LSL Land & New Homes

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LSL New Build Index

The market indicator for New Builds

June 2016

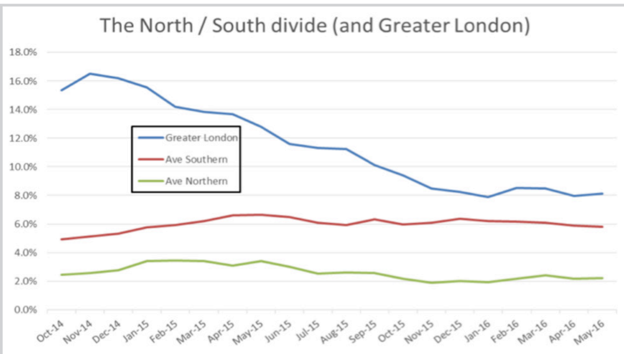
As the market takes breath after the result of the referendum, LSL reports on the new build prices seen in May as Shaun Peart, Managing Director of LSL Land & New Homes explains:

"In the year to the end May 2016 new build prices rose on average by 5. 6% - around 1.5% below the 7.2% rate recorded to the end of June 2015 – but there continues to be a North / South divide, with crude average growth (excluding Greater London) now standing at 4.0% - down on last year's figure of 5.0%.

Greater London has regained its lead over East Anglia with year on year growth of 8.1% (12.8% for year to end May 2015) although East Anglia and the South East continue to be close behind achieving growth rates of 7.1% and 7.3% respectively – both, however, around 1% below the rates that they were achieving last year. The East Midlands and South West take the fourth and fifth positions in the regional rankings with both having a year on year growth rate of 5.8%.

The North West is the best performing Northern region with year on year growth of 4.1% which is around 1% up on last year's figure.

Year on year house price growth in the other Northern regions is more subdued and generally down on last year's figures, although still in positive territory. Year on year growth in the North East is weakest, at just 0.2%, with the West Midlands showing the strongest growth at 3%.



The First Time Buyers HPE Index, which looks at the average cost of buying a 70 sq m 2 bed home (comparing the property price with the gross average earnings of a full time employee in that region) - shows wide regional variation in results.

A new starter home on an average salary is most easily afforded in the North East and Yorkshire and the Humber. However house price growth is still pretty slow in these regions, whereas the North West and East Midlands are showing reasonably strong house price growth as well as good levels of affordability. The other Southern regions of East Anglia, the South East and the South West are relatively expensive but are showing strong house price growth. Even allowing for higher average earnings, the HPE ratio for Greater London is twice the regional average rate.

How the market will react to the referendum result in the longer term is yet to be seen but, in the meantime, the view of many remains that there will always be demand for property and, if the last few month are anything to go by, we still need to build more houses and the important role of developers will remain."

REGIONS	YR TO MAY 16	YR TO MAY 15
East Anglia	7.1%	8.2%
East Midlands	5.8%	6.0%
Greater London	8.1%	12.8%
North East	0.2%	2.8%
North West	4.1%	3.2%
Scotland	2.6%	4.8%
South East	7.3%	8.0%
South West	5.8%	5.1%
Wales	2.5%	2.8%
West Midlands	3.0%	6.0%
Yorkshire and the Humber	1.6%	3.5%
Average excluding GL	**4.0%**	**5.0%**

