

UK Properties Market Trend

Issued on 5th July, 2010

What is on the current market?

The Times.co.uk on 3rd June 2010

House prices nearing 2007 peak, says Nationwide

House prices are within 10 per cent of their October 2007 peak after a further 0.5 per cent rise in May, according to the Nationwide building society. Last month's increase means that prices have risen 12.2 per cent since February 2009 and are just 9.5 per cent below the high of October 2007. Nationwide's latest monthly report on the housing market shows that the average price rose to £169,162 in May, from £167,802 in April. The rebound in property prices over the past year has been fuelled by record low interest rates and limited supply. Martin Gahbauer, Nationwide's chief economist, said that current supply and demand dynamics were consistent with "relatively stable to modestly upward trending prices". He said that the future outlook for the market could depend on the Government's plans to increase capital gains tax. "If there is a significant time lag between the announcement of the increase and its actual implementation, then second home owners and buy-to-let landlords may decide to sell in advance," Mr Gahbauer said. There is also anecdotal evidence that suggests more properties are starting to come on to the market, which could prevent any further price increases. The three-monthly rate of growth showed a 1.7 per cent rise in prices, up from a 1.1 per cent rise in April, Nationwide said.

Guardian.co.uk on 10th June 2010

Landlord regulation proposals scrapped

Housing minister Grant Shapps says proposals to regulate landlords and letting agents would introduce 'too much red tape'. Landlords and letting agents will not be subject to greater regulation because this would introduce too much additional red tape, the government said today. Speaking in parliament, housing minister Grant Shapps said he was rejecting the regulations proposed by the previous government following recommendations from the Rugg Review, a report into the private rented sector. These included the establishment of a national register of landlords, regulation of letting and managing agents, and compulsory written tenancy agreements. Shapps said: "With the vast majority of England's 3 million private tenants happy with the service they receive, I am satisfied that the current system strikes the right balance between the rights and responsibilities of tenants and landlords. "So today I make a promise to good landlords across the country: the government has no plans to create any burdensome red tape and bureaucracy, so you are able to continue providing a service to your tenants."



The Times.co.uk on 15th June 2010

Relentless house price rise goes on

House prices continued to rise last month, despite a sharp increase in the number of homes for sale.

The proportion of estate agents reporting a rise rather than a fall in new instructions from homesellers increased from 11 per cent to 23 per cent between April and May, the Royal Institution of Chartered Surveyors said. At the same time, the proportion of surveyors reporting price rises rose 3 per cent as demand from buyers remained steady. The institution said that the number of sellers was likely to rise further as the Government's decision to scrap home information packs is likely to persuade even more homeowners to test the market — a trend that could lead to price falls. The balance of surveyors expecting a rise rather than a fall in prices dropped slightly, from 7 per cent to 5 per cent, as confidence in the pace of recovery begins to subside.

BBC News on 15th June 2010

House price inflation back to 10%, government says

Annual house price inflation is back in double-digits, according to government figures. The Department for Communities and Local Government (DCLG) said prices in April were 10.1% higher than a year ago. That was the highest rate of inflation since October 2007, when prices were on a downward trend. UK house prices rose by another 0.4% in April, putting the cost of the average UK property at £207,516. Annual house prices rose in all UK countries except Northern Ireland in the year to April 2010, the DCLG said. Annual house price growth was 10.9% in England, 2.2% in Scotland and 11.3% in Wales. But in Northern Ireland prices fell by 8.9% on average in the year to April.



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The Times.co.uk on 21st June 2010

House price recovery is about 'to stall'

A leading property website has forecast "an end to this year's recovery in house prices", after its figures revealed that the rate at which asking prices are rising stalled in June as new sellers flooded on to the market. The average cost of a property in England and Wales rose by just 0.3 per cent during the five weeks to June 12, following a 0.7 per cent jump in asking prices during the previous month, according to Rightmove.co.uk. The slowdown coincided with a 22 per cent jump in the number of people putting their home up for sale, following the abolition of controversial home information packs (Hips).

Guardian.co.uk on 24th June 2010

Budget: Capital Gains tax rise lets buy-to-let landlords off hook

Buy-to-let sector breathes sigh of relief as rise in capital gains tax announced in today's emergency budget is less than originally feared

The article below should have said that the chancellor announced a rise of 10 percentage points – not 10% – in capital gains tax for higher-rate taxpayers.

Many buy-to-let landlords and second homeowners will be breathing a sigh of relief after the much-trailed increase in capital gains tax (CGT) proved more modest than some had feared. However, affordable housing campaigners accused the new chancellor of "bottling it". George Osborne announced that higher-rate taxpayers will face a 10% rise in the amount of CGT they pay. From midnight tonight the rate at which the tax is charged on non-business assets will increase from 18% to 28% for higher earners. It had been widely predicted that it would increase to 40% or even 50%.

