

June 2016 Latest Property Price Summary

We track key reports on property prices produced on a monthly basis. This report summarises crucial numbers and what the experts are saying about the market and includes [Kate Faulkner's](#) comments on what this means primarily for the general public, but also for the industry, market and economy.

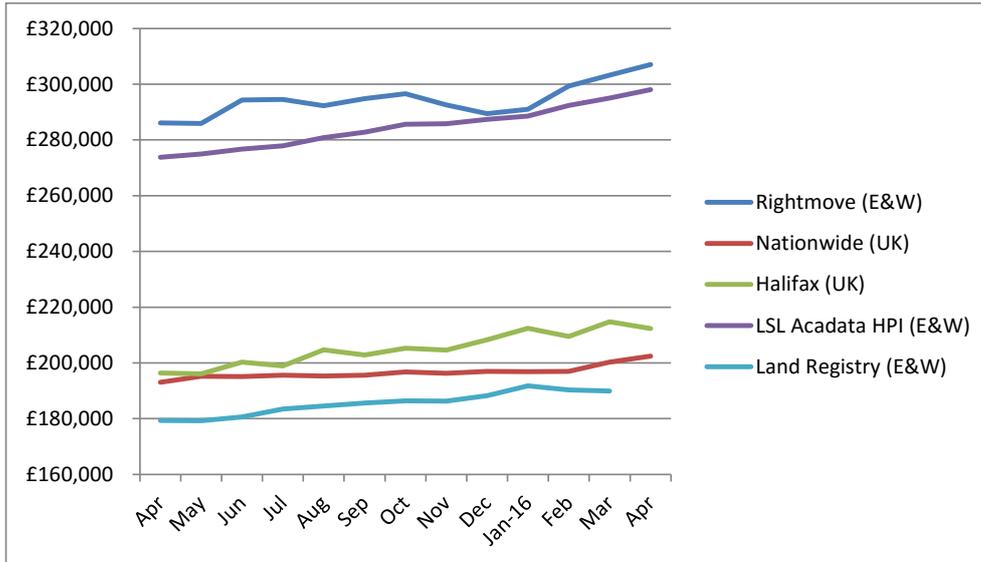
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Kate's view on individual indices

- [Rightmove](#) - Useful to measure average time to sell and sellers' sentiment. *(E & W)*
- [Nationwide](#) - Measures mortgaged property prices and affordability. *(UK)*
- [Halifax](#) - Measures mortgaged prices and produces individual research, ie seaside towns. *(UK)*
- [NAEA](#) - Tracks first time buyer sales and provides supply/demand figures from agents. *(UK)*
- [RICS](#) – Excellent for supply/demand analysis and on forecasting the market. *(UK)*
- [BBA](#) – Provides a huge amount of data on the economy/prices/transactions and financing. *(UK)*
- [Agency Express](#) - Analyses for sale/sold board, good for 'current' market trends. *(E,W & S)*
- [Hometrack](#) - City analysis across the UK and compares current prices annually and quarterly. *(E,W & S)*
- [LSL Acadata HPI](#) – Analyses Land Registry figures, separates out London, good analysis on transactions. *(E & W)*

Latest National Market Movements



	High	Low	Current Month Apr-16	Current Month May-16	Annual Change	Annual Average (05-16)
Rightmove	£241,474	£213,570	£307,033	£308,151	7.8%	4.5%
Nationwide	£184,131	£147,746	£202,436	£204,368	4.7%	2.7%
Halifax	£199,766	£157,767	£212,321	£213,472	9.2%	2.4%
LSL Acadata HPI	£231,829	£197,145	£298,030	£293,599	6.8%	4.2%
Land Registry	£180,925	£149,899	n/a	n/a	n/a	n/a

Kate Faulkner comments on the national market:

