

RESIDENTIAL PROPERTY REVIEW

SEPTEMBER 2022



Our 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.

STRONG MONTHLY TRANSACTIONS BUT SLOWING ACTIVITY AHEAD

Latest data from the UK housing market presents a mixed picture, with dwindling demand and limited supply contrasting markedly with strong transaction figures.

Homebuyer demand remains above average, Zoopla pointed out. Yet analysts expect demand to weaken in coming months as more households feel the cost-of-living squeeze, a prediction supported by the latest Royal Institution of Chartered Surveyors (RICS) survey, which showed new buyer enquiries still in negative territory. The RICS survey also noted that new instructions to sell homes remained largely flat, which is keeping supply limited.

Completed transactions, in contrast, remained strong in July, 6% above the 2018-19 average for the month, according to HM Revenue and Customs. Despite this, there are already signs of slowing activity ahead, with mortgage approvals 9% below the 2018-19 average for the month, according to the Bank of England.

HELP TO BUY ENDS

First-time buyers (FTBs) have only a month left to take advantage of the Help to Buy: Equity Loan scheme, which will stop accepting new applications at the end of October 2022.

The government's flagship initiative, which was always intended to be temporary, will close completely in March 2023. First launched in 2013, it has so far helped at least 350,000 FTBs onto the property ladder.

Help to Buy enables FTBs to purchase a new build property with just a 5% deposit. When the initiative wraps up, however, there will still be several government schemes offering help to FTBs and other buyers. Those with only a 5% deposit will be able to use the mortgage guarantee scheme to borrow the other 95%.

Shared Ownership, meanwhile, allows people to buy a share in

a property and pay rent on the rest. FTBs are also eligible to save into a Lifetime ISA, which adds a government bonus of 25% onto annual house deposit savings of up to £4,000.

You will incur a lifetime ISA government withdrawal charge (currently 25%) if you transfer the funds to a different ISA or withdraw the funds before age 60 and you may therefore get back less than you paid into a lifetime ISA.

By saving in a lifetime ISA instead of enrolling in, or contributing to an auto-enrolment pension scheme, occupational pension scheme, or personal pension scheme:

- (i) you may lose the benefit of contributions from your employer (if any) to that scheme; and
- (ii) your current and future entitlement to means tested benefits (if any) may be affected.

GREENING HOMES "A MONUMENTAL BUT ESSENTIAL TASK"

Scotland's first-ever Green Home Festival, organised by members of the Construction Industry Collective Voice (CICV) as part of the Edinburgh Festival Fringe, took place in August to raise awareness of the role of property in the transition to net zero.

The week-long series of events delivered practical advice on topics ranging from using sustainable materials to protecting homes against floods. The festival aimed to engage individuals and businesses to reduce their carbon footprint and become more energy efficient.

Patrick Harvie, Minister for Zero Carbon Buildings, Active Travel and Tenants' Rights, was the keynote speaker. In his speech he said, "Our statutory target for 2030 means that we need to reduce emissions from heating buildings by 68% below their level in 2020. This is a monumental but essential task. Our building stock is relatively old and wasn't always built to high energy standards. This legacy of poor energy efficiency has contributed to emissions and fuel poverty, so we need to start drastically improving that standard."

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (JULY 2022)	153.2
AVERAGE HOUSE PRICE	£292,118
MONTHLY CHANGE	2.0%
ANNUAL CHANGE	15.5%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **15.5%** in the year to July 2022
- On a non-seasonally adjusted basis, average house prices in the UK increased by **2.0%** between June and July 2022
- House price growth was strongest in South West England where prices increased by **20.7%** in the year to July 2022.

Source: The Land Registry
Release date: 14/09/22
Next data release: 19/10/22

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	2.2%	16.4%	£311,583
NORTHERN IRELAND (QUARTER 2 - 2022)	3.2%	9.6%	£169,063
SCOTLAND	0.6%	9.9%	£192,966
WALES	2.8%	17.6%	£219,951
EAST MIDLANDS	0.6%	16.8%	£247,740
EAST OF ENGLAND	1.2%	16.0%	£358,413
LONDON	1.1%	9.2%	£543,517
NORTH EAST	3.7%	15.5%	£163,237
NORTH WEST	2.5%	18.1%	£217,077
SOUTH EAST	2.1%	15.8%	£398,781
SOUTH WEST	2.7%	20.7%	£330,414
WEST MIDLANDS REGION	3.8%	18.0%	£255,876
YORKSHIRE AND THE HUMBER	3.1%	17.7%	£211,960

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – JULY 2022

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £457,552	17.3%
SEMI-DETACHED £283,077	16.8%
TERRACED £239,906	16.5%
FLAT / MAISONETTE £234,000	9.3%

Source: The Land Registry
Release date: 14/09/22

HOUSING MARKET OUTLOOK

“We expect the market to slow further as pressure on household budgets intensifies in the coming quarters, with inflation set to remain in double digits into next year. Moreover, the Bank of England is widely expected to continue raising interest rates, which will also exert a cooling impact on the market if this feeds through to mortgage rates, which have already increased noticeably in recent months.”

Robert Gardner, Nationwide’s Chief Economist

Source: Nationwide September 2022

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All details are correct at the time of writing (20 September 2022)

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.