



Transition to eco homes hotting up

With climate issues becoming ever more urgent, policymakers and the housing industry are increasingly turning their attention to sustainable property development.

Making homes greener will play an important part in the UK's efforts to achieve net-zero emissions by 2050: new and existing homes together account for 20% of the UK's greenhouse gas emissions. As such, any improvements the sector makes could translate into a major environmental benefit.

The government's Future Homes Standard, which comes into effect in 2025, commits to making all new-build homes in England 'future-proofed with low carbon heating and world-leading levels of energy efficiency.'

Meanwhile, in response to growing interest in eco-friendly homes, several lenders have started offering green mortgages. Typically, these allow buyers of energy efficient homes to get lower rates on certain mortgages.

Some commentators, however, have been critical, suggesting that the current range of green mortgages is too limited in scope. It is suggested that the next steps may involve offering incentives to homeowners for improving less efficient homes, rather than simply rewarding buyers of A or B-rated properties.

Sales spree ahead of Stamp Duty changes

A race to beat the Stamp Duty holiday deadline has pushed UK house buying to its highest level since records began.

According to Savills, the non-seasonally adjusted estimate for residential property transactions in June rose to a monthly record of 213,120. This was double the June average

for 2017-2019 and more than three times June 2020's coronavirus-impacted total.

June is traditionally a busy month for transactions. This year, though, the buying spree was further fuelled by the imminent tapering of the Stamp Duty holiday. Until June, buyers in England and Northern Ireland paid no tax on the first £500,000; the nil-rate threshold has now been reduced to £250,000 until 1 October, when the threshold reverts to £125,000.

Analysts believe there will inevitably be some slowdown in the coming months, although the market is not expected to grind to a complete halt. Agreed sales remain above average with increases in activity especially noteworthy for higher value homes.

Enquiries dip as new instructions fall again

A scarcity of new instructions and relatively high level of enquiries is still causing an excess of demand over supply in the UK residential property market, according to the July survey published by the Royal Institution of Chartered Surveyors (RICS).

The net balance for new instructions in July fell to -46% (down from -35% in June), a fourth successive monthly decline. The survey also reported an easing in demand following the Stamp Duty changes, with new buyer enquiries falling to a net balance of -9% in July (from +10% a month earlier). Although this slip in enquiries ends a run of four successive monthly increases, demand remains ahead of supply.

Commenting on the findings, Simon Rubinsohn, RICS Chief Economist, said, "Although the tapering in Stamp Duty is beginning to have some impact on RICS activity indicators, the overall tone to the market remains firm."

House prices headline statistics

House Price Index (June 2021)*	139.3*
Average House Price	£265,668
Monthly Change	4.5%
Annual Change	13.2%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **13.2%** in the year to June 2021
- On a non-seasonally adjusted basis, average house prices in the UK increased by **4.5%** between May and June 2021
- House price growth was strongest in the North West where prices increased by **18.6%** in the year to June 2021.

Source: The Land Registry
Release date: 18/08/21
Next data release: 15/09/21

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	4.9	13.3	£284,029
Northern Ireland (Quarter 2 - 2021)	2.9	9.0	£153,449
Scotland	2.4	12.0	£173,961
Wales	4.6	16.7	£195,291
East Midlands	5.1	14.3	£226,846
East of England	4.5	12.1	£327,017
London	2.5	6.3	£510,299
North East	5.9	15.3	£149,521
North West	6.8	18.6	£200,222
South East	2.7	10.5	£355,948
South West	5.5	13.7	£294,906
West Midlands Region	5.7	15.0	£231,429
Yorkshire and The Humber	7.1	15.8	£194,518

Average monthly price by property type – June 2021

Property Type	Annual Increase
Detached £410,054	15.6%
Semi-detached £254,441	13.5%
Terraced £218,484	14.0%
Flat / maisonette £221,211	8.4%

Source: The Land Registry
Release date: 18/08/21

The demand for space

“There is a continued drumbeat of demand for more space among buyers, both inside and outside, funnelling demand towards houses, resulting in stronger price growth for these properties. Sellers will need to consider this when it comes to pricing expectations.”

Gráinne Gilmore, Head of Research at Zoopla

Source: Zoopla August 2021

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All details are correct at the time of writing (19 August 2021)

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