Inside Access

Residential Market Review

October/November 2012

Beyond your expectations

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HAMPTONS INTERNATIONAL

Research

Knowns and Unknowns

Adam Challis
Head of Research

Mixed signals continue to underpin any commentary on the performance of the residential market at the moment. Nationally, we are likely to finish the year quite close to the price level at which we started; transaction volumes also remain very consistent with the roughly 720,000 transactions that occurred across the UK last year. Looking forward to next year it is difficult to envisage a significantly different state for the market, although it won't be for a lack of trying.

We have a new Housing Minister in MP Mark Prisk, who is tasked with delivering a raft of new initiatives aimed at advancing activity in the housing market. One such measure is the Funding for Lending programme that should entice lenders to increase the volume of mortgage lending available to prospective purchasers. The new minister will be judged by actions not words and there is early optimism that he is the right man for the job.

There will also be a new Housing Task Force in place, charged primarily with driving forward institutional investment for private rented housing. The Montague Review set out a clear programme to be followed and we now look to the industry to create properties that offer the sort of returns that attract investors in volume.

One of the clear messages that came out of the party conference season is that regardless of political strife the housing market matters. Through our parent company Countrywide we are proud to be part of the Homes for Britain programme. A healthy housing market creates employment, provides social mobility and is often the main anchor in our frenetic lives.

That much we know.

UK Residential Sales

Sensible Pricing Still Key

Marc Goldberg
Head of Sales

Trading conditions largely returned to normal in September. This was after the lighter activity during the Olympic period, whereby demand dipped by 15 per cent from normal levels. There was also a strong up tick from prospective vendors looking to put properties on the market. As such, our stock of available properties is 10 per cent higher than it was at this time last year.

The market remains finely balanced. More choice has meant that purchasers are adopting a less urgent stance and are viewing more before making a commitment. Often, this comes down to the perception of good value for a given price point. Where vendors are over-optimistic on price, property sales are proving to be more challenging and take longer. Our continued advice in this market has been for vendors to be realistic in order to achieve a sale.

Mortgages

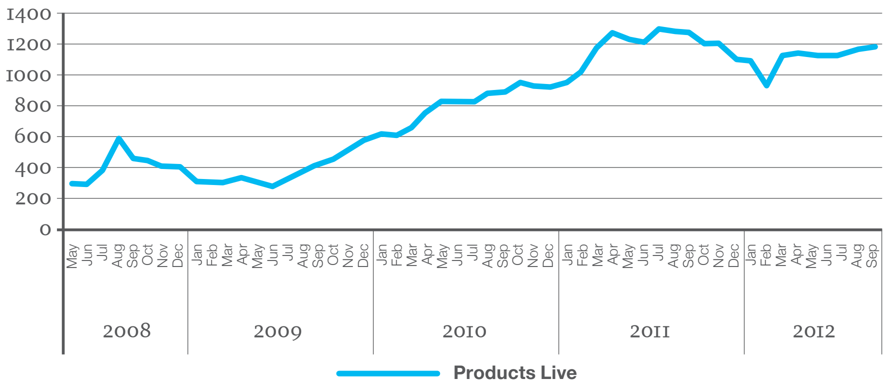
Lending Volumes Back Up

Neil Walker
Head of Sales

Lending volumes improved again in September, providing good news to prospective purchasers. This is not necessarily a signal that lending terms are on a long-term upward trajectory, but any relaxing of lending pressures can be viewed positively for the current market.

There are also improvements to lending for investment, with steady growth in buy to let lending this year. The number of mortgage products supporting this market has also remained stable at three times the average level from the bottom of the market in 2009.

Number of Live Buy to Let Mortgage Products



Source: Mortgage Brain

The Council of Mortgage Lenders (CML) reports that lending for new purchases in August was up 12 per cent on July and 11 per cent over the year. For first-time buyers, lending is up 18 per cent over the year despite the end of the stamp duty holiday in March of this year. However, stubbornly high loan to value ratios have persisted.

Your home may be repossessed if you do not keep up repayments on your mortgage.

There will be a fee for mortgage advice. The actual amount you pay will depend upon your circumstances and loan amount. The fee is up to 1.5%, but a typical fee is 0.67% of the amount borrowed.

UK Residential Lettings

Unpredictable Markets…Again

Lesley Cairns
Head of Lettings

Against a backdrop of the all-time best month of activity for the Hamptons International Lettings network in August, we had reason to be optimistic for September. It is traditionally the busiest month for the lettings calendar and with some anticipated extra activity from corporate occupiers it was shaping up to be a busy one.

So it is with some surprise that activity levels were lower than expected, particularly for larger properties. This put some downward pressure on achievable rents for houses, although demand for smaller properties and flats continued to underpin rents.

Stock levels in London are up 55 per cent from this time last year, providing prospective tenants with greater choice. However, this has increased the viewings per deal agreed ratio, now twelve to one from nine to one, resulting in a more competitive market for landlords. In country markets, activity levels also slowed, allowing tenants to be more sensitive to rents and terms.

As demand tends to taper off towards the year end, we strongly encourage landlords to price for the market in order to secure tenants. There are plenty of good ones out there, but they are increasingly price conscious.

Drawing on over 140 years of experience, Hamptons International is one of the premier international residential agents – with a network of more than 85 offices in the UK and key overseas markets.

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Adam Challis
Head of Research
0207 758 8438
challisa@hamptons-int.com