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# The housing market past and present

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**What are the key  
EVENTS in the last  
5/6 years that have  
effected the  
housing market?**

**What are the key  
POLICIES that  
have effected the  
housing market in  
the last 5/6 years?**



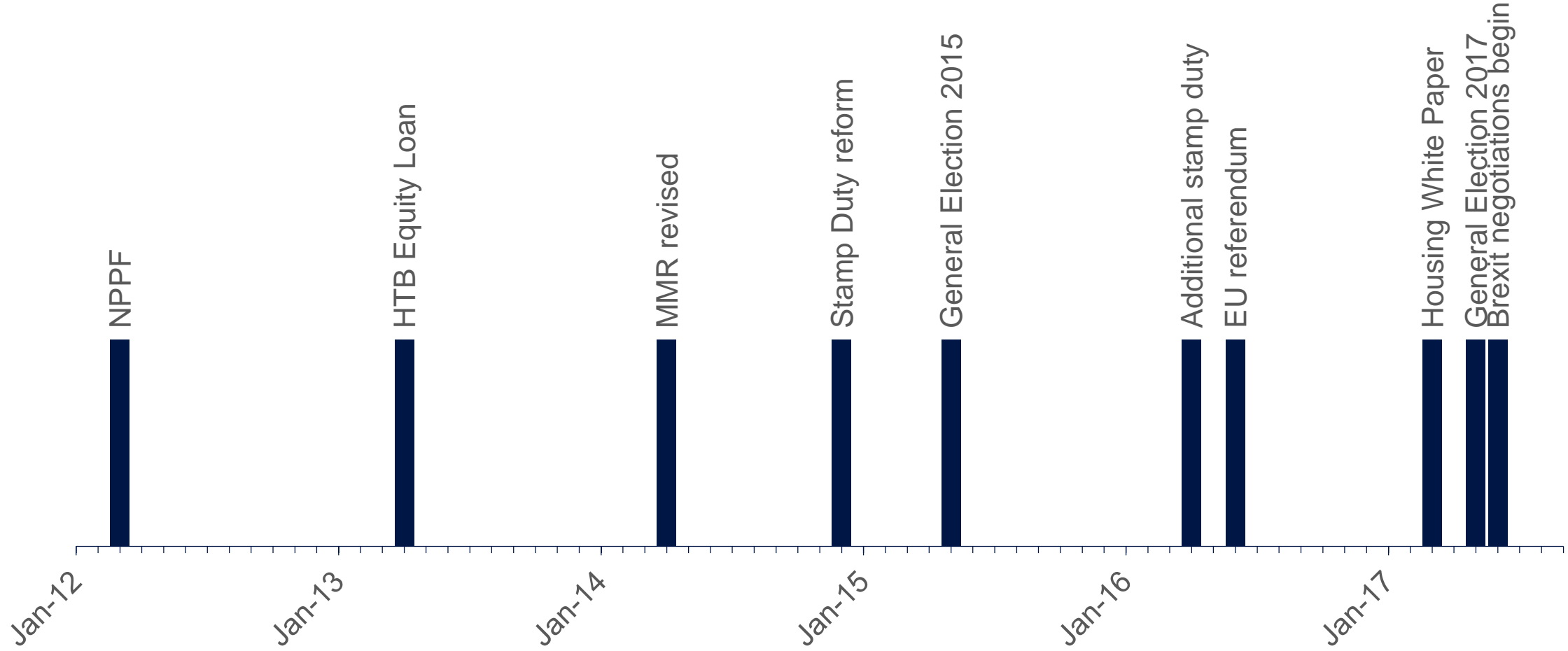
Financial Services Authority

# Mortgage Market Review

National Planning Policy Framework



