

## Gascoigne-Pees

**Market Insight**  
January/February 2018

# Focus

## Profiting from Property

In 2017 the average seller sold their home for £92,466 more than they paid for it, having owned for an average of nine years. This is up from £90,227 in 2016. Although the bulk of their gains come from price growth, many sellers will have added value by renovating, extending or developing. Sellers saw bigger gains in 2017 than in 2016 in every region, except for London.

But despite a cooler housing market in London than the rest of the country, the capital's sellers still make the biggest gains, by a long way. Sellers in London gained an average of £252,196 in 2017, over three times more than the average seller outside London. One in three Londoners who sold their home did so for at least twice what they paid for it an average of 8.8 years ago.

Nine of the ten places where this year's sellers made the largest gains were in the capital, with

### Top 10 areas where sellers gained

Local Authority	Region	Average Profit (£)	Sellers doubling their money
Kensington & Chelsea	London	£940,494	45%
City of Westminster	London	£635,614	42%
Camden	London	£557,460	39%
City of London	London	£459,315	49%
Hammersmith & Fulham	London	£425,857	33%
Islington	London	£351,915	32%
Richmond Upon Thames	London	£337,885	31%
Hackney	London	£310,138	41%
Elmbridge	South East	£308,999	24%
Wandsworth	London	£308,076	29%

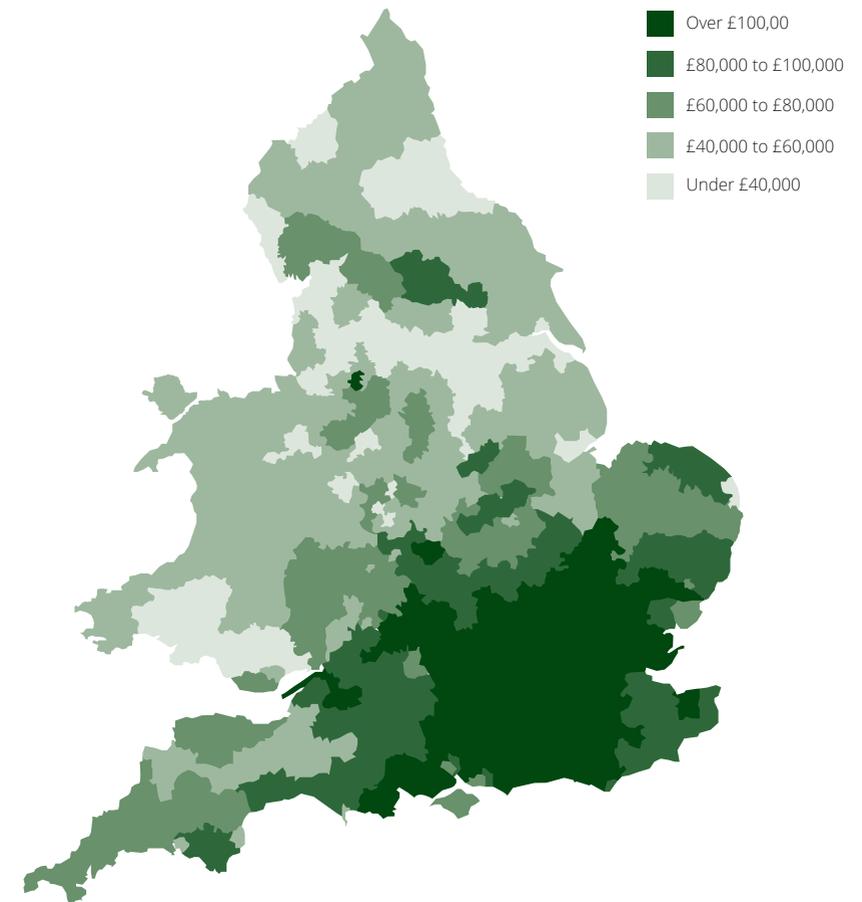
Elmbridge the only local authority outside London making the list. Like in 2016, sellers in Kensington and Chelsea gained more than anyone else in the country, an average of £940,494 down from £1,060,875 in 2016.

In 2017 92% of sellers sold their home for more than they paid for it, up from 90% in 2016. Every region of England and Wales saw fewer sellers make a loss. Sellers in the North East were least likely to make a profit with 21% selling their home for less than they paid for it, down from 29% last year. And in a change from last year, sellers in the South East were more likely to sell their home for a profit than Londoners, 97.6% compared to 97.4%. But even with price growth slowing, most owners are still sitting on plenty of growth from previous years.