It's been an interesting year so far with a massive rise in activity (and prices) to the end of the first quarter, a dip in April post the imposition of the 3% stamp duty and property prices are continuing to rise, albeit at a slower pace (according to Rightmove's sellers' index) but show small falls according to LSL's index. Rightmove's analysis though is interesting on smaller properties: "In the period between the November [2015] announcement of a stamp duty rise and its implementation at the end of March, the price of property coming to market in this first-time buyer/investor sector increased by 3.0%. In just four weeks it has now risen by 6.2%, the highest monthly rise recorded for this sector since February 2012." So if the government/Bank of England was hoping for lower price growth at the lower end of the market, it doesn't appear to be happening yet and these trends, albeit still early days to come to a concrete conclusions, suggest that the government's aim to reduce demand at this end of the market hasn't worked particularly well, albeit that overall price growth does appear to be slowing.

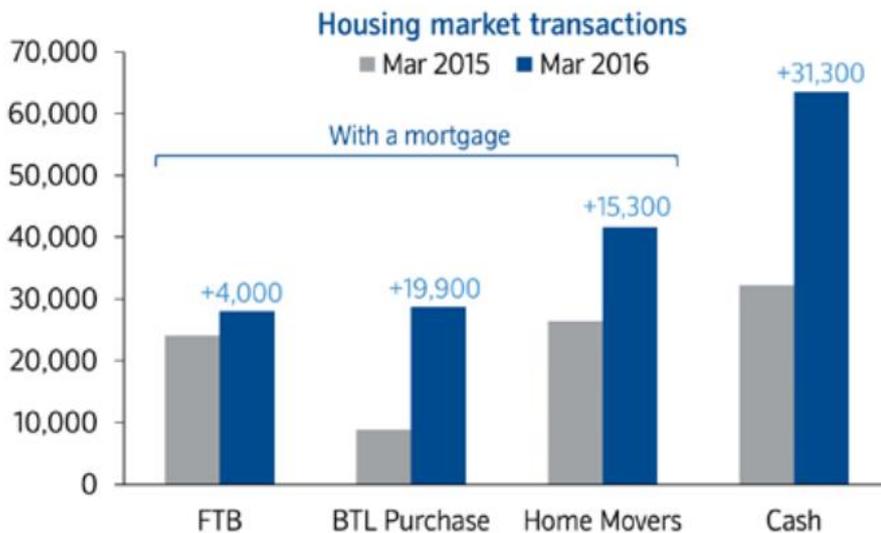
What is fascinating from the data over the last month is the Nationwide chart which shows how all buyer types increased and in particular the huge jump in cash sales, reminding us that as much as the government wants to curb demand from second home owners, with people being able to purchase without mortgage finance in such substantial numbers, then even a 3% increase in tax isn't necessarily going to deter them from their dream/necessary purchase.

Report Headlines

Rightmove	<i>"Buy-to-let feast leaves higher prices for first-time buyers"</i>
NAEA	<i>"Demand for housing at lowest level in two years"</i>
RICS	<i>"Price momentum eases as uncertainty weighs on market sentiment"</i>
Nationwide	<i>"Pace of house price growth broadly stable in May"</i>
Halifax	<i>"Annual house price growth unchanged at 9.2%"</i>
LSL Acadata HPI	<i>"House prices slump before EU referendum"</i>
Hometrack	<i>"City house price growth running in double digits"</i>

According to Nationwide:

"Mortgage data suggests that, while Buy to Let (BTL) purchases were a major driver of the increase, the purchase of second homes also accounted for a substantial proportion. The number of home mover mortgages, which is where second home purchases with a mortgage would show up, increased sharply in March, as shown in the following chart."