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**House prices**

**Transactions**

**Buyers**

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**Supply**

**Housebuilders**

**Land**



# House prices

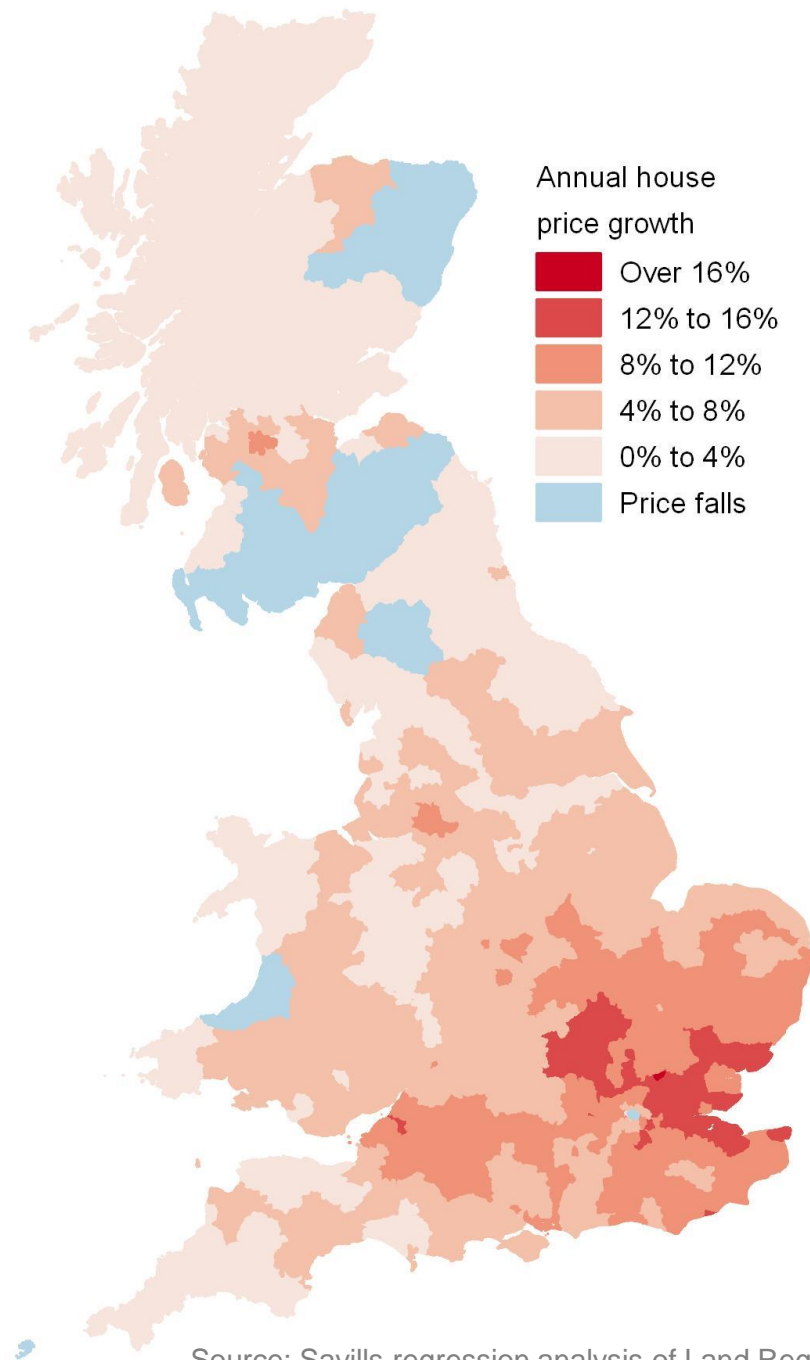
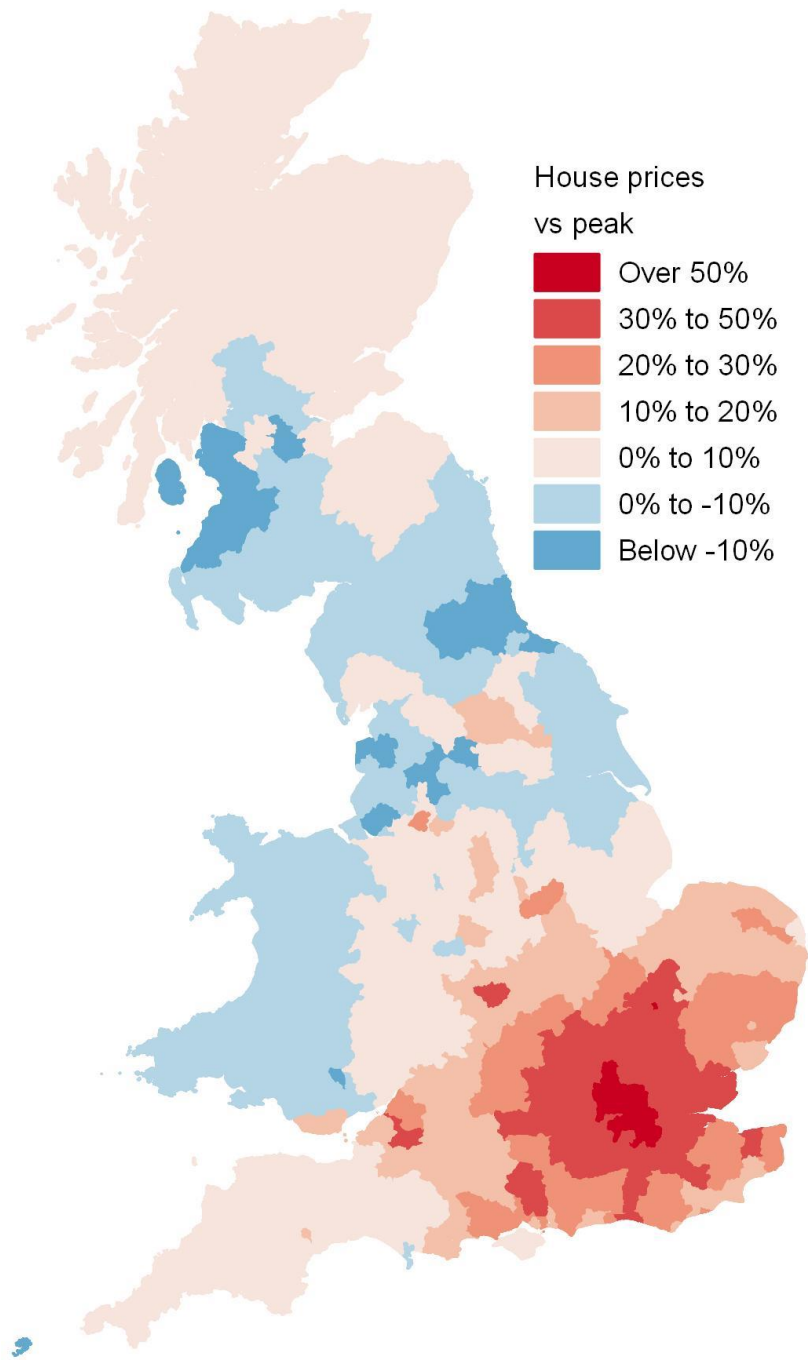
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**Where have house  
prices grown the  
most in the last  
year?**



