

THE **PROPERTY** **MARKET**

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



WEST OF ENGLAND AND SOUTH WALES

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

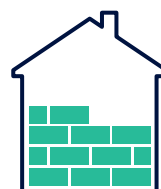
129,400 December 2020 vs
98,380 December 2019



↑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?

Eligibility and price changes



5%

Minimum deposit

20%

Maximum loan

£250,000

Maximum purchase price
Wales

£349,000

Maximum purchase price
South West

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.

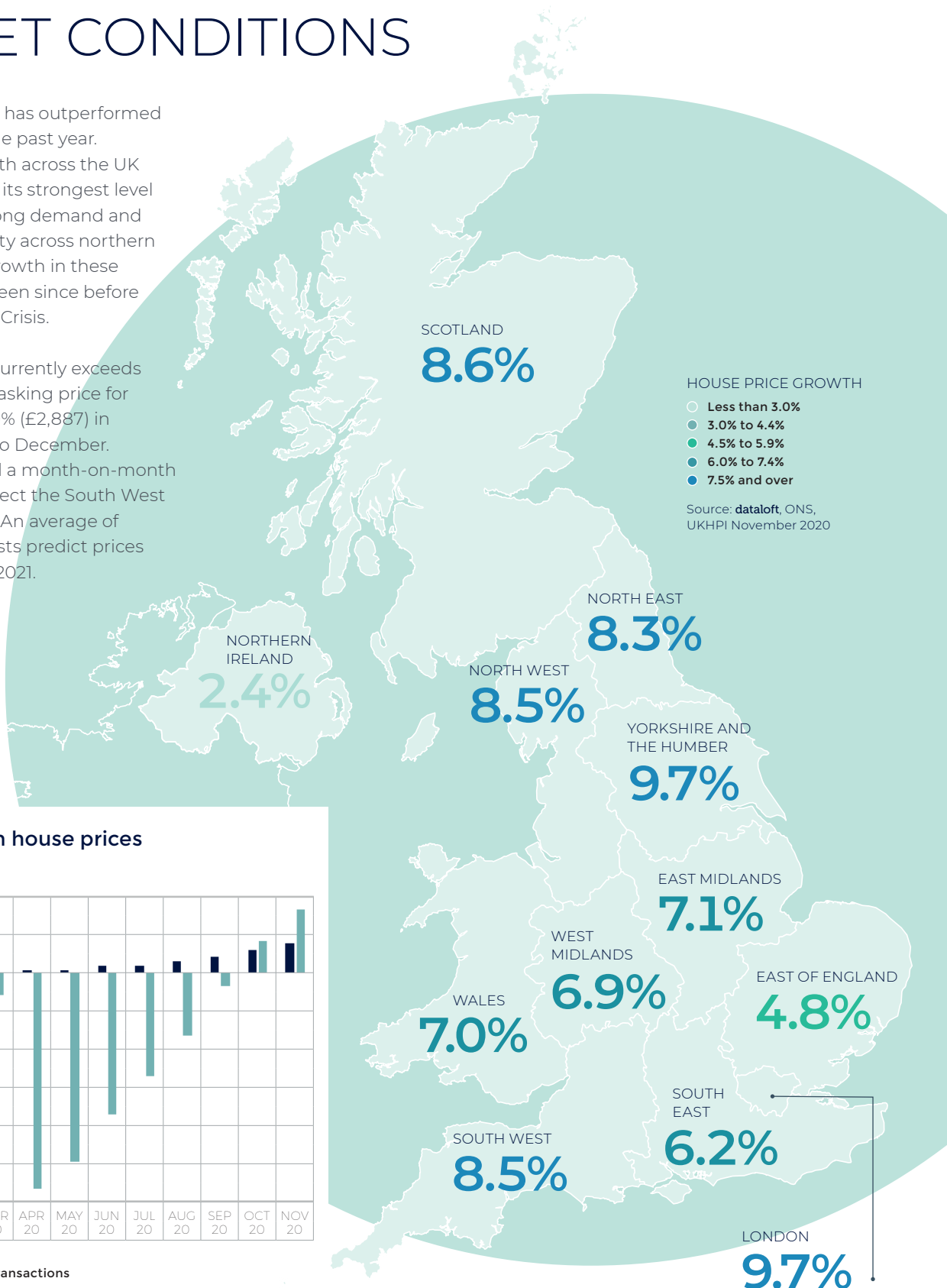
*Help to Buy applications approved by 15 December 2020 will have until 31 May 2021 to complete under the original scheme. For general information only. Specialist mortgage advice must always be sought.

