

UK and London residential market overview

September 2021

UK Living Research

UK Residential Market Overview

In its sixth consecutive month of growth, the UK economy grew by 0.1% in July, significantly slower than the 1% recorded in June. The Bank of England reports that inflation has reached 3.2%, in excess of the 2% target.

The rate of annual price growth across the UK slowed in July in all regions except Scotland. Month-on month across the UK the average price of a property fell by 3.7%. At £255,535 the average price of a property is 8% higher than a year ago (UKHPI).

Over 1 million property transactions have taken place across the UK in the first eight months of 2021, higher than the number of sales during the entire year last year. The HMRC estimate 98,300 sales took place in August as the final SDLT reduction draws to an end.

Mortgage approvals in July 2021 for house purchase were 9.5% higher than July 2020. After peaking in June (£43.8bn), gross mortgage lending in July dipped back to £16.5 billion (Bank of England).

According to Rightmove this was the busiest first half of a year ever. There were 140,000 more sales agreed in the first half of the year and 85,000 fewer new listings than the long-term average, with increasing pressure on supply buoying house prices.

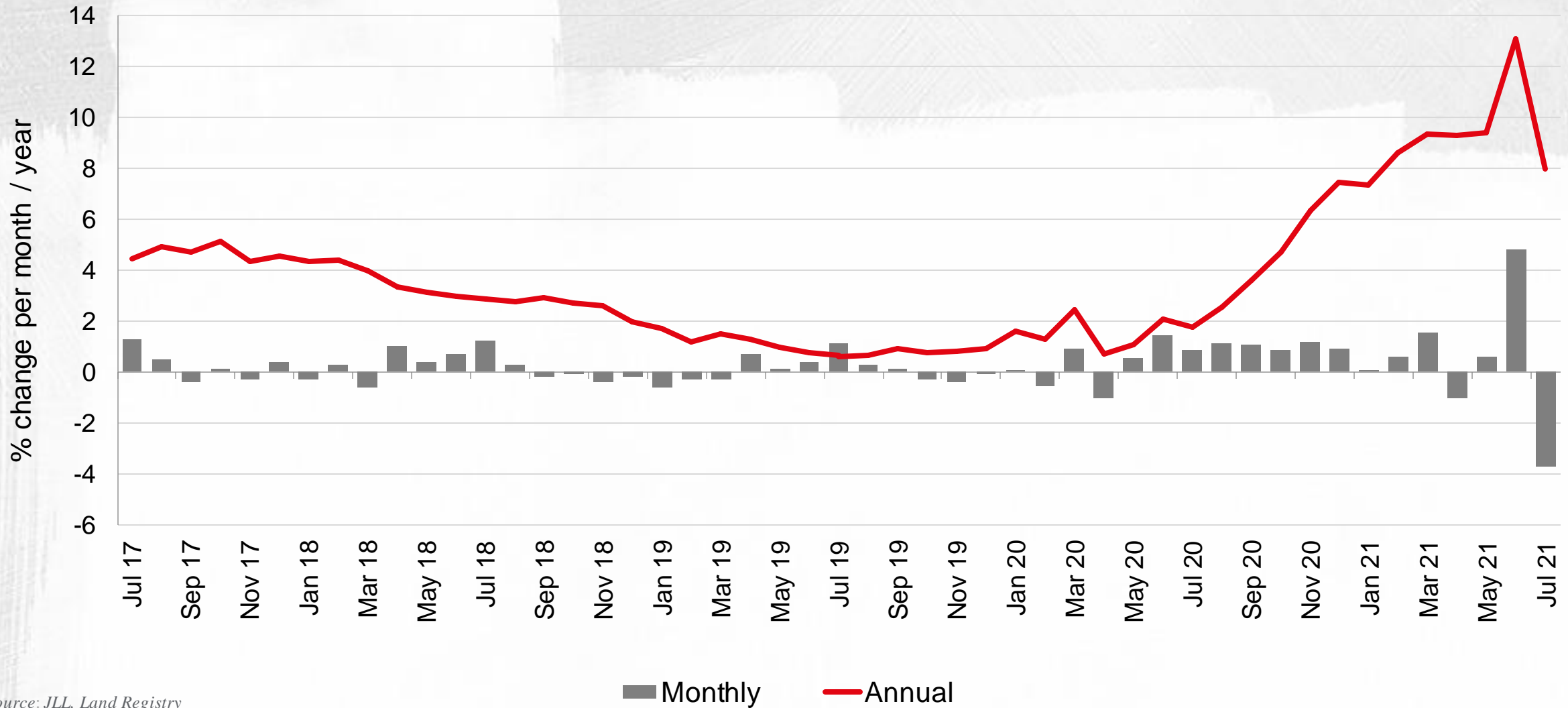
Rental values are rising at their strongest pace in three years. Average values across the UK, excluding London, rose by 2.0% in the year to August (ONS). Rental values across the capital continue to buck the trend, 0.4% lower year-on-year.

The Ministry of Housing, Communities and Local Government reported that over 72,000 private new homes were started and over 72,000 completed during the first six months of 2021.

Compared to a supply shortage across much of the UK, the number of available properties to purchase across Prime London was 20% higher year-on-year in June. With markets well supplied, there is little scope for price growth, many prime areas awaiting the return of overseas buyers to bolster demand.

UK residential overview | House price movement

Annual house price growth reached 8.0% in the year to July 2021, having fallen 3.7% in July 2021 following the end of the extended stamp duty holiday.

