

THE PROPERTY MARKET

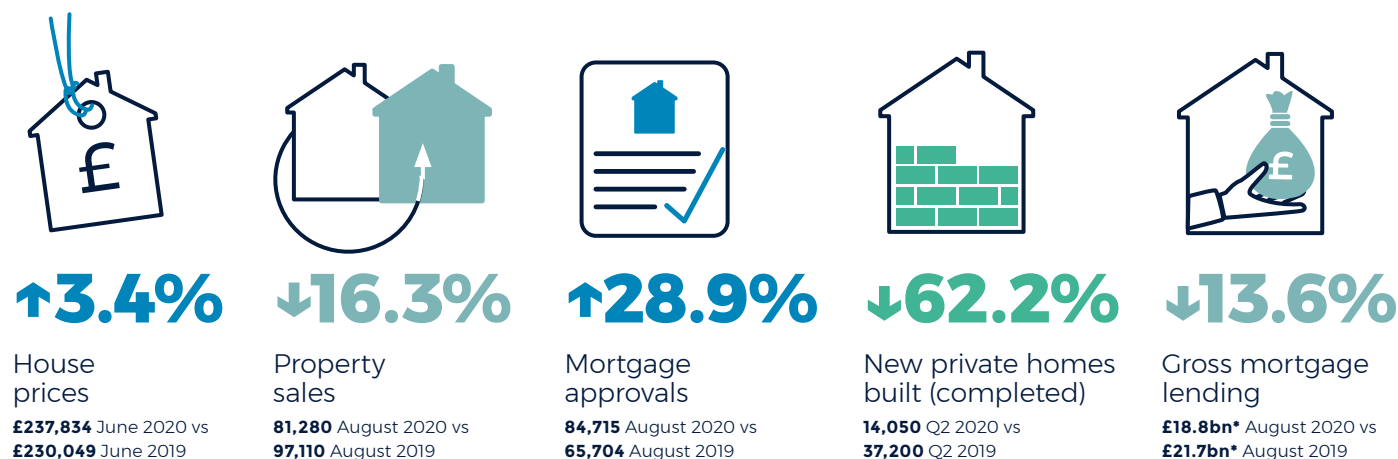
A REVIEW OF THE KEY TRENDS IN THE
NATIONAL AND LOCAL HOUSING MARKET.



SCOTLAND

Analysis by Dataloft | Autumn 2020

POST-LOCKDOWN MOMENTUM IN THE SALES



Source: **dataloft**, Bank of England, HMRC, ONS, MHCLG,

*Rounded-up figures

**RICS Net Balance of Agents reporting an increase

The UK housing market starts autumn with momentum, a post-lockdown mini-boom making summer 2020 busier than usual.

Summer sunshine

The housing market has basked in summer sunshine since it reopened in June. Buyer demand has soared, up 34% on a year ago (Zoopla), while supply to the marketplace is at its highest level since March 2008 (Rightmove). Over 81,000 property sales were recorded in August, up 15.6% on July, with competition in the market leading to one in eight properties selling at or above asking price (NAEA). Larger properties and those with gardens are proving immensely popular, the impact of COVID-19 set to have a lasting change on our home/work lifestyles.

A balancing act

The economy and consumer confidence have both shown signs of improvement throughout the summer. The economy grew by 6.6% in July (ONS); however, it remains over 11% lower than pre-lockdown while consumer sentiment continues to rise, albeit slowly. Recovery remains cautious as the government grapples with balancing the economy and public health. Stamp duty holidays across the nations offer a saving for many buyers but although interest rates remain low, a reduction in high loan-to-value lending products is impacting on first-time buyers.

Looking ahead

Properties are selling quicker than a year ago, and latest mortgage approvals suggest the market is returning to more 'normal' levels. However, the forced pause in the housing market will likely mean 2020 sales levels will be below those of 2019, albeit not as low as many feared. UK house price growth is at its highest level in over two years and revised forecasts anticipate property prices will end the year 2% higher, a significant reversal to the negative expectations anticipated as the market reopened. Interest rates are predicted to be held at 0.1% until 2022.