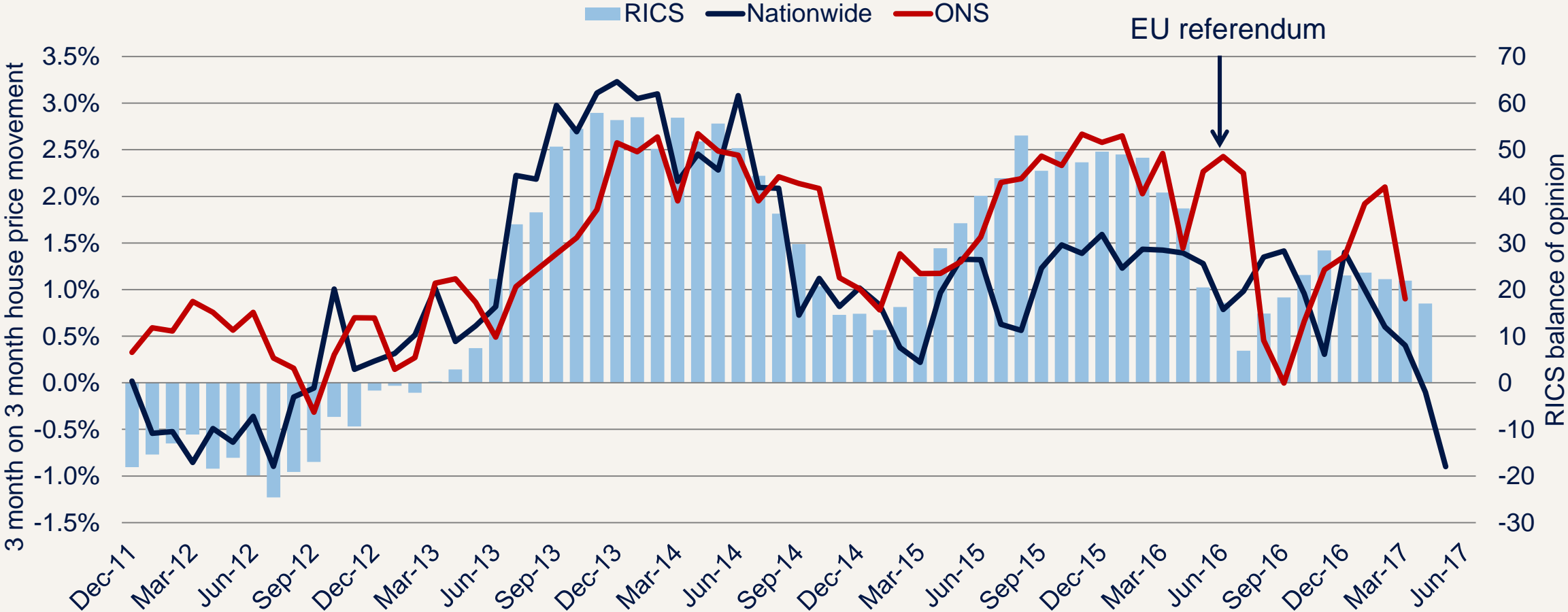
**Where have house  
prices not yet  
returned to their  
2007/08 peak  
level?**



