

# Monthly Market Briefing

The latest data, views and outlook for the UK residential market

- Buyer demand 1.5 times higher than June 2019
- More than 8 in 10 home hunters proceeding with plans
- New 90% LTV mortgages coming to market
- UK rents up 1.5% on the year
- Latest price and policy update

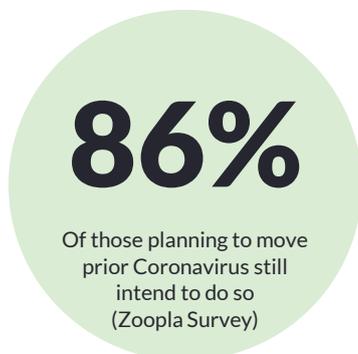


## Buyer demand 46% higher than pre-COVID levels

Demand for homes for sale has rebounded past pre-COVID levels and is now around 46% higher than early March, and 1.5 times higher than June last year. This has been largely driven by the English market which opened on May 13<sup>th</sup>. Demand in Wales bounced 41% on the day the market partially reopened on June 22<sup>nd</sup>. A similar rise in activity is expected in Scotland after its opening June 29<sup>th</sup>. Sales agreed for the UK are also 4% higher than March 1<sup>st</sup>.

Demand levels are likely to remain elevated in the short term, and constrained supply will support house prices in that time, but the economic impact of COVID-19 will start to be felt into Q4.

**Buyer demand levels are elevated, as purchasers look to resume or start their next move post-lockdown. Vendors who list now may benefit from these stronger market conditions.**



## Moves planned post-COVID

The majority of home hunters who planned a move before March still intend to move within the next 12 months, with 40% of buyers in London and the South East saying their timeframe has not changed, according to a [new survey from Zoopla](#). A third of respondents to the survey said that while their moving plans had been delayed, they still intended to move within 12 months.

This came as a separate [new survey](#) by the Office for National Statistics (ONS) showed that more than one in four people are planning a major life change after the country has recovered from the COVID-19 outbreak. Of these people, more than a third (35%) said they would like to change where they live. This rises to 38% for those aged between 16 and 69, indicating that several million homeowners and tenants are making these plans.

**COVID-19 is not deterring the majority of home hunters, and is prompting a significant proportion of homeowners and tenants to reassess how and where they want to live.**



### New 90% LTV mortgage deals coming to the market

The availability of mortgage finance for borrowers with small deposits has been impacted by COVID-19. The number of homeloans available for those with a 10% deposit fell by 35% in mid-June, according to Moneyfacts, and the number of loans available to those with a 5% deposit halved in the course of a week at the same time.

Some lenders have re-entered the higher LTV market, offering 90% deals for limited time periods over the last month or so, but Yorkshire Building Society last week re-entered the market with a 90% loan-to-value loan specifically aimed at first-time buyers. Platform, the intermediary mortgage lending arm of the Co-operative Bank, is now also offering a limited number of 90% homeloan deals.

**Some lenders are re-entering the mortgage market for 90% LTV deals after the number of loans available to home buyers with a deposit of 10% or less declined sharply during lockdown.**



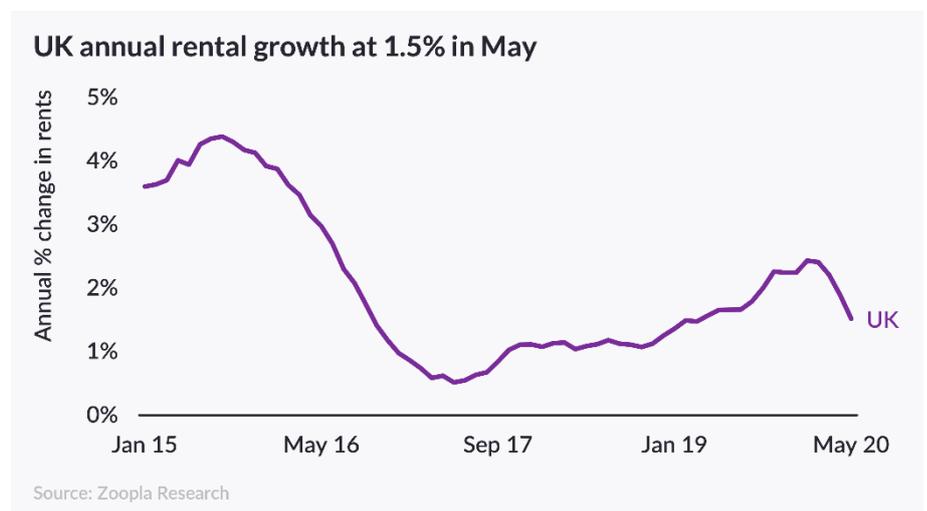
### UK rental growth

UK rents were up 1.5% on the year in May, according to Zoopla’s rental market index, a market-leading insight on rents across the country. To see a full breakdown in rental data from Q1, visit the latest [Rental Market Report](#). The Q2 report will be published in the coming weeks.

The 1.5% growth is a slight easing from the 2.4% growth in average rents seen at the start of the year, but broadly in line with the rates seen in summer 2019. However, annual rental growth in London has dipped into negative territory.

Tenant demand in the rental market gained real momentum during lockdown, and this demand is now translating into rising levels of tenancies agreed as housing markets open up across the UK.

**UK average rental growth has eased slightly although the market remains localised. Rising demand is translating into higher levels of activity.**



## Policy Update

- The Scottish Housing Market opened on Monday, and the Scottish Government has published [full guidance for those moving home](#)
- Agents are being urged to keep their processes for abiding by Anti-Money Laundering Rules up to date even as these regulations are being debated in the Brexit talks. NAEA Propertymark has issued [further guidance](#)
- The Government has extended all planning permissions that would have been due to expire during lockdown. The measure, contained within the [Business and Planning Bill](#), extends permissions to April 1 2021
- The three-year window for reclaiming the additional +3% rate of stamp duty for those who haven't been able to sell an additional property during lockdown [may be extended in certain cases](#) - HMRC is due to publish further guidance soon

## Data digest July

	House prices % annual change	Rents % annual change
<b>UK</b>	<b>2.4%</b>	<b>1.5%</b>
East Midlands	2.9%	3.1%
East of England	1.2%	2.2%
London	2.1%	-0.5%
North East	1.2%	2.3%
North West	2.9%	2.5%
Northern Ireland	2.4%	3.0%
Scotland	1.9%	2.0%
South East	1.2%	2.0%
South West	1.9%	2.9%
Wales	3.1%	3.2%
West Midlands	2.6%	1.6%
Yorkshire and the Humber	2.4%	3.2%

Source: Zoopla Research, year to May 2020

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