

Residential Property Review

November 2020



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.

Housing market activity remains strong

The October 'UK Residential Market Survey' from the Royal Institution of Chartered Surveyors (RICS) reported another strong month for the housing market across the UK.

The survey feedback indicated that buyer enquiries, agreed sales, new instructions and prices have all remained firm. A net balance of +46% of respondents cited an increase in new buyer enquiries and together with this rise in demand, the number of new properties being listed for sale also increased for the fifth successive month, with a net balance of +32% of respondents reporting a rise in new instructions. This is the longest run of growth seen in the Survey since 2013.

Looking ahead, respondents remain positive about activity for the rest of 2020, but the longer-term outlook is subdued, with a net balance of -27% of respondents anticipating that sales will begin to weaken over the next 12 months.

Home sales pipeline increases

According to Zoopla, the home sales pipeline is now 50% bigger than this time last year, with 140,000 more buyers rushing to buy a home before losing out on the Stamp Duty

holiday, which is due to end on 31 March 2021.

Elsewhere, Nationwide have reported a total 91,500 mortgage approvals were granted in September, which is well above the August figure of 84,700 approvals and represents the highest level since September 2007.

The stampede to buy homes is being driven by a combination of the government's Stamp Duty holiday, as well as people reassessing their housing needs following lockdowns. There are concerns that the current high volume of sales going through will create delays in the conveyancing process and this could be exacerbated by lockdowns. Zoopla have estimated that only 54% of sales agreed in January will have completed by the end of March, compared with 92% of those agreed in November.

Mortgage payment holidays extended

The mortgage payment holiday scheme had been due to end on Saturday 31 October, but as a second national lockdown for England was announced, the scheme has been extended across the UK, allowing borrowers who have not yet applied for a mortgage holiday to ask their lenders for a repayment break of up to six months.

Homeowners who have already asked for a payment break can extend their mortgage holiday for a further three months until they reach the six-month limit. However, some borrowers will not be eligible for the extension because they have already had two mortgage payment deferrals up to the six-month limit.

One in three interested in self-build

According to research from the National Custom and Self Build Association (NaCSBA) and the Building Societies Association (BSA), 32% of people are interested in building their own homes.

Interest in self-build was found to be highest in younger age groups, with 48% of those aged between 18 and 24 saying they were interested, compared to 18% of those aged 55 and over. However, finding the money to finance the project, including mortgage finance was found to be the main barrier, according to three in five people (59%).

Quilter
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House Price Index October 2020

Headlines

	Oct-20	Sep-20
Monthly Index*	453.3	449.7
Monthly Change*	0.8%	0.9%
Annual Change	5.8%	5.0%
Average Price (not seasonally adjusted)	£227,826	£226,129

* Seasonally adjusted figure (note that monthly % changes are revised when seasonal adjustment factors are re-estimated)

- House prices up **0.8%** month-on-month
- Annual house price growth picks up to **5.8%**
- Annual house price growth was the highest rate since January 2015

Annual percentage change in UK house prices



“The outlook remains highly uncertain and will depend heavily on how the pandemic and the measures to contain it evolve as well as the efficacy of policy measures implemented to limit the damage to the wider economy.”

Robert Gardner, Nationwide's Chief Economist

Source: Nationwide, House Price Index, October 2020

Will buyer appetite start to slow?

Richard Donnell, Research and Insight Director at Zoopla commented:

“The strength of the market nationally is masking weakness in parts of the market where sales are slowing in areas where households are typically on lower incomes and more sensitive to economic uncertainty and more restricted credit availability. This market polarisation is set to become a growing feature of the market as we move in 2021.”

Source: Zoopla November 2020

All details are correct at the time of writing (18 November 2020)

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK.