

LSL New Build Index

The market indicator for New Builds

February 2017



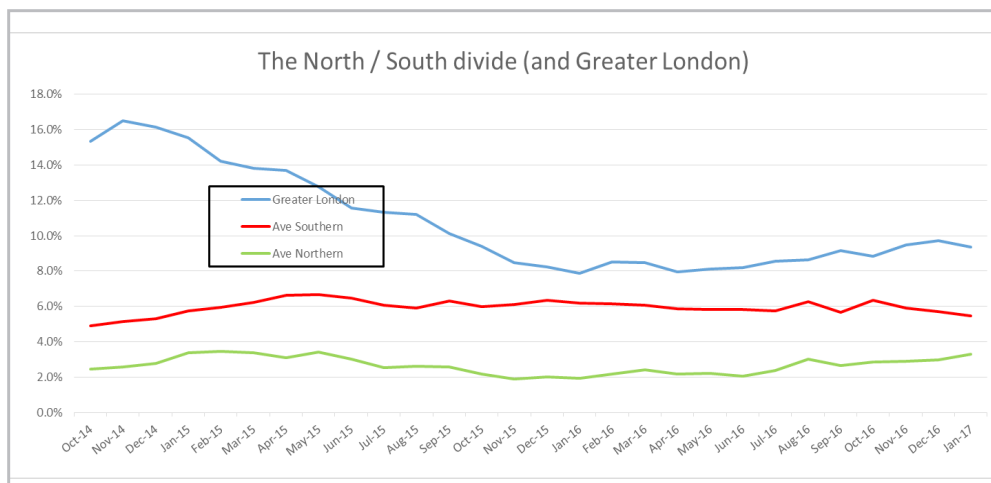
In the year to end January 2017 new build house prices rose on average by 5.8% across the UK which is down on last year's figure of 7.2%. But if Greater London is taken out of the calculation and we take a crude average of the remaining regions, then the average house price growth is 4.4% compared to a figure of 4.1% last year.

LSL Land & New Homes comments; "Looking across the regions it can be seen that the overall change in the growth rate is the result of some strengthening at the bottom end and mid range of the regional performance table and weakening at the top end. It is very interesting to note that in the year to end January 2016 four of the eleven regions tracked were showing price growth of

over 5%; in the year to end January 2017 six of the regions (more than half) were showing price growth of over 5%.

In the year to end January 2016, Greater London had been knocked off the pole position by East Anglia and was coming under threat from the South East. However over the past year Greater London has regained its pole position with growth of

9.4%, the South East takes equal second position along with the East Midlands at 7.3%. There then follows a number of regions showing respectable growth levels (being well over double RPI inflation). The South West 5.6%, Wales 5.3% (up from just 1.5% last year), the North West 5.2% and East Anglia 4.8% all have growth in the 5% band. Yorkshire & the Humber 3.2%, the West Midlands 2.1% and Scotland



2% are now into above RPI inflation growth and only the North East at 0.7% does not achieve this level of growth.

First Time Buyers

The First Time Buyers index calculates an estimated value for a 70 sq m 2 bed property in each region of the UK. It adjusts by region according to the number of flats or terraced houses that are being built and valued in those regions. The index has been recalibrated and is now calculated against the Office for National Statistics EARN05: *Average weekly gross earnings of full time employees, by region. People.*

The table shows that whilst earnings are significantly higher in Greater London, this does little to compensate for the very significant difference in average residential property prices.

In fact a clear North South divide is evident with: Greater London, South East, South West and East Anglia having a HPE multiple at 5 or above and the remaining regions being below this number. The most affordable regions for first time buyers are the North East and Yorkshire and the Humber which both have multiples below 4. The one to watch must be the East Midlands which shows good levels of affordability combined with relatively high house price growth."

Weighted Average Price Change

REGIONS	YR TO JAN 17	YR TO JAN 16
East Anglia	4.8%	8.9%
East Midlands	7.3%	6.3%
Greater London	9.4%	7.9%
North East	0.7%	-0.4%
North West	5.2%	4.3%
Scotland	2.0%	2.7%
South East	7.3%	7.4%
South West	5.6%	4.8%
Wales	5.3%	1.5%
West Midlands	2.1%	3.5%
Yorkshire and the Humber	3.2%	1.6%
Average excluding GL	4.4%	4.1%

The Future

LSL Land & New Homes comments; "At the time of writing the full year figures for house building in 2016 are yet to be released. UK economic growth for 2016 has been better than anticipated but projections are for a slight slow-down in 2017, which is yet to materialise. The above evidence of a growing ripple effect in the housing markets across the regions may not yet be factored in, as housing market sentiment is known to effect consumer behaviour. Evidence of house price growth in the regions may well be self-reinforcing and carry these markets onto further growth.

