



Phillips and Stubbs Property Review

January 2017

UK to see average house price inflation at 3% in 2017

The Royal Institution of Chartered Surveyors have predicted that average house prices across the UK will rise by 3% in 2017.

Their recent housing forecast for 2017 states that the number of transactions will “stabilise” throughout the year, but still be slightly lower than the 2016 figure recorded. The main reasoning behind their 3% figure is the limited supply of properties coming onto the market, as most estate agents continue to report that their property inventories remain at a historically low level.

However, as a consequence of this, they believe that rents obtainable in the rental sector will increase by between 2 and 3% across the UK in 2017.

Smallest county in UK records strong price growth in 2016

The Office for National Statistics has reported that the average property price across the UK increased by 6.7% in the year to November 2016. They reported that the “typical house price” was £218,000 in November, £14,000 higher than a year earlier.

It is interesting to note that the country’s smallest county – Rutland – has seen house prices increase by an impressive 20.7% to £307,070 in the 12 months to November.

Essex also fared well, as it saw property prices in towns such as Basildon and Maldon rise by 16.8% and 18% respectively. Middlesbrough was the worst performing English area, a typical home losing 3.25% in value over the period. However, this compares favourably with Aberdeen where values fell 7.8%.

Prime London property still appeals

Contrary to various forecasts the prime London residential market continues to appeal despite the punitive increase in stamp duty and the economic doubt cast by the Brexit decision. Prime London property transactions in 2016 surpassed the figure for 2015. Savills report that between January and November 2016 there were approximately 320 sales with a value in excess of £5 million recorded, amounting to total transactions in this area of £3.7 billion. In the 11 months to the end of November 2016, £1.43 billion was spent on properties valued in excess of £20 million, against only £1.07 billion recorded in 2015.

Remortgage market shows strong growth

Encouraging data released in January from the Council of Mortgage Lenders (CML), reports that domestic remortgage activity across the UK rose year-on-year by 13% in volume terms and 14% in value terms, as 34,700 loans (valued at £5.8 billion) were completed in November.

At the same time, first-time borrowing increased by 4% month-on-month, with loans of £4.7 billion agreed, representing an increase of 9% year-on-year.

However, landlord borrowing continued to decline, falling 9% year-on-year to just £3.2 billion in November.

Their recent housing forecast for 2017 states that the number of transactions will “stabilise” throughout the year

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (NOV 2016)*	114.3*
AVERAGE HOUSE PRICE	£217,928
MONTHLY CHANGE	1.1%
ANNUAL CHANGE	6.7%

*(Jan 2015 = 100)

- Average UK house price stands at **£217,928**
- Average London property price now **£481,648**, up **1.8%** on the month
- East of England experienced greatest increase in average property price up **10.5%** over the last 12 months

Source: The Land Registry / Release date: 17/01/2017
Next data release: 14/02/2017

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	1.1	7.2	£234,278
NORTHERN IRELAND (QUARTER 3 - 2016)	0.8	5.4	£124,093
SCOTLAND	1.5	3.3	£143,033
WALES	-0.2	4.1	£146,742
EAST MIDLANDS	1.7	7.3	£176,524
EAST OF ENGLAND	0.9	10.5	£278,349
LONDON	1.8	8.1	£481,648
NORTH EAST	1.3	3.2	£126,989
NORTH WEST	1.1	5.2	£150,249
SOUTH EAST	0.3	8.6	£313,334
SOUTH WEST	0.5	5.7	£239,371
WEST MIDLANDS REGION	2.2	7.4	£181,372
YORKSHIRE AND THE HUMBER	1.1	5.1	£152,418

UK UNEMPLOYMENT FIGURES

- At **4.8%**, the unemployment rate is down from **5.1%** one year earlier
- **8.89** million people aged from 16 to 64 were economically inactive
- **31.80** million people in work, **294,000** more than one year earlier

Jobless total

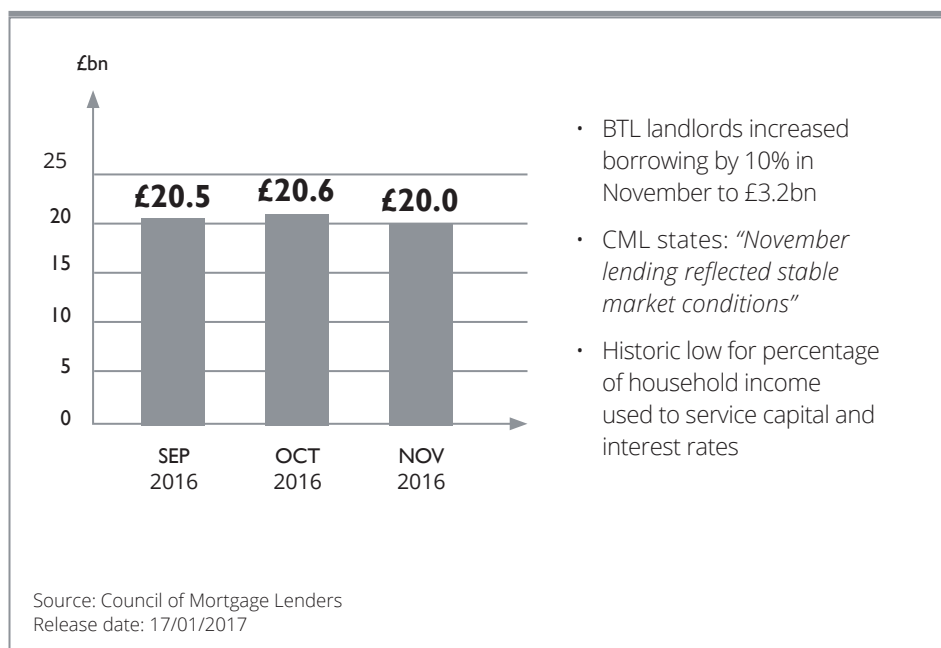
1.6m

Unemployment rate

4.8%

Source: Office for National Statistics
Release Date: 18/01/2017

MORTGAGE ACTIVITY



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P H I L L I P S & S T U B B S

Sales 01797 227338

Lettings 01797 228497

Mayfair Office 0870 112 7099