



Our monthly residential market review is intended to provide background to recent developments in property markets, as well as to give an indication of how some key issues could impact in the future.

### Deteriorating sentiment as COVID-19 impacts

The Royal Institution of Chartered Surveyors recent *'UK Residential Market Survey'* has reported that despite the residential property market experiencing a notable pickup in momentum at the start of the year, sentiment across the market has deteriorated sharply as a result of the COVID-19 outbreak.

The survey highlights that following three consecutive monthly increases, new buyer demand came to an immediate halt in March, with a net balance of -74% of respondents across the UK reporting a fall in enquiries, and a net balance of -69% saw a decline in sales volumes. New instructions also tailed off sharply and inventory levels reached a record low of on average 40 properties per branch in March.

Respondents to the survey outline near term sales expectations are deeply negative, with a net balance of -92%. Looking longer term, over a twelve-month period, sales expectations are less downbeat, with a net balance of -42% of contributors expecting sales to be down.

### Active buyers have less mortgage options

Savills newly published *'UK Housing Market Update'* highlights that any buyers managing to remain active will have to contend with restrictions in the mortgage market, as many lenders limit their available mortgages to lower loan-to-value products. This move has been embarked upon at a time when lenders are facing high volumes of mortgage payment holiday requests.

Following this sharp shock to the market, Savills recovery expectations are dependent on the duration of the pandemic and the success of government measures to limit its economic effect. They currently anticipate transactions this year to fall to 20%-40% of the 5-year average and recover to 60%-80% of this by next January. They also expect short term price falls of

-5% to -10%, assuming that *'the economic downturn is short and sharp, and that no significant disconnect opens up between supply and demand in the housing market.'*

### Help to Buy extension a consideration

It has been widely reported that the government is collaborating with the Home Builders Federation (HBF) regarding the possible extension of the Help to Buy scheme beyond its current deadline of April 2021.

It is expected that the lockdown will inhibit the construction of around 200,000 new homes, so extending the Help to Buy scheme would help boost the industry.

Executive Director of the Intermediary Mortgage Lenders Association, Kate Davies commented on the discussions: *"Where the industry thought it had a year to prepare for the shift towards Help to Buy 2021, the impact of COVID-19 effectively closing the purchase market means a review of that timeline is almost certainly necessary. Many borrowers who might reasonably have expected to be able to complete their purchase before the end of 2020 may now find that very challenging. Any flexibility which will allow purchases to complete beyond the originally fixed deadlines will be welcomed."*

### Virtual viewings on the rise

During lockdown, estate agents are using technology to provide virtual house viewings to prospective buyers or tenants, unable to attend in person.

Virtual viewings are understandably growing in popularity, with some viewers willing to put in an offer to buy or rent a home on the strength of the virtual experience alone. Data from Zoopla shows there has been no mass withdrawal of homes on the market due to the pandemic, Charlie Bryant, CEO of Zoopla commented: *"There is a slight silver lining in that cloud that we are starting to see... people have kept their properties on the market."* At present, the number of homes for sale is 1% lower than on 7 March.

## HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (FEB 2020)*	120.8*
AVERAGE HOUSE PRICE	£230,332
MONTHLY CHANGE	-0.6%
ANNUAL CHANGE	1.1%

\*(Jan 2015 = 100)

- UK house prices increased by **1.1%** in the year to February 2020, down from **1.5%** in January 2020
- House price growth was strongest in Wales where prices increased by **3.4%** over the year to February 2020
- The highest annual growth within the English regions was in London, where average house prices grew by **2.3%**

Source: The Land Registry  
Release date: 22/04/2020  
Next data release: 20/05/2020

## AVERAGE MONTHLY PRICE BY PROPERTY TYPE – FEB 2020

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £350,021	0.70%
SEMI-DETACHED £219,042	1.50%
TERRACED £186,737	1.80%
FLAT / MAISONETTE £202,545	0.20%

Source: The Land Registry  
Release date: 22/04/2020

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## HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	-0.6	0.8	£246,341
NORTHERN IRELAND (QUARTER 4 - 2019)	0.2	2.5	£140,190
SCOTLAND	-1.6	2.5	£150,524
WALES	1.2	3.4	£164,435
EAST MIDLANDS	-1.5	0.7	£192,244
EAST OF ENGLAND	-0.7	-1.0	£286,869
LONDON	0.2	2.3	£476,972
NORTH EAST	-1.3	0.4	£125,053
NORTH WEST	-0.5	0.9	£163,602
SOUTH EAST	-0.4	0.4	£321,329
SOUTH WEST	0.5	1.1	£258,044
WEST MIDLANDS REGION	-1.3	0.7	£198,658
YORKSHIRE AND THE HUMBER	-1.0	1.9	£162,334

## MORTGAGE PAYMENT HOLIDAY DATA

- Over **1.2 million** mortgage payment holidays have been offered by lenders to customers impacted by COVID-19
- **One in nine** mortgages in the UK are now subject to a payment holiday
- The number of mortgage payment holidays in place more than tripled in the two weeks to 8 April, growing from **392,130** to **1,240,680**, an increase of nearly **850,000** or an average of around **61,000** payment holidays being granted each day.

Stephen Jones, UK Finance CEO, commented: "Mortgage lenders have been working tirelessly to help homeowners get through this challenging period. The industry has pulled out all the stops in recent weeks to give an unprecedented number of customers a payment holiday, and we stand ready to help more over the coming months. We understand that the current crisis is having a significant impact on household finances for people across the country."

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