

THE PROPERTY MARKET

A REVIEW OF THE KEY TRENDS IN THE
NATIONAL AND LOCAL HOUSING MARKET.



NORTH WEST AND NORTH WALES

Analysis by Dataloft | Winter 2021

A BUSY YEAR

SALES



↑**11.8%**

House prices

£241,541 September 2020 vs
£269,945 September 2021



↑**68.4%**

Property sales

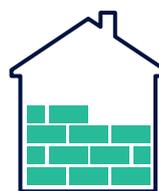
95,590 Sept 2020 vs
160,950 Sept 2021



↓**22.2%**

Mortgage approvals

93,409 Sept 2020 vs
72,645 Sept 2021



↑**154.7%**

New private homes built (completed)

14,180 Q2 2020 vs
36,110 Q2 2021¹



↑**46.3%**

Gross mortgage lending

£21.0bn* Sept 2020 vs
£30.7bn* Sept 2021

Source: Dataloft, Bank of England, HMRC, ONS, DLUHC, HomeLet

*Figures rounded to nearest £0.1bn

¹Please note that estate agents were closed during the first lockdown in spring 2020. This will impact year-on-year comparisons

With sales volumes in 2021 on the cusp of eclipsing 2007, it's been a busy year for home buyers and home movers in the UK.

Wrapping up

While many expected a quieter autumn in the housing market, official data reveals just a subtle change in autumn hues as winter approaches. September was the third busiest month on record for housing sales, following June 2021 and March 2016 (HMRC). As the final winds of the stamp duty holiday ended, sales are set to exceed 1.5 million by the end of the year (Zoopla). Although mortgage approvals in September were at their lowest since July 2020 (Bank of England), demand for property remains stronger than a year ago and the demand/supply imbalance that has epitomized the market in 2021 remains.

Full house

Property prices continue to rise, Rightmove reporting a 'full house' for the first time since 2007, as asking prices for properties across all regions and sectors of the market hit record highs in October. A moderation is likely throughout the final quarter, with price growth of 5.8% expected for 2021². An interest rate rise is likely over the coming weeks, and while this may act as a soft brake on the market, there is little evidence it will trigger any significant price falls. Price growth of 3.2% is predicted over the course of 2022 by the Office for Budget Responsibility.

Budget boost

The Chancellor's Autumn Budget set a positive tone for the economy. The economy is expected to bounce back to its pre-pandemic level by the turn of the year. Job vacancies are at a record high and unemployment is predicted to peak at just 5.2%, significantly lower than the 11.9% originally forecast. To turn Generation Rent into Generation Buy, the government confirmed a nearly £24 billion multi-year settlement for housing. Consumer confidence is back at pre-pandemic levels, although it has taken a knock in recent weeks, household budgets squeezed thanks to food and fuel price rises. Inflation is currently 4.2% (ONS).

²average of independent forecasts

LETTINGS



↑8.7%

Average rents
October 2020 vs
October 2021



£1,059

Average monthly
rent across the UK†
October 2021

†Excluding London, based on new tenancies started

+3%

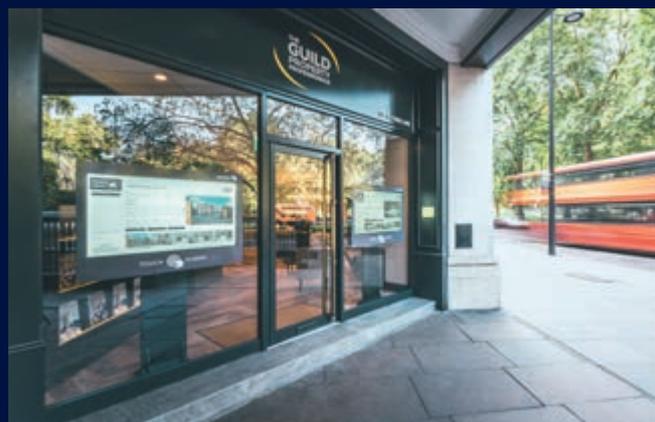
Predicted
rise in rental
values 2022

Source: RICS

Rental values rising

Taking a leaf out of the sales market, record demand and a shortage of properties have seen rental values rising at their strongest pace since the spring of 2017. Values are rising across all regions of the UK as HomeLet report the average monthly rent in the UK is now £1,059 (£888 excluding London). A welcome return of students, graduates and corporate renters are making city locations highly sought after. For the first time since 2016, rental values are predicted to rise by more than 3% in 2022.

