



2017 Q1

PROPERTY MARKET REPORT



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OVERVIEW

Whilst Q1 of 2016 was a strong start, the forecast for Q1 of 2017 was a little different.

Initial predictions suggested 2017 would bring uncertainty caused by the EU Referendum result. Whilst there hasn't been any major effect on the property market as some experts had predicted, this could change going into Q2 now that Article 50 has been triggered. However, public opinion is positive. Confidence in the UK housing market is now stable following a record decline, according to the *Halifax Housing Market Confidence Tracker* for Q1.

Remortgaging underwent a huge boost in activity thanks to low-interest rates, boosting demand in the market. The end of the quarter has seen lending increase by 19% since February, meaning that more than £21bn was lent in March. However, the gross lending for the quarter was down on a year on year basis, likely due to a surge of purchases in Q1 of 2016 before the new Stamp Duty surcharge was introduced.

The lower level of transactions saw the *Council of Mortgage Lenders* pushing to review the 3% affordability stress test. The increased competition on the lending market led to

some attractive deals, like the 5 year fixed rate offered by *Precise Mortgages* targeting buy-to-let landlords, and *Nationwide's* deal specifically designed to help families get their relatives to buy a home.

In terms of property sales, *Rightmove* figures show that the first quarter saw a steady start to the year with a 0.4% rise in the price of property coming to the market. By the end of the quarter, the price had increased by 1.3%. In London, prices rose by 1.4% in January, which is typical for the post-Christmas period. Increases were also seen in Outer London (2.6%), with smaller increases in Inner London (0.4%).

In the rental market, more options for tenants resulted in a slower pace of rental growth in the first quarter. New properties on the market have been increasing since the rush of buy-to-let purchases ahead of the additional Stamp Duty that came in last April; with *Rightmove* reporting a 12% increase in available properties.



INSIDER'S VIEW

Associate Director of Kingsley Hamilton Estates, Stan Tonchev, comments:

“While property sales continue to be surprisingly stable in an uncertain market, the lettings market was affected, mainly by unusual timings. Normally, the supply of rental properties increases in the summer months due to students leaving early, but we saw an oversupply for the start of 2017, which started in February and March due to landlords rushing to complete before the Stamp Duty in the previous year.”

SALES

In Q4 of last year, *The Royal Institute of Chartered Surveyors* predicted a rise in house prices, and so far in Q1 of 2017, house prices have risen consecutively. According to figures from *Nationwide*, the average house prices in England increased by 1.4% in the first quarter of 2017, and were up 4.7% over the last 12 months.

Compared to ten years ago, prices in London are almost 60% higher according to *Nationwide*, while those in the North, Yorkshire & Humberside, and North West are still lower than 2007, where they peaked.

During January and February, house purchase loans were at their highest since 2007, according to data from the *Council of Mortgage Lenders*, and in addition, *Halifax* reported that more than 330,000 joined the property ladder for the first time in Q1 2017.



INSIDER'S VIEW

New Homes Manager of Kingsley Hamilton Estates,

Jason Pyne, comments:

“Although we had a slow start to the quarter, normal business resumed in late January. The East London market, especially Canary Wharf, is stronger than ever with the Crossrail about to complete and the Asian Business Port now under construction in E16. Buyers appreciate that in East London, they have the best transport links along with lower price points to purchase a property.”

National average asking prices				
Month	Avg. asking price	Monthly change	Annual change	Index
March 2017	£310,108	+1.3%	+2.3%	255.3
February 2017	£306,231	+2.0%	+2.3%	252.1
January 2017	£300,245	+0.4%	+3.2%	247.2

**Figures from Rightmove*

National average asking prices by market sector (excluding Inner London)			
Sector	March 2017	February 2017	January 2017
First-time buyers	£192,820	£192,097	£188,612
Second-steppers	£264,027	£259,143	£255,387
Top of the ladder	£542,162	£530,331	£520,840

**Figures from Rightmove*

KEY FACTS

- √ House prices rose consecutively in the First Quarter. *Various sources*
- √ Overseas investors remained substantial net purchasers in UK property in Q1. *Property Data*
- √ The North West of England saw an annual increase of 2.3%. *Rightmove*
- √ By the end of the quarter, the average asking price in Greater London was up to a record high of £649,772. *Rightmove*
- √ *Nationwide* report that the least expensive region to buy a property is in the North, and the most expensive is London
- √ Buyers from China remain largely undeterred by Brexit, with Chinese money still being invested in UK property. *Financial Times*
- √ Chinese enquiries into Manchester property jumped more than 50%, believed to be due to the government's Northern Powerhouse plans. *Juwai*



Average house prices in the first quarter increased by

1.4%

INSIDER'S VIEW

Reese Ye, Head of China Desk at Kingsley Hamilton Estates, comments:

“Although Brexit has created uncertainty for the UK property market in terms of its declining growth rate, so far, it has not deterred Chinese investors from the market. On the contrary, we have seen an increasing number of Chinese investors coming to the UK. The low currency rate not only means that the UK's housing price is more preferable in the eye of overseas buyers, it also encourages more parents to choose the UK as the education destination for their children. In fact, 70% of our Chinese clients purchasing property in the UK have children either studying or working here.

