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Report highlights

- London's average prices rose by 9.6% in the year to September, rising faster than in any other part of the country. The average price in London is now nearly at the half-a-million-pound mark.
- Average monthly rents in London are now 104% higher than the rest of the UK.
- Minimal (if any) rent increases for luxury homes in prime parts of London.
- Sales of homes in London over £1million fell by 15% in the first half of 2015
- The gap between 'town' and 'country' is narrowing as prices rise more quickly in urban areas.

Property News

The million-pound drop

The number of properties that sold for more than £1million fell in the first half of 2015. National sales are down by 11% compared with the same period in 2014, and sales of £1million-plus homes in London fell by 15%, according to research from Lloyds Bank. In the South East, sales in this price bracket fell by 9% in the first half of 2015. Research indicates national sales in the £5m-£10m price range were 15% lower, and those between £2m and £5m were down by 26%. Within these same price brackets in London, prices fell by 18% and 26% respectively.

Asking prices hit new record high

Rightmove reported the highest ever national average asking price in October at £296,549 – 5.6% higher than last year. Much of this was fuelled by the increase in demand from first-time buyers.

Doing nothing by halves

Research from comparison website GoCompare has found that the average UK salary of £22,000 is less than half the average needed to get on the property ladder. On average, a minimum household income of £50,000 is required, with a 90% mortgage. London was found to be the most unaffordable part of the country, where a minimum annual household income of £140,000 is necessary to buy a flat, rising to £275,000 for a detached house.