One of the biggest impacts on house builders from the recent Housing White Paper is the proposal to let councils issue completion





notices, requiring developers to start building in two years as oppose to three, once planning permission has been granted. They are also encouraging small builders into the market place through the Home Building Fund (presently 60% of new homes are completed by 10 companies) and encouraging urban regeneration. There is also an ongoing focus on affordable housing with more build to rent and affordable rent being in the mix.

How will the new homes industry manage these additional constraints? If the regional market is picking up then it may be possible to sell more units, but whether the skilled labour force is there to build them is another issue."

First Time Buyers - Affordability.





	2 BED 70 SQ.M STARTER HOME	AVE ANNUAL EARNINGS FULL TIME EMPLOYEES	HPE	AFFORDABILITY INDEX
East Anglia	£199,736	£32,610	6.12	111
East Midlands	£122,510	£28,585	4.29	78
Greater London	£439,747	£38,188	11.52	209
North East	£98,864	£27,032	3.66	66
North West	£124,631	£27,240	4.58	83
Scotland	£138,735	£30,486	4.55	83
South East	£221,679	£33,966	6.53	118
South West	£166,657	£28,484	5.85	106
Wales	£126,246	£26,771	4.72	86
West Midlands	£134,216	£27,794	4.83	88
Yorkshire and the Humber	£109,318	£27,608	3.96	72
			5.51	100





This is based on a weighted calculation which reflects regional differences in sales volumes of flats and terraced property. Ave annual earnings from ONS EARN 05: Average Gross Earnings of Full Time Employees.





-  Detached
-  Flats
-  Semis
-  Terrace





Average New Home Prices





Period February 2016 to January 2017 and % variation over same period 2015/16.





