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It has been an encouraging 12 months for the housing market, with prices rising by 0.8% and much of the country returning to growth.

The average house price in England and Wales stood at £304,280 in January, according to Your Move.

Of the nine regions it surveyed, just three experienced a price fall in the previous 12 months. They were the East of England, where prices fell by 1.5%, the South East, which saw a drop of 0.2%, and the West Midlands, which witnessed a 0.1% annual fall.

The fastest annual growth was recorded in Wales, where prices jumped 3.4% in the last 12 months to hit an average of £193,924.

Other areas to enjoy strong price growth were the Yorkshire and the Humber region, which saw prices rise 2.2%, and the North East, where a 2.1% increase occurred. The North East remains the cheapest place to buy in England and Wales, with an average house price of £164,802.

London is by far the most expensive place to buy, with the average property costing £618,825. This follows price growth of 2% in the last 12 months.

First time buyers

High house prices may be a significant barrier for first-time buyers looking to get onto the ladder. However, this group is enjoying rock-bottom interest rates which have continued to fall.

According to Moneyfacts, the average five-year fixed rate mortgage at 95% LTV has dropped from 3.78% in February 2019 to 3.56% over the last year. And, in the two-year market, there was a similar fall.

In January 2020 the average rate at 95% LTV was 3.25%, much lower than the 3.41% recorded a year ago.

Equity release: market update

New figures, published by the Equity Release Council in February, have shown that £3.92 billion of housing equity was withdrawn by older homeowners over the course of 2019.

This was broadly similar to 2018, when the total was £3.94 billion.

2019's figure does demonstrate the almost four-fold growth in equity release over the last decade: the annual value unlocked in 2009 was just £946 million.

There are now 405 deals available to borrowers with a 5% deposit, the highest figure recorded

since May 2019.

Low rates helped more first-time buyers onto the ladder in December 2019 compared to a year previously, according to figures published by UK Finance.

A total of 29,490 new first-time buyer mortgages were completed in the month, up 0.3% year-on-year. Elsewhere, there were 29,400 home-mover mortgages approved during December, which was equivalent to a 3.2% annual rise.

Remortgage and buy-to-let

Pound-for-pound remortgaging was down fractionally. Some 16,490 cases were completed in the month, 0.5% fewer than a year earlier.

Finally, there was good news in the buy-to-let market with 5,700 new landlord mortgages completed this month, which was up 3.6% versus last year. During the same period, buy-to-let remortgage increased by 2.3% to 13,300.

Flooding

Many parts of the country were battered by storms and flooding this month, with properties being damaged during the prolonged spell of bad weather. Properties in the South West and the Midlands were particularly impacted by Storm Ciara and Storm Dennis.

In some cases, homeowners have been forced to leave their property until the floods disperse. Mortgage lenders have moved to support these customers and three banks - Royal Bank of Scotland, NatWest and TSB - have offered a three-month payment holiday to those worst affected.

Sources:

<http://www.acadata.co.uk/services/house-price-index/>

<https://moneyfacts.co.uk/news/mortgages/first-time-buyer-mortgage-rates-fall-year-on-year/>

<https://www.equityreleasecouncil.com/news/2019-was-a-year-of-consolidation-as-equity-lease-lending-remains-at-3-9-billion/>

<https://www.moneyexpert.com/news/rbs-natwest-allow-flood-victims-delay-mortgage-repayments/>

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