

Residential Property Review

July 2019



Our monthly property market review is intended to provide background to recent developments in property markets as well as to give an indication of how some key issues could impact in the future.

We are not responsible or authorised to provide advice on investment decisions concerning property, only for the provision of mortgage advice. We hope you will find this review to be of interest.

Average earnings of £54,000 required to buy a home in the city

Property website, Zoopla has released data to show that first-time buyers now need an average income of £54,000 to purchase a typical property in a UK city. This average income figure has risen by 9% since 2016, largely due to higher property prices.

In the 20 cities that account for more than one-third of the UK's housing stock, Zoopla found that Liverpool had the lowest gross household income required for first-time buyers, at £26,000. In addition to being named the most affordable city for first-time buyers, Liverpool was also the city with the highest house price growth, at 5% over the 12 months to May.

In contrast, an average household income of £84,000 is needed in London and whilst this may appear unattainably high, it is actually £3,250 less than the amount required in 2016 and the lowest figure for four years.

Outside the capital, Oxford and Cambridge require the highest typical household incomes at £69,000 and £72,000 respectively. However, these were down on £71,000 and £76,000 respectively three years ago.

Edinburgh's prime property market sees slowing price growth

Recent data from Knight Frank shows that annual price growth in Edinburgh was down from 7.6% at the end of Q1 2019, to 4.3% in June. The data also shows a drop of 10% in price growth from the end of 2018.

Edward Douglas-Home, Partner at Knight Frank commented: "A moderation in property values is a sign that, having appeared relatively unaffected by the political uncertainty which has been impacting other prime regional markets since 2016, both buyers and sellers in the city are becoming more cautious".

Whilst country house prices across Scotland fell in value by 0.1% in Q2 2019, the demand for family houses outside of the city centre has remained robust, especially in traditionally popular areas such as Morningside, Murrayfield and Newington.

The data also indicates that some vendors are in no rush to sell, with new listings across the whole market in Edinburgh being 15% lower in Q2 2019, compared to the same period in 2018.

Improving sentiment as new instructions hold steady

Supporting the emergence of a more stable trend across the residential market, a recent survey by Royal Institution of Chartered Surveyors (RICS) shows respondents reported (in net balance terms) a very modest rise in buyer demand and new instructions holding steady throughout June.

Last month, new buyer enquiries were up 10%, which is the first time since November 2016 where survey contributors reported an increase in appetite from potential purchasers.

A further sign of stable market activity, according to Savills, is a continued rise in the number of mortgage approvals and increase in Loan to Value (LTV) ratios, with the national average LTV for first-time buyers now standing at 78%.

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House prices Headline statistics

House Price Index (MAY 2019)*	120.3*
Average House Price	£229,431
Monthly Change	0.1%
Annual Change	1.2%

*(Jan 2015 = 100)

– UK house prices grew by **1.2%** in the year to May 2019, down from **1.5%** in the year to April 2019

– House price growth was strongest in the North West where prices increased by **3.4%** in the year to May 2019

– The lowest annual growth was in London, where prices fell by **4.4%** over the year to May 2019

Source: The Land Registry
Release date: 17/07/2019
Next data release: 14/08/2019

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	0.1	1.0	£245,817
Northern Ireland (Quarter 1 - 2019)	-1.0	3.5	£134,811
Scotland	1.2	2.8	£152,801
Wales	-1.4	3.0	£159,428
East Midlands	-1.2	0.4	£189,622
East of England	0.7	1.0	£291,239
London	-2.5	-4.4	£457,471
North East	-1.0	-0.7	£127,885
North West	0.8	3.4	£164,261
South East	0.9	0.6	£323,745
South West	1.2	2.6	£257,563
West Midlands	0.2	2.7	£196,489
Yorkshire and The Humber	0.4	1.9	£162,520

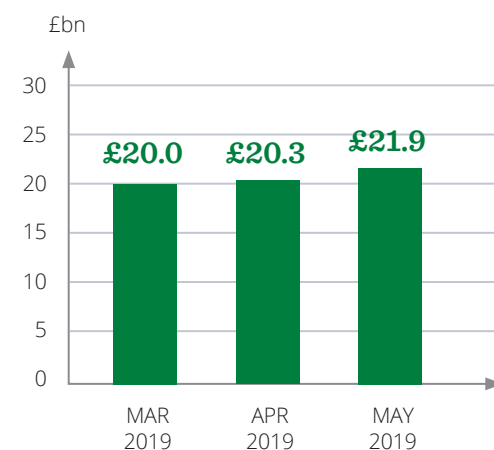
Average monthly price by property type – May 2019

Property type	Annual Increase
Detached £347,706	1.5%
Semi-detached £219,087	2.6%
Terraced £186,418	1.4%
Flat / maisonette £200,341	-1.3%

Source: The Land Registry
Release date: 17/07/2019

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Mortgage Activity



– Gross mortgage lending across the residential market in May 2019 was £21.9 billion

– This figure is 0.4% lower than May 2018

Source: UK Finance
Release date: 26/06/2019

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK.