June 2020 property price update

Independent, free, expert advice on housing

Buying, selling or investing in today's variable market means you need to take a great deal of care before making a decision. It's essential to secure independent, up-to-date advice you can trust. Kate and her team from **Propertychecklists.co.uk** make it easy to access the information and support consumers' needs via FREE of charge eBooks, checklists, articles and one-to-one advice.

Covid-19 – can you rely on property price indices?

Recently the media are using property price indices in the 'hope' that they get evidence that property prices are going to fall – this helps to drive scary news headlines which the media believe increase eyeballs to their news sites!

However, we are looking at any indices with a great deal of caution. Due to a lack of robust data there are some that have even been suspended, including our 'main report' we rely on the government's Land Registry.

Instead we are relying on 'hitting the phones' and talking to people we trust who are actually on the 'front line' of sales and understanding not just the numbers but the conversations they are having with buyers and sellers as confidence drives the market up and down and it's this we are trying to get to grips with.

Summary of property price reports

Report Headlines

Rightmove	*"First day traffic up on last year, indicating demand to support price stability"*
Home.co.uk	*"Collapse in supply of new instructions"*
RICS	*"Enquiries and sales expectations stabilise after restrictions ease"*
Nationwide	*"House price growth slows sharply as the impact of the pandemic begins to filter through"*
Halifax	*"House prices fall again in May – though activity starts to pick up"*
Hometrack	*"Buyer demand across England spiked up by 88% after the market reopened"*

Country and regional summary *(data from UK HPI)*

Property Prices - Countries	Market low +/- versus market height	Latest month's data Mar 20/ Q1 20	How much higher/ lower are latest prices vs height in 2007/8	Year on year change in price in Mar 20/ Q1 20	Annual average increase since 2005	Annual average increase since 2007/08	Annual average increase since 2000
England	-18.19%	£248,271	27%	2.2%	3.0%	1.9%	6.2%
Wales	-18.10%	£161,684	8%	1.1%	1.8%	0.6%	5.8%
Scotland	-17.48%	£151,856	4%	1.5%	3.3%	0.3%	n/a
Northern Ireland *(Q1)*	-56.64%	£140,580	-37%	3.8%	1.5%	-3.5%	n/a