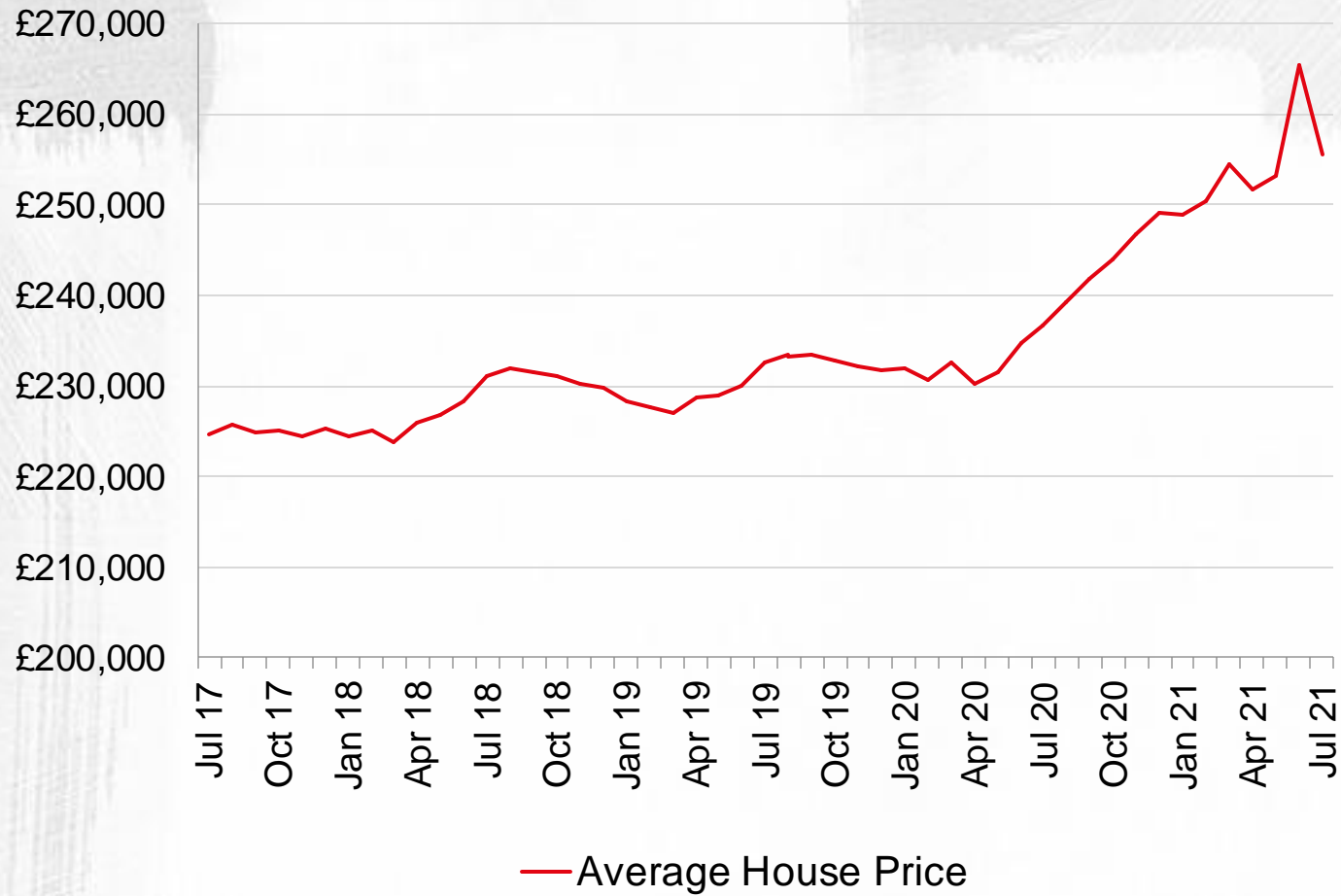


Source: JLL, Land Registry

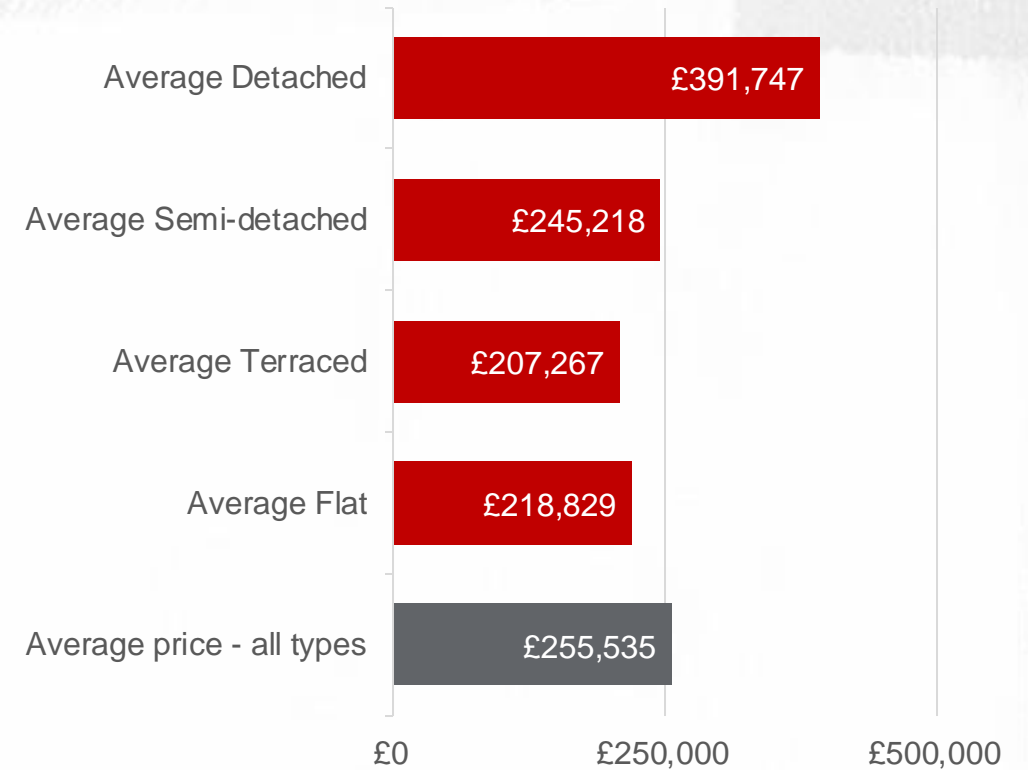
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UK residential overview | House price movement

The average price of all types of UK homes fell to £255,535 in July 2021.



