



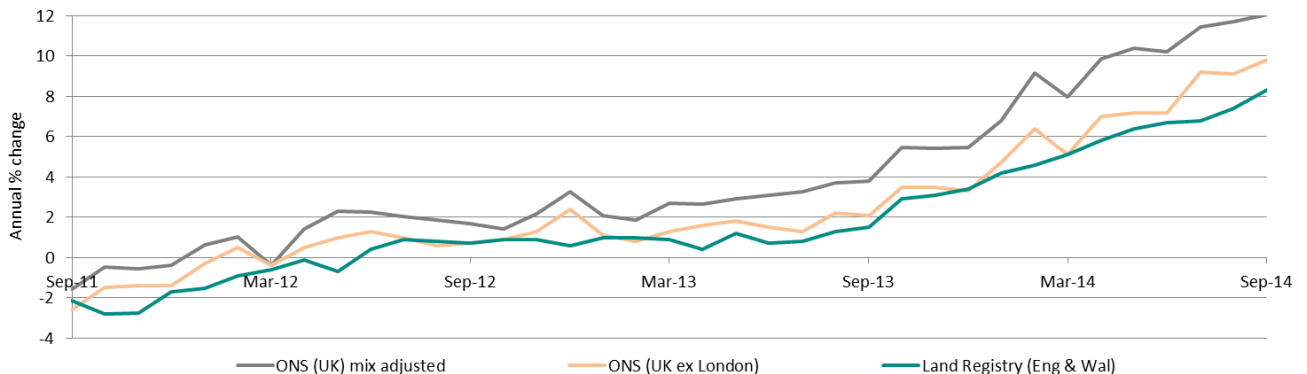
HCA Monthly Housing Market Bulletin – November 2014

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 national average rate seems to be easing. There is much regional variation.
- Transactions:** Seasonally adjusted numbers of housing transactions have started to decrease, but the mortgage market continues to grow.
- House building:** House building completions increased by 9.5% from Q3 2013-Q3 2014. Land values continue to rise, but remain well below their 2007 peak.
- The economy:** GDP increased by 0.7% in Q3 2014 (3.0% y/y). Unemployment has decreased, and CPI inflation remains fairly stable.

HOUSE PRICES



House prices data source	Date	% increase over previous:		
		1 month	3 months	1 year
ONS	Sep 14	-0.2%	3.0%	12.1%
ONS (UK, excl London)	Sep 14	0.1%	3.5%	9.8%
Land Registry	Sep 14	-0.2%	2.8%	7.2%
Nationwide	Oct 14	0.5%	1.4%	9.0%
Halifax	Oct 14	-0.4%	0.8%	8.8%
Hometrack	Nov 14	0.4%	4.0%	9.2%
Rightmove	Nov 14	-1.7%	1.8%	8.5%

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:

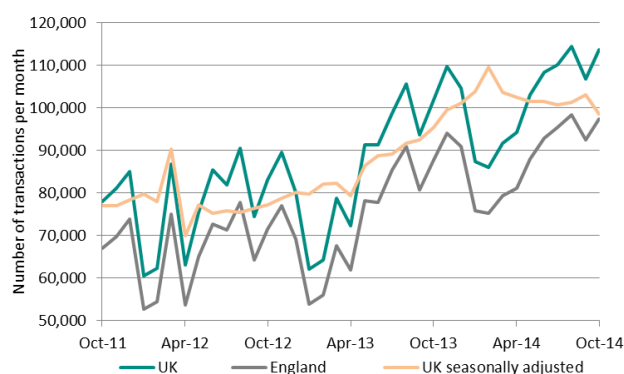
- ONS and the Land Registry are based on completions data.
- The Land Registry data is the most comprehensive, as it includes all property sales, including cash buyers.
- Nationwide and Halifax are based on their own mortgage offers.
- Rightmove is from asking prices.
- Hometrack is based on a survey 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 97,410 residential property transactions in England in October 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 1,060,200 transactions over the 12 month period to the end of October 2014, which is 19.7% higher than in the previous 12 months. (HMRC)

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



Housing affordability

- The house price to earnings ratio was 5.0 in October 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/>

Mortgages

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

Type of buyer	Measure (loans)	Sept 2014	Change from Sept 13
First time buyers	Number	26,800	16.0%
	£m	4,000	25.0%
Home movers	Number	31,700	10.8%
	£m	6,000	17.6%
Buy to Let	Number	18,100	24.0%
	£m	2,500	31.6%

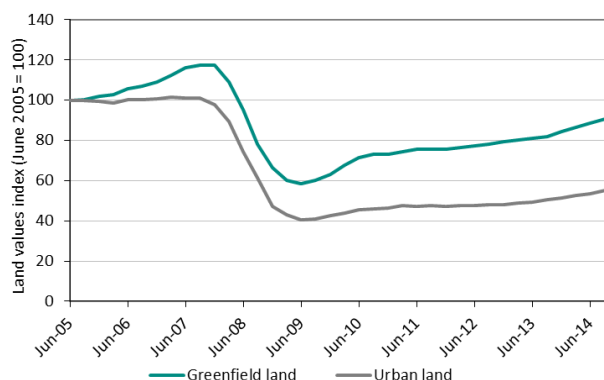
- Total gross mortgage lending in October 2014 was £19bn, an 8% increase on October last year. This was the highest lending total for an October since 2007 (£33bn).
- In Q3 2014, 1.12% of mortgages (125,100 mortgages) had arrears of 2.5% or more of the total mortgage value. This was down from 1.33% in Q3 2013, and was the lowest level since 2008 (1.08%).
- The proportion of mortgaged properties taken into possession by lenders in Q3 was 0.04% (5,000 homes). These are the lowest (both proportion and number of homes) since records began in 2008.

