

MARKET COMMENTARY

The Housing and Planning Bill was recently announced by the government as another way to “kick-start” the UK housing market. The Housing and Planning Bill has taken the Starter Home Initiative (announced in February of this year) and embellished it further with new plans to turn “generation rent into generation buy”. The government intends to do this through:

- › **New affordable starter homes** – a legal obligation will be placed on councils to guarantee the provision of 200,000 Starter Homes on all reasonably sized new development sites; these will be offered to first-time buyers at a 20% discount on market prices.
- › **Local Plans** – providing the government with targeted powers to ensure that all councils put Local Plans into place by 2017, ensuring that homes are provided for their communities.
- › **Pay-to-Stay** – making sure that tenants on higher incomes who are living in social housing pay a rent that reflects their ability to pay, while still supporting those who cannot pay higher rents.
- › **Automatic planning permission in principle on brownfield sites** – to bring forward more brownfield land to build new homes quicker.
- › **Planning reforms to support small builders** – councils will be obligated to help allocate land so 20,000 custom and self-build homes a year can be built by 2020.
- › **Measures to tackle rogue landlords** – councils will have the power to blacklist and ban landlords who don't abide by the law, while helping decent landlords recover abandoned homes quicker.
- › **Ensuring high value assets are managed effectively** – guaranteeing that the sale of high value council assets will be used to support home ownership initiatives.

The government has come under considerable criticism, with critics saying that the initiatives don't do enough to address the lack of housing stock in the UK and the elephant in the room – affordable housing. Opponents support a new plan of council house building, which has been declining for more than a decade.

Research from a well-known housing charity reports that, in order to afford one of the new starter homes, you will need to earn £77,000 per annum making the starter home initiative far from accessible to the demographic it is aimed at.



INDICATOR	LATEST DATA			COLLIERS INTERNATIONAL COMMENT
	JULY	AUGUST	SEPTEMBER	
Nationwide House Price Growth	0.4%	0.4%	0.5% ↑	UK house prices increased by 0.5% in September. Nationwide reported that recent house price data provides some encouragement that the pace of house price increases may be stabilising in line with that of earnings growth. In recent months, surveyors have reported historically low levels of properties for sale and increased new buyer enquiries. Most surveyors expect an increase in house price growth in the months ahead.
Halifax House Price Growth	-0.4%	2.7%	-0.9% ↓	House prices fell by 0.9% between August and September. This followed last month's gain of 2.7%. The Halifax also reported separately on average flat prices. It showed that there has been a 60% increase in the average price of a flat over the past ten years; significantly higher than the 38% rise for all residential properties.
Rightmove Asking Price Growth	0.1%	-0.8%	0.9% ↑	The Rightmove Asking Price Growth in September recorded a 0.9% increase between August and September. It is the biggest September rise for 13 years and is benefitting the property-rich.
ONS House Price Index (previously CLG House Price Index)	0.8%	0.7%		Average house prices increased by 0.7% between July and August 2015. The UK index (218.5) is 17.8% higher than the pre-economic downturn peak of 185.5 in January 2008.
Bank of England Mortgage Approval Rate	67,201	69,010	71,030 ↑	Mortgage approvals for house purchase continued to rise, reaching 71,030 in August 2015. Approvals for re-mortgaging have also increased in recent months. The number of approvals for both house purchase and re-mortgaging remained lower than in the years prior to the financial crisis.
Bank of England Base Rate	0.5%	0.5%	0.5% →	The Bank of England base rate remains unchanged at 0.5% and does not look set to increase until mid 2016.
Bank of England Average Rate on Two Year Fix (75% LTV)	1.87%	1.95%	1.91% ↓	Secured lending and consumer credit is supported by the low cost of debt, with most quoted and effective rates continuing to fall in 2015 Q3, against a backdrop of competition between lenders. Lenders reported an increase in loan availability to borrowers with a loan-to-value ratio above 75% in Q3 for the second consecutive quarter. However, availability is unchanged for borrowers with a loan-to-value ratio above 90%.
RICS Price Expectations Survey	39%	37%	33% ↓	Twelve month price expectations remain elevated, pointing to further sizeable price gains across all areas of the UK. Despite the prolonged period of rising values, 68% of respondents in total still consider prices to be at or below fair market value.
RICS Sales-to-Stock Ratio	40%	40%	40% →	In recent months surveyors have reported historically low levels of properties for sale and increased new buyer enquiries, with most surveyors expecting an increase in house price growth in the months ahead.
Your Move and Reeds Rains Buy-to-Let Index	1.9%	-0.1%	1.6% ↑	Average rents now stand at £816 per month, after rising by 1.6% between August and September. The pace of change is 6.3% over the last twelve months, from £768 in September 2014. Rents in London are rising most rapidly, up 11.6% on an annual basis to a new record of £1,301 per month.
HMRC Property Transactions	102,370	105,160	106,030 ↑	The number of residential property transactions increased by 0.8% between August 2015 and September 2015.

FOR MORE INFORMATION



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