Average house price by type, year to July 2021

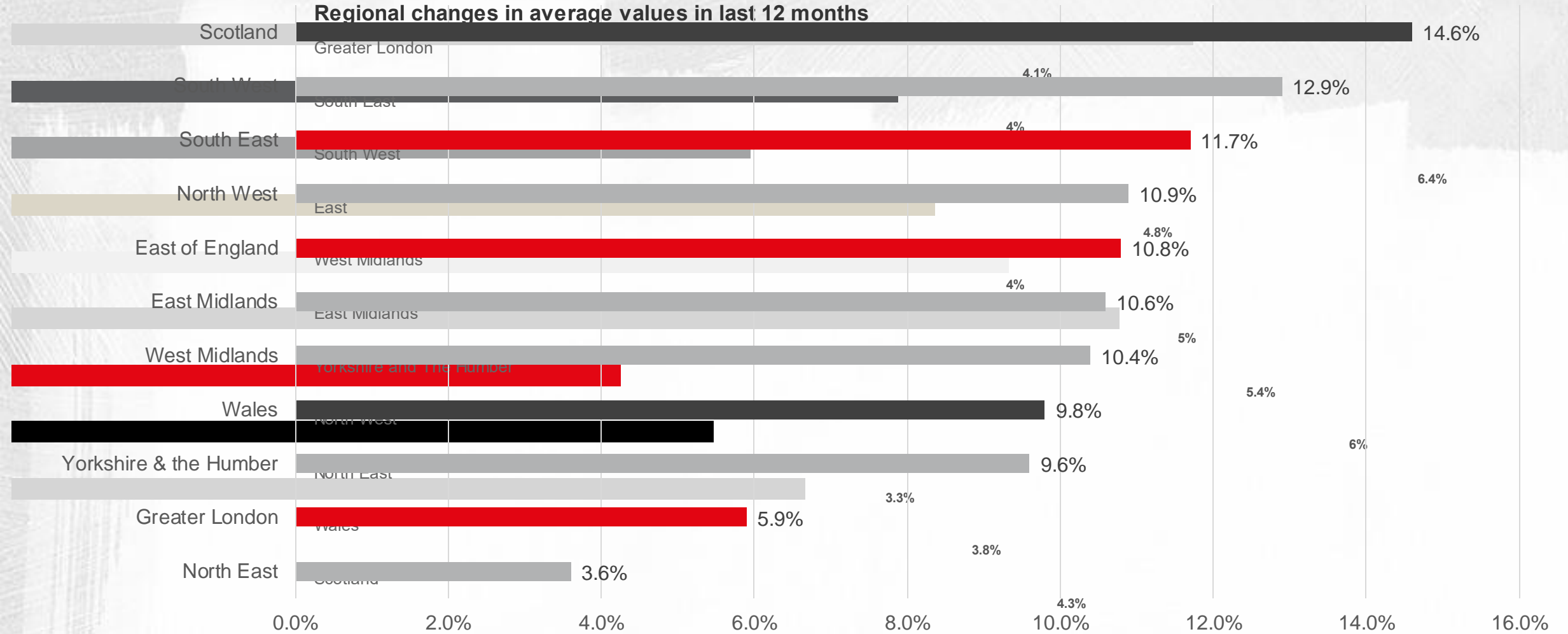


Source: JLL, Land Registry

UK residential overview | House price

Regional changes in average values in year to end July 2021.

Regional changes in average values in last 12 months

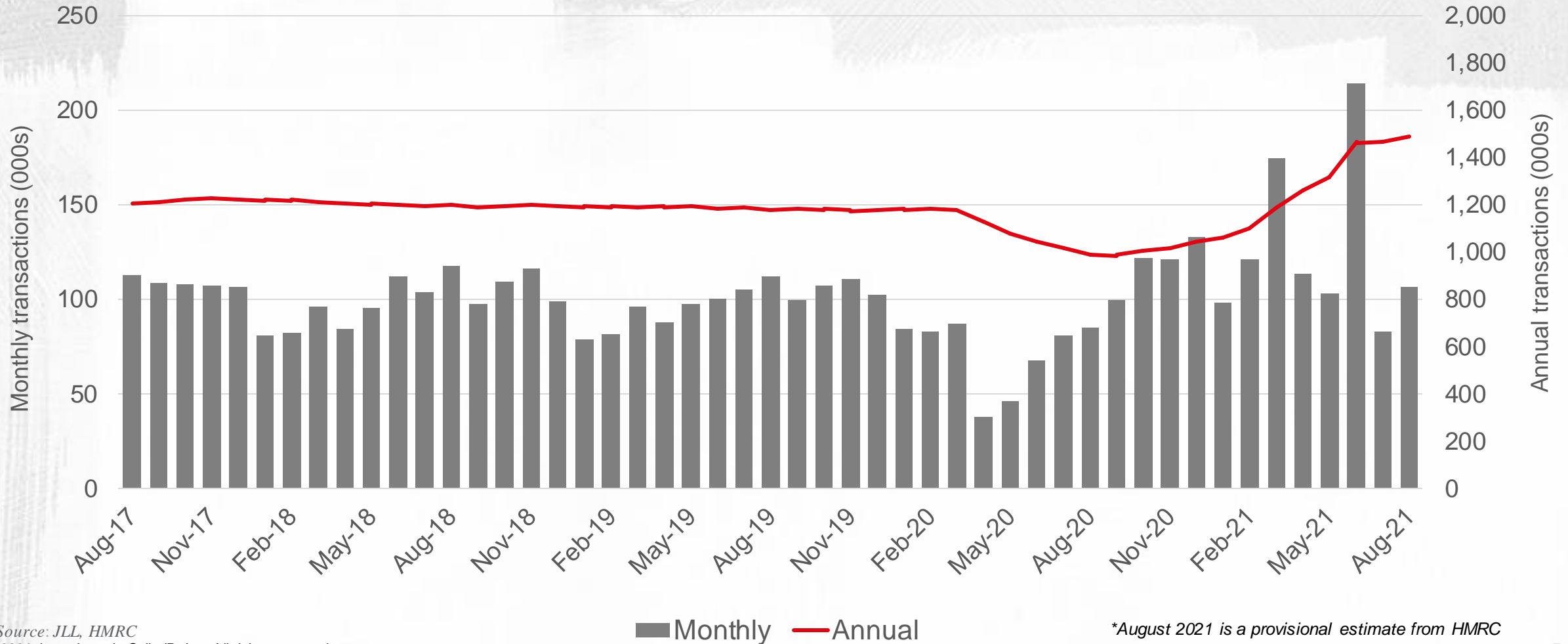


Source: JLL, Dataloft

Source: Office for National Statistics using Land Registry, Register of Scotland and the Valuation Office Agency.

