

RESEARCH

RESIDENTIAL MARKET UPDATE

December 2020



5.3%

average rise in house prices in the last four months

(Source: Halifax)

MARKET OVERVIEW

The second national lockdown has certainly been unwelcome but there are three main differences between this lockdown and the first which will make it less detrimental: Firstly, the housing market has been allowed to remain fully open and operating as normal, as have the construction sector and many manufacturing

industries. Secondly, the lockdown time period is unlikely to be as long as the first time, and thirdly, just a few days into the four-week period and there have been two exceptionally promising vaccine announcements, of which the government has already announced the purchase of millions of doses. All in all, this second lockdown is unlikely to contract economic output as much as the first back in April and May and certainly the housing market will not feel the same damaging effects as during the first round.

Sale Prices and Rents

- The strength of the housing market continued yet again throughout October as Nationwide recorded annual growth of 5.8%, the highest since 2015 while Halifax reported average house price inflation reached 7.5%. Halifax data also shows that house prices over the last four months have risen by an average of 5.3%, the strongest rate of four-monthly growth since 2006.
- It may seem far off but as it can take anywhere from 2-6 months for sales to complete, the end of the stamp duty

holiday in March 2021 is starting to loom. This may already be impacting the sales market as asking prices, according to Rightmove, have declined by around 0.5% on a monthly basis. Vendors may be being more realistic about pricing as they want to tempt buyers in order to get a sale over the line before the March deadline. Despite this, it is also worth remembering that small price declines can also be quite normal for this traditionally slower time of year.

- A two-speed rental market is emerging as Q3 rents outside of London have risen by an average of 1.7% over the same period last year, while rents inside London fell by an average of 5.2% annually according to Zoopla's latest rental report. Changing patterns of working and commuting may be partly to blame while supply issues in rural and regional locations is also underpinning rental growth.



There are three main differences between this lockdown and the first which will make it less detrimental

1.7%

rise in rents outside of London compared with the same period last year

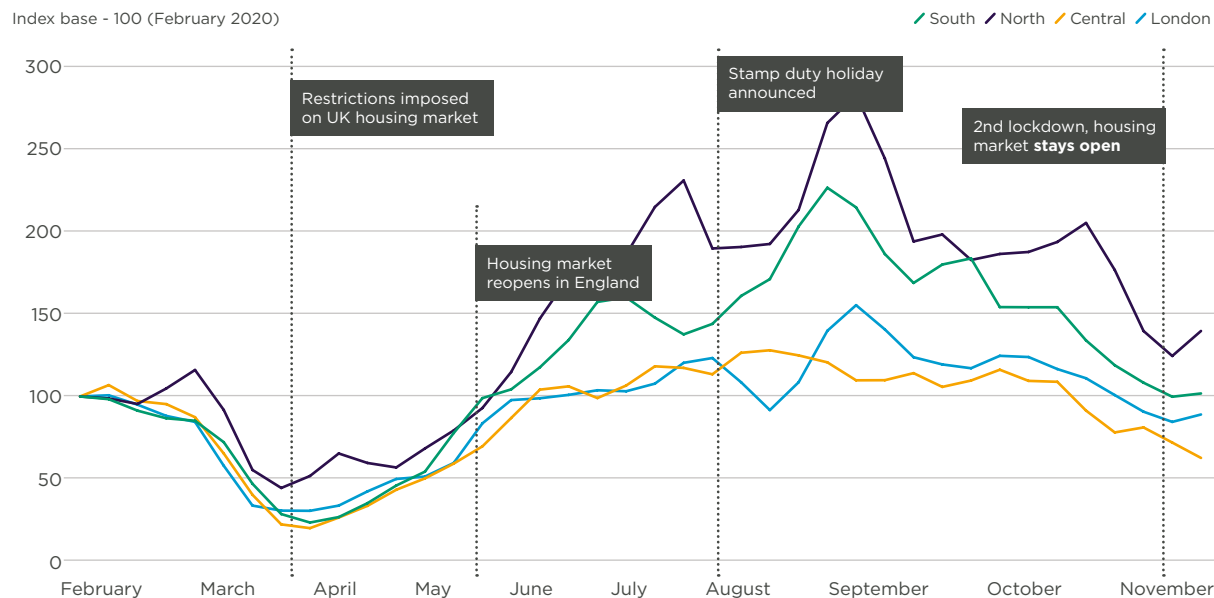
(Source: Zoopla)





