

RESIDENTIAL DATA SHOT

December 2017

MARKET COMMENTARY

The Mayor of London recently released his long awaited draft London Plan, which acts as a framework for the capital, providing a guide for the economic, environmental, transport and social development in London. The draft London Plan will make it easier for developers to build more housing through the introduction of a less rigid planning system and higher density developments. The document is currently in consultation until 2nd March 2018.

The draft plan includes many initiatives to increase the number of homes in London. Some of the initiatives include building on sites near town centres or with good public transport and reducing the need for car parking spaces within developments. The new policy also emphasises the importance of good design and will be applicable to buildings of all types, including low-rise, medium and high-rise.

New housing targets have been set for councils, with an overall London Plan figure of 65,000 homes a year - roughly double the current rate of housebuilding. There is also the capacity for 24,500 new homes a year on smaller sites - typically those with between one and 25 homes.

Also included is the Mayor's key strategic housing commitment for 50% of all new housing to be genuinely affordable. All new student accommodation will also be required to be built with university partners and include a 35% affordable commitment under the new regulations.

The Mayor is also using his London Plan to provide greater protection for industrial land, including looking at solutions such as encouraging development of industrial workspaces alongside new homes.

There has been reaffirmation of the commitment to protect London's Green Belt and other important open spaces and the plan sets out strategies to make more than half of London green by 2050.

The new London Plan sets out to make housebuilding an easier and more integrative process in the future development of London as a capital city



INDICATOR	LATEST DATA				COLLIERS INTERNATIONAL COMMENT
	SEP	OCT	NOV	TREND	
Nationwide House Price Growth	0.4%	0.2%	0.1%	↑	The Nationwide House Price Index shows a modest month-on-month increase between October and November (0.1%). Low mortgage rates and employment growth are providing support for demand; whereas, the lack of supply is providing support to house prices.
Halifax House Price Growth	0.8%	0.3%	0.5%	↑	House prices rose by 0.5% month-on-month between October and November, which is the fifth consecutive monthly house price increase. The average house price of £226,821 is 3.2% higher than at the start of the year.
Rightmove Asking Price Growth	-1.2%	1.1%	-0.8%	↓	Asking prices in November were cut by -0.8%. 37% of residential properties on the market have come down in pricing since their first listing, indicating that sellers are over optimistic at the start of the sales process and a tougher sales market.
Bank of England Mortgage Approval Rate	66,111	64,575	N/A	↓	Mortgage approval rates decreased by 2.3% month-on-month and by 5.2% year-on-year.
Bank of England Base Rate	0.25%	0.25%	0.50%	↑	The Bank of England base rate increased to 0.50% in November, the first increase since 2007.
Bank of England Average Rate on Two Year Fix (75% LTV)	1.40%	1.55%	1.62%	↑	The Bank of England average rate on a two-year fixed mortgage increased to 1.62% in November. This is the highest average rate since August 2016.
RICS Price Expectations Survey	-9%	-11%	N/A	N/A	Not available at the time of print.
RICS Sales-to-Stock Ratio	39%	36%	N/A	N/A	Not available at the time of print.
HMRC Property Transactions	103,460	105,260	N/A	N/A	Not available at the time of print.



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