

18th November 2022

DATA: Rightmove reported asking prices rose 7.2% in the year to Oct/Nov

Their non-seasonally adjusted data showed a 1.1% fall in the month to 5th November, in line with the falls normally recorded at this time of the year. The annual rate of change fell slightly to 7.2% (previously 7.8%). They also [reported](#) “The proportion of properties seeing a reduction is only slightly up on pre-pandemic levels” and “Buyer demand is still up by 4% on the more normal market of 2019, but down by 20% on October last year”.

DATA: ONS reported UK house prices rose 9.5% in the year to September

This was lower than last month’s figure of 13.1% partly due to comparisons with September last year when house prices spiked as the stamp duty holiday finally ended.

DATA: ONS published UK labour market overview

ONS reported the number of payrolled employees was 29.8 million in October, well above pre-pandemic levels. However, the employment rate was just 75.5% in the three months to September, still below pre-pandemic levels. Meanwhile, the unemployment rate was 3.6% in the same period and real earnings (excluding bonuses) fell 2.7% over the year.

DATA: DLUHC published affordable housing supply data for 2021-22

The data, for England, reports 59,175 affordable homes were delivered during the year. This was 0.4% higher than the figure during 2019-20. Affordable rent was the largest tenure at 26,569 homes while a further 7,528 homes were social rent. Shared ownership accounted for 19,386 homes and there were 35 First Homes delivered during the period.

DATA: ONS published Construction statistics, Great Britain: 2021

The release provides a summary of the construction industry in 2021.

DATA: DLUHC published data on EWS1 form usage

The data, from seven mortgage lenders, shows just 8% of mortgage valuations for flats between July and September this year required an EWS1 form or equivalent. However, more limited data from five lenders shows the figure rose to 26% for flats in buildings with 5-6 storeys and 54% for those in buildings 7 storeys or more.

POLICY: HM Treasury’s Autumn Statement

It was relatively light on housing related news with the cap on social rent rises set at 7%, the Stamp Duty cuts now due to be reversed in March 2025, and the “refocus” of Investment Zones. Perhaps the biggest indirect effect might come from the reduction in Capital Gains Tax exemption and Dividends Allowance on landlords. See Chart of the Week for more. Meanwhile, the remit for the Bank of England’s Financial Policy Committee still includes a [reference](#) to homeownership and supporting first time buyers.

REPORT: OBR published their economic and fiscal outlook

Alongside a recession lasting over a year and unemployment rising to 4.9% in Q3 2024, they also forecast house prices will “fall by 9.0 per cent between the fourth quarter of 2022 and the third quarter of 2024”. Residential transactions are also predicted to fall, from 1,243,000 in 2022 to 1,051,000 next year.

REPORT: Resolution Foundation published latest intergenerational audit

The report suggests “The middle-aged are most likely to be hit by higher mortgage payments, but those young homeowners that have managed to get on the housing ladder face the biggest risks from higher interest rates”.

REPORT: NHBC reported on new home registrations

The latest release shows 44,729 new homes were registered in Q3 2022, an increase of 33% when compared to the same quarter last year. The NHBC data is compromised by changes in market share which makes it difficult to assess the impact on the wider market.

Chart of the Week

There are repeated references to landlords selling up and it is possible the tax changes in the Autumn Statement encourage others to do so. However, the evidence for the scale of landlords selling up is limited, as we explored in a previous market commentary: [Rental Squeeze](#). In summary: the number of outstanding BTL mortgages is still rising while private renting stock and household measures are survey dependent and can be volatile.

One measure to track in the future might be the number of residential property disposals by individuals and trusts in the HMRC Capital Gains Tax (CGT) [statistics](#). The chart below shows the number of disposals and it tracks at around 10% of transactions since the series started in April 2020 - the transaction data is divided by 10 to make an easier comparison than a dual-axis chart. The consistent trend between the two lines suggests there has been no change in the number of CGT liable disposals relative to wider market activity but it is unclear if 10% is historically high or low. Meanwhile, we will probably have to wait until next summer to find out if the relationship has changed during 2022-23.

CGT - Residential Property Disposals for Individuals and Trusts

Source: HMRC

