

THE **PROPERTY MARKET**

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



SOUTHERN

Analysis by Dataloft | Spring 2021

PRICE GROWTH AT FOUR-YEAR HIGH

SALES



↑**7.6%**

House prices

£249,633 November 2020 vs **£232,100** November 2019



↑**31.5%**

Property sales

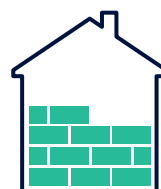
129,400 December 2020 vs **98,380** December 2019



↑**3.7%**

Mortgage approvals

818,537 2020 vs **789,125** 2019



↓**0.1%**

New private homes built (completed)

35,260 Q3 2020 vs **35,300** Q3 2019



↑**6.8%**

Gross mortgage lending

£24.2bn* December 2020 vs **£22.7bn*** December 2019

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

20%
Maximum loan

£349,000
Maximum purchase price
South West

£437,600
Maximum purchase price
South East

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.

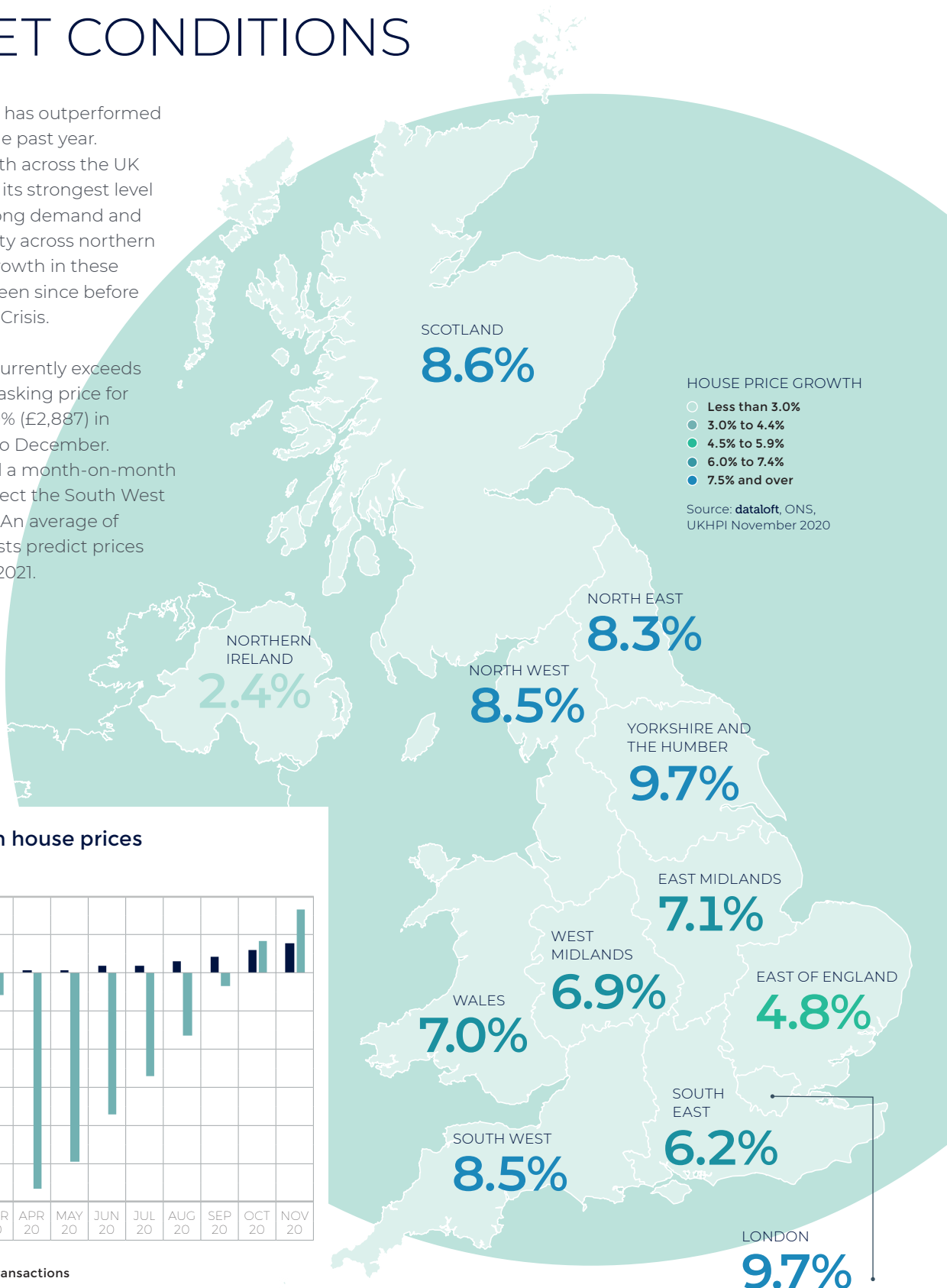
*Help to Buy applications approved by 15 December 2020 will have until 31 May 2021 to complete under the original scheme. For general information only. Specialist mortgage advice must always be sought.

