

9<sup>th</sup> March 2020

**DATA: Bank of England reported a jump in mortgage approvals during January**

Seasonally adjusted mortgage approvals for house purchase increased 4.4% compared December and the highest level since February 2016. This is the first actual evidence for an increase in housing market activity since the election but recent global developments suggest it may not continue.

**DATA: Halifax reported lower annual house price growth of 2.8% in February**

2.8% is much lower than the 4.1% reported in January and we are unconvinced by the new Halifax index, not least because the historic data is not publicly available. We continue to report on the latest data but do not use it in our regular analysis.

**POLICY: Government is reported to be delaying its National Infrastructure Strategy**

Apparently due to the be published alongside the Budget this week, the plan has been delayed. There is some suggestion that the environment impact is being more closely looked at following the High Court ruling on Heathrow. The BBC also suggests that there's some debate over whether housing should be included. It's our view that it absolutely should be.

**NEWS: Knight Frank launched their annual Wealth Report**

A glossy look at the challenges and opportunities for the very rich.

**NEWS: Usual pre-Budget stamp duty lobbying**

There has been the usual pre-budget lobbying over stamp duty with a particular focus on its impact at the top end of the market and the 3% additional property surcharge. Stamp duty is a stupid tax but the alternatives (including land value tax and higher council tax) will be politically difficult given the large amounts of property wealth held by older and typically Conservative voters.

## Chart of the Week

There is still a great deal of uncertainty about what the impact of COVID-19 (Coronavirus) will be on the UK but it's already clear that the global economy is being hit. [This is a useful summary](#) by Capital Economics. The Budget is now likely to focus on dealing with the virus and it's possible we will see measures to delay the spread introduced this week such as closing schools and banning big events.

The direct impact on the housing market will depend on the severity of the virus and any measures introduced to delay its spread but it is very likely that as a minimum we'll see a short-term fall in activity. The bigger unknown is the impact on the global economy and how that feeds through to the UK's housing market. Markets like Kensington & Chelsea have tended to be somewhat correlated with the performance of financial markets (chart below) but the fall in global bond yields could lead to lower mortgage rates. Whether potential buyers will be confident enough to make use of them remains to be seen.

### Annual Change in Kensington & Chelsea House Prices & The FTSE 100

Source: yahoo! Finance (chart shows performance of FTSE 100 up to 1<sup>st</sup> March so does not include today's falls)