Analysis by Dataloft



After 2020, no one imagined this year would see annual property price growth and sales volumes at their strongest since before the global financial crisis. We anticipate the market will remain busy as 2021 draws to a close, with more sustainable market conditions emerging in the first quarter of 2022.

IAIN MCKENZIE
CEO, THE GUILD OF PROPERTY
PROFESSIONALS

CRYSTAL BALL

What's in store for 2022?



Market predictions

3.2%

House price growth¹

5%

Consumer price inflation²

1.3 million

Property transactions³

0.75% – 1%

Base rate of interest²

An eventful year

2021, a year of highs and lows. From COVID-19 lockdowns to vaccination roll-out and economic recovery, of Olympic and Paralympic sporting triumph and UEFA Euro 2020 heartbreak. The property market has been phenomenally busy, soaring demand and price rises evident across all four corners of the UK. But what do the latest forecasts say about the market in 2022 and beyond?

Price growth to continue

The Office for Budget Responsibility forecast property price growth will be 3.2% over the course of 2022, price growth calming but remaining positive in each of the next five years. After a bumper year for house moves in 2021, an estimated 1.3 million residential property transactions will take place over 2022/23, 8% higher than the long-term average (HMRC, Dataloft, 2015/16 to 2019/20).

Rate rises

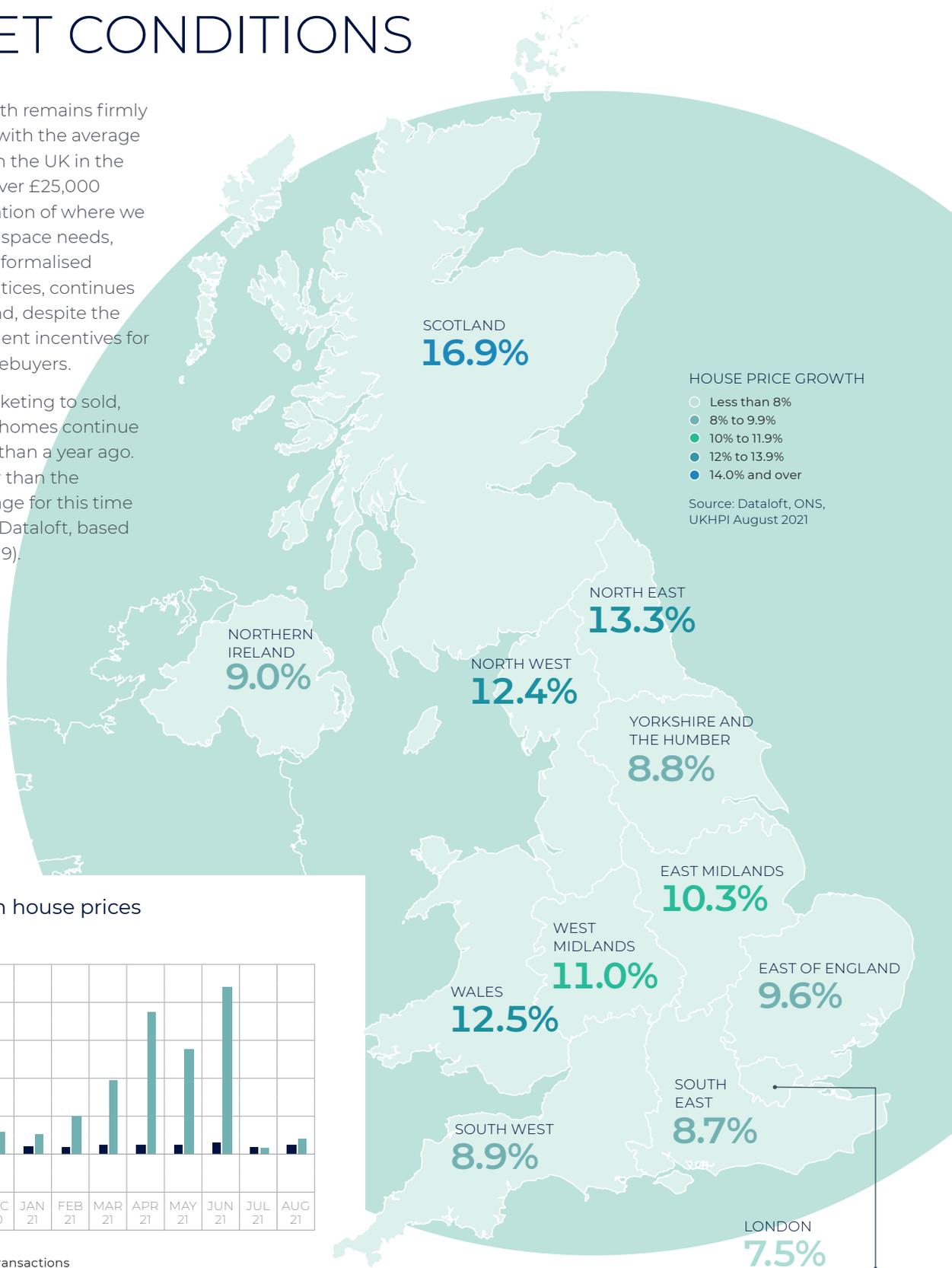
Average earnings are expected to rise by 3.9% over the course of 2022. However, inflation is predicted to peak at around 5% in 2022 (Bank of England), before reducing over the course of the year. The base rate of interest is also expected to rise in the coming months and is predicted to reach between 0.75% and 1% by the end of 2022.

