

UK House Price Index

+4.7%

Current UK house price growth

+26%

Demand for homes, YTD v 2020

-2%

Flow of new supply, YTD v 2020

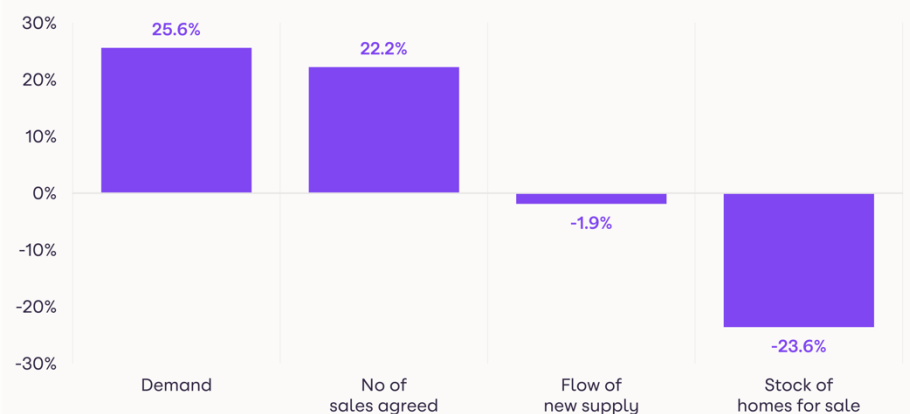
Executive summary

- Buyer demand has moderated as stamp duty holiday ends but remains elevated compared to 'normal' market conditions
- 'Search for space' among homebuyers, as well as increased numbers of first-time buyers and those making lifestyle changes, will continue to support activity through H2
- Total stock of homes for sale remains constrained, down 24% in the year to mid-June compared to the average in 2020
- Annual house price growth is at 4.7%, up from 2.2% a year ago
- Price growth hits 10-year high in Wales (+7.1%), Yorkshire & the Humber (+6.2%) and the North East (+5%)
- Price growth over the last year lifts 1.8 million homes into a higher stamp duty bracket

"Prices are rising fastest in the most affordable markets as activity continues at elevated levels among first-time buyers and movers looking for more space or a lifestyle change."

Gráinne Gilmore
Head of Research, Zoopla

Demand continues to outstrip supply



Source: Zoopla Research

% change - YTD (to 20/06) vs 2020 average

+4.7%

Annual UK house
price growth

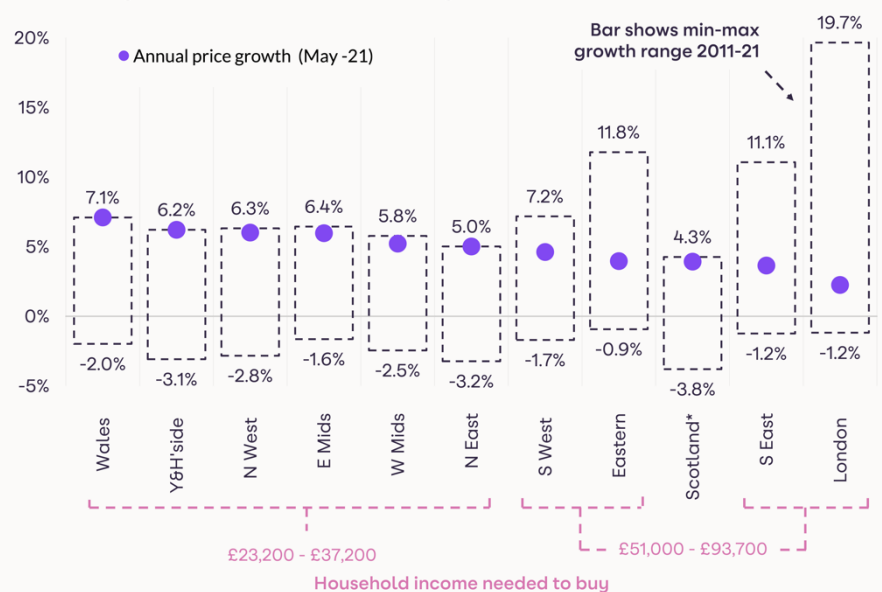
Annual UK house price inflation at +4.7%

Average house prices rose by 1.1% in the three months to May, taking the annual rate of growth to 4.7%, matching that in February – which was the highest level of growth since the beginning of 2017.

Prices are being supported by elevated levels of demand – despite a recent moderation approaching the end of the initial stamp duty holiday on June 30th.

Average house prices in the UK have risen by more than £10,000 over the last year, taking the average price to £229,300.