UK Residential Overview | Transactions

Non-seasonally adjusted monthly transactions are estimated to have risen 28.0% to 106,150 in August 2021, bringing the annual total to 1,486,430. August 2021 transactions are 24.8% above the number of transactions in August 2020. Transactions in the year to August 2021 are 50.2% above transactions in the year to August 2020.

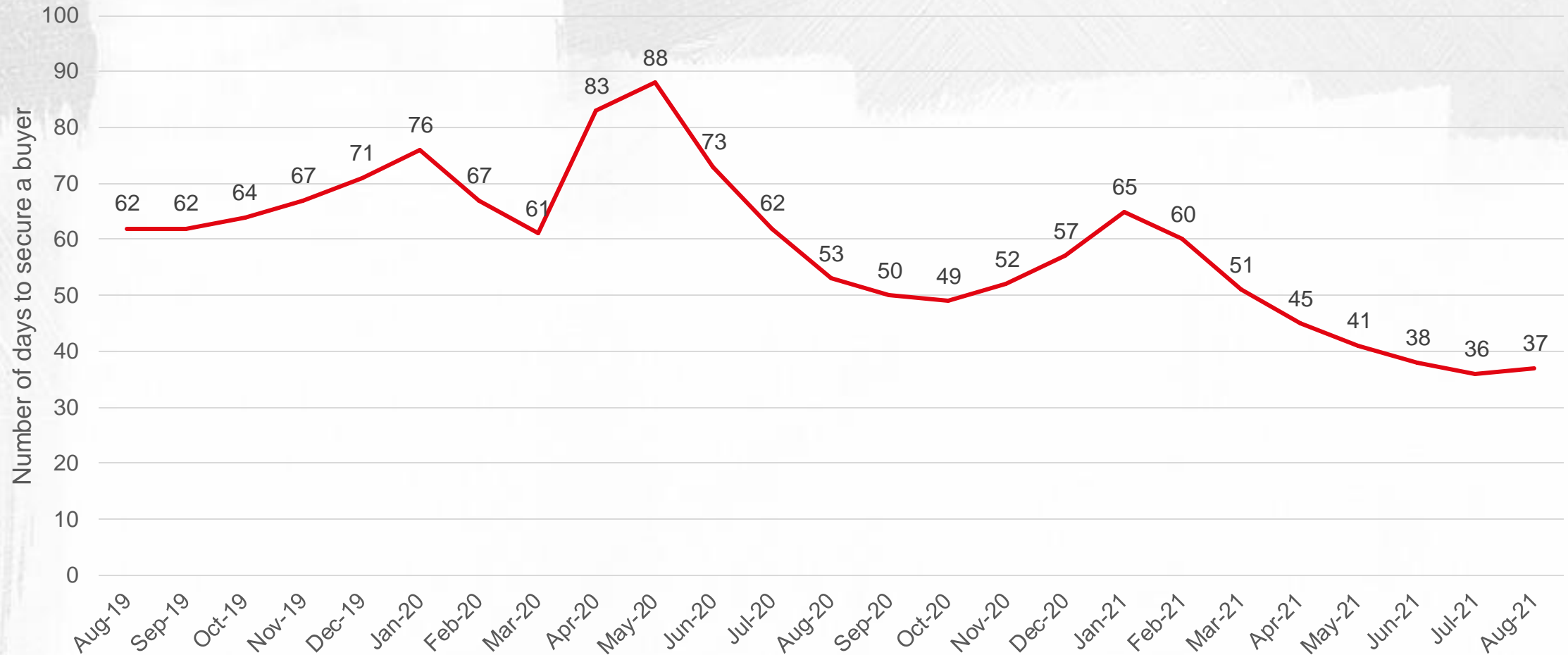


Source: JLL, HMRC
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*August 2021 is a provisional estimate from HMRC

