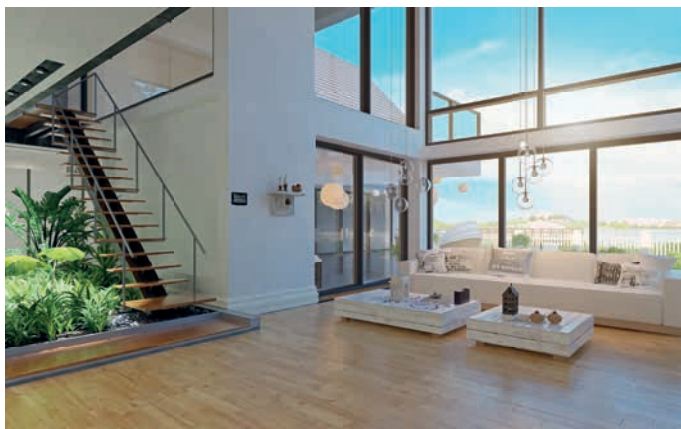


Residential Property Review

June 2022



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.

UK housing market – busy but slowing

Following two frenetic years, UK housing market activity remains strong, despite some signs of a slowdown beginning to emerge.

In April 2022, sales agreed were 18% higher than the month's pre-pandemic average, according to TwentyCi. Completions too remained 13% above the 2017-19 rate.

First-time buyers (FTBs) continue to drive demand, according to UK Finance, with 16% more loans granted to FTBs in March 2022 than before the pandemic. Similarly, the buy-to-let market is still seeing significant activity, with loans granted up 50% on the 2017-19 average.

Mortgage approvals in April, however, returned to pre-pandemic levels. This is likely to cause completion rates to moderate as the year progresses, analysts suggest. Likewise, with signs that the market is starting to cool, Savills now predicts house prices to rise nationally by 12.9% over the next five years, suggesting more subdued medium-term growth.

More FTBs eligible for Right to Buy

The Right to Buy scheme is set to expand its reach, as part of a package of measures announced by the government to help FTBs get a foot on the housing ladder.

Over 2.5 million people could benefit from the plan to extend the Right to Buy scheme to include housing association homes, the government claims, though full details have not yet been revealed.

Meanwhile, plans for an independent review of the mortgage market will aim to improve access to low-cost mortgages for FTBs with 5% deposits. Other plans include allowing people to use housing benefit towards mortgage repayments and excluding money saved for house deposits in Lifetime ISAs from benefits calculations.

In a speech to announce the measures, Prime Minister Boris Johnson pledged to turn "Generation Rent" into "Generation Buy". He added, "First-time buyers are trying to hit a continually moving target. By the time they've put aside money to secure their mortgage, prices have risen and it's no longer enough."

British cities staging comeback

Homebuyers are increasingly attracted to urban areas, new research suggests, with cities like Bristol, Liverpool and Aberdeen all in high demand.

The number of rural residents searching for urban properties has risen 50% from January 2021 levels, according to research by Rightmove. In Scotland, meanwhile, soaring urban demand has pushed rents up by 8.5% year on year, according to Citylets, with Edinburgh (14%) and Glasgow (16%) especially sought after.

Following the pandemic 'race for space', analysts have now identified a rush for city locations with easy access to the countryside. Such hotspots include Bath, where asking prices have risen by 15% in the last year, more than in any other English city.

Rightmove's Tim Bannister commented, "Many people started the year needing to prioritise being closer to work over having more space. This has contributed to a rise in enquiries from people in more rural areas to cities and a drop in the number of people looking to escape to the country."

House prices Headline statistics

House Price Index (Apr 2022)	147.5
Average House Price	£281,161
Monthly Change	1.1%
Annual Change	12.4%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **12.4%** in the year to April 2022
- On a non-seasonally adjusted basis, average house prices in the UK increased by **1.1%** between March and April 2022
- House price growth was strongest in Wales and Scotland where prices increased by **16.2%** in the year to April 2022.

Source: The Land Registry
Release date: 22/06/22
Next data release: 20/07/22

Average monthly price by property type – April 2022

Property Type	Annual Increase
Detached £443,797	14.9%
Semi-detached £271,436	13.60%
Terraced £228,975	11.90%
Flat / maisonette £227,061	7.60%

Source: The Land Registry
Release date: 18/5/22

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House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	0.8%	11.9%	£299,249
Northern Ireland (Quarter 1 - 2022)	3.4%	10.4%	£164,590
Scotland	3.0%	16.2%	£187,954
Wales	2.2%	16.2%	£211,990
East Midlands	-0.5%	12.4%	£237,904
East of England	0.4%	11.9%	£344,943
London	1.0%	7.9%	£529,829
North East	0.1%	10.7%	£155,215
North West	2.0%	13.3%	£208,867
South East	-0.3%	11.9%	£382,791
South West	1.9%	14.1%	£318,610
West Midlands Region	0.5%	11.8%	£242,145
Yorkshire and The Humber	1.6%	12.1%	£201,806

Housing market outlook

“For house hunters, the extent of the impact of property price inflation continues to be linked to the type of home they are looking to buy. Compared to May last year, you’d need around £10,000 more to buy a flat, but an additional £50,000 for a detached home. This clearly creates a knock-on effect for those looking to make their first home move, as the rungs on the housing ladder have become increasingly wider. However, the housing market has begun to show signs of cooling. Mortgage activity has started to come down and, coupled with the inflationary pressures currently exerted on household budgets, it’s likely activity will start to slow.”

Russell Galley, Managing Director at Halifax
Source: Halifax, June 2022

All details are correct at the time of writing (23 June 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.