



Phillips and Stubbs Property Review

November 2017

Bank of England's Base Rate increase to have "modest impact"

One of the UK's leading mortgage providers, Nationwide, believes that the recent increase in interest rates from 0.25% to 0.5%, announced by the Bank of England, following the Monetary Policy Committee's meeting in early November, will have only a "modest impact" on most UK households, because an increasing number of homeowners are now on fixed-rate mortgages.

The Chief Economist at Nationwide, Robert Gardner, believes that the number of homeowners on variable mortgage rates and therefore those most likely to encounter higher payments, has fallen to a record low of around 40%; this is a dramatic reduction from 70% seen in 2001.

He went on to add: *"Moreover, a 0.25% increase in rates is likely to have a modest impact on most borrowers who are on variable rates."*

By their calculations, given the 0.25% increase in interest rates, the average borrower will see an increase in their monthly payment of just £15 a month to £665 for the mortgage, equivalent to an average annual increase of £180.

Government seeks to make home buying "faster and less stressful"

Sajid Javid, the UK's Communities Secretary, has announced a Government sponsored eight-week review of the home buying/selling industry and announced that to achieve his aim of streamlining home-buying in England and Wales he wants to "hear from the industry." By inviting feedback from mortgage lenders, solicitors and estate agents, he intends to "help save people money and time so they can focus on what matters - finding their dream home."

This may be a timely intervention given that there are approximately one million homes bought and sold in England each year. Of these, nearly a quarter of transactions fall through as a result of multiple factors. Of these factors, by far the most contentious practice is that of gazumping. This is where a vendor, having already accepted an offer from one prospective purchaser, then accepts a higher offer from another purchaser.

Mr Javid hopes to be able to instil confidence in the industry by investigating the viability of schemes such as lock-in agreements and speeding up the entire process of home-buying and selling.

Some UK properties remain on the market for over six months

A recent survey by on-line estate agents Housesimple.com has found that more than 12% of UK properties remain on the market for six months or more. Their survey covered 50 of the UK's major cities.

There was remarkable disparity in some of their findings. Belfast, in Northern Ireland, has the fastest turnover rate with only 1.9% of properties remaining on the market for 6 months or longer, followed by Reading and Northampton, at 3.6% and 3% respectively. At the other extreme is Sunderland, in the North East of England, seeing 28.5% of their properties still on the market after six months.

London reported that in the City of Westminster postal district, 22.5% of properties remaining unsold after six months.

"...a 0.25% increase in rates is likely to have a modest impact on most borrowers who are on variable rates."

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (SEP 2017)*	118.7*
AVERAGE HOUSE PRICE	£226,367
MONTHLY CHANGE	0.4%
ANNUAL CHANGE	5.4%

*(Jan 2015 = 100)

- An annual price increase of **5.4%** which takes the average property value in the UK to **£226,367**
- London saw the lowest annual price growth with an increase of **2.5%**
- London and Scotland saw monthly price falls in September

Source: The Land Registry / Release date: 14/11/2017
Next data release: 12/12/2017

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.6	5.7	£243,945
NORTHERN IRELAND (QUARTER 3 - 2017)	3.0	6.0	£132,169
SCOTLAND	-1.3	3.1	£144,924
WALES	0.6	5.3	£152,661
EAST MIDLANDS	0.7	6.4	£184,399
EAST OF ENGLAND	0.3	5.9	£289,301
LONDON	-0.2	2.5	£483,568
NORTH EAST	0.5	4.4	£130,271
NORTH WEST	2.1	7.3	£160,951
SOUTH EAST	0.3	5.5	£324,465
SOUTH WEST	0.5	6.6	£252,737
WEST MIDLANDS	0.4	5.7	£189,038
YORKSHIRE AND THE HUMBER	1.0	5.6	£158,884

UK UNEMPLOYMENT FIGURES

- There were **32.06** million people in work, **14,000** fewer than for April to June 2017 but **279,000** more than for a year earlier
- There were 8.88 million people aged from 16 to 64 who were economically inactive

Jobless total

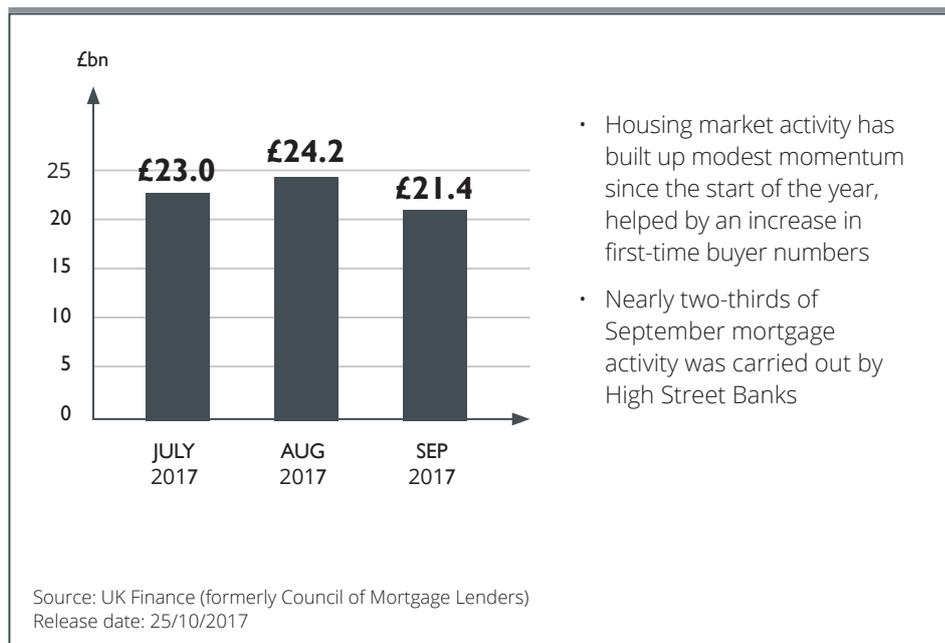
1.42m

Unemployment rate

4.3%

Source: Office for National Statistics
Release Date: 15/11/2017

MORTGAGE ACTIVITY



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P H I L L I P S & S T U B B S

Sales 01797 227338

Lettings 01797 228497

Mayfair Office 0870 112 7099