

# THE PROPERTY MARKET

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

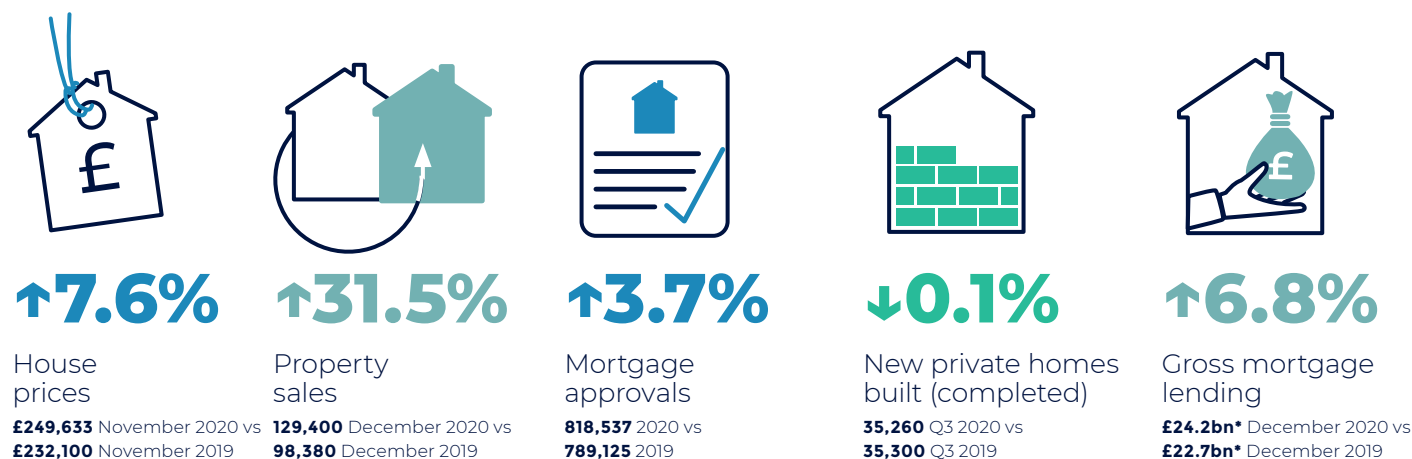


## LONDON

Analysis by Dataloft | Spring 2021

# PRICE GROWTH AT FOUR-YEAR HIGH

## SALES



Source: **dataloft**, Bank of England, HMRC, ONS, MHCLG, Dataloft Rental Market Analytics (DRMA)  
\*Figures rounded to nearest £0.1bn

The desire to move remains on the agenda for many as the housing market proved one of the bright sparks of the economy during 2020.

### A year like no other

2020, a year in which the housing market defied expectations. At 7.6%, annual price growth across the UK is at its strongest since the summer of 2016. Over 129,000 homes are believed to have changed hands in December, 32% more than in December 2019 with sales for the year projected to be just 11% lower than in 2019 (HMRC). The mortgage market has recovered. Approvals in 2020 were up 3.7% on the previous year (Bank of England) and with an estimated 9–10% more sales agreed in 2020 than in 2019, the start of 2021 has been positive.

### Supply demand imbalance

The third national lockdown has exacerbated the supply demand imbalance evident across the housing market since the autumn. Rightmove reported its busiest ever start to a year, with demand up 12% and sales agreed in January up 9% year on year. However, new supply to the market has fallen by 12% and the number of homes for sale by 6% as new sellers remain cautious while restrictions remain (Zoopla). Many sales are currently in the conveyancing process, the flexibility to negotiate on price crucial to avoid fall throughs if the current stamp duty deadline of 31 March is missed.

### Economic backdrop

Activity in the market is set against a backdrop of continued economic and consumer uncertainty. The UK economy shrank by a record 9.9% over 2020, despite growth of 1.2% in December. Although consumer spending fell sharply in January as restrictions were tightened, the vaccination rollout is on target and there is some optimism that restrictions may start to ease in the near future. The Chancellor's Budget on 3 March will set the tone for the year ahead, the economy currently forecast to return to pre-pandemic levels during the final quarter of 2022 (OBR).

# LETTINGS



**↑1.4%**

Average rents

December 2020 vs  
December 2019



**↔29%**

Gross income  
spent on rent

December 2020 vs  
December 2019

## Rental market

Average rents across the UK rose by 1.4% in the year to December, on par with growth throughout the year. Agents in virtually all parts of the country envisage rents rising over the near term, London the notable exception as supply continues to considerably outweigh demand (RICS). As in the sales market, interest in rental property out of city centres has surged. However, the majority of renters move less than five miles between tenancies.

**26%**

of renters move  
less than one  
mile from their  
previous address

Source: Dataloft Rental  
Market Analytics (DRMA)

Analysis by Dataloft



There is hope that a semblance of normality will return during 2021 as the vaccination programme continues apace and lockdown restrictions are gradually lifted. The housing market remains active and with lifestyle change the reason for a move for many, this should ensure continued activity throughout the year.

