

October 2013 Latest Property Price Summary

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 primarily for the general public, but also for the industry, market and economy.

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Report Headlines:-

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| <u>Rightmove</u> | <i>"Rightmove predicts autumn price surge, raising 2013 forecast to +6%."</i> |
| <u>Home.co.uk</u> | <i>"Prices Soar as Supply Crisis Worsens in London and the South East."</i> |
| <u>RICS</u> | <i>"Sales follow prices higher."</i> |
| <u>Hometrack</u> | <i>"House prices post strongest increase since May 2007. 41% of markets registered price rises in September compared to 6% a year ago."</i> |
| <u>Nationwide</u> | <i>"House price growth accelerates in September."</i> |
| <u>Halifax</u> | <i>"House prices in the three months to September were 2.0% higher than in the previous quarter; slightly below the increases recorded in June, July and August."</i> |
| <u>NAEA</u> | <i>"Housing market remains strong as FTBs reach new highs."</i> |
| <u>Acadametrics</u> | <i>"House prices hit new record high in September."</i> |
| <u>Land Registry</u> | <i>"The August data shows a monthly price change of 0.1 per cent."</i> |

Kate Faulkner comments on Report Headlines:

"Wow, from 'bad news' to 'great news' in just a matter of six months. And yes, it appears, whether prices are rising or not, there are more transactions in the market place. That's great news for the economy, as this will help claw back the huge job losses the industry suffered. And we aren't just talking about agents, it's jobs for professions such as solicitors, surveyors and financial experts. However, is this 'bubble' territory I keep being asked – no, but we are definitely in recovery stage, which is great news for homeowners who can perhaps see light at the end of the tunnel from a negative equity perspective. Let's just hope the good news in some areas spreads to areas still suffering."

Regional Property Price Differences

Home.co.uk

"Domestic and foreign investment demand remains high and is rapidly driving prices in the capital and surrounding areas to precarious levels relative to average earnings. Perversely, it's still fairly 'grim up North'. Just when home prices might have started to recover some of their lost ground, we are seeing an influx of supply into these relatively sluggish regional markets. Good news for buyers who will have much more choice, but northern vendors will continue to struggle and prices will most likely continue to stagnate. (September 13)"

RICS

"Prices are reported to have increased (albeit only modestly according to some survey participants) in all areas apart from the North and price expectations are now positive across the country. London and the South East remain the areas under the greatest price pressures with the overwhelming number of respondents in each region pointing to price rises. (September 13)"

Hometrack

"The impetus for higher growth is coming from a burgeoning recovery across regional housing markets, especially across the South East. Over the last few years the housing market has been split between a buoyant London market, boosted by overseas demand, and a trend of falling prices across other regions on weak domestic demand. The survey has highlighted a steady improvement in underlying market conditions outside of London for the last 18 months. Now we are seeing continued house price growth in London combining with modest gains across other regions and creating a picture of a broadening market recovery. (September 13)"

Nationwide

"UK house prices are still around 8% below their 2007 highs. However, there is still significant regional variation, with prices in Scotland, Wales and the North of England around 12% to 14% below their previous peaks, while in many southern regions prices are 5% to 7% lower. Only in London are prices at an all-time high, 8% above the previous peak. (September 13)"

Acadametrics

"Greater London continues to dominate the housing market in terms of annual price change, with house price inflation more than double that of any other region of England & Wales. For the eighth month running, East Anglia takes second place, boosted by price growth in both Norfolk and Cambridgeshire. However, it is one of only two regions this month that are showing a slackening of pace compared to the previous month, the other being the North West. Wales is now the only region in negative territory, with prices falling by 0.9%, although this is largely due to an increase in activity by first time buyers, which has had the effect of lowering the prices being paid in the purchase of a property. (September 13)"

Land Registry

"The region with the most significant annual price increase is London with a movement of 7.1 per cent. The region with the greatest annual price fall is the North East with a movement of -2.2 per cent. The North West saw the greatest monthly price rise with a movement of 1.3 per cent. Wales saw the most significant monthly price fall with a movement of -2.1 per cent. (August 13)"

Kate Faulkner comments on Regional Price Differences:

"Despite the 'national headlines' being good, it's still obvious that this doesn't reflect what's happening everywhere. However, in Nottingham where I'm from, what we are finding is although prices might not be rising, time to sell is falling and volumes are increasing - and that's as good. The interesting thing heading towards Christmas will be whether this momentum continues. With Help to Buy for existing homes being brought forward, unfortunately, as the rates so far have been pretty disappointing and very similar to existing 95% mortgages, it may not be as attractive or successful at driving the market as its new build counterpart. However, Help to Buy has boosted confidence in the market and if this can be maintained, it may help to spread the 'good news' to other parts of the UK."