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

HOUSE BUILDING

Land Value

- At September 2014 British urban land values were just over half the level they held in 2007.
- Greenfield values were around three quarters of their pre-slump maximum. (Savills Research: Development Land Statistical Supplement, Sept 2014)



- Knight Frank gives a lower annual rate of increase: 3.7% for residential development land in Great Britain. <http://content.knightfrank.com/research/161/documents/en/q3-2014-2442.pdf>

House building

- Between Q3 2013 and Q3 2014 output in the construction industry increased by 2.9%. This was the sixth consecutive period of annual quarter-on-quarter growth.
- Upward pressure came from new housing which was at its highest monthly level since the series began in 2010. While there was strength in private new housing, public new housing was at its highest quarterly level since that series began in 1997. <http://www.ons.gov.uk/ons/rel/construction/output-in-the-construction-industry/september-and-q3-2014/stb-construction-september-and-q3-2014.html>
- In Q3 2014 there were 35,260 new house building starts on site in England, and 28,580 completions. These are increases on Q3 2013 of 0.7% and 9.5% respectively. <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building>

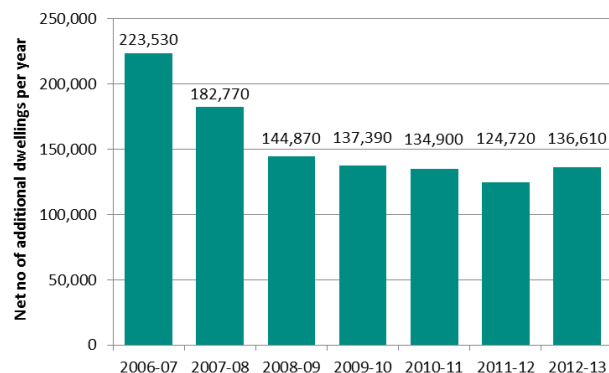
House builders

- 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>

HOUSING SUPPLY

Net supply of housing in England

- Housing supply in England increased by 136,610 net additional dwellings in the year to April 2013.



- The 136,610 net additions comprised:
 - 130,340 completed new-build homes,
 - 12,520 net additional homes resulting from change of use,
 - 4,470 net additional homes resulting from conversions,
 - 1,330 net other gains, and
 - The loss of 12,060 homes through demolitions.

Numbers may not add up to equal the total because of rounding.

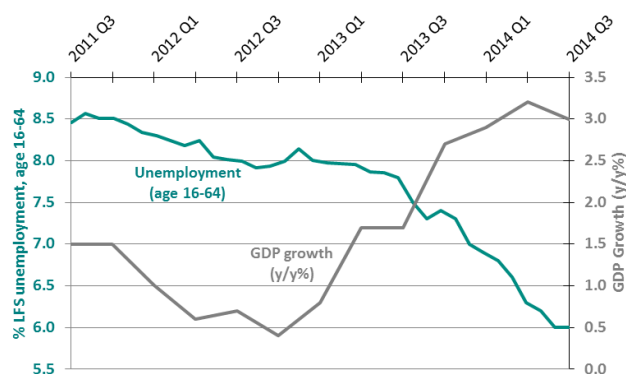
<https://www.gov.uk/government/collections/net-supply-of-housing>

THE ECONOMY

Employment and unemployment

- In July to September 2014, there were 30.79m people in work, which is 694,000 more than a year earlier.
- The unemployment rate for people aged 16-64 in July to September 2014 was 6.1%. 1.96m people aged 16+ were unemployed, down 529,000 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 (second estimate), 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.

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

Interest rates

- UK gilt yields at 26 November 2014, were as follows:

Maturity	Yield	
	Current	1 month ago
10 year	1.94%	2.22%
20 year	2.51%	2.78%
30 year	2.69%	2.94%

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

Inflation

- CPI annual inflation grew by 1.3% in the year to October 2014, up from 1.2% in September.
- Smaller falls in transport costs than a year ago, and price rises for computer games were the main contributors to the rise.
- Food and motor fuel prices, which have historically been upward contributors to the 12-month CPI rate, are currently reducing it by 0.3 percentage points.
- CPIH, the measure of consumer price inflation which includes owner occupiers' housing costs, grew by 1.3% in the year to October, up from 1.2% in September (ONS).

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

Forecasts

- Data from HM Treasury's November 2014 compilation of independent forecasts for the UK economy is presented below.

Median forecast, % increase (annual, unless stated otherwise)	Year	
	2014	2015
GDP growth	3.0	2.6
CPI inflation, Q4	1.3	1.8
RPI inflation, Q4	2.3	3.0
Average earnings	1.1	2.4
Official Bank Rate	0.5	1.0
House price inflation, Q4	8.9	5.4
Real household disposable income	1.5	2.2
LFS unemployment, Q4	5.9	5.6

<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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