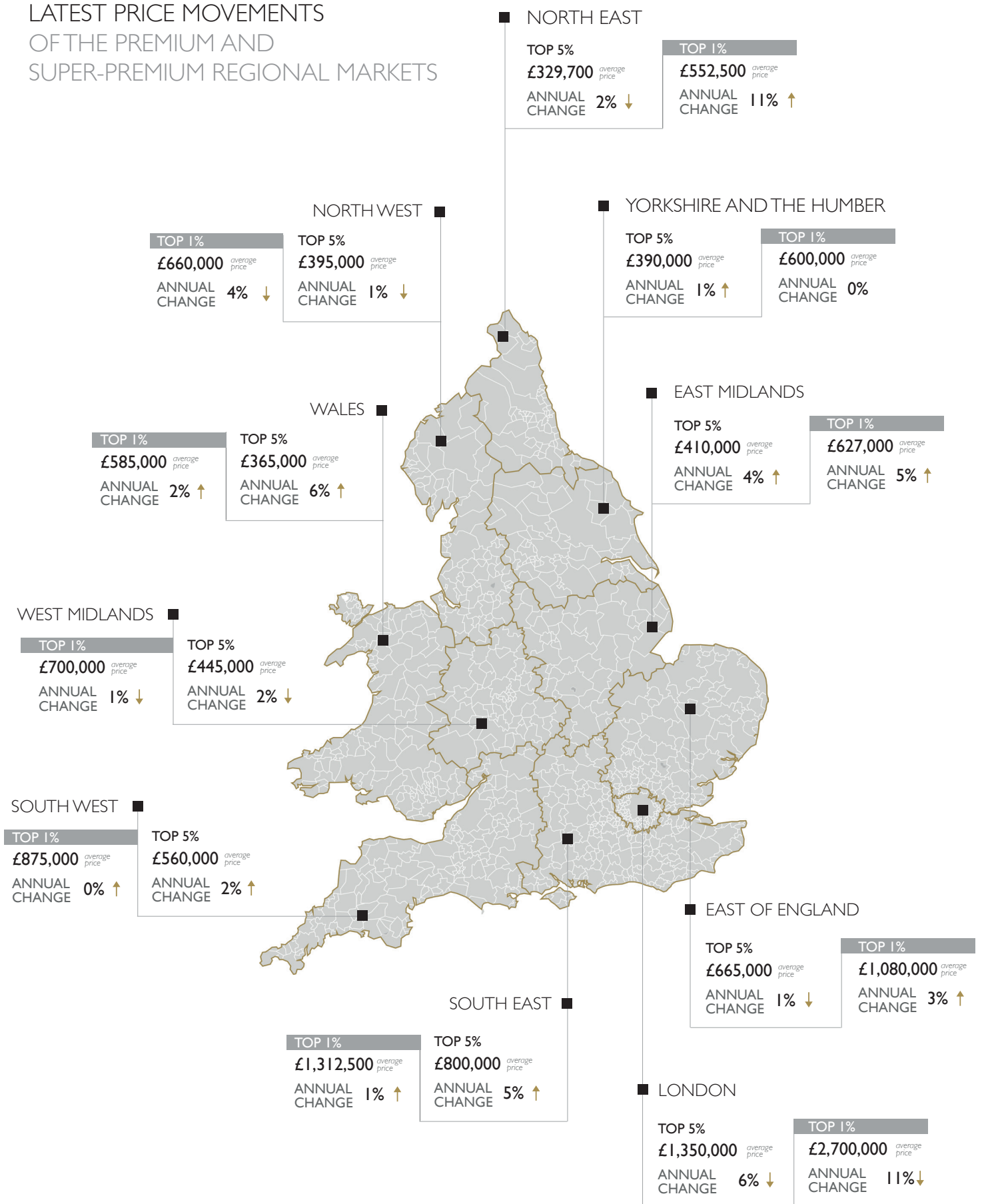


# NATIONAL HOUSING MARKET OUTLOOK

JUNE 2018



# LATEST PRICE MOVEMENTS OF THE PREMIUM AND SUPER-PREMIUM REGIONAL MARKETS



These premium price points are found by listing all residential transactions within a region and ordering them from lowest to highest price. We look at transactions that happened in the most recent month for which HM Land Registry has a complete dataset. The 'top 5%' figure is the price of the sold property that sits exactly 95 per cent of the way up from bottom to top, otherwise known as the 95th percentile. The 'top 1%' sits 99 per cent of the way up the distribution and is the 99th percentile. We aim to avoid big month-to-month variability by using a big sample size (i.e. an entire region), but some volatility is inevitable, owing to the fact that we are only looking at a small subset of the whole market.