Source: ¹Office for Budget Responsibility, ²Bank of England, ³OBR 2022/2023
For general information only. Specialist advice on investments must always be sought.

NATIONAL MARKET CONDITIONS

Property price growth remains firmly in positive territory, with the average price of a property in the UK in the past year rising by over £25,000 (ONS). The re-evaluation of where we want to live and our space needs, together with more formalised hybrid working practices, continues to fuel buyer demand, despite the removal of government incentives for the majority of homebuyers.

At 37 days from marketing to sold, subject to contract, homes continue to sell more quickly than a year ago. This is 24 days faster than the pre-pandemic average for this time of year (Rightmove, Dataloft, based on average 2015–2019).



Annual change in house prices and transactions



Source: Dataloft, HMRC, ONS, UKHPI August 2021

REGIONAL ACTIVITY

NORTH WEST AND NORTH WALES

The market is busier than in any year since 2007. In the first nine months of 2021, HMRC estimate that more than 1.2 million homes changed hands, 47% higher than the long-term UK average (2010–2019) and just 50,000 fewer than the same period in 2007. On average, there is now only 2.2 months' worth of stock available in the UK, compared to four months' stock in 2019 (TwentyCi).

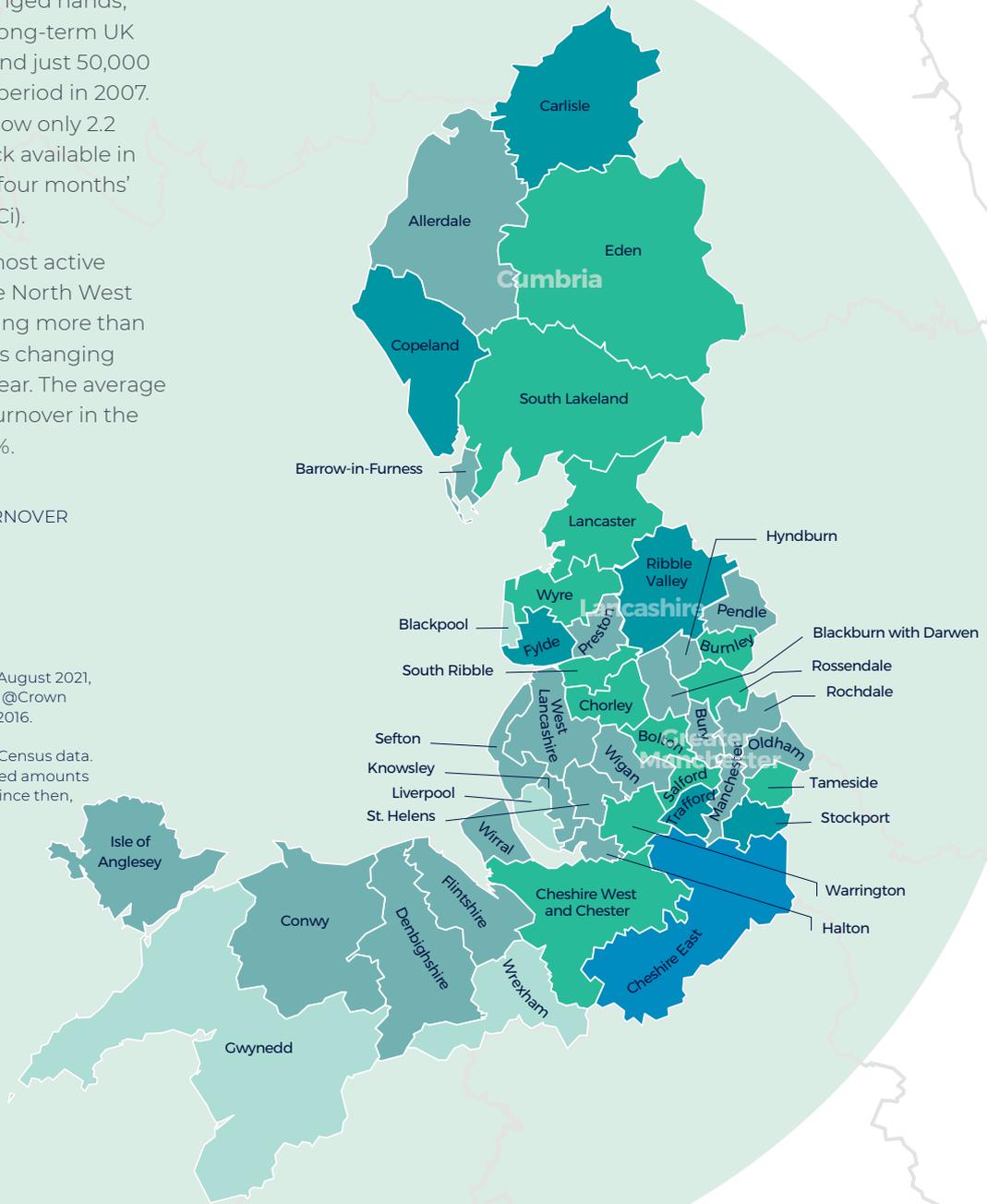
Cheshire East is the most active housing market in the North West and North Wales, seeing more than one in every 20 homes changing hands over the past year. The average annual rate of stock turnover in the area as a whole is 4.0%.

% OF PRIVATE STOCK TURNOVER

- Less than 3.5%
- 3.5% to 3.99%
- 4.0% to 4.49%
- 4.5% to 4.99%
- 5% and over

Source: Dataloft, ONS, UKHPI August 2021, Census 2011. Contains OS data @Crown copyright and database right 2016.

N.B. Stock levels relate to 2011 Census data. Some areas have seen increased amounts of new development activity since then, which will enhance turnover.



Sales remain brisk as demand continues

24.6%

Rossendale

Current annual rate of price change (%)

Source: Dataloft, ONS, UKHPI

On the up

The average price of a property has increased significantly during the past year, many localities experiencing double-digit annual price growth. Agents anticipate price growth will moderate over the coming months to more sustainable levels, with predicted growth of 4.0% in the North West and 3.0% in Wales during 2022 (Zoopla).

£21,500 and £21,600

Annual increase in average property price in the North West and Wales

Dataloft, UKHPI August 2021

Keeping warm

COP26 focused attention on the environment and energy efficiency. An Energy Performance Certificate (EPC) is needed whenever a property is built, sold, or rented. While 90% of new build properties achieve the highest A or B rating, just 1 in 14 resale properties currently reach that grade, although 60% could with improvements. Upgrading could prove lucrative; resale properties rated A/B currently attract a 13% price premium (based on Epsf), compared to those properties with the average D rating¹.

75%

Home movers state EPC rating is important or very important when searching for a property¹

¹Dataloft, Land Registry, MHCLG, based on sales over the past 12 months

Current annual rate of price change (%)

RANK		CURRENT ANNUAL RATE OF PRICE CHANGE (%)	AVERAGE HOUSE PRICE
1	ROSSENDALE	24.6	£182,249
2	KNOWSLEY	20.2	£160,859
3	WREXHAM	19.9	£190,358
4	HYNDBURN	19.2	£118,132
5	CONWY	19.1	£202,485
6	OLDHAM	18.2	£170,014
7	SALFORD	18.1	£200,514
8	BURNLEY	17.7	£107,238
9	PENDLE	15.7	£123,492
10	CHORLEY	15.7	£213,726
11	TAMESIDE	15.5	£185,330
12	GWYNEDD	15.4	£193,961
13	CHESHIRE WEST AND CHESTER	15.3	£244,536
14	ROCHDALE	15.1	£168,298
15	WIGAN	14.9	£162,502
16	RIBBLE VALLEY	14.8	£251,053
17	BOLTON	14.7	£164,586
18	LIVERPOOL	14.7	£164,550
19	BLACKPOOL	14.6	£123,015
20	BLACKBURN WITH DARWEN	14.6	£135,998

Source: Dataloft, ONS, UKHPI August 2021



ABOUT THE

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Analysis by Dataloft

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Dataloft is an established property market intelligence company with a long track record of analysing and reporting on the housing market. We are committed to stripping away the mystique of complex data analysis and adding value for clients through interpretation, insight and creativity.

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