

1.3%

AVERAGE UK HOUSE PRICES ROSE 1.3% IN THE YEAR TO AUGUST, UP FROM 0.8% IN JULY

-3.9%

PRIME CENTRAL LONDON PRICES ARE DOWN 3.9% ON THE YEAR, THE MOST MODEST DECLINE IN A YEAR

1.3%

AVERAGE RENTS ACROSS THE UK ROSE 1.3% IN THE YEAR TO SEPTEMBER

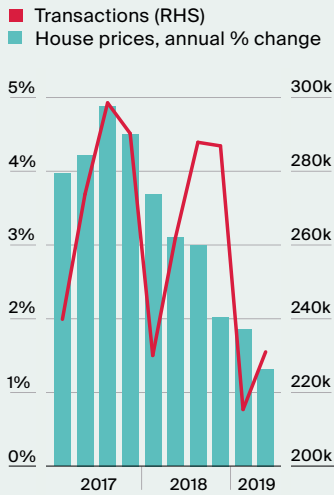


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UK Residential Market Update

October 2019

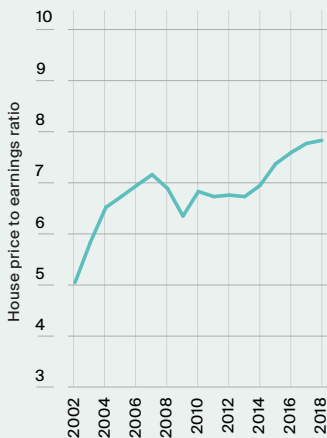
UK transactions and pricing



Source: MCHLG/ONS

Affordability measure

House price to residence-based earnings ratio, E&W



Source: ONS

Housing market update

The political uncertainty that has rolled on since the Brexit vote in 2016 may soon be resolved, one way or another. As a result of this uncertainty, and some policy changes such as stamp duty increases, several trends have emerged in different parts of the residential market. These range from rising activity levels in the prime lettings market to a decline in sales in the Greater London market, though the latter belies pockets of the market where activity is increasing, including some parts of the prime market.

Overall activity across the UK has held up in recent years, as political uncertainty has been somewhat offset by ultra-low mortgage rates and tight labour markets. This suggests that if political clarity emerges, there could be more demand coming back to the market, and potentially a rally in activity.



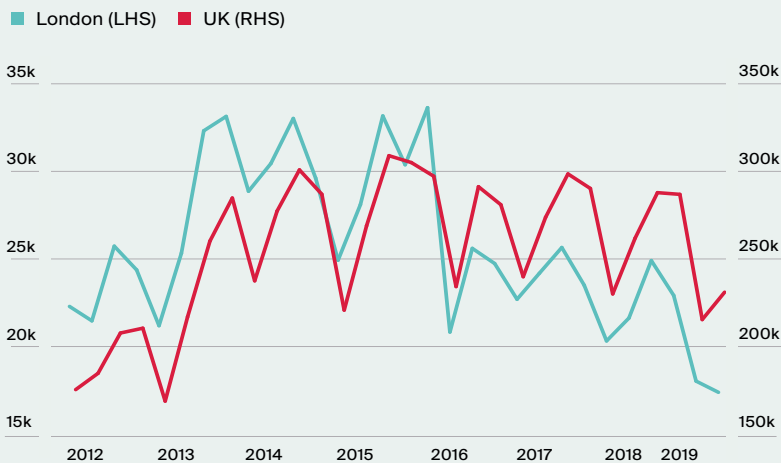
Headline transaction levels across the country remain relatively resilient – political uncertainty has been offset by ultra-low mortgage rates and a robust employment market. Any political clarity could trigger additional activity in the market.



GRÁINNE GILMORE
HEAD OF UK RESIDENTIAL RESEARCH

Residential transactions

Quarterly



Source: MHCLG

Even if this happens however, the price moderation seen in the market is unlikely to be emphatically reversed, with lending limits and affordability constraints likely to act as a curb on strong price rises.

Prime markets

Prime central London home prices dipped by 0.1% in September, taking the annual change to -3.9%, the most modest rate of decline in nearly a year. The ratio of new prospective buyers registering their interest in a prime central London property relative to the number of new properties listed for sale climbed to more than 11 in August, the highest level in more than a decade. This highlights the pent-up demand in the prime London residential market, with the number of applicants

continuing to rise, while the number of new homes being put up for sale is falling. Any political clarity is likely to release both demand and supply in this market.

Prime country price declines also moderated in Q3, from -2.3% to -1.7% as buyers in some markets stepped up activity amid price adjustments. Indeed, the number of transactions for properties worth more than £3m rose by 8% between January and August 2019 compared to the same period in 2018, according to Knight Frank data. As activity in the prime London market picks up, there is evidence of more London buyers looking at country homes.

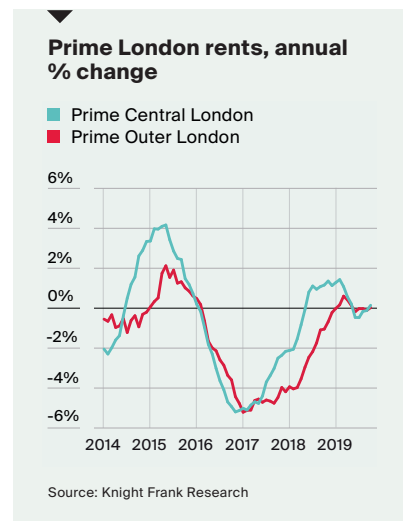
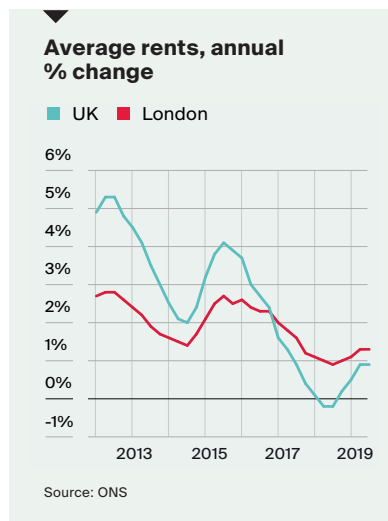
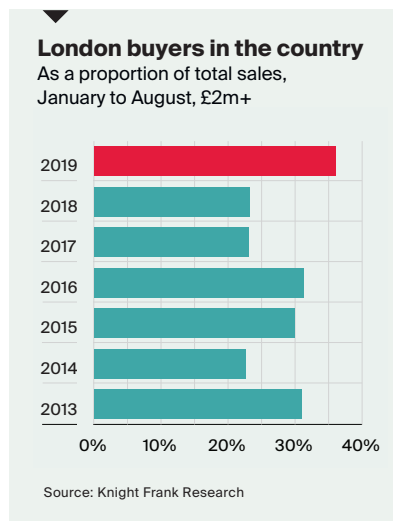
Rental markets

Average rents across the country rose 1.3% in the year to September, and by

0.9% across the capital, according to data from the ONS.

In prime central London rents rose by 0.1% in September, taking the annual change to -0.1%, according to Knight Frank's latest prime London rental index. Increased demand in the rental market has put upward pressure on rents, which have been pushed from declines of nearly 5% in 2017 back into or near growth in recent months. However, increasing levels of stock at present could cap any further growth in the short-term.

Demand in the super-prime lettings market in central London has also strengthened notably in 2019, as some potential buyers rent while they wait for more political clarity.



We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

Residential Research



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