

THE PROPERTY MARKET

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

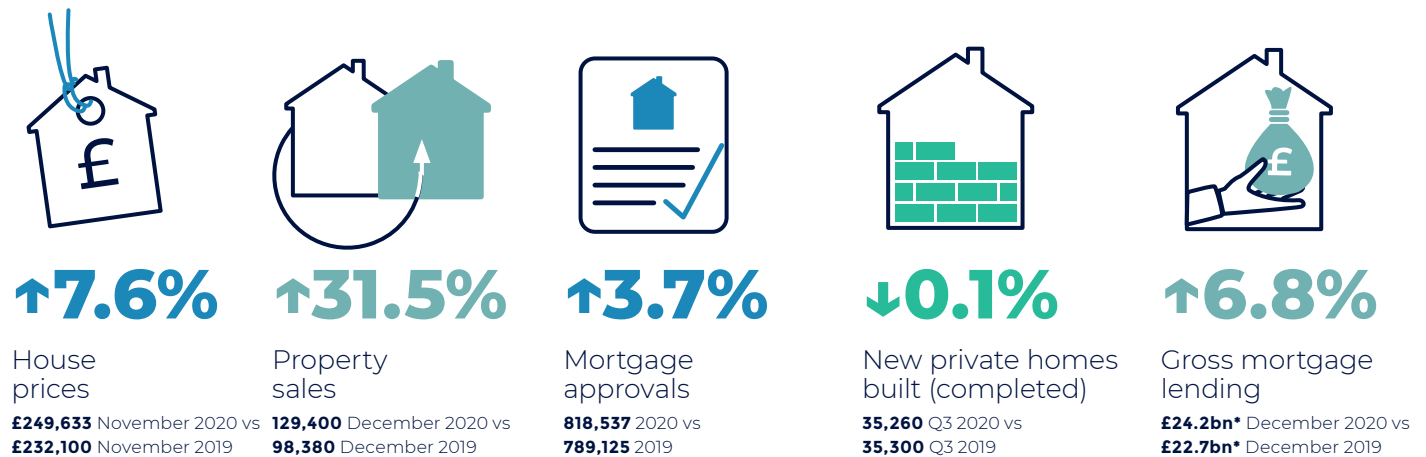


NORTH WEST AND NORTH WALES

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?

Eligibility and price changes



5%

Minimum deposit

20%

Maximum loan

£224,400

Maximum purchase price
North West

£250,000

Maximum purchase price
Wales

What is Help to Buy?

Across England and Wales government Help to Buy Equity Loan schemes have helped support around 300,000 households in stepping onto the housing ladder since their introduction. However, in each country from 1 April 2021 the scheme is set to change. In both England and Wales new price caps will be introduced and in England* the scheme will only be eligible to first-time buyers.

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 registered house builder.

Repayment

In England, the loan is interest-free for five years; buyers are required to start paying interest on the loan after this period. In Wales, the loan must be repaid within 25 years. In both countries it is possible to repay all, or part, of the shared equity loan at any time, subject to conditions.

*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, Welsh Government, [helptobuy.gov.uk](#)