Demand for Property

Home.co.uk

"Demand, fed by the growth in cheaper borrowing (including the Help to Buy Scheme), is already outpacing the overall supply of properties for sale and pushing prices even higher. (September 13)"

RICS

"Growth in demand has now outstripped growth in new instructions in every month since February. This firm trend in demand has led the sales expectations net balance to reach its highest reading in the 15 year history of the series. (September 13)"

Hometrack

"Demand increased for the eight month in a row growing by 1.4% in September. (September 13)"

Halifax

"Housing demand has risen more quickly than supply in recent months, putting upward pressure on prices. Demand has increased against a background of low interest rates and higher consumer confidence underpinned by signs that the economy has begun a sustainable recovery. Official schemes, such as Funding for Lending and Help to Buy, also appear to have boosted housing demand. (September 13)"

NAEA

"The average number of house hunters registered per branch increased from 250 in July to 322 in August which is nearly a third (28.8%) higher than those seen in July (250), a massive increase reflecting a healthy return in housing market confidence. Members also reported an increase in the average sales agreed per branch in August (nine) compared with July (eight) indicating that house hunters are not just increasing in number, but also in intent. The proportion of house hunters who are FTBs has increased by eight per cent year-on-year, rising from 18 per cent in August 2012 to 26 per cent in August 2013. (August 13)"

Bank of England

"The number of loan approvals for house purchase was 62,226 in August, compared to the average of 56,597 over the previous six months. (August 13)"

Severn Trent

"The average number of daily transactions for September was up over 19% on September 2012. It was also up 5% on August which would you would expect given the usual seasonal trending. Only one day in the whole month showed a lower number of transactions than the same day a year ago. (September 13)"

Acadameetrics

"The return of the first-time buyer has triggered a ripple of activity all the way up the housing ladder. Demand has increased significantly in a short space of time, and raced ahead of the supply of homes, which is causing house prices to rise. But this is still only a fledgling recovery. First-time buyer numbers are still some way short of their historic levels. It is not a 'boom', nor a 'bubble'. It is a market correction, albeit a fairly quick one. (September 13)"

Land Registry

"In the months March 2013 to June 2013, sales volumes averaged 57,205 transactions per month. This is an increase from the same period a year earlier, when sales volumes averaged 54,246 per month. Over the past 39 months, transaction volumes have been relatively consistent. (August 13)"

Kate Faulkner comments on Demand for Property:

"OK, so now the big question - will Help to Buy Two end up just driving demand from first time buyers, or will it encourage more people owning a home to sell and buy, increasing stock levels as well as demand? This is the crux of whether the second scheme will be good news for the market, or a potential disaster, by just driving up demand and not increasing stock levels and much needed transactions at all."

Supply of Property

Rightmove

"While volumes of buyer transactions have begun their recovery, with the latest year-to-date transaction and mortgage approval statistics up by 8% and 16% respectively on the same period of 2012, new seller numbers have yet to react and are just 0.5% up so far this year compared to last. This month's latest fall in fresh property supply against a backdrop of increased willingness and ability to buy is likely to result in a price surge as the 'in before Christmas' market gathers pace. (September 13)"

Home.co.uk

"The property supply crisis is not improving in England and Wales. The volume of new and resale stock entering the sales market fell again last month and continues to fall year-on-year; it is now 56% lower than in 2007. The total number of properties for sale in England and Wales has dropped by 14% in just the last twelve months, as demand overwhelms supply. Moreover, the level of new build completions shows no sign of recovery and can in no way alleviate the lack of supply in most regions. (September 13)"

RICS

"With 49% more respondents reporting increases in new buyer enquiries this month and only 10% more doing likewise for new instructions to sell, the pressure on prices is evident. Growth in demand has now outstripped growth in new instructions in every month since February. (September 13)"

Hometrack

"The supply of homes for sale fell by 0.3% in September as continued growth in sales eroded stock levels. The change in the supply of housing for sale varies on a regional basis with improving market conditions bringing more supply to the market in regions outside southern England. This is keeping price rises in check. In London and the South East the growth in supply remains below average and this is putting additional upward pressure on prices. (September 13)"

Halifax

"There are signs that supply is beginning to respond to the pick-up in demand, which if continued should help to constrain the upward pressure on prices. The recent strengthening in house prices is increasing the amount of equity that many homeowners have in their home, enabling more to put their property on the market for sale. Levels of house building are also increasing, albeit from a very low base. (September 13)"

NAEA

"The supply levels saw a slight decrease over the course of the month, meaning that buyers face rising competition for the best homes. The average number of available properties per branch decreased from 53 in July to 52 in August. (August 13)"

Kate Faulkner comments on Supply of Property:

"Normally the property mantra is 'location, location, location'. However at the moment, the industry and buyers are crying 'supply, supply, supply'. Londoners in particular are really feeling the pinch this year, with short stock levels coupled with ever increasing demand - from ever increasingly wealthy people, thanks to London's success as an economy. With an ageing population, Hometrack's average of people staying in a property now for 25 years and many people still in negative equity, it's very difficult to see how supply will suddenly jump into action. In areas where cash is king, this will drive up prices quickly, however in areas which aren't so rich, volumes may increase, but it doesn't appear yet to translate into higher prices."

What to do next?

Buying, selling or investing in today's variable market means you need to take a great deal of care before making a decision. It's essential to secure independent, up to date, advice you can trust.

Kate and her team from [Property Checklists](#), make it easy to access the information and support you need via the FREE of charge checklists, daily articles and advice:-

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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 and is currently the Telegraph's property club Q&A person.

She has appeared on BBC Breakfast News, Daybreak, 'Your Money', Radio 2's Jeremy Vine Show, Radio 4's You and Yours, Radio 5 Live, ITV/ITN News and The Big Questions.

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