Weekly Summary

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10th June 2022

DATA: Nationwide reported UK house prices rose 11.2% in the year to May

The annual rate fell slightly (12.1% previously) but prices have now risen 5.9% in the year to date. Based on historic trends, this suggests a year-end price rise of 7.9% though much will depend on the state of the market and economy in the autumn.

DATA: Halifax reported UK house prices rose 10.5% in the year to May

This was slightly lower than last month's annual rate of 10.8% but still set a new price record thanks to eleven consecutive monthly price rises.

DATA: Zoopla reported UK house prices rose 8.4% in the year to April

They reported "New supply coming to market is starting to rise, up 7% compared to the five-year average" and "Behind strong headline price growth there are signs of market softening, taking price growth to +3% by the end of the year".

DATA: BoE reported mortgage approvals for house purchase fell in April

The seasonally adjusted figures fell 5.1% in April compared to the previous month though the total number of approvals for purchase was in line with the 2014-19 average.

DATA: BoE reported a rise in the effective mortgage rate on new lending

The data for April showed the average effective rate on new secured lending was 1.83% compared to 1.74% last month. While the average rate is rising, it was still below last year's figure of 1.89% and the average rate on outstanding balances of 2.05%.

DATA: BoE reported sharp rises in quoted mortgage rates in May

The average quoted rate for two-year fixed-rate mortgages at lower loan-to-value ratios (60%/75%) rose to their highest rates since late 2012. There is minimal difference across loan-to-value ratios though it may take some months for these higher rates to feed through to effective rates as many current buyers will have locked in lower rates.

DATA: ONS published stats on dwelling stock by tenure for Great Britain

POLICY: Prime Minister announced plans for increasing home ownership

Though details following the speech are limited, it marks a clear shift in priority from housing supply back to home ownership with the prime minister failing to commit to the 300,000 net new homes in England annual target. The proposals fall into three key parts:

1. Right to Buy for housing association tenants: this is a revisit of a previous policy and appears to be heavily based on a Centre for Policy Studies paper (see below). The lack of dedicated funding and profile of housing associations tenants suggests that demand may be limited, especially given the current economic climate.
2. Using benefits to buy rather than rent: details on this are more limited but this could actually end up being a successful though expensive policy supporting people in the relatively more affordable markets where the security and quality of employment is the major factor in the housing crisis (e.g. North East). Paying benefits to home owners rather than landlords in these markets could also help improve the quality of housing stock (another key issue in these areas). However, there are considerable risks given both the economic climate and the more precarious finances of those receiving benefits.
3. A review of the mortgage market: there is a balance between financial stability and higher rates of home ownership and that balance has been weighted towards financial stability since the financial crisis. It is surprising it has taken this long but a review is understandable as the balance shifts towards home ownership. However, given the current economic climate, it may not lead to the immediate political wins the current Prime Minister is looking for.

POLICY: DLUHC published their response to the Select Committee report on The Future of the Planning System in England

POLICY: DLUHC introduce Social Housing Regulation Bill

The bill proposes stronger powers for the Regulator of Social Housing including the power to issue unlimited fines. The NHF and CIH have launched an "independent panel on quality in housing association homes".

POLICY: DLUHC launched consultation on CPO compensation

REPORT: Centre for Policy Studies proposed a "Right to Own" policy

The paper appears to be the source for the Government's proposals for housing association tenants to buy their own home though at times it has hints of a personal vendetta waged by a former Number 10 advisor upset that their policies were "kicked into the longest of Whitehall grass" following their exit from Downing Street.

REPORT(PDF): RICS published May Residential Market Survey

They report "New buyer enquiries indicator turns slightly negative" for the first time in nine months and "New instructions and sales remain more or less flat at the headline level". Meanwhile "House prices continue to rise across the country although twelve-month expectations point to an easing in momentum further ahead".

REPORT: UK Finance published their summary of household finances in Q1

They warn that while household finances appear calm, there are "storm clouds gathering".

REPORT(PDF): Barbour AB published The Home Improvement Report, 2022

The report finds demand for home improvement has boomed but supply is a major issue.

REPORT: Crisis published report on "Experiences of the Homelessness Reduction Act, 2018-2021"

Their recommendations include "building on the intent of the HRA and widening legal protections to help everyone address their homelessness; increasing the supply of social rented housing; and improving service standards through introducing a statutory code of practice".

REPORT(PDF): Safer Renting reported on establishing an annual indicator of harassment and unlawful eviction in the private rented sector

The research found that "of the 7,000 landlords who were brought to the attention of advice agencies and local authorities, only 23 landlords had legal action taken against them following complaints to local authorities and agencies in 2020/21".

REPORT: Welsh Parliament published report on second homes

The report provides recommendations following the Local Government and Housing Committee's inquiry into second homes in Wales.

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37 Great Pulteney Street, Bath, Avon, United Kingdom, BA2 4DA, Company number 10502989