



Supply still lagging demand

Steady buyer demand and a sixth successive month of net negative new instructions, were the standout trends in the September UK Residential Market Survey published by the Royal Institution of Chartered Surveyors (RICS).

At the national level, new buyer enquiries had a net balance of zero in September, up from -13% in August. Meanwhile, the recent decline in new listings persisted, with new instructions registering a net balance of -35%.

Simon Rubinsohn, RICS Chief Economist, commented, *“The imbalance between demand and supply remains the most striking theme... And feedback from members provides little reason to believe this issue will be resolved anytime soon.”*

Following a slight dip caused by the tapering of the Stamp Duty holiday, steadier buyer demand is now causing sales expectations to gain momentum, with 11% more respondents anticipating an increase in sales in the coming three months, up from +6% in August.

Indeed, with over one million homes sold by the end of August – a threshold not usually passed until October – analysts are suggesting 2021 could see more transactions completed than in any year since the global financial crisis.

Rents surge nationwide

The rental market is springing back to life, with the return of renters to cities forcing rents higher, and the number of rental homes struggling to keep pace with the surge in tenant demand.

In London, the bounce back gathered pace in September, with quarterly average rental values rising by the largest amount in a decade in both prime central (+2.8%) and prime outer London (+2.6%). Prices are being driven by an

imbalance between tenant demand and new available rental properties, as offices re-open and more overseas tenants start to arrive.

Meanwhile, rents outside London are rising at their fastest rate since 2008. The average price of renting a home outside the capital is now £790 a month, a 5% increase year-on-year. Two cities topped the rankings – Sheffield (7.6%) and Bristol (6.9%).

Transport links key for house hunters

The return of workers to the office after more than a year of home working has sparked a significant increase in interest for homes near commuter train stations.

Buyer searches have surged in commuter areas, according to Rightmove. Indeed, data from its website show eight of the top 10 stations that have seen heightened interest from potential homebuyers are all within one hour's train commute from a major city.

Top of the list is Chelmsford station, which saw a 107% increase from June to August. In the same period, Crewe, just under an hour from Birmingham, saw a rise of 32%.

Rightmove's Tim Bannister commented, *“While the demand to relocate or search for more space has by no means gone away, the numbers suggest that this will need to be balanced with easy transport access on office days, which has understandably been lower on the agenda for many over the last eighteen months.”*

At the national level, new buyer enquiries had a net balance of zero in September, up from -13% in August

House prices headline statistics

House Price Index (August 2021)*	138.6*
Average House Price	£264,244
Monthly Change	2.9%
Annual Change	10.6%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **10.6%** in the year to August 2021
- On a non-seasonally adjusted basis, average house prices in the UK increased by **2.9%** between July and August 2021
- House price growth was strongest in Scotland where prices increased by **16.9%** in the year to August 2021.

Source: The Land Registry
Release date: 20/10/21
Next data release: 17/11/21

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	3.2	9.8	£280,921
Northern Ireland (Quarter 2 - 2021)	2.9	9.0	£153,449
Scotland	1.7	16.9	£180,832
Wales	2.8	12.5	£194,575
East Midlands	2.7	10.3	£221,693
East of England	2.9	9.6	£324,510
London	5.6	7.5	£525,893
North East	2.4	13.3	£149,042
North West	4.5	12.4	£194,821
South East	1.9	8.7	£358,070
South West	4.2	8.9	£288,658
West Midlands Region	2.9	11.0	£228,593
Yorkshire and The Humber	1.5	8.8	£185,968

Average monthly price by property type – August 2021

Property Type	Annual Increase
Detached £411,649	13.1%
Semi-detached £254,115	11.0%
Terraced £214,083	9.9%
Flat / maisonette £220,756	7.3%

Source: The Land Registry
Release date: 20/10/21

Housing market outlook

"We expect the market to remain busy compared to historical norms, and for price growth to remain in firmly positive territory at the end of the year, although lower than current levels of +6.1%. Stock levels will start to rebuild in early 2022 as market activity returns to more normal levels."

Gráinne Gilmore, Head of Research at Zoopla

Source: Zoopla October 2021

Contains HM Land Registry data © Crown copyright and database right 2017.
This data is licensed under the Open Government Licence v3.0.

All details are correct at the time of writing (21 October 2021)

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK. We cannot assume legal liability for any errors or omissions it might contain. Levels and bases of, and reliefs from, taxation are those currently applying or proposed and are subject to change; their value depends on the individual circumstances of the investor. No part of this document may be reproduced in any manner without prior permission.