

THE PROPERTY MARKET

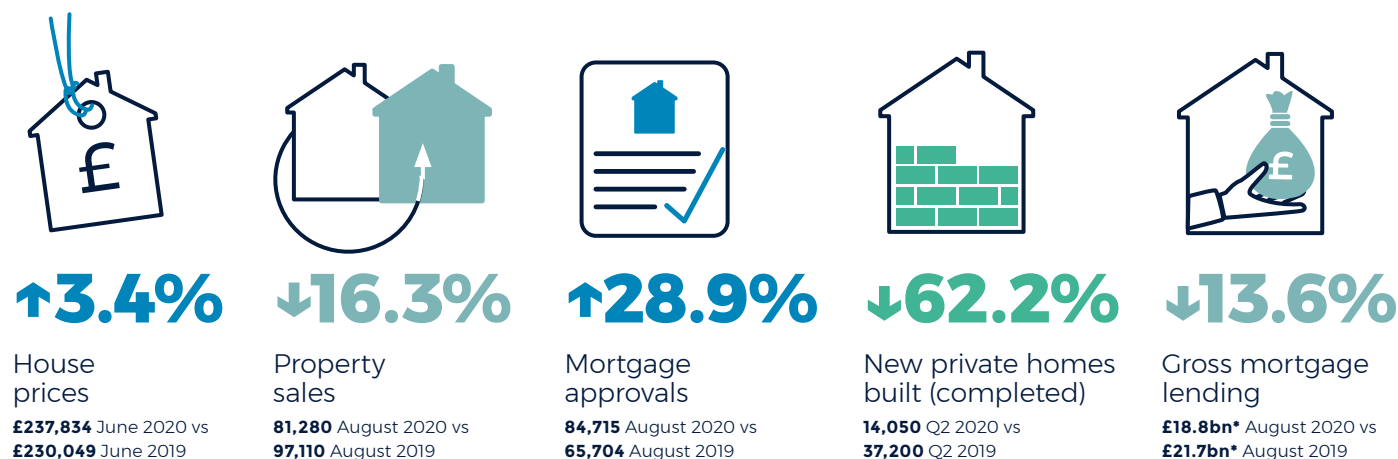
A REVIEW OF THE KEY TRENDS IN THE
NATIONAL AND LOCAL HOUSING MARKET.



HERTFORDSHIRE, BEDFORDSHIRE AND CAMBRIDGESHIRE

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



England

£15,000
saving on a
£500,000 home

88%

all sales over past 12 months <£500,000

Wales

£2,450
saving on a
£250,000 home

80%

all sales over past 12 months <£250,000

Scotland

£2,100
saving on a
£250,000 home

94%

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

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

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.

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.

