

3rd September 2021

DATA: Nationwide reported annual house price growth of 11% in August

A 2.1% monthly rise increased the annual growth rate (10.5% previously) and increased our year-end price change estimate from 6% to 9%.

DATA: Zoopla reported UK house prices rose 6% in the year to July

Their index continues to report lower growth than other measures, possibly reflecting its stock weighted rather than transaction weighted methodology. They also reported “Total stock of homes for sale is 26% down from 2020, and will remain low well into 2022”.

DATA: HMRC reported just 74,000 residential transactions in July

The provisional estimates were 26% lower than the pre-pandemic average and are the inevitable fall following the tapering of the nil rate stamp duty threshold down to £250k.

DATA: BoE reported 75,000 mortgage approvals for house purchase in July

The number of mortgage approvals for house purchase fell 6% compared to the previous month but are still 13% above their 2014-2019 average.

DATA: BoE reported negative net secured lending in July

See our Chart of the Week for more information.

POLICY: MHCLG announced the allocation of £8.6 billion in funding through the Affordable Homes Programme

Homes England also [announced](#) their strategic partnerships for the 2021-26 programme.

REPORT: UK Finance released Q2 2021 Household Finance Review

They reported “House purchase lending volumes in June reached the highest monthly level on record, with Q2 2021 house purchase the highest quarterly figures in 13 years”. They also reported average loan-to-income ratios are at record highs but low interest rates have maintained borrower repayment costs at very affordable levels.

REPORT: Resolution Foundation suggests “Stamp duty holiday not the main cause of house price boom”

The report suggests “there appear to have been stronger forces at play within the housing market over the past year such as enforced savings during lockdowns, changing housing preferences and super-low interest rates”. They conclude the “transaction tax holidays have been problematic less because they were inflationary, and more because they have been wasteful”. Their findings reflect our regularly repeated views on the current market.

REPORT: House of Commons Library briefing on calculating housing need

The briefing provides a useful summary of the standard method for calculating housing need in England and provides indicative local level data on housing need.

REPORT: Savills reported on the Build to Rent market

The report provides a summary of the state of the build to rent market and current market yields. However, the report does not cover perhaps the most important challenge facing the build to rent market: the growing backlash from the press and public towards investors “stealing” homes from first time buyers. The sector needs to urgently investigate and highlight the “additionality” it potentially provides in terms of the extra homes that could be built. This is especially the case for the emerging “single-family” market.

PRESS: Rightmove revealed “the new supply shortage hotspots”

The areas with the biggest gap between the percentage rise in sales agreed and percentage fall in new listings over the last year are all found in in the South East and East of England.

Chart of the Week

The total value of mortgage lending collapsed in July following record breaking figures for both gross and net lending in June. The Bank of England had reported record high gross and net mortgage lending in June. However, the latest data for July shows the value of gross lending fell well below normal levels and net lending (gross lending less repayments of debt) turned negative. While these results may raise concern, they’re probably just a short-term reflection of the rush by buyers to beat the tapering of the nil rate stamp duty threshold down from £500,000 to £250,000 and the subsequent lull in activity. This lull might normally be expected to last a couple of months but the end of the stamp duty holiday in September along with continued demand from home buyers, competition from lenders, and falling mortgage rates suggest that activity may pick up sooner. Further data from the Bank of England on mortgage approvals for house purchase suggest this is the case as approvals numbers continue at higher than pre-pandemic levels.

Gross Lending and Repayments on Secured Lending, UK

Source: Bank of England

