



RESIDENTIAL PROPERTY REVIEW

APRIL 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.

SPRING SEES THE BUSIEST EVER HOUSING MARKET

Growing optimism due to the vaccine rollout, the return of low-deposit mortgages and the Stamp Duty holiday extension for England and Wales, have contributed to make this spring the best time to be a property seller in a decade, according to property website Rightmove.

The online property portal reported a record 9.3 million visits on one day (7 April), with visitors spending more than two billion minutes on the website in March. There is now the greatest ever excess of demand over supply. Despite record numbers of prospective buyers and prices increasing, buyers do not appear to be deterred, with properties selling in an average of 45 days in the first two weeks of April.

Property expert at Rightmove, Tim Bannister, expects a strong market for the rest of the year, *"Housing market activity remains high in Scotland, where there has been no extension to the Land and Buildings Transaction Tax holiday, which has now come to an end. This suggests that the same could happen when the tax holidays start to come to an end in England and Wales."*

GOVERNMENT LAUNCHES 95% MORTGAGE GUARANTEE SCHEME

The government-backed 95% mortgage guarantee scheme, originally announced in the Budget, was launched on 19 April, aiming to help first-time buyers or homeowners obtain a mortgage with a 5% deposit to buy a property of up to £600,000.

The scheme offers lenders the guarantee they need to provide 95% mortgages and is subject to other affordability and credit checks as usual. There are currently five high street lenders

offering mortgages under the scheme: Lloyds, Santander, Barclays, HSBC and NatWest. Virgin Money is due to follow next month. Some other lenders, such as Accord, had already returned to 95% mortgages without using the scheme.

Chancellor Rishi Sunak said, *"By giving lenders the option of a government guarantee on 95% mortgages, many more products will become available, boosting the sector, creating new jobs and helping people achieve their dream of owning their own home."*

Reaction to the scheme across the industry has been mixed. Trussle's Head of Mortgages Miles Robinson said, *"With lenders still viewing the high loan-to-value market as risky, interest rates on the new 95% LTV deals are more expensive, with some close to 4%."* Mark Hayward, Chief Policy Advisor at Propertymark, said, *"We are now very pleased to see further support for both first-time buyers and current homeowners looking to buy property or move up the housing ladder."*

SENSE OF URBAN REVIVAL

Last year, the news was all about a desire to seek a fresh start in more spacious properties, open spaces and away from cities, as more people shifted to working from home. Whilst the demand for such locations shows no signs of slowing, there has been renewed demand in prime regional towns and cities.

According to Savills, many buyers are now looking for somewhere a bit more vibrant, with plenty to offer once social distancing measures begin to be relaxed. Top-performing cities include Oxford, Winchester and Bath, where prime values increased by 3.7%, 4.0% and 3.2% respectively during the first quarter of 2021.

The pandemic has also prompted a desire to relocate closer to family, after time spent apart, with 48% of respondents naming this as a top priority, compared to 39% a year previously.

As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments.

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (FEB 2021)*	131.3*
AVERAGE HOUSE PRICE	£250,341
MONTHLY CHANGE	0.0%
ANNUAL CHANGE	8.6%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **8.6%** in the year to February 2021
- Annual house price growth was strongest in the North West, where prices increased by **11.9%** in the year to February 2021
- The lowest annual growth was in London, where prices increased by **4.6%** in the year to February 2021.

Source: The Land Registry
Release date: 21/04/21
Next data release: 19/05/21

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.2	8.7	£268,291
NORTHERN IRELAND (QUARTER 4 - 2020)	3.0	5.3	£147,593
SCOTLAND	-1.7	8.0	£161,529
WALES	-0.7	8.4	£179,861
EAST MIDLANDS	0.8	10.6	£213,967
EAST OF ENGLAND	-0.9	6.0	£306,346
LONDON	-1.4	4.6	£496,269
NORTH EAST	-1.6	9.0	£138,370
NORTH WEST	1.3	11.9	£184,351
SOUTH EAST	0.9	8.5	£345,075
SOUTH WEST	0.0	9.0	£279,242
WEST MIDLANDS REGION	0.8	8.3	£215,451
YORKSHIRE AND THE HUMBER	0.6	10.9	£182,220

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – FEB 2021

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £383,088	9.1%
SEMI-DETACHED £239,307	8.9%
TERRACED £204,418	9.0%
FLAT / MAISONETTE £214,114	6.7%

Source: The Land Registry
Release date: 21/04/21

PROPERTY OUTLOOK

"The continued search for space, the Stamp Duty extension and mortgage guarantees will support activity levels and headline house price growth up to the end of June. Yet the pathway out of the lockdown, and the route to a full re-opening of the economy and unwinding of support measures, is unlikely to be simple or smooth. We still expect house price growth to moderate later in the year, but overall transactions are set to benefit from an additional boost following the Stamp Duty extension and tapering."

Gráinne Gilmore, Head of Research, at Zoopla

Source: Zoopla April 2021

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All details are correct at the time of writing (22 April 2021)

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