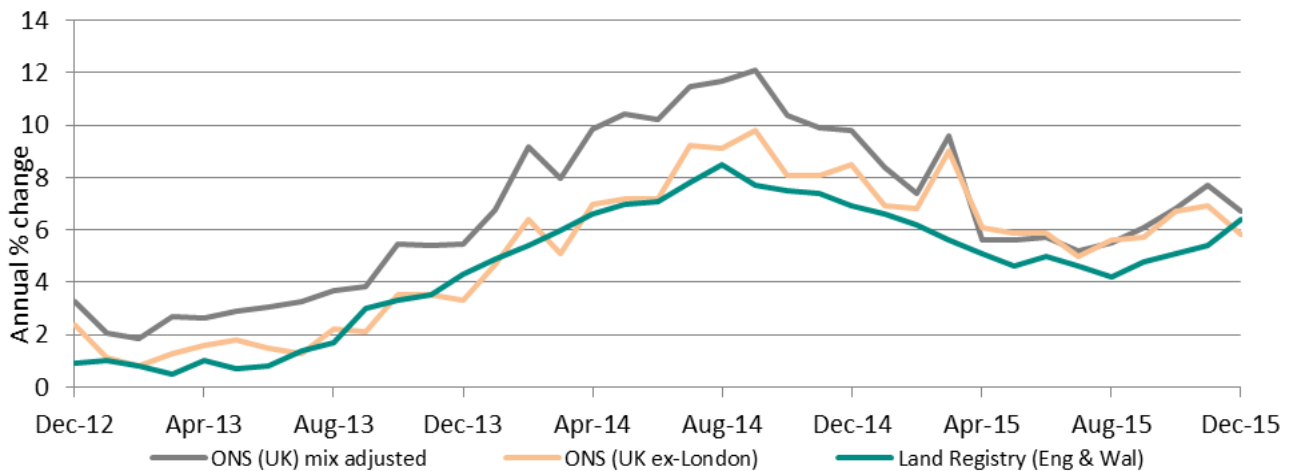




SUMMARY

- House prices:** Despite the seasonal price dip, the trend for average house price change continues to be steady growth.
- Housing market:** Estimated gross mortgage lending for 2015 was 8.2% higher than in 2014, and the highest annual total since 2008. The seasonally adjusted number of residential sales has generally been increasing steadily for more than a year.
- Construction:** Numbers of new homes built in 2015 were higher than in 2014. Urban residential development land values have increased.
- Economy:** Q4 GDP increased by 1.9% year-on-year, the unemployment rate has continued to decline, and consumer price inflation remains near zero.

HOUSE PRICES



House prices data source	Date	% change over previous:		
		1 month	3 months	1 year
ONS	Dec 15	-0.3%	0.5%	6.7%
ONS (UK, excl London)	Dec 15	-0.3%	0.3%	5.8%
Land Registry	Dec 15	1.2%	1.5%	6.4%
Nationwide	Jan 16	0.3%	1.3%	4.4%
Halifax	Jan 16	1.7%	2.2%	9.7%
Hometrack	Jan 16	0.5%	2.1%	7.8%

ONS mix-adjusted house price indices (UK) <http://www.ons.gov.uk/ons/rel/hpi/house-price-index/index.html>
 Land Registry (England & Wales) <http://www.landregistry.gov.uk/public/house-prices-and-sales>
 Nationwide (UK) <http://www.nationwide.co.uk/hpi/>
 Halifax (UK) http://www.lloydsbankinggroup.com/media1/economic_insight/halifax_house_price_index_page.asp
 Hometrack (UK) <http://www.hometrack.com/uk/insight/uk-cities-house-price-index/>

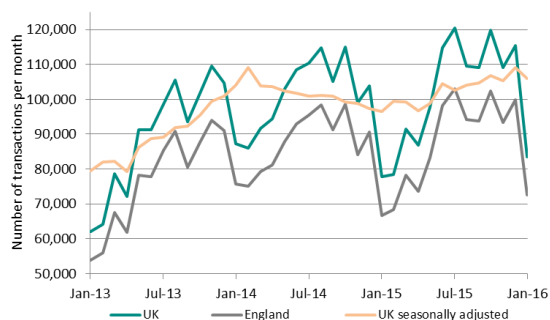
House price indicators vary depending on their methodology and sampling:

- ONS and the Land Registry are based on completions data.
- The Land Registry data is the most comprehensive, as it includes all property sales, including cash buyers.
- Nationwide and Halifax are based on their own mortgage offers.
- Hometrack is based on a survey of estate agents which includes the agents' opinion of achievable selling prices.
- Halifax, Nationwide and Land Registry data are seasonally adjusted.

HOUSING MARKET

Housing transactions

- There were 72,480 residential property transactions in England in January 2016, which is 8.6% higher than one year earlier.
- The series high was 136,790 in August 2007, and the low point was 34,750 in January 2009.



