



RIDGEVIEW

FINANCIAL SERVICES LLP

RESIDENTIAL PROPERTY REVIEW

APRIL 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.

SURVEY RESULTS SHOW MOMENTUM IS SUBDUED

The recent Royal Institution of Chartered Surveyors' UK Residential Market Survey, has outlined that at a national level, sales and new buyer enquiries have continued to decline. The regional breakdown shows that London and the South East are particular areas of weakness. Survey respondents generally believe that the short-term national outlook remains flat, but 47% anticipate house prices will be higher in a year's time, with price expectations most elevated in Wales, Scotland and the North West of England.

Respondents were asked if they believe that the government's Help to Buy scheme was making it more difficult for second steppers on the housing ladder to move because potential buyers of their homes are more incentivised to buy new build properties. A quarter of survey participants thought that Help to Buy is causing difficulty for second steppers, with 26% disagreeing. The remaining 49% did not express an opinion.

Over the next year, 17% of contributors anticipate an increase in sales volumes. The lack of choice is hindering demand as average stock levels on estate agents' books remain close to all-time lows.

GENERATIONAL DIVIDE IN HOUSING WEALTH

According to research from global property expert Savills, three quarters of Britain's housing wealth lies with more mature homeowners, specifically those aged over 50. Older property owner occupiers hold a total of £2.8 trillion in equity, equivalent to over £75 in every £100. By way of comparison, under 35s account for under £6 in every £100 of equity held by owner occupiers in Britain.

Regionally, older households are at their most dominant in the South West of England, where over-65s are worth £176bn and own 48%

of all homeowner equity. When combined with the over-50s, they collectively own 80% of the region's owner occupier equity (£293bn). Just 4% or £15bn of housing wealth in the South West, can be attributed to the under 35s.

In London, this generational divide is less pronounced due to the fact the city boasts an average age of 36 compared with 40 across the rest of the UK.

Research analyst, Lawrence Bowles commented on the findings: *"Our analysis shows that there's truth in the old stereotype of affluent households selling up in London for a move to the country. The figures for the South West of England are evidence of the trend for older home owners making a lifestyle move, making the region arguably the country's largest naturally occurring retirement community."*

THE AREAS WHERE HOUSE PRICE GROWTH OUTSTRIPS SALARIES

Over the last two years, properties in 18% of local authority districts in Britain have earned more than their owners. Despite the recent slowdown, house price growth has been robust in many regions of the UK, while many homeowners have faced stagnant wage growth.

The research, conducted by Halifax, has revealed that the largest gap between house price rises and average local pay was recorded in Barnet in North London. The average homeowner in Barnet, received net earnings of £54,641 between 2016 and 2017, while their properties grew in value by £106,896.

Other areas which have experienced a large gap (house price rises versus average pay) over the last two years include North Hertfordshire, Guildford, Canterbury and Oxford.

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (FEB 2018)*	118.0*
AVERAGE HOUSE PRICE	£225,047
MONTHLY CHANGE	-0.1%
ANNUAL CHANGE	4.4%

*(Jan 2015 = 100)

- UK house prices grew by **4.4%** in the year to February 2018, down from **4.7%** in the year to January 2018.
- The largest monthly price was recorded in the North East (**3.1%**).
- The West Midlands Region recorded the highest annual increase in property prices (**7.3%**).

Source: The Land Registry / Release date: 18/04/2018
Next data release: 23/05/2018

AVERAGE MONTHLY PRICE BY PROPERTY TYPE - FEB 2018

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £342,954	(5.6%)
SEMI-DETACHED £211,079	(5.1%)
TERRACED £181,833	(4.8%)
FLAT / MAISONETTE £201,657	(1.8%)

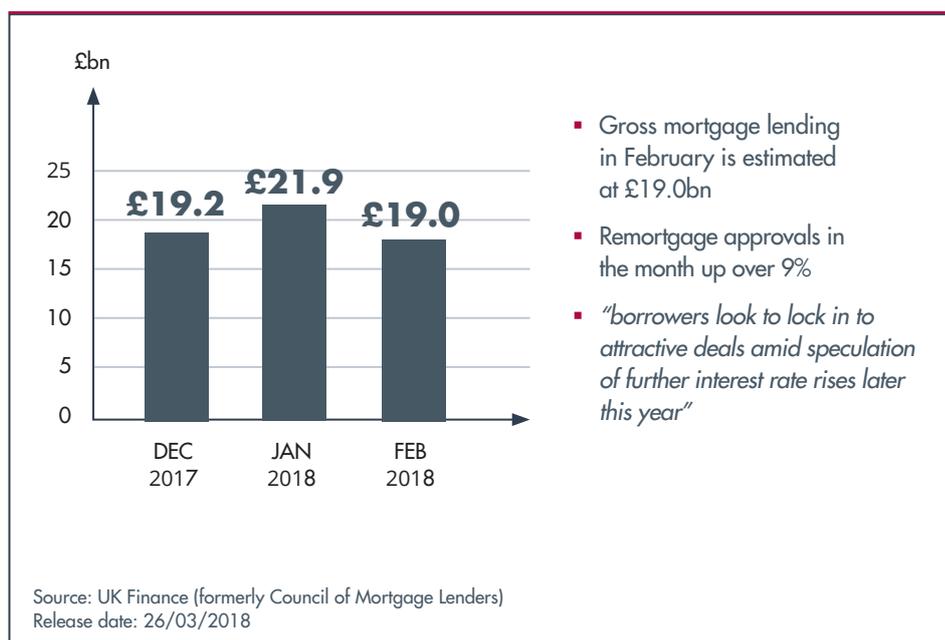
Source: The Land Registry
Release date: 18/04/2018

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HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.2	4.1	£242,176
NORTHERN IRELAND (QUARTER 4 - 2017)	1.0	4.3	£130,482
SCOTLAND	-2.7	6.2	£144,377
WALES	-0.4	4.8	£152,891
EAST MIDLANDS	0.5	6.3	£186,071
EAST OF ENGLAND	-0.4	4.0	£288,468
LONDON	-2.1	-1.0	£471,986
NORTH EAST	3.1	3.3	£128,218
NORTH WEST	1.6	4.8	£158,152
SOUTH EAST	-0.1	4.0	£322,489
SOUTH WEST	-1.1	4.9	£250,816
WEST MIDLANDS REGION	2.2	7.3	£192,648
YORKSHIRE AND THE HUMBER	-0.1	3.1	£155,385

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.