

RESEARCH

RESIDENTIAL MARKET UPDATE

July 2021



£22,000

Average increase in a UK house price, since May 2020

(Source: Halifax)

MARKET OVERVIEW

Now that we have reached the (majority) end of the stamp duty holiday there is some concern that buyer demand will substantially dissolve, and the housing market will then see a sharp slowdown. While there is little doubt that the tax break has fuelled a good deal of the increased demand over the last

ten months (there was a strong spike in transactions during March 2021 as households tried to get sales over the line before the original end of the tax break), this level of intensity and momentum is unsustainable. Bank of England mortgage approvals data already shows a decline in the number of approvals since reaching a peak last November of 103,000.

We believe there is still (and will be for some time) latent demand from people who will continue to reevaluate their changing needs and preferences due to the pandemic and lockdown, and the new ways of office and home working. While transaction levels may become more subdued than what we are seeing now, and the pace of house price inflation will slow, demand will return to more sustainable levels. This is particularly important given that first time buyers and younger people will have been disadvantaged by the current rates of demand and price growth.

Sales and Lettings Prices

Nationwide recorded their highest house price inflation figure in over seven years in May, with average prices reported to have risen by 10.9%. Monthly growth was also strong at 1.8% over April.

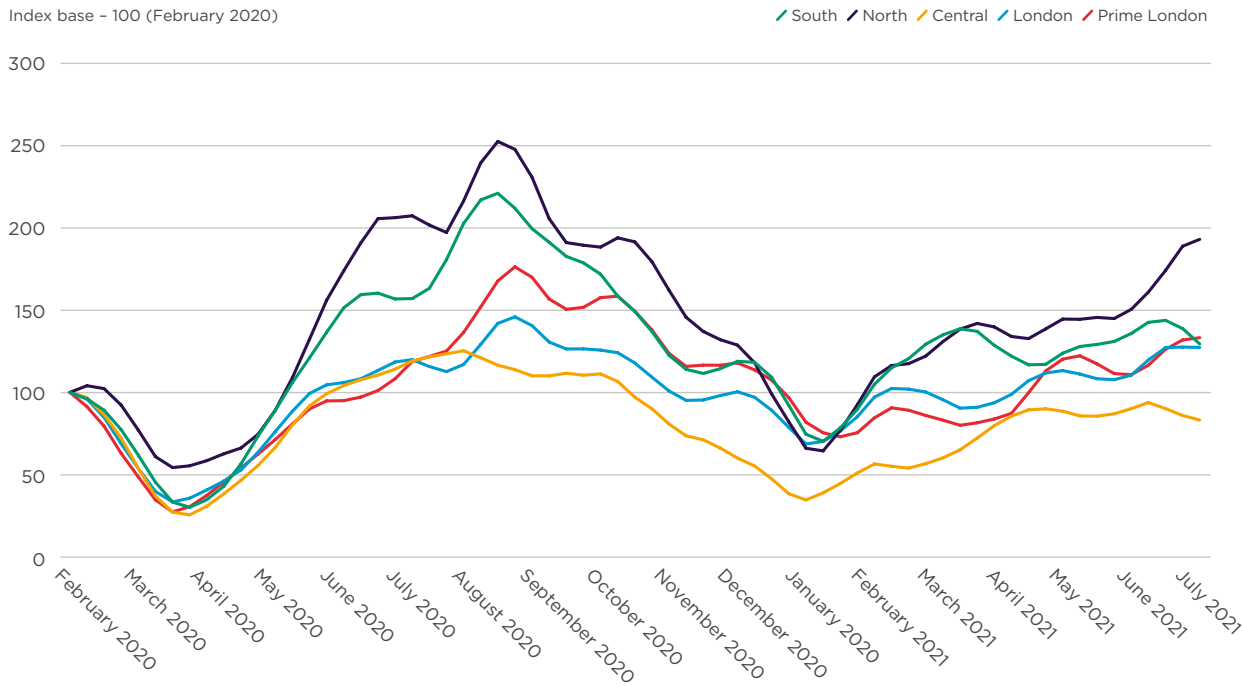
- Nationwide's latest survey of house buyers appeared to validate what most analysts (ourselves included) had assumed was partly driving the rise in housing demand: the bank found that 25% were considering a move because of the pandemic, with 30% looking to find a house with a garden or outdoor space while 20% cited getting away from 'urban life' as a factor for their move.
- Halifax also reported another month of intense house price rises, citing 9.5% annual growth to May 2021. This means that the average UK house price has grown by £22,000 over the last 12 months.
- Rightmove reported that average asking prices rose again in May, up 7.5% (compared with March 2020), while monthly growth eased slightly to 0.8% between April and May 2021. The property portal found that five of the 11 regions covered showed house price growth again in double digits as Wales (14.6%) and the South West (11.4%) topped the table. London prices meanwhile grew the least, with asking prices there up just 1.8% compared with pre-pandemic (March 2020).