Source: *UK HPI*

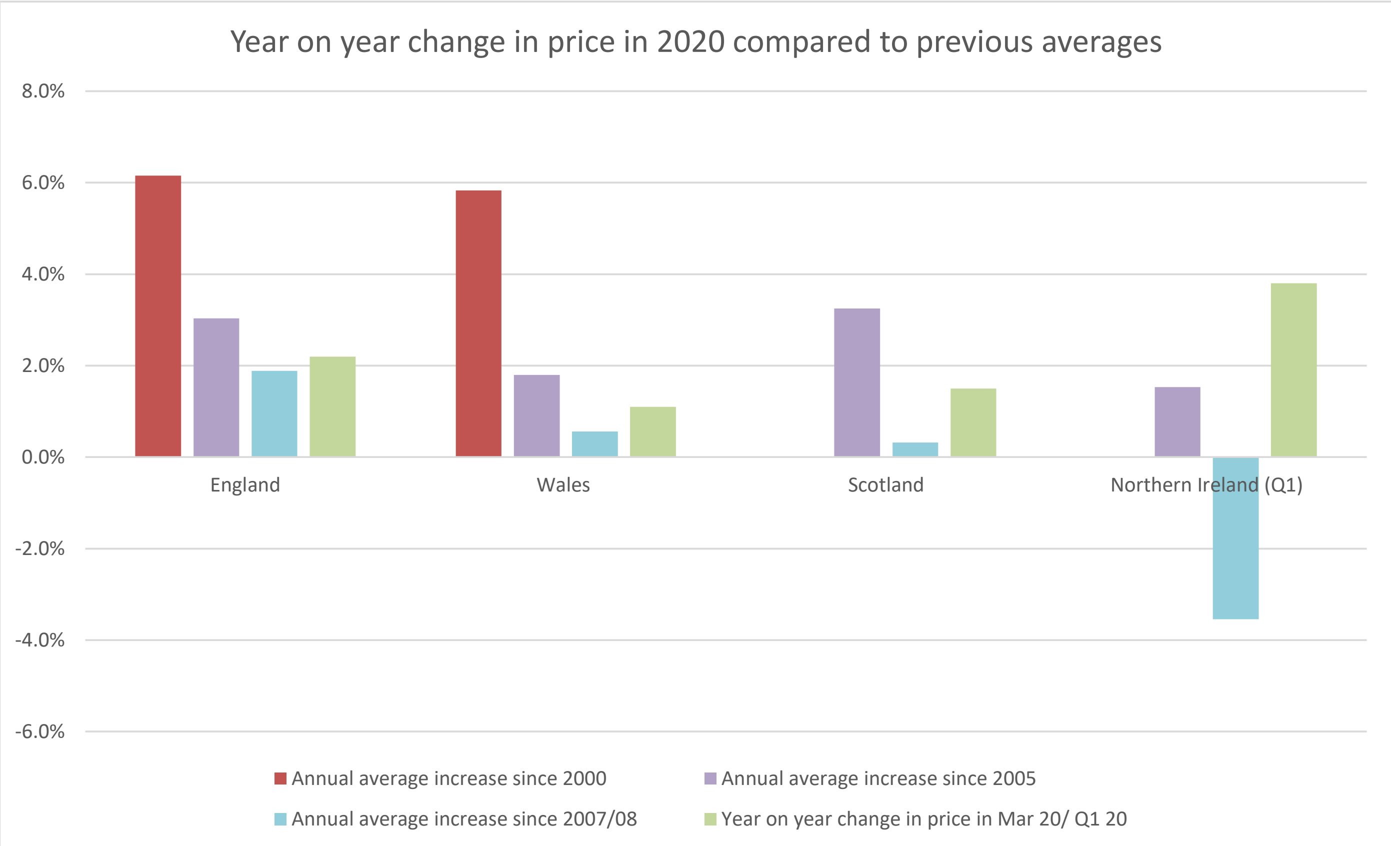
Commentary on country performance

As the Land Registry data runs behind by a few months, the information they have just published takes us up to the end of Q1, just as the lockdown started.

As you can see from a country perspective, Northern Ireland was performing the best year on year – but journalists shouldn't get too excited! Even though March's property price inflation looks amazing since 2005, what this misses is that prices are still -37% below the average for 2007.

So headlines of price growth for Northern Ireland should always be viewed with caution, many properties are still in negative equity!

Wales and Scotland price increases are about on par with 1.5% inflation while England was running at just above.



Source: *UK HPI*

Country and regional summary – cont'd

