

## 11<sup>th</sup> December 2020

### **DATA:** Halifax report annual house price rise of 7.6% in November

This was only slightly higher than the 7.5% annual rise reported last month but reflected a 1.2% monthly increase.

### **DATA:** ONS report a 0.4% monthly rise in GDP during October

GDP was 8.2% lower than October 2019 and the recovery is far from V-shaped. Next month's data is likely to be poor as it covers the lockdown period.

### **DATA:** Bank of England report continued rise in higher LTV mortgage rates

The data for November showed the continued rise in average available mortgage rates above 85% loan-to-value (LTV). The average rate at 85% LTV was 3.02% compared to 1.71% last year.

### **DATA:** Bank of England/FCA release Q3 MLAR statistics

The Mortgage Lenders & Administrators Return statistics provide a wealth of information on the state of the mortgage market. See the Chart of the Week for more detail.

### **DATA:** ONS release private rent statistics covering year to Sep 2020

These statistics are based on a sample collect by rent officers at the VOA. The data is far from perfect but still provides a useful summary of rents down to local authority level.

### **REPORT:** RICS reports "Demand continues to rise although the pace of growth appears to be moderating"

The November survey reports "Near term sales expectations turn flat" but "Prices continue to rise sharply across most parts of the UK". The London rental market is the one clear sign of trouble with continued negative tenant demand and negative rental expectations.

### **REPORT:** Public Accounts Committee reports on Starter Homes

Starter Homes was always a terrible policy and should've been formally ended much sooner. The report raises a more important question about how MHCLG intends to achieve its target of 300,000 net new homes. Both these points and the questions about First Homes highlight the tensions created when housing policies are created by Number 10/Treasury and left to MHCLG to deliver with no clear overall guiding strategy for housing.

### **REPORT:** CaCHE report on "The housing design quality conundrum"

The report investigates "why new homes and neighbourhoods are poorly designed" and provides recommendations for how this could be changed. The 12 recommendations can be summarised as "The housebuilding industry must stop receiving a 'free pass' on design", "Good design should be cast as a crucial public good", and "Future planning reforms must put design at their heart".

## Chart of the Week

The BoE/FCA MLAR data provides a breakdown of mortgage advances by purpose and the chart below looks at this breakdown for those buying homes (rather than remortgaging). It highlights the sharp fall in mortgage advances to home movers and first-time buyers in Q2 2020 followed by a partial recovery in Q3. It is also interesting to note that buy-to-let mortgage advances did not fall quite as sharply as those to other home buyers in Q2.

### Annual % Change in Mortgage Advances by Buyer Type

Source: Bank of England/FCA