# House price growth – weakening second hand market



Source: RICS, Nationwide, ONS





**What impact has  
Brexit had?**

# So what about Brexit?



Sterling  
devalues  
pushing up  
inflation



Uncertainty  
feeds into  
economic  
growth



Wage growth  
suffers



Base rate cut &  
remains lower  
for longer



Investors  
demand higher  
UK returns



Bigger lenders  
margins &  
tighter lending  
criteria?

# So what about Brexit?




**2.9%**  
annual CPI  
increase

**0.5%**  
Q2 17 GPD  
growth

**2.4%**  
earnings  
increase to  
Q1 2017

**0.25%**

  
Investors  
demand higher  
UK returns

  
Bigger lenders  
margins &  
tighter lending  
criteria?



**Where is the most  
house price  
growth expected  
to be in the next 5  
years?**

# Mainstream house price forecasts 5 years 2017-2021

SCOTLAND  
9%

NORTH WEST  
12%

WALES  
10%

WEST MIDLANDS  
13%

SOUTH WEST  
14%



NORTH EAST  
9%

YORKSHIRE  
& HUMBER  
10%

EAST MIDLANDS  
14%

EAST  
19%

LONDON  
11%

SOUTH EAST  
17%

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**What is the  
average first time  
buyer deposit in  
the UK?**