Property Prices - Regions	Market low +/- versus market height	Latest month's data Mar-20	Changes since 2007 peak	Year on year change in price in Mar 20	Annual average increase since 2005	Annual average increase since 2007	Annual average increase since 2000
North East	-19.65%	£126,945	-9%	1.8%	0.9%	-0.7%	5.0%
North West	-18.27%	£166,202	9%	3.4%	2.3%	0.7%	6.1%
Yorkshire & The Humber	-17.57%	£159,208	6%	-1.0%	2.0%	0.4%	5.9%
East Midlands	-18.59%	£194,664	22%	2.1%	2.5%	1.5%	6.2%
West Midlands	-17.39%	£195,917	18%	0.4%	2.3%	1.3%	5.8%
South West	-19.42%	£263,360	24%	4.1%	2.7%	1.7%	6.0%
East	-19.73%	£291,254	39%	1.6%	3.4%	2.6%	6.4%
South East	-19.97%	£323,353	35%	2.0%	3.4%	2.4%	5.8%
London	-17.83%	£485,794	63%	4.7%	5.0%	3.8%	6.8%

Source: UK HPI

Which regions are driving price growth up and down prior to lockdown?

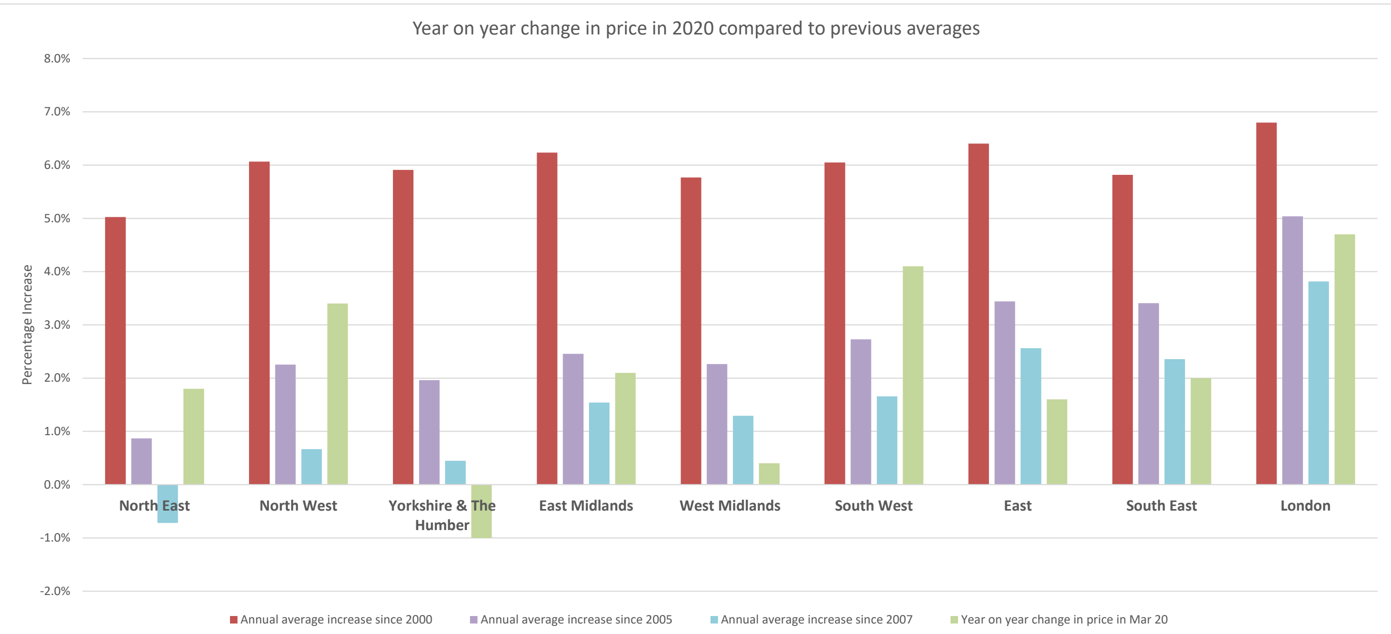
On average UK house price growth was up 2.1% year on year.