Prices rising fastest in most affordable regions



Source: Zoopla House Price Index

Income to buy based on av prices, 85% LTV 4.5 LTI. Scotland, £27,000

The spread of house price growth across the country continues to widen however, with annual price rises reaching a 10-year high in Wales, Yorkshire & the Humber and the North East. Meanwhile London is lagging at 2.2% growth, the seventh month that this region has registered the lowest level of growth across the country.

Liverpool (+7.9%) and Manchester (+7.2%) continue to record the highest levels of price growth among the largest UK cities, while Rochdale (+9.9%), Bolton (+8.7%) and Hastings (+8.2%) top the charts in the 65 cities and towns monitored in this index.

These cities are united in having some of the most accessible housing markets in terms of affordability, with the household income needed to buy a property – assuming a 15% deposit and a mortgage at 4.5 x income – at between £25,100 and £35,500, below the UK average of £43,300.

The exception is Hastings, where household income needed to buy is £47,100, although this is at a significant discount to the £71,000 needed to buy down the coast in Brighton.

+940,000

Number of properties that have moved into 5% stamp duty band

Homes move up stamp duty bands

Price growth over the last year mean that some 1.8 million properties in England have moved into a higher stamp duty bracket, as shown below. Some 940,000 additional homes will be subject a level of stamp duty at 5% should they be purchased by a homemover, while an extra 130,000 properties will attract some stamp duty at 10%.

The number of homes in the lower stamp duty bands in England is falling, while the price growth means it is rising for the top bands.

The average additional stamp duty payable on homes that have moved up into the 10% stamp duty band will be around £6,100 after the end of the tapered stamp duty holiday in September, while the additional cost for the average homes that has moved up into the 5% band will be around £725.

Rising number of properties in higher stamp duty bands



Continued..

+86%

Buyer demand for homes worth £250,000+ vs 2019 average, England

Demand levels moderate but remain elevated

Buyer demand levels have been elevated compared to more 'normal' market conditions (2017-2019) since the housing market reopened during the first lockdown last year.

As the chart below shows, this demand was boosted by the introduction of the stamp duty holiday in July last year, and its subsequent extension.

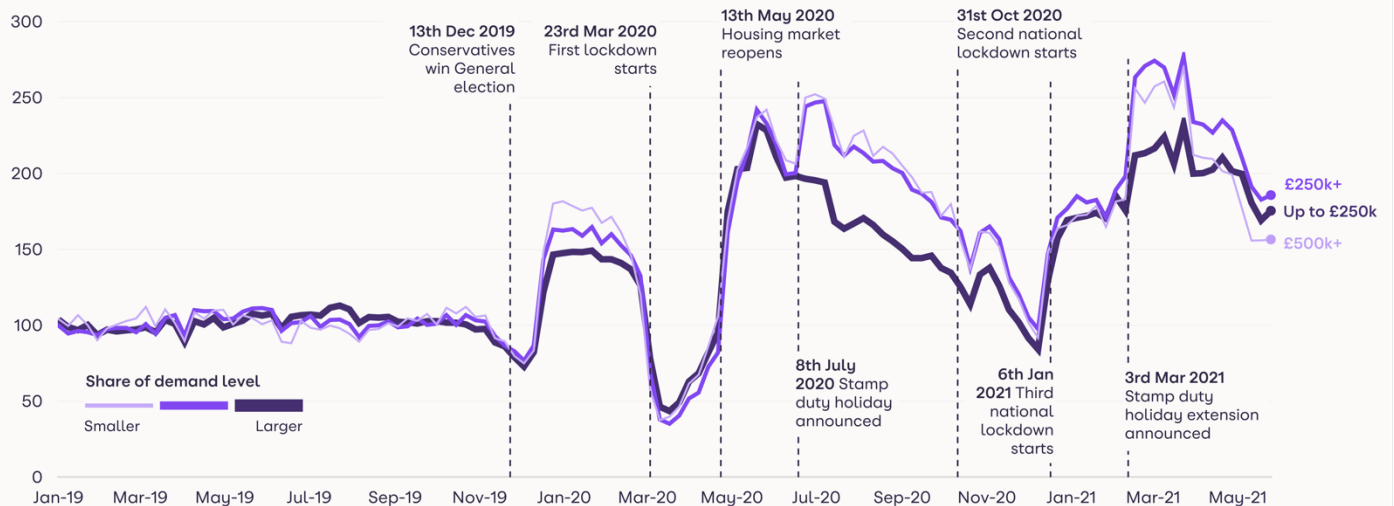
Demand has moderated from the unsustainable highs of April, but remains elevated. This demand is being fuelled by several factors, not least the stamp duty savings still on offer for buyers of homes worth up to £250,000.

