

**Knight Frank/Markit House Price Sentiment Index (HPSI) – June 2015**

**Household sentiment on current house prices rebounds to eight-month high**

**Key headlines for June 2015**

- Households in all UK regions perceived that property prices rose in June
- For the sixth consecutive month, Londoners perceived the biggest rate of house price growth over the course of the month
- Expectations for future house price rises accelerated to six-month high
- Households in the South East and London expect the strongest price rises over the next 12 months
- Some 6.6% of UK households plan to buy a property in the next year

**Change in current house prices**

Households perceived that the value of their home rose in June, according to the House Price Sentiment Index (HPSI) from Knight Frank and Markit Economics.

Some 23.7% of the 1,500 households surveyed across the UK said that the value of their home had risen over the last month, while 4.6% reported a fall giving the HPSI a reading of 59.5 (see figure 1). This was the twenty-seventh consecutive month that the reading has been above 50.

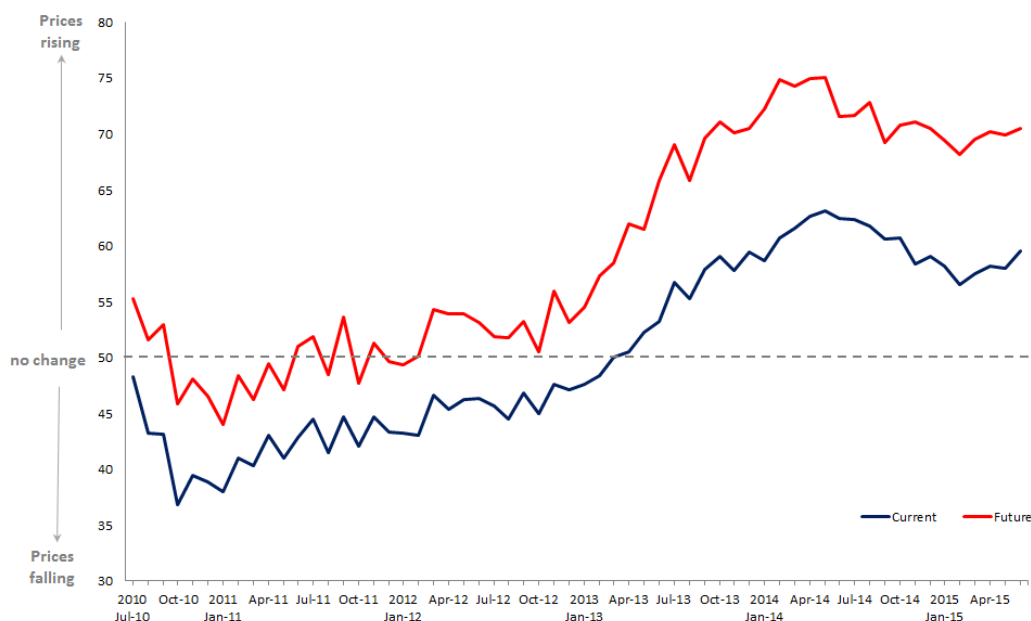
June’s reading is an increase on the 58.0 recorded in May and is the highest the index has been since October 2014, indicating that households believe that any uncertainty caused by the General Election has passed t.

**Any figure over 50 indicates that prices are rising, and the higher the figure, the steeper the increase. Any figure below 50 indicates that prices are falling.**

Despite the monthly rise, the overall reading remains well below its record high of 63.2 achieved in May last year.

Households in all eleven regions reported that prices rose in May, with Londoners (66.6) reporting the biggest perceived rate of house price growth

**Fig 1: Change in current and future value of property (HPSI)**



Source: Knight Frank/Markit

NB: A score of 50 equates to no change, above or below representing growth or decline respectively.

over the course of the month. They were followed by households in the East of England (65.7) and those in the South East (64.0).

Sentiment was more positive in the South of England, with households in the North East (53.0) and North West (51.4) reporting the smallest price rises over the course of the month.

#### A lead indicator

**Since the inception of the HPSI, the index has been a clear lead indicator for house price trends. Figure 2 shows that the index moves ahead of mainstream house price indices, confirming the advantage of an opinion-based survey which provides a current view on household sentiment, rather than historic evidence from transactions or mortgage market evidence.**

#### Outlook for house prices

The future HPSI (figure 1), which measures what households think will happen to the value of their property over the next year, rose in June to 70.5, up from 70.0 in May.

