LSL Land & New Homes

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LSL New Build Index

The market indicator for New Builds

April 2016

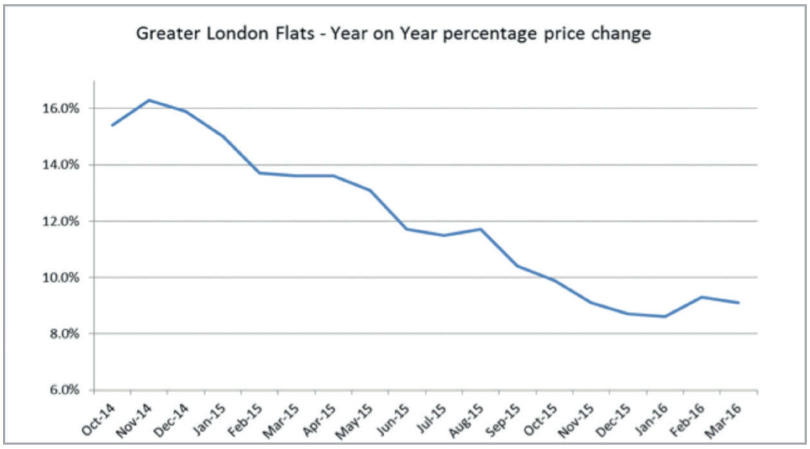
As we embark on the second quarter of the year, it will be interesting to see how prices for new build properties will change over the next few months and how the referendum, in particular, might impact on consumers decision to buy. Over the last year – to the end of March 2016 – we've seen new build house prices, on average, rise by 6% - slightly less than the 7.2% increase recorded in the year to March 2015 - but there are strong regional variations as Shaun Peart, Managing Director for LSL Land & New Homes comments:

"At -0.5%, the North East is the only region that saw a price fall over the last year, compared to the same period to March 2015, with regions in the South, other than Greater London, seeing growth of between 6% and 10%. The remaining regions are seeing growth of between 4.7% - in the North West – to 1.3% in Scotland where, along with Yorkshire, the West Midlands and the Humber join the North East in experiencing growth levels below those achieved last year.

REGIONS	YR TO MAR 16	YR TO MAR 15
East Anglia	8.6%	7.3%
East Midlands	5.9%	5.6%
Greater London	8.5%	13.8%
North East	-0.5%	4.0%
North West	4.7%	2.8%
Scotland	1.3%	5.6%
South East	7.1%	7.9%
South West	5.7%	5.0%
Wales	4.4%	1.7%
West Midlands	3.1%	5.2%
Yorkshire and the Humber	2.2%	2.8%
Average excluding GL	**4.2%**	**4.8%**

Looking at Greater London, in particular, prices are now starting to level with an average growth rate of around 9% as large areas become populated with new build property, predominantly flats.

Considering First Time Buyers, in particular, our HPE Index – which looks at the average cost of buying a 70 sq m (Gross External Area) 2 bed home in each region, comparing the property price with the gross average earnings of a full time employee in that region – average costs have risen. It would now cost the equivalent of 5 years and 5 month's gross earnings to buy a newly built 70 sq m starter home. But there is a wide regional variation in this figure as our graph shows.



	2 BED 70 SQ^{M} STARTER HOME	AVE ANNUAL EARNINGS FULL TIME EMPOYEES	HPE	AFFORDABILITY INDEX
East Anglia	£194,648	£32,234	6.04	111
East Midlands	£112,186	£26,463	4.24	78
Greater London	£415,491	£36,983	11.23	206
North East	£97,352	£25,939	3.75	69
North West	£122,170	£27,480	4.45	81
Scotland	£133,066	£27,442	4.85	89
South East	£208,868	£33,621	6.21	114
South West	£160,164	£28,399	5.64	103
Wales	£125,385	£26,576	4.72	86
West Midlands	£131,614	£26,759	4.92	90
Yorkshire and the Humber	£107,421	£26,944	3.99	73
		Average	**5.46**	**100**

This is based on a weighted calculation which reflects regional differences in sales volumes of flats and terraced property Jul to Sept 2015 earnings data.

How the next few months will affect house prices and first time buyer affordability in the next few months is hard to determine. Few would argue that schemes such as Help to Buy have had a positive impact on the market but we remain in danger of being unable to meet resultant demand if the planning process is not improved. Worrying factors such as the lack of local council workers to process the applications and lack of skilled labour – and some materials - is hindering progress. And, while Build to Rent is making the headlines, only a select number of niche developers are embracing this – it's not necessarily helping anyone to a large extent. I'm sure all within the industry will remain fixated at to what might come next but no matter what all would agree that building must continue and any barriers to this must be removed as soon as possible."

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Average New Home Prices

Period April 2015 to March 2016 and % variation over same period 2014/15.