For those that over performed, regionally, average house price growth year on year varies from 4.7% up in London – seeing a rebound thanks to the 'Boris' and 'Brexit' bounce, in line with average annual house price growth going back to 2005 (15 years). This was followed by the South West seeing growth of 4.1%, a good performance vs the last 15 years, while the North West also saw positive growth of 3.4%, higher than the average 2.3% over the last 15 years, but half that of annual price growth seen since 2000.

The lowest growth was recorded in Yorkshire/Humber with prices there falling by -1% year on year, with the West Midlands achieving just a 0.4% increase.

Overall though, most areas prior to lockdown were performing below their average annual rate of price increases over the last 15 years.

This will be interesting when we get our heads around what happens to house prices post the lockdown as this is the first time we have gone into a recession without house prices booming.



Source: UK HPI

Detailed analysis of towns/cities current versus over time

I mentioned at the start we were treating property indices' data cautiously, so although Leicester and Tunbridge Wells were recording property price increases of over 12% year on year, I'm questioning whether that is correct as we haven't seen those kind of increases for years anywhere and on top of that this is an increase for one month only. Normally when prices increase, we see them building over a series of months, not a sudden burst.

With the average increase of 2.1% price growth year on year, out of the 27 towns and other cities we monitor:-

10 were down year on year, ranging from falls in Reading of 5% through to Bradford's falls of just 0.3%.

Six achieved the same average annual increase as we've recorded over the last 15 years, including Brighton and Hove and Edinburgh.

10 performed better than their average annual increase, but this does include the rather odd figures given for Tunbridge Wells and Leicester.

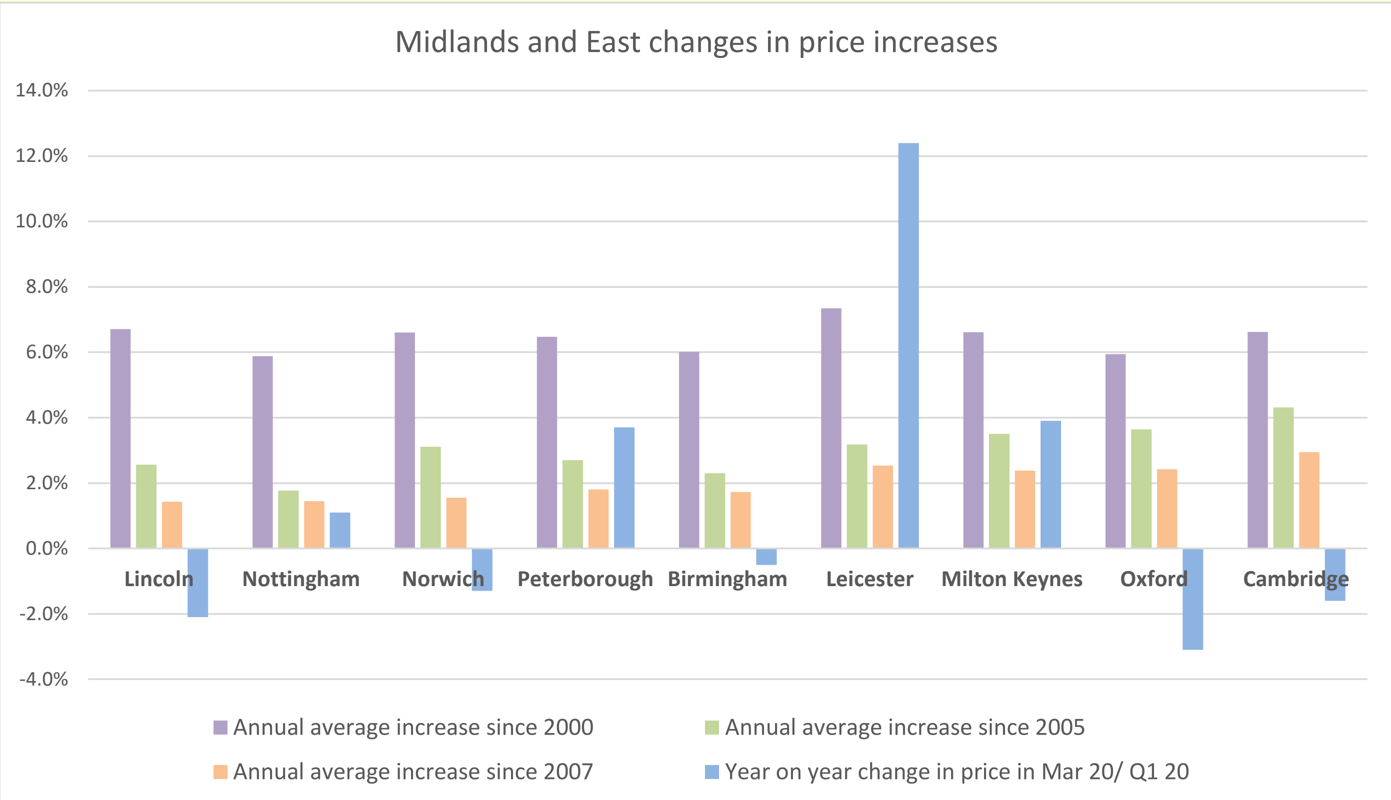
Property Prices Towns/Cities *England, Wales, Scotland & NI*	**How much higher/ lower are latest prices vs height in 2007/8**	**Year on year change in price in Mar 20/ Q1 20**	**Annual average increase since 2005**	**Annual average increase since 2007**	**Annual average increase since 2000**	**Highest yearly average increase since 2000**	
						Date	**% Increase**
Belfast *(Q1)*	-37%	4.3%	1.6%	-3.5%	n/a	Q1 07	57.1%
Glasgow	3%	3.1%	2.3%	0.2%	n/a	Jan-05	19.2%
Edinburgh	20%	3.1%	3.4%	1.4%	n/a	May-07	17.3%
Cardiff	24%	1.3%	2.3%	1.6%	6.0%	May-03	30.7%
Newcastle upon Tyne	-3%	4.2%	1.0%	-0.2%	5.3%	Feb-04	39.2%
Bradford	-6%	-0.3%	1.9%	-0.5%	5.4%	Sep-04	36.5%
Liverpool	3%	2.2%	1.7%	0.2%	6.0%	Jul-04	59.0%
Leeds	14%	0.3%	2.1%	1.0%	6.2%	Apr-03	30.7%
Sheffield	16%	2.6%	2.5%	1.1%	6.2%	Sep-04	31.9%
Manchester	31%	3.6%	4.7%	2.1%	8.0%	Jun-04	34.9%
Lincoln	20%	-2.1%	2.6%	1.4%	6.7%	Feb-03	38.0%
Nottingham	21%	1.1%	1.8%	1.4%	5.9%	Mar-03	37.9%
Norwich	22%	-1.3%	3.1%	1.6%	6.6%	Oct-02	37.9%
Peterborough	26%	3.7%	2.7%	1.8%	6.5%	Dec-02	30.2%
Birmingham	25%	-0.5%	2.3%	1.7%	6.0%	Feb-03	36.4%
Leicester	39%	12.4%	3.2%	2.5%	7.3%	Mar-03	35.4%
Milton Keynes	36%	3.9%	3.5%	2.4%	6.6%	Feb-03	32.0%
Oxford	37%	-3.1%	3.6%	2.4%	5.9%	Jun-00	29.5%
Cambridge	46%	-1.6%	4.3%	2.9%	6.6%	May-00	27.5%
Bournemouth	37%	-0.5%	3.1%	2.5%	6.4%	Apr-03	32.5%
Southampton	18%	-4.0%	2.1%	1.3%	5.4%	Apr-03	29.7%
Portsmouth	22%	-0.6%	2.5%	1.5%	5.6%	Mar-03	29.1%
Brighton and Hove	45%	5.1%	4.2%	2.9%	6.9%	Jul-00	35.4%
Reading	27%	-5.4%	3.1%	1.9%	5.1%	Jun-00	35.9%
Tunbridge Wells	51%	12.3%	4.1%	3.2%	6.3%	May-00	25.2%
Bristol	46%	3.1%	4.2%	3.0%	7.1%	Apr-03	29.7%
London	63%	4.7%	5.0%	3.8%	6.8%	Apr-00	28.3%

