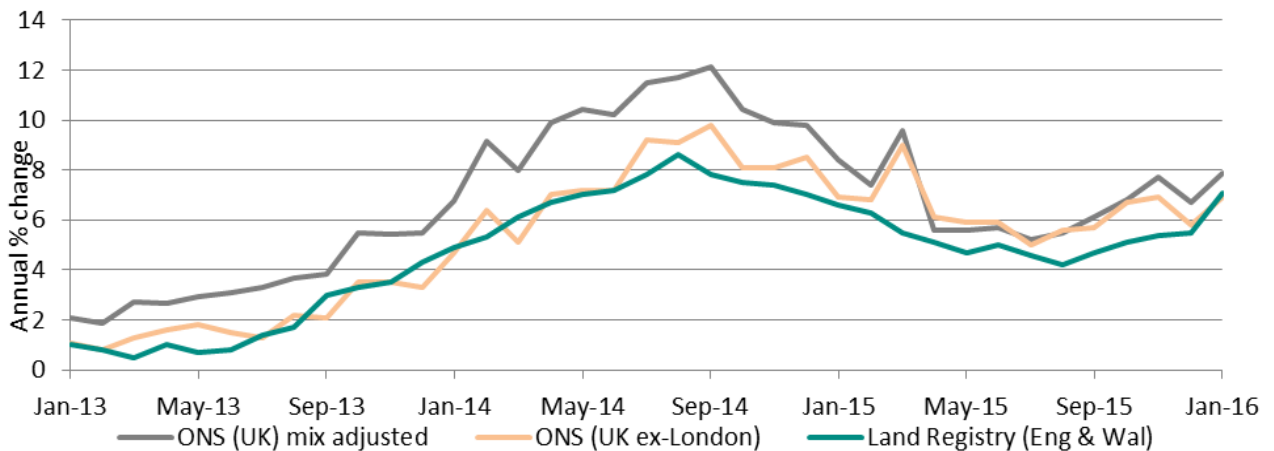




SUMMARY

- House prices:** The trend for average house price change continues to be steady growth. All English regions are now seeing growth, albeit relatively slowly in the North and strongly in the South East, the East and in London.
- Housing market:** The seasonally adjusted number of residential sales has generally been increasing steadily for more than a year. Gross mortgage lending levels are higher than a year before.
- Construction:** Numbers of residential planning approvals have increased, following a drop early in 2015. New orders for construction are up on a year ago.
- Economy:** The employment rate of 74.1% is the joint highest rate since comparable records began in 1971. Consumer price inflation remains just over zero.

HOUSE PRICES



House prices data source	Date	% change over previous:		
		1 month	3 months	1 year
ONS	Jan 16	0.9%	1.8%	7.9%
ONS (UK, excl London)	Jan 16	0.9%	1.0%	6.9%
Land Registry	Jan 16	2.5%	3.3%	7.1%
Nationwide	Feb 16	0.3%	1.4%	4.8%
Halifax	Feb 16	-1.4%	3.0%	9.7%
Hometrack	Feb 16	0.7%	2.5%	8.2%

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) 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/>

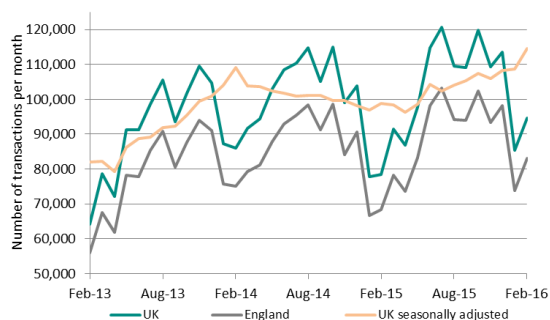
House price indicators vary depending on their methodology and sampling:

- 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 83,160 residential property transactions in England in February 2016, which is 21.6% 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 1,075,670 transactions in England in the year to the end of February 2016. This is 3.9% higher than in the previous 12 months.
- Despite a seasonal dip in sales, the seasonally adjusted monthly total is moving strongly upwards.