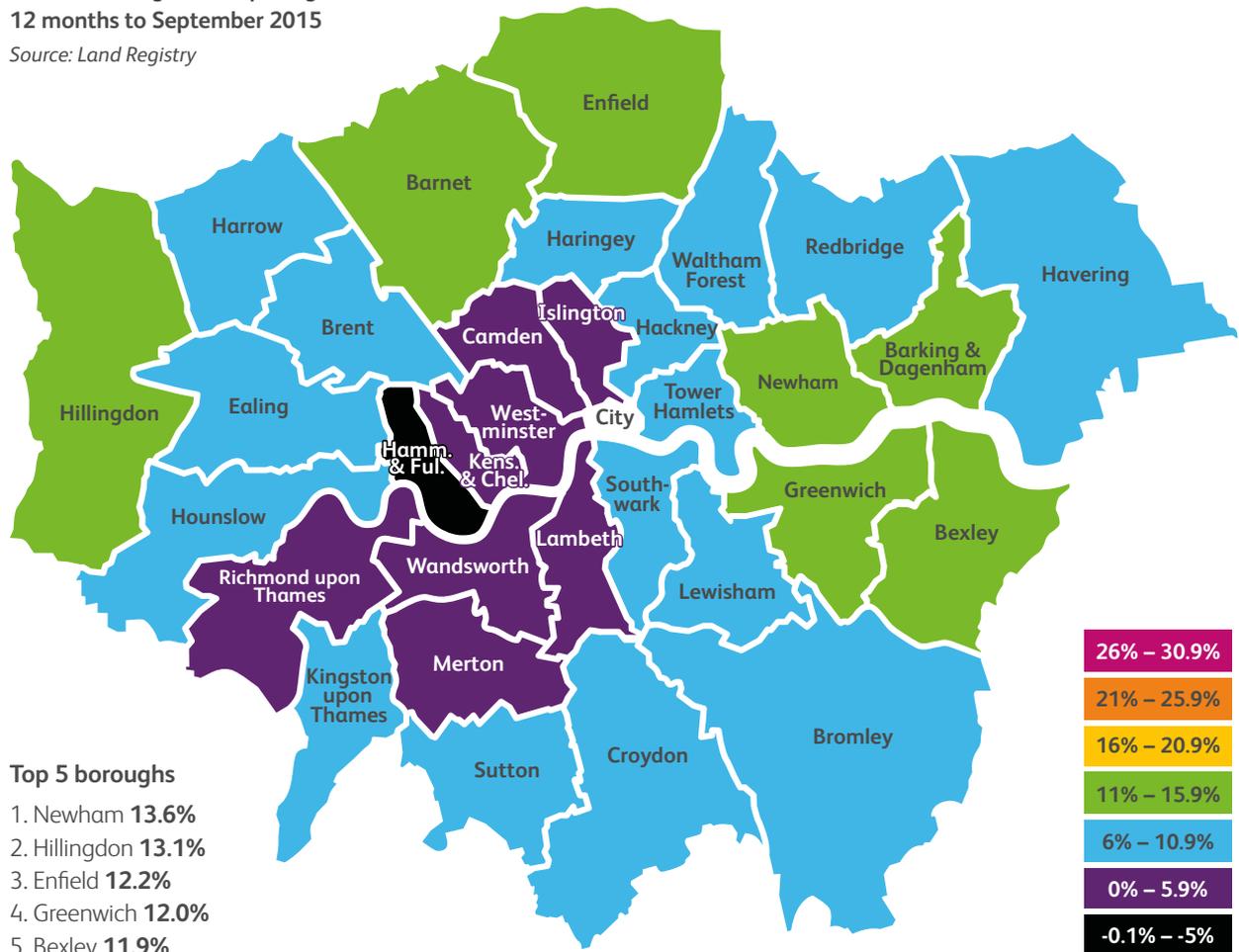
Landlords could be ready to move out

Research from the National Landlords' Association indicates that 5% of buy to let investors could sell up following the Government's plans to remove mortgage interest relief for landlords. If true, this could affect some 600,000 tenancies across the country. Around 60% of London landlords would reduce the size of their property portfolios in the event of a rent freeze.

House prices – London

London borough house price growth:
12 months to September 2015

Source: Land Registry



- Average price increases accelerated to 9.6% in the year to September. Annual prices are now once again rising faster in London than in any other region of the country, and the average house price in the capital is now £499,995.
- Newham (+13.6%) is the borough with the strongest annual price growth, while Kensington & Chelsea prices rose fastest when compared to the previous month – though at just 2.3%, it remains among the slowest annual growth in the capital this year.

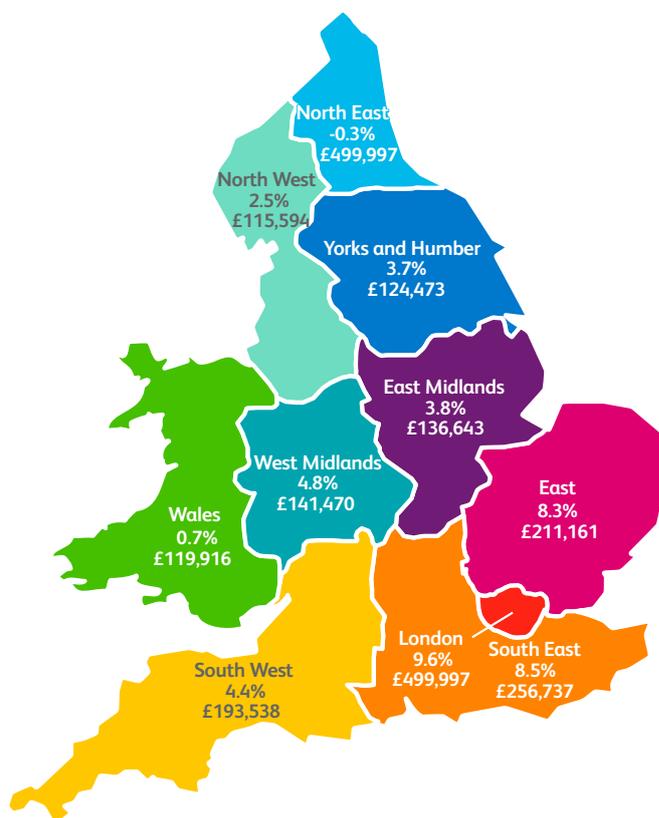
There's a huge gap between what is happening in the 'prime central London' market and the rest of the city, with the central boroughs experiencing the weakest price rises. The rapid month-on-month rise in average London prices is likely to be a bit of blip reflecting the fact that the early months of autumn are the traditional peak time for property sales.

House prices – national & regional

- House price rises across the whole of the UK sped up in September, rising to 5.3% compared to 4.2% in August. Outside of London, the South East saw house prices rise the most at 8.5% in the year to September, overtaking the East of England at 8.3%.
- Excluding London, property prices in the countryside in the UK are, on average, 22% higher than in urban areas. Despite this, the gap between “town” and “country” prices is narrowing as prices are rising more quickly in urban areas. Between 2010 and 2015, the average price of a home in the countryside rose by 13%, compared with an average increase of 23% in towns and cities.

The relative shortage of houses for sale means there are many more prospective home-owners than houses to buy. Prices will probably rise fastest in the entry-level bracket with high demand from first-time buyers. In the short-term there may be a rush from buy-to-let investors or second-home buyers seeking to make a purchase before Stamp Duty rises by a further 3% from April 2016.

The Chancellor has announced new measures to help first-time buyers on to the property ladder, committing the Government to building 400,000 new affordable and starter homes over the next five years, but it remains to be seen how many of these new homes will be completed quickly.



Regional average house prices 12-month price growth (September 2015)

Source: Land Registry

Rental values

- The 3% surcharge for all second home and buy-to-let property purchases from April 2016, announced in the Chancellor’s Autumn Statement, is expected to hit the supply of rented homes in the market and push rents up.
- Rents in London are still rising, but not as quickly as earlier in the year. The average new rental is now £1,555pcm, 6.6% higher than the same time last year.
- Average monthly rents in London are now 104% higher than the average for the rest of the UK.