We estimate that the purchasing power of Chinese buyers will continue to be strong going into Q2. The high net worth individuals who own 6 mil RMB investable assets will reach 3,460,000 in China by 2020, and almost half (43%) of them would choose UK property as their top overseas investment option.

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LETTINGS

Rightmove have reported that the uplift in properties means letting agents took 10% longer than in Q1 of last year to find suitable tenants across the UK, and almost 20% longer in London.

Region	Days to Let Q1 2016	Days to Let Q1 2017	% Difference
East of England	25	29	15%
East Midlands	27	28	3%
London	32	38	18%
North East	41	43	4%
North West	33	35	6%
Scotland	33	35	4%
South East	28	34	13%
South West	27	29	6%
Wales	33	31	-5%
West Midlands	29	30	3%
Yorkshire & the Humber	33	34	4%
National Average	30	33	10%

*Figures from Rightmove

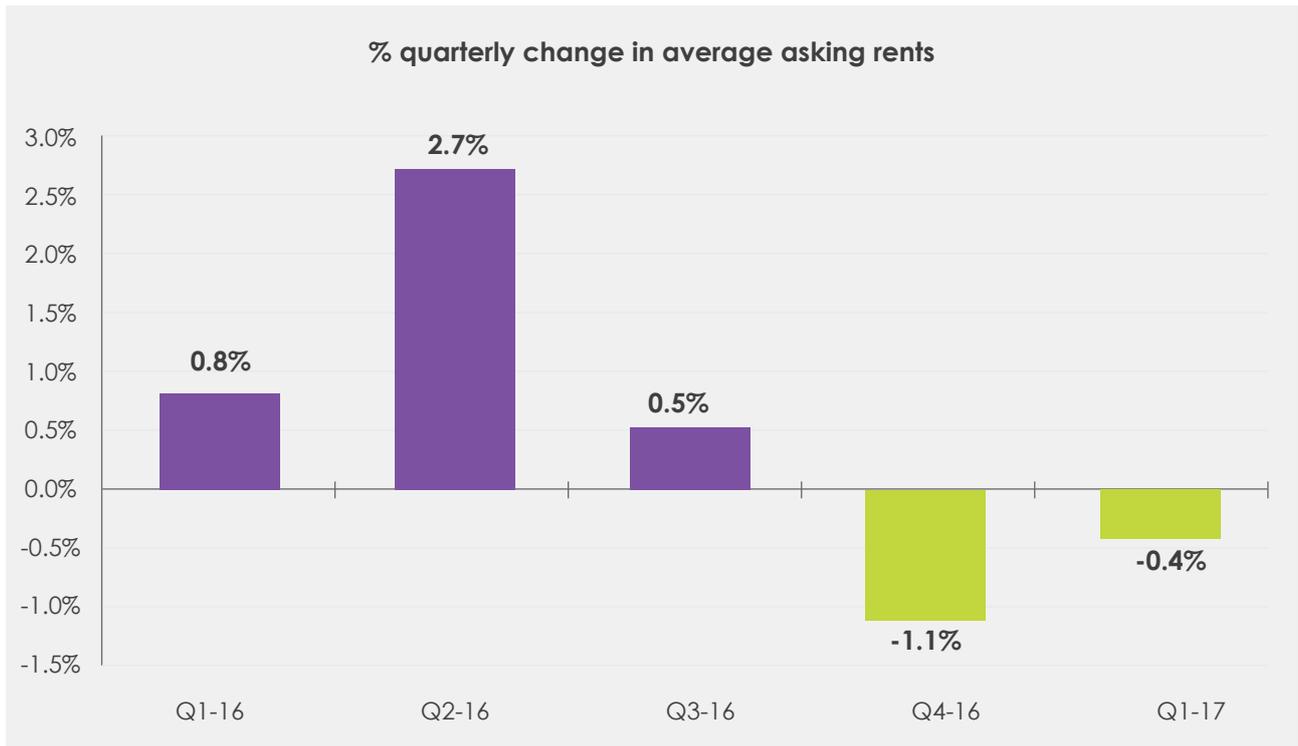
In London, Rightmove figures show asking prices rose by 1.5% compared to the last quarter, but this is an annual fall of 4.2%. In the North West, rents were down by 1.0% in Q1.