In addition, there is more activity among first-time buyers who have a wider range of mortgages to choose from, and who will still benefit from stamp duty savings up to £300,000 beyond June or September. The 'search for space' among buyers is still evident, and some homeowners, typically with higher levels of equity, have been prompted by the pandemic and subsequent lockdowns to change to their lifestyle – and their home.

As the full re-opening of the economy approaches, many office-based workers are also receiving guidance on how companies will operate when offices fully reopen. Where companies are shifting to more flexible working, some workers will now have the certainty to make a move for additional space or to a different location if daily commuting is less of a consideration.

The supply of homes for sale remains constrained, and may limit potential activity in some areas, yet we expect activity will remain buoyant in H2, in line with our forecast for 1.5 million sales this year.

Buyer demand moderates but remains elevated



Source: Zoopla House Price Index

Indexed, 100 = average 2019, England only

22days

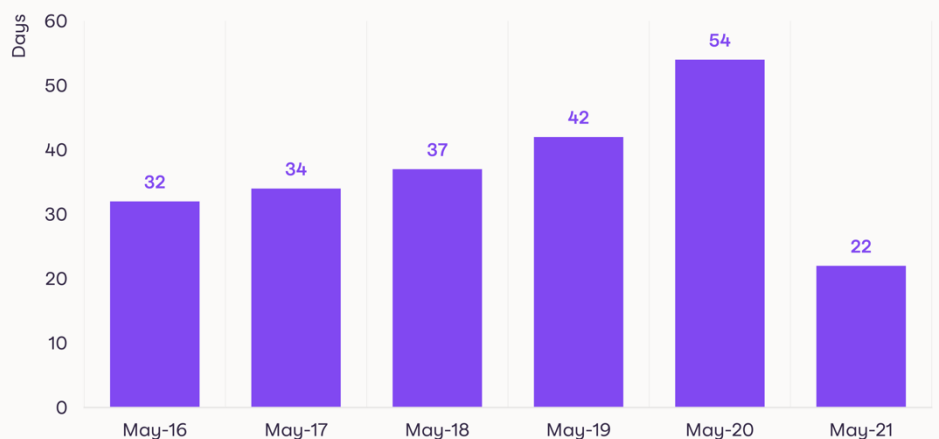
Average time to sell
(listing to SSTC) UK,
May 2021

Fastest moving market in five years

Time to sell, which measures how quickly homes are sold subject to contract after being listed, fell to 22 days in May, down from 42 days in May 2019. The seasonal nature of the market means it moves more quickly during April/May in most years, but this still marks the fastest moving market in at least five years.

This signals that the market continued to move apace in May, even when the prospect of the larger stamp duty savings for homemovers (which would require that the sale be completed by June 30th) was off the table – underlining that the ‘reassessment of home’ which is fuelling buyer activity, has further to run.