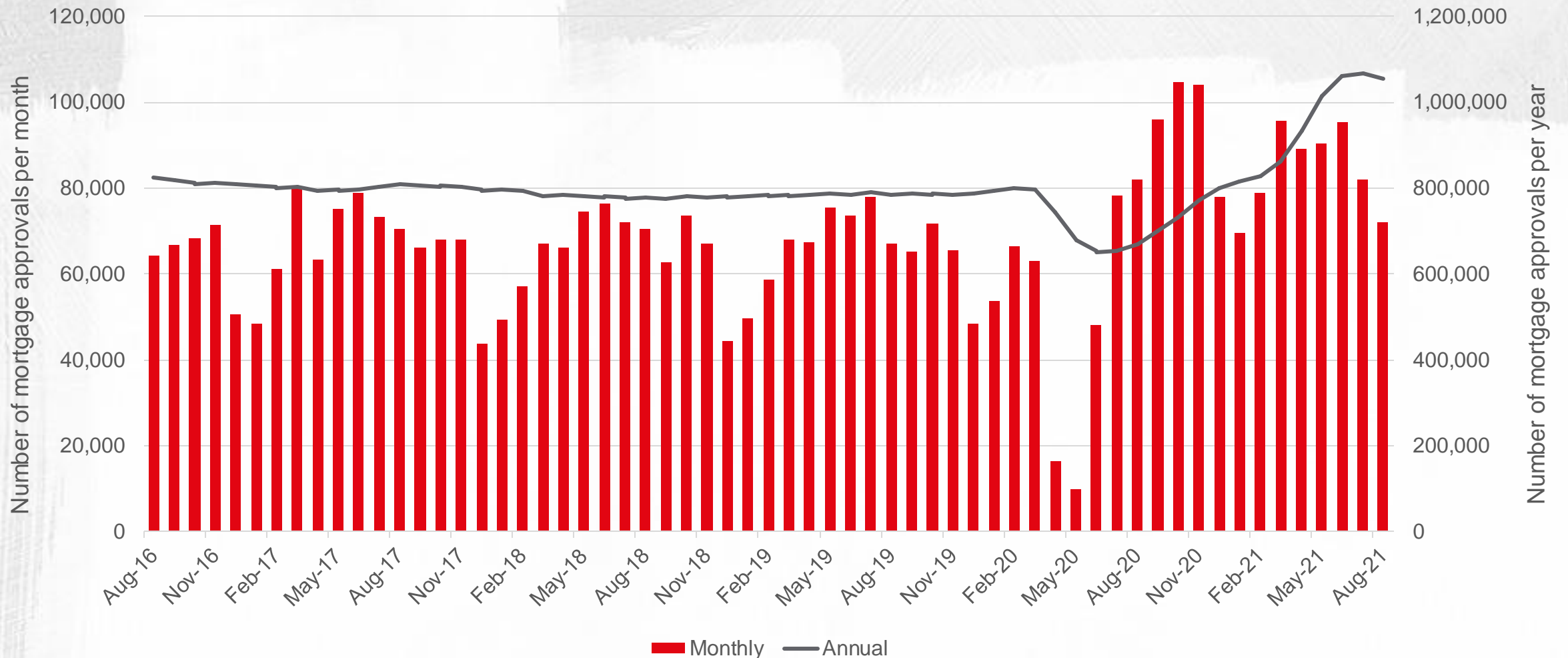
UK residential overview | Time to sell

Strong buyer demand has driven the average time to sell to 37 days in August 2021, a slight uptick in July 2021 and indicative of the continued drive to buy following the end of the extended stamp duty holiday (30th June).



UK residential overview | Mortgage approvals

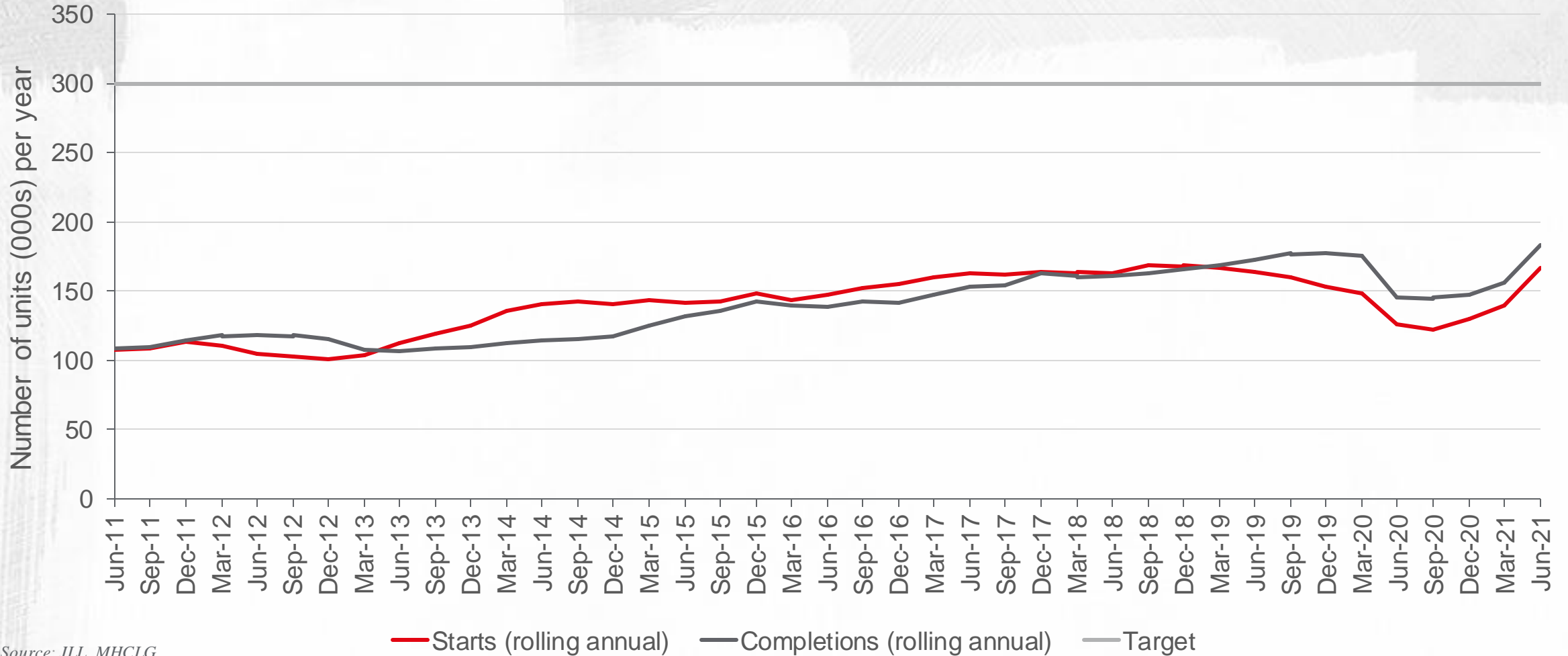
Mortgage approvals for home purchases (NSA) fell 12.2% from 81,979 in July 2021 to 71,934 in August. Annual mortgage approvals totalled 1,056,203 in the year to August 2021, the highest level since April 2008 and 32.9% above the 5-year average (2015-2020) of 794,627 approvals pa.