MARKET

LETTINGS



↑1.5%

Average
rents
August 2020 vs
August 2019



↑49%

Tenant
demand
August 2020**

Rental market

As with the sales market, demand in the rental sector increased over the summer, although new instructions remain muted, a continuation of the pre-lockdown trend. Average rental values across the UK rose by 1.5% in the year to August, and yields remain attractive. Increased demand and a shortage of supply in many areas should help underpin rental values over the coming months. Just 13% of tenancies expire during the final quarter of the year but landlords will be keen to avoid unnecessary void periods.

2%

Anticipated
house price
growth in 2020

Source: dataloft, Average of
independent forecasts

Analysis by Dataloft



The housing market is busier than many expected as we head into the autumn, homeowners keen to fulfil lifestyle changes following the COVID-19 lockdown. Opportunities exist to make savings on purchases thanks to government property taxation incentives, but with sales needing to complete by 31 March, prospective buyers should not delay.

IAIN MCKENZIE
CEO, THE GUILD OF PROPERTY PROFESSIONALS

TAXATION HOLIDAY WILL BENEFIT MANY PURCHASERS

In the wake of the COVID-19 lockdown, savings can be made across the UK



Scotland

£2,100
saving on a
£250,000 home

94%

of Scottish Local Authorities with current average sales price below £250,000

Wales

£2,450
saving on a
£250,000 home

80%

all sales over past 12 months <£250,000

England

£15,000
saving on a
£500,000 home

88%

all sales over past 12 months <£500,000

A savings boost

The property tax¹ levied on a purchase can add a sizeable chunk to the purchase price. Following an announcement by the Chancellor, Rishi Sunak, of a Stamp Duty holiday in the wake of the COVID-19 lockdown, the Scottish and Welsh governments followed suit. Across the UK, buyers can make savings. First-time buyers already benefit from higher price thresholds, but the current initiatives also benefit home movers and in some cases investors. Activity levels have increased, the Bank of England reporting a significant uptick in mortgage approvals in August. The catch? Property purchases must be completed by 31 March 2021. Time is ticking.

Many buyers set to benefit

Across Scotland and Wales the starting threshold for property tax has been raised to £250,000 from £145,000 and £180,000 respectively and purchasers are set to benefit from a windfall of up to £2,450. In Scotland, a 4% Additional Dwelling Supplement will still apply if the property is a second home. In Wales only first-time buyers and home movers will benefit, second homeowners and buy-to-let investors are exempt.

In England and Northern Ireland, first-time buyers, home movers and second homeowners/investors will all benefit from no standard property taxation on a property purchase up to £500,000, a saving of up to £15,000. The 3% surcharge for additional/second homeowners will still be levied.

¹ England and Northern Ireland – Stamp Duty Land Tax; Wales – Land Transaction Tax; Scotland – Land and Buildings Transaction Tax