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.

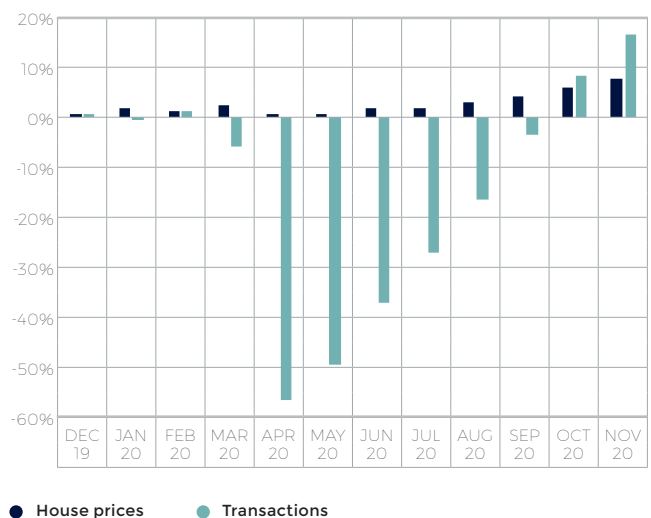


HOUSE PRICE GROWTH

- Less than 3.0%
- 3.0% to 4.4%
- 4.5% to 5.9%
- 6.0% to 7.4%
- 7.5% and over

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

Annual change in house prices and transactions



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

REGIONAL ACTIVITY

SOUTHERN REGION

At 6.2% and 8.5% respectively, average annual price growth in the South East and the South West is significant. In both areas growth is considerably higher than the -0.3% and -0.2% recorded a year ago.

The Isle of Wight and the New Forest are currently experiencing the most significant growth, and interest in the market continues. Properties are selling more quickly than a year ago (Rightmove).

HOUSE PRICE GROWTH

- Less than 3.0%
- 3.0% to 4.4%
- 4.5% to 5.9%
- 6.0% to 7.4%
- 7.5% and over

Source: [dataloft](#), ONS, UKHPI November 2020. Contains OS data © Crown copyright and database right 2016



Annual price growth has strengthened across the UK in recent months

4.4%

Test Valley

Most active housing market in this region

Source: dataloft, UKHPI

Most active housing markets across the region

RANK		% OF PRIVATE STOCK TURNOVER	AVERAGE HOUSE PRICE
1	TEST VALLEY	4.4%	£350,654
2	EASTLEIGH	4.0%	£298,260
3	HART	3.8%	£414,703
4	ISLE OF WIGHT	3.8%	£245,938
5	BASINGSTOKE AND DEANE	3.8%	£319,198
6	SWINDON	3.8%	£223,971
7	EAST HAMPSHIRE	3.7%	£386,512
8	RUSHMOOR	3.7%	£284,253
9	BOURNEMOUTH CHRISTCHURCH AND POOLE	3.7%	£298,570
10	GOSPORT	3.7%	£219,947
11	WILTSHIRE	3.7%	£285,173
12	WINCHESTER	3.6%	£421,796
13	HAVANT	3.4%	£279,836
14	FAREHAM	3.4%	£308,405
15	PORTSMOUTH	3.2%	£230,146
16	NEW FOREST	3.2%	£368,461
17	SOUTHAMPTON	3.2%	£213,191
18	DORSET	3.1%	£299,552

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

Robust activity

Average property prices in the South East and South West are more expensive than a year ago and activity across the market is robust. On average 3.6% of private properties are sold each year, with turnover in Test Valley and Eastleigh over 4%. Over 29,000 new homes were registered for sale during 2020, and nationally registrations have been on an upward trend since September.

29,251

New homes registered in 2020 across the South East and South West

(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)



ABOUT THE

GUILD OF PROPERTY PROFESSIONALS

The Guild is a UK-wide network of independent estate and letting agents. Each of our Members has been carefully chosen by us, all agents adhering to our Code of Conduct.

If you want independent guidance on moving home or are looking for the best agent in your area, visit guildproperty.co.uk

The Guild of Property Professionals
121 Park Lane, Mayfair, London W1K 7AG
020 7629 4141 | parklane@guildproperty.co.uk | guildproperty.co.uk



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 | dataloftinform.co.uk

Disclaimer: This report is produced for general information only. While every effort has been made to ensure the accuracy of this publication, Dataloft Ltd accepts no liability for any loss or damage of any nature arising from its use. At all times the content remains the property of Dataloft Ltd under copyright, and reproduction of all or part of it in any form is prohibited without written permission from Dataloft Ltd.

Date of publication: February 2021
Analysis, editorial, design, graphics and charts by Dataloft.