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

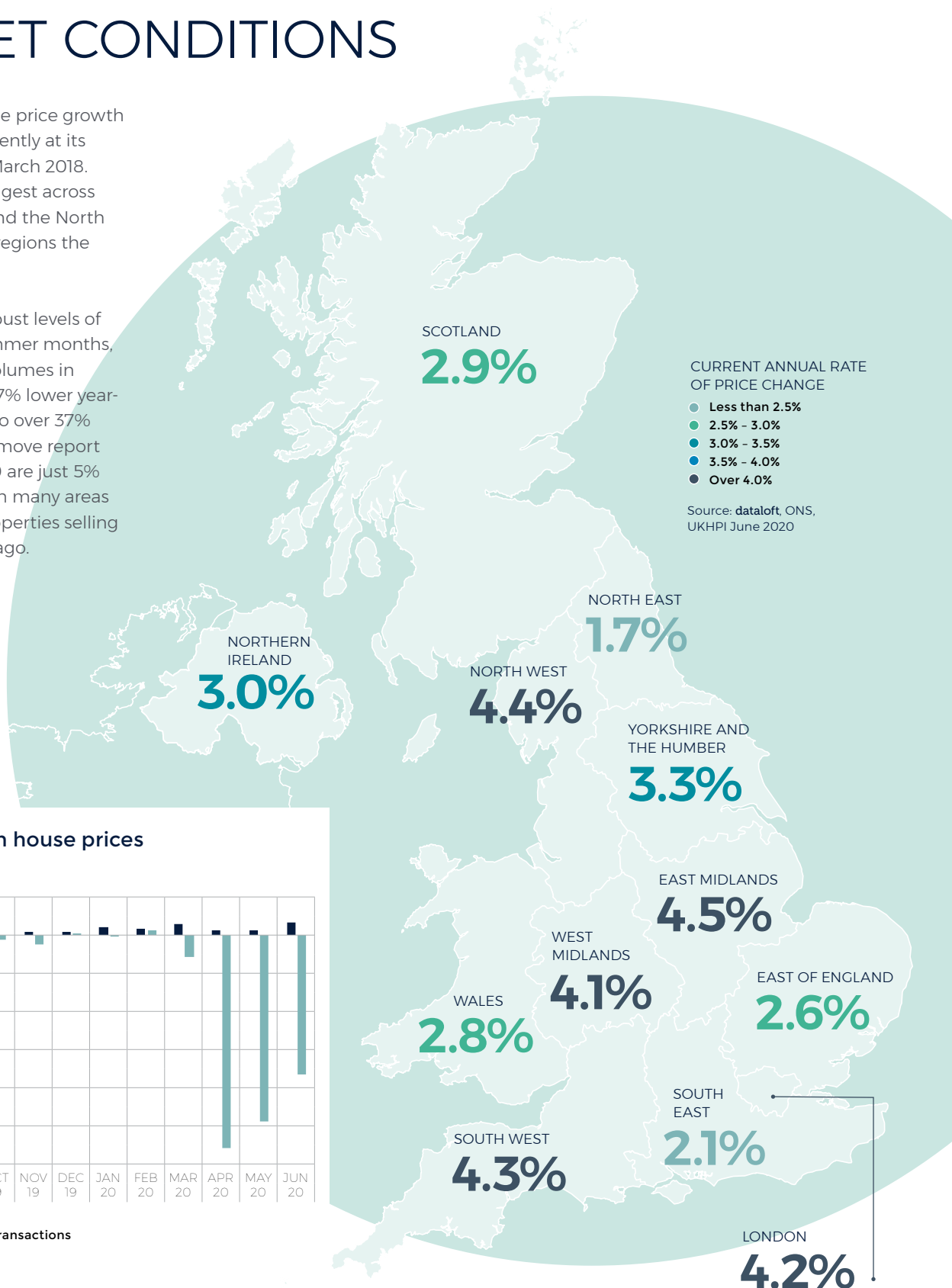
Source: **dataloft**, Land Registry, UKHPI