Households are now more confident that the value of their home will rise in the next 12 months than at any time since December last year.

Those in the South East (78.3) were the most positive about the outlook for house prices followed by households in London (78.2) and in the East of England (75.0).

While households are confident that the value of their home will rise in the next 12 months, the headline future HPSI remains below its peak of 75.1 achieved in May last year.

#### Housing market activity

Some 6.6% of UK households said they planned to buy a property in the next 12 months, up from 6.4% in May.

Individuals aged between 25 and 34 are the most likely to be considering buying a home in the short term, with 9.2% of such respondents saying they planned to purchase a home within the next

12 months, followed by those aged 35 to 44 (9.0%).

#### Grainne Gilmore, Head of UK Residential Research at Knight Frank, said:

*"Households' expectations for house price rises have reached the highest level this year as the results of the General Election provide some clarity on the outlook for the housing market and household finances. Interest rates remain advantageous, with mortgage rates hitting record lows for those who can clinch a new deal.*

*"However the future house price index still remains below levels seen last year as constrained mortgage lending and affordability affect the market."*

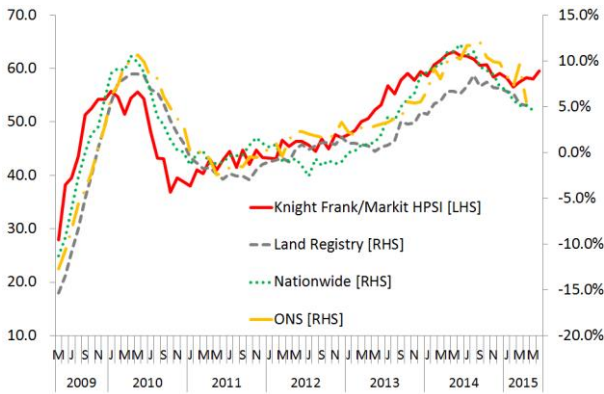
#### Chris Williamson, chief economist at Markit, said:

*"House price growth looks set to revive again after what appears to have been a lull due to the general election. The resumption of political stability is clearly good for the housing market. At the same time, survey data shows that low inflation has meant homeowners have pushed back their expectations of when interest rates will start rising, adding fuel to the bullish view on house prices.*

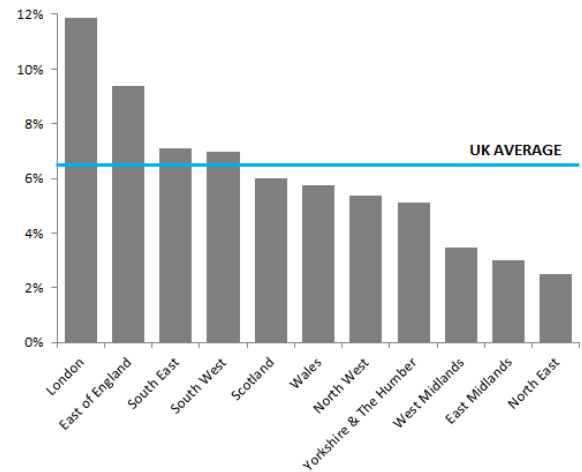
*"Notable exceptions are Scotland and Wales, where devolution uncertainty seems to have led to marked falls in views on future prices in June following the election."*

**Knight Frank/Markit House Price Sentiment Index (HPSI) – Data Summary**

**Fig 2: Current HPSI vs house price indices (12 month change)**



**Fig 3: Percentage of households planning to purchase a property in the next 12 months (by region)**



Current: Compared to one month ago, how do you think the value of the property/dwelling in which you live has changed?

