

6th May 2022

DATA: Halifax reported UK house prices rose 10.8% in year to April 2022

A tenth consecutive monthly rise, of 1.1%, left the annual rate of change just slightly lower than last month's figure of 11.0%. Halifax warn that "with interest rates on the rise and inflation further squeezing household budgets, it remains likely that the rate of house price growth will slow by the end of this year".

DATA: Zoopla reported UK house prices rose 8.3% in year to March 2022

Their latest data shows buyer interest still well above normal levels (+58%) while the stock of homes for sale is still well below (-40%). Despite the lack of stock, sales agreed are 18% higher than normal. They also note that "Upwards pressure on pricing has pushed 4.3 million homes into higher stamp duty brackets over the last 2 years".

DATA: BoE reported small fall in house purchase mortgage approvals

They fell 0.4% compared to last month and were 14.5% lower than the same month last year but a more accurate comparison shows they were still 7% higher than the pre-pandemic average. Approvals for remortgaging were 40% higher than last year.

DATA: BoE reported a rise in effective mortgage rates in March

The average effective mortgage rate on new advances was 1.74% in March, an increase from the 1.60% reported for February. However, this was still below the 1.96% figure for March 2021 and the 2.05% average for all outstanding balances.

DATA: HMRC published quarterly stamp duty land tax statistics

See Chart of the Week for more detail on the Q1 2022 statistics.

REPORT: BoE published Monetary Policy Report – May 2022

Alongside an increase in Bank Rate to 1.0%, the Bank of England warned that inflation is likely to rise to around 10% by the end of the year, squeezing household incomes. GDP is forecast to fall towards the end of the year and remain weak over the next few years.

REPORT: Resolution Foundation published Q2 2022 Housing Outlook

The latest report investigates how the UK's housing stock will be affected by the increased frequency and severity of flooding. It estimates that "1-in-50 homes are in places at medium or high risk of flooding from rivers and sea in England" and warns that poorer households are not covered by contents insurance – "a key factor in limiting the financial fallout of a flood event".

REPORT(PDF): L&G/BPF on "Delivering a Step Change in Affordable Housing Supply"

It finds that "Increasing the annual supply of affordable housing will require an increase in capital funding for the sector" and suggests "Only new equity investment, supported by Government subsidy provision, can overcome the sector's financial limitations".

REPORT: House of Commons Library on "Improving the home buying and selling process in England"

The briefing provides a useful summary of the home buying process in England and investigates the multiple attempts made to improve the process.

NEWS: Nationwide on first-time buyers and the rising cost of living

Their survey found 70% of prospective first-time buyers are delaying their purchase as the rising cost of living limits their ability to save a deposit.

Chart of the Week

The latest HMRC quarterly SDLT [release](#) once again highlights that it is the top-end of the housing market that has benefitted most from the current housing boom. Analysis of transactions shows that, while lower price bands may have many more sales, it is higher priced homes that have seen the biggest percentage increase over the last three years. The number of sales priced between £1m and £2m in Q1 2021 was 86% higher than the same quarter in 2021 while the number of sales under £500k was just 9% higher. While most of the growth in transactions has been by home movers, half of the growth in the highest price band (over £2m) were transactions liable for Higher Rates on Additional Dwellings (HRAD).

Change in Transactions by Price Band, Q1 2019 to Q1 2021

Source: HMRC – England & Northern Ireland

