



RESIDENTIAL PROPERTY REVIEW

SEPTEMBER 2018



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.

TIMELY SPIKE IN REMORTGAGING AHEAD OF BASE RATE RISE SEEN

Just ahead of the Bank of England's decision to raise the base rate by a further 0.25%, the second quarter of 2018 saw over three quarters of remortgaging applications via intermediaries result in completion.

The 'Mortgage Market Tracker' released by the Intermediary Mortgage Lenders Association (IMLA) said that for the second time this year, Q2 saw an increase in the number of mortgagees endeavouring to protect themselves from forecasted base rate increases and benefit from more affordable deals.

Executive Director of the IMLA, Kate Davies, was quoted as saying: *"The last 12 months have seen the end of a decade of record low interest rates that many borrowers have become accustomed to. The Bank of England's response to managing rising inflation had been widely anticipated by the industry and consumers . . ."*

PROXIMITY OF QUALITY STATE SCHOOLS BOOSTS PROPERTY PRICES

Savills have reported that the proximity of top-performing state schools is one of the leading factors for families when deciding where to buy a house.

The research reveals that the average price of a house near a primary school rated 'outstanding' in England was 16% (£37,000) higher than one nearer a school rated 'good', and 30% (£61,000) higher when compared to a home in the catchment area of a primary school only rated 'inadequate' or 'requires improvement'.

Home buyers in London are paying an average of £670,000 to live close enough to the best primary schools to gain admission for their offspring.

This trend extends to Scotland where, according to The Bank of Scotland, parents are paying a premium of nearly £73,000 to live in the catchment area of a top performing state secondary school. They go on to add that the average house price in areas covering the top 20 state schools, has now reached £277,134, which represents a 36% premium to those houses in the immediately surrounding areas, now estimated at an average of £204,162.

UK ASSETS INCLUDING LAND AND HOUSE VALUES TOP £10 TRILLION

According to the Office for National Statistics (ONS), UK housing values added £40bn to the net worth of the country's assets in 2017. Overall land values added an additional £450bn. With UK land now worth £5.4 trillion, this equates to 53% of all the wealth found in the country, an increase of a third in net assets since 1995. This figure is now just shy of the record value of 53.3%, which was recorded by the ONS back in 2006 and 2007, just prior to the global financial crash.

In summary, the net value of total UK assets now sits at a staggering £10.2 trillion, against the last valuation of £9.75 trillion.

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HOUSE PRICES HEADLINE STATISTICS

| | |
|-------------------------------|----------|
| HOUSE PRICE INDEX (JUL 2018)* | 121.4* |
| AVERAGE HOUSE PRICE | £231,422 |
| MONTHLY CHANGE | 1.2% |
| ANNUAL CHANGE | 3.1% |

*(Jan 2015 = 100)

- UK house prices rose by **3.1%** in the year to July 2018
- House prices grew fastest in the North West region, increasing by **5.6%**
- House prices in London fell by **0.7%** in the year to July 2018

Source: The Land Registry / Release date: 19/09/2018
Next data release: 17/10/2018

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – JULY 2018

| PROPERTY TYPE | ANNUAL INCREASE |
|-------------------------------|-----------------|
| DETACHED £352,138 | 4.6% |
| SEMI-DETACHED £216,785 | 3.3% |
| TERRACED £187,242 | 3.4% |
| FLAT / MAISONETTE £207,639 | 0.6% |

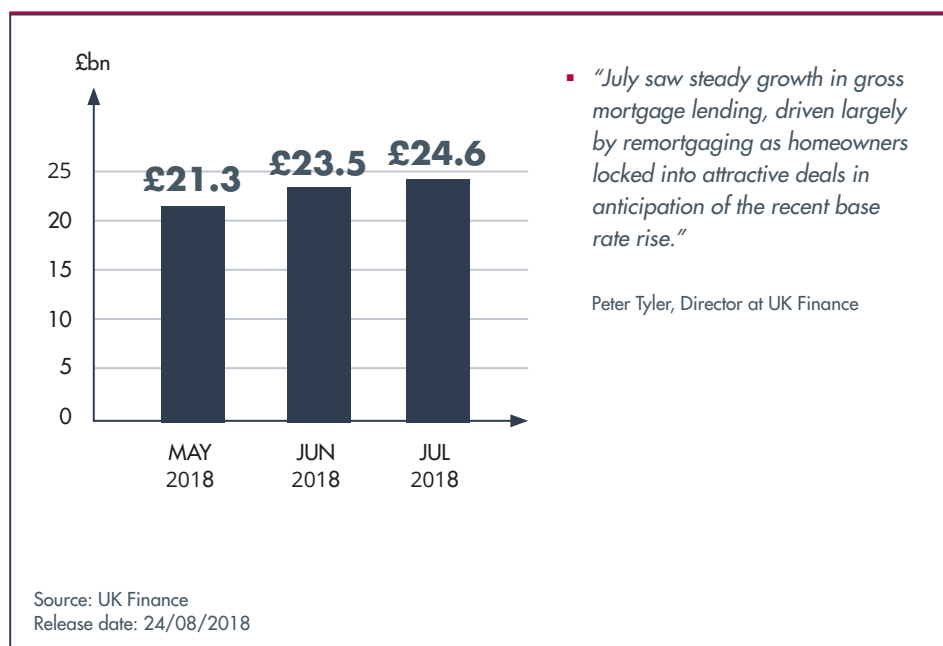
Source: The Land Registry
Release date: 19/09/2018

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HOUSE PRICES PRICE CHANGE BY REGION

| REGION | MONTHLY CHANGE (%) | ANNUAL CHANGE (%) | AVERAGE PRICE (£) |
|-------------------------------------|--------------------|-------------------|-------------------|
| ENGLAND | 1.2 | 3.0 | £248,611 |
| NORTHERN IRELAND (QUARTER 2 – 2018) | -1.0 | 4.4 | £132,795 |
| SCOTLAND | 1.4 | 3.2 | £152,245 |
| WALES | -0.2 | 4.2 | £157,368 |
| EAST MIDLANDS | -0.2 | 3.0 | £188,716 |
| EAST OF ENGLAND | 1.3 | 2.4 | £294,603 |
| LONDON | 0.6 | -0.7 | £484,926 |
| NORTH EAST | 2.6 | 2.8 | £131,505 |
| NORTH WEST | 3.4 | 5.6 | £165,529 |
| SOUTH EAST | 0.4 | 1.8 | £327,002 |
| SOUTH WEST | 2.4 | 4.4 | £259,971 |
| WEST MIDLANDS REGION | 0.6 | 4.4 | £195,447 |
| YORKSHIRE AND THE HUMBER | 0.4 | 3.3 | £161,712 |

MORTGAGE ACTIVITY



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.