Source: JLL, BoE, Building Societies Association
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UK residential overview | Starts and Completions

According to the MHCLG, there were 166,860 starts in England in the year to June 2021, a 32.3% increase on the number of starts recorded in the year to June 2020 and 1.7% above June 2019. In the same period, completions in England totalled 183,450, a 25.9% increase on the year to June 2020 and 6.1% increase on the year to June 2019.

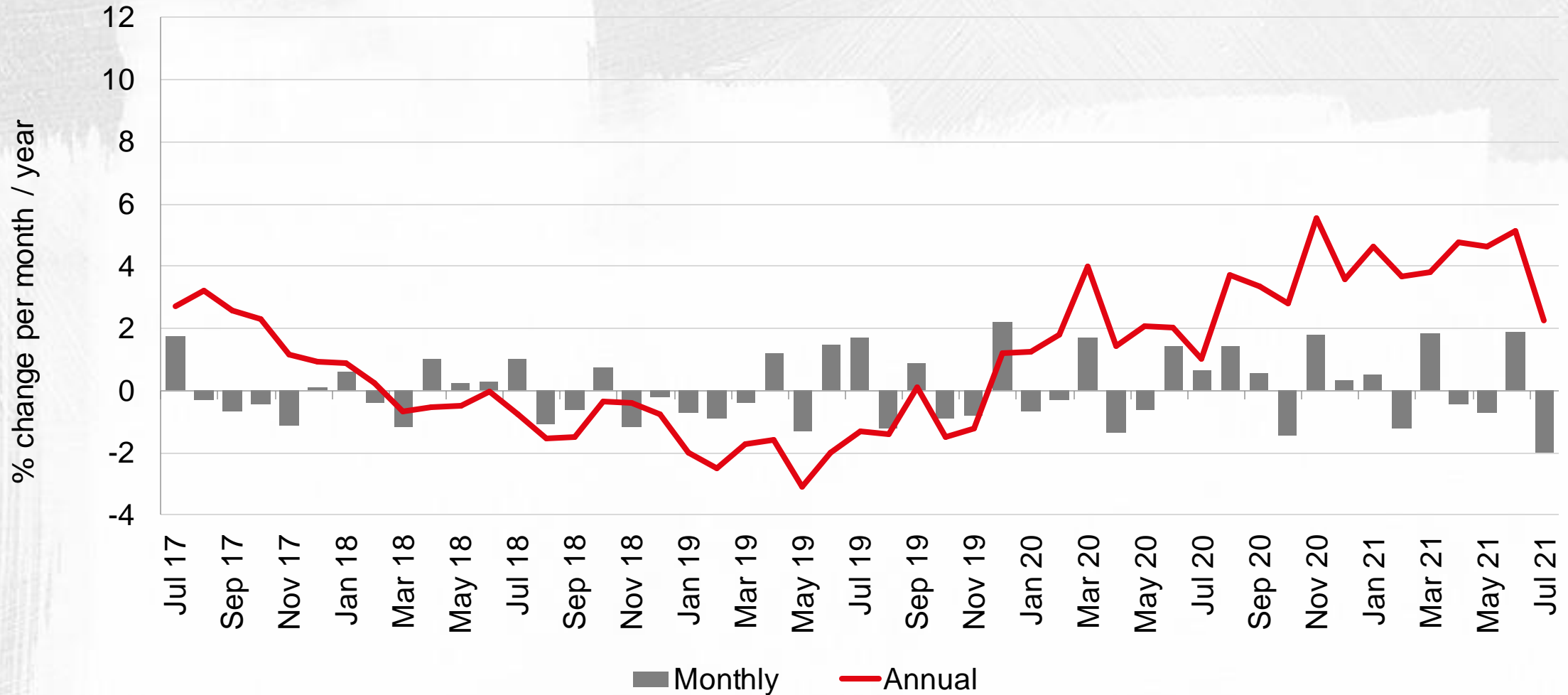


Source: JLL, MHCLG

London Residential Market Overview

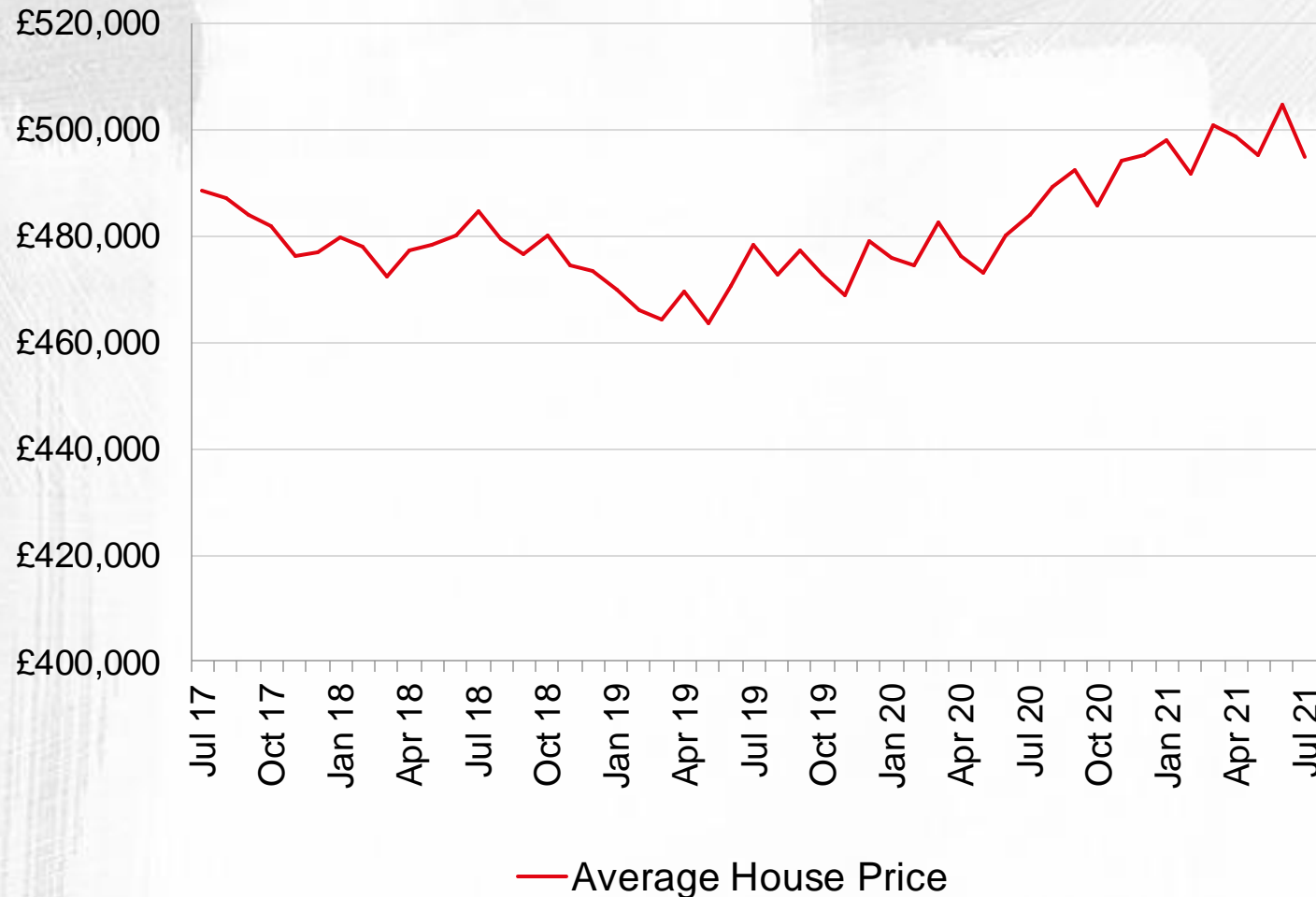
London overview | House price movement

Average house prices in London fell 2.0% in July 2021, bringing annual growth to 2.2%.

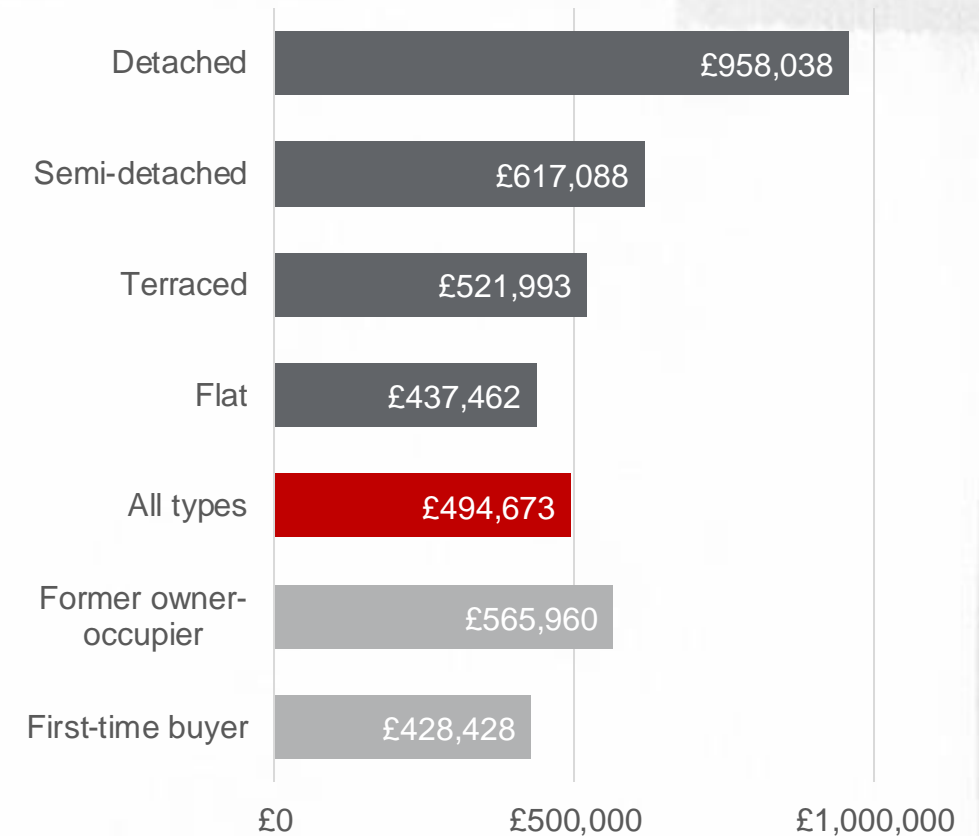


London overview | House price

The average price of a London home was £494,673 in the year to July 2021. First time buyers in the capital paid 24.3% less than the average former owner occupier.