All UK	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland	
Jun-14	62.5	52.9	57.7	58.0	56.5	57.1	66.3	71.9	69.1	65.5	58.1	58.5
Jul-14	62.4	51.7	55.0	58.1	61.7	60.5	68.3	70.5	69.7	62.0	57.3	56.6
Aug-14	61.8	56.9	58.7	55.8	58.1	60.4	63.5	71.4	68.4	61.1	57.0	55.3
Sep-14	60.6	51.5	53.4	56.6	56.8	62.5	64.4	67.7	67.5	60.4	58.1	55.1
Oct-14	60.7	55.3	54.9	57.1	57.8	54.1	65.5	73.3	65.0	60.8	52.8	57.1
Nov-14	58.4	59.1	51.3	50.9	54.0	57.5	62.8	62.7	63.5	60.3	60.5	56.8
Dec-14	59.1	53.0	54.8	54.2	54.1	54.6	67.4	65.7	65.5	58.1	56.7	54.1
Jan-15	58.2	54.5	53.0	55.3	59.0	53.9	60.2	65.3	63.0	58.8	53.9	54.8
Feb-15	56.5	54.3	53.7	54.5	57.6	54.7	60.5	62.7	59.1	53.7	55.8	49.4
Mar-15	57.5	54.9	54.2	52.8	54.5	54.2	62.1	63.7	62.3	59.7	51.8	52.1
Apr-15	58.2	51.9	54.2	54.5	54.3	59.3	62.1	64.2	61.3	59.6	53.2	55.7
May-15	58.0	53.3	53.8	53.5	56.8	55.3	61.2	64.8	61.6	60.0	51.6	56.1
Jun-15	59.5	53.0	51.4	56.4	56.8	56.9	65.7	66.6	64.0	61.6	53.7	57.7

Future: How do you think the value of the property/dwelling in which you live will have changed 12 months from now?

All UK	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East of England	London	South East	South West	Wales	Scotland	
Jun-14	71.6	58.8	65.4	71.2	68.3	69.0	73.9	77.8	79.0	71.4	68.0	70.0
Jul-14	71.7	58.2	66.2	68.4	64.4	73.3	76.0	76.8	79.8	72.7	71.9	66.4
Aug-14	72.8	64.8	69.0	72.3	69.5	74.3	76.1	77.7	79.3	72.7	64.8	67.1
Sep-14	69.2	59.6	62.6	65.9	66.7	72.5	71.1	72.8	78.1	70.8	65.5	63.4
Oct-14	70.8	67.1	65.4	64.6	67.3	63.0	76.3	78.0	78.8	74.3	63.5	67.5
Nov-14	71.1	69.3	60.9	65.2	70.3	68.9	74.3	79.0	77.1	73.6	69.2	67.6
Dec-14	70.5	64.3	63.8	67.9	65.9	68.0	76.1	74.3	77.5	73.6	69.3	66.3
Jan-15	69.5	60.4	62.6	69.8	70.5	63.5	73.0	75.3	74.9	75.1	66.0	62.8
Feb-15	68.2	60.6	67.0	65.0	67.8	62.2	72.9	72.9	73.8	70.9	65.3	61.0
Mar-15	69.6	62.0	65.3	67.8	69.7	69.8	71.7	73.7	77.0	73.7	61.5	60.3
Apr-15	70.2	61.7	64.0	68.4	65.3	70.0	78.7	73.8	75.7	72.1	66.0	65.5
May-15	70.0	62.7	61.9	67.4	68.1	68.0	77.8	77.7	73.5	71.8	64.0	65.8
Jun-15	70.5	67.3	63.2	67.9	69.3	66.6	75.0	78.2	78.3	72.3	60.0	64.3

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**Notes to editors**

*About the HPSI*

The Knight Frank/Markit House Price Sentiment Index (HPSI) survey was first conducted in February 2009 and is compiled each month by Markit.

The survey is based on monthly responses from approximately 1,500 individuals in Great Britain, with data collected by Ipsos MORI from its panel of respondents aged 18-64. The survey sample is structured according to gender, region and age to ensure the survey results accurately reflect the true composition of the population. Results are also weighted to further improve representativeness.

Prior to September 2010, the Household Finance Index was jointly compiled by YouGov and Markit based on monthly responses from over 2,000 UK households, with data collected online by YouGovplc from its representative panel of respondents aged 18 and above. The panel was structured according to income, region and age to ensure the survey results accurately reflected the true composition of the UK population. Results were also weighted to further improve representativeness.

*Index numbers*

Index numbers are calculated from the percentages of respondents reporting an improvement, no change or decline. These indices vary between 0 and 100 with readings of exactly 50.0 signalling no change on the previous month. Readings above 50.0 signal an increase or improvement; readings below 50.0 signal a decline or deterioration.

*IpsosMORI technical details (March survey)*

IpsosMORI interviewed 1,500 adults aged 18-64 across Great Britain from its online panel of respondents. Interviews were conducted online between 10th June and 14th June. A representative sample of adults was interviewed with quota controls set by gender, age and region and the resultant survey data weighted to the known GB profile of this audience by gender, age, region and household income. Ipsos MORI was responsible for the fieldwork and data collection only and not responsible for the analysis, reporting or interpretation of the survey results.

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