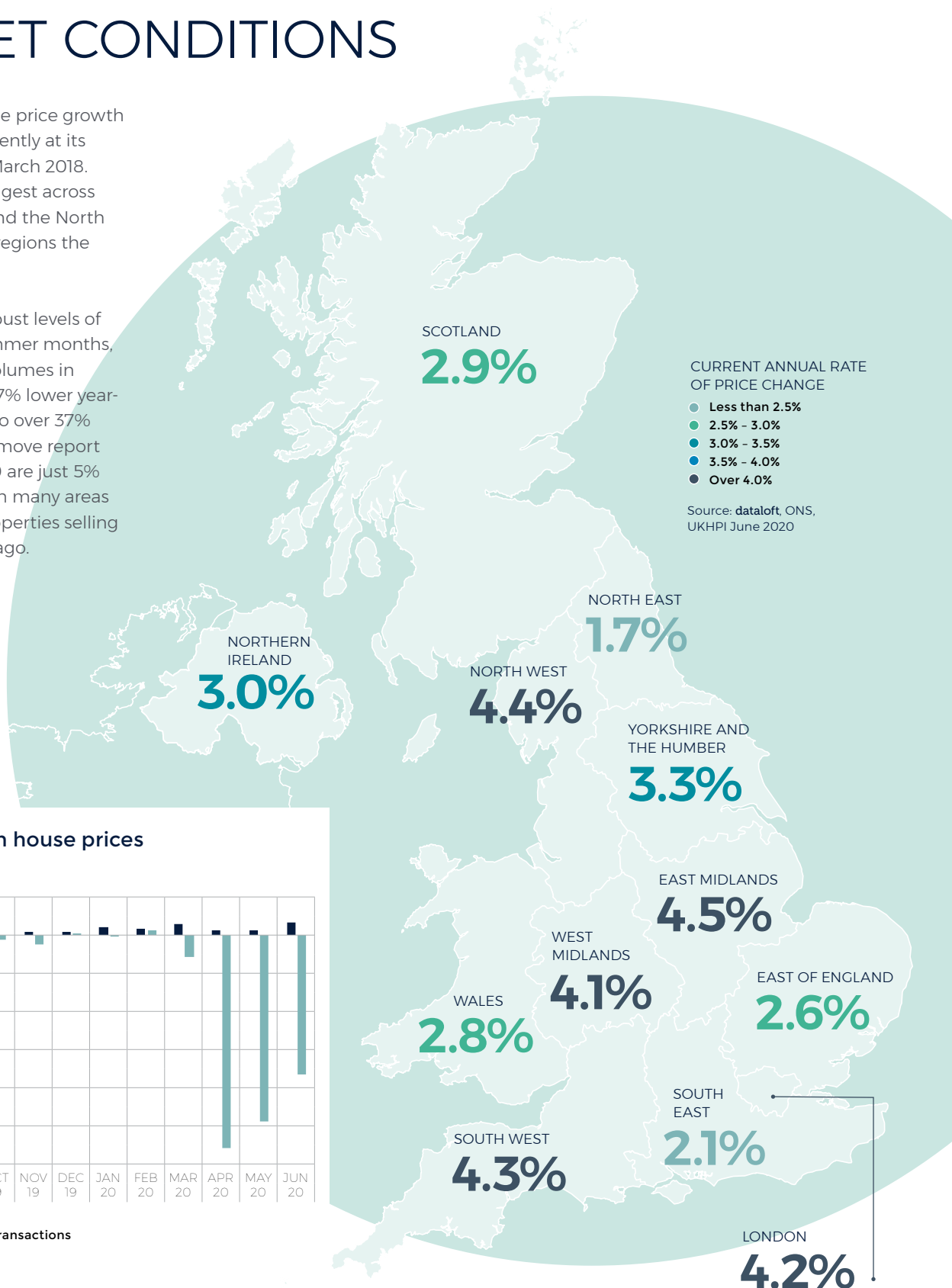
Source: **dataloft**, Land Registry, UKHPI

NATIONAL

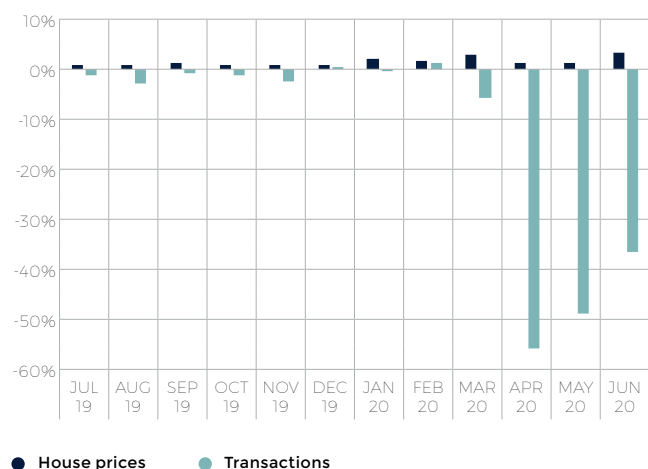
MARKET CONDITIONS

At 3.4% annual house price growth across the UK is currently at its highest level since March 2018. Price growth is strongest across the East Midlands and the North West, but across all regions the trajectory is positive.

