



Latest Property Price Summary

Has the residential property market finally turned the corner?

We track most of the monthly reports on property prices produced on a monthly basis. This report summarises what's being said about the market and includes Kate Faulkner's comments on what this means for the industry, the market and consumers.

Report Headlines:-

Nationwide

"Homeownership rates still trending down"

Hometrack

"A clear North-South divide as London and the South East account for 74% of postcodes registering price rises"

RICS

"Flat February masks greater medium term optimism"

Acadametrics

"Sales soar 15% in February as mortgage availability rises and bank funding conditions improve"

Smart New Homes

"New homes market sees strong start to year"

Kate Faulkner comments:

"There remains some renewed optimism for the housing market in 2013, however, over the last few years, the market has always done quite well in the first part of the year, then tended to flatten or fall towards the second part of the year. What will be interesting this year is to see if the 'Help to Buy' scheme and the 'Funding for Lending' investment by the government will help to boost the market throughout the year and potentially help it pick up in 2014."

New Home Property Prices

Smart New Homes

"The average price of a new home in January was £232,022, compared to £229,571 at the end of last year. This represents an increase of 1.1% over the month. Annual growth stood at 1.4% in January, an increase on December's 1.1%. This means the average new home now costs £3,113 more than at the same time last year. Prices in the new homes market have remained relatively stable in the last 12 months, fluctuating just £9,940 compared to £22,175 in the wider market. Demand for new homes has pushed prices slightly higher than those in the wider market, driving a return of the new home 'premium'."

Kate Faulkner comments:

"The new homes industry has received a huge amount of support from the government in the last few years. Changes to planning laws, the new homes bonus to incentivise local authorities to back building programmes, FirstBuy last year and now the 'Help to Buy' fund, this help has all been given to the industry despite the fact that new build prices have, in the main, been very stable for developers since 2009. As yet, none of this appears to have helped deliver too many more new homes, so it remains to be seen in 2013 if whether any of these incentives will actually boost the number of new homes sold or just end up subsidising current demand and building levels. "

Has the residential property market finally turned the corner? – Cont'd

Regional Property Price Differences

Hometrack

"Across the country 14.8% of postcodes registered price rises, and 8.0% price falls. Of those markets seeing a price rise, 74% were in London and the South East. In the South East 26% of postcodes saw price rises. Prices remain under downward pressure in Northern regions where the trend is tipped towards price falls. On a regional basis the North East (-0.2%), North West (-0.1%) and Yorkshire & Humberside (-0.1%) all registered price falls, while London (0.3%), the South East (0.1%) and Wales (0.1%) saw prices increase over the month. In all other regions, values remained static."

RICS

"At the regional level, in terms of current prices, the London market remains the standout performer, with surveyors seeing more modest price gains in the South East. Elsewhere, surveyors are still a little negative albeit only by a small margin in Wales, the North West as well as the East and West Midlands. Prices in Scotland and Northern Ireland continue to fall, but likewise, the pace of decline has slowed dramatically recently."

Acadametrics

"Greater London continues to dominate the housing market in terms of annual price change, with house price inflation almost three times higher than in any other region of England & Wales. This month East Anglia has joined Greater London, now being the only two regions in the country with annual price increases higher than the average for England & Wales as a whole. The region with the largest fall in annual house prices is Wales, although the reduction in prices in the principality is only half that of last month, and now stands at -0.6%. Although there are four regions showing negative price movements on an annual basis, the rate of decline is modest. The last time we had the lowest region showing a decline of -0.6% or above was in October 2010, some 28 months ago."

Smart New Homes

"The South West recorded the biggest monthly price rise in January at 2.1%. The region also recorded growth of 4.0% over the quarter and 2.9% on an annual basis. This contrasts with Yorkshire and Humberside which saw prices dip 1.7% during the first month of the year. In all, the more southerly regions continue to perform the strongest in terms of price growth."

Kate Faulkner comments:

"Property prices and market performance is now so localised across the UK that any national average figures are meaningless as far as consumers are concerned. London is the lead player in terms of market performance, but even areas in and around London aren't performing. In the main, most areas around the UK are either showing no growth at all or small dips."

Demand for Property

Nationwide

"While activity in the housing market remains subdued by historic standards, there have been tentative signs of a pick-up in recent months. The Funding for Lending Scheme has achieved some success in bringing down mortgage rates, with encouraging signs of an improvement in credit availability. While the economic backdrop remains challenging, there are reasons for cautious optimism that activity will gather momentum in the months ahead. In particular, employment is rising at the fastest pace since the late 1990s which, if maintained, should help support demand for homes. However, progress is likely to be gradual, as stubbornly high inflation will continue to exert pressure on household budgets. Moreover, buyer confidence is likely to remain fragile until there are signs that the wider economic recovery is firmly entrenched."

