

26th April 2024

DATA: Rightmove reported asking prices rose 1.7% in the year to Apr 2024

See Chart of the Week for more detail on the index. They also report (PDF) “The number of new sellers coming to the market is up by 12% compared to this time a year ago, and the number of sales being agreed is up by 13% as both seller and buyer activity rebound from last year’s much more subdued Spring”.

DATA: ONS reported SDLT receipts fell 23% in 2023/24

The data on stamp duty land tax receipts covers both residential and commercial property and shows receipts for the 2023/24 financial year were £1.2 billion, down 23% on the 2022/23 figure but 2% higher than 2019/20 (unadjusted for inflation).

DATA: DLUHC published Energy Performance Certificates for Q1 2024

The number of new build EPCs is a reliable guide for net housing supply and shows there were 232,500 EPCs in 2023/24. However, more recent weekly data shows a small fall in numbers in recent weeks thanks to the ongoing collapse in number of new build EPCs in London and the south of England.

DATA: ONS reported on exposure to rising housing costs

The geographical distribution of those exposed to rising mortgage costs is not surprising (south of England) though the methodology is compromised by a lack of public data.

REPORT: BSA published report on first time buyers

The report was written by Neal and “found that significant changes are required if we are to help prospective first-time buyers” and “warns that policy solutions that help today’s first-time buyers mustn’t compromise the homeownership prospects of future generations”.

REPORT: Homes For All reported on the need for a long-term, system-wide plan for housing policy

The Church of England/Nationwide Foundation led organisation published “25 key outcomes from a housing system that delivers affordable and quality homes for all”.

REPORT: The Housing Forum reported on reforming Right to Buy

Their recommendations include “a ‘Buyers Charter’ for those buying council homes, removing the Right to Buy from newbuild homes, and ensuring that councils receive the full value of Right to Buy sales”.

REPORT: Academics reported on the long-term housing yield

Bäcker-Peral, Hazell & Mian estimate the long-term housing yield using data on leasehold extensions extracted from publicly available data (detail on the data). They identify that a “wedge” has appeared between long-term bond rates and the long-term housing yield. They suggest there are two possibilities for it to close: “On one hand, high interest rates may gradually lead to a rising long term housing yield, and a collapse in house prices. On the other, long-run interest rates will fall”.

REPORT: Cushman & Wakefield reported on the build-to-rent market

They report “Investment volumes in Q1 2024 remained muted with £0.9bn of capital invested into the UK BTR sector”.

REPORT: Savills reported on the residential development land market

They report an improvement in sentiment but “downward pressures persist and there is a lot of variation by location and type of site”.

CORPORATE: Watkin Jones published HY24 Trading Update

They report “The underlying operational residential for rent market continues to perform well, with both strong tenant demand and rental growth in our core PBSA and BTR sectors”.

CORPORATE: Property Franchise Group published Final Results

They report the “Lettings market continues to grow at pace, with anticipated growth in sales revenue in 2024 amidst an improving sales market”.

CORPORATE: Taylor Wimpey published Trading Statement

They report “Our net private sales rate for the year to 21 April 2024 was 0.73 per outlet per week (2023: 0.75), with a cancellation rate of 13% (2023: 15%). Excluding bulk sales, our net private sales rate for the year to 21 April 2024 was 0.69 per outlet per week (2023: 0.66)”.

CORPORATE: Persimmon published Q1 Trading Statement

They report “The net private sales rate per outlet was up 6% in the first quarter at 0.66, or 0.61 excluding bulk sales” and “Overall pricing on reservations held firm in the first quarter, with incentives currently running around 4-5% on average”.

