

17th February 2023

DATA: ONS reported UK house prices rose 9.8% in year to December 2022

The latest [release](#) for the completions based index suggests house prices peaked in November last year but this data lags other measures and is subject to large revisions given the problems caused by the Land Reg Lag.

DATA: ONS reported on the UK labour market

The release showed a continued increase in number of payrolled employees, well above pre-pandemic levels, and an unemployment rate of just 3.7%. However, hours worked decreased in the latest quarter and are still below pre-pandemic levels. Nominal wages are rising rapidly but annual growth is negative when inflation is accounted for.

DATA: DLUHC reported on EWS1 forms and mortgage valuations for flats

The latest release shows 7% of mortgage valuations for flats required an EWS1 form in the final quarter of 2022 based on a sample of 7 lenders. The figure rises to 49% for flats in buildings of seven or more storeys.

REPORT: IFS on patterns in giving and receiving lifetime gifts and loans

They report “Transfers increase inequalities in resources in early adulthood, though their direct impact is modest”, “Transfers strengthen the relationship between parents’ and children’s economic resources”, and “First home purchase is strongly associated with transfer receipt”.

REPORT: NEF on repurposing private rented housing

They recommend “policy should be geared towards upgrading existing private rented homes to ensure they are energy efficient, and acquiring and repurposing them as homes for social rent”.

REPORT(PDF): Create Streets on reforms to tackle high street decline

The report “outlines a simple way for government to tackle the problem of vacant and derelict commercial property that is blighting many British high streets, by making it easier for community organisations to take ownership of unused and neglected assets”.

REPORT(PDF): Savills reports on the proposed NPPF revisions

They suggest the proposed reforms “don’t match the government’s ambitions”.

REPORT: TwentyCi on the property market in February

They report there were “529,085 residential properties available for sale across the UK” which was 31% higher than last year and “351,612 properties across the UK that are sales agreed” which is 24% lower than last year.

REPORT: Glenigan report residential starts collapsed 38%

Residential starts were 38% lower in the three months to January 2023 compared to the same period last year. They report private housing starts were down 34% and social housing starts were down 49% over the same period.

COPORATE: Gleeson published half-year results

Their presentation shows gross reservation rates have improved since Christmas but, at 0.59, are still well below last year’s figure of 1.03 for the four weeks to 10th February. They also report the average incentives per plot reserved rose to £2,032 in January compared to £1,300 for the second half of 2022.

Chart of the Week

Alongside their latest house price index, ONS also [published](#) their quarterly data based on the Regulated Mortgage Survey. It provides regional data on the purchase prices, mortgage advances, and incomes of first time buyers and mortgaged movers. We can use this data to calculate different mortgage lending measures including deposit to income ratios (159% of income for first time buyers in London in Q4 2022) and loan to income ratios.

Loan to income ratios are important because they indicate how exposed borrowers are to higher mortgage rates and are the one lending measure that have been flashing red to us in recent years. As the chart below shows, the average loan to income ratio rose to new record highs in Q2 2022 – well above 2007 levels – as borrowers capitalised on low rates. However, rates are now rising and, unsurprisingly, loan to income ratios have started falling.

Average Loan to Income Ratios on New Mortgages

Source: Calculated using ONS, Regulated Mortgage Survey

