

18th May 2020

DATA: ONS reported a 2% fall in GDP in the first quarter of 2020

Their monthly GDP data also reported a 5.8% fall in March though both these figures are likely to be overshadowed by falls reported in future releases. GDP and other data releases are highly likely to be significantly revised in coming months and years.

DATA: Rightmove did not publish their house price index for May

They reported the number of new listings was down 90% compared to last year so there wasn't sufficient data to calculate the house price index. The market reopening suggests they should have enough data for next month's release.

POLICY: MHCLG restart the housing market

The housing market reopened for business last week (Wednesday) which was much sooner than most expected. The announcement was also managed in a less than ideal way with amendments to The Health Protection Regulations 2020 appearing online, then reported by newspapers, before finally being announced by MHCLG later than evening (rather than the following day as originally intended). However, all this has been forgotten in the rush to buy, sell and rent homes again (see Chart of the Week).

NEWS: The April RICS market survey reported "prices, rents and sales expected to fall sharply in the coming three months"

All the metrics reported by RICS were negative though this was based on sentiment prior to the market reopening. Next month's release could see big rebounds in measures.

NEWS: UK Finance reported a small quarterly increase in mortgage arrears

The number of homeowner mortgages in arrears of over 2.5% of the balance increased by 2.1% in Q1 2020 (72,380) though this is below the equivalent in Q1 2019 (76,640). The relatively small quarterly increase will reflect the forbearance measures in place but it appears likely that numbers will increase in future quarters.

NEWS: The Health Foundation reported overcrowding is highest for those with low incomes

Their chart highlights not just higher rates of overcrowding for lower income households but also higher rates of overcrowding with vulnerable household members. The quality and availability of housing is important at all times but is especially so when linked to worse outcomes for health.

Chart of the Week

This week's chart is an update of a previous one (6th April). The chart shows the level of search activity for the two main UK property portals according to Google.

Search activity had started falling prior to the lockdown and was around 60% below Jan/Feb levels in late March. There had been a gradual increase in recent weeks, no doubt thanks to people bored at home. However, the reopening of the market last week led to big increase in searches on the 13th at only 10-15% below Jan/Feb levels. Activity over the weekend appears to have stuck at around 80% of previous levels. Only time will tell if this is just speculative searching or will translate to actual transactions.

Google Trends: Searches for Property Portals

Source: Google Trends, UK