Source: Hamptons International & Land Registry

### Average 2017 seller gain

Source: Hamptons International & Land Registry



# Sales

## Crossrail house price hotspots

After two decades of planning and nine years of building work, 2018 is the year that Crossrail finally opens. The first train is not due to run on new track until December but the new links have already become ingrained in the London housing market.



Homeowners along the route have seen the value of their home rise further and faster than those in neighborhoods elsewhere in the capital. In the nine years since construction began, the average home within a 1km of a Crossrail station has risen in value 8% more than one elsewhere in the same zone. In cash terms this means that since 2009, the average owner has seen their property rise in value by £51,000 more than those further away from a Crossrail station.

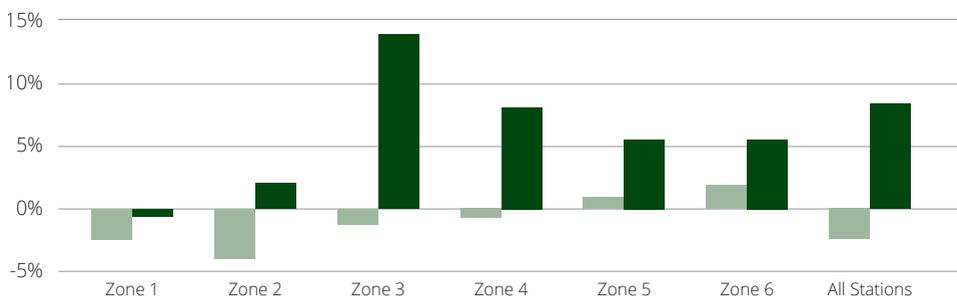
else. In the parts of Outer London where house prices sat below the average for the zone, Crossrail has closed some or all of this gap.

It's not just about houses prices, Crossrail has tempted house builders into new markets in Outer London. Building sites emblazoned with Crossrail branding have become a common sight. In the nine years since construction started, 11,000 more homes have been built around Crossrail stations in Outer London than if pre-Crossrail housebuilding rates had simply continued. Even before it is up and running, Crossrail has done more than most new infrastructure schemes to shape the face of London.

House prices in outer London have seen the biggest impact from Crossrail. Journey times into Central London will be cut more than anywhere

### Measures of Inflation

Source: ONS

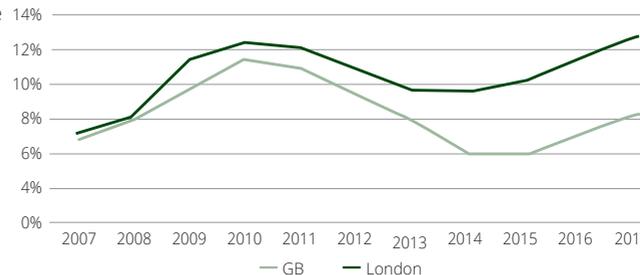


# Lettings

## Accidental landlords add 80,000 homes to the rental market

While most landlords are in the business by choice, the last three years have seen an increase in the numbers letting out a property they had previously tried to sell. A slower sales market in the South of England has revived the accidental landlord as more people chose to rent their properties out instead of waiting for a sale.

### Homes to let that had been listed for sale within the previous 6 months



One in twelve homes that came onto the rental market in 2017 had been up for sale within the previous six months. This is the third consecutive year that this proportion has increased, although it remains well below the previous peak in 2010 where 11.2% of homes that came onto the rental market had previously been put up for sale.

London is still the accidental landlord capital of the country. In 2017 12.5% of homes coming onto the rental market had previously been up for sale. This is the highest figure since Countrywide's records began in 2007, surpassing the previous 12.1% peak in 2010. With a stronger sales market outside the capital, would-be sellers across the rest of Great Britain are far less likely to put their home up for rent. Just 5.6% of new rental homes in Scotland had been up for sale.

### Homes to let that had previously been listed for sale

London	12.5%
North East	9.1%
North West	8.8%
Wales	8.2%
South East	7.6%
East of England	7.4%
South West	6.3%
Yorkshire & Humber	6.0%
West Midlands	6.0%
East Midlands	5.9%
Scotland	5.6%
Great Britain	8.2%

Compared with traditional landlords, accidental landlords tend to stay in the rental sector for a much shorter period. While the average investor owns their rental property for 17 years, the typical accidental landlord rents out their home for an average of just 15 months. With mortgage rates remaining low, these discretionary sellers can afford to let their home, while they wait and see what the future holds for the sales market. Nine in ten accidental landlords put their property back up for sale after the first tenant moves out, rather than looking for a new tenant.