In recent weeks some estate agents have reported being deluged with inquiries from panicked investor landlords hoping to offload properties before the feared rise took effect, which would have slashed the profits made by some individuals. Ronnie Ludwig, a partner at accountancy firm Saffery Champness, said: "For higher-rate taxpayers the news that the chancellor has increased CGT to 28% rather than the widely expected 40% will be greeted with a mixture of surprise and relief." He added that many people who had expected the tax to increase by more than today's rise rushed through sales of second homes or share portfolios. "Those individuals may now rue that decision," he said.

The mortgage situation

Guardian.co.uk on 18th June 2010

Mortgage lending subdued

Ben Pattison findings coincide with analysts predicting a further subduing of the housing market. Although mortgage lending rose by 7% during May, they remain well below levels seen at the end of last year, according to latest figures from the Council of Mortgage Lenders (CML).

It said a total of £11.3bn was advanced during the month, up from £10.5bn in April and 10% higher than the amount lent last May. But the figure was still well below the £13.6bn advanced during December when the market received a boost as people buying lower value properties rushed through transactions ahead of the end of the stamp duty holiday.

The CML said total advances during this year may "marginally undershoot" its current forecast of £150bn. Lending levels since the start of the year are believed to have been hit by a drop in activity in the housing market due to a combination of bad weather, the end of the stamp duty holiday and uncertainty caused by the general election. But some commentators have argued that the decline cannot be explained by these one-off factors alone, but actually indicates that the house price recovery seen in 2009 is running out of steam.

The Times.co.uk on 23th June 2010

Mortgage approvals reach year-high

The number of mortgages approved for new home purchases edged up in May to its highest level this year, but remained well below late-2009 levels.

The number of approvals by the major banks in May climbed to 36,709 from 35,964 in April, according to the British Bankers' Association. This compares with the 45,758 seen in December 2009.

BBA statistics director, David Dooks said: "The low interest rate is resulting in customers choosing to reduce or pay off borrowing, particularly personal loans, rather than saving." "Lending to non-financial companies continues to be slow as demand for loans remains subdued." Howard Archer, chief UK economist at Global Insight, said: "The BBA data showing modestly improved but still very limited mortgage approvals in May do little to dilute our suspicion that house prices will struggle to make significant gains over the coming months. "Housing market activity remains well below long-term norms despite edging up recently," he said.

The Buy to let activities

Guardian.co.uk on 18th June 2010

Private renter numbers rise by 1m since 2005

A study of the UK housing market shows the private rented sector could soon outgrow the social rented sector, as buy-to-let investor numbers grow

Private renter numbers rise by 1m since 2005.

One in five households could be living in private rented accommodation by the end of the decade, according to a report published today.

A study by the Building and Social Housing Foundation concludes there will be a big increase in private sector renting with one in five households becoming private renters in the next 10 years. It also says that the private rented sector could overtake the social rented sector in size by 2013. Ben Pattison, author of the report *Tenure Trends in the UK Housing System: Will the private rented sector continue to grow?*, analysed the trends in household tenure over the past 100 years. He found that for the first time in a century the relative size of the owner-occupied sector has declined, while the private rented sector has increased significantly. The number of households in the private rented sector increased by 1m between 2005 and 2009, as buy-to-let investors tried to capitalise on rising house prices. Pattison said: "This research shows significant changes are taking place in the UK housing system. More and more of us are becoming private renters – 1m households since 2005 – some of them through choice, but many because they have no other option.



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The Times co.uk on 28th June 2010

UK rents 'highest western Europe'

Tenants in Britain pay the highest rents in western Europe, research indicated today. It costs an average of £348 a month to rent a room in a shared property in this country – 75 per cent more than in Spain, where rents average only £199 a month, according to Easyroommate.co.uk.

France was the second most expensive country in which to rent a room, at an average of £285 a month – still considerably cheaper than in the UK. In Italy, rents averaged £282 a month. Despite the UK having the highest average rents, the most expensive city in which to rent was Milan, at an average of £621 a month. London was the second costliest at an average of £551 a month, followed by Rome at £441, Paris at £426 and Nice at £380. The company blamed the high cost of renting a room in the UK on the lack of mortgage finance, which it said was forcing potential first-time buyers to continue renting, driving up demand.

Housepricecrash.co.uk

House Price Statistics –UK National on 5th July 2010

Source website	Period covered	Average house price	Monthly change (%)	Annual Change (%)	Peak average house price	Change since peak (%)
Communities and Local Government House Price Index	Apr 10	£207,516	N/A	↑10.10	£221,758 (Jan 08)	↓6.42
FT House Price Index (Acadametrics)	May 10	£220,352	↓0.20	↑9.70	£231,595 (Feb 08)	↓4.85
Halifax House Price Index	May 10	£167,570	↓0.40	↑6.90	£199,770 (Aug 07)	↓16.12
Land Registry Monthly Report	May 10	£165,314	↓0.20	↑8.20	£186,045 (Jan 08)	↓11.14
Nationwide House Price Index	Jun 10	£170,111	↑0.10	↑8.70	£186,044 (Oct 07)	↓8.56
Rightmove House Price Index	Jun 10	£237,767	↑0.30	↑5.00	£242,500 (May 08)	↓1.95

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