

15th October 2021

DATA: ONS reported a 0.4% monthly rise in GDP during August

The latest estimate reported GDP rose 6.9% over the last year and is now 1.1% below the pre-pandemic peak of February 2020.

DATA: ONS reported a continued recovery in the UK labour market

HMRC data showed an increase in payrolled employees during September which returned the total number back above the pre-pandemic peak. The unemployment rate continues to track downwards, 4.5% in August, and there are record high job vacancies.

DATA: DLUHC released final Household Resilience Study

The latest and last survey covers April-May 2021 and highlights the stress households have experienced during the pandemic. Some of the main findings included: “There were more households in mortgage arrears in April-May 2021 than there were before the pandemic”, “Private rental arrears remain higher than they were pre-pandemic”, and “Overcrowding remains higher than it was pre-pandemic, particularly in the private rented sector”. The three waves of the survey provide useful evidence for the impact of the pandemic and we’ve explored how renters’ expectations of buying have changed in the Chart of the Week.

DATA: ONS reported a 4.1% fall in births during 2020

The data for England and Wales showed a further decrease in live births to 613,936, with a total fertility rate of 1.58. This was the lowest fertility rate since records began in 1938 and is well below the replacement level of 2.08.

DATA(pdf): RICS reported “Buyer demand steadies while new instructions remain thin on the ground” in September market survey

They also reported “Sales and instructions reportedly soften again over the month” but “sales are expected to hold broadly steady going forward” due to stable buyer demand. It is a similar story in the rental market with strong tenant demand across all regions, shortages of available homes to rent, and rising rents.

DATA: Rightmove reported annual rental growth of 8.6% in Q3

The latest data highlights the reversal of city centre rents. Despite falls in rents during the first year of the pandemic, most cities are now reporting rent rises since February 2020. However, the shortage of homes to rent is most severe in rural and suburban markets.

DATA: Bank of England released Q3 Credit Conditions Survey

Lenders reported increased availability of secured credit in the three months to August and expect it to increase further over the next three months (to the end of November). However, demand for secured lending for house purchase decreased in the last quarter and is expected to decrease further in the next three months.

POLICY: DLUHC allocated funding for brownfield land redevelopment

DLUHC announced “Almost £58 million from the £75 million Brownfield Land Release Fund (BLRF) has been allocated to 53 councils” and this will deliver 5,600 homes. If government is serious about focussing on both brownfield development and homeownership, it needs to urgently solve the cladding crisis as many new homes in these locations will be flats.

REPORT: JRF reported on the policy black hole faced by low income renters

Their analysis found that “the high cost of private renting is leaving almost one million families paying rents they cannot afford” and “This is leaving nine in ten of these families in poverty”. They highlight “Work is not a guaranteed route to being able to afford your rent” and that most Government policies “are either not working for this group, or only working for a small proportion of them”. They suggest “the supply of homes for social rent is the solution” with a target of 90,000 homes per year over the next 15 years.

REPORT(pdf): Savills published housing completions forecast

They predict housebuilding volumes in England will not recover to pre-pandemic levels until 2026. They are relying on shared ownership and build-to-rent to make up for most of the decline in delivery when the Help to Buy equity loan scheme ends in 2023.

Chart of the Week

There have been many concerning findings in DLUHC’s final Household Resilience Survey but the one that may worry the government most is the decline in proportion of renters who expect to buy their own home. The 2019-20 English Housing Survey showed nearly 60% of private renters expected to buy a home but that quickly fell to 49% in the summer of 2020 and was just 45% in spring this year. The proportion of social renters is even lower, at just 20% in spring 2021. It remains to be seen how much of this is temporary, possibly reflecting the credit crunch at high loan-to-value ratios and economic uncertainty, or if this reflects more permanent damage to the finances of renters caused by the pandemic.

Buying Expectations of Renters, England

Source: DLUHC English Housing Survey and Household Resilience Surveys