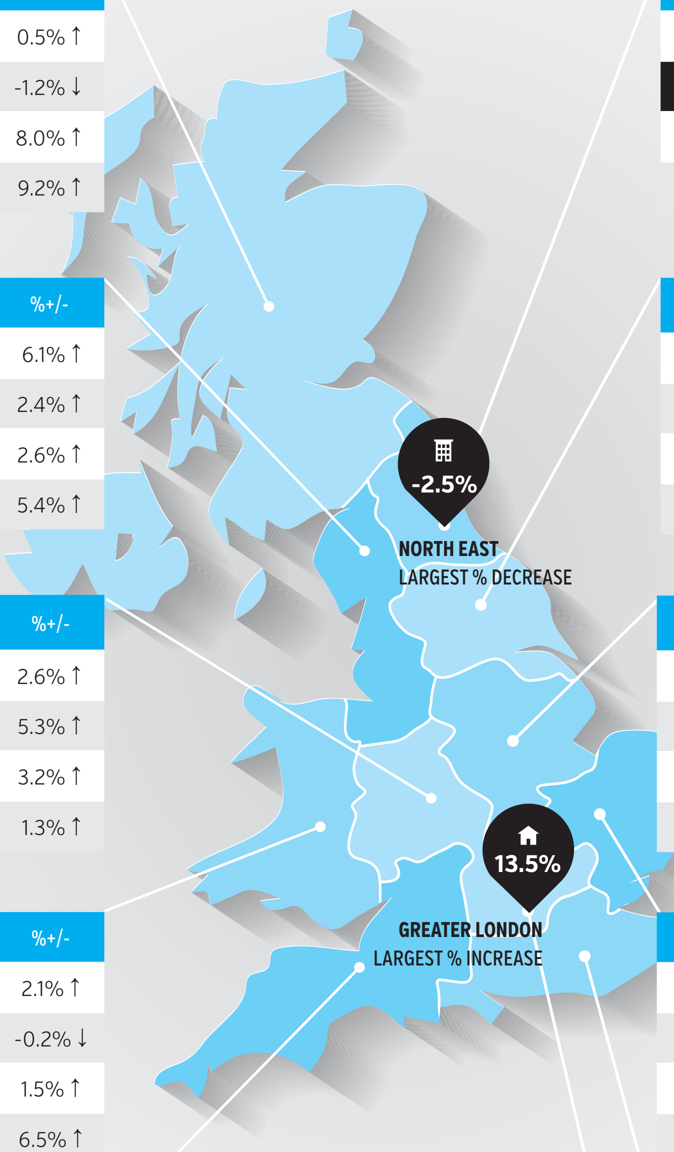
	2 BED 70 SQ.M STARTER HOME	AVE ANNUAL EARNINGS FULL TIME EMPOYEES	HPE	AFFORDABILITY INDEX
East Anglia	£194,633	£32,234	6.04	110
East Midlands	£113,966	£26,463	4.31	78
Greater London	£419,891	£36,983	11.35	206
North East	£97,791	£25,939	3.77	69
North West	£122,073	£27,480	4.44	81
Scotland	£135,565	£27,442	4.94	90
South East	£211,524	£33,621	6.29	114
South West	£161,583	£28,399	5.69	103
Wales	£124,780	£26,576	4.70	85
West Midlands	£132,704	£26,759	4.96	90
Yorkshire and the Humber	£107,649	£26,944	4.00	73
		Average	**5.50**	**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.

Average New Home Prices

Period June 2015 to May 2016 and % variation over same period 2014/15.

- Detached
- Flats
- Semis
- Terrace



SCOTLAND	£ AVERAGE	%+/-
Detached	£266,238	0.5% ↑
Flats	£137,984	-1.2% ↓
Semis	£176,916	8.0% ↑
Terrace	£194,645	9.2% ↑

NORTH EAST	£ AVERAGE	%+/-
Detached	£258,981	-0.4% ↓
Flats	£104,214	-2.5% ↓
Semis	£157,784	1.6% ↑
Terrace	£142,506	1.2% ↑

NORTH WEST	£ AVERAGE	%+/-
Detached	£303,141	6.1% ↑
Flats	£130,367	2.4% ↑
Semis	£172,567	2.6% ↑
Terrace	£165,387	5.4% ↑

YORKSHIRE & THE HUMBER	£ AVERAGE	%+/-
Detached	£278,425	2.1% ↑
Flats	£120,631	0.0% ↑
Semis	£155,164	1.4% ↑
Terrace	£150,234	1.9% ↑

WEST MIDLANDS	£ AVERAGE	%+/-
Detached	£321,242	2.6% ↑
Flats	£141,342	5.3% ↑
Semis	£198,973	3.2% ↑
Terrace	£184,241	1.3% ↑

EAST MIDLANDS	£ AVERAGE	%+/-
Detached	£290,227	3.3% ↑
Flats	£115,004	6.3% ↑
Semis	£177,488	6.1% ↑
Terrace	£170,426	8.9% ↑

WALES	£ AVERAGE	%+/-
Detached	£247,092	2.1% ↑
Flats	£138,186	-0.2% ↓
Semis	£167,217	1.5% ↑
Terrace	£171,110	6.5% ↑

EAST ANGLIA	£ AVERAGE	%+/-
Detached	£403,875	9.1% ↑
Flats	£209,735	6.0% ↑
Semis	£263,234	9.1% ↑
Terrace	£255,758	5.1% ↑

SOUTH WEST	£ AVERAGE	%+/-
Detached	£360,570	5.6% ↑
Flats	£176,940	5.7% ↑
Semis	£228,581	5.3% ↑
Terrace	£220,730	6.3% ↑

GREATER LONDON	£ AVERAGE	%+/-
Detached	£721,843	13.5% ↑
Flats	£417,416	8.4% ↑
Semis	£475,774	3.0% ↑
Terrace	£480,791	5.0% ↑

SOUTH EAST	£ AVERAGE	%+/-
Detached	£484,305	4.3% ↑
Flats	£216,738	7.6% ↑
Semis	£319,012	8.6% ↑
Terrace	£295,042	8.5% ↑

*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.