



## RESIDENTIAL PROPERTY REVIEW

DECEMBER 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.

### GOVERNMENT REVENUE FROM STAMP DUTY FALLS BY 10%

HM Revenue and Customs (HMRC) have stated that Stamp Duty revenue from residential property sales in Q3 2018 has fallen from the £2.605bn seen in the same period of 2017, to £2.347bn in 2018, as the number of properties liable to tax fell from 302,700 to 279,500.

Several factors have been cited, including the devolution of Stamp Duty revenue to Wales and a large reduction in duty payable by first-time buyers. Additionally, there has been a dramatic fall in numbers of house purchases in the London region, where estate agents say high taxes have "suffocated" the market.

To put this in perspective, a buyer of a £1 million home in the capital – such as a relatively modest three or four-bedroom terraced home – would be paying £43,750 in tax, whilst an upmarket £3 million home would see a Stamp Duty charge of £273,750.

### TOP END £1 MILLION-PLUS MORTGAGES NOW AT ALL-TIME HIGH

The Financial Conduct Authority (FCA) have reported that £1 million-plus mortgages have reached their highest level since records began in the first quarter of 2014.

The figures show that 820 mortgages, averaging £1.6 million, were approved in the three months to September this year, bringing the total value of loans within this bracket to £1.37 billion and representing a 47% increase on the previous quarters borrowing at this level.

The residential research director of estate agents Savills, Lucian Cook, commented on these findings: "Despite taking on over £1 million of mortgage debt, families want more space for their money. If you've got a loan of that size, you want a house that will meet your needs over a prolonged period."

Ray Boulger, of mortgage brokers, John Charcoal commented: "I'm surprised by the figures bearing in mind the number of transactions generally has fallen this year and the top end of the London market has been soft for some time."

### YORKSHIRE FIRM REVOLUTIONISES HOUSE BUILDING PROCESS

Ilke Homes, a Yorkshire-based manufacturer of fully-fitted, three-bedroom, pre-fabricated houses, have started delivering their first homes across the country. They plan to produce eight homes a day, at a factory cost of between £65,000 and £79,000, depending on specifications. However, these figures do not include the cost of land, on-site assembly or the connection of services, which could double or triple the final price.

Their unique manufacturing process will reduce the construction time of a traditionally built home, from the current average of forty weeks, to just ten days.

The company has plans to produce 2,000 houses a year initially, increasing output to 5,000, which would make them one of the major volume housebuilders in the country.

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## HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (OCT 2018)*	121.2*
AVERAGE HOUSE PRICE	£231,095
MONTHLY CHANGE	-0.2%
ANNUAL CHANGE	2.7%

\*(Jan 2015 = 100)

- UK house prices grew by **2.7%** in the year to October 2018
- This is the lowest annual growth for the UK since July 2013
- House prices grew fastest in the North West region, increasing by **4.9%** in the year to October 2018

Source: The Land Registry / Release date: 19/12/2018  
Next data release: 16/01/2019

## AVERAGE MONTHLY PRICE BY PROPERTY TYPE – OCT 2018

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £351,531	3.5%
SEMI-DETACHED £218,619	3.4%
TERRACED £186,210	2.6%
FLAT / MAISONETTE £205,875	1.2%

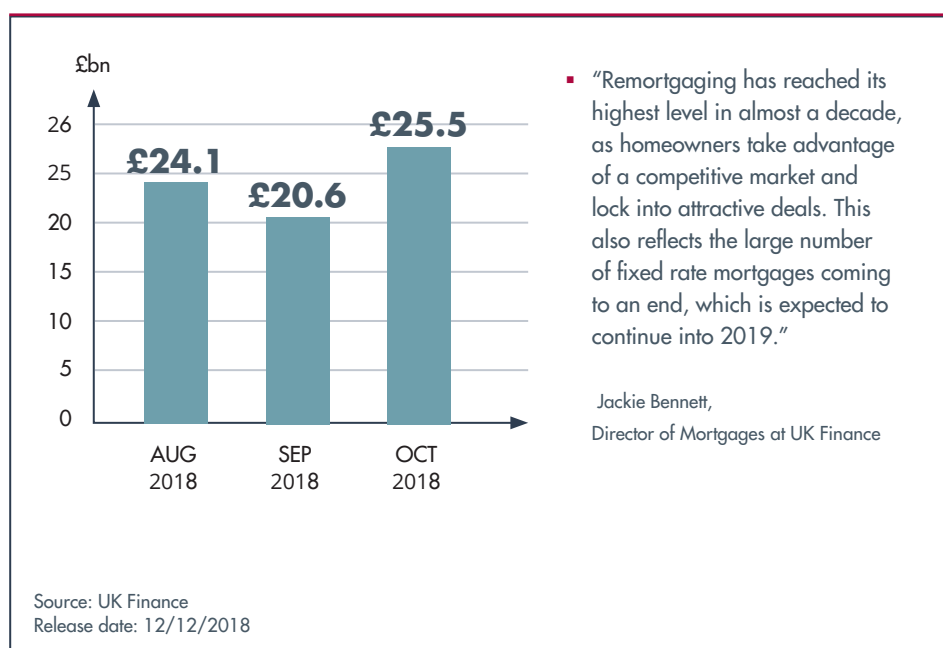
Source: The Land Registry  
Release date: 19/12/2018

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## HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	-0.2	2.4	£247,914
NORTHERN IRELAND (QUARTER 3 - 2018)	2.3	4.8	£135,060
SCOTLAND	-0.3	4.4	£151,508
WALES	-0.3	3.8	£160,874
EAST MIDLANDS	-0.6	4.3	£191,993
EAST OF ENGLAND	0.5	2.1	£294,548
LONDON	-0.3	-1.7	£473,609
NORTH EAST	-1.9	-0.1	£128,484
NORTH WEST	1.2	4.9	£165,007
SOUTH EAST	-0.4	1.5	£326,785
SOUTH WEST	-1.2	2.1	£256,167
WEST MIDLANDS REGION	-1.1	3.8	£196,073
YORKSHIRE AND THE HUMBER	1.0	4.4	£163,858

## 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.