IAIN MCKENZIE  
CEO, THE GUILD OF PROPERTY PROFESSIONALS

# HELP TO BUY: WHAT'S CHANGING?

First-time buyers and regional price caps



## 5%

Minimum deposit

## 40%

Maximum loan

## £600,000

Maximum purchase price  
London

## What is Help to Buy?

Across England the government's Help to Buy Equity Loan scheme, launched in April 2013, has helped support over a quarter of a million households to step onto the housing ladder. From 1 April 2021, Help to Buy will only be available to first-time buyers and new regional price caps will set the maximum value for property purchases eligible under the scheme\*.

## How does it work?

Purchasers require a minimum 5% deposit and are eligible for a low-interest government-backed loan of between 5% and 20% of the value of a new-build home (up to 40% of the value if purchasing in London). Buyers require a mortgage (75% or less) to cover the remaining amount and the home must be purchased from a homebuilder registered for a Help to Buy: Equity Loan.

## Repayment

The loan is interest-free for five years; buyers are required to start paying interest on the loan after this period. As repayment is interest only, it does not reduce the amount owed. It is possible to repay all or part of the loan at any time, although a part payment must be at least 10% of the value of the home at the time of repayment.

\*Help to Buy applications approved by 15 December 2020 will have until 31 May 2021 to complete under the original scheme.  
For general information only. Specialist mortgage advice must always be sought.

Source: [dataloft](#), MHCLG, [helptobuy.gov.uk](#)