NB: Average price February 2018. Annual change February 2018 vs February 2017.

Source: ResiAnalytics

# WE HAVE NOTHING TO FEAR FROM A QUIET MARKET

While the UK property market is solid as a rock, more data is pointing to a period of price stagnation which could affect the premium markets around the country.

In each of the regions of England and Wales, house price growth for the top 1% and top 5% of properties is likely to cool over the next 12 months. While it's fashionable to point the finger at Brexit at every opportunity, a more important underlying reason is the changing state of the private rented sector.

During George Osborne's tenure as Chancellor, he created a much less hospitable tax environment for buy-to-let landlords who have typically provided the bulk of privately rented housing since the late 1980's. These changes, specifically the removal of mortgage tax relief and extra stamp duty on second (i.e. investment) homes seriously, disincentivised buy-to-let investment. The Bank of England reported that just 12.7% of mortgages in the final three months of 2017 went to buy to let investors, sharply down on the 14.4% in 2016 and 16.3% in 2015.

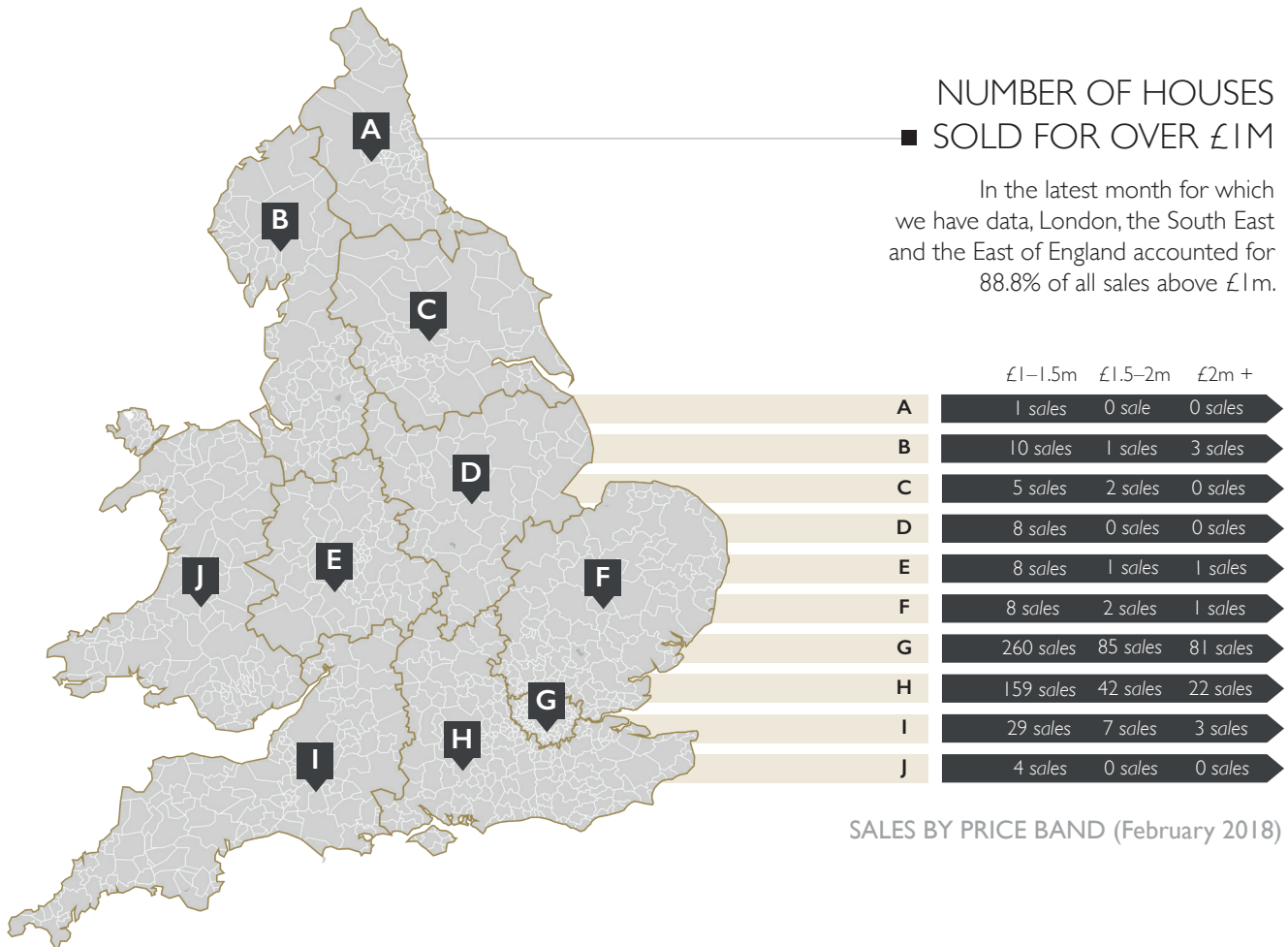
So what's this got to do with the premium market? The UK residential market is a series of inextricably intertwined sub-markets, which range across function and geography. This steady decline in buy-to-let lending is likely to be symptomatic of a shift in tenure patterns - as was Mr Osborne's design. Properties which would have previously been bought up and rented out are now steadily being released into the sales market. At a time of low buyer activity and a certain amount of uncertainty, this serves to put downward pressure on achievable prices.

