

14<sup>th</sup> July 2023

## **DATA:** ONS estimated monthly GDP fell 0.1% in May

They report: “GDP has shown no growth in the three months to May 2023” and the figure was still 0.3% below its pre-pandemic peak in January 2020.

## **DATA:** ONS published UK labour market overview

They report: “The unemployment rate for March to May 2023 increased by 0.2 percentage points on the quarter to 4.0%” and “growth in regular pay (excluding bonuses) was 7.3%”. This figure “equals the highest growth rate, which was also seen last month” though real regular pay was negative, falling 0.8% over the year.

## **REPORT:** Scottish Government published Housing Market Review: Q2 2023

The report provides a useful summary of the Scottish housing market including house prices, transactions, mortgage lending, housing supply, and homelessness.

## **REPORT(PDF):** RICS published June Residential Market Survey

They report “Rising interest rate expectations place renewed downward pressure on housing market activity” and the “Indicators on new buyer enquiries and agreed sales slip deeper into negative territory”. They also report “Sales expectations deteriorate at both the three and twelve-month time horizons”.

## **REPORT:** DLUHC published English Housing Survey reports

We’ve already had the headline report for 2021/22 but this week saw the publication of more detailed reports covering Energy, Housing quality and condition, Leasehold households, Private rented sector, Satisfaction and complaints, and Social rented sector.

## **REPORT:** Bank of England published Credit Conditions Survey – 2023 Q2

They report: “the availability of secured credit to households decreased in the three months to end-May” and “It was expected to decrease over the next three months to end-August”. They also report “demand for secured lending for house purchase and remortgaging increased in Q2, and was expected to decrease in Q3” and “losses and default rates on secured loans to households increased in Q2, and were expected to increase in Q3”.

## **REPORT:** Bank of England published Financial Stability Report

They report “For the typical mortgagor rolling off a fixed-rate deal over the second half of 2023, monthly interest payments would increase by around £220 if their mortgage rate rises by the 325 basis points implied by current quoted mortgage rates”. Their analysis finds “the proportion of individual households facing the highest mortgage repayments is also expected to increase, but to stay below previous highs” but warn “it will take time for the full impact of higher interest rates to come through”. Some are using longer mortgage terms with around 15% of those of remortgaged in Q1 extending their existing term.

## **REPORT(PDF):** LUHC Committee reported on reforms to planning policy

The report finds “the Government has not provided sufficient evidence to demonstrate how its proposed reforms will increase housebuilding to meet the national housing target by the mid-2020s” and suggests “is time for the Government to present its final package of reforms to the National Planning Policy Framework, alongside its strategy to increase the rate of housebuilding through these measures”.

## **REPORT:** Citizens Advice reported on Living on Empty

They report “It wasn’t so long ago that we only saw people in the very worst of crises in a negative budget – spending more on essentials than they have coming in. Now it’s people in full-time work. It’s nurses. It’s homeowners. It’s care workers. People with a steady, normal income who just can’t make ends meet. And many more are on the brink, one unexpected cost away from their finances spiralling”.

## **REPORT:** Fabian Society reported on poverty and regional inequality

Among others, the report recommends “Build more social housing and take over private rented housing stock and improve the private rented sector” and “Build more affordable housing of all tenures, especially on well-connected green belt and underutilised land”.

## **REPORT:** Savills reported on the central London housing market

They report “Higher-value properties, where there is much less reliance on debt to buy a property, have typically seen the least downward pressure on prices over the past year”.

## **NEWS:** Moneyfacts reported average rates surpass min-Budget peak

On Tuesday they reported the average two-year fixed-rate mortgage increased to 6.66%, higher than the 6.56% back in October. They do note that “some of the lowest rates still stand at 5.64%”.

## **CORPORATE:** Unite Students published trading update

They report “Reservations for the 2023/24 academic year remain at record levels, with 98% of rooms now sold” and “This supports an improvement in our rental growth guidance to around 7% for the 2023/24 academic year”.

## **CORPORATE:** OnTheMarket published full-year results

They report “Cancellations of agent contracts have been higher than expected” and “there will undoubtedly be significantly fewer transactions this year than in the previous two years” while “The lettings market is seeing a continuing but levelling decline in new rental instructions, pushing up average rents”.

## **CORPORATE:** Winkworth published trading update

They report “Preliminary gross network income figures for H1 2023 indicate an overall fall of 6%, with lettings revenue approximately 11% higher and sales revenues down by 20% compared with H1 2022”.

## **CORPORATE:** Barratt published trading update

They report “Since our last trading update covering the period to 23 April 2023, our net private reservation rate has been 0.67 (FY22: 0.70), including a contribution of 0.24 (FY22: 0.02) from reservations to the PRS and RPs, largely arising from a significant sale of 604 homes to Citra Living in June 2023”.

## Chart of the Week

The ONS [published](#) their latest analysis on the impact of the increased cost of living. As the chart below shows, 43% of renters reported finding it somewhat or very difficult to afford their rent compared to 28% of mortgage holders. Renters were also more likely to report their rent had increased over the last six months (42%) though the figure for mortgage holders was still 32%, reflecting the relatively short fixed-rate periods in the market.

### How easy or difficult is it to afford your rent or mortgage payments?

Source: ONS Opinions and Lifestyle Survey - 8<sup>th</sup> Feb to 1<sup>st</sup> May 2023