There have been robust levels of activity over the summer months, HMRC estimating volumes in August were just 16.7% lower year-on-year, compared to over 37% lower in June. Rightmove report sales to date in 2020 are just 5% lower than 2019, with many areas of the UK seeing properties selling quicker than a year ago.



Annual change in house prices and transactions



Source: dataloft, ONS, HMRC

REGIONAL ACTIVITY

IN SCOTLAND

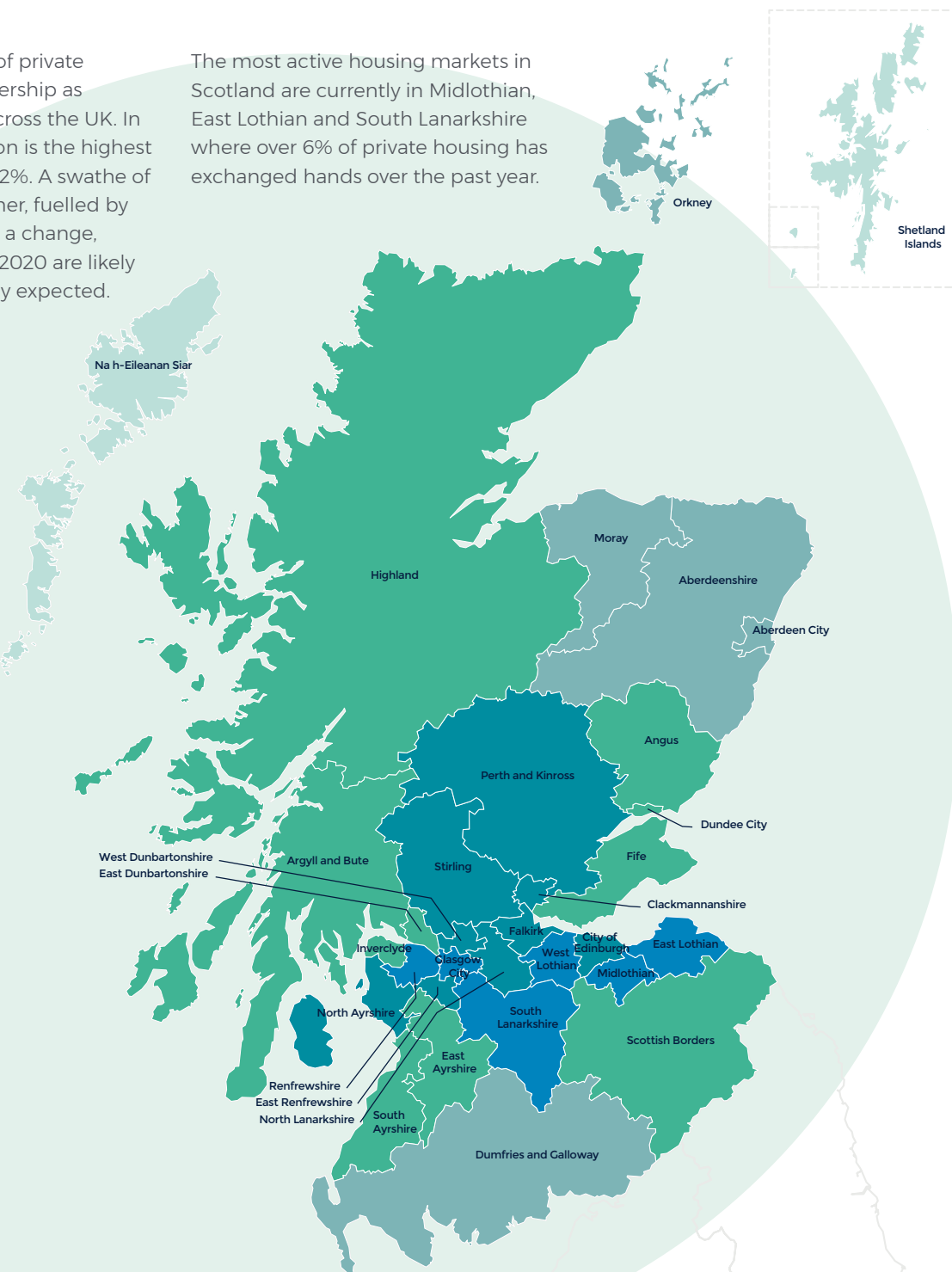
Each year around 4% of private housing changes ownership as people move home across the UK. In Scotland the proportion is the highest of the UK nations at 5.2%. A swathe of activity over the summer, fuelled by home movers seeking a change, means sales levels for 2020 are likely to be better than many expected.