Source: HMRC, CML, Nationwide estimates

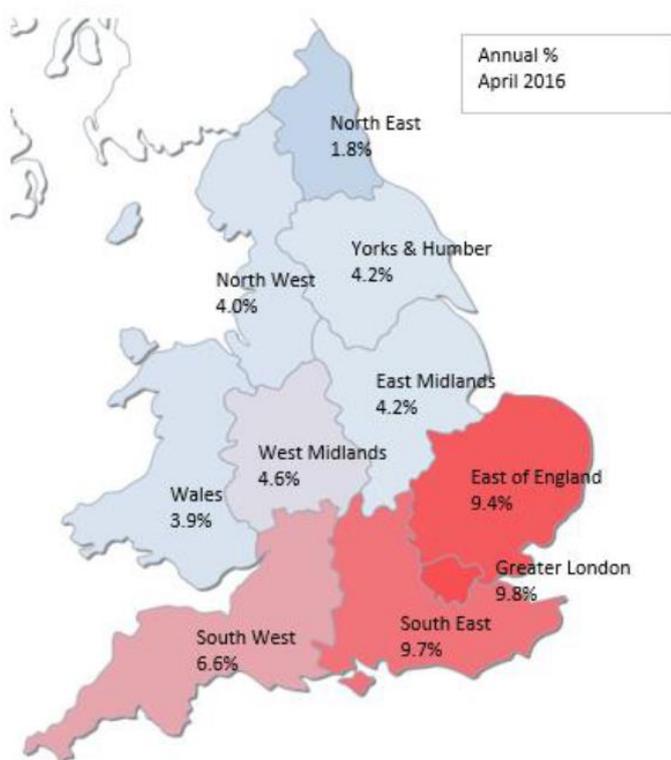
Regional Property Price Differences

Kate Faulkner comments on regional differences:

The chart from the LSL Acadata HPI shows how varied property price changes are and that as far as England regions are concerned, there is no 'one' property price market. That's why it's essential that local agents should be the ones that consumers turn to when wanting to know what's happening to property prices in their area as opposed to national price reports, which, by their very nature, look for data across the UK to generate interest for everyone as opposed to specific areas. The data also shows the South continues to overheat whereas everywhere else in England is seeing average or below annual house price growth.

The fact that prices are growing so differently across the regions shows how much supply versus demand, the economy, wages and wealth influences house prices, and while the South continues to do better on these fronts, apart from property supply, prices are likely to continue to rise, while most other areas will continue to see average or below year on year changes.

LSL Acadata HPI - Heat Map of the annual change in the average house price, analysed by region, April 2016



LSL Acadata HPI

"In April, Greater London, for the third consecutive month, has the highest annual increase in average house prices of all the ten regions in England & Wales. The South East has moved up into second position with inflation at 9.7%, with the East of England dropping into third place with house price inflation of 9.4%. The West Midlands has moved up two places to fifth position with house price growth at 4.6%, while both Yorkshire & the Humber and the East Midlands saw a reduction in the rate of growth in prices during the month. The North West, Wales and the North East continue to take the lowest three positions in terms of house price growth.

"Excluding Greater London, the South East and the East of England from the statistics, the annual rate of house price inflation for the remainder of England & Wales would be 4.1%, in place of the average 6.8% recorded for the two countries as a whole. This is indicative of the impact these regions have on the overall index and the need to recognise the strong regional and national variations that exist. (May 16)"

Property Price Towns and City Differences

Kate Faulkner comments on prices in towns and cities:

In the absence of the Land Registry index, we have used the Hometrack Cities Index this month to see what's happening across the country. It's a useful index as it tracks and compares Northern Ireland and Scotland. As per the regional property price data, what this shows is that year on year, cities fall into three main property price change brackets – bar Aberdeen. The likes of Bristol, Cambridge and London are seeing double digit growth and prices are well ahead of where they were pre credit-crunch. Then there are areas which have recovered and are, to some extent overheating, but compared to pre credit-crunch prices are still OK value for money (statistically anyway!). These include the coastal towns of Bournemouth, Portsmouth, Southampton as well as Oxford, and although performing at a lower rate the likes of Birmingham, Cardiff, Leicester and Nottingham. Then there are cities which are still increasing year on year, but only just or not yet recovered to the heights seen before the credit crunch, for example, Belfast, Edinburgh, Glasgow, Leeds, Liverpool, Manchester, Newcastle and Sheffield. Finally, there is Aberdeen, proof in its own right of how much it's the local economy that pushes prices up/down – not estate agents who are often accused of being able to manipulate prices!

