

8th December 2023

DATA: Halifax reported house prices fell 1.0% in year to November 2023

This was a smaller fall than reported last month (-3.1%) and they [suggested](#) (PDF) “The resilience seen in house prices during 2023 continues to be underpinned by a shortage of properties available, rather than any significant strengthening of buyer demand”. This is despite other metrics showing a rise in the number of homes available for sale.

DATA: BoE reported quoted mortgage rates fell in November 2023

The average fixed rate on a five-year fix at 75% loan-to-value fell to 4.88% from 5.01% the previous month while the revert-to-rate fell slightly from 8.05% to 8.03%.

DATA: DLUHC published planning applications in England for Q3 2023

They report the number of applications received was 12% lower than Q3 last year while the number decided was 13% lower and the number granted was 14% lower. They also reported the number of “units granted planning permission” as 245,000 in the year ending September 2023, a 15% fall compared to the same period last year.

DATA: HMRC published Stamp Tax statistics 2022/23

The release provides detail on transactions and receipts by property type, price band, and region. It also includes tables on Higher Rates on Additional Dwellings (HRAD), Non Resident SDLT, and First Time Buyers’ Relief.

DATA: ONS published Household Costs Indices for UK household groups

Their analysis shows “The highest rate in September 2023 of 9.3% was experienced by mortgagor and other owner occupiers. This was mainly because of mortgage interest payments, pushing the inflation rate up for this subgroup relative to other tenure types”. Though their analysis also notes: “Restaurants and hotels also increased the rate for mortgagor and other owner occupier households relative to social and other renter households”.

DATA: ONS published People experiencing homelessness: Census 2021

It provides analysis on those living in hostels and temporary accommodation at the time of the census so does not cover all people experiencing homelessness.

POLICY: DLUHC published impact assessments on restricting ground rent

This is the ‘Impact assessment for the government’s consultation “modern leasehold: restricting ground rent for existing leases”’

REPORT: BoE published Financial Stability Report – December 2023

They report “Since the July FSR, household income growth has been greater than expected. This has reduced the share of households with high cost of living adjusted debt-servicing ratios, and a lower expected path for Bank Rate has reduced the extent to which that share is projected to rise. Nevertheless, household finances remain stretched by increased living costs and higher interest rates, some of which has yet to be reflected in higher mortgage repayments. Arrears for secured and unsecured credit remain low but are rising as the impact of higher repayments is felt by borrowers”. They also report:

- “For the typical owner-occupier mortgagor rolling off a fixed rate between 2023 Q2 and the end of 2026, their monthly mortgage repayments are projected to increase by around £240, or around 39%”.
- “new mortgage lending at terms longer than 35 years have increased from around 5% in 2022 Q1 to 12% in 2023 Q3” with 11% of those remortgaging in Q3 2023 extending their existing term.
- “In 2023 Q3, the share of new mortgages with LTI ratios of 4.5 or above stood at 5.5%, compared with 10.0% in 2022 Q2”.

REPORT: IFS reported on family help for first-time buyers

The report provides plenty of information on the financial help provided by families to first-time buyers and highlights the inequalities in help: “Over half of those with university-educated homeowners received transfers when buying for the first time, with receivers getting around £35,000 on average. This compares to 29% of those with renting parents receiving transfers, with an average transfer of £11,000”.

REPORT: UK Finance published Household Finance Review for Q3 2023

They report “The contraction in house purchase lending continued, with cost-of-living pressures and higher interest rates presenting a significant barrier to mortgage affordability. Indications are that Q4 will show a further contraction” and “Mortgage lending is weak in almost every segment of the market, but this can be seen most acutely in the tighter end of affordability, in particular lending at higher LTVs and income multiples. Customers with lower incomes are currently putting down deposits equal to twice their annual income in order to meet affordability requirements”.

REPORT(PDF): IMLA published a survey of private rented landlords

They report landlords’ “median average income is £14,000 and profit less than £9,000. Average net rental yields were 3.8% and average return on equity excluding capital gains was 3.7%” and “In contrast to media coverage talking of an exodus of landlords, over the next five years, 35% plan to add properties while only 18% plan to downsize”.

REPORT: Centre for London published Homes fit for Londoners

The report proposes a number of solutions to “resolve the capital’s housing crisis” including development corporations to build on green belt and increasing affordable housing funding.

REPORT: Policy Exchange published “The Property Owning Democracy”

The report warns about the high proportion of younger generations that “would like to live in a socialist economic system” and provides some recommendations such as reforming planning with the aim of creating more capitalists through property ownership.

REPORT: Building Societies Association published Property Tracker

They report “Most homeowners remain confident they can afford their mortgage payments” but “Affordability of mortgage payments remains the biggest barrier to buying a home” and “Less than one in five people think now is a good time to buy a home”.

REPORT: Propertymark published Housing Insight Report for October

They report a fall in registered homebuyers, a fall in new properties coming to the market, and an increase in the time taken to exchange contracts.

CORPORATE: Berkeley Group published Half-year Report

They report they are “not currently investing in new developments due to the planning and regulatory environment” and “The value of net reservations during the period is one third lower than the comparative financial year, reflecting the sharp increase in interest rates and the ongoing elevated political and macro volatility” while “Sales pricing is firm and above business plan levels, with build cost inflation across most trades at negligible levels”.

Chart of the Week

This week’s chart was originally featured in the Times and shows how the average price paid by a mortgaged buyer has changed since the market peak in August 2022. Using all the variables that go into calculating how much someone can borrow (income, mortgage term, mortgage rate, and repayments as % of income), we have assessed how the change in each of these variables has affected the average budget over the last year. It shows the rise in mortgage rates (blue bars) would have substantially reduced the available mortgage on their own but they have been mostly compensated by a rise in the average repayments (purple). Alongside an increase in average mortgage terms (green) and incomes (yellow), this has largely offset the rise in rates, leaving the simple average price paid by a mortgaged borrower in September 2023 just 5% below its peak (black line). Basically, house prices haven’t fallen further because new borrowers are paying more each month.

Contributions to Change in Mortgaged Purchaser House Price

Source: BuiltPlace calculations using UK Finance data