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

Homelessness

- 14,470 households were accepted as homeless by English local authorities between October and December 2015. This is 5.8% higher than the same quarter in 2014.
- There were 56,510 acceptances over the 12 month period Q1 2015 – Q4 2015, which is approximately 5.8% greater than the total for the previous 12 months.

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

Right to buy

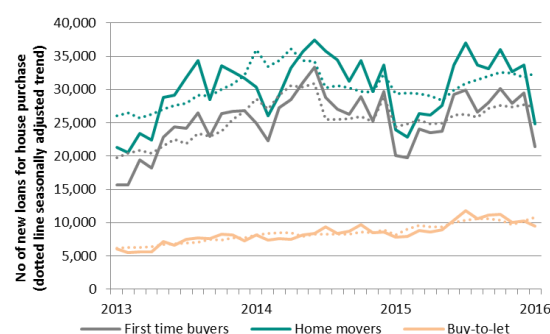
- In Oct-Dec 2015 local authorities sold an estimated 3,250 dwellings under the Right to Buy scheme; a decrease of 1% from the same quarter of 2014.
- The average receipt per dwelling sold in the quarter was £80,000, compared to £75,000 in the same quarter of 2014.

<https://www.gov.uk/government/collections/social-housing-sales-including-right-to-buy-and-transfers>

Mortgages

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

Type of buyer		Jan 2016	Change from Jan 15
First time buyers	Number	21,400	6.5%
	£m	3,300	13.8%
Home movers	Number	24,800	10.9%
	£m	5,100	10.9%
Buy to Let	Number	9,500	21.8%
	£m	1,400	40.0%



- Gross mortgage lending reached an estimated £17.6bn in February. This is 30% higher than February 2015.

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

Mortgage affordability

- CML research shows that mortgage repayment terms are continuing to get longer. Nearly 60% of first-time buyers now take out a loan lasting >25 years.
- The trend towards longer term borrowing also extends to home movers, and those remortgaging.
- Average house price growth has exceeded average income growth.
- The Financial Policy Committee has introduced new limits on borrowing at higher income multiples.
- So, although pension freedoms and the fact that people are living longer will be influences, the main reason for lengthening mortgage terms seems to be borrowers stretching their incomes to get on the housing ladder,

<https://www.cml.org.uk/news/news-and-views/affordability-bites/>

HOUSE BUILDING

Development land value

- Knight Frank research has estimated that average greenfield development land prices across England continued to slip back in the third quarter amid a slightly less active appetite for sites among developers and increased cost of development.
- Greenfield development land prices in England slipped by 0.2% in the quarter, taking the annual change in prices to -2.8%.
- Development land prices in prime central London were unchanged in Q3, taking the annual rate of growth to 7.4%.

<http://content.knightfrank.com/research/161/documents/en/q3-2015-3353.pdf>

Housing pipeline

- The HBF/Glenigan Housing Pipeline Report showed that residential planning approvals recovered during the third quarter of 2015 after the sharp drop in Q1.
- 64,900 residential units were approved during Q3 2015, which was around 9% higher than a year before.
- There were increases in the number of both private and social housing unit approvals.
- Housing schemes of ten or more units accounted for 85% of approvals; the remainder being on smaller projects including self-build schemes, homes included within non-residential schemes, and the conversion of non-residential properties.
- Overall unit approvals in Great Britain during the first nine months were 1% down on a year earlier. This decline follows three consecutive years of annual growth and is largely attributable to a weak second quarter.