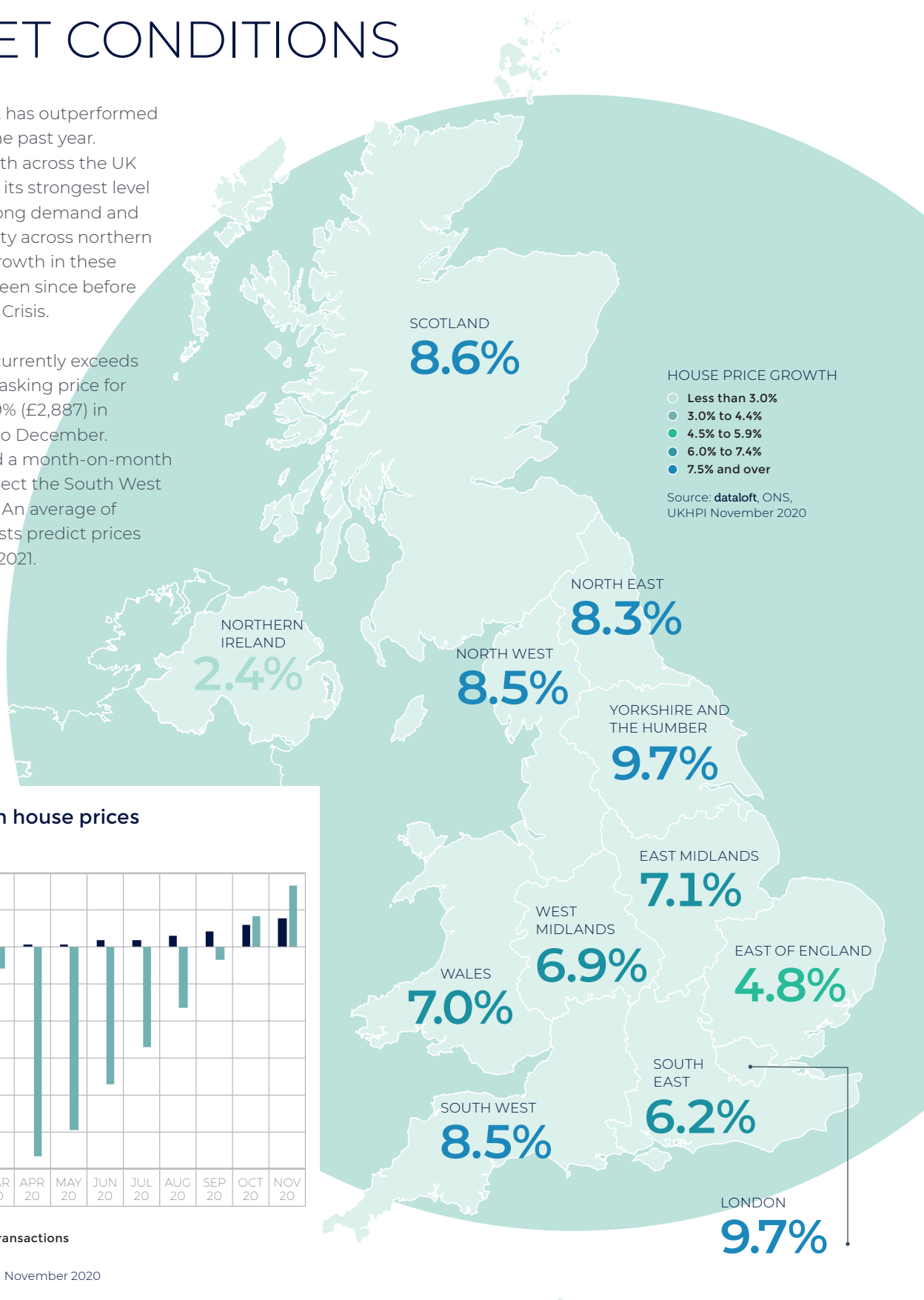
NATIONAL

MARKET CONDITIONS

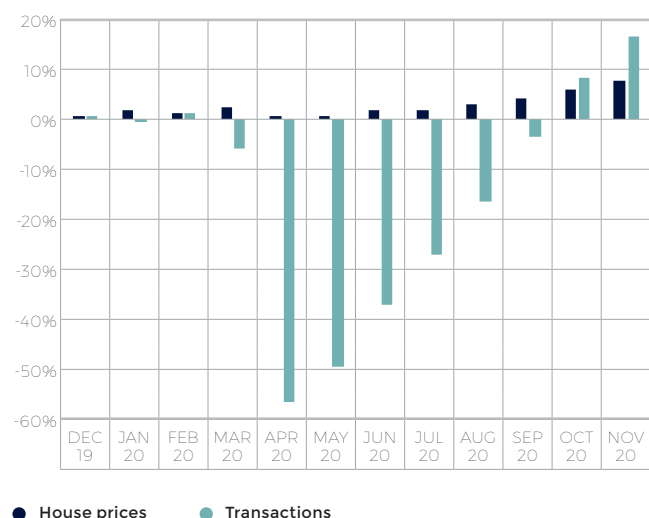
The housing market has outperformed expectations over the past year.