Strong growth in rents is being driven by supply shortage, which is nowhere more apparent than in London. The situation in prime central London is very different – with minimal if any rent rises owing to the good availability of luxury homes, meaning tenants can drive a hard bargain with landlords. However, this situation may change as the 3% additional levy on Stamp Duty for buy-to-let and second-home purchases from April next year may put off many investors from becoming landlords.



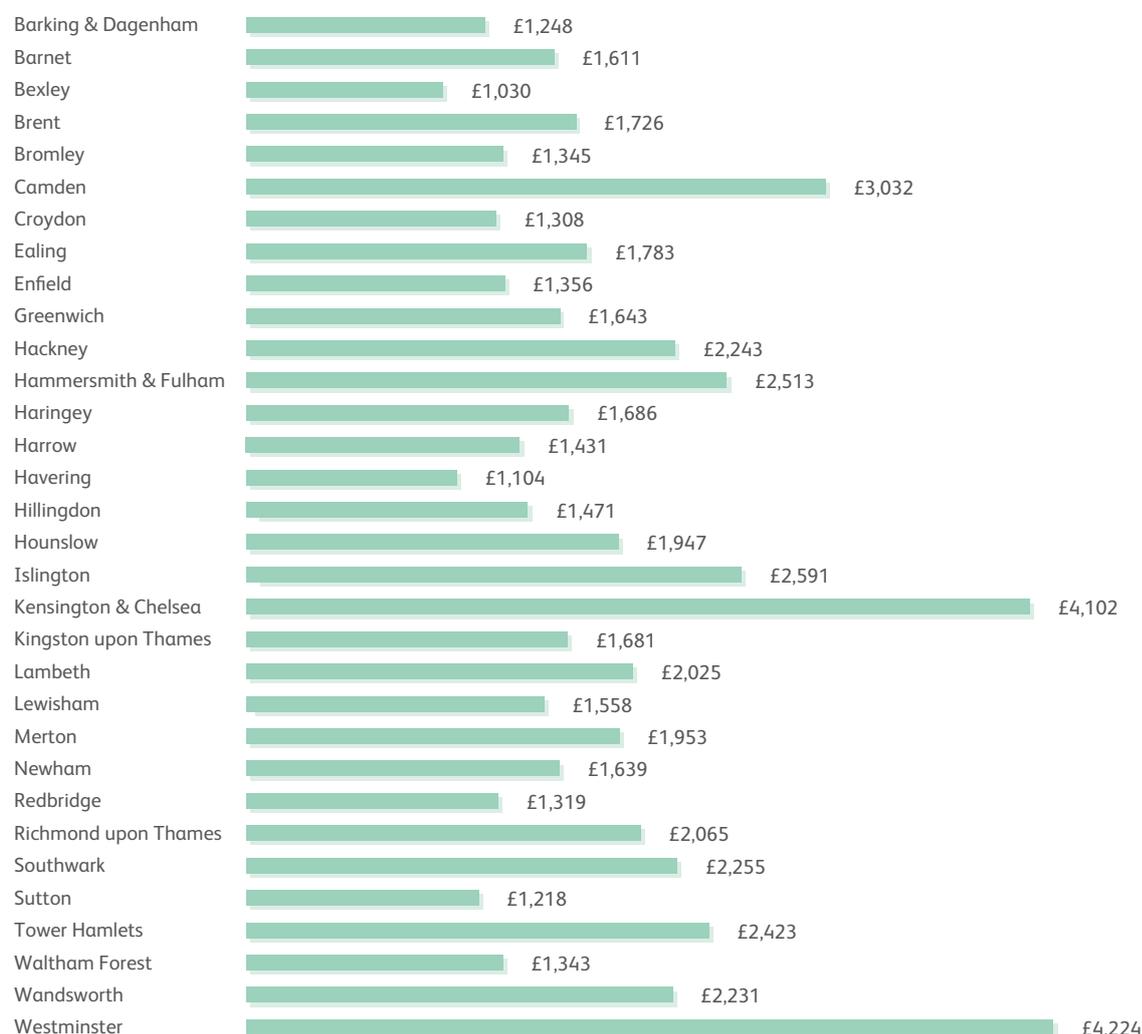
London average monthly asking rents by property type (as at 9 Nov 2015)

Source: home.co.uk

London's average rents by borough

Aside from Westminster and Kensington & Chelsea, Camden currently has the highest rents in London. A new selective landlord licensing scheme, effective from 8 December and

designed to crack down on rogue landlords and drive up standards, could see some landlords pass on increased costs to tenants in the form of higher rents.



London borough monthly asking rents for two-bed flats (as at 9 Nov 2015)

Source: Zoopla

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