

# Residential Property Review

November 2021



*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.*

## Spending pledges for housing in Autumn Budget

*In his Autumn Budget delivered at the end of October, Chancellor Rishi Sunak committed more cash to building new homes on derelict or unused land in England, as part of a £24bn fund earmarked for housing.*

The plans will see 160,000 greener homes built on brownfield land and the addition of up to 180,000 new affordable homes. £9m was also pledged for 100 'pocket parks', which promise to be "safe and usable green spaces" in urban settings.

Delivering his Budget speech, the Chancellor said, "We're investing more in housing and homeownership too, with a multi-year housing settlement totalling nearly £24bn: £11.5bn to build up to 180,000 new affordable homes. And we're investing an extra £1.8bn, enough to bring 1,500 hectares of brownfield land into use, meet our commitment to invest £10bn in new housing and unlock a million new homes."

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## First-time buyers at the fore

*September saw transaction activity spike for a third time this year in the residential market, with house sales 63% above their 2017-19 monthly average. A dip in activity is expected to emerge in the October data, following the end of the Stamp Duty holiday.*

Meanwhile, first-time buyers (FTBs), who had previously benefited less from the tax holiday, became the largest buyer type, although expected rises in mortgage rates may soon dampen some enthusiasm. Despite the Bank of England voting to hold Base Rate at 0.1% on 4 November, analysts expect inflationary pressures to force the Bank to act soon.

Rises in Base Rate would inevitably translate into higher mortgage costs. According to Savills, however, the immediate effect on the housing market is likely to be limited, given that any rise is expected to be relatively small and that most mortgages are on fixed rates.

## High costs stop homes from going green

*A recent survey by think tank Onward and J.L. Partners, has revealed that Brits want to see the housing sector modernised – but are not necessarily willing to put their money where their mouth is.*

Currently, three in 10 homes in England and Wales built pre-war still carry an EPC rating of E or below and heating these inefficient properties is responsible for 70% of housing emissions. Modernising the housing sector would play a vital role in the UK's efforts to reach net-zero emissions given that homes are responsible for a fifth of all UK greenhouse gas emissions.

However, the study found that less than half of respondents would be willing to pay higher taxes for the UK to hit its green targets. Even those who agreed in principle often balked at the price tag and home improvement policies saw their biggest decline in support after respondents were told the cost of making the changes.

## House prices Headline statistics

House Price Index (Sept 2021)*	141.6*
Average House Price	£269,945
Monthly Change	2.50%
Annual Change	11.80%

\*(Jan 2015 = 100)

- Average house prices in the UK increased by **11.8%** in the year to September 2021
- On a non-seasonally adjusted basis, average house prices in the UK increased by **2.5%** between August and September 2021
- House price growth was strongest in North West where prices increased by **16.8%** in the year to September 2021.

Source: The Land Registry  
Release date: 17/11/21  
Next data release: 15/12/21

## House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	3.2	9.8	<b>£280,921</b>
Northern Ireland (Quarter 2 - 2021)	2.9	9.0	<b>£153,449</b>
Scotland	1.7	16.9	<b>£180,832</b>
Wales	2.8	12.5	<b>£194,575</b>
East Midlands	2.7	10.3	<b>£221,693</b>
East of England	2.9	9.6	<b>£324,510</b>
London	5.6	7.5	<b>£525,893</b>
North East	2.4	13.3	<b>£149,042</b>
North West	4.5	12.4	<b>£194,821</b>
South East	1.9	8.7	<b>£358,070</b>
South West	4.2	8.9	<b>£288,658</b>
West Midlands Region	2.9	11.0	<b>£228,593</b>
Yorkshire and The Humber	1.5	8.8	<b>£185,968</b>

## Average monthly price by property type – August 2021

Property Type	Annual Increase
Detached £419,714	13.8%
Semi-detached £258,757	12.4%
Terraced £221,773	12.7%
Flat / maisonette £222,462	6.5%

Source: The Land Registry  
Release date: 17/11/21

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## Housing market outlook

*“With the Bank of England expected to react to building inflation risks by raising rates as soon as next month, and further such rises predicted over the next 12 months, we do expect house buying demand to cool in the months ahead as borrowing costs increase. That said, borrowing costs will still be low by historical standards, and raising a deposit is likely to remain the primary obstacle for many.”*

Russell Galley, Managing Director at Halifax

Source: Halifax November 2021

All details are correct at the time of writing (18 November 2021)

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.