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RESIDENTIAL PROPERTY REVIEW

JULY 2021



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.

BUILDING SAFETY BILL PUBLISHED

Claiming “the biggest changes to building safety in nearly 40 years”, Housing Secretary, Robert Jenrick, said that the Building Safety Bill will set out a clear pathway for the future as to how residential buildings should be constructed and maintained.

The Bill was published on 5 July to set out new and more stringent requirements for residential buildings, following Dame Judith Hackitt’s review of building regulations and fire safety after the Grenfell Tower tragedy in 2017.

New measures include:

- Identifying people responsible for safety during the design, build and occupation of a high-rise residential building
- Establishing a Building Safety Regulator to hold to account those who break the rules and are not properly managing building safety risks, including taking enforcement action where needed
- Giving residents more routes to raise concerns about safety, and mechanisms to ensure their concerns will be heard and taken seriously
- Extending rights to compensation for substandard workmanship and unacceptable defect
- Driving a culture change across the industry to enable the design and construction of high-quality, safe homes in the years to come.

SCARCITY OF NEW LISTINGS

In its latest UK Residential Market Survey, the Royal Institution of Chartered Surveyors (RICS) has indicated that new listings are becoming increasingly scarce.

The RICS Survey points to a continuing excess of demand over supply, with a net balance for new instructions of -34% (down

from -24% in May) during June, which is a third consecutive monthly fall in new listings.

Knight Frank has also reported strong demand, with figures showing a ratio of new prospective buyers to new instructions to sell, being 10.4 in June, which is 56% above the five-year average.

James Cleland, Head of Knight Frank’s Country business commented, “Stock is still low but building. There will be a gradual restocking over July and August and good houses will sell well over the summer. It actually feels like we’re moving towards a better place as a rebalancing of the market is underway.”

PROPERTY PRICES IN SCOTLAND CONTINUE TO RISE

The property boom is continuing in Scotland – an annual growth figure of 12.1%, in the year to May 2021, has been recorded.

This is the highest increase in house prices in over a decade in Scotland and has occurred without the benefit of the Stamp Duty holiday, which has continued to offer buyers a significant discount elsewhere in the UK, fuelling the growth in house prices.

According to Savills, the average house price in Edinburgh rose to over £300,000 in May, for the first time. John Forsyth, a Director of Savills commented, “The sales market, particularly for family homes, has been very active in the first half of the year. Nearly 80% of the properties we have sold have attracted multiple bidders and premiums of up to 15% to 20% over valuations have been achieved by our Edinburgh city office. Our registered buyer inquiry levels were up 30% in June when compared with June 2019, which has resulted in more competition, particularly for family homes throughout the city.”

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (MAY 2021)*	133.5*
AVERAGE HOUSE PRICE	£254,624
MONTHLY CHANGE	0.9%
ANNUAL CHANGE	10.0%

* (Jan 2015 = 100)

- Average house prices in the UK increased by **10%** in the year to May 2021
- On a non-seasonally adjusted basis, average house prices in the UK decreased by **0.9%** between April and May 2021
- House price growth was strongest in the North West where prices increased by **15.2%** in the year to May 2021.

Source: The Land Registry
Release date: 14/07/21
Next data release: 18/08/21

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – MAY 2021

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £391,656	11.3%
SEMI-DETACHED £242,634	9.8%
TERRACED £208,810	11.4%
FLAT / MAISONETTE £215,731	6.5%

Source: The Land Registry
Release date: 14/07/21

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.4	9.7	£271,434
NORTHERN IRELAND (QUARTER 1 - 2021)	1.1	6.0	£149,178
SCOTLAND	5.4	12.1	£171,448
WALES	0.8	13.3	£184,297
EAST MIDLANDS	-0.2	11.0	£216,077
EAST OF ENGLAND	-1.0	6.9	£310,200
LONDON	-0.7	5.2	£497,948
NORTH EAST	1.4	11.8	£143,129
NORTH WEST	1.4	15.2	£189,245
SOUTH EAST	1.4	9.1	£350,016
SOUTH WEST	-0.6	8.4	£277,603
WEST MIDLANDS REGION	0.8	9.8	£219,793
YORKSHIRE AND THE HUMBER	0.8	10.2	£181,856

RESIDENTIAL MARKET OUTLOOK

"The total stock of homes for sale continues to run well below historical norms, and this will underpin pricing. At the same time, it may also constrain potential activity, especially for buyers looking for family houses. Even so, we forecast that this year will be one of the busiest for the housing market since the global financial crisis."

Gráinne Gilmore, Head of Research at Zoopla

Source Zoopla June 2021

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All details are correct at the time of writing (20 July 2021)

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