CORPORATE: LSL published Full Year Results

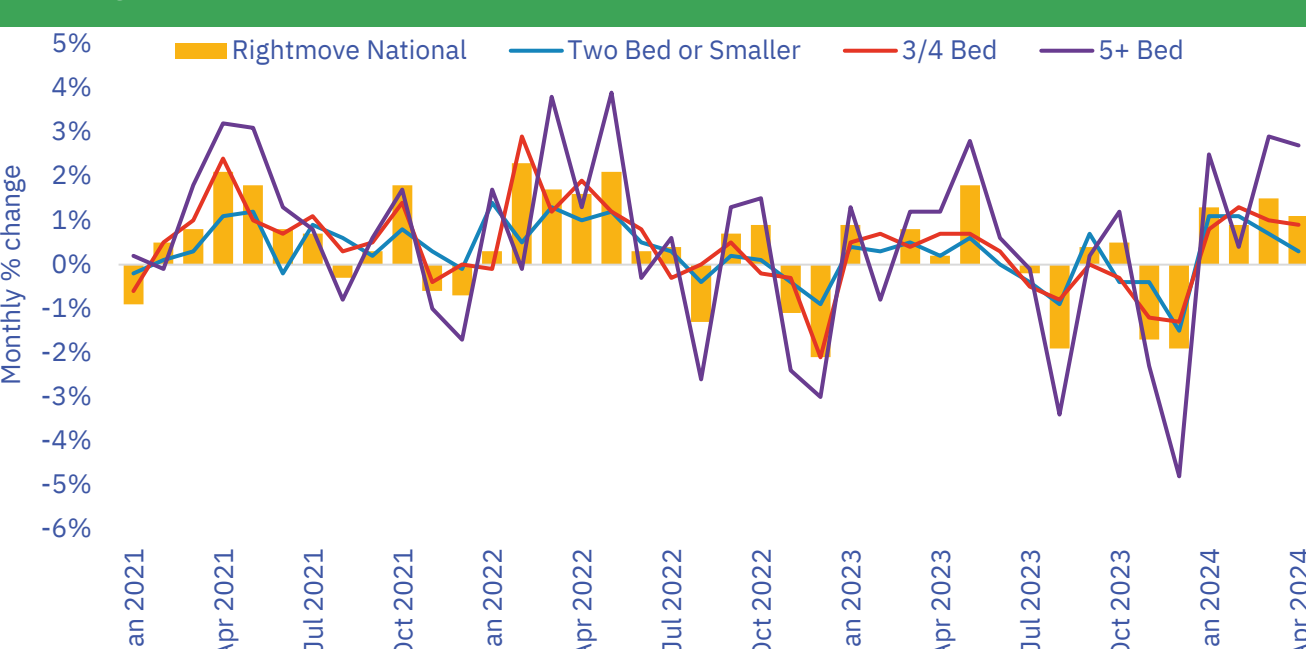
They report “2024 has started strongly with improving sentiment and lower mortgage rates driving more activity across our core markets. We have seen an increase in mortgage approvals as well as housing transactions and the start of a normalisation in product mix in our mortgage business”.

Charts of the Week

This week Rightmove published their asking price index (PDF) showing prices had risen 1.7% in the year to 13th April. This was higher than the 0.8% reported last month. The Rightmove index is not seasonally adjusted so it is always best to ignore the monthly percentage change figures, but it also appears to be overly weighted towards larger properties. Normally this wouldn’t make much of a difference to the annual change figures but this month it appears it has had a slight impact given the reported strength of the market. As the first of today’s charts shows, Rightmove publish three additional indices based on the size of properties alongside their national index and charting the monthly percentage change highlights how much more volatile the index for larger (5+ bed) properties is compared to the two other indices. Looking more closely also reveals that the national index frequently picks up this volatility despite our estimates from VOA data suggesting that this market only makes up around 8% of housing stock. Instead, if we weight the three property size indices by our estimated VOA data, we end up with a much less volatile monthly index, though it doesn’t usually make much of a difference on the annual percentage change figures (as per the second chart). However, this month our reweighted index only shows an annual increase in asking prices of 1.1% compared to the official figure of 1.7% - not much difference but significant in this low growth market.

Monthly Percentage Change in Asking Prices by Size

Source: Rightmove – not seasonally adjusted



Annual Percentage Change in Asking Prices

Source: Rightmove, VOA