**What is the  
average house  
price to earnings  
ratio in England?**

# Affordability

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# 7.6

Ratio of median house price to earnings ratio in 2016 in  
England and Wales

Average first time buyer deposit

# £26,224

# Transactions

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01424 4443

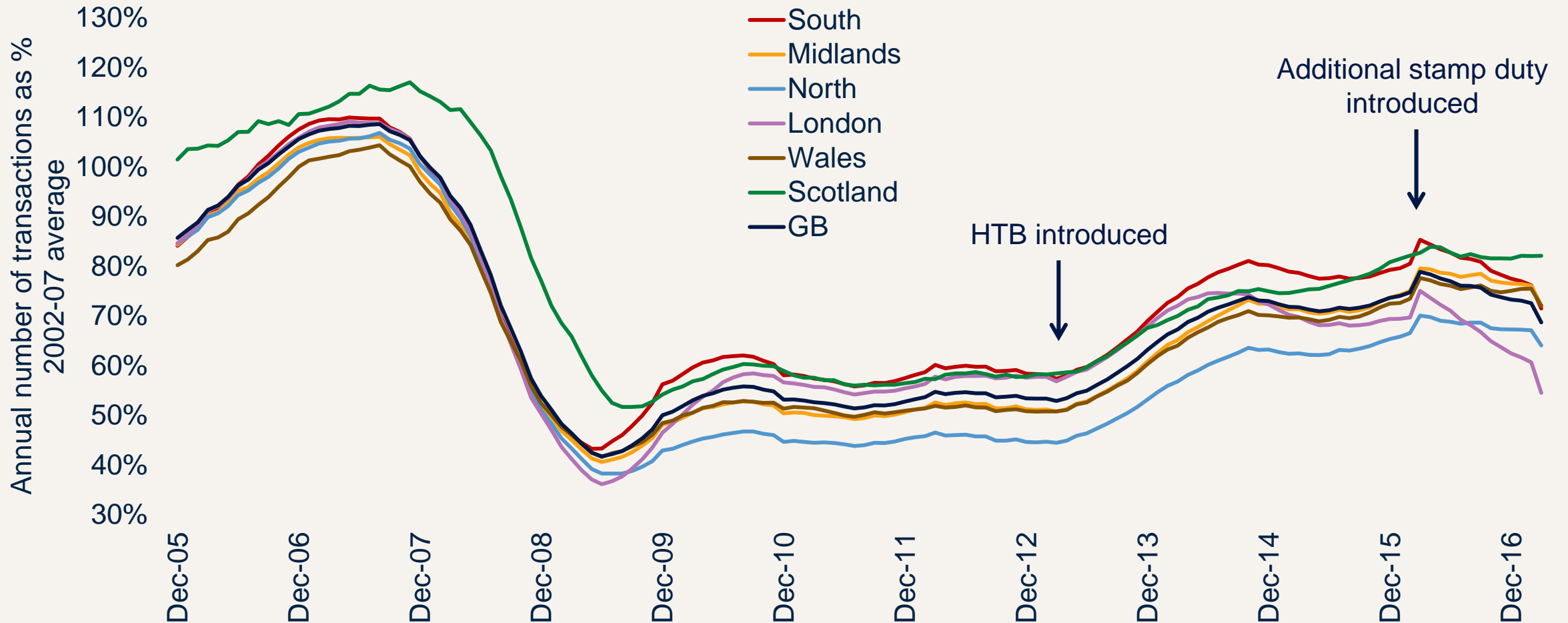
**SOLD**



**Are transactions  
above or below the  
norm before the  
GFC?**

# Transactions at 55 to 82% of pre GFC average

Source: Savills using Land Registry



# Buyers

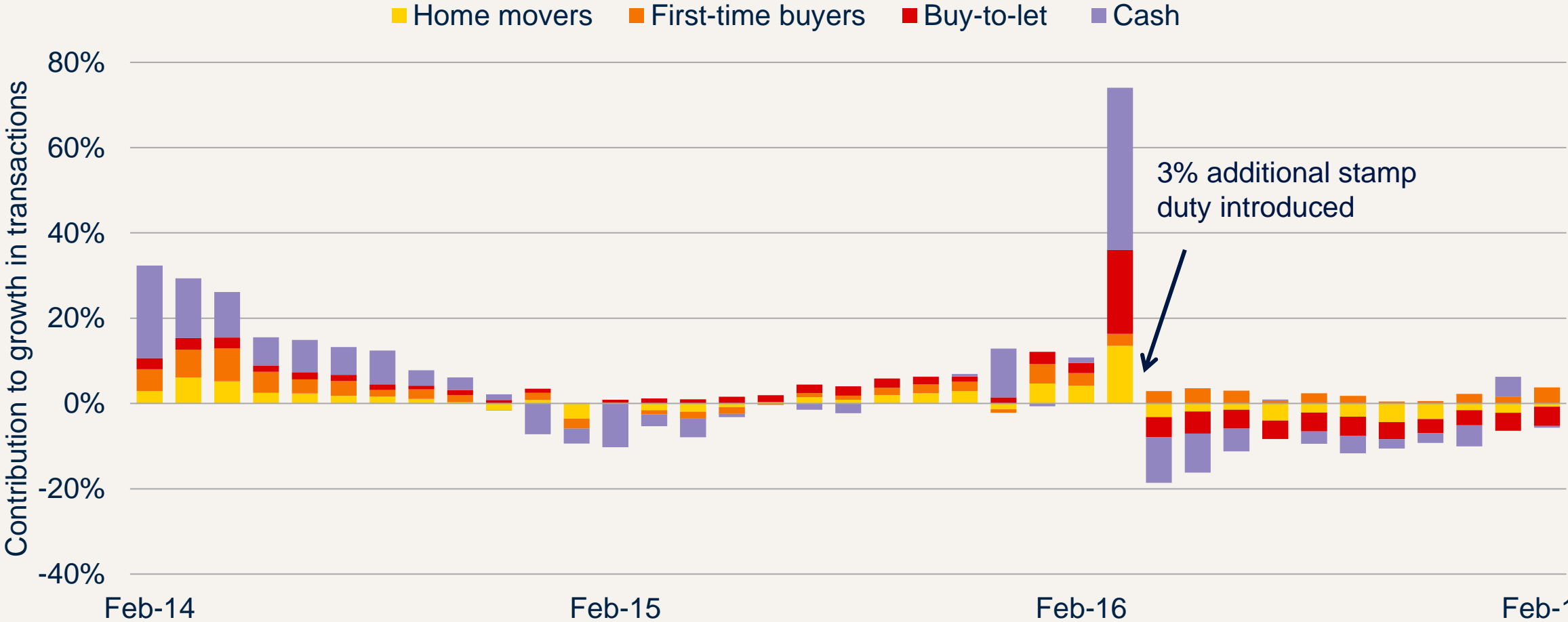
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# Change in buyer types