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

NORTH WEST AND NORTH WALES

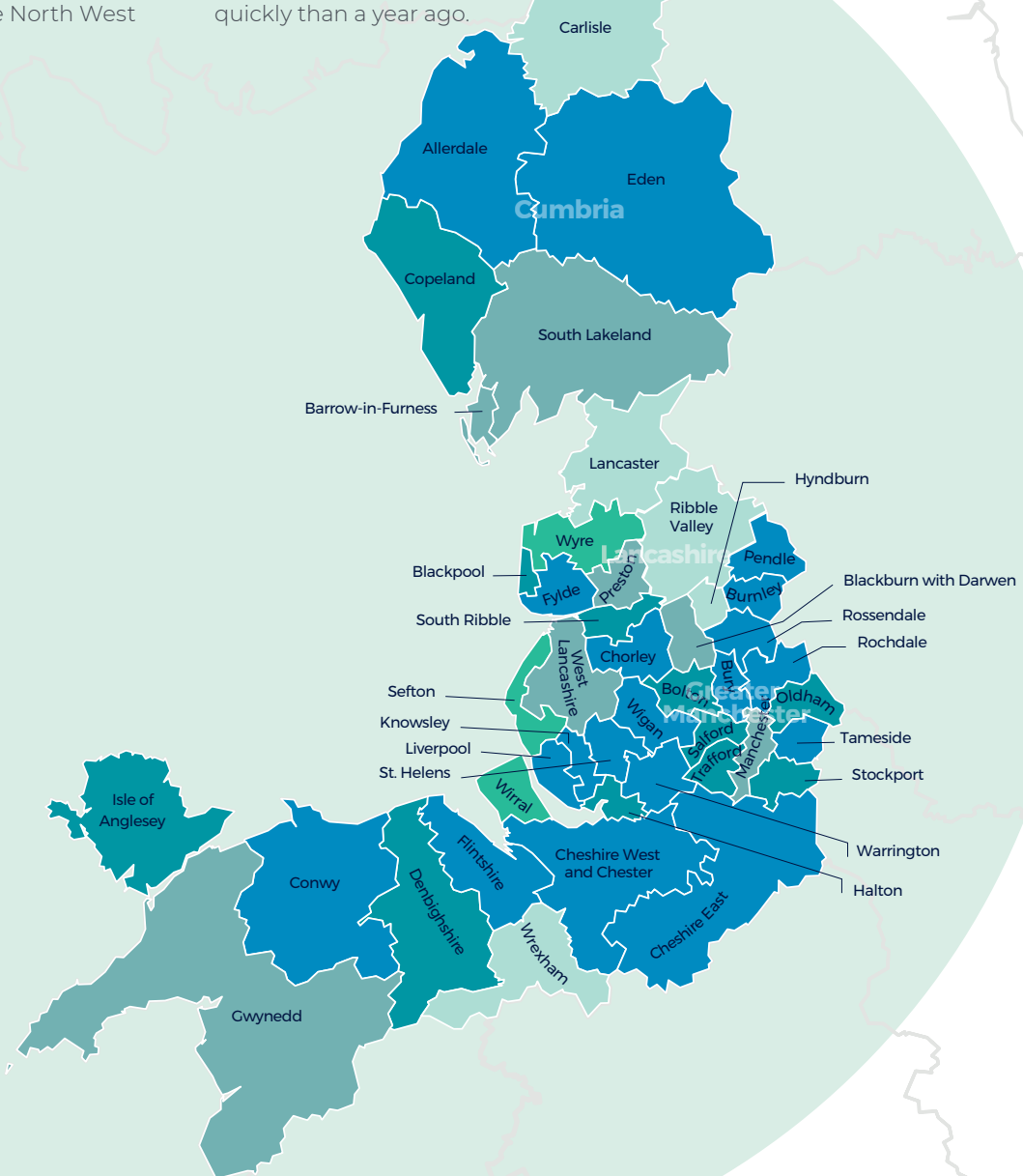
At 7.0% and 8.5% respectively, average annual price growth in Wales and the North West is significant. Growth is currently stronger than at any point since before the Global Financial Crisis, with eight areas of the North West

witnessing double-digit growth. Flintshire is currently the best-performing area in North Wales. Rightmove report average asking prices fell slightly in January, but properties are selling more quickly than a year ago.

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

4.2%

Cheshire East

Most active housing market in this region

Source: dataloft, UKHPI

Robust activity

Average property prices in Wales and the North West are more expensive than a year ago and activity across the market is robust. On average 3.4% of private properties are sold each year, with turnover in four areas 4% or more. Over 15,400 new homes were registered for sale during 2020, and nationally registrations have been on an upward trend since September.

15,412

New homes registered in 2020 across the North West and Wales

(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	CHESHIRE EAST	4.2%	£248,970
2	RIBBLE VALLEY	4.1%	£218,963
3	CHORLEY	4.1%	£201,091
4	SALFORD	4.0%	£178,377
5	KNOWSLEY	3.8%	£146,153
6	WIGAN	3.8%	£151,672
7	ROSSENDALE	3.7%	£161,441
8	FYLDE	3.6%	£209,293
9	BURNLEY	3.6%	£99,409
10	ROCHDALE	3.6%	£156,476
11	CARLISLE	3.6%	£140,005
12	WYRE	3.6%	£160,562
13	CHESHIRE WEST AND CHESTER	3.6%	£224,564
14	STOCKPORT	3.6%	£247,903
15	SOUTH RIBBLE	3.5%	£180,146
16	WARRINGTON	3.5%	£209,717
17	OLDHAM	3.5%	£151,437
18	EDEN	3.5%	£214,628
19	PENDLE	3.5%	£113,915
20	ALLERDALE	3.5%	£167,962

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



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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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