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

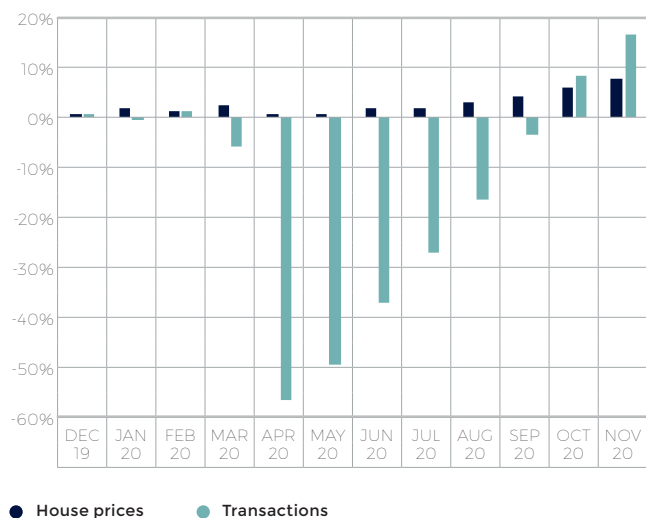
NATIONAL MARKET CONDITIONS

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

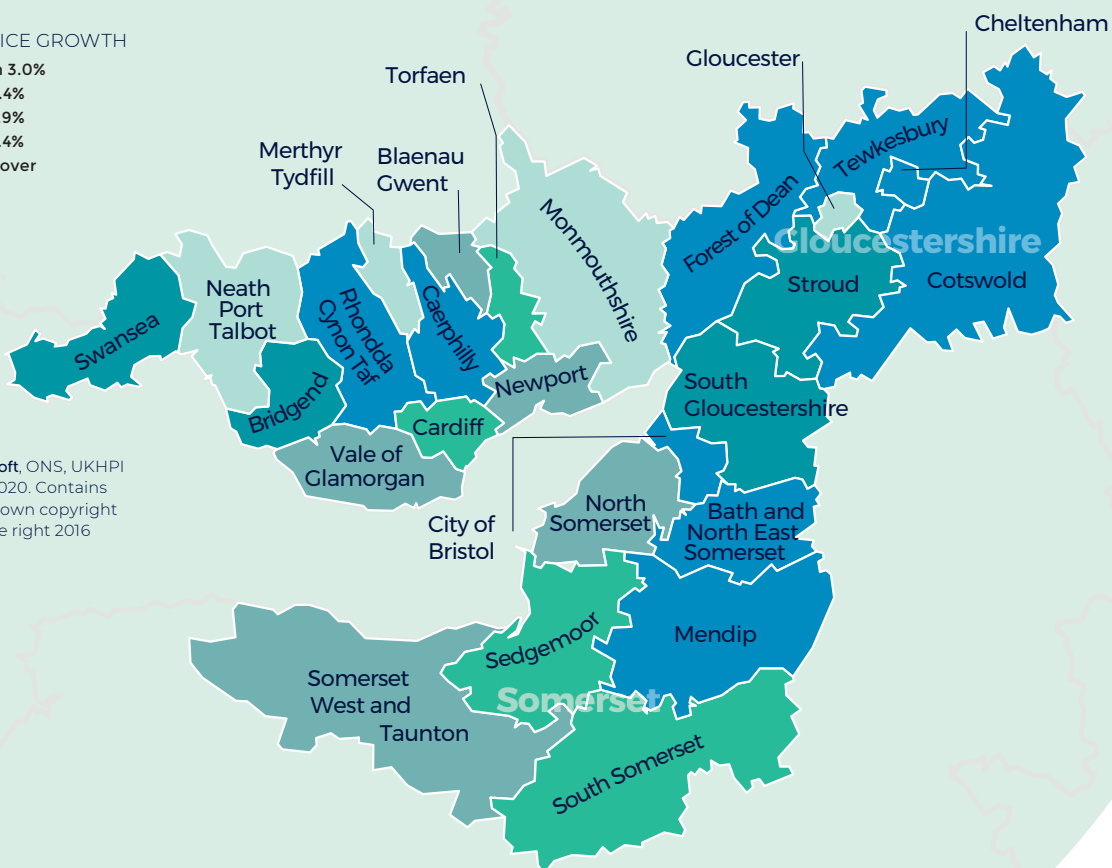
WEST OF ENGLAND AND SOUTH WALES

At 7.0% and 8.5% respectively, average annual price growth in Wales and the South West is significant. In both areas growth is currently stronger than at any point in the last four years. Five

areas of the South West are currently experiencing double-digit price growth. Caerphilly is the strongest performing area in South Wales. 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

4.1%

Tewkesbury

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	TEWKESBURY	4.1%	£305,480
2	GLOUCESTER	3.9%	£211,869
3	SOMERSET WEST AND TAUNTON	3.8%	£245,711
4	VALE OF GLAMORGAN	3.8%	£236,141
5	CHELTENHAM	3.8%	£298,163
6	SOUTH SOMERSET	3.7%	£243,803
7	NORTH SOMERSET	3.7%	£280,711
8	SEDGEMOOR	3.7%	£239,943
9	CITY OF BRISTOL	3.6%	£309,759
10	STROUD	3.6%	£304,049
11	COTSWOLD	3.6%	£432,348
12	SOUTH GLOUCESTERSHIRE	3.6%	£296,992
13	MENDIP	3.6%	£285,616
14	NEWPORT	3.5%	£193,067
15	BATH AND NORTH EAST SOMERSET	3.5%	£382,149
16	BRIDGEND	3.5%	£169,356
17	TORFAEN	3.4%	£156,372
18	CARDIFF	3.2%	£222,107
19	FOREST OF DEAN	3.2%	£259,473
20	MERTHYR TYDFIL	3.0%	£114,704

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 West and Wales 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 Tewkesbury more than 4%. Over 14,800 new homes were registered for sale during 2020, and nationally registrations have been on an upward trend since September.

14,837

New homes registered in 2020 across the South 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)



ABOUT THE

GUILD OF PROPERTY PROFESSIONALS

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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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