

RESIDENTIAL PROPERTY REVIEW

JANUARY 2020



Our monthly property market review is intended to provide background to recent developments in property markets as well as to give an indication of how some key issues could impact in the future.

We are not responsible or authorised to provide advice on investment decisions concerning property, only for the provision of mortgage advice. We hope you will find this review to be of interest.

EXPERTS' PREDICTIONS FOR 2020 - 'CAUTIOUSLY OPTIMISTIC'

The Conservatives' general election win and increased certainty on the direction of Brexit have led property experts to predict growing confidence in the housing market in 2020. However, their optimism is cautious, according to researchers at Savills who have predicted a 1% rise. The Royal Institution of Chartered Surveyors gave a more confident prediction of 2%.

Nitesh Patel, Yorkshire Building Society's strategic economist, commented: "Sales to first-time buyers are buoyant and now account for around half of all house purchases. A strong jobs market and low mortgage rates are likely to support the market, but concerns around affordability may limit the number of people wanting to move home."

BRITAIN'S MOST AFFORDABLE COMMUTER TOWNS REVEALED

On 2 January, Rail fares increased by an average 2.7% across the board, meaning that commuters could be paying up to £132 more for their season tickets this year.

Your location can have a huge impact on your travel costs, as recent research from property website Zoopla has shown. The study combined the average cost of a season ticket with the average yearly mortgage repayment, to reveal the most affordable commuter towns to live in this year.

For commuters to London, Grays in Essex is officially the cheapest commuter town, with mortgage repayment and sales ticket costs totalling £15,008 per year. The top three for London commuters is then completed by Leagrave in Bedfordshire (£15,399) and Crayford in Kent (£15,662).

Outside London, the best value commuting town for Bristol is Newport in Wales. Wolverhampton offers the best value for Birmingham and commuters to Manchester should look to Hindley. If you want to save money on your commute to Edinburgh, you could consider buying in Dunfermline to keep your costs down.

EDINBURGH IS BEST CITY TO LIVE IN AS A YOUNG ADULT

Comparison site, Compare the Market, recently rated the Scottish capital as the best place to live for 18 to 35-year-olds. The site analysed aspects such as rental costs, living expenses, mental wellbeing and nightlife to come up with the final list.

Manchester, Bristol, Liverpool, Newcastle and Glasgow also made it onto the top 10 list. Newcastle was found to boast the cheapest average monthly rent (£567), while, unsurprisingly, London is the UK's best paid city, with an average salary of £47,089.

GAP NARROWING BETWEEN BUYERS' AND SELLERS' EXPECTATIONS

In Q4 2019, Savills conducted analysis on its prime regional markets to come up with a list of top factors likely to influence the residential property market in 2020.

Almost three quarters (72%) of Savills regional sales teams identified Brexit uncertainty as a major challenge for 2020, while 54% said that a lack of housing stock would become problematic as buyer demand increased.

Importantly though, many teams observed that buyers and sellers' pricing expectations were becoming more closely aligned, with sellers willing to accept more realistic offers and buyers happier to pay asking prices.

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (NOV 2019)*	123.0*
AVERAGE HOUSE PRICE	£235,298
MONTHLY CHANGE	0.4%
ANNUAL CHANGE	2.2%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **2.2%** in the year to November 2019, up from **1.3%** in October 2019
- The largest annual price growth was in Wales, increasing by **7.8%** in the year to November 2019
- The lowest annual growth was in the East of England, where prices fell by **0.7%** over the year to November 2019

Source: The Land Registry
Release date: 15/01/2020
Next data release: 19/02/2020

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – NOV 2019

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £359,296	2.6%
SEMI-DETACHED £224,550	3.0%
TERRACED £189,614	1.9%
FLAT / MAISONETTE £206,357	1.0%

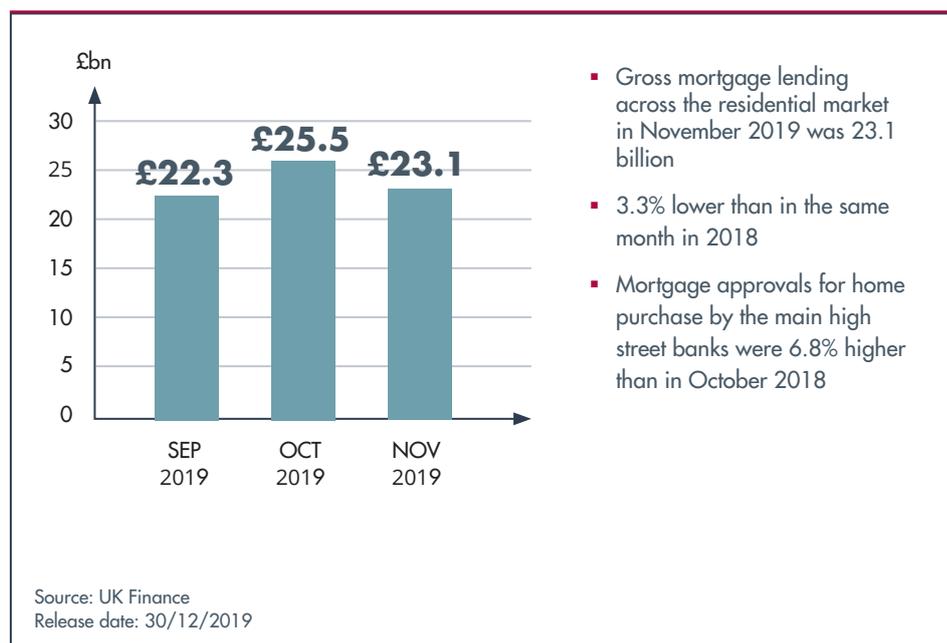
Source: The Land Registry
Release date: 15/01/2020

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HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.3	1.7	£251,222
NORTHERN IRELAND (QUARTER 3 - 2019)	2.3	4.0	£139,951
SCOTLAND	0.4	3.5	£154,798
WALES	3.5	7.8	£172,574
EAST MIDLANDS	1.1	2.5	£197,792
EAST OF ENGLAND	-0.7	-0.7	£291,281
LONDON	-0.5	0.2	£475,458
NORTH EAST	0.7	1.4	£130,712
NORTH WEST	1.1	3.8	£169,362
SOUTH EAST	0.4	1.0	£326,636
SOUTH WEST	-0.3	1.1	£259,758
WEST MIDLANDS REGION	1.7	4.0	£204,238
YORKSHIRE AND THE HUMBER	-1.0	2.6	£165,642

MORTGAGE ACTIVITY



It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK.