

16th March 2020

DATA: Government reports that 40,279 people have been tested for COVID-19 with 1,372 confirmed positive and 35 of those have sadly died (at 9am on 15th March)

The testing regime has changed in recent days to prioritise those most at risk of severe illness from the virus. The number of people that have tested positive has always been an undercount and this is now likely to widen. Unfortunately this is just the start and all the numbers of people infected and dying from this virus are likely to rapidly increase in coming weeks. Wash your hands and be sensible.

DATA: Rightmove report asking prices up 3.5% compared to March 2019

It will be increasingly important to understand exactly what and when each data release will be measuring in coming months. The Rightmove house price index is usually a good leading indicator for national prices but today's data is based on homes listed between February 9th and March 7th so will not take the events of the last week into account. It is unlikely that we will really know what impact Coronavirus is having on the housing market for several months.

POLICY: Rishi Sunak delivered his first Budget last week (remember that?)

The increased Government spending was welcome though much more is likely to be needed to minimise the impact of Coronavirus. On housing, a much hoped for reduction in Stamp Duty Land Tax didn't happen (again) with the only change being the introduction of the 2% surcharge on non-resident buyers (from April 2021). A £12.2 billion Affordable Homes Programme was announced though there is some warranted concern about the affordability of the homes delivered through the programme and the threat of a Right to Buy Shared Ownership scheme.

POLICY: Robert Jenrick plans for the future to get Britain building

The housing minister set out the Government's plans for housing and planning with a white paper due later this spring. There have been regular attempts to reform planning in recent years and it remains to be seen whether this one will be successful.

NEWS: Bank of England cut Bank Rate to 0.25%

This is likely to be just the first step in the fight to minimise the impact of Coronavirus.

Chart of the Week

We don't know exactly what impact the Coronavirus will have on the economy but it's already looking serious. Measures like cutting Bank Rate and lenders offering mortgage repayment holidays will help those who own their own home. Unfortunately, helping renters is more difficult but will be much more important given they typically have more precarious finances. Analysis of the Bank of England's NMG survey suggests that 33% of private rented households and 40% of social rented households have no savings compared to 6% for those who own their home outright and 14% who own their home with a mortgage.

The chart below shows how many months of rent each household's savings could cover. In addition to those with no savings, around 18% of renters only have savings equivalent to 3 months of rent or less. That's before you account for any other regular living costs. The economic and social costs of Coronavirus could be substantial and long lasting if we don't respond appropriately.

How Many Months of Rent Can You Pay With Savings? *(savings/monthly rent)*

Source: Bank of England NMG Survey 2018 H1