Rather than moving through the UK property market, most people are moving up the ladder, with premium properties sitting at the very top in each locality. When less activity is happening at the bottom of the ladder, it follows that less will occur at the top. It's true some areas of the country, specifically prime central London, are affected by international forces like exchange rates and geopolitics, but the vast majority of the prime markets across the country is subject to entirely domestic pressures. However, that is entirely why we have nothing to fear. The market is simply experiencing low transaction volumes typical of this stage of the housing market cycle when one cycle ends and another begins. If history is any guide, we expect liquidity in the mid-market to increase over the next 18 months, which will have the knock-on effect of boosting sales volumes at the top end of each regional market.

As ever, any market environment presents opportunities and those who work with a local market expert, particularly in the premium markets, stand to gain the most.

## NUMBER OF HOUSES SOLD FOR OVER £1M

In the latest month for which we have data, London, the South East and the East of England accounted for 88.8% of all sales above £1m.



SALES BY PRICE BAND (February 2018)

## UK KEY PRICE POINTS

February 2018



Mid Market £279,000  
Top 5% £660,000  
Top 1% £1,210,000



Mid Market £283,000  
Top 5% £667,000  
Top 1% £1,200,000



Mid Market £258,000  
Top 5% £625,000  
Top 1% £1,325,000



Mid Market £227,000  
Top 5% £530,000  
Top 1% £1,090,000

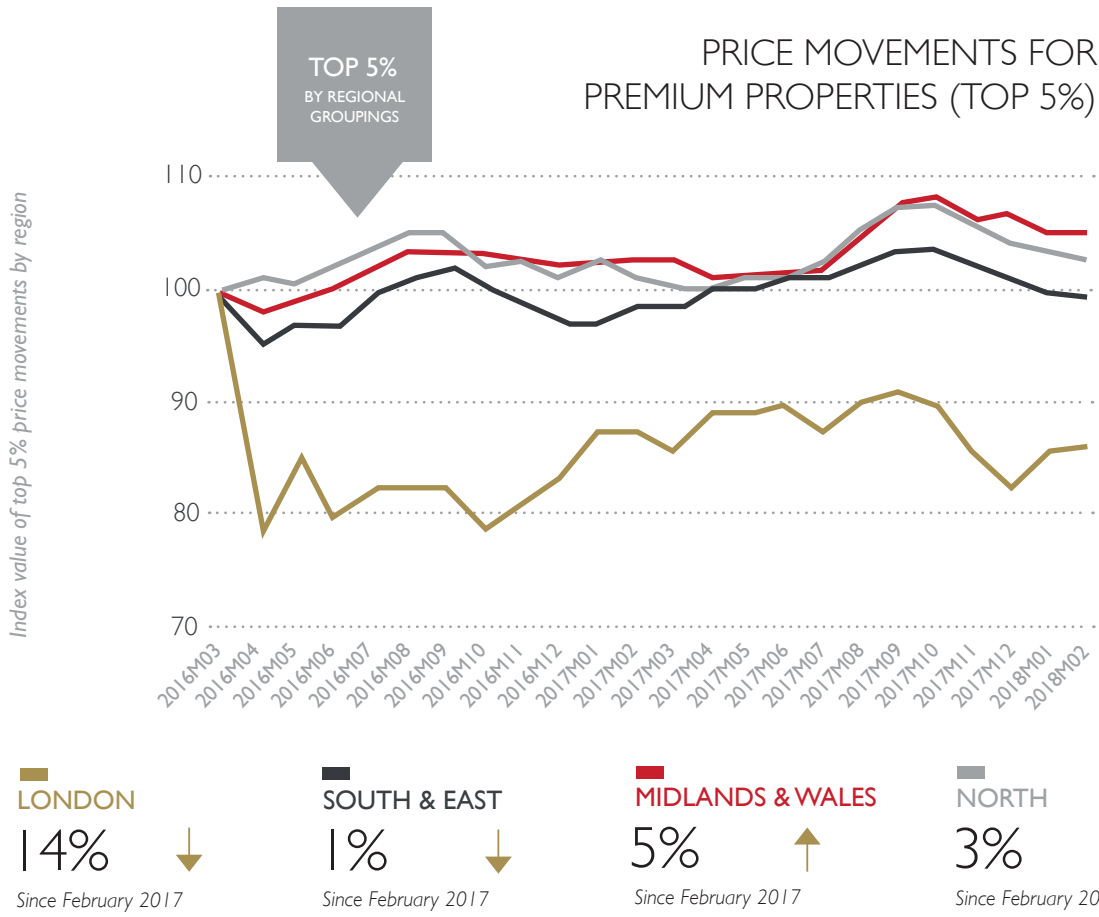


Mid Market £250,000  
Top 5% £550,000  
Top 1% £875,000

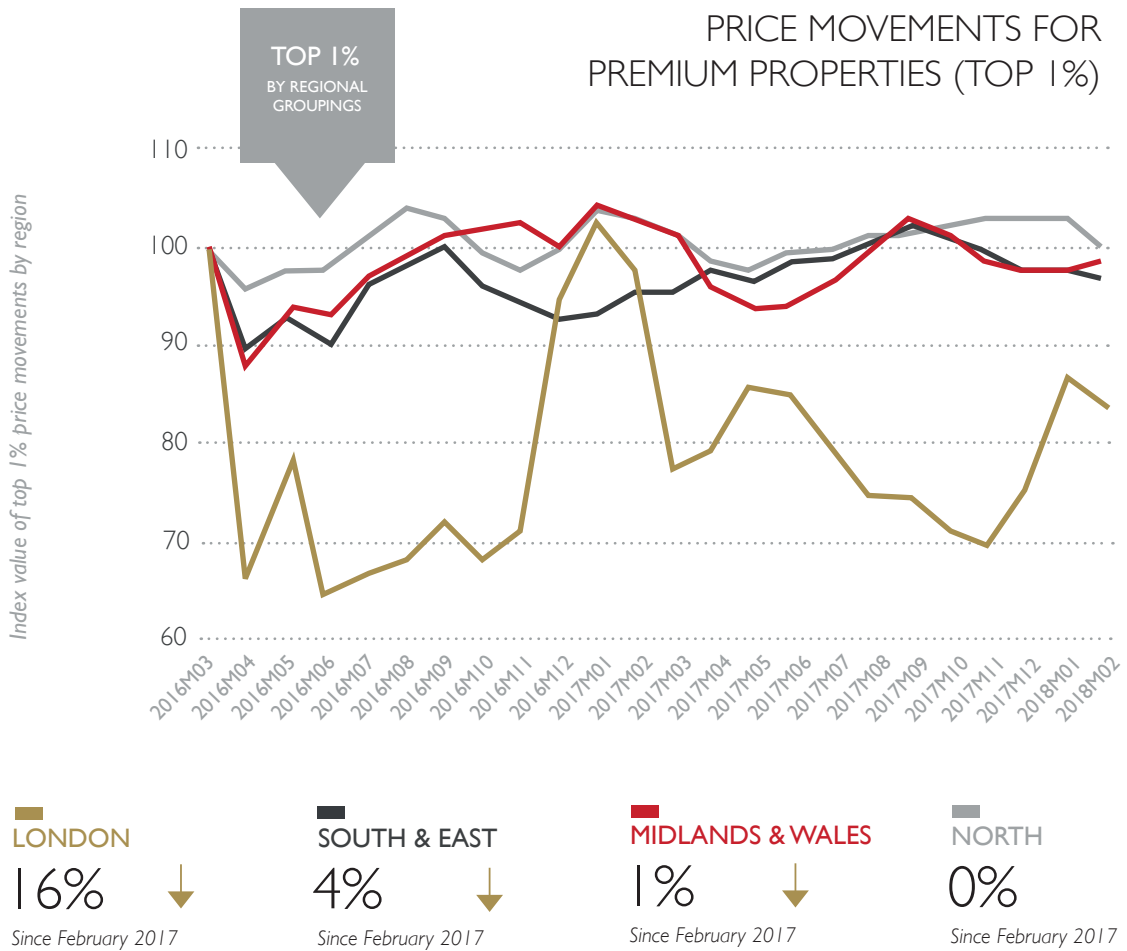


Mid Market £403,000  
Top 5% £875,000  
Top 1% £1,570,000

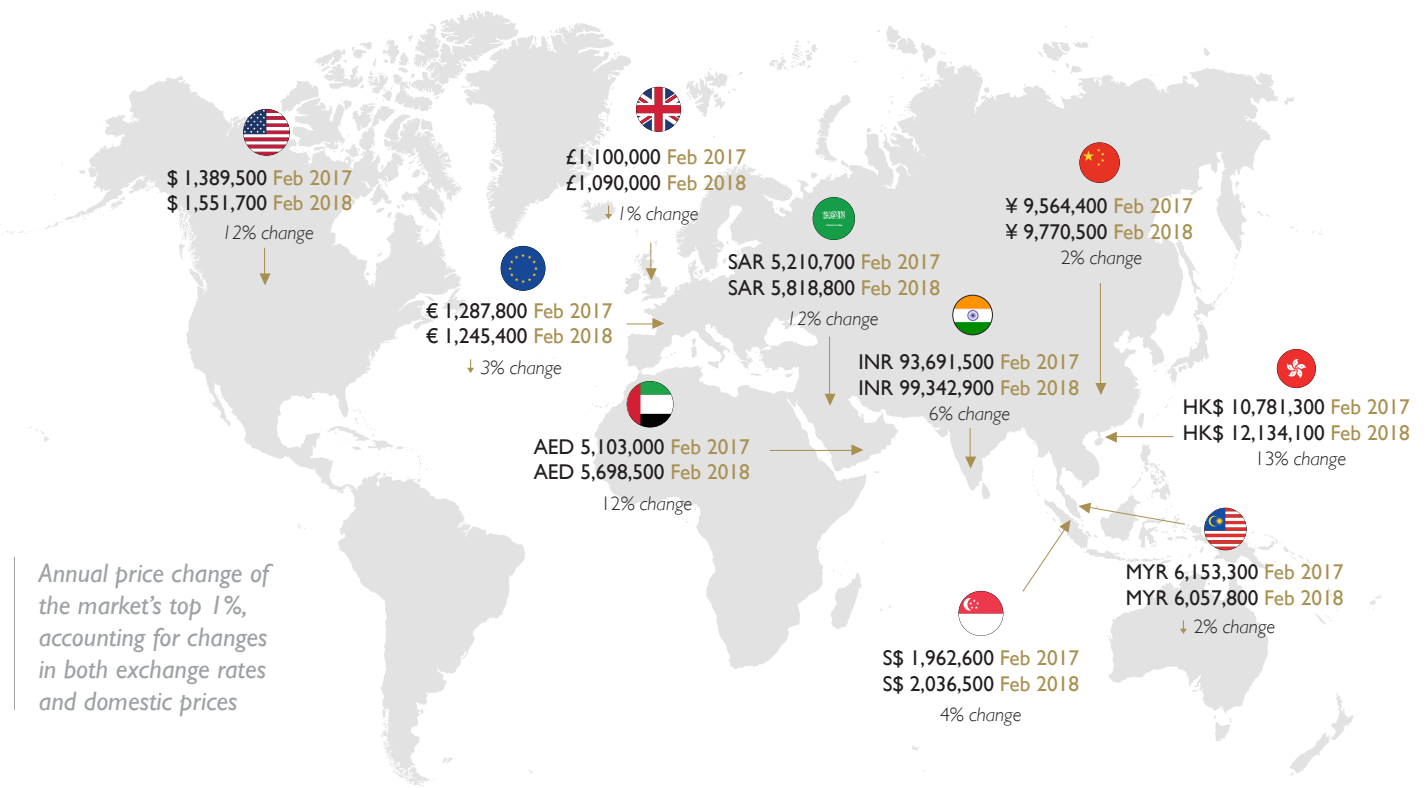
## PRICE MOVEMENTS FOR PREMIUM PROPERTIES (TOP 5%)



