

8th April 2022

DATA: Halifax reported UK house prices rose 11% in year to March 2022

Another record high thanks to the biggest monthly increase in six months though they warn the “Cost of living pressure likely to slow the rate of house price growth this year”.

DATA: Bank of England published quoted mortgage rates for March

Rates for two year fixed rate mortgages rose across all loan-to-value (LTV) ratios in March. Average rates at 60% and 75% LTVs have risen to levels last seen in late 2014. See Chart of the Week for more.

DATA: HMRC published Annual Tax on Enveloped Dwellings statistics

The release shows “ATED receipts in the 2020 to 2021 financial year were £111 million, which is 13% (£17 million) lower compared to the previous year, with decreases in all price bands except the £500,000 to £1 million range which remained the same as the previous year”.

POLICY: British energy security strategy released

The report says government will help consumers by “zero-rating VAT for the next 5 years on the installation of energy saving materials, including insulation and low carbon heating” and “Reviewing the practical planning barriers that households can face when installing energy efficiency measures such as improved glazing, including in conservation areas and listed buildings”. However there was criticism that the strategy does not go far enough in improving the energy efficiency of the existing housing stock.

REPORT: DLUHC published evaluation of supported housing pilots

Five local authorities were provided with funding to test ways of improving quality and value for money in supported housing.

REPORT: University of Warwick reported on the UK’s ‘non-doms’

The report found “Most non-doms reside in and around London, with non-doms making up more than one in ten adults living in Kensington and the Cities of London and Westminster”. The map in Figures 9a and 9b showing concentrations of non-doms locations closely matches the areas that estate agents call prime central London.

Chart of the Week

While saving a deposit is the biggest barrier to homeownership, the mortgage lending environment over the last decade has also played a part in deterring prospective first time buyers. The availability of higher loan-to-value (LTV) mortgages has been a major barrier and is closely linked to the challenges in saving a large enough deposit. However, the much higher mortgage rates on higher LTV mortgages has also been a factor in recent years.

Someone only able to save a deposit worth 10% of the home they were buying might find themselves with a mortgage rate that was 1-2% percentage points higher than if they had a 25% deposit. The situation has improved in recent years, ignoring the credit crunch during 2020/21, and the margin between very high LTV mortgages (90% plus) is at its lowest level since 2009. However, the latest Bank of England data on quoted mortgage rates shows a rapid increase in average rates on lower loan-to-value mortgages and so it remains to be seen if the narrowing of the mortgage rate margin is a temporary effect of the current mortgage market or a return to the pre-financial crisis normal of a minimal rate margin.

High Loan-to-Value Mortgage Rate Margins

Source: Bank of England – compared to 75% LTV

