work, up from 72.1% 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 23 March 2015, were as follows:

Maturity	Yield	
	Current	1 month ago
10 year	1.54%	1.80%
20 year	2.13%	2.34%
30 year	2.33%	2.51%

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

Inflation

- The Consumer Price Index is unchanged in the year to February, down from 0.3% in January.
- Falling prices for recreational goods, food and furniture and furnishings 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 0.3% in the year to February, down from 0.5% in the year to January (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	
	2015	2016
GDP growth	2.7	2.4
CPI inflation, Q4	0.8	1.9
RPI inflation, Q4	1.7	3.2
Average earnings	2.5	3.1
Official Bank Rate	0.5	1.3
House price inflation, Q4	5.0	3.7
Real household disposable income	3.0	2.1
LFS unemployment, Q4	5.3	5.2

<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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