Source: UK HPI

Detailed analysis of towns/cities current versus over time – cont'd

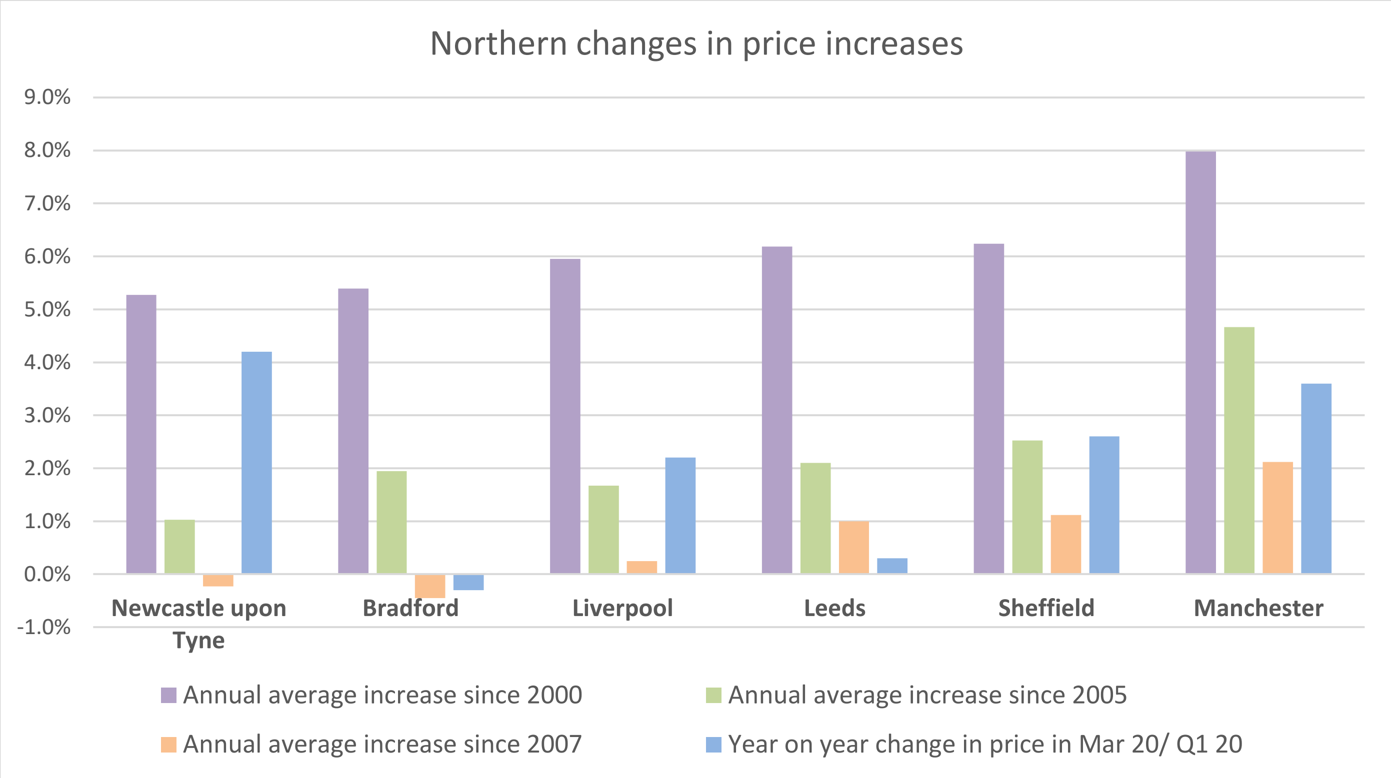
Five high growth areas YoY towns/cities	YoY %	Five low growth areas YoY towns/cities	YoY %	Five high growth areas last 12 years towns/cities	%	Five low growth areas last 12 years towns/cities	%
Leicester	12.4%	Reading	-5.4%	London	63%	Belfast (Q1)	-37%
Tunbridge Wells	12.3%	Southampton	-4.0%	Tunbridge Wells	51%	Bradford	-6%
Brighton and Hove	5.1%	Oxford	-3.1%	Bristol	46%	Newcastle upon Tyne	-3%
London	4.7%	Lincoln	-2.1%	Cambridge	46%	Glasgow	3%
Belfast (Q1)	4.3%	Cambridge	-1.6%	Brighton and Hove	45%	Liverpool	3%
Three high growth areas YoY London	**YoY %**	**Three low growth areas YoY London**	**YoY %**	**Three high growth areas last 12 years London**	**%**	**Three low growth areas last 12 years London**	**%**
Hackney	15.1%	Brent	-6.0%	City of Westminster	93%	Hammersmith and Fulham	44%
Kensington and Chelsea	14.6%	Ealing	-2.8%	Hackney	92%	Havering	44%
City of Westminster	13.5%	Croydon	-2.5%	Waltham Forest	75%	Croydon	44%

