

Residential Property Review

February 2021



House price growth slows

Several recent reports have confirmed that house price growth is slowing, but there are reasons to believe that the housing market will be more stable than last year.

According to Knight Frank, the third lockdown and the imminent end of the Stamp Duty holiday have played a major part in delaying a certain amount of activity until the spring, which could result in some short-term downward pressure on prices, as more sellers come to the market at the same time. Over the course of the year, Knight Frank expects prices to remain flat and for there to be steady, seasonal demand after the summer as the vaccination rollout nears completion.

In January's 'UK Residential Market Survey', the Royal Institution of Chartered Surveyors (RICS) expects all UK regions will see prices rise to some degree over the next twelve months, with Northern Ireland, Wales and Scotland expected to see the highest rises.

Nationwide's Chief Economist Robert Gardner commented on the rate of growth, "The slowdown probably reflects a tapering of demand ahead of the end of the Stamp Duty holiday."

Nearly 750,000 buyers benefit from Stamp Duty holiday

Almost three-quarters of a million homebuyers are in line to benefit from the Stamp Duty tax break, assuming they beat the 31 March completion deadline. This represents total savings of almost £5bn.

The analysis, from Zoopla, is broken down further; 600,000 buyers will not pay any Stamp Duty, which is an average saving of £4,660 each or £2.8bn in total. A further 140,500 people

whose homes cost over £500,000 are set to benefit from a Stamp Duty reduction and will save £15,000 each or £2.1bn collectively. This latter group will still have to pay tax on the portion of the property value above £500,000.

Rightmove have reported rumours that the tax break may be extended in England and Northern Ireland by a further six weeks. If this were to be the case, Rightmove estimate that between 120,000 and 160,000 extra property transactions in England could benefit.

Property Data Expert at Rightmove, Tim Bannister commented "If there was a six week extension it should give the majority of the sales from last year the chance to complete in time."

Regional variations in values of family homes

After three lockdowns and an increase in those working from home, many people have been reassessing their housing priorities.

Research by Zoopla has looked into which regions have seen the biggest jump in values of three to five-bedroom houses, finding that family homes in the Midlands have seen the biggest jump in value over the last four years. First place goes to East Midlands, with a sq ft price increase of 25.4%, or £43, to stand at £212. West Midlands takes second place, seeing a rise of 24.6% to reach £223.

Wales came third, with an increase of 23.6% per sq ft, followed by East of England (21.4%) and North West (21.3%).

London came ninth, with a percentage rise of only 14.6%, but unsurprisingly, also seeing the biggest monetary increase, with a jump of £71 per sq ft to stand at an average £558.

House prices headline statistics

House Price Index (Dec 2020)*	131.9*
Average House Price	£251,500
Monthly Change	1.2%
Annual Change	8.5%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **8.5%** in the year to December 2020
- House price growth was strongest in the North West where prices increased by **11.2%** over the year
- The lowest annual growth was in London, with prices increasing by **3.5%** over the year to December 2020

Source: The Land Registry
Release date: 17/02/2021
Next data release: 24/03/2021

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	1.5	8.5	£269,150
Northern Ireland (Quarter 4 - 2020)	3.0	5.3	£147,593
Scotland	-1.2	8.4	£162,983
Wales	2.3	10.7	£184,195
East Midlands	2.8	10.6	£215,046
East of England	2.4	7.0	£310,912
London	-1.1	3.5	£496,066
North East	1.9	9.2	£141,154
North West	2.5	11.2	£183,727
South East	0.1	6.1	£341,007
South West	2.3	10.2	£282,388
West Midlands Region	1.9	9.4	£216,950
Yorkshire and The Humber	1.1	10.4	£182,907

Average monthly price by property type – Dec 2020

Property Type	Annual Increase
Detached £386,257	10.0%
Semi-detached £239,946	8.8%
Terraced £205,864	9.2%
Flat / maisonette £213,807	5.0%

Source: The Land Registry
Release date: 19/02/2020

The housing market and the economy

"The typical relationship between the housing market and broader economic trends has broken down over the past nine months. This is because many peoples' housing needs have changed as a direct result of the pandemic, with many opting to move to less densely populated locations or property types, despite the sharp economic slowdown and the uncertain outlook."

Robert Gardner, Nationwide's Chief Economist

Source: Nationwide, January 2021

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All details are correct at the time of writing (22 February 2021)

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