- There were a total of 1,060,860 transactions in England in the year to the end of January 2016. This is 1.8% higher than in the previous 12 months.
- Despite a seasonal dip in sales, the seasonally adjusted monthly total has generally been following an upward trend for more than a year.

<http://www.hmrc.gov.uk/statistics/transactions.htm>

Private rental market

- Private rental prices paid by tenants in England grew by 2.7% in the 12 months to December 2015.
- Rental prices increased in all of the English regions over the year to December 2015, with rental prices increasing the most in London (3.9%), followed by the East and South East regions (both 2.8%).
- The lowest regional average increases were in the North East (0.6%) and Yorkshire and The Humber (0.8%).
- Rents in England, but excluding London, rose on average by 1.9%.

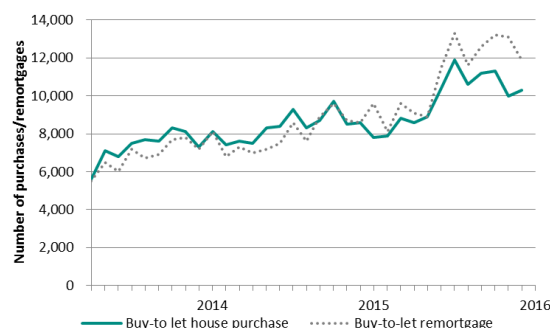
<http://www.ons.gov.uk/ons/rel/hpi/index-of-private-housing-rental-prices/index.html>

Mortgages

- Council of Mortgage Lenders data on mortgage market growth (house purchase loans):

Type of buyer		Dec 2015	Change from Dec 14
First time buyers	Number	29,300	11.4%
	£m	4,500	18.4%
Home movers	Number	33,400	12.1%
	£m	6,600	20.0%
Buy to Let	Number	10,300	19.8%
	£m	1,400	27.3%

- Gross mortgage lending reached an estimated £17.9bn in January. This is 21% higher than January 2015.
- This brings the estimated total for 2015 to £220.1bn, an 8.2% increase on 2014 and the highest annual gross lending figure since 2008.
- The buy-to-let sector continues to be the fastest growing part of the mortgage market. The value of gross lending for buy-to-let in Q4 2015 was 40.8% up on Q4 2014.



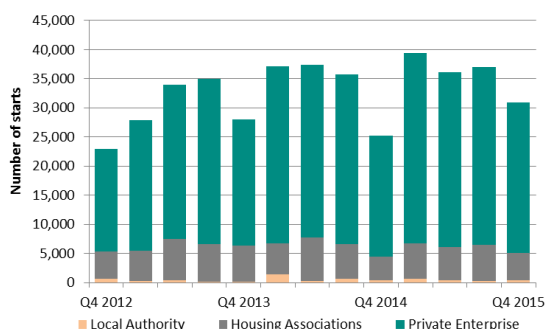
- The number of mortgages with arrears equivalent to 2.5% or more of the mortgage balance has decreased for the eleventh consecutive quarter. The 101,600 mortgages with that level of arrears in Q4 2015 represented around 0.9% of all mortgages.
- Mortgage repossessions have also continued to decline. 2,500 homes were taken into possession in the fourth quarter, compared to 5,100 one year before.

<http://www.cml.org.uk/cml/media/press>

HOUSE BUILDING

House building statistics

- Seasonally adjusted house building starts in England are estimated at 37,080 in the October-December quarter 2015. Total starts for the year 2015 were 6.0% up on 2014.
- Completions were an estimated 39,310 in the quarter. Completions in 2015 were 21.4% up on 2014.
- Private enterprise starts in 2015 increased by 8.5% on 2014, but housing association starts were down by 1%.



<https://www.gov.uk/government/statistics/house-building-in-england-october-to-december-2015>

Development land value

- Savills research has estimated that urban development land prices have been increasing faster than greenfield land values.
- In October-December 2015, urban development land values grew by 1.5% while greenfield values rose by 0.7%, delivering annual growth of 7.1% and 2.0% respectively.
- Growth in urban development land values was supported by strong demand for homes in urban and well-connected locations near transport hubs, particularly around Birmingham and Coventry.

