

RESEARCH & FORECASTING UK RESIDENTIAL DATA SHOT | JUNE 2013



MARKET COMMENTARY:

The demand for rental property is increasing as many would-be buyers are priced out of the market. As a result, the rental market across the UK is increasing, reflecting positively on the buy-to-let market, which is gaining in strength. The LSL Buy-to-Let Index reports that the average rent in England and Wales is 3.5% higher than in May 2012; with rents in London 7.2% higher over the same period.

The Council of Mortgage Lenders (CML) announced in May that there were around 1.46 million buy-to-let mortgages in the UK, accounting for around 13% of the total estimated stock of 11.26 million mortgages. By the end of March 2013, buy-to-let mortgages accounted for 13.4% of total outstanding mortgage lending in the UK, which was nearly 13% higher than end of the Q1 2012. The buy-to-let market recently received a greater boost at the end of June with the launch of several cheap fixed-rate mortgage deals for landlords (between 2.49% and 2.55%). The launch of these low rate mortgage deals follows an easing of lending criteria in the buy-to-let mortgage market.

Recent research from HSBC found that a combination of factors made for a strong buy-to-let market. These include low property prices and a strong rental market, often driven by a local university. If this is the case then it is no surprise that they found the strongest performing buy-to-let markets in areas outside of London. The top three markets were in Southampton, Blackpool and Kingston-Upon-Hull. In London, the most profitable investment areas are located in Greater London suburbs like; Southwark, Newham and Enfield.

In other housing news, the Chancellor announced in the 2013 Spending Review that there would be £3bn in capital spending on new houses. Today, Treasury Minister Danny Alexander elaborated that this money would be spent to build 165,000 new affordable homes. This £3bn capital spending is part of a £50bn infrastructure project spending package starting in 2015-2016.

MARKET RUMOUR:

- Overseas investors are very keen on Stratford as allocations within a tower sold out in one weekend.

FOR FURTHER INFORMATION, CONTACT:

Lisa Dean
Research and Forecasting
+44 20 7487 1961
lisa.dean@colliers.com

Mike Brassington
Development – Manchester
+44 161 831 3317
mike.brassington@colliers.com

Caroline Hardwicke
Sales and Lettings – Central London
+44 20 7487 1884
caroline.hardwicke@colliers.com

Adam Pyrke
Planning
+44 20 7344 6544
adam.pyrke@colliers.com

Steven Atkinson
Residential Valuation
+44 20 7344 6637
steven.atkinson@colliers.com

Jon Cookson
Corporate Restructuring
+44 121 265 7573
jon.cookson@colliers.com

Susannah Smith
Corporate Restructuring – Sales
+44 121 265 7562
susannah.smith@colliers.com

Joe Burgess
Development – London and South East
+44 20 7344 6934
joe.burgess@colliers.com

Andrew White
Development – London and South East
+44 207 344 6722
andrew.white@colliers.com

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INDICATOR	LATEST DATA			COLLIERS INTERNATIONAL COMMENT
	MARCH	APRIL	MAY	
Nationwide House Price Growth	0.1%	0.0%	0.4%	The Nationwide House Price Growth index edged up slightly to 0.4% in May, indicating that the housing market is improving. Nationwide reported that the three month-on-three month measure of house prices, which is a smoother measure of the underlying trend, has been in positive territory since October last year. The annual rate of house price growth also increased to 1.1% in May - the fastest pace since November 2011.
Halifax House Price Growth	0.4%	1.1%	0.4%	The Halifax House Price Index registered a modest increase of 0.4% in May. House prices between March-May were 1.5% higher than in the previous three months.
Rightmove Asking Price Growth	1.7%	2.1%	2.1%	The average asking price growth in the UK remained unchanged from April to May at 2.1%. Rightmove reports that average asking price growth increased by 1.2% in June, and that average asking prices reached £252,000, beating May's milestone of £249,000.
ONS House Price Index (previously CLG House Price Index)	0.5%	0.4%		UK house prices increased by 0.4% between March and April 2013. Annual house price increases in England were driven by a 6.0% rise in London and a 3.6% increase in the East Midlands. In April 2013, prices paid by first-time buyers were 4.7% higher on average than in April 2012.
Bank of England Mortgage Approval Rate	53,674	53,710		Mortgage approvals have improved slightly from March to April.
Bank of England Base Rate	0.5%	0.5%	0.5%	The Bank of England maintains the bank rate at 0.5% and the size of the asset purchasing programme at £375bn. Incoming governor of the Bank of England, Mark Carney, starts in July. The next bank rate decision will be on the 4 th July.
Bank of England Average Rate on Two Year Fix (75% LTV)	2.90%	2.87%	2.70%	Bank rates continue to fall on two year fixed (75% LTV) mortgages.
RICS Price Expectations Survey	-1	1	5	Sales pricing is improving as the net price balance increased to 5 in May.
RICS Sales to Stock Ratio	25.3%	25.5%	27.5%	According to the RICS, average stock levels actually fell in May. The decline in stock levels along with an increase in average sales levels have pushed up the sales to stock ratio to 27.5%.
LSL Buy-to-Let Index	0.2%	0.1%		The average rent in England and Wales rose by 0.1% since April, to £737 per month. This is slower than the average monthly increase of 0.3% over the previous twelve months. London and the South East saw a 0.2% increase in rents, the average monthly rent in London is now at £1,113 and £744 in the South East.
HMRC Property Transactions	83,000	79,000	84,000	According to the HMRC, the seasonally adjusted estimate of the number of residential property transactions increased by 6% between April 2013 and May 2013. This month's figure is also 9% higher compared to the same month last year.