Source: CML



**What proportion of  
new home sales  
have been  
supported by Help  
to Buy?**



# 35%

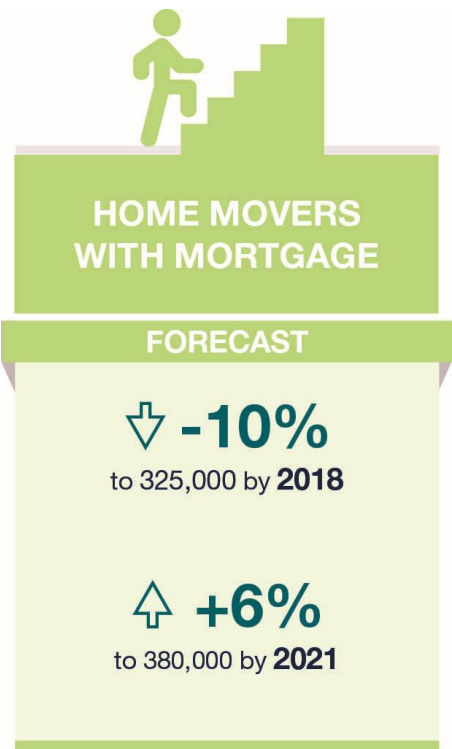
Of new build sales supported by Help to Buy since it was introduced

Of which

# 81%

were first time buyers

# Forecasts for buyers



# Supply

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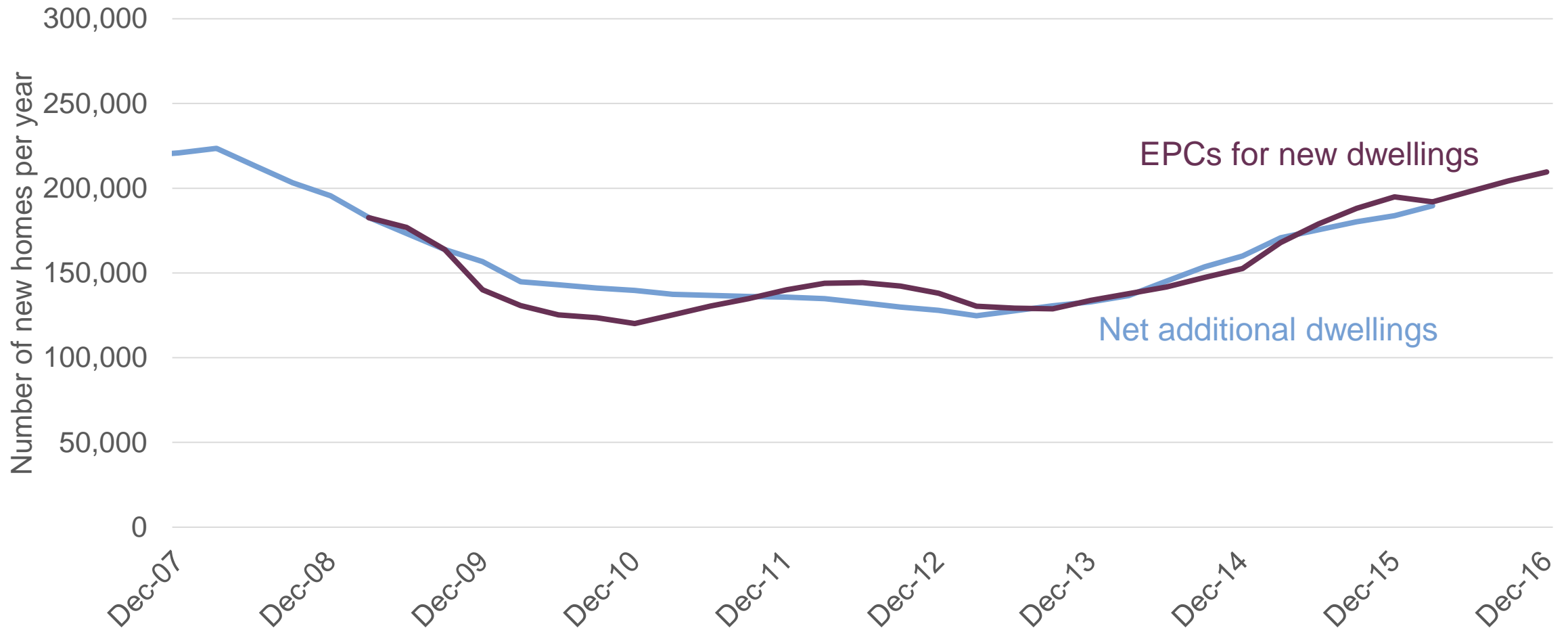


