



# RIDGEVIEW

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## FINANCIAL SERVICES LLP

### RESIDENTIAL PROPERTY REVIEW

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MARCH 2018



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.

### REMORTGAGES HIT A NINE-YEAR HIGH

In their recent mortgage trends update, UK Finance revealed that remortgages reached a nine-year high in January. In addition, both the number of home movers and first-time-buyers increased, when compared with the same period last year.

Jackie Bennett, the Director of Mortgages at UK Finance commented on these findings: *"Remortgaging in January reached a nine-year high, as a number of previous fixed rate mortgages came to an end while borrowers locked into attractive deals amid expectations of further interest rate rises. While an increase in remortgaging is expected in the New Year as people put their household finances in order, this strong growth is above the seasonal fluctuations we tend to see at this time of year."*

Despite this marked increase in remortgaging, the appetite for buy-to-let remains subdued, as a direct result of the government's tax and regulatory changes.

### IMPROVED TRANSPORT LINKS BOOST RESIDENTIAL DEMAND

Savills 'Market in Minutes' UK development research paper on new homes and infrastructure has highlighted the vital role that transport plays in residential property development. Developers are taking advantage of the increasing demand for new homes and infrastructure in commuter locations, as an increasing number of people look to relocate from the Capital.

The research pinpointed that stations experiencing the highest increase in passengers over the last two years were those situated within a 19 to 39 minute journey from a central London terminal. Cheaper locations in the Home Counties, in up-and-coming areas, such as Luton and Ebbsfleet, look set to become increasingly popular, as transport links improve – helping to support residential property demand and prices.

When people are considering relocation to a new area, the presence of a transport hub, such as a station, can fuel demand, boosting house prices as a result. Over the last five years, stations with the largest increase in passenger use, such as Didcot Parkway and Aylesbury Vale Parkway, have experienced house price growth that is on average 5% higher than surrounding areas.

### IS HELP-TO-BUY WORKING IN EVERYONE'S INTEREST?

The government's popular Help-to-Buy housing policy has recently been criticised following beliefs from various housing market observers that it may have actually fuelled demand as opposed to addressing the housing market's major issue - supply. Many feel the policy requires reform to prevent housebuilders exploiting it to enhance their profits irrespective of the number of homes they build.

Specifically designed to support would-be first-time-buyers in their efforts to step on the housing ladder, Colin Lewis, the Chief Executive of housebuilder Avant Homes, has called on other residential property developers to get a social conscience regarding the number of house builds actually started and their subsequent profit margins, he commented: *"If we are to continue with this valuable initiative, changes must be made to rebalance the benefits of the policy to homebuyers and away from housebuilders."*

This follows the uproar caused over the recent executive pay deal at Persimmon, the UK's second largest housebuilder. Accused of benefitting from the Help-to-Buy scheme, they were forced to reduce the bonus payments of three executives by £51 million.

## HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (JAN 2018)*	118.3*
AVERAGE HOUSE PRICE	£225,621
MONTHLY CHANGE	-0.3%
ANNUAL CHANGE	4.9%

\*(Jan 2015 = 100)

- UK house prices grew by **4.9%** in the year to January 2018, down from **5%** in the year to December 2017.
- The largest annual price growth was recorded in Scotland, where prices increased by **7.3%** over the year to January 2018.

Source: The Land Registry / Release date: 20/03/2018  
Next data release: 18/04/2018

## AVERAGE MONTHLY PRICE BY PROPERTY TYPE - JAN 2018

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £341,478	(5.0%)
SEMI-DETACHED £212,833	(5.8%)
TERRACED £181,256	(4.6%)
FLAT / MAISONETTE £203,840	(4.0%)

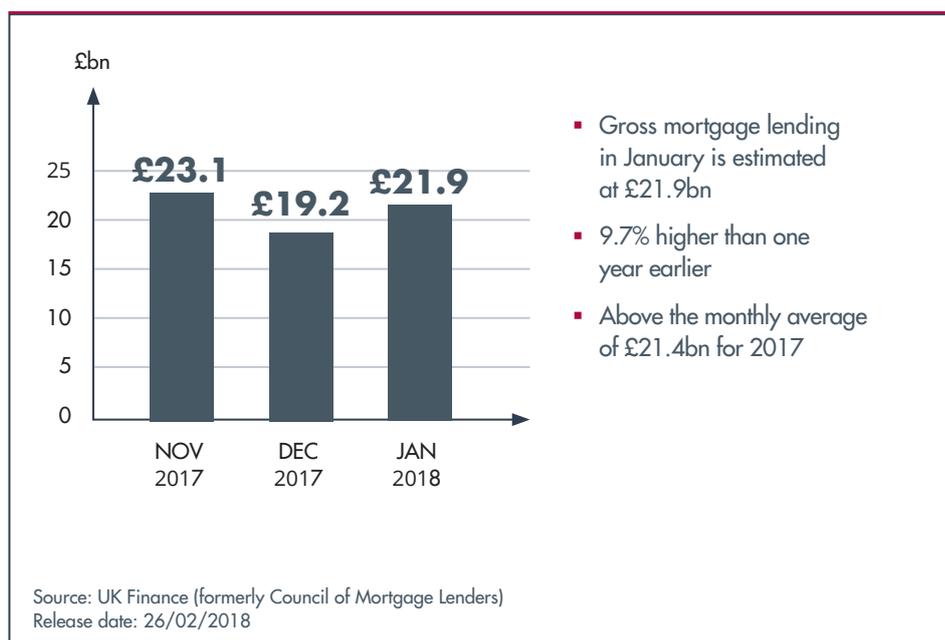
Source: The Land Registry  
Release date: 20/03/2018

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## HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	-0.5	4.6	£242,286
NORTHERN IRELAND (QUARTER 4 - 2017)	1.0	4.3	£130,482
SCOTLAND	1.4	7.3	£148,512
WALES	-0.5	4.5	£153,034
EAST MIDLANDS	-0.1	7.3	£185,568
EAST OF ENGLAND	-0.7	5.3	£289,729
LONDON	1.0	2.1	£485,830
NORTH EAST	-5.5	0.7	£122,870
NORTH WEST	-1.5	4.3	£155,788
SOUTH EAST	0.2	3.4	£323,435
SOUTH WEST	1.4	6.9	£255,307
WEST MIDLANDS REGION	-2.0	5.3	£187,905
YORKSHIRE AND THE HUMBER	-0.7	5.1	£156,484

## MORTGAGE ACTIVITY



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.