# Economy

## Hopes for growth

The performance of the UK economy in 2017 can be classed as decent, but unspectacular. Economic conditions will be challenging over the next three years too as uncertainty over Brexit still looms large and economic growth (GDP) is likely to slow over the next 12 months. But the low Sterling exchange rate combined with global economic growth, should help support the economy. Overall, we are not as pessimistic about economic growth as the official forecasts from The Office for Budget Responsibility (OBR).

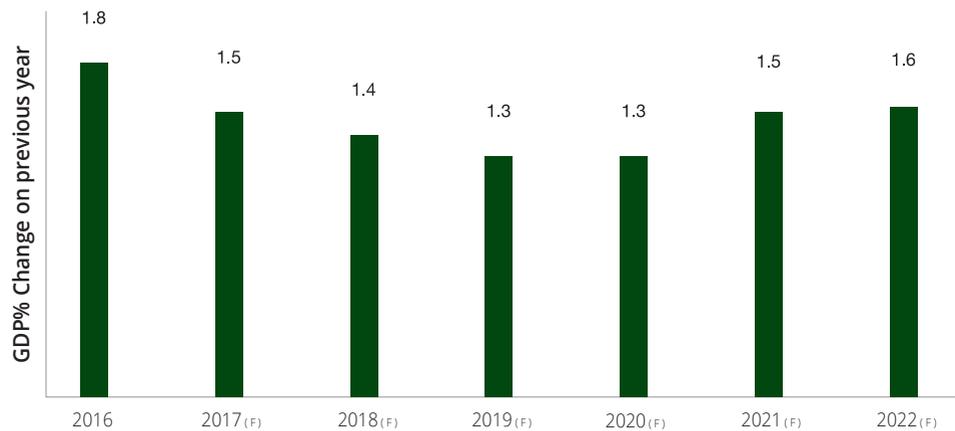
The OBR downgraded their forecast for UK economic growth to remain below 2% until 2022, which seems overly pessimistic given the political impetus to stimulate growth over the next five years. But it's the labour market that will set the tone for the economy in 2018.

The UK labour market has enjoyed five years of strong growth, but there are now signs of slowing. While we don't expect unemployment to increase rapidly the capacity to increase employment much further has run out.

Productivity has been the major problem for the UK economy and despite the governments long-term industrial strategy the outlook for growth is weak, especially as education and training policies will take time to deliver. But the latest productivity data shows a glimpse of sunshine among the clouds. Output per worker per hour rose 0.9% in Q3 2017 – the fastest rise for six years. Furthermore, wage growth should pick up from mid-2018 as higher inflation feeds into wage demands. Fewer workers should also help boost wages giving household finances some respite.

OBR's Growth Forecasts (GDP)

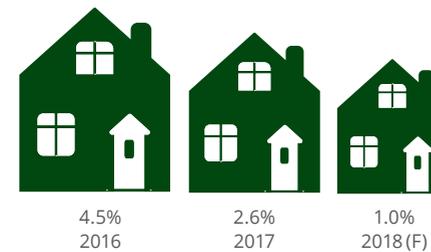
Source: OBR



# Stat of the Month

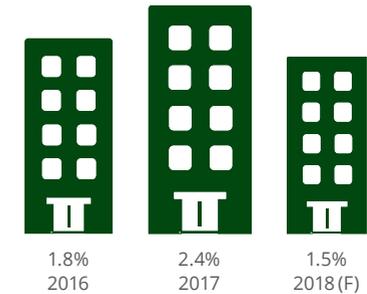
## House price forecasts

House Price Growth:



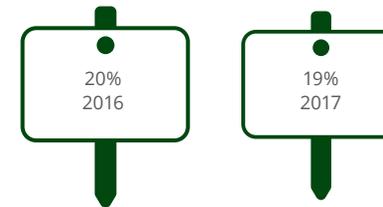
Source: Nationwide & Countrywide Forecasts

Rental Growth:



Source: Countrywide

Homes sold for above asking price:



Source: Countrywide

Days to sell:



Source: Countrywide

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