

20th April 2020

DATA: Rightmove house price index is no longer meaningful

They reported slightly lower annual price growth in April (2.1%) but the low number of new listings is limiting Rightmove's ability to publish meaningful data. Most other house price indices are likely to cease publication in coming months.

DATA: Bank of England's quarterly credit conditions survey reports the availability of secured credit is expected to decrease in coming months

Unsurprisingly, the Q1 survey results report the availability of credit is expected to collapse over the next three months, particularly for borrowers with loan to value ratios above 75%. The Chart of the Week below provides some more detail on this survey.

NEWS: UK Finance reports 1.2 million mortgage holidays have been offered

UK Finance report 1,240,680 mortgage payment holidays in place on the 8th April. With 10,993,000 outstanding first charge mortgages in the UK, this equates to 11.2%. The number has almost certainly increased since then.

NEWS: The Federation of Master Builders report 65% of small building companies won't last more than two months without cash grants

The survey also reported that:

- "Just 4% of builders who have applied for the Coronavirus Business Interruption Loan Scheme (CBILS) have been successful."
- "95% of builders have not received Business Rates Relief from their local authority, with most being ineligible due to not owning business premises"

NEWS: Shelter report 1.7 million renters expect to lose their job in the next three months

Though based on a relatively small sample (498), the survey results (24% have already seen their income fall or lost their job) tallies with analysis from other institutions that suggests the immediate economic impact will fall on younger and lower income households. Many of these people live in the private rented sector and the fall-out from the economic crisis on the private rented sector could be substantial.

Chart of the Week

The Chart of the Week shows the factors contributing to the expected change in secured credit availability over the next three months according to the Bank of England's Credit Conditions Survey. A positive balance indicates that the factor will increase credit availability while a negative balance indicates it will reduce availability.

The survey responses for the next three months are shocking but unsurprising given the market lockdown. One big unknown and possible risk during the recovery period is the cost and availability of mortgages. While many will hope that we'll see an immediate return to pre-lockdown lending conditions, this appears increasingly unlikely the longer the lockdown is in place.

Factors Contributing to Changes in Credit Availability: Next Three Months

Source: Bank of England