And bearing in mind that price changes here change from -6.1% falls year on year to 15.8% growth, without local agents being the main communicator of property prices in their area, the public won't really understand the reality of what's happening to their local property price market, and if they don't understand what's happening locally, then they won't be able to make the decision whether now is a good time to sell, buy or invest in property.

City	Average price	Trough-current	Peak-current	Last 12 months	Last 3 months	Last month	Year on year
Aberdeen	£183,400	20.5%	5.7%	-6.1%	-0.5%	-0.6%	
Belfast	£122,500	20.9%	-46.4%	4.1%	2.3%	0.8%	
Birmingham	£140,200	20.9%	2.3%	8.3%	3.5%	1.1%	
Bournemouth	£259,700	37.6%	13.0%	8.6%	2.4%	0.7%	
Bristol	£247,400	55.7%	26.4%	13.8%	4.0%	1.3%	
Cambridge	£411,900	84.2%	55.8%	15.8%	4.3%	1.1%	
Cardiff	£186,100	27.1%	7.1%	6.3%	2.2%	0.2%	
Edinburgh	£196,500	16.1%	-4.1%	4.0%	1.1%	0.1%	
Glasgow	£109,000	10.4%	-11.4%	3.5%	2.1%	0.5%	
Leeds	£147,500	18.6%	-1.8%	6.7%	2.7%	0.9%	
Leicester	£149,200	25.9%	6.2%	7.4%	2.0%	0.7%	
Liverpool	£109,100	12.5%	-11.7%	5.5%	3.9%	1.1%	
London	£465,900	81.6%	52.6%	14.4%	4.1%	0.9%	
Manchester	£142,500	20.5%	0.8%	7.8%	3.6%	1.0%	
Newcastle	£123,300	11.1%	-7.4%	2.5%	1.6%	0.6%	
Nottingham	£133,100	23.9%	4.0%	5.9%	1.4%	0.5%	
Oxford	£393,100	64.4%	39.8%	7.1%	1.4%	0.5%	
Portsmouth	£210,300	37.3%	16.3%	9.0%	2.9%	0.7%	
Sheffield	£126,100	14.8%	-1.3%	4.7%	3.1%	1.1%	
Southampton	£208,500	37.2%	15.2%	9.0%	2.1%	0.4%	
UK	£197,000	30.0%	10.5%	8.3%	3.2%	0.8%	

Hometrack – UK cities house price index

Summary of Property Price Indices comments on Town and City Differences

Hometrack

“The surge in transactions ahead of the April stamp duty change resulted in most cities registering a spike in the monthly rate of house price growth in March with slower growth recorded in April. Aberdeen remains the city bucking the national trend with prices falling by 6.1% in the last year where the lower oil price continues to impact the economy and demand for housing. Across the remaining cities, the annual growth rate is higher than 12 months ago in fifteen cities. The highest growth is being registered in supply constrained southern cities such as Cambridge, Bristol and London where prices have responded more quickly to strong demand in the first quarter. (Apr 16)”

RICS

“For the third consecutive month, London was the only area to see a fall in the price balance. Prices continue to rise in all other parts, albeit at a more moderate pace than previously. The outlook for prices in the three months to come has also deteriorated with 10% more contributors now expecting a fall rather than a rise. This represents the first negative reading since late 2012. However, this headline net balance figure is being heavily influenced by the South Eastern parts of the UK, where expectations are significantly more negative than elsewhere. The outlook is particularly weak in London and East Anglia where net balances of 43% and 33% of respondents foresee prices declining in the near future. While sentiment has moderated in all parts, more areas still foresee some limited growth over the months to come rather than an absolute fall in prices. (May 16)”

See my article [House price falls predicted... but are they really?](#) based on the RICS data which actually states:

RICS actually forecast a 6% rise for the second half of the year

“The sharp rise in activity prior to the tax change led to a 2.9% jump in prices in March alone (based on the ONS index), bringing the annual change to 9%. RICS data suggests that growth (in annual terms) will remain around this level in the months ahead before momentum eases in the second half of the year and we maintain our forecast for 6% growth in 2016 (Q4 on Q4).”

