

Weekly Summary

10th March 2023

DATA: ONS reported GDP rose 0.3% in January 2023

The latest [estimate](#) leaves GDP unchanged over the last 12 months and 0.7% below its pre-pandemic peak in January 2020.

DATA: Halifax reported house prices rose 2.1% in year to February 2023

The latest release ([PDF](#)) reported a 1.1% monthly increase with the annual change remaining at 2.1%. If the difference between the growth reported by Halifax and falls by Nationwide is meaningful and not just monthly noise, it is possible it reflects the historic geographical differences in their coverage. Nationwide tends to be weighted towards the south of England where borrowers will be more affected by higher rates.

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

Quoted mortgage rates fell across all loan-to-value (LTV) ratios in February though the margin between high and low LTVs has widened.

DATA: ONS interactive map on house prices and mortgage payments

The map provides an interactive calculator showing how local authority house prices and mortgage rates translate into monthly mortgage payments.

POLICY: DLUHC launched “Make Things Right” campaign

The campaign “encourages residents to complain to their landlord before escalating to the Housing Ombudsman”.

POLICY: Scottish Government extended emergency protections for tenants

“Private rent increases will be capped at 3% and restrictions will remain on enforcement”.

POLICY: Welsh Government extended Help to Buy - Wales

The scheme has been extended until the 31st March 2025. The extension includes a requirement that all homes meet a minimum EPC B rating.

POLICY: FCA confirmed final mortgage guidance for supporting borrowers

“The purpose of this guidance is to ensure firms are clear about the effect of our rules and the range of options they have to support their customers including those who are facing higher interest rates alongside the rising cost of living”.

REPORT: FCA published research on mortgage borrowers and higher rates

Alongside the above guidance, they report “By the end of June 2024, the number of mortgages with “financial stretch” may increase to 356,000”. The biggest increase is expected in Q3 (two years after the stamp duty holiday led transaction spike) with younger borrowers in London and the South East most at risk.

REPORT(PDF): RICS published February residential market survey

They report “Key activity metrics all remain negative but less so than previously” and “House prices continue to slip at the national level”. They also report “Rental growth continuing to driven by significant demand supply imbalance”.

REPORT: UK Finance published Household Finance Review Q4 2022

See Chart of the Week for more detail.

REPORT: Bank of England reported on green mortgage lending

They report “our findings do not provide conclusive evidence that lenders took energy efficiency into account when setting interest rates prior to regulatory interventions”.

REPORT: H4SW reported on housing affordability in the South West

The report investigates housing affordability and affordable housing need in the region.

NEWS: Knight Frank upgrade 2025 house price forecast

However, their forecast for this year and next remain the same (-5% in each year).

CORPORATE: Foxtons published preliminary results 2022

They report 2022 saw rental market listings 32% lower than the previous year while tenant demand was 16% higher. This increased average rents by around 20%. They do not expect this supply-demand imbalance to change in 2023 though rental growth may ease.

CORPORATE: Berkeley Group published trading statement

They report current trading is still around the levels reported in their interim results, with sales around 25% lower than the first five months of their financial year.

Chart of the Week

The latest UK Finance household [review](#) provides us with a summary of housing market activity by buyer type for last year. It reports a fall in mortgaged movers (-23.6%) after their temporary post-pandemic SDLT driven resurgence. They fell back to around their previous low levels. The number of mortgaged first time buyers (FTB) fell 8.6% while mortgaged BTL fell 9.4%. The broad “cash & other” group is a residual and includes cash investors, cash movers, and a number of other smaller categories. It was still the biggest group despite falling 13.5%. It accounted for 35% of transactions in 2022.

The review also highlighted how borrowers are increasingly turning to longer mortgage terms to deal with higher mortgage rates. They report “well over 50 per cent of FTBs now borrow over a term longer than 30 years”.

Housing Market Transactions by Broad Buyer Type

Source: UK Finance, HMRC

