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RESIDENTIAL PROPERTY REVIEW

FEBRUARY 2020



Our monthly residential 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.

London sees surge in luxury property prices

Prices for prime London property surged in the final quarter of 2019, the latest Couitts London Prime Property Index found. On average, prices increased by 5.3% in 2019 – with 4.8% of this coming from Q4 alone.

With 10.1% more properties sold in Q4 2019 than the same period in 2018, buyer demand is certainly climbing. Despite this, the number of prime London properties put up for sale decreased by 11.8% year-on-year, with the final quarter accounting for 8.9% of the drop.

Katherine O'Shea, from the Couitts Real Estate Investment Service, commented: *"The numbers for the last quarter of 2019 could be showing us a distinct change of mood in the luxury property market. It's been subdued and filled with uncertainty for some time, but we're now seeing the potential for brighter times ahead."*

Government fails to meet housebuilding targets

The government is not on track to meet its target of one million new homes by 2025, with just 157,550 new build dwelling starts in the year to September 2019 – a 7% decrease compared to the same period the previous year, new government figures have shown.

More positively, new build completions rose to 177,980 (a 9% increase on the same period last year); however, the increase was not significant enough to hit targets.

A lack of available land and unnecessary red tape have been cited as barriers to the successful delivery of high-quality housing.

Planners are hoping that answers might be found in a highly anticipated government white paper on 'Accelerated Planning',

expected to be published in early 2020. It is hoped that this document will deliver radical proposals for a faster and more streamlined planning system.

House prices set to grow by 15%

The latest sales market forecast from Knight Frank predicts a positive outlook for the UK property market over the next four years.

The headline rate of house price growth slowed across the UK to just 0.7% in the year to October 2019. Interest rates are set to normalise in 2020, although they are still expected to remain low, at less than 2% by 2023.

Knight Frank predicts that house prices will grow modestly by 2% in 2020, with a more optimistic 15% cumulative growth expected between 2020 and 2024. Meanwhile, rents are predicted to rise by 10% in this period.

Regional differences are likely, however, with the South East and East of England expected to be star performers over the next five years.

Despite the so-called 'Boris bounce' since the General Election, Knight Frank believes that market momentum will only really start to take off once the Brexit deal is completed.

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HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (DEC 2019)*	123.0*
AVERAGE HOUSE PRICE	£234,742
MONTHLY CHANGE	0.3%
ANNUAL CHANGE	2.2%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **2.2%** in the year to December 2019, up from **1.7%** in November 2019
- House price growth was strongest in Northern Ireland where prices increased by **2.5%** over the year
- The lowest annual growth was in the South East, with prices increasing by **1.2%** over the year to December 2019

Source: The Land Registry
Release date: 19/02/2020
Next data release: 25/03/2020

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – DEC 2019

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £359,542	3.4%
SEMI-DETACHED £223,053	2.4%
TERRACED £189,326	2.1%
FLAT / MAISONETTE £206,083	0.4%

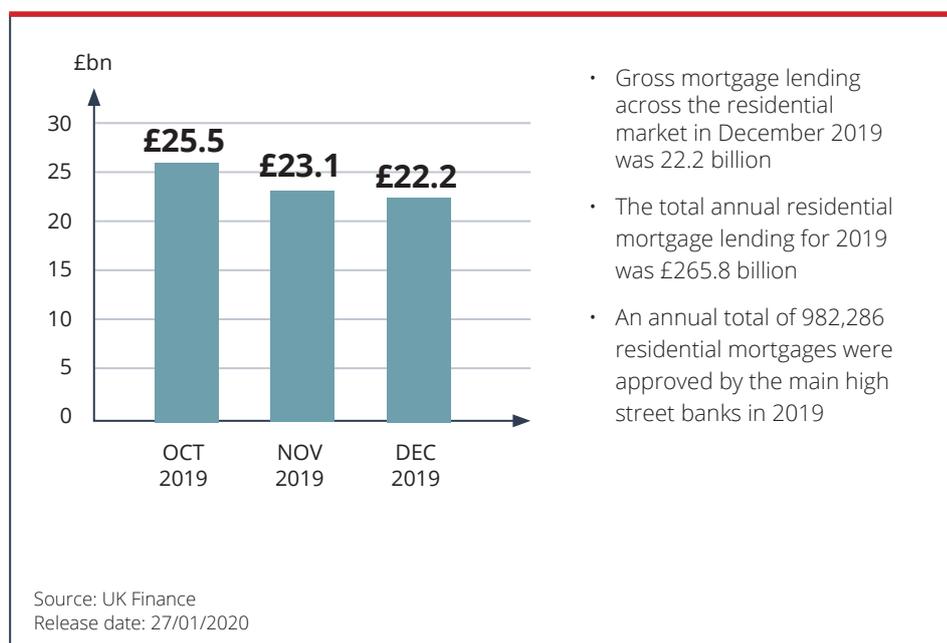
Source: The Land Registry
Release date: 19/02/2020

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HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.6	2.2	£251,711
NORTHERN IRELAND (QUARTER 4 - 2019)	0.2	2.5	£140,190
SCOTLAND	-1.5	2.2	£151,603
WALES	-2.0	2.2	£165,735
EAST MIDLANDS	0.5	2.8	£197,048
EAST OF ENGLAND	2.1	2.4	£297,714
LONDON	1.6	2.3	£483,922
NORTH EAST	0.5	1.8	£130,977
NORTH WEST	-0.6	2.0	£166,003
SOUTH EAST	-0.3	1.2	£325,050
SOUTH WEST	1.3	2.2	£262,286
WEST MIDLANDS REGION	-0.4	1.4	£201,343
YORKSHIRE AND THE HUMBER	1.7	3.9	£168,382

MORTGAGE ACTIVITY



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