

**Fine & Country Market Update October**

**On the move**

Despite the newCovid-19 restrictions in place across the UK, the housing market looks optimistic with demand outweighing supply and the imbalance causing an increase in house prices. This is according to Nicky Stevenson, MD of Fine & Country UK, who notes that the upper quartile of the market is performing particularly well as demand for prime property soars with existing homeowners revaluating their lifestyles and using this moment to move to a new house.

“This summer was a particulary busy time in the housing market this year, with the momentum seen post lockdown continuing into August. According to Zoopla, since the start of the year buyer demand is 39% higher than the same time last year, resulting in an increase in newly agreed sales and mortgage approvals,” says Stevenspon. “The Bank of England reported that 84,715 mortgages were approved in August, representing an annual increase of 28.9% and newly agreed sales so far in 2020 are 3% higher than the same time last year. These are very impressive increases considering the housing market paused during lockdown.”

She adds that HMRC estimate 81,280 transactions were completed in August, a -16.3% annual decrease. Transaction figures lag mortgage approvals and newly agreed sales as it takes time for sales to complete, on average nine weeks from offer accepted to contracts exchange. “Data from Zoopla shows that the number of properties for sale is 10% higher than last year, a result of buyers bringing their homes to the market. Despite this increase, demand is still running ahead of supply, in turn causing house prices to increase. The NAEA have reported that 1 in 8 homes sold for more than the asking price in September and Nationwide reported a 5.0% annual increase in house prices in September and a monthly increase of 0.9%,” Stevenson comments.

So, who is driving buyer demand in the current market? Stevenson answers that the increase in housing demand varies according to buyer type. “Zoopla has reported that first-time buyer demand spiked straight after lockdown, however, momentum has fallen back to pre-covid levels. Many first-time buyers will have been deterred due to continued economic uncertainty and the reduction in higher loan-to-value mortgage products available. However, first-time buyer demand still remains higher than in 2019. On the other hand, existing homeowner demand has surged since lockdown.  Demand is 37% above pre-lockdown levels and 53% above last year,” says Stevenson.

She reasons that the shift could be due to that fact that for many existing homeowners affordability is much less of an issue. According to the English Housing Survey, 34% of households are owned outright. Prime properties have seen the largest increase in demand, 4-bedroom detached homes and larger, have seen a 104% increase in sales agreed in August compared to last year. Three and four bedroom homes (excluding four bedroom detached), have seen a 55% increase in sales agreed. August prime property prices in the UK increased by 5.08% annually, with the average prime property selling for £1,039,950.

What can we expect in the months to come? “Looking ahead, the increased housing demand is likely to be maintained as six months of the stamp duty holiday remain and further Covid-19 restrictions will cause households to continue to re-evaluate their lifestyles. We are likely to see continued changes in buyer priorities with 83% of agents predicting demand increasing for homes with gardens over the next two years, 80% also expect increased demand for homes located near green space. Space for working from home may become more important and commute times less important,” says Stevenson. “As long as buyer demand outruns supply, house prices will remain strong. The August RICS survey reported +22% of agents expecting house prices to increase over the next three months and +27% expecting prices to increase over the next twelve months,” she 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, Cyprus, Ireland, Germany, Mauritius, The Channel Islands, France, Namibia, Portugal, Spain, South Africa, West Africa, Hong Kong, 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.