And finally their own surveyors' report:

“While the near term outlook for prices has softened significantly, a net balance of 54% of contributors still expect prices to be higher 12 months from now than they are today.”

Demand for Property

Kate Faulkner comments on demand for property:

In the main, the demand levels for April and May are, as expected, lower than they would normally be for two main reasons. Firstly, the huge increase in purchases at the end of March, thanks to the government's imposition of the 3% stamp duty. The second reason, put forward by the LSL Acadata HPI suggests that the EU referendum is now holding buyers back from making their purchase. Partly, no doubt, in the hope that George Osborne's promises of price falls if we Brexit! So it looks like the government is dictating what happens to the property market this year more than any other normal influences, meaning we need things to settle down over the summer when we know what's happening before we can truly work out what will happen to demand post political influences.

Summary of Indices Commentary on the Demand for Property

Rightmove

"Demand for typical entry-level property remains high, with searches on Rightmove specifying two bedrooms or fewer being up by 47% this April compared to April 2015 in spite of waning investor interest. (May 16)"

NAEA

"The number of sales made to first time buyers (FTBs) decreased in April, with one in four (26 per cent) of total sales made to the group. This is a decrease of two percentage points from March, when 27 per cent of sales were made to FTBs. The number of sales agreed on average per branch decreased in April, dropping from 10 last month to nine this month. (Apr 16)"

RICS

"The May survey shows demand contracting for the second consecutive month and falling at the fastest pace since mid-2008. New buyer enquiries declined, to a greater or lesser degree, across most parts of the UK. There are several potential causes of this - decline in buyers' appetite, with uncertainty over the upcoming referendum on the UK's membership of the EU by far the most prevalent suggestion. However, different areas have also reported an absence of demand from buy-to-let investors following the surge in activity that preceded the introduction of an additional layer of stamp duty in April. (May 16)"

LSL Acadata HPI

"Despite maintaining property values well above the rest of the UK, the demand for homes in London continues to grow. In the three months between February and April, sales of homes in London increased by 15%, compared to the same period last year. The majority of this upswing in sales came from flats. As landlords often prefer to provide flats to rent, these properties were a popular choice before the stamp duty surcharge came into force in April.

"Last month we had estimated a total of 97,500 sales for March, as recorded by the Land Registry, but have subsequently had to revise that total upward to 106,750 as further data has emerged. However, the exceptional level of sales in March, due to buyers bringing forward their purchases prior to the introduction of the 3% stamp duty surcharge on second homes and investment properties in April, has been followed by two months of exceptionally low levels of sales. For example, transactions in May at 51,750 will be the third lowest level of sales for the month since the Land Registry introduced its computerised record systems in 1995. The two lowest levels for the month of May were recorded in May 2009 (46,352) and May 2011 (49,586) during the aftermath of the last housing recession. We anticipate a lower than normal level of sales for June, reflecting the uncertainties arising from the Brexit referendum, which is likely to result in total transactions for the first six months of 2016 being on a par with that of 2015. (May 16)"

