Weekly Summary

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3rd February 2020

DATA: Nationwide reported annual UK house price growth of 1.9% in January, up from 1.4% the previous month

The post-election "Boris Bounce" is being reported in a wide range of statistics but there were some signs of higher growth prior to the election (e.g. the completions based ONS house price index). While sentiment appears to have improved some of the slightly higher growth rates also reflect a very weak end of 2018.

DATA: MHCLG reported 250,552 Energy Performance Certificates on new build homes in 2019

MHCLG's Energy Performance Certificate data has proven itself to be a reliable predictor of net additions to the dwelling stock in recent years.

REPORT: The Building Better, Building Beautiful Commission published its final report: Living with beauty

The report proposes a new development and planning framework which will "Ask for Beauty, Refuse Ugliness, Promote Stewardship".

REPORT: Policy Exchange published their report: Rethinking the Planning System for the 21st Century

The report suggests "the planning system is in urgent need of wholesale reform" and their proposals include "introducing a binary zonal land use planning system".

NEWS: The Grenfell Tower Inquiry began its second phase last week

The reporting on this by the industry press including Inside Housing's Pete Apps is essential reading for everyone in the housing and construction sectors.

Chart of the Week

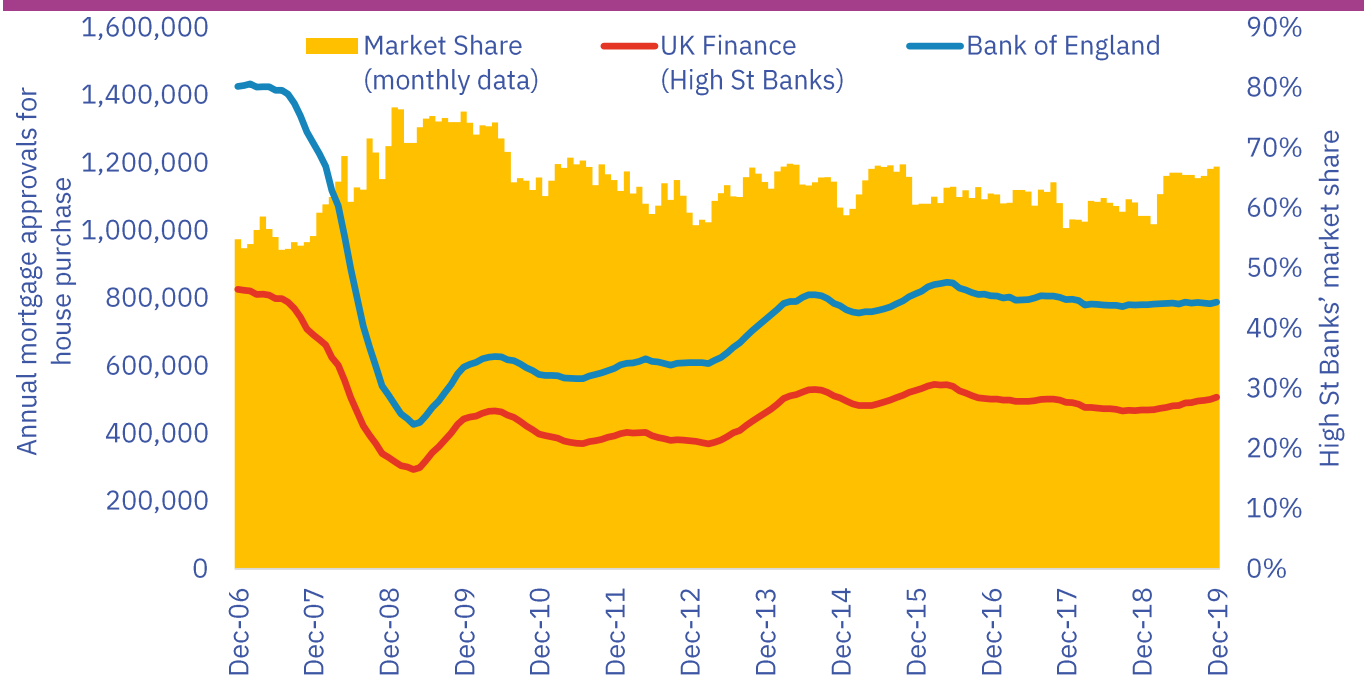
Last week, the Bank of England reported mortgage approvals for house purchases rose by 4.6% in December 2019 when compared to the same month in 2018. We will have to wait and see whether this is a sustained recovery in lending volumes or just a temporary blip but there's an interesting underlying trend in the mortgage lending market.

The mortgage lending market has become incredibly competitive in recent years. Since the collapse in the Buy-to-Let mortgage market, lenders have had to look for other market segments to achieve their aspirations for growth. However, the pool of potential borrowers is heavily constrained by affordability and regulation, and so there has been increased competition. Comparing mortgage approvals for house purchase from the Bank of England (which covers the whole market) to figures from UK Finance (which just covers High Street Banks*) shows that the High Street Banks have substantially increased their market share since February 2019, rising from 57.3% to 66.9%.

** The banking groups of Barclays, Lloyds, HSBC, RBS, Santander UK, TSB and Virgin Money*

Mortgage Rates by Loan-to-Value & Fixed Rate Period

Source: Bank of England, UK Finance



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