Contents

03 Market Overview
04 GfK Consumer Confidence Poll
05 Nationwide House Price Index - Overview
06 Nationwide Three Month Index
07 RICS Survey – National Price Expectations
08 RICS Survey – Regional Price Expectations
09 RICS Survey – Regional Sales Expectations
10 RICS Survey – Regional Enquiries
11 RICS Survey – Regional Vendor Instructions
Market Overview

January saw a positive change in consumer confidence across all measures. An increase of 4 points marked the end of a 4 month decline, despite a continued squeeze on household income. Unemployment still remains at its lowest in years but it’s perhaps a little too early to predict a continued upward trend in confidence in light of recent news surrounding 4000 redundancies within Centrica and the collapse of the construction conglomerate, Carrillion.

Inflation currently sits at 3%, against a target of 2% but, despite higher import prices affecting the CPI, the MPC voted unanimously to maintain the Bank Rate at 0.5%. Irrespective of Brexit restraints UK trade is currently benefiting from export growth, largely down to the global economy enjoying its fastest levels of growth for 7 years. The Bank Rate is expected to hold at 0.5% for the short term but there are rising expectations that the BoE will increase interest rates sooner rather than later this year. We’re already seeing an increase in SWOP rates, off the back of these expectations, giving further cause for house buyers to act now and secure the best rates currently available.

Nationwide figures also show an unexpected pickup in annual house price growth, with a rise of 0.6% in January.

The rise is largely off the back off steady demand and a lack of availability (a continuing trend) and analyst still expect to see the annual rate of growth at circa 1% - 1.5% for 2018 and 2019. In-line with national house price growth, TNHG have also seen similar levels of growth in Part Exchange and Assisted Move applications, driven by motivated buyers wanting to secure a quick sale. We see this level of activity continuing into March but the focus still remains on managing seller expectations on price.

However, the RICS report for January reports “Momentum still soft to start the year” as data shows enquiries and instructions remain subdued. Despite a surprised 0.6% increase in house price growth nationally, there are still some regions seeing a fall in house price growth, especially in the more expensive tiers of the market. London, South East, East Anglia and parts of the North East are still seeing offers accepted at well below asking prices, particularly on properties between £500k and £1M. There’s no doubt that the market is proving trickier at this price point, however, RICS still expects to see positive growth across the board by the end of the year – A positive start to 2018!
GFK Consumer Confidence

January saw a positive change in consumer confidence across all measures. An increase of 4 points marked the end of a 4 month decline, despite a continued squeeze on household income. Unemployment still remains at its lowest in years but it may be too early to predict a continued upward trend in confidence as recent news of 4000 redundancies within Centrica and the collapse of Carrillion may yet have wider implications on confidence.

Source: GfK
Nationwide House Price Index

Nationwide figures show an unexpected pickup in annual house price growth with a rise of 0.6% in January. The rise is largely off the back of continued demand and lack of availability but analyst still expect to see the annual rate of growth at circa 1% - 1.5% for 2018 and 2019.

Source: Nationwide
Nationwide Three Month Index

In-line with national house price growth, TNHG have also seen similar levels of growth in Part Exchange and Assisted Move applications. Driven by motivated buyers wanting to secure a quick sale, we see this level of activity continuing into March but the focus still remains on managing seller expectations on price.

Source: Nationwide

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RICS Survey – National Price Expectations

RICS reports “Momentum still soft to start the year” as data shows enquiries and instructions remain subdued. Despite a surprised 0.6% increase in house price growth nationally, there are still many regions seeing a drop in house price growth, especially in the more expensive tiers of the market. London, South East, East Anglia and parts of the North East are seeing offers accepted and well below asking prices, particularly on properties between £500k and £1M. However, RICS still expect to see positive growth across the board by the end of the year.

Source: RICS
RICS Survey – Regional Price Expectations

Source: RICS
RICS Survey – Regional Sales Expectations

Source: RICS
RICS Survey – Regional Enquiries

Source: RICS
RICS Survey – Regional Vendor Instructions

Source: RICS
Accreditations

This report has been compiled using publically issued data provided by the following sources;


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