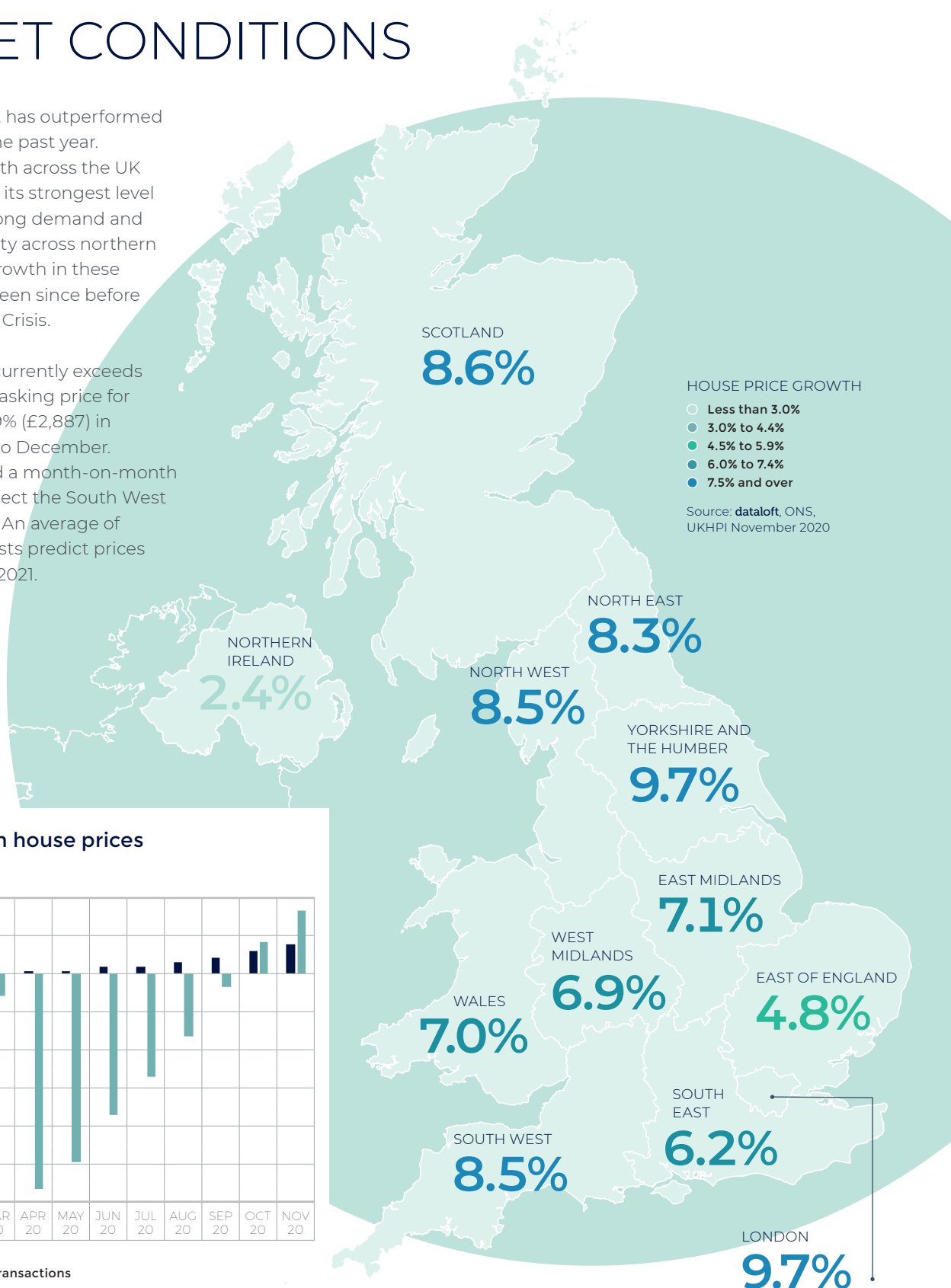
# NATIONAL

## MARKET CONDITIONS

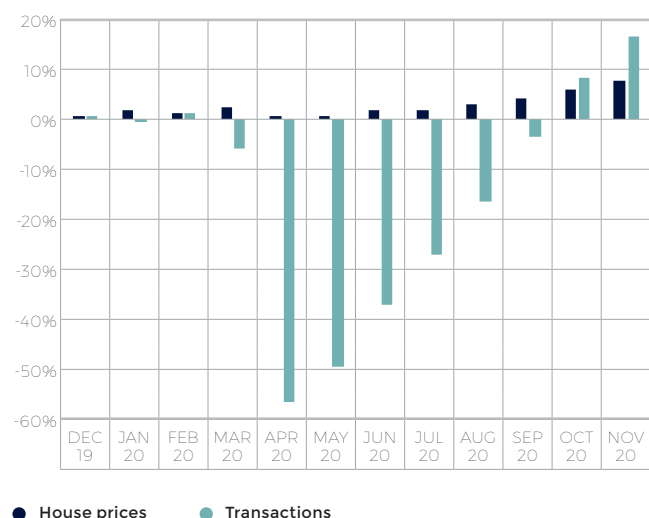
The housing market has outperformed expectations over the past year.

Property price growth across the UK in November was at its strongest level since June 2016. Strong demand and attractive affordability across northern regions has led to growth in these areas at a level not seen since before the Global Financial Crisis.

Although demand currently exceeds supply, the average asking price for a property fell by 0.9% (£2,887) in January compared to December. Rightmove reported a month-on-month fall in all regions except the South West and West Midlands. An average of independent forecasts predict prices will stabilise during 2021.



### Annual change in house prices and transactions



Source: **dataloft**, ONS, UKHPI November 2020



# REGIONAL ACTIVITY

## LONDON

At 9.7%, average annual price growth in London exceeds the UK average. Growth is currently stronger than at any point since July 2016 and considerably higher than the 1.2% fall recorded this

time a year ago. Although Rightmove report average asking prices fell by 2.7% month on month across the region in January, properties are selling more quickly than a year ago.



Annual price growth has strengthened across the UK in recent months

# 3.9%

Tower Hamlets

Most active housing market in this region

Source: dataloft, UKHPI

## Robust activity

At £513,997 the average price of a property in London has breached half a million and activity across the market is robust. On average just 2.8% of private properties sell each year, with turnover in five areas 3.5% or more. Over 17,000 new homes were registered for sale during 2020, and nationally registrations have been on an upward trend since September.

# 17,013

New homes registered in 2020 across London

(NHBC, 2020)

## First-time buyers

First-time buyers were particularly affected by the closed housing market and the stricter mortgage lending that followed. However, buyer numbers have recovered steadily, with transactions just 2% lower year on year during the final six months of 2020 (UK Finance). The number of High Loan-to-Value (LTV) mortgage products has also increased, Moneyfacts reporting there were 169 products available at 90% LTV in January, over double the number available back in July. Lending rates remain low, the average mortgage rate the lowest in history.

# 2.12%

Average mortgage rate

(Bank of England, December 2020)

## Most active housing markets across the region

RANK		% OF PRIVATE STOCK TURNOVER	AVERAGE HOUSE PRICE
1	TOWER HAMLETS	3.9%	£494,416
2	GREENWICH	3.6%	£406,967
3	SOUTHWARK	3.5%	£547,301
4	BROMLEY	3.5%	£456,750
5	WANDSWORTH	3.5%	£638,926
6	HAMMERSMITH AND FULHAM	3.4%	£750,380
7	HAVERING	3.3%	£371,474
8	HACKNEY	3.3%	£607,105
9	LEWISHAM	3.2%	£432,800
10	LAMBETH	3.2%	£551,499
11	BEXLEY	3.2%	£353,083
12	RICHMOND UPON THAMES	3.1%	£707,773
13	KINGSTON UPON THAMES	3.0%	£506,339
14	SUTTON	3.0%	£400,188
15	CROYDON	2.9%	£379,880
16	WALTHAM FOREST	2.8%	£465,314
17	ISLINGTON	2.8%	£682,111
18	HILLINGDON	2.7%	£433,968
19	BARKING AND DAGENHAM	2.7%	£301,944
20	MERTON	2.7%	£571,988

Source: dataloft, UKHPI

Stock levels relate to 2011 Census data. Some areas have seen increased amounts of new development activity since then, which will enhance turnover rates



ABOUT THE

# GUILD OF PROPERTY PROFESSIONALS

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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.

**[dataloft.co.uk](https://dataloft.co.uk)** | [dataloftinform.co.uk](https://dataloftinform.co.uk)

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