Source: UK HPI

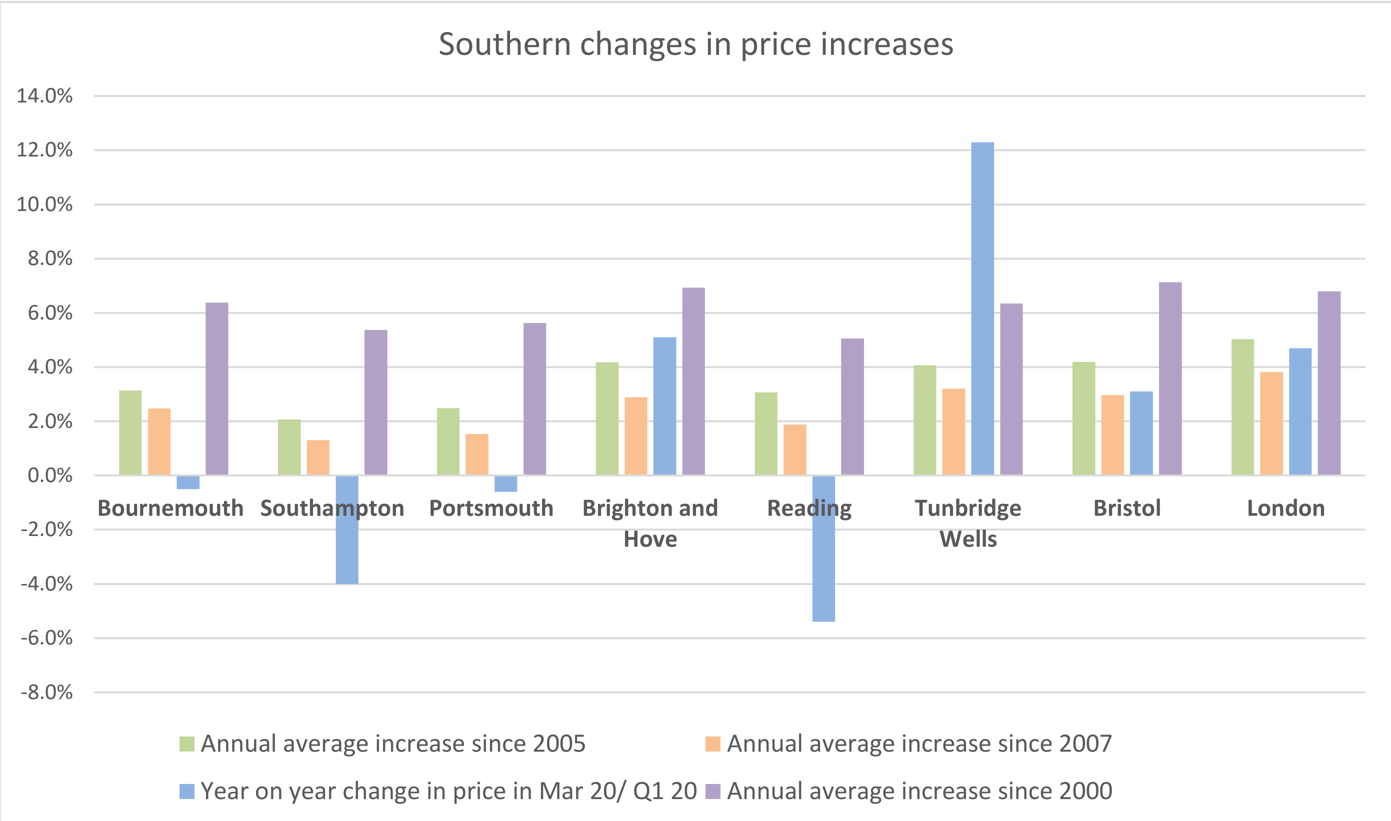


Source: UK HPI

Detailed analysis of towns/cities current versus over time – cont'd



Source: [UK HPI]



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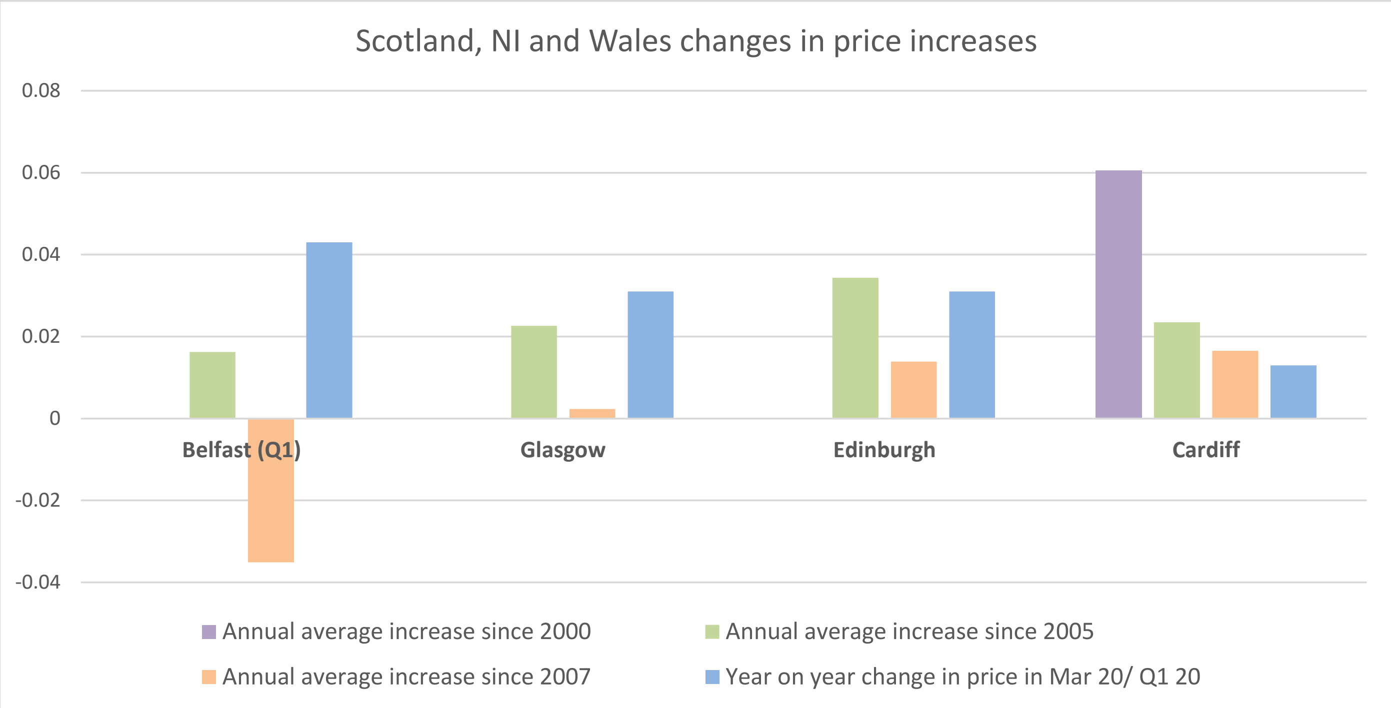
Detailed analysis of towns/cities current versus over time – cont'd



Source: UK HPI

Property transactions, demand and supply

RICS

"For new buyer enquiries, the headline net balance moved from a record low of -94% in April, to post a reading of -5% in May. As such, this indicator is consistent with a much more stable demand picture over the month. Alongside this, although the newly agreed sales indicator remained in negative territory, the latest reading was significantly less downbeat than that returned last month. Similarly, despite contributors reporting that new instructions coming onto the market continued to fall in May, it is noticeably less negative compared to the last reading. It is important to highlight that current activity metrics did not see any meaningful changes in Scotland, Northern Ireland and Wales, where restrictions on estate agents were not removed in May."

Hometrack

"The reopening of the English housing market on 13th May led to a surge of pent-up demand returning to the sales market. In the week after the market reopened, demand jumped by 88% and is currently 20% higher than at the start of March.

"A short-term rebound in demand was to be expected, especially given how strongly the market started the year. While the scale of the recent increase in demand is high, it reflects the fact that the market has been closed for 50 days (15% of the year), at one of the busiest times for market activity.

"It is also important to acknowledge that millions of UK households have spent a considerable amount of time in their homes over the last 50 days. Many are likely to have re-evaluated what they want from their home and are looking for change. This could well explain the scale and speed of the demand returning to the market.