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Hometrack

"Shows a 14% growth in new buyers registering with agents over February, a level consistent with the same month in previous years. Despite this seasonal bounce in demand, some agents reported that market conditions were less buoyant than they were expecting. In the North East and Yorkshire and Humberside, new buyer registrations grew by less than 5% over February. It is unclear if this was down to poor weather conditions or a more fundamental weakness in demand for housing. Looking ahead we expect demand for housing to continue to grow as we move into Spring."

RICS

"In February, the new buyer enquiries balance rose from -10 to 3; the newly agreed sales balance remained unchanged at +16 and the average sales per surveyor (branch) increased from 15.9 to 16.8."

Acadametrics

"January and February are normally the quietest months of the year for housing transactions. February is the lightly busier of the two months, with January less so due to the Christmas period, and consequent lack of completions the following month. On average, there is a 3% increase in activity in February compared to January, but this year we estimate that the increase will be closer to 15%. This suggests a rally in property transactions, although only time will tell how long this rally will last."

CML

"In the fourth quarter of 2012, a total of 10,200 first-time buyers bought their first home in London, a 4% increase compared to the previous quarter, and up by 17% on the fourth quarter of 2011. This represented a larger boost compared to the UK overall where lending to first-time buyers increased by 14% compared to the fourth quarter of 2011. The increase in lending to both first-time buyers and home movers in 2012 overall, resulted in a 10% increase in house purchase lending in 2012."

Kate Faulkner comments:

"Demand for property does seem to be on the increase – for now. It remains to be seen though whether this will last throughout the year. However, with the huge investment in the property sector, which the government is banking on delivering economic growth, if this doesn't work, we may have to face markets in some areas which are in the doldrums for years."

Supply of Property

Hometrack

"While the number of new properties coming to the market has risen this month by 8.7%, this growth has been off a low base. Agents across the country spoke of a shortage of new housing stock for sale with one London based respondent commenting that housing supply was 'at its lowest for five years'. Looking ahead we expect demand for housing to continue to grow as we move into spring. Supply will continue to expand but higher stamp duty costs in Southern England remain a disincentive to sell. This will create scarcity and maintain an upward pressure on headline prices although the pattern of growth across local markets will remain highly varied."

RICS

"The new instructions balance improved from -5 to 1 and the average stock on surveyor books (per branch) edged up from 63.5 to 66.1."

Smart New Homes

"Using a three month rolling average, the number of new homes added to the market grew by 45% annually in January. Although there were more new homes available to January buyers than the same time last year, 2012's total output was 11% down on the previous year according to the latest figures from the DCLG."

Has the residential property market finally turned the corner? – Cont'd

Kate Faulkner comments:

The property market from a supply and demand perspective poses an interesting conundrum. On the one hand we need to boost demand to help generate economic recovery. On the other hand, if supply doesn't increase, all this will do is increase property prices. With figures suggesting supply of new homes was down in 2012 despite investment in FirstBuy, it suggests that even government incentives might not be able to increase supply enough to keep up with demand. This potentially could lead to higher prices without any increase in supply which would be a disaster both for the market, buyers and the overall economy."

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For more information, property market commentary for consumers and one-to-one consumer property advice, contact:-

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Notes to Editors

Designs on Property Ltd (www.designsonproperty.co.uk) is run by Kate Faulkner, who spends half her time working as a consultant to the residential property industry, and the other half helping people carry out property projects. Kate is uniquely placed to help first time buyers, tenants, people trading up and trading down, renovators, self-builders and would be property investors.

Kate's '[Help me find a house' service](#) offers property hunters a 100+ page property pack which contains how tos, top ten tips, checklists and advice at every step of the way, including a one to one helpline via email or phone.

The six property packs include:-

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<u>Renovating a Property</u>	£19.99
<u>Making Money</u>	£24.98
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About Kate Faulkner

Kate carries out over 50 speaking engagements every year, highlighting property market issues to the industry and consumers. She has written six property books including four for Which? is a featured property expert on the 4Homes website, regularly presents market issues for BBC Radio Nottingham and has a column in the Nottingham Evening Post.

She has appeared on Daybreak, BBC Breakfast and 'Your Money', Radio 4's You and Yours, Radio 5 Live, ITV News and The Big Questions.

For more information contact Kate Faulkner directly on **07974 750562** or kate@designsonproperty.co.uk