Sustained Demand Across The Housing Market In April RICS UK Residential Market Survey, April 2014

Thursday 8 May, 2014

Average number of homes sold per chartered surveyor hits highest level since February 2008 but new housing supply sees fourth consecutive monthly decline.
Despite a fourth consecutive montly fall in new property coming onto the market in April, 26% more chartered surveyors reported increased agreed sales, according to the latest RICS Residential Market Survey.

The latest figures reveal a constrained property market, which continues to be marred by weak supply and high demand; while respondents across nine UK regions reported declines in new property for sale coming onto the market, the average number of homes sold per surveyor hit 23 – the highest since February 2008.

In the month that also saw new lending regulations brought into effect (the Mortgage Market Review), respondents reported that the average 'perceived' Loan to Value (LTV) ratios among first time buyers climbed to 86% and potential new buyer demand remained firm with 20% more chartered surveyors reporting an increase in new enquiries.

Significantly, there does now appear not just a broadening out in the recovery away from the capital, but also increasingly upbeat responses on the likely price trend going forward. In the North West, 62% more chartered surveyors predict prices over the next three months will rise, rather than fall, and in East Anglia the figure is 57%. By comparison in London, 49% more respondents conveyed similar expectations (down from 61% in March).

In the rental sector, there continues to be modest growth in tenant demand although greater mortgage availability and the 'Help to Buy' Scheme have seen the appetite to rent lose some momentum in recent quarters. Even so, the shortage of property also continues to be felt in this area, with new landlord instructions broadly flat and rent prices over the next 12 months expected to increase by around 2%.

Simon Rubinsohn, Chief Economist RICS, said:

"House prices in general look set to remain firmly on the upward trend, although interestingly, there are some tentative signs that the price momentum in the London market may begin to slow in the second half of the year.

The critical issue for the market remains the lack of second hand supply with our numbers suggesting that the picture is, if anything, getting worse. It is too early to conclude whether this will undermine the positive trend in transactions volumes, but clearly the absence of properties to buy will ultimately be a factor in influencing the ability of people to move homes.

That said, despite the disappointing trend in instructions, a net balance of 33% of surveyors expect to see sales levels increase as we head into the summer.

-ENDS-

Notes for Editors:

The RICS question on measuring house price changes is as follows:

"Indicate by how much average house prices have changed over the last three months." (Answers either being – falling, the same or rising)

RICS housing market survey is the longest running monthly survey of house prices in the UK, collecting data since January 1978. The survey is cited by the Bank of England's monetary policy committee at its monthly interest rate setting meetings.

*The RICS Residential Market Survey now also incorporates monthly updates on the lettings sector (supplementing the quarterly data).

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