NATIONAL

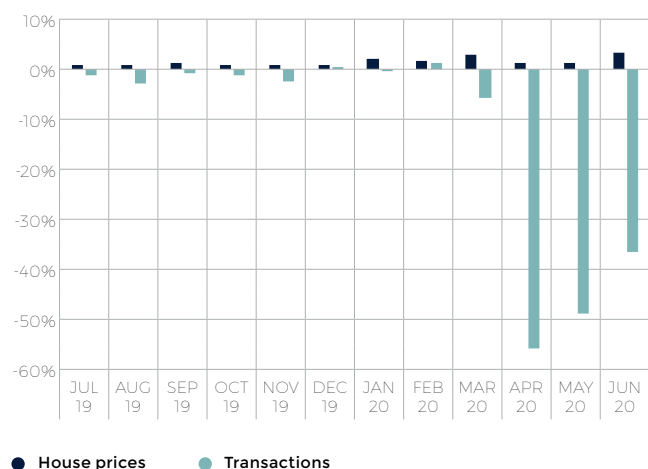
MARKET CONDITIONS

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 HERTFORDSHIRE, BEDFORDSHIRE AND CAMBRIDGESHIRE

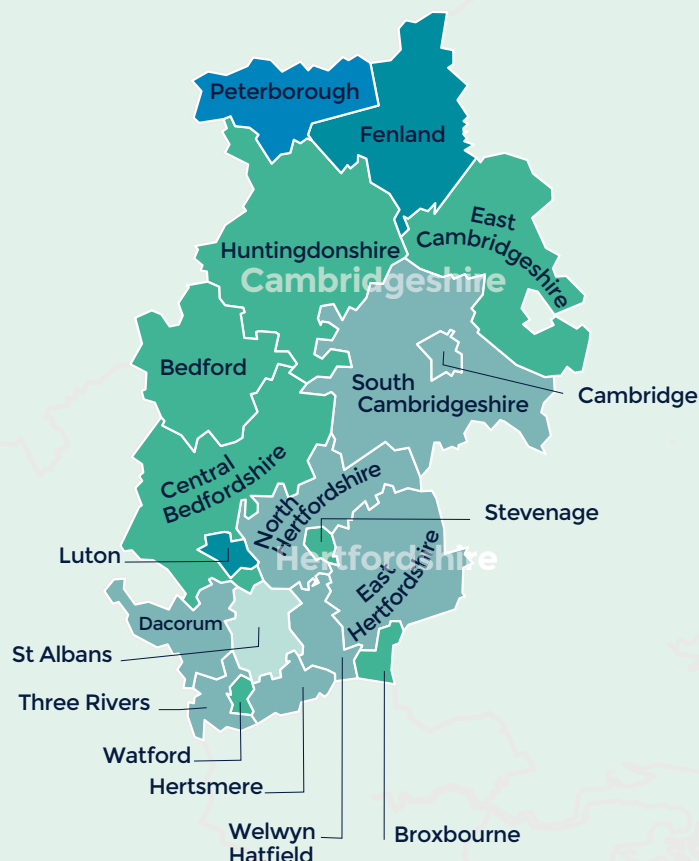
It is estimated nearly two million people own buy-to-let property across the UK (Resolution Foundation 2019), property being regarded as a 'safe-haven' asset. At 4.7%, the gross yield on residential property across the East of England is attractive.

The city of Peterborough is currently the strongest performer across Hertfordshire, Bedfordshire and Cambridgeshire offering a gross yield of 5.6%. In Fenland and Luton current yields are also above 5%.

AVERAGE GROSS YIELDS

- 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 Rental Market Analytics (DRMA), Land Registry, MHCLG, contains OS data
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Average gross yields on residential property are attractive, with positive rental and house price growth.

5.6%

Fenland

Top for price growth in this region

Source: dataloft, UKHPI

Positive growth

Property prices across the East of England were 2.6% higher year-on-year as the housing market reopened in June. Fenland is the current top performer in the region, prices up 5.6% year-on-year. 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 has fallen to 53 days this August, down from 62 days in August 2019. Correct 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 the East of England are selling, on average, 11 days quicker than a year ago.

Strongest housing markets across the region

RANK		ANNUAL RATE OF PRICE GROWTH	AVERAGE HOUSE PRICE
1	FENLAND	5.6%	£199,048
2	ST ALBANS	3.9%	£519,545
3	DACORUM	3.8%	£406,619
4	WATFORD	2.9%	£355,007
5	CENTRAL BEDFORDSHIRE	2.8%	£305,822
6	HERTSMERE	2.7%	£474,992
7	CAMBRIDGE	1.6%	£439,803
8	SOUTH CAMBRIDGESHIRE	1.2%	£378,656
9	BEDFORD	1.2%	£288,515
10	NORTH HERTFORDSHIRE	0.7%	£340,528
11	CITY OF PETERBOROUGH	0.5%	£195,839
12	HUNTINGDONSHIRE	0.2%	£260,982
13	THREE RIVERS	0.2%	£503,293
14	EAST CAMBRIDGESHIRE	-0.2%	£289,272
15	EAST HERTFORDSHIRE	-1.2%	£382,960
16	LUTON	-1.5%	£228,712
17	BROXBORNE	-1.6%	£347,504
18	WELWYN HATFIELD	-1.7%	£384,754
19	STEVENAGE	-3.4%	£275,440

Source: dataloft, ONS, UKHPI June 2020



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Analysis by Dataloft

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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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