SCOTLAND	£ AVERAGE	%+/-
	£252,485	-5.03% ↓
	£137,317	4.42% ↑
	£186,666	12.98%
	£202,432	11.49% ↑





NORTH EAST	£ AVERAGE	%+/-
	£252,367	-2.01% ↓
	£103,723	4.73% ↑
	£155,563	1.32% ↑
	£144,249	3.21% ↑





NORTH WEST	£ AVERAGE	%+/-
	£307,651	4.54% ↑
	£130,871	4.04% ↑
	£174,109	4.09% ↑
	£172,545	8.10% ↑





YORKSHIRE & THE HUMBER	£ AVERAGE	%+/-
	£279,822	2.95% ↑
	£126,278	9.75% ↑
	£152,696	1.49% ↑
	£148,576	2.06% ↑





WEST MIDLANDS	£ AVERAGE	%+/-
	£313,795	0.09% ↑
	£141,812	3.89% ↑
	£197,778	3.24% ↑
	£182,504	2.43% ↑





EAST MIDLANDS	£ AVERAGE	%+/-
	£298,930	4.91% ↑
	£119,242	8.41% ↑
	£186,178	8.35% ↑
	£183,155	9.79% ↑

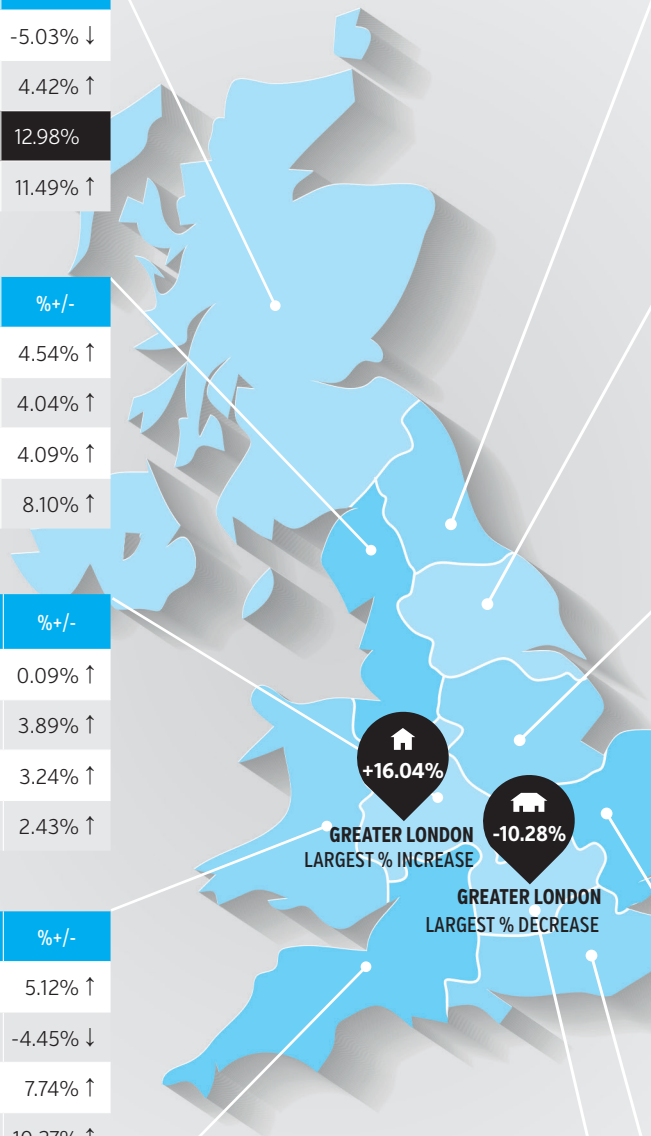
WALES	£ AVERAGE	%+/-
	£252,367	5.12% ↑
	£132,688	-4.45% ↓
	£173,089	7.74% ↑
	£178,165	10.27% ↑

EAST ANGLIA	£ AVERAGE	%+/-
	£394,828	0.85% ↑
	£213,984	7.19% ↑
	£263,130	4.91% ↑
	£263,540	6.54% ↑

SOUTH WEST	£ AVERAGE	%+/-
	£362,935	5.17% ↑
	£180,818	6.86% ↑
	£227,533	4.39% ↑
	£223,857	5.78% ↑

GREATER LONDON	£ AVERAGE	%+/-
	£764,239	16.04% ↑
	£432,815	10.18% ↑
	£433,286	-10.28% ↓
	£472,066	2.28% ↑

SOUTH EAST	£ AVERAGE	%+/-
	£488,678	4.29% ↑
	£224,071	9.02% ↑
	£321,431	5.59% ↑
	£306,367	8.61% ↑



Notes

This Index has been prepared by e.surv using anonymised data based on a proportion of all new build valuations provided for lending purposes. Figures represent 12 month rolling averages for each period. The copyright and all other intellectual property rights in the Index belong to e.surv. Reproduction in whole or part is not permitted unless an acknowledgement to e.surv as the source is included. No modification is permitted without e.surv's prior written consent.

Whilst care is taken in the compilation of the Index no representation or assurances are made as to its accuracy or completeness. e.surv reserves the right to vary the methodology and to edit or discontinue the Index in whole or in part at anytime.

e.surv (www.esurv.co.uk) is the Valuation business of LSL Property Services plc (www.lslps.co.uk) and is the UK's largest residential valuation practice, acting for lenders, developers, Social Housing organisations and other stakeholders in the residential property market.

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.

Report sources:

See Government press release on white paper.

DCLG released 7th Feb 2017

Housing White paper rented sector and house building

Headed: Government announces ambitious plan to build the homes Britain needs

For further information or enquiries regarding the underlying data of the LSL New Build Index, please contact Shaun Peart via email Shaun.Peart@lslnewhomes.co.uk or by phoning 07789 948411.

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

Disclaimer: The data is provided by LSL Land & New Homes and is based on data provided as described above. While reasonable skill and care has been taken in the preparation of the data - the copyright and all other intellectual property rights of which belong to e.surv limited - neither e.surv Limited nor LSL Land & New Homes can accept liability for the accuracy or completeness of the data provided.

Reproduction in whole or part is not permitted unless an acknowledgment to e.surv Limited is included. No modification is permitted without e.surv Limited's prior written consent.

No warranty of the figures is given and no responsibility or liability of any nature to you or any third party for the whole or any part of its content is accepted. It is assumed that you will carry out your own due diligence before proceeding with any proposals or making any financial commitments.