

8th March 2024

DATA: Halifax reported UK house prices rose 1.7% in year to Feb 2024

They [report](#)(PDF) this was the fifth consecutive monthly rise though the annual rate fell slightly from 2.3% last month.

DATA: BoE reported a mixed picture for quoted mortgage rates in Feb 2024

The data shows average rates for lower loan-to-value mortgages (up to 75% LTV) were unchanged or rose slightly while average rates on higher LTVs continued to fall.

DATA: DLUHC published English planning application data for Q4 2023

The release shows a 9% fall in received planning applications, a 12% fall in decisions, and a 13% fall in granted decisions compared to Q4 2022. Data from Glenigan shows the number of homes granted permission in 2023 was 233,000, a 20% fall from the previous year.

DATA: DLUHC published age data on children in temporary accommodation

The data for 30th June 2023 shows there were 86,945 children under the age of 10 living in temporary accommodation. 23.3% of those were under the age of one, accounting for one-in-thirteen of all people of any age living in temporary accommodation at the time.

DATA: ONS published analysis of short-term lets via online platforms

The analysis of bookings via Airbnb, Booking.com and Expedia provides information on the number of stays, number of nights, and number of “guest nights” by local authority and whether the guest is from the UK or abroad.

POLICY: Chancellor presented Spring Budget 2024

Along with announcements of funding for housing in Barking Riverside, Canary Wharf, Leeds, Euston and Cambridge, the chancellor announced a cut in the higher rate of Capital Gains Tax for residential property disposals from 28% to 24%, the abolition of the Furnished Holiday Lettings tax regime from April 2025, and the abolition of SDLT Multiple Dwellings Relief from June 2024. He also stopped the policy of letting local authorities keep 100% of the revenues from Right to Buy sales. Legislation will also be updated so that registered providers are not liable for SDLT when buying with public subsidy. He also announced the abolition of the current tax regime for non-UK domiciled individuals. There were plenty of responses to the budget including [Resolution Foundation](#) and [IFS](#).

REPORT: OBR published Economic and fiscal outlook – March 2024

See Chart of the Week for more detail on the housing market and mortgage rate forecasts.

REPORT: UK Finance published Q4 2023 Household Finance Review

They report “Mortgage borrowing was very weak in Q4, as it had been throughout 2023” with London and the South East hardest hit. They note “Forward indicators suggest an uptick in lending in Q1, although from a very low base”. They also report “The rapid increase seen in borrowing over longer terms levelled off overall but, within this, the proportion at the longest terms is still increasing. Even with stretching to the maximum terms, however, affordability looks to be still out of reach for many who would previously have been able to borrow”.

REPORT: JRF reported on the economic outlook for households

They report the situation is bleak and “by the beginning of 2029 the average family will have seen their housing costs rise by nearly £1700 a year in real terms compared with the beginning of 2021”. Their polling finds “The cost of housing ranked as the No.3 concern for the whole population, and was No.2 concern (second to essentials but above the NHS) for everyone excluding those who owned their home outright”.

REPORT: CSJ reported on “Living Rent That Works”

Among other recommendations, they suggest “Government should look to implement a new intermediate housing tenure, Living Rent, to replace Affordable Rent”.

REPORT: London Assembly reported on Young Londoners’ Access to Home Ownership

They recommend lobbying to increase the house price threshold for the Lifetime ISA, commission and publish analysis on the London housing crisis, and commission an evaluation of the London Living Rent tenure.

REPORT: ASI and Priced Out reported on using full expensing for brownfield land development

They suggest extending the full expensing for companies investing in plant and machinery could increase housing deliver, help SME housebuilders, and deliver a positive return for Treasury. Unfortunately, the link to model and data behind this paper was not working.

REPORT(PDF): HFI published a budget for housing

We couldn’t find this report online last week but here it is. It provides a “12 point plan for solving Britain’s Housing Crisis”. It includes recommendations on helping first-time buyers with their deposits, a “lighter touch” planning regime for SMEs, a “national mission” to build 100,000 affordable homes”, and doubling the New Homes Bonus.

CORPORATE: Foxtons published Final Results

They report “Trading in January and February in line with expectations” while “Lettings is expected to