National average asking rent (Excluding Greater London)			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q1 2017	£768	-0.4%	1.8%
Q4 2016	£771	-1.1%	3.0%

*Figures from Rightmove

Greater London average asking rent			
Quarter	Avg. asking rent per month	Quarterly change	Annual change
Q1 2017	£1,937	1.5%	-4.2%
Q4 2016	£1,908	-3.9%	-4.2%

*Figures from Rightmove



*Figures from Rightmove

KEY FACTS

- ✓ London rents rose 1.5% compared to last quarter
- ✓ Rents outside London fell, and are down by 0.4% on the previous quarter
- ✓ Annual rent growth across the UK is 1.8%
- ✓ Average asking rent per month in Greater London close to the £2,000 mark

All figures from *Rightmove*.



INSIDER'S VIEW

Lettings Manager of Kingsley Hamilton Estates, Elaine Chan, comments:

“The first quarter of the year proved to be tough for lettings agents. This is the time of the year with fewer work/job placements, which directly reflects on market activity. The surge of purchasing buy-to-let properties before the surcharge a year ago still reflects on the slight oversupply at this time of the year. The larger variety of properties meant it took longer to let them, but overall, landlords were not dissatisfied.”

FOCUS ON: LONDON

According to *Nationwide*, house prices in London picked up the pace in February, with the number of valuations also increasing by 0.6% compared to January, confirming resilience in the housing market, with figures from *Rightmove* also showing similar growth.

London average asking prices			
Area	March 2017	February 2017	January 2017
Inner	£832,925	£829,984	£789,310
Outer	£527,146	£514,022	£514,483

GREATER LONDON	
Avg. price Mar 17	£649,772
Avg. price Feb 17	£641,116
Avg. price Jan 17	£624,953
Avg. price Q1	£638,613

**Figures from Rightmove*

KEY FACTS

- √ Prime London sales fell by 26%. *LonRes*
- √ The number of properties rented out was up by 16%. *LonRes*
- √ The number of properties put up for sale was up by 3%. *LonRes*
- √ London's worst performing borough was Kensington and Chelsea. *Rightmove*
- √ London's best performing borough was Camden. *Rightmove*

INSIDER'S VIEW

Sales Valuer of Kingsley Hamilton Estates, Daniel Probyn, comments:

“The London property market proved to be very resilient to the political uncertainty and steadily grew month on month. Prime Central London is still the most affected due to the new Stamp Duty changes, which put off a lot of high-end buyers. This is one of the reasons why Kensington and Chelsea was the worst performing borough. The best performing borough was Camden, where you can still find good value-for-money properties in Central London.”



FOCUS ON: NORTH WEST

According to *Rightmove*, in Q1, Manchester was the fifth highest growth area in the UK in terms of rents. The average asking rent per month for a two bedroom property was £809, compared to rental prices of £748 in Q1 of 2016, showing a 8.1% annual change.

Hometrack also reported rises in the North West, saying that alongside Bristol, property values are rising fastest in Liverpool and Manchester.

NORTH WEST	
Avg. price Mar 17	£181,498
Avg. price Feb 17	£180,984
Avg. price Jan 17	£177,194
Avg. price Q1	£179,892

*Figures from Rightmove

KEY FACTS

√ Oldham, Greater Manchester was the second most in-demand area in terms of renting, outside Greater London. *Rightmove*

√ Average house prices in Liverpool rose by 7.1%. *Hometrack*

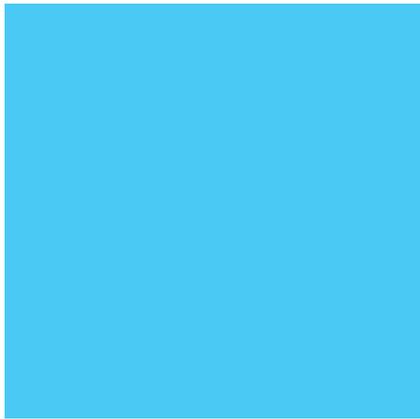
√ In Manchester, prices rose by 8.3%. *Hometrack*

INSIDER'S VIEW

Senior Sales Negotiator of Kingsley Hamilton Estates, Joseph Bate, comments:

“The government has named the Northern Powerhouse as a long-term priority, central to their plans for rebalancing the economy. As such, property investors are currently flocking to the North West of England in search of attractive yields and opportunities for growth. It's a buy-to-let hotspot, with Liverpool potentially offering annual yields of around 10-13% for investors. This is especially the case in areas where demand from students is high, and supply is low.”





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