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Residential Property Review

September 2021



Signs of solidity in UK housing market

After reaching record highs in June, the housing market is now *'taking a breather'*, according to the Royal Institution of Chartered Surveyors' (RICS) August survey.

New buyer enquiries fell for a second consecutive month, with the latest net balance dropping to -14%. Despite this slip in demand, supply still lags; new listings fell with a net balance of -37%, an eighth negative reading in the past nine months. Sales were also down in August, with a net balance of -18%.

Despite this headline negativity, the RICS survey anticipates near-term sales growth, evidenced by the three-month expectations indicator remaining at +4%. Meanwhile, Savills foresees a *'small spike in September'* as some buyers take advantage of the final phase of the Stamp Duty holiday before the nil-rate threshold reverts to £125,000 in October.

Commenting on the survey, RICS Economist, Tarrant Parsons said, *"The latest survey evidence inevitably points to market activity taking a breather following the flurry of sales seen ahead of the tapered Stamp Duty holiday withdrawal. That said, while momentum has eased relative to an exceptionally strong stretch earlier in the year, there are still many factors likely to drive a solid market going forward."*

New government investment in affordable homes

The government has allocated £8.6bn to deliver around 119,000 new affordable homes, of which 57,000 will be available to buy.

Part of the Affordable Homes Programme, the funding should help thousands of buyers onto the property ladder.

Since the first lockdown effectively shut down the construction industry, the supply of new homes has been badly hit at a time when housing demand has soared. The resulting mismatch between supply and demand has forced prices higher, making home ownership an impossible dream for many.

Previous government initiatives such as First Homes, a scheme offering new homes at a 30% discount on the open market value, have tried to make buying a house more affordable. There is certainly demand for such assistance; a record 55,649 households used Help to Buy to purchase a property in the year to the end of March.

Energy efficiency crucial to Scotland's housing strategy

As Glasgow prepares to host COP26 in November, this year's Scottish Housing Day (15th September) focused on the climate emergency.

Housing currently accounts for around 15% of Scotland's greenhouse gas emissions. Therefore, to achieve the Scottish government's commitment to net zero emissions by 2045, household energy efficiency will need to be at the forefront of government strategy.

A recent Knight Frank Global Buyer Survey revealed an appetite for change in the UK, with 84% of respondents citing the energy efficiency of a future home as being important to them.

Nicola Barclay, Chief Executive of Homes for Scotland, said, *"Scottish Housing Day has a timely role to fulfil in focusing minds on the energy efficiency of our homes, particularly on how we close the performance gap between new and older properties."*

House prices headline statistics

House Price Index (July 2021)*	134.0*
Average House Price	£255,535
Monthly Change	-3.7%
Annual Change	8.0%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **8.0%** in the year to July 2021
- On a non-seasonally adjusted basis, average house prices in the UK decreased by **3.7%** between June and July 2021
- House price growth was strongest in the North East where prices increased by **10.8%** in the year to July 2021.

Source: The Land Registry
Release date: 15/09/21
Next data release: 20/10/21

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	-4.5	7.0	£270,973
Northern Ireland (Quarter 2 - 2021)	2.9	9.0	£153,449
Scotland	2.0	14.6	£177,166
Wales	-4.0	11.6	£187,960
East Midlands	-5.5	6.9	£214,169
East of England	-3.8	6.8	£312,076
London	-2.0	2.2	£494,673
North East	-3.5	10.8	£144,935
North West	-7.6	8.1	£185,171
South East	-1.3	8.8	£354,278
South West	-5.8	5.2	£277,178
West Midlands Region	-4.9	8.5	£220,759
Yorkshire and The Humber	-6.8	6.9	£180,324

Average monthly price by property type – July 2021

Property Type	Annual Increase
Detached £391,747	8.9%
Semi-detached £245,218	8.6%
Terraced £207,267	7.7%
Flat / maisonette £218,829	6.1%

Source: The Land Registry
Release date: 15/09/21

Renters return to cities

“There has been a sharp rise in demand for rental properties in recent months, especially in central city markets, signalling the return of city life, as offices and other leisure and cultural venues continue to open up more fully.”

Gráinne Gilmore, Head of Research at Zoopla

Source: Zoopla September 2021

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All details are correct at the time of writing (16 September 2021)

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