The most active housing markets in Scotland are currently in Midlothian, East Lothian and South Lanarkshire where over 6% of private housing has exchanged hands over the past year.

% OF PRIVATE STOCK TURNOVER

- Less than 4.0%
- 4.0% to 4.4%
- 4.5% to 4.9%
- 5.0% to 5.4%
- 5.5% and over

Source: **dataloft**, ONS, UKHPI
NB Stock levels relate to 2011 Census data. Some areas have seen increased amounts of new development activity since then, which will enhance turnover rates.



Home movers have led the resurgence in sales activity, COVID-19 changing buyer priorities.

12.1%

Na h-Eileanan Siar

Top for price growth in this region

Source: dataloft, UKHPI

Positive growth

Property prices across Scotland were 2.9% higher year-on-year as the housing market reopened in June. Na h-Eileanan Siar is currently the top performer with growth of 12.1%. Activity across the UK has been brisk; Rightmove report August 2020 was the busiest month on record, with a significant rise in the number of sales of large (4+ bedroom detached) and 3-4 bedroom properties.

Number of properties for sale across the UK up 10% year-on-year (Zoopla, August).

Price it right

Homes across the UK are selling more quickly. Nationally the average time taken to sell a property fell to 53 days this August, down from 62 days in August 2019. Sensible pricing remains crucial; correctly priced properties are nearly twice as likely to be sold 'subject to contract' within four months of listing than those that have had their asking price reduced (Rightmove).

Homes in Scotland are taking, on average, just 35 days to sell.

Strongest housing markets across the region

RANK		ANNUAL RATE OF PRICE GROWTH	AVERAGE HOUSE PRICE
1	NA H-EILEANAN SIAR	12.1%	£131,670
2	WEST DUNBARTONSHIRE	8.3%	£114,868
3	SCOTTISH BORDERS	7.8%	£159,494
4	STIRLING	6.4%	£202,441
5	FALKIRK	6.2%	£132,402
6	CITY OF EDINBURGH	5.8%	£281,870
7	EAST LoTHIAN	5.6%	£244,672
8	SOUTH AYRSHIRE	4.9%	£137,347
9	EAST AYRSHIRE	4.8%	£100,804
10	DUMFRIES AND GALLOWAY	4.2%	£132,669
11	WEST LoTHIAN	4.0%	£165,325
12	SOUTH LANARKSHIRE	3.9%	£132,354
13	HIGHLAND	2.7%	£172,348
14	PERTH AND KINROSS	2.7%	£194,385
15	CITY OF GLASGOW	2.4%	£137,720
16	NORTH LANARKSHIRE	1.9%	£109,587
17	FIFE	1.5%	£134,934
18	MIDLoTHIAN	0.9%	£185,463
19	ARGYLL AND BUTE	0.7%	£139,713
20	ANGUS	0.4%	£146,528

Source: dataloft, ONS, UKHPI June 2020



ABOUT THE

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Analysis by Dataloft

dataloft

Dataloft is an established property market intelligence company with a long track record of analysing and reporting on the housing market. We are committed to stripping away the mystique of complex data analysis and adding value for clients through interpretation, insight and creativity.

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Date of publication: October 2020
Analysis, editorial, design, graphics and charts by Dataloft.