## PRICE MOVEMENTS FOR PREMIUM PROPERTIES (TOP 1%)

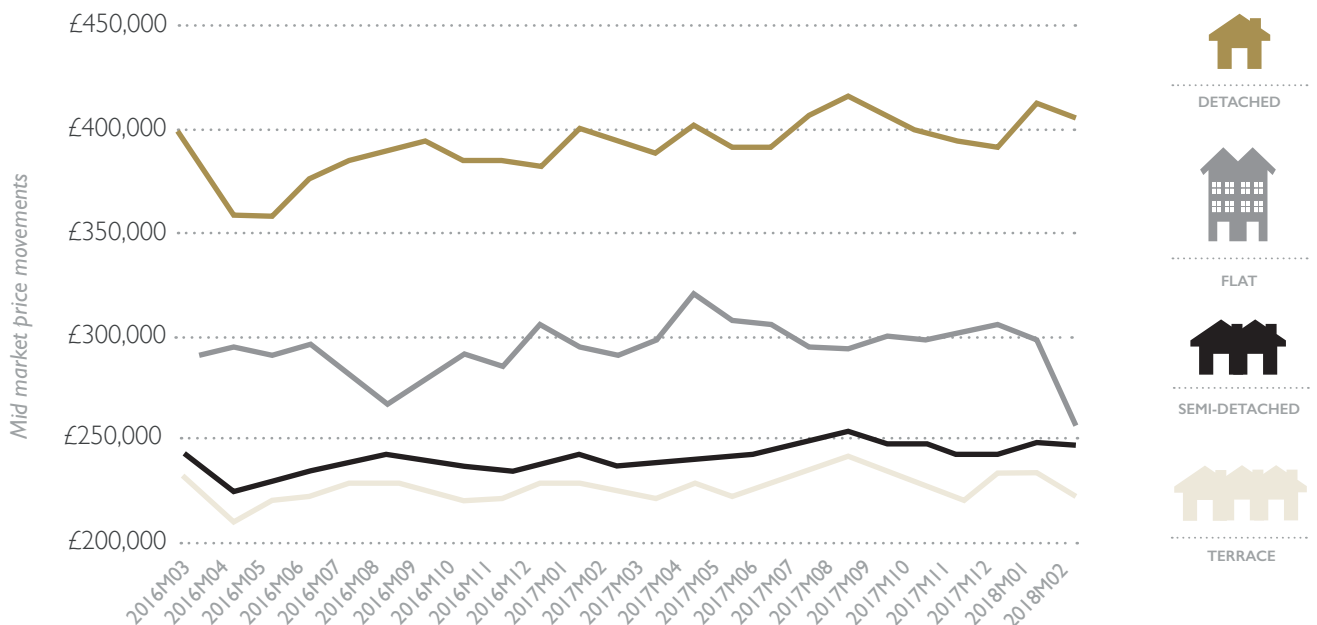


## HOW HAVE UK PREMIUM PRICES CHANGED BETWEEN FEBRUARY 2017 AND FEBRUARY 2018 FOR INTERNATIONAL BUYERS?



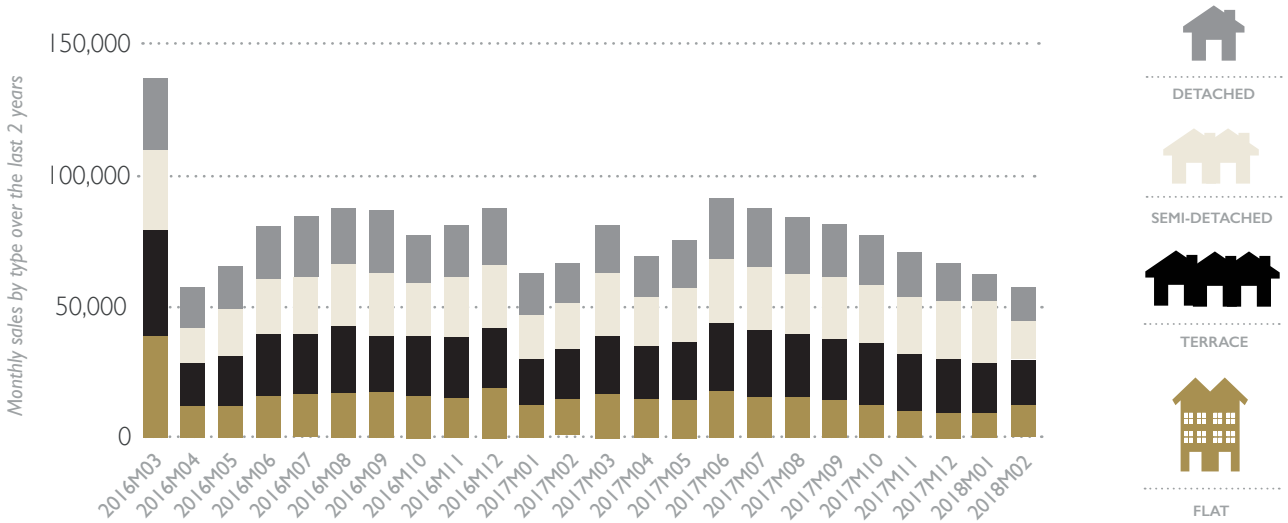
## WHAT'S HAPPENING TO PRICES IN THE MID-MARKET

Here we show how prices have changed over the last few years in the mid-market. It shows the mean average price over time in England and Wales split by the main four house types. The best performing house type has been semi-detached for which prices have increased by 1.8% between March 2016 and February 2018.