Figure 1 Enquiry levels, Carter Jonas offices

Source: Rightmove, Zoopla, Carter Jonas research



Activity

- Enquiry levels across all of our Carter Jonas offices tapered off towards the end of October as talk of another nationwide lockdown began and buyers, vendors and renters thought that the housing market might be impacted. As it happened the housing market has been allowed to stay open and is operating as normal during 'lockdown 2.0'.

- Our offices across London, the South and the North therefore saw the trough of enquiries during the first week of November. All have begun to see levels rise again, albeit the pace of growth is slow which is partly a reflection of the time of year.
- Housing market activity is exceptionally strong according to mortgage levels, as mortgage approvals rose yet again during September. As approvals rose to nearly

92,000 during the month (as recorded by the Bank of England), this is the highest monthly figure since 2007 and beats that 13-year record by nearly 10%.

- The property portal Rightmove reported that agreed sales were up 50% during October, as compared with the same time last year. The East of England in particular has seen a 72% uplift in sales agreed, with a 69% rise across the South

East - both areas of the country which are traditionally more expensive and which had seen sales slow over the previous 12-24 months.

- Across the lettings market, we continue to see very keen interest in areas outside of city or town centres. Properties in rural or country locations are letting well with some strong rental uplift as a result while the more centrally located lets are seeing slightly less demand and less rental movement.



Housing market activity is exceptionally strong according to mortgage levels

OFFICIAL HOUSE PRICE DATA

HM Land Registry
September 2020

Carter Jonas location	Average Price	Monthly Change (%)	Annual Change (%)
Prime Central London	£1,166,021	4.6%	8.5%
South Oxfordshire	£451,968	1.1%	8.1%
West Oxfordshire	£351,995	2.7%	7.8%
Bath and North East Somerset	£362,432	4.4%	7.2%
Leeds	£198,697	1.1%	5.0%
England	£261,795	1.6%	4.9%
United Kingdom	£244,513	1.7%	4.7%
South West London	£687,165	1.8%	4.6%
Somerset	£248,357	2.5%	4.3%
London	£496,485	0.8%	4.1%
Oxford	£433,036	0.9%	3.8%
Wiltshire	£285,560	2.2%	3.4%
Inner London	£595,668	1.2%	3.3%
Northamptonshire	£234,960	1.1%	3.1%
Outer London	£438,671	1.2%	3.0%
Suffolk	£252,179	1.5%	2.7%
Cambridgeshire	£300,764	1.7%	1.9%
York	£263,600	1.9%	1.7%
West Berkshire	£351,132	2.6%	1.6%
South Cambridgeshire	£386,333	1.8%	1.5%
Vale of White Horse	£367,056	2.0%	1.5%
Northampton	£216,066	0.2%	1.1%
Cambridge	£443,362	0.0%	0.3%
Winchester	£417,358	-1.7%	-1.3%
Harrogate	£284,204	-0.6%	-1.8%

Source: HM Land Registry



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Carter Jonas



INCREASE IN ENQUIRY LEVELS SINCE THE MARKET REOPENED IN MID-MAY, AT CARTER JONAS OFFICES

50%
LONDON

31%
SOUTH

6%
CENTRAL

77%
NORTH



We're closely analysing what happens next

We're monitoring the market so we can get you the best possible price for your property. If you're keen to sell your property as soon as possible or simply curious to know what it's worth during these changing times **CLICK HERE** to book a complimentary market appraisal.

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Sources: Carter Jonas Research, ARLA Propertymark, Bicycle Association, Cycling Weekly, Halifax, HBF, Nationwide, ONS, Rightmove, Zoopla

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ABOUT CARTER JONAS

Carter Jonas LLP is a leading UK property consultancy supported by a national network of 33 offices and 800 property professionals. Our team is renowned for their quality of service, expertise and the **simply better advice** they offer their clients.

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