**How many homes  
were build in the  
last year?**

# 210,000 homes build last year: supply is increasing but still short of 225k to 275k a year need according to HWP

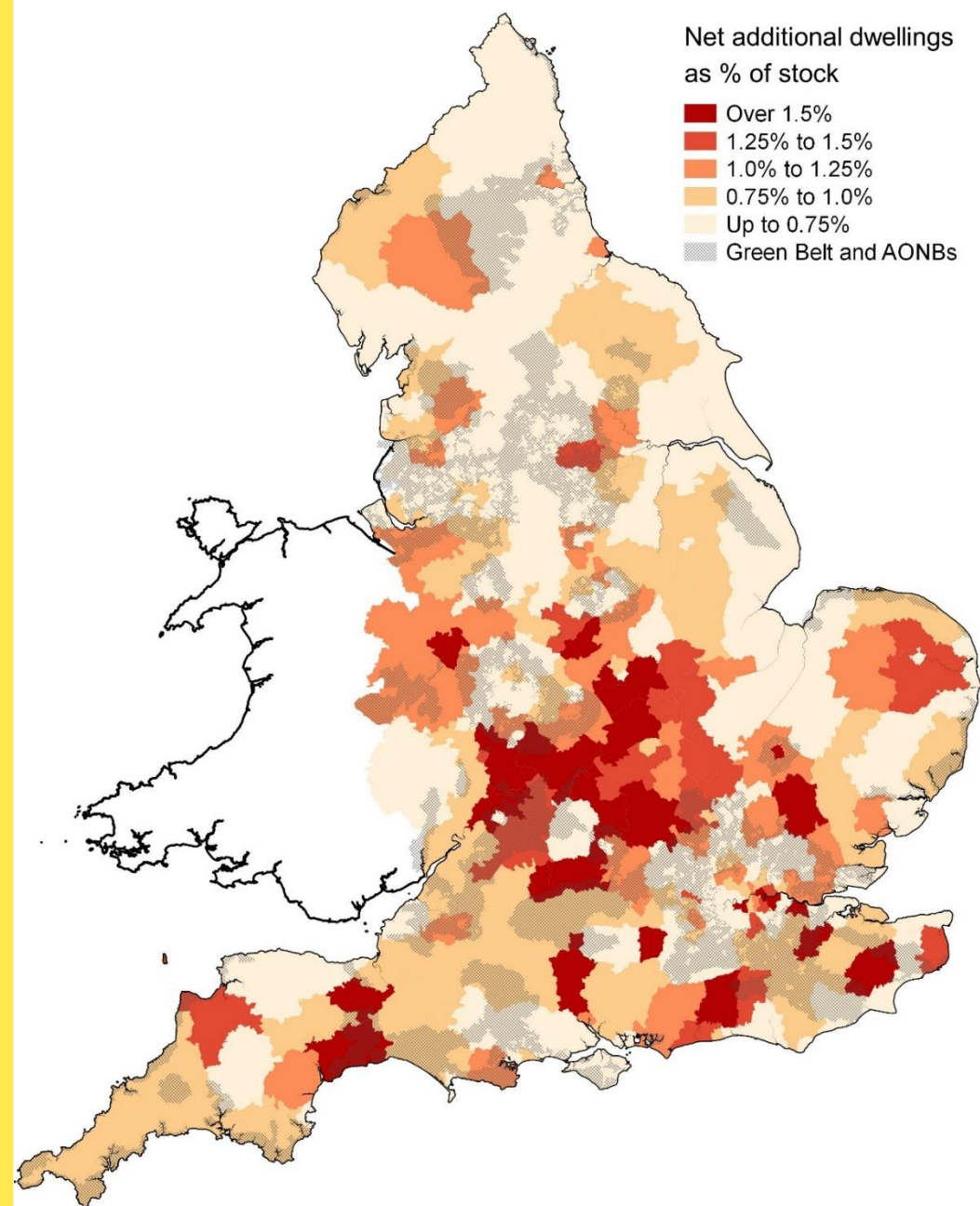


Source: DCLG





# Where is the supply?



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Source: DCLG – year to March 2016

