

## 15<sup>th</sup> June 2020

### **DATA:** ONS reports a 20% fall in GDP during April

This fall reduced GDP to a level last seen in 2002. It's worth remembering GDP is a flow rather than stock measure and so we hope this just reflects the temporary impact of the lockdown. However, we fear some of the economic damage will be permanent.

### **DATA:** Rightmove report asking prices in England rose 1.9% in Q2

This result reduced the annual rate to 2.9% (3.5% previously). London was the only region to see a fall in the second quarter and Rightmove's "Top of the ladder" sector recorded the biggest increase. Rightmove also reported the number of sales agreed on Friday 5<sup>th</sup> June was just 3% below the same day the previous year.

### **NEWS:** RICS report "Indicators on prices and sales remain negative but enquiries stabilise" in May

Their various measures rebounded from the historic lows in April but remained negative. This may partly reflect the timing of the survey, only just after the market reopened.

### **NEWS:** ONS reports "Renters spend a higher proportion of their budget on essential items that cannot be cut back"

Analysis by ONS shows "Renting households spend 61% of their usual weekly budget on essentials, compared with 52% for households who own their home outright or with a mortgage." and "This is largely driven by housing costs, which account for 28% of budgets for renting households and 21% for homeowners".

### **NEWS:** Zoopla reports "New sales agreed return to early March levels"

Their data shows that as of the 7<sup>th</sup> June: "New sales agreed have rebounded and are just 12% short of the levels seen in early March" and "the higher the price band, the greater the increase in the volume of sales agreed compared to pre-COVID". However, the recovery in London appears more limited with a slower recovery in the number of sales agreed.

## Chart of the Week

The limited availability of higher loan-to-value (LTV) mortgages (as reported by [MoneyFacts](#)) is a massive barrier for many prospective first-time buyers given the large numbers that are reliant on them. The chart of the week highlights the trend in mortgage sales to first-time buyers by LTV ratio. It shows 22% of first-time buyer mortgages were above 90% LTV and a further 26% were above 85% LTV in the year to Q2 2019. Any reduction in the availability or increase in the cost of higher LTV mortgages will limit the ability of first-time buyers to access the housing market. While some of the recent trends in limited availability will reflect the lockdown and attempts by lenders to control their lending volumes, the ongoing economic fallout of the pandemic will inevitably be a significant factor. For more information on first-time buyers, check out our recent [Digging Deeper slide deck](#) and YouTube [conversation](#).

### First-Time Buyer Mortgage Sales by Loan-to-Value Ratio

Source: FCA Product Sales Data