"However, it is hard to square the rebound in demand against projections for a sharp rise in unemployment and a major downturn in economic growth in the second half of 2020 and into 2021. We expect the economic impact of COVID-19 to feed through into market sentiment in the near term. We expect the recent spike in demand to be relatively short-lived, with demand likely to moderate over the coming weeks.

"The rebound in demand since the week commencing 11th May (compared to the average over February), is not uniform across cities. In countries where the housing market remains closed the rebound in demand has been weaker compared to cities in England."

Knight Frank

"Demand is building and viewing levels are normalising as the market moves back towards its pre-lockdown state. In London, the number of new prospective buyers in the week ending 30th May was 35% above the five-year average. Viewing numbers narrowed to 34% below the five-year average after reaching their highest level since the second week of March.

"Meanwhile, outside the capital, the number of new prospective buyers in the same week was 5% below the five-year average, which compares to declines of 70%-plus during the lockdown period. The equivalent decline for viewings was 28%.

"In a sign that some buyers are targeting more outdoor space after the lockdown, web views were 8% above the five-year average for properties outside the capital. In London, there was a 13% decline. While demand has rebounded more quickly than supply since the lockdown, the balance is likely to be restored in coming weeks as more vendors list their properties for sale. The number of London-based buyers in the week to 23rd May was 28% higher than the five year average. Meanwhile, the number of instructions to sell remained 68% below the five-year average."

Yomdel

Enquiries from home movers remain strong as people seek digital solutions

Post-lockdown demand from home movers, especially vendors, remained exceptionally strong in the past week as visitor volumes to estate agent websites broke through pre-COVID-19 levels and people sought immediate support online in greater numbers than ever before, the latest data from the Yomdel Property Sentiment Tracker (YPST) shows.

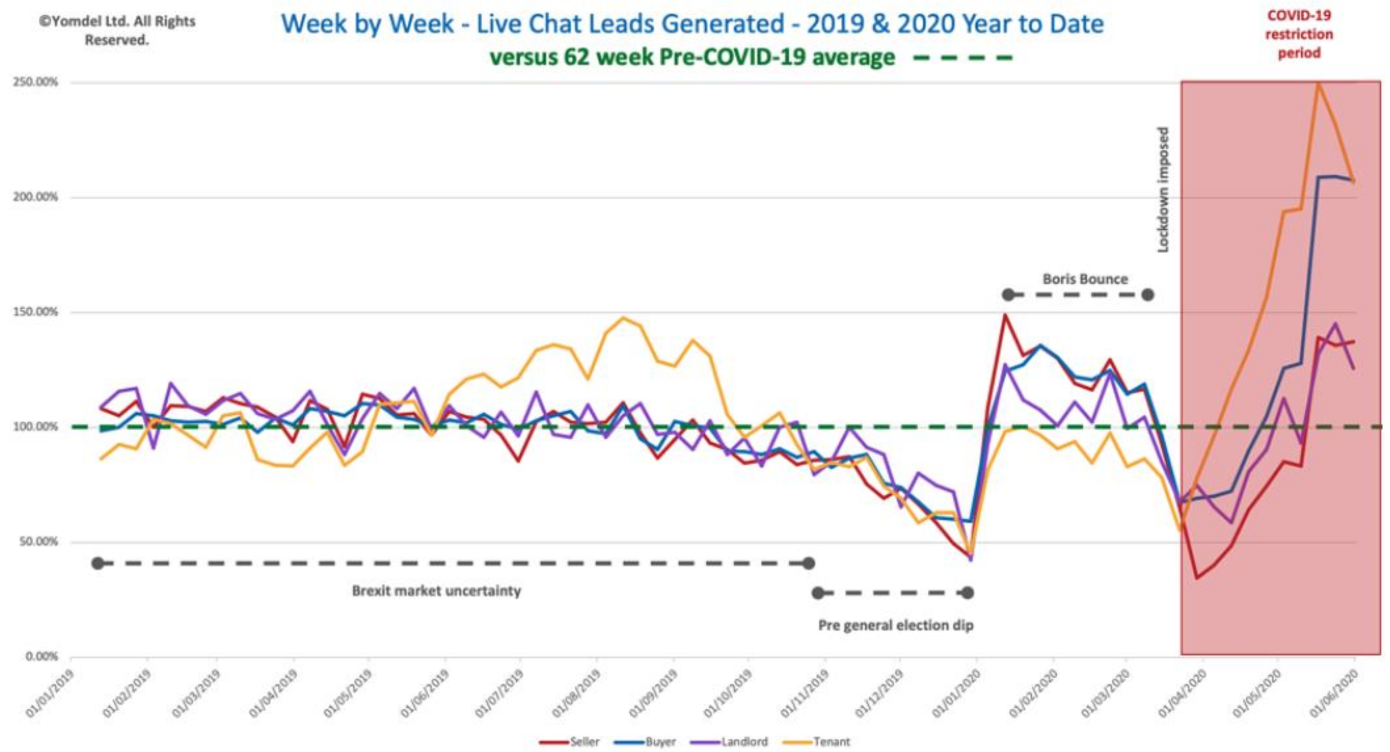
For the week ending midnight 31st May, new enquiries from vendors seeking valuations remained at record levels as people looked to kickstart stalled plans to move home. Buyer interest stabilised at dizzying levels 100% above pre-lockdown averages, while there was a slight cooling in the rental market from landlords and tenants as earlier pent up demand is now being supported and resolved, Yomdel, the leading provider of live chat for estate agents said.