# Who is build and how fast?

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**0.67**

Average sales per outlet per week in 2016 vs 0.64 in 2015

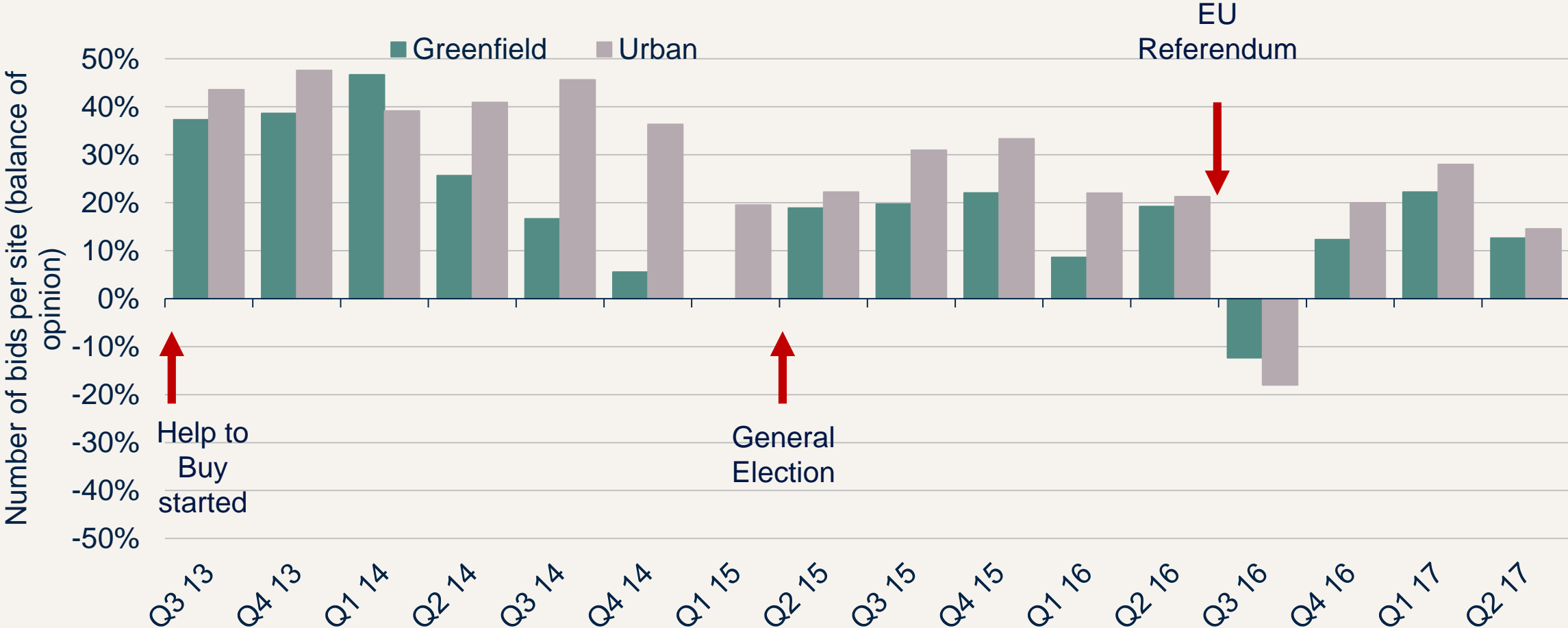
Largest housebuilders contribute increasingly more new build homes according to NHBC

**77%** in 2016

# Number of bids per site picking up again



Source: Savills survey of agents





# Summary

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Slowing house price growth. Growth spreading from South East



FTBs well supported, BTL at lower levels



Supply of homes increasing but more needed



Increasing rental demand



Varied competition for land



An aerial photograph of a town, likely in the Cotswolds, showing a dense cluster of houses with grey roofs and green trees. The image is dimmed, and a bright yellow square is overlaid in the center. Inside the square, the word "savills" is written in a red, lowercase, sans-serif font.

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Thank you

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