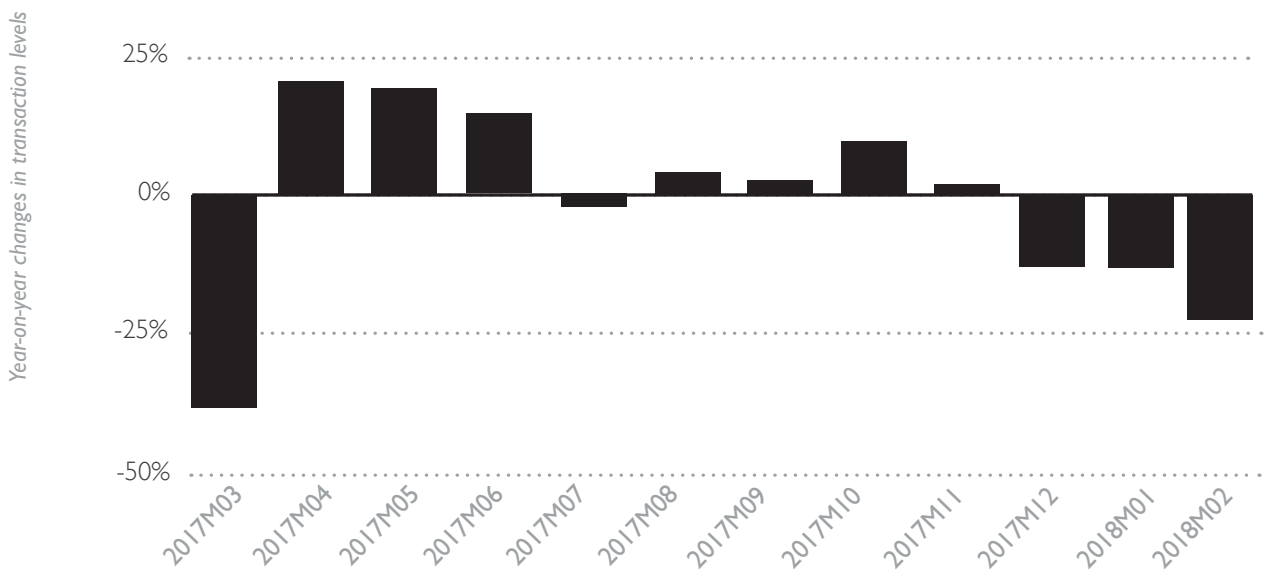
## NUMBER OF PROPERTIES SOLD ACROSS THE WHOLE MARKET

Here we show how sales volumes have fluctuated over the last few years across the whole market. It shows the number of sales over time in England and Wales split by the main four house types. Comparing January 2018 and February 2018, we can see transaction levels in the latter period were 8.4% lower than the former; although data from the Land Registry may still be trickling in.