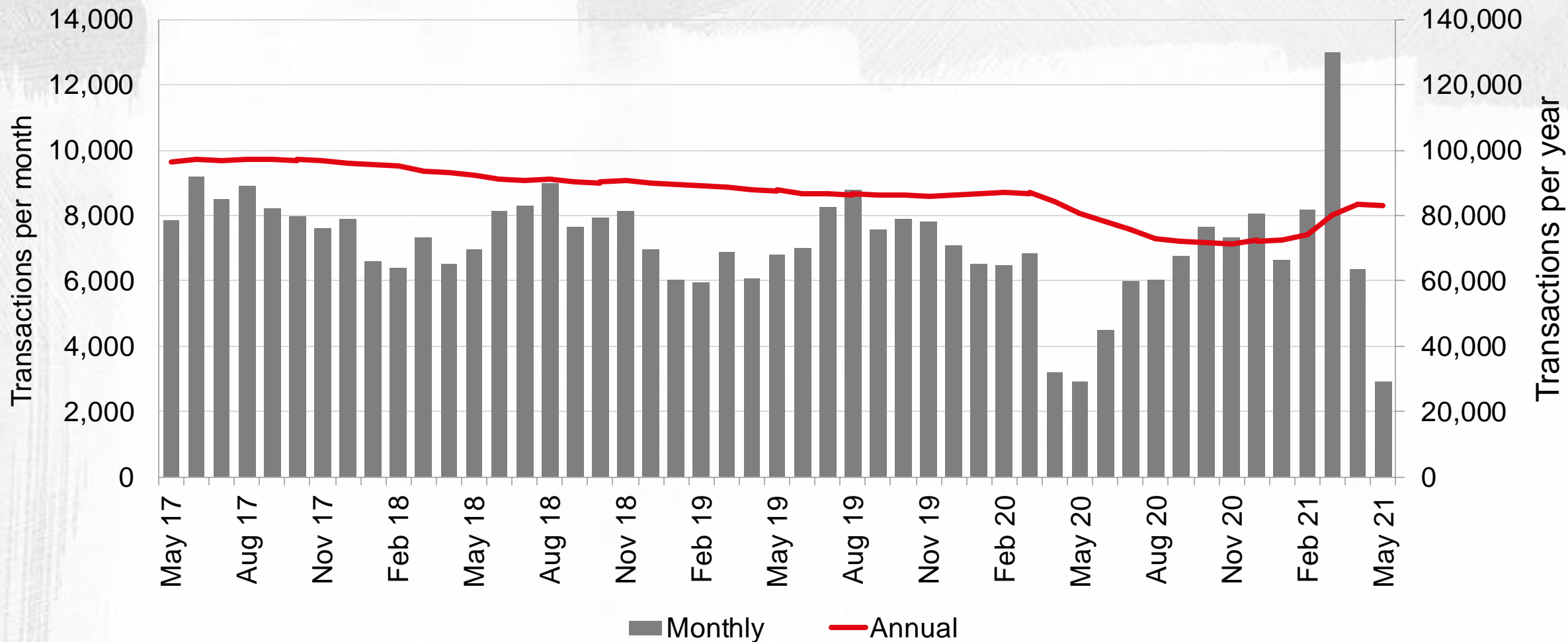


Average house price by type and buyer status, year to July 2021



London overview | Transactions

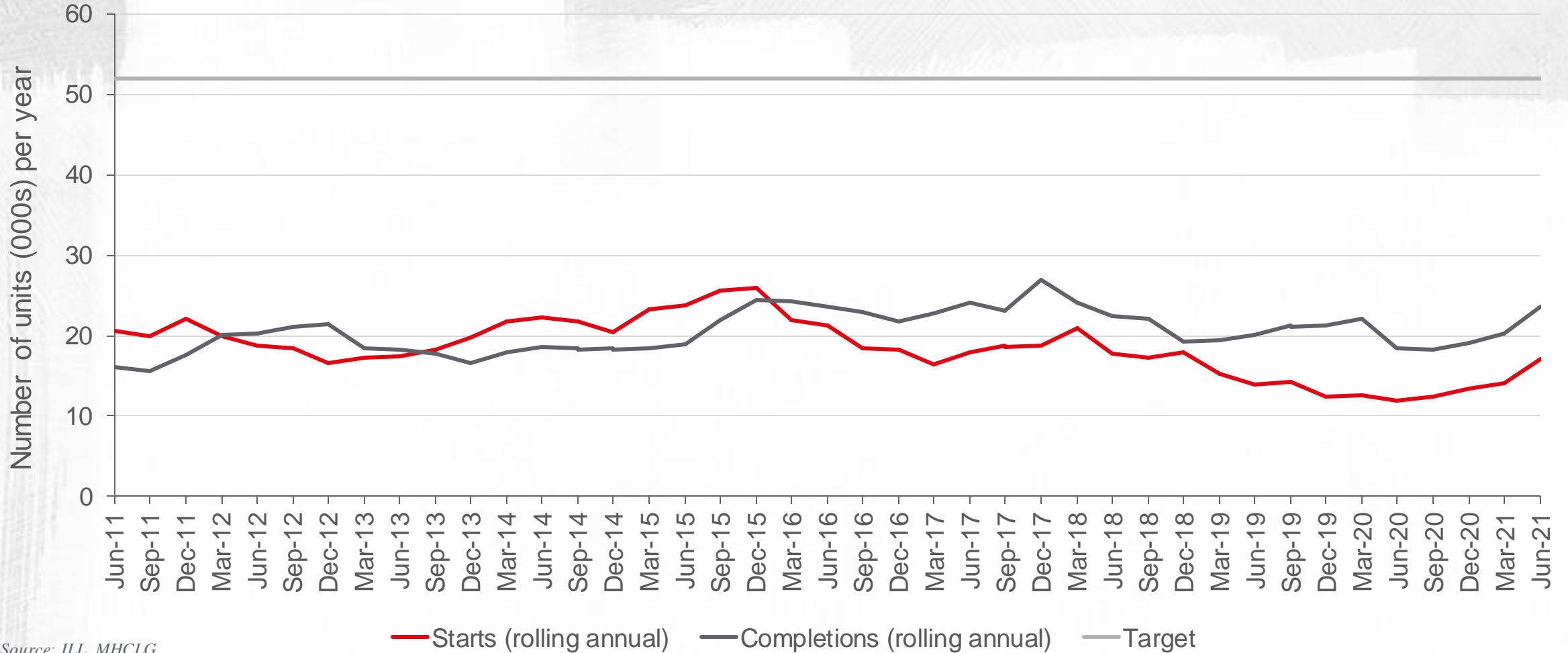
Monthly transactions in London fell from 6,379 in April 2021 to 2,926 in May. In line with wider UK trends, London transactions are expected to increase again ahead of the extended Stamp Duty holiday deadline in June. Annual transactions remain circa 5% below pre-pandemic levels.



Source: JLL, Land Registry
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London overview | Starts and Completions

According to the MHCLG, there were 17,050 starts in London in the year to June 2021, a 43.4% increase on the number of starts recorded in the year to June 2020. In the same period, completions in London totalled 23,590, 28.6% increase on the year previous.



Source: JLL, MHCLG

Thank you



JLL