- In the lettings market, some solid rent increases (outside London) are reported across all parts of the country as HomeLet reports average 6.4% growth, annually. London rents however continue to fall, with a reported annual decline of 0.9% in May but this is the 12th month in a row of declining rents in London, as renters evidently eschew the capital.

Figure 1 Enquiry levels, Carter Jonas offices

Source: Rightmove, Zoopla, Carter Jonas research. Enquiry levels are four-week rolling average.



Our Carter Jonas offices have seen a rise in landlord registrations coming to the market over the last four weeks, with an increase of 20% in June, compared with May.

Activity

- Our Carter Jonas offices found that new buyer registrations declined in the four weeks to the end of June, as the end of the stamp duty holiday approached. Nevertheless, current registration levels are still 20% above pre-pandemic levels, although they have come down substantially since reaching a peak in March and April this year, immediately following the extension announcement.
- New buyer enquiries to all of our Carter Jonas offices remains resilient, even as the end of the stamp duty holiday approaches with little chance of now getting a new sale in before the deadline. Our northern offices have seen a rather sharp rise in enquiries, with these offices posting an average increase of nearly 30% compared with the previous four weeks. London and our prime London locations also reported a monthly rise of 15% and 20%, respectively.
- Rightmove's latest house price index report had some interesting analysis with regards to where demand is coming from. The report found that the number of sales agreed in May on properties over £500,000 is up by nearly 50% compared with the same time two years ago, and this is despite these sales unlikely to get over the line by the end of the stamp duty holiday. They go on to report that 'top of the ladder' homes have risen by 12.3%, far higher than first-time buyer properties (5.2%) and second steppers (8.7%). This seems to validate what many have speculated: that it is well-off relocators looking to more expensive areas and homes that have been fuelling these latest rises in house prices and demand.
- Some slightly encouraging news in the lettings market: our Carter Jonas offices have seen a rise in landlord registrations coming to the market over the last four weeks, with an increase of 20% in June, compared with May. At the same time, new tenant registrations have also grown, although not by as much (7%). These may be the first indications that the huge supply and demand gap in the rental market may be finally closing but we will keep an eye on this data over the coming weeks and months.

OFFICIAL HOUSE PRICE DATA

HM Land Registry
April 2021

Carter Jonas location	Average Price	Monthly Change (%)	Annual Change (%)
Leeds	£211,228	-0.1%	14.5%
South Oxfordshire	£481,669	6.8%	14.1%
Cambridge	£498,370	7.4%	13.2%
Somerset	£263,996	0.7%	12.1%
Oxford	£439,740	1.5%	12.0%
York	£286,987	3.3%	11.4%
Suffolk	£264,891	-0.4%	9.7%
Wiltshire	£298,478	1.2%	9.6%
Bath and North East Somerset	£376,033	1.1%	9.0%
England	£268,380	-1.9%	8.9%
United Kingdom	£250,772	-1.9%	8.9%
Cambridgeshire	£316,991	1.8%	8.6%
South Cambridgeshire	£400,439	-0.8%	8.0%
Harrogate	£297,801	-4.0%	7.0%
Northampton	£226,442	-0.3%	6.3%
Northamptonshire	£244,691	-0.6%	5.7%
Outer London	£449,420	-0.4%	5.5%
Vale of White Horse	£371,731	-0.4%	5.2%
West Berkshire	£355,669	-2.4%	3.3%
London	£491,687	-2.0%	3.3%
Winchester	£431,534	-2.5%	3.1%
South West London	£663,255	-0.5%	2.7%
Inner London	£587,172	-1.2%	1.0%
West Oxfordshire	£318,852	-8.0%	-3.2%
Prime Central London	£1,024,414	-5.3%	-13.9%

Source: HM Land Registry



Follow us on Twitter, LinkedIn
and Instagram @carterjonas



Carter Jonas



MONTHLY CHANGE IN ENQUIRY LEVELS

20%
PRIME
LONDON

15%
LONDON

-5%
SOUTH

-8%
CENTRAL

28%
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.

Lisa Simon Partner,
Head of Residential
lisa.simon@carterjonas.co.uk

Leslie Schroeder
Head of Residential Research
leslie.schroeder@carterjonas.co.uk

Sources: Carter Jonas Research, Halifax, Nationwide, ONS, Rightmove, Zoopla

020 7518 3200

**One Chapel Place
London
W1G 0BG**

chapelplace@carterjonas.co.uk

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.

© Carter Jonas 2021. The information given in this publication is believed to be correct at the time of going to press. We do not however accept any liability for any decisions taken following this report. We always recommend that professional advice is taken.

Follow us on Twitter, LinkedIn
and Instagram [@carterjonas](https://www.instagram.com/carterjonas)



Carter Jonas