

**POST-LOCKDOWN MOMENTUM IN THE MARKET**

The UK housing market starts autumn with momentum following a post-lockdown mini-boom making summer 2020 busier than usual. This is according to Iain McKenzie, CEO of the Guild of Property Professionals, who says that the housing market has basked in summer sunshine since it reopened.

“Buyer demand has soared, up 34% on a year ago according Zoopla, while supply to the marketplace is at its highest level since March 2008 according to Rightmove. Over 81,000 property sales were recorded in August, which is up 15.6% on July, with competition in the market leading to one in eight properties selling at or above asking price. Larger properties and those with gardens are proving immensely popular, with the impact of COVID-19 set to have a lasting change on our home and work lifestyles,” says Mckenzie.

He adds that both the economy and consumer confidence have both shown signs of improvement throughout the summer. The economy grew by 6.6% in July (ONS), however it remains over 11% lower than pre-lockdown, while consumer sentiment continues to rise, albeit slowly. “Recovery remains cautious as the government grapples with balancing the economy and public health. Stamp duty holidays across the nations offer a saving for many buyers, however, while interest rates remain low, a reduction in high loan-to-value lending products is impacting first-time buyers,” McKenzie comments.

He continues that while properties are selling quicker than they did a year ago, and latest mortgage approvals suggest the market is returning to more ‘normal’ levels and the forced pause in the housing market means 2020 sales levels will no doubt end below those of 2019. UK house price growth is at its highest level in over two years and revised forecasts anticipate property prices will end the year 2% higher, a significant reversal to the negative expectations anticipated as the market reopened. Interest rates are predicted to be held at 0.1% until 2022.

In the lettings market, as with the sales sector, demand for rental property increased over the summer, although new instructions remain muted, a continuation of the pre-lockdown trend. Average rental values across the UK rose by 1.5% in the year to August, and yields remain attractive. Increased demand and a shortage of supply in many areas should help underpin rental values over the coming months. Just 13% of tenancies expire during the final quarter of the year but landlords will be keen to avoid unnecessary void periods.

It is estimated nearly two million people own buy-to-let property across the UK (Resolution Foundation 2019), property being regarded as a ‘safe-haven’ asset. At 4.7% the gross yield on residential property across the London is attractive.

Barking and Dagenham is currently the top performer in the capital, offering a gross yield of 5.8%. Redbridge also offers a yield of over 5%.

Property prices across London were 4.2% higher year-on-year as the housing market reopened in June. Islington is currently the strongest performer in the area, with price growth of 8.7%. Activity across the market has been brisk, nationally the average time taken to sell a property fell to 53 days in August, down from 62 days in August 2019. Sensible pricing remains crucial, as correctly priced properties are nearly twice as likely to be sold ‘subject to contract’ within four months of listing than those that have had their asking price reduced. Homes in London are selling, on average, 20 days quicker than a year ago.

**-ENDS-**

**Editors’ Notes**

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