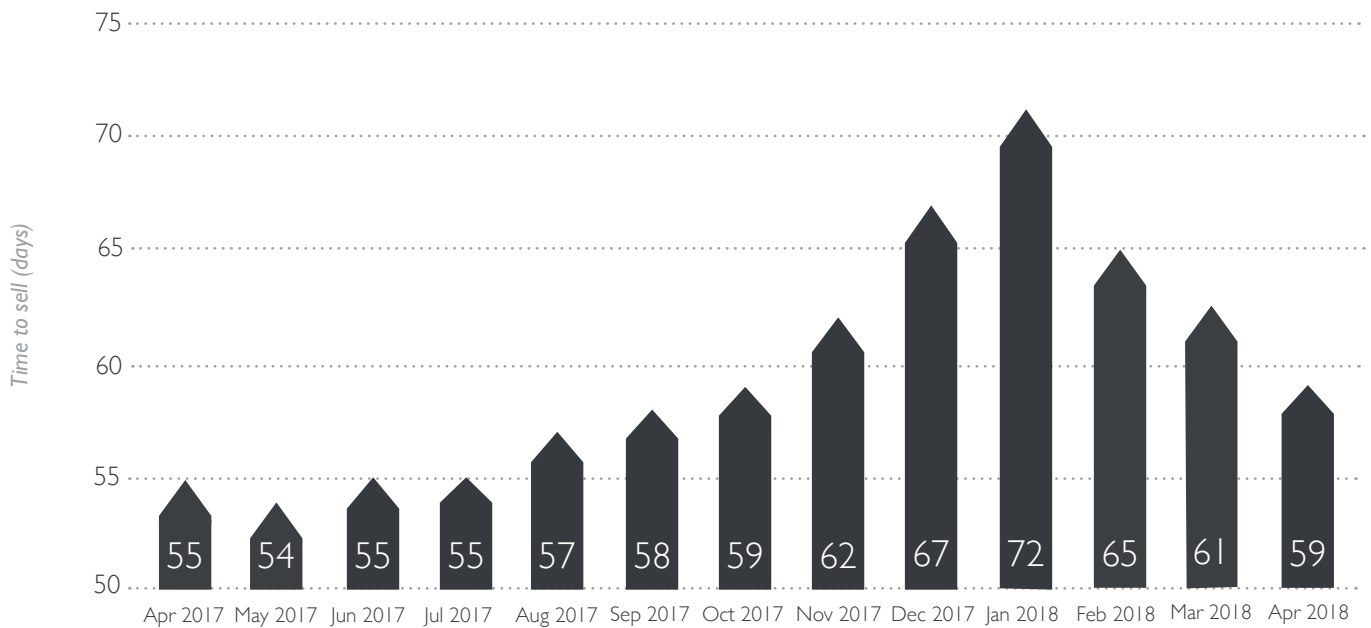
## 12 MONTHS OF TRANSACTION LEVELS

In this chart, we display the level of transactions in the last 12 months. Instead of showing the absolute values, we show how the transactions in that period vary from the same month a year before. For example, the data for February 2018 shows us that the transactions were 22.5% lower than 12 months prior.



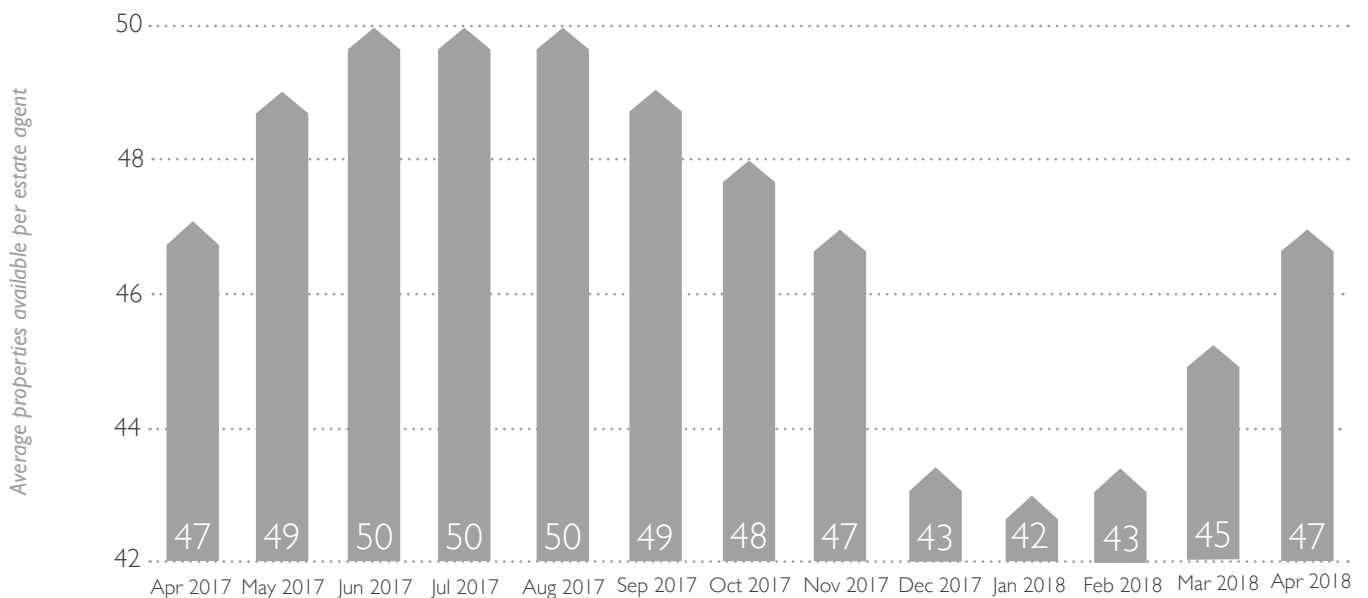
## TIME ON THE MARKET

The latest available data shows that on average it takes 59 days to sell a property. Over the course of the last year, the average figure has been 59.9 days, so the latest data is 0.9 days shorter than the long run average.



## NUMBER OF PROPERTIES ON THE MARKET

The latest available data shows us that on average estate agents in the UK have 47 properties on their books. Over the course of the last year, the average figure has been 46.9, so the latest data is 0.1 properties more than the long run average.



*N.B. In January 2018 Rightmove adjusted their methodology and altered the data retrospectively which is why these figures vary from previous editions of this report.*