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RESIDENTIAL PROPERTY **REVIEW**

MAY 2020

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.

PROPERTY MARKET REOPENS UNDER NEW RULES

On Monday 11 May, the government surprised many by announcing the reopening of England's housing market from the following Wednesday. Rightmove reported nearly 5.2 million visits were made to its website on the first day of the lockdown easing, which was a 4% increase on the same day a year earlier.

Under the announced changes, both estate agents and members of the public have been given the green light to travel to properties for viewings and to undertake house moves – albeit with certain rules in place to enforce continued compliance with social distancing.

These include, but are by no means limited to, sellers being obliged to wait outside the property while viewings are completed, as well as the number of viewings per day being restricted and potential buyers being encouraged to view the property virtually in the first instance. Some estate agents may also ask prospective buyers to complete a health declaration before allowing them to view a property.

COVID-19 CRISIS UNDERSCORES IMPORTANCE OF QUALITY GREEN SPACES

Access to green space has been hugely important in maintaining the nation's mental wellbeing during the pandemic lockdown, with those lacking access finding it much harder to cope. This is according to ecology consultancy Ecological Planning & Research Ltd (EPR).

The firm suggests that all new Local Plans should be revised to emphasise the importance of high-quality open spaces, green infrastructure and sustainable travel as essential parts of new housing developments.

Managing Director of EPR, Ben Kite, commented: *"The limitations imposed by COVID-19 lockdown have brought to the forefront the need to be clever about improving access and creating pockets of greenspace to protect our wellbeing, and that of the wildlife we are welcoming back to our streets, parks and gardens."*

MORTGAGE RATES FALL TO RECORD LOWS

The Bank of England's base rate cuts to 0.1% have resulted in mortgage rates now sitting at all-time lows. The average overall two-year fixed rate is now 2.09%, a drop of 0.34% between March and May.

While those on variable rate and tracker mortgages stand to benefit, it has proved to be more difficult for those in the higher loan-to-value (LTV) ranges to secure a mortgage, with many lenders pulling mortgage products from the market and increasing rates, particularly for 95% LTV mortgages. Encouragingly, lenders are now beginning to reintroduce products and starting to relax their LTV restrictions.

Borrowers with a 10% deposit or equity will be pleased to see an average drop of 0.17% and 0.26% in rates for two and five-year fixed deals, respectively. Eleanor Williams, Finance Expert at Moneyfacts, concludes: *"Mortgage lenders are still open for business and, for those eligible, rates are low."*

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HOUSE PRICES
HEADLINE STATISTICS

HOUSE PRICE INDEX (MAR 2020)*	121.6*
AVERAGE HOUSE PRICE	£231,855
MONTHLY CHANGE	-0.2%
ANNUAL CHANGE	2.1%

*(Jan 2015 = 100)

- UK house prices increased by **2.1%** in the year to March 2020, up from **2%** in February 2020
- On a non-sesonally adjusted basis, average house prices in the UK decreased by **0.2%** between February 2020 and March 2020, compared with a fall of **0.3%** during the same period in 2019
- The highest annual growth within the English regions was in London, where average house prices grew by **4.7%**.

Source: The Land Registry
Release date: 20/05/2020
Following the publication of the March index on 20 May, the UK HPI has been suspended until further notice.

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – MAR 2020

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £354,304	2.60%
SEMI-DETACHED £220,269	2.00%
TERRACED £186,610	1.90%
FLAT / MAISONETTE £204,849	1.90%

Source: The Land Registry
Release date: 20/05/2020

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HOUSE PRICES
PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	-0.1	2.2	£248,271
NORTHERN IRELAND (QUARTER 1 - 2020)	0.2	3.8	£140,580
SCOTLAND	0.4	1.5	£151,856
WALES	-2.8	1.1	£161,684
EAST MIDLANDS	0.4	2.1	£194,664
EAST OF ENGLAND	0.0	1.6	£291,254
LONDON	1.2	4.7	£485,794
NORTH EAST	-0.6	1.8	£126,945
NORTH WEST	0.2	3.4	£166,202
SOUTH EAST	0.6	2.0	£323,353
SOUTH WEST	2.0	4.1	£263,360
WEST MIDLANDS REGION	-2.3	0.4	£195,917
YORKSHIRE AND THE HUMBER	-3.6	-1.0	£159,208

MORTGAGE PAYMENT HOLIDAY DATA

- Over **1.6 million** mortgage payment holidays have been offered to homeowners impacted by COVID-19 (to 24 April)
- **One in seven** mortgages in the UK are now subject to a payment holiday
- Almost **700,000** payment holidays granted to mortgage holders in April
- For the average mortgage holder, the payment holiday amounts to **£755 per month** of suspended payments.

Stephen Jones, UK Finance CEO, commented: *"Lenders understand that many households are seeing their finances squeezed due to the coronavirus pandemic and we are working hard to help customers get through these tough times."*

Source: UK Finance, April 2020

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.