Bank of England

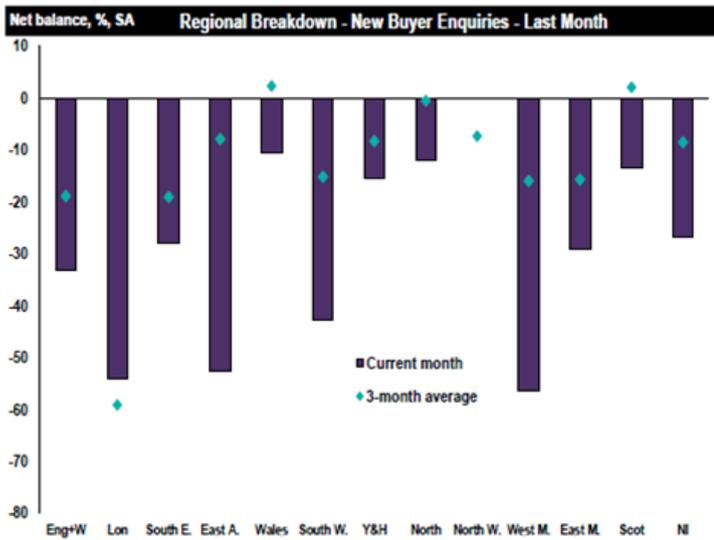
"The number of loan approvals for house purchase was 66,250 in April, compared to the average of 71,075 over the previous six months. (Apr 16)"

BBA

"Gross mortgage borrowing of £12bn in the month was 12% higher than in April 2015. As expected, this was a slower month, following the inflated lending activity associated with borrowers completing purchases ahead of the stamp duty increase. House purchase approval numbers have resumed a downward trend after seeing increased activity during the three previous months which were influenced by the stamp duty change. Numbers were some 6% lower than in April 2015. (Apr 16)"

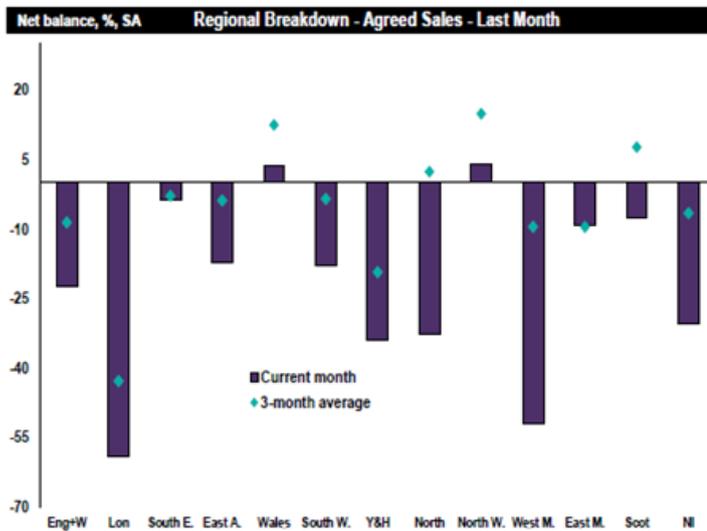
Demand for Property - Cont'd

Regional Enquiries - Past month



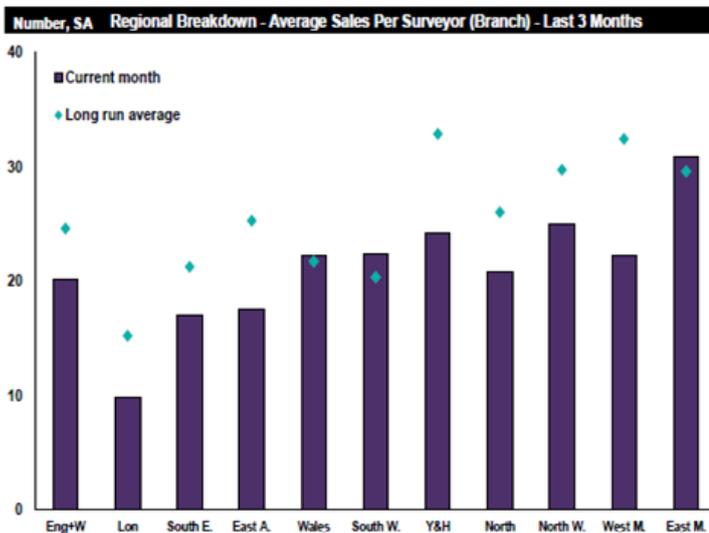
Source: [RICS - May 16](#)

