

17th June 2022

DATA: ONS monthly GDP estimates show GDP fell 0.3% in April

The reduction in Test and Trace activity contributed but this was still “the first time that all main sectors have contributed negatively to a monthly GDP estimate since January 2021”.

DATA: ONS published UK labour market statistics for June 2022

The latest stats show a continued rise in payrolled employees, fall in unemployment, and record levels of job vacancies. However, the employment rate is still below pre-pandemic rates and regular wages (excluding bonuses) fell in real terms.

DATA: Bank of England increased Bank Rate to 1.25%

The MPC voted 6-3 to increase Bank Rate by 0.25 percentage points with three votes to increase it by 0.5 percentage points (1.5%).

DATA: Bank of England published Agents summary of business conditions

They report “Contacts reported a modest increase in the availability of properties for sale across the UK, with instructions to sell picking up, and house price inflation starting to moderate in some areas”. Meanwhile, “demand for rental properties continued to exceed supply, with contacts reporting double-digit increases in rents in most parts of the UK”.

DATA: FCA/Bank of England published MLAR statistics for Q1 2022

See Chart of the Week for more detail.

POLICY: DLUHC published “A fairer private rented sector” white paper

The long awaited white paper promises to abolish Section 21 “no fault” evictions, require private rented homes to meet the Decent Homes Standard, reform grounds for possession, only allow rent increase once per year, introduce a single Ombudsman that all landlords must join, introduce a new Property Portal (landlord register?), strengthen councils’ enforcement powers, make it illegal to ban children or those receiving benefits from renting, give tenants the right to request a pet in their property, and monitor work on deposit passports. These proposals should help improve the quality and security of the private rented sector though some still require more detail.

REPORTS: DLUHC published multiple reports

These included [Local authority enforcement in the private rented sector](#), [Property guardians](#), [Mobile homes: The impact of a change in the maximum park home sale commission](#), and [English Housing Survey: a segmentation analysis of private renters](#).

REPORT: Resolution Foundation reported on “the impact of demographic change in the 2020s

The report “investigates how demographic shifts could affect the shape of the labour market and the goods and services we consume”.

REPORT: Resolution Foundation also published analysis of the pandemic’s impact on local economies in the UK

It finds “House prices have risen more slowly in places where WFH [working from home] has risen, consistent with a story that WFH is reducing demand among previous commuter-belt areas”. I’m not convinced by this narrative as many of these high WFH markets have seen bigger increases in transactions since the market reopened in 2020.

REPORT: Lichfields published report on brownfield land

The report, for the Land Promoters and Developers Federation, examines brownfield land registers in England and estimates that they have a net capacity of 1.4 million homes – around five years of net housing supply. They also warn “There is less brownfield land available in the places with the highest demand for new homes”.

Chart of the Week

This week [FCA](#) and [Bank of England](#) published the latest Mortgage Lenders and Administrators Return statistics covering the period from Q1 2007 up to Q1 2022. Our latest Digging Deeper [slide deck](#) contains more detailed analysis.

We’ve also collated some of the statistics to highlight how, as the risk of a recession and housing market downturn increases, the mortgage market is in a far more robust situation than prior to the previous financial crisis. Borrowers are now very unlikely to have an impaired credit history, have no evidence of their income, or borrow at very high loan-to-value (LTV) ratios. Meanwhile, the proportion of new advances on variable rates or interest only payment terms have also fallen considerably. The mortgage market is much better placed to deal with a crisis though this has come with a cost – fewer people able to access home ownership. Also not shown is the proportion of borrowers on higher loan-to-income multiples – a group more likely to be hit by rising mortgage rates.

Measures of Mortgage Lending Risk

Source: FCA & BoE MLAR *I’m awaiting confirmation from FCA on this as there’s a chance it could be half the rate shown