Yomdel provides 24/7 managed live chat services to 3,800 estate agent offices in the UK, handling more than a million chats per year. It has analysed the data going back to January 2019, up until week ending 31st May 2020.

"*We're seeing this pattern of enormous demand not just from Yomdel, but also from Rightmove with record visitor numbers, and the leading CRM Reapit recording estate agent office activity. Data providers are also reporting transaction figures are rapidly rising meaning sentiment and actions are now moving more freely in synch,"* said Andy Soloman, Yomdel founder and CEO.

"Importantly, this is happening online as clients tell us they are not seeing many visitors to their reopened offices. Web traffic to agent websites has recovered and is now above average levels, while the volumes of people using live chat and requesting digital services are off the scale, we've never seen anything like this," he added.

Yomdel Property Sentiment Tracker (w/e 31st May 2020)



The YPST methodology establishes a base line average shown as 100% or 100, calculated according to average engagement values over the 62 weeks prior to the lockdown, and plots movements from there according to the volumes of people engaging in live chat, their stated needs, questions asked, and new business leads generated. Data is measured over full 24-hour periods.

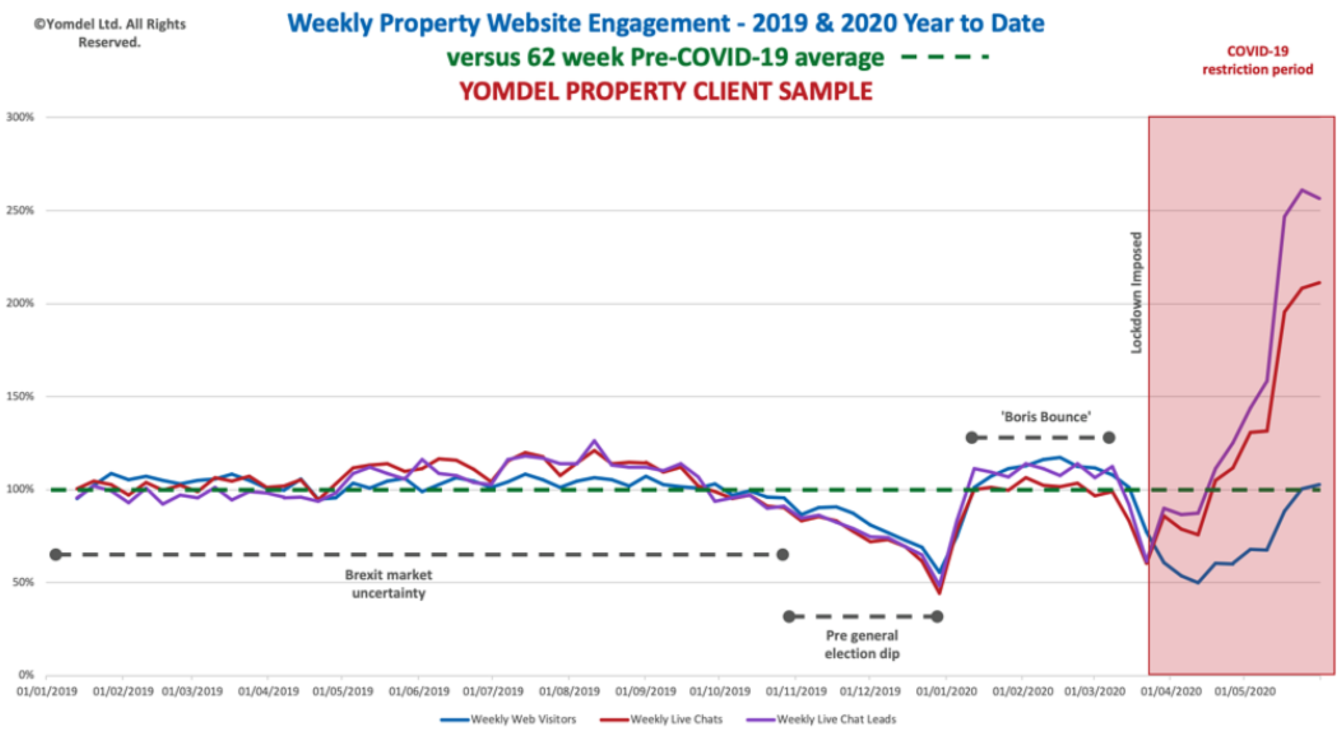
New vendor enquiries remained at record levels, nudging up 1.03%, or 1.4% points, to 137.28, equivalent to 37% above the pre-covidid-19 average to signal more and more people think its time to brave the market.

Buyers remained almost flat at their all-time-time record levels, dipping 0.78%, or 1.64 points, to 209.11, with demand now 109% above pre-covid-19 averages.

"The graph below samples more than 30 million visitors to estate agent websites from Jan 2019 – 31st May. It shows how web traffic to estate agents' websites (blue line) has recovered to pre-covid-19 levels. However, the volume of people using live chat (red line) and the numbers of new business leads captured (purple line) have increased exponentially. Before Coronavirus all three (visitors, live chat engagement, leads generated) tracked each other, but not anymore.

"This clearly indicates a fundamental shift in consumer behaviour and illustrates more strongly than ever how important 24/7 live chat is on agent websites right now," said Soloman.

Enquiries from home movers remain strong as people seek digital solutions – cont'd



Source: Yomdel