Regional Newly Agreed Sales - Past month



Source: [RICS - May 16](#)

Regional Average Sales Per Surveyor - Past three months



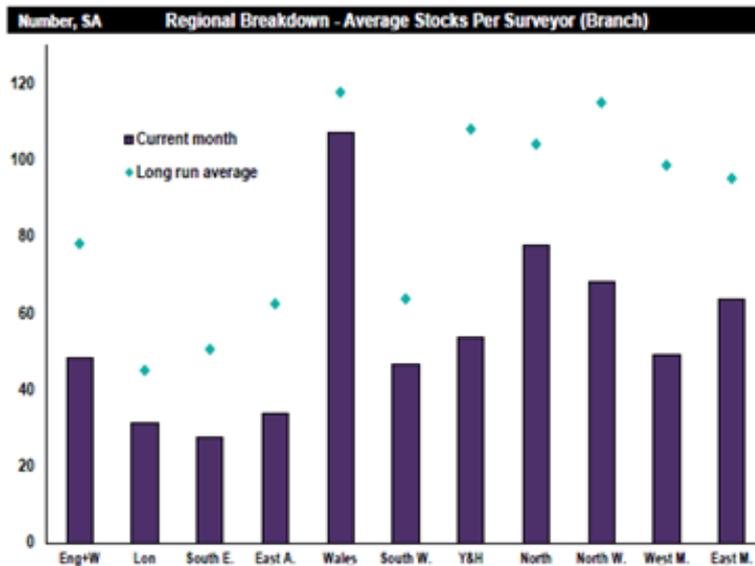
Source: [RICS - Mar 16 - May 16](#)

Supply of Property

Kate Faulkner comments on supply of property:

Sadly this month it appears stock levels continue to decline. This is bad news for everyone – consumers and the industry alike. What we desperately need is more stock, not less. We can only hope that the recent “Statement of Intent” by the largest housebuilders means that an extra one million homes will be delivered over the next parliament. However, whether we Brexit or not, it’s highly unlikely that this will dent the 30 year long demand versus supply imbalance we still have little hope of recovering from, as far as the South is concerned at least.

Regional Average Stock Per Surveyor



Source: [RICS –May 16](#)

Average Stock Per Branch	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16
Rightmove	62	63	65	65	63	63	62	59	53	53	54	57	57
NAEA	43	46	44	55	38	37	43	41	37	33	35	54	35
Average Sales Per Branch													
NAEA	8	9	9	9	10	9	9	8	7	8	9	10	9

Summary of Indices Commentary on the Supply of Property

Rightmove

“Fresh supply for the typical entry-level property is down by 1.5% in the last four weeks compared to the same period a year ago. (May 16)”

NAEA

“The number of properties available decreased by a third (35 per cent) in April, from 54 per branch in March, to 35 last month. (Apr 16)”

RICS

“The supply of properties coming available for sale also decreased, with 30% more contributors seeing a fall in new instructions rather than a rise. This represents the most widespread decline since the series began in April 1999. The fall in supply is evident across most parts of the UK with Wales the only area to see a modest increase in instructions. (May 16)”

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About Kate Faulkner

Kate has written six property books including four for the consumer organisation Which? – Buy, Sell and Move House; Renting and Letting; Develop your Property and Property Investment Handbook. Kate presents at a seminar almost every week to landlords, investors, first time buyers and is often asked to present at industry conferences and chair debates.

From a media perspective, Kate's appearances include BBC Breakfast News, Your Money, GMTV, ITV, Radio 4 You and Yours, The Big Questions and 5Live. In the last 12 months, Kate has carried out over 20 TV and radio interviews, has been quoted every month in major newspapers and magazines and being featured in many local newspapers.

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