

5th October 2020

DATA: MHCLG report second quarter housebuilding stats for England

Despite methodology changes and the introduction of an index, this data undercounts actual housebuilding activity and creates confusion about the true number of homes built.

DATA: Nationwide report 5% annual rise in UK house prices

This was the highest rate since 2016 with the highest regional price growth in the South West and the lowest in Northern Ireland. The year-end national price change looks likely to be around this rate (5%) barring any further shocks to the market.

DATA: ONS slightly revise Q2 GDP in second estimate

The fall in GDP was revised down from -20.4% to -19.8%. It's the largest quarterly fall since quarterly data was first published in 1955 and will be revised further in the future.

DATA: BoE report August mortgage approvals 29% higher than 2019

The Bank of England data was the first proper evidence that the summer boom is translating into actual activity. See the Chart of the Week for more detail below.

POLICY: MHCLG announce PDR must meet space standards

They say "All new homes in England delivered through any Permitted Development Right must meet space standards" which should've been required from the start.

NEWS: Boris Johnson promises to create "Generation Buy"

A newspaper interview suggests government is looking at long-term fixed rate high loan-to-value mortgages a bit like those recommended in this CPS [report \(PDF\)](#) and announced in the 2019 manifesto. There is also the suggestion of removing affordability stress tests at higher mortgage rates and a state guarantee. It is highly likely this would be a one-off gain in first-time buyers with long-term consequences due to higher house prices.

NEWS: Savills revise their house price forecasts upwards

Having forecast a 7.5% fall in prices in June, they've now revised their forecast to a rise of 4% this year and five year growth of 20.4% (15.1% previously). The press release stated "The pace of change in the UK housing market has taken us all by surprise over the past few months suggestion normal rules simply don't apply". For an alternative view our latest housing market commentaries look at [why prices are rising](#) and [what could happen next](#).

Chart of the Week

The Bank of England reported a large increase in the number of mortgage approvals for house purchase in August. This was the first evidence of the summer boom in sales agreed reported by listing sites and estate agents in public data and it's likely we'll see the boom feed through to transaction data over the next few months. While approvals for house purchase rose well above their pre-pandemic level, the number of approvals for remortgaging are still 36% below February's level. However, these numbers only reflect those involving a change in lender so this may be under-reporting true levels of activity.

Monthly Mortgage Approvals by Purpose

Source: Bank of England

