

13th January 2023

DATA: ONS reported GDP rose 0.1% in November

ONS have [revised](#) their monthly GDP estimates for the last couple of years. This has resulted in just 0.2% growth in the year to November and no month has been above the January 2020 peak since the pandemic hit. This data will be revised again in the future.

DATA: Bank of England reported falls in average quoted mortgage rates

The data for December reported bigger falls for lower loan-to-value ratios though mortgage rates were still much higher than earlier in the year.

DATA: ONS on “How increases in housing costs impact households”

The analysis provides analysis on how rising mortgage rates might affect borrowers and the impact of rising private rents. Some analysis is similar to our previously published charts.

POLICY(PDF): BoE/PRA published 2023 priorities for UK deposit takers

They warn “Firms need to be ready for a prolonged period of stress” and their “assessment of firms’ credit risk management will include a focus on traditionally higher risk areas”. These areas include buy-to-let and commercial property.

REPORT: Resolution Foundation published Living Standards Outlook

It can be summarised as “2022 was a disaster for UK living standards” and “We are only half way through a two-year crisis when it comes to household finances”.

REPORT: BoE research on the demand for long-term fixed-rate mortgages

The paper finds “the choice of fixation length tracks the life-cycle decline of credit risk in the mortgage market: the loan-to-value (LTV) ratio decreases and collateral coverage improves over the life of the loan due to principal repayment and house price appreciation. High-LTV borrowers, who pay large initial credit spreads, trade off their insurance motive against reducing credit spreads over time using shorter-term contracts”.

REPORT: Savills reported on local plan status

They report “10 years on, 1 in 5 local planning authorities still lack an NPPF-compliant plan” while “only 15 English local planning authorities (LPAs) adopting a new or revised local plan in 2022”.

REPORT(PDF): HomeLet published December rental market index

They report UK rents rose 10.8% in the year to December while London rents rose 14.6% over the same period. They also report “renters paying 31.4% of their income on rent in December, up from 30.5% a year earlier”.

REPORT: Shelter estimated “At least 271,000 people are homeless”

Their analysis of government data and responses to FOIs suggests that “at least 271,000 people are recorded as homeless in England, including 123,000 children”.

REPORT: Nationwide published mortgage affordability report

See Chart of the Week for more on this.

NEWS: Moneyfacts published best buy mortgage rate guide

The highlighted rates suggest the lowest for those with large deposits are currently around 4.5% while those for higher loan-to-value ratios are around 5%. This is well below the “[terrifying](#)” rates seen during the period of Truss turmoil but still above “[scary](#)” levels.

Chart of the Week

This week Nationwide published their [Affordability Report](#) showing a big increase in mortgage repayments as a percentage of take home pay. It suggests first time buyer repayments hit 39% of take home pay across the UK and 67% of take home pay in London.

However, these figures should come with a big warning. As we [highlighted](#) back in July, this data is based on ONS average earnings rather than the income of actual borrowers. It also assumes a fixed 80% loan-to-value ratio across the whole period covered. This data can tell us a lot about the failure of the housing market for those on average earnings but not a lot about the affordability of actual borrowers entering or in the market right now.

Mortgage Repayments as % of Take Home Pay

Source: Nationwide

