



MARKET COMMENTARY

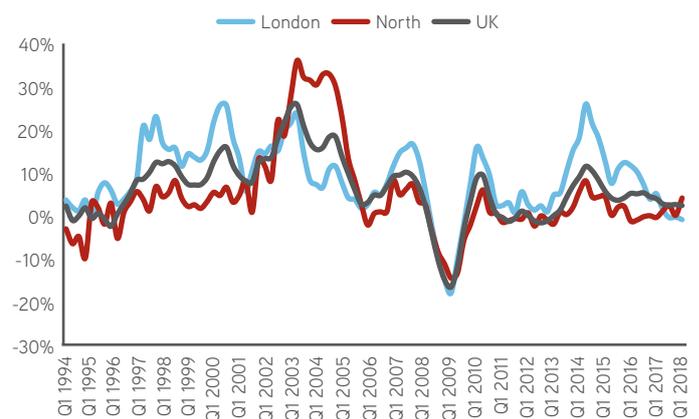
Analysis of the latest Nationwide House Price Index shows that house prices in London have decreased marginally by 1% since Q1 2017. London is the only region in the UK showing negative house price growth year-on-year in Q1 2018. The chart to the right simply illustrates London vs North in the context of the UK performance.

The Nationwide London house price index reached a high of 722 in Q1 2017, but dropped steadily in the second and third quarters. This was due to a number of outside factors, including the Prime Minister calling a general election in June 2017 and the subsequent result. In November of last year, the Bank of England base rate rose to 0.5%, after several months of speculation. House prices in London began to rally on the back of stronger employment and wage growth in Q1 2018.

Pressure on household finances continue to put pressure on consumer confidence. Anecdotally, changes to SDLT for buy-to-let landlords and second home owners as well as Brexit uncertainty have also affected potential house sales.

Recent reports from the Nationwide House Price Index indicates that historically low unemployment and mortgage interest rates, together with the low supply in the housing market, should continue to underpin support for house prices. They expect house prices to be broadly flat, with a marginal gain of around 1% over the course of 2018 overall.

% Change in Nationwide House Price Index – Year-on-Year



Source: Nationwide House Price Index - seasonally adjusted



INDICATOR	LATEST DATA				COLLIERS INTERNATIONAL COMMENT
	JAN	FEB	MAR	TREND	
Nationwide House Price Growth	0.8%	-0.4%	-0.2%	↓	House prices fell by 0.2% in March, the second consecutive fall in house prices since the beginning of the year. Despite growth in employment and modest wage growth, consumer confidence remains low due to the squeeze on household finances.
Halifax House Price Growth	-0.5%	0.5%	1.5%	↑	House prices grew by 1.5% in March, following a 0.5% increase in February. According to the Halifax House Price Index, house prices in the last three months to March were 2.7% higher than in the same period last year, up slightly from the 1.8% annual growth recorded in February.
Rightmove Asking Price Growth	0.7%	0.8%	1.5%	↑	Average asking prices increased by 1.5% in March on the back of strong demand from home movers in the first two months of the year; this fed through to strong upwards asking price pressures. Asking prices in April saw modest growth of 0.4%; however, this was enough to increase UK average asking prices to a new high of £305,732.
Bank of England Mortgage Approval Rate	67,110	63,910	N/A	↓	Mortgage approvals fell 5% between January and February and stand at 63,910.
Bank of England Base Rate	0.50%	0.50%	0.50%	→	Recent comments from the Bank of England Governor, Mark Carney, suggest that expectations for a May rates rise will not happen; but other members of the Monetary Committee hinted that the economy no longer needed stimulus.
Bank of England Average Rate on Two Year Fix (75% LTV)	1.53%	1.48%	1.52%	↑	The Bank of England Credit Conditions Review reported that interest rates on lower LTV mortgages have been broadly unchanged for the five months to March. Meanwhile, rates on higher LTV mortgages have reduced despite the rise in swap rates.
RICS Price Expectations Survey	0%	2%	-3%	↓	The RICS Price Expectations Survey reported the outlook on prices in the short term remains flat, with three month expectations showing a net balance between -5% and +5% since November last year.
RICS Sales-to-Stock Ratio	37%	36%	36%	→	The RICS report that the lack of new instructions coming onto the market mean that average stock levels on estate agents' books remain close to all-time lows.
HMRC Property Transactions	99,000	99,400	92,270	↓	The number of residential transactions decreased by 7.2% between February 2018 and March 2018. This is 11.8% lower compared with the same month last year.



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