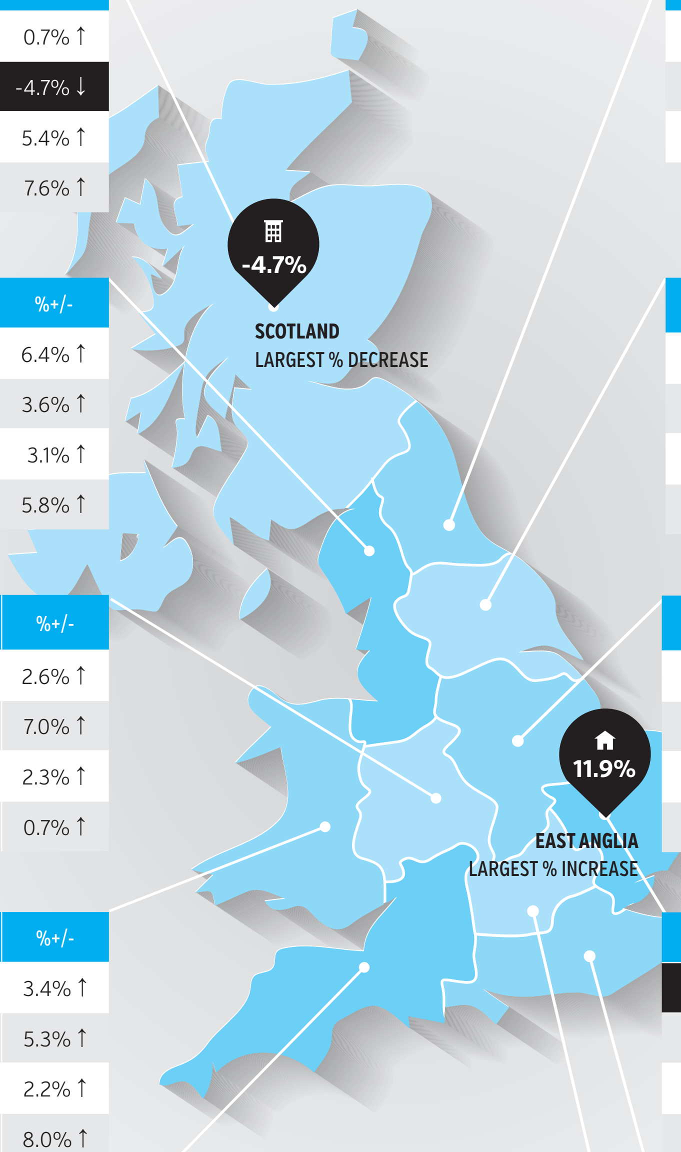
Detached
Flats
Semis
Terrace

SCOTLAND	£ AVERAGE	%+/-
Detached	£264,896	0.7% ↑
Flats	£134,914	-4.7% ↓
Semis	£174,017	5.4% ↑
Terrace	£191,427	7.6% ↑

NORTH WEST	£ AVERAGE	%+/-
Detached	£301,874	6.4% ↑
Flats	£130,509	3.6% ↑
Semis	£172,354	3.1% ↑
Terrace	£164,796	5.8% ↑

WEST MIDLANDS	£ AVERAGE	%+/-
Detached	£318,938	2.6% ↑
Flats	£140,905	7.0% ↑
Semis	£195,295	2.3% ↑
Terrace	£182,126	0.7% ↑

WALES	£ AVERAGE	%+/-
Detached	£249,249	3.4% ↑
Flats	£141,012	5.3% ↑
Semis	£166,119	2.2% ↑
Terrace	£171,218	8.0% ↑



NORTH EAST	£ AVERAGE	%+/-
Detached	£260,242	0.3% ↑
Flats	£104,603	-3.3% ↓
Semis	£156,630	-0.1% ↓
Terrace	£141,221	-1.1% ↓

YORKSHIRE & THE HUMBER	£ AVERAGE	%+/-
Detached	£277,462	3.4% ↑
Flats	£120,569	1.3% ↑
Semis	£155,211	1.7% ↑
Terrace	£149,479	1.8% ↑

EAST MIDLANDS	£ AVERAGE	%+/-
Detached	£288,554	4.2% ↑
Flats	£111,810	3.4% ↑
Semis	£176,717	6.8% ↑
Terrace	£169,014	8.9% ↑

EAST ANGLIA	£ AVERAGE	%+/-
Detached	£403,039	11.9% ↑
Flats	£209,536	7.1% ↑
Semis	£259,945	9.3% ↑
Terrace	£254,584	6.8% ↑

SOUTH WEST	£ AVERAGE	%+/-
Detached	£355,601	4.8% ↑
Flats	£176,046	6.3% ↑
Semis	£227,674	5.9% ↑
Terrace	£217,953	5.7% ↑

GREATER LONDON	£ AVERAGE	%+/-
Detached	£666,571	3.8% ↑
Flats	£412,236	9.1% ↑
Semis	£483,532	7.8% ↑
Terrace	£473,673	0.4% ↑

SOUTH EAST	£ AVERAGE	%+/-
Detached	£478,438	4.2% ↑
Flats	£214,198	7.9% ↑
Semis	£315,811	7.9% ↑
Terrace	£290,266	7.5% ↑

*Size adjusted average price

Notes

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The business employs circa 450 chartered surveyors and covers the entire UK.

LSL Land & New Homes is a trading style for members of the LSL Property Services Group Estate Agency Division, one of the leading residential property services groups in the UK. It's strategy is to create partnerships with developers and builders to support their objectives and add value to their businesses.

It can provide integrated solutions for their benefit drawing on the expertise of companies who are also under the LSL Group umbrella including valuation services (e.surv), rental portfolio services, asset management services and estate agency services fronted by well-known high street estate agency brands like Your Move and Reeds Rains. Services can be tailored to suite individual needs from bespoke site sales and marketing, agency referral to the disposal of part exchange, assisted schemes and new build stock, land sales and acquisitions.

For further information or enquiries regarding the underlying data of the LSL New Build Index, please contact Richard Sexton via email **richard.sexton@esurv.co.uk** or by phoning **07968 932118**.

For further information about the LSL Property Services Group including LSL Land & New Homes and e.surv, visit www.lslps.co.uk

Data for the LSL New Build Database is collected off the web sites of over 300 house builders on a rolling quarterly basis so giving a rough timeline of when sites start and finish and how many units have been built.

PLEASE NOTE: The majority of new build market activity data is quite historic, being based on returns made via the NHBC or Local Authority completions data. The LSL New Build Database tracks the new build activity of over 300 leading house builders with data collected from their websites on a rolling quarterly basis so giving a rough time line when sites start and finish and how many units have been built.