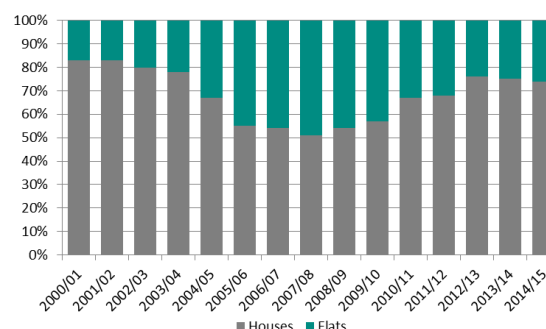
<http://www.savills.co.uk/research/uk/residential-research/development.aspx>

House builders

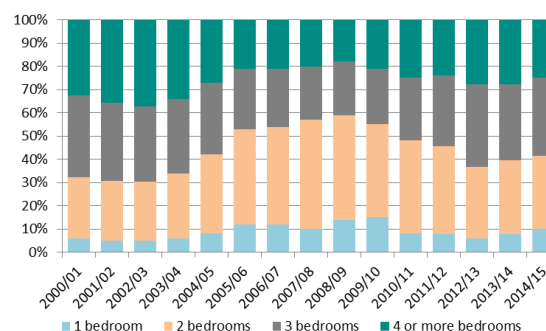
- For financial information on house builders that are listed on the London Stock Exchange please try this link: <http://www.londonstockexchange.com/prices-and-markets/stocks/stocks-and-prices.htm>

New homes: size and type

- National House Building Council (NHBC) data published by DCLG contain detail which can be used to provide annual estimates of the size and type of new homes being completed.
- The proportion for flats increased from under one fifth of all new build homes in 2000/01 to almost half by 2005/06, remaining at around that level through to 2008/09.
- The proportion for flats then fell back to around a quarter by 2012/13 and has remained relatively stable, being 26% in 2014/15.



- Less than one third of new homes completed in the first four years of the century had one or two bedrooms.
- The proportion of smaller homes then increased year on year, and more than 50% of completions in each of the five years 2005/06-2009/10 had one or two bedrooms.
- The number of new homes with three or more bedrooms has increased since 2008/09, and was 59% in 2014/15.



<https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building> (Table 254)

THE ECONOMY

Inflation

- The Consumer Prices Index (CPI) rose by 0.3% in the year to January 2016, compared with a 0.2% rise in the year to December 2015.
- This is the third consecutive month of small increases. But there is general stability, with the rate in January 2016 being the same as it was in January 2015.
- The main contributors to the rise in the rate were motor fuels, and to a lesser extent food, alcoholic beverages and clothing.
- Air fare prices partially offset the rise in the rate, falling by more than they did a year ago.
- CPIH, the measure of UK consumer price inflation that also includes owner occupiers' housing costs, grew by 0.6% in the year to January 2016, up from 0.5% in December.
<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

Interest rates

- UK gilt yields at 24 February 2016, were as follows:

Maturity	Yield	
	Current	1 month ago
10 year	1.38%	1.70%
20 year	2.08%	2.28%
30 year	2.33%	2.47%

<http://markets.ft.com/Research/Markets/Bonds>

Forecasts

- Data from HM Treasury's February 2016 compilation of independent forecasts for the UK economy is presented below.

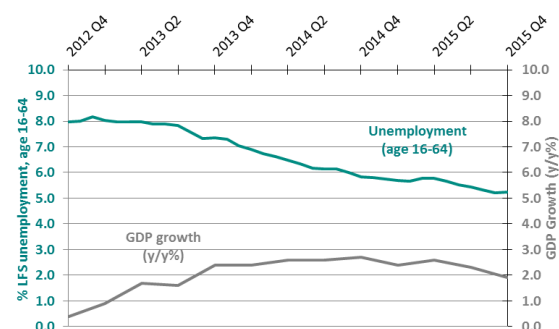
Median forecast (annual, unless stated otherwise)	% change in year	
	2016	2017
GDP growth	2.2%	2.3%
CPI inflation, Q4	1.1%	1.8%
RPI inflation, Q4	2.3%	3.1%
Average earnings	3.0%	3.5%
Official Bank Rate	0.8%	1.3%
House price inflation, Q4	5.7%	4.3%
Real household disposable income	2.6%	2.2%
LFS unemployment, Q4	5.0%	4.9%

<https://www.gov.uk/government/collections/data-forecasts>

Employment and unemployment

- In October-December 2015, 74.1% of people aged from 16 to 64 were in work. This is the highest rate since comparable records began in 1971.
- The unemployment rate was 5.1%, down from 5.7% for a year earlier. The rate has generally been falling for four years.

<http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/index.html>



Homes and Communities Agency, Spatial and Market Intelligence

If you have any comments, questions or feedback about this bulletin we would love to hear from you.

Please contact us at Market.Intelligence@hca.gsi.gov.uk

Disclaimer – The Homes and Communities Agency (HCA) makes no warranty as to the content, accuracy, timeliness or completeness of the information in this document, or that the information may be relied upon for any reason. The HCA shall not be liable for any losses or damages (including any special, incidental, indirect or consequential damages of any kind) or any damages whatsoever arising out of or in connection with the use or performance of this publication or the similar use of other documents which are referenced by or linked to this publication. Any links to other websites do not constitute an endorsement or an approval by the HCA of any products, services, policies or opinions of the organisation or individual.