

RESIDENTIAL PROPERTY REVIEW

MARCH 2021

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.

STAMP DUTY HOLIDAY EXTENSION

In his Budget on 3 March, Chancellor Rishi Sunak confirmed an extension to the Stamp Duty holiday in England and Northern Ireland. Rather than ending on 31 March, as originally announced, the nil-rate threshold for Stamp Duty will remain at £500,000 until 30 June.

The extension means that buyers will save a maximum of £15,000 and an average of £4,500 each, if they complete their property purchase by the end of June.

To avoid a sudden cliff-edge, the tax will then taper to £250,000 until 30 September, before returning to £125,000. This means that those who finalise a property purchase between 1 July and 30 September will save up to £2,500 each. According to Zoopla, *'the tapering move by the Chancellor means that nearly half of sales in England will be free of Stamp Duty. Last year, some 46% of all home sales were for properties of up to £250,000.'*

The threshold for first time buyers will remain at £300,000. In Scotland, the LBTT holiday is due to end on 31 March and in Wales, the £250,000 LTT threshold will revert to £180,000 on 1 July.

MORTGAGE GUARANTEE SCHEME SET TO LAUNCH

The government has pledged support to more people who want to buy a property with a smaller deposit by launching a new mortgage guarantee scheme.

The initiative, available to both first-time buyers and home movers, will be available from April and will run until 31 December 2022, operating in a similar way to the previous Help to Buy mortgage guarantee scheme. The scheme is available on properties up to £600,000.

The aim of the scheme is to increase the availability of 95% loan-to-value (LTV) mortgages, by allowing lenders to purchase insurance from the government to cover some of their losses if the property is repossessed, thereby reducing the associated risks of this type of lending.

A number of lenders, including Lloyds, NatWest, Santander, Barclays and HSBC have already signed up to the scheme.

Richard Donnell, research director at Zoopla, commented on the scheme, *"Our analysis shows the scheme will have the greatest benefits for buyers in lower value housing markets in northern England and Scotland where a 95% mortgage is more attainable."*

STRONGEST SPRING HOUSING MARKET FOR A DECADE

According to Rightmove, the excess of buyer demand over supply is the largest seen in the last 10 years, which, it is suggested, could see one of the best-ever Easter periods for sellers.

In February, Rightmove recorded seven million online visits a day, which is an increase of 40% from February 2020. In addition, the number of sales agreed for the first week of March were 12% higher than a year ago, despite fewer properties coming to market and almost two out of three properties currently on estate agents' books are currently sold, subject to contract.

Tim Bannister, Rightmove's housing market expert said, *"So many sales have been agreed in recent months that we now face a serious shortage of homes available for sale. There are lots of reasons why many homeowners have hesitated to come to market during the first two months of the year, but these do now seem to be dissipating."*

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (JAN 2021)*	130.8*
AVERAGE HOUSE PRICE	£249,309
MONTHLY CHANGE	-0.5%
ANNUAL CHANGE	7.5%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **7.5%** in the year to January 2021
- The highest monthly drop in prices was in West Midlands, with prices falling by **2.3%**
- The lowest annual growth was in West Midlands, with prices increasing by **4.7%** over the year to January 2021.

Source: The Land Registry
Release date: 24/03/21
Next data release: 21/04/21

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – JAN 2021

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £382,964	8.6%
SEMI-DETACHED £241,084	9.0%
TERRACED £203,170	8.2%
FLAT / MAISONETTE £208,960	2.6%

Source: The Land Registry
Release date: 24/03/21

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	-0.6	7.5	£266,532
NORTHERN IRELAND (QUARTER 4 - 2020)	3.0	5.3	£147,593
SCOTLAND	1.0	6.9	£164,099
WALES	-1.9	9.6	£178,907
EAST MIDLANDS	-1.2	7.6	£209,927
EAST OF ENGLAND	0.7	7.5	£310,639
LONDON	0.1	5.3	£501,320
NORTH EAST	-1.3	8.5	£138,151
NORTH WEST	0.7	12.0	£184,234
SOUTH EAST	0.1	6.4	£342,420
SOUTH WEST	-1.8	6.7	£274,648
WEST MIDLANDS REGION	-2.3	4.7	£210,454
YORKSHIRE AND THE HUMBER	-1.4	8.9	£179,248

CHANGE IN HOUSING NEEDS

"Many peoples' housing needs have changed as a direct result of the pandemic, with many opting to move to less densely populated locations or property types, despite the sharp economic slowdown and the uncertain outlook."

Robert Gardner, Nationwide's Chief Economist

Source: Nationwide February 2021

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All details are correct at the time of writing (24 March 2021)

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.