<http://www.hbf.co.uk/library/publications-reports/housing-pipeline-report/>

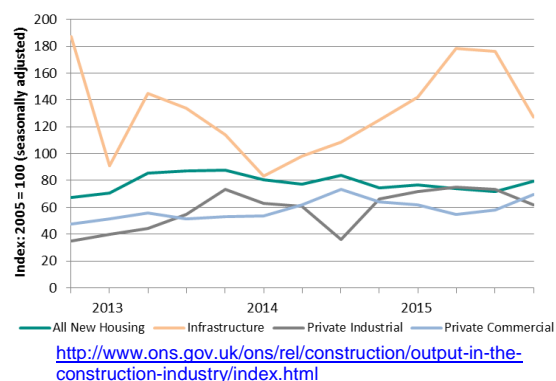
House builders

- 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>

CONSTRUCTION

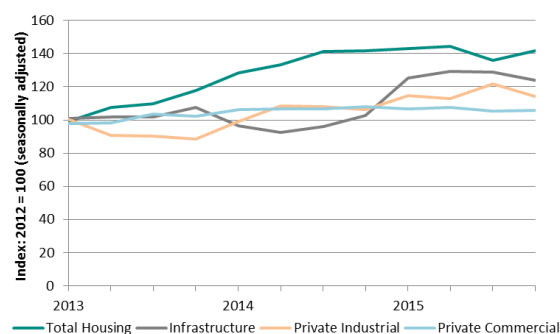
Construction industry: new orders

- Total new orders for the construction industry in October - December 2015 were estimated to have increased by 1.5% from the same quarter in 2014.



Construction industry: output

- In Quarter 4 (October - December) 2015, output in the construction industry was estimated to have decreased by 0.4% compared with Quarter 3.
- Downward pressure in the quarter came from repair and maintenance which decreased by 1.4%. This was offset by an increase of 0.2% in all new work.
- Output was estimated to have increased by 0.4% compared to Q4 2014.
- When comparing the annual 2015 data with 2014, output in the construction industry was estimated to have increased by 3.4%. All new work increased by 6.8% while repair and maintenance decreased by 2.2%.



THE ECONOMY

Inflation

- The Consumer Prices Index (CPI) rose by 0.3% in the year to February 2016, the same rate as in the year to January 2016.
- The largest downward contribution came from the transport sector, from price changes for items such as road passenger transport, second-hand cars and bicycles.
- Rising food prices, particularly for vegetables, offset this.
- CPIH, the measure of UK consumer price inflation that also includes owner occupiers' housing costs, grew by 0.6% in the year to February 2016, unchanged from January.

<http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/index.html>

Interest rates

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

Maturity	Yield	
	Current	1 month ago
10 year	1.43%	1.34%
20 year	2.16%	2.11%
30 year	2.31%	2.29%

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

Forecasts

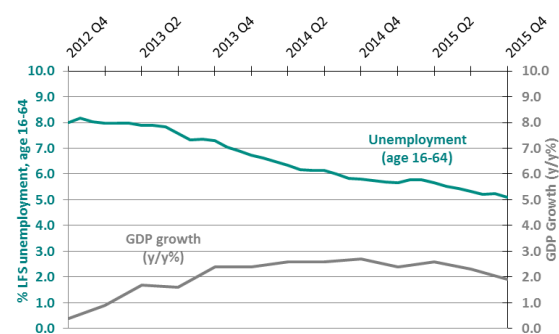
- Data from HM Treasury's March 2016 compilation of independent forecasts for the UK economy is presented below.

Median forecast (annual, unless stated otherwise)	% change in year	
	2016	2017
GDP growth	2.0%	2.2%
CPI inflation, Q4	1.0%	1.8%
RPI inflation, Q4	2.1%	3.0%
Average earnings	2.8%	3.3%
Official Bank Rate	0.6%	1.3%
House price inflation, Q4	6.0%	5.0%
Real household disposable income	2.5%	2.0%
LFS unemployment, Q4	5.0%	4.9%

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

Employment and unemployment

- In November 2015 - January 2016, 74.1% of people aged from 16 to 64 were in work. This is the joint 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

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