

**Fine & Country Market Report - Transaction levels recover**

Before the lockdown announcement was made, the number of transactions completed was returning to pre-Covid levels. This is according to Nicky Stevenson, MD of Fine & Country UK, who says that during September this year, HMRC has estimated that 98,010 transactions completed.

She adds that newly agreed sales since July have been between 42% and 62% higher than the same time last year. In October, newly agreed sales were 53% higher than last year, a slight drop from the 62% peak reported by Zoopla in August. “With the average sale taking nine weeks from offer to exchange, September transaction figures will reflect those delayed by lockdown and only a small proportion will represent the surge in newly agreed sales. Over the next few months, transactions will increase as the reported surge in newly agreed sales exchange,” says Stevenson. “According to Zoopla, increased buyer demand over summer has led to 140,000 more sales in the system than usual. This has put pressure on lenders, valuers and conveyancers and is likely to cause delays in sales exchanging. With the stamp duty holiday set to end on 31st March 2021, buyers should get a move on if they want to take advantage of stamp duty savings of up to £15,000.”

“The increased demand since the market reopened has had a positive impact on house prices,” Stevenson remarks. “The Rightmove House Price Index reports on asking price, a good indicator of sellers’ expectations rather than buyers’ reality. The Rightmove mid-October index reported a 5.5% annual increase in asking prices, the biggest rate of increase in over four years, highlighting sellers’ optimism. The Nationwide House Price Index, which shows house prices from post-survey approval stage, reported a 5.8% annual increase in October, the highest rate of increase since January 2015.”  She adds that in September prime property prices in the UK increased by 5.45% annually, with the average prime property selling for £1,053,388. Zoopla expect house prices to continue to trend upwards over the next few months and reach +4% by the end of the year.

Stevenson says that Covid-19 has had a huge impact on the UK’s economy, which has experienced two consecutive quarters of decline and the UK entering a recession. The economy began to recover, with 9.1% growth in GDP in June and 6.4% growth in July, but August saw much slower growth, 2.1% (ONS). “Although we are now in a second lockdown, this time the housing market remains open, mortgage holidays are still available, and the furlough scheme has been extended,” she comments.

“The GFK Consumer Confidence Index dropped to -31 in October and this second lockdown is likely to dampen spirits further. A drop in consumer confidence and employment pressures will have an impact on buyers’ decisions. However, the rise in newly agreed sales has been focused on wealthy demographics (Zoopla) who are likely to be less sensitive to changes in the economic outlook, house price growth and mortgage lending restrictions,” says Stevenson.

So, what can we expect in the months ahead? According to Stevenson, the end of March 2021 marks several changes in the housing market which will spur on buyers. “Existing homeowners will want to complete before the stamp duty holiday ends and overseas buyers will want to beat the introduction of the 2% surcharge. New build buyers will want to make the most of the Help to Buy equity loan scheme which after March will only be available to first-time buyers, with regional price caps in place,” she says. “There will also be increased competition for new build homes as new home completions have seen an annual decline of -62%. The housing market is set to remain high on the government’s agenda following the Prime Minister’s announcement of Generation Buy. Fiscal stimulus should also help boost the housing market after March 2021,” Stevenson concludes.

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**Editors Notes:**

Fine & Country specialises in the sale and rental of prime residential properties. The company has offices in 300 locations around the world including in the UK, Cape Verde, Cyprus, Germany, Mauritius, The Channel Islands, USA, France, Namibia, Portugal, Spain, South Africa, West Africa, Russia, Australia and Hungary. Fine & Country has won Best Estate Agency Marketing and Best International Estate Agency Marketing seven times in the past 10 years at the International Property Awards.