

12th January 2024

DATA: ONS estimated monthly GDP rose 0.2% in year to Nov 2023

ONS [report](#) real GDP fell by 0.2% in the three months to November 2023, compared to the previous three-month period up to August 2023.

DATA: Bank of England reported falls in quoted mortgage rates in Dec 2023

See Chart of the Week for more detail.

POLICY: DLUHC launched a consultation on Awaab’s Law

The [consultation](#) is on “introducing new strict time limits for social housing providers and force them to take swift action in addressing dangerous hazards such as damp and mould”.

REPORT: Family Building Society reported on a coherent housing policy

The report, by LSE and The University of Sheffield, suggests “there has been a seemingly unending stream of reports, over decades, saying that the housing system is broken. These usually stress a particular problem, often new build, and advocate a solution which would actually change, very little. Without an integrated strategy covering housing as a whole which includes providing housing of a safe and acceptable standard, individual policy solutions are likely to bring very limited success”. They suggest a “Focus on stock not mainly on new building” and lubricating the market including waiving Stamp Duty for downsizers.

CORPORATE: Unite Group published Trading Update

They report “Continued strong demand with 71% of beds sold for the 2024/25 academic year (2023/24: 70%)” and they are “Confident in delivering rental growth of at least 5% for 2024/25 academic year”.

CORPORATE: MJ Gleeson published Trading Update

They report “Net reservation rates during the half-year period were 0.41 per site per week (half-year to 31 December 2022: 0.36 per site per week)” and “Additional costs relating to a number of older sites, along with the cumulative impact of current market conditions including extended site durations, sales incentives and multi-unit sales, are now expected to result in full year gross margins falling below expectations by circa 1.5% to 2.0%”.

CORPORATE: Persimmon published Trading Statement

They report a 33% fall in new home completions in 2023 compared to 2022 and a 3% increase in average selling price over the same period. They also report “average private net sales were 0.58 per outlet per week for the year (2022: 0.69). This includes a strong improvement in private net sales rates in the fourth quarter at 0.41 per outlet per week (excluding investor deals) compared with 0.28 in Q4 2022”.

CORPORATE: Taylor Wimpey published Trading Statement

They report a 24% fall in UK home completions in 2023 compared to 2022 and a 5.1% increase in the average selling price on private completions. They also report “Our net private reservation rate for 2023 was 0.62 homes per outlet per week (2022: 0.68). Excluding the impact of bulk deals, the net private sales rate was 0.54 (2022: 0.65)”.

CORPORATE: Savills published Year End Trading Update

They report “The value recalibration process has yet to catalyse market liquidity” across global property markets while “our Prime residential business has performed well, particularly in central London” and “residential markets outside London were more subdued as volumes reverted to more normal levels of activity after the abnormal conditions during and post-pandemic”.

CORPORATE: Vistry published Trading Update

They report “Total completions were down only 5.4% to 16,124 units (pro forma FY22: 17,038), significantly outperforming our peers and reflecting the resilience of our Partnerships model” and “Good levels of demand for affordable homes from Registered Providers (“RPs”), and Local Authorities (“LAs”), and a notable increase in demand from the Private Rented Sector (“PRS”) in Q4 and into 2024”.

Chart of the Week

This week the Bank of England published their latest quoted mortgage rate data. The latest data is for December and clearly shows we have passed the recent peak in quoted mortgage rates. Both the average two year fixed-rate and five year fixed-rate mortgage at 75% loan-to-value have fallen significantly since their peak in July 2023. The two year has fallen from 6.22% to 5.03% while the five year has fallen from 5.71% to 4.68%. Given recent news reports and trends in interest rates, it is likely that the January data will show even larger falls in these rates. However, perhaps the most important metric for borrower affordability assessments is the revert-to-rate (standard variable rate/SVR). It is now clear the revert-to-rate peaked in October at 8.05% (its highest level since late 1998) and had fallen slightly to 7.96% in December. The housing market outlook for this year is highly dependent on the state of the economy and labour market but the speed at which falls in broader interest rates feed through into the revert-to-rate will also be key.

Average Quoted Mortgage Rates – At 75% Loan-to-Value Ratio

Source: Bank of England