Average Time to Sell in UK



Source: Zoopla Research

Time between listing and SSTC, rolling 3-month average

Market Outlook

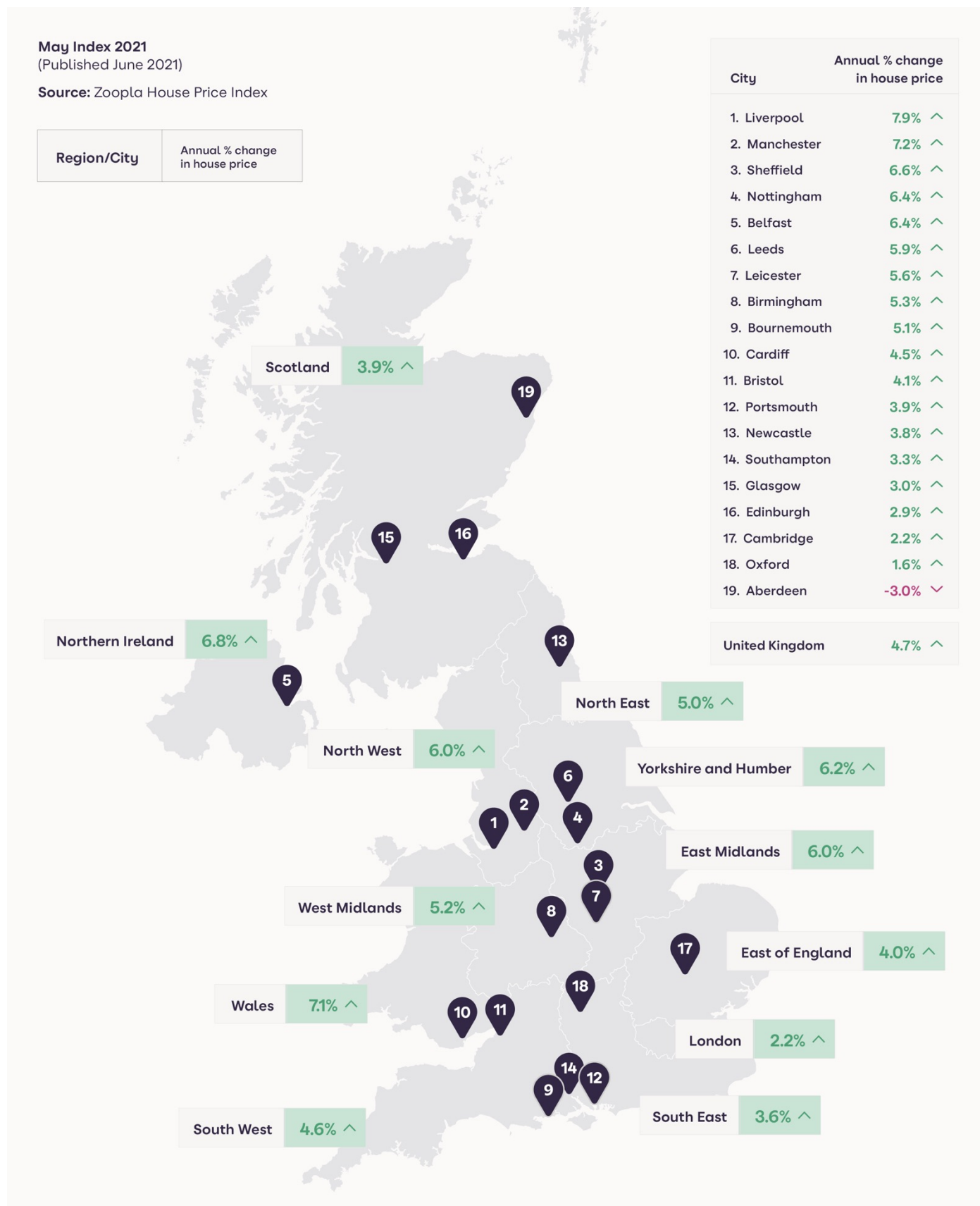
The stamp duty holiday boosted demand in the housing market, yet buyer demand remains elevated despite the initial holiday ending – signalling that the once-in-a-generation ‘reassessment of home’ has further to run this year.

Demand may ease further as the re-opening of the economy allows people to do more and travel more widely, but at the same time, the confirmation of working practices for office-based workers will lead to more homebuyers being able to push ahead with a move.

The total stock of homes for sale continues to run well below historical norms, and this will underpin pricing. At the same time, it may also constrain potential activity, especially for buyers looking for family houses. Even so, we forecast that this year will be one of the busiest for the housing market since the global financial crisis - with 1.5 million residential transactions.













































House Price Index – Country, region and city summary

Note: The Zoopla house price index is repeat sales-based price index using sold prices, mortgage valuations and data for agreed sales. The index uses more input data than any other and is designed to accurately track the change in pricing for UK housing.



Zoopla UK House Price Index, city summary May 2021

Source: Zoopla House Price Index. Sparklines show last 12 months trend in annual and monthly growth rates – red bars are a negative value – each series has its own axis settings providing a more granular view on price development.

	Average price	%yoy May-21	%yoy May-20	Monthly trend	Annual trend
UK	£229,300	4.7%	2.2%		
20 city index	£266,100	3.9%	2.6%		
Liverpool	£132,600	7.9%	3.3%		
Manchester	£187,800	7.2%	4.2%		
Sheffield	£148,400	6.6%	2.5%		
Belfast	£145,500	6.4%	2.5%		
Nottingham	£171,000	6.4%	4.5%		
Leeds	£180,700	5.9%	4.0%		
Leicester	£196,500	5.6%	4.0%		
Birmingham	£178,400	5.3%	2.7%		
Bournemouth	£298,500	5.1%	0.9%		
Cardiff	£222,300	4.5%	3.0%		
Bristol	£293,800	4.1%	3.3%		
Portsmouth	£249,300	3.9%	2.0%		
Newcastle	£133,100	3.8%	2.2%		
Southampton	£232,200	3.3%	0.7%		
Glasgow	£128,000	3.0%	3.3%		
Edinburgh	£243,200	2.9%	3.3%		
Cambridge	£429,900	2.2%	1.9%		
London	£487,300	2.1%	2.1%		
Oxford	£412,600	1.6%	0.8%		
Aberdeen	£144,200	-3.0%	-1.4%		

Source: Zoopla House Price Index. Sparklines show last 12 months trend in annual and monthly growth rates – red bars are a negative value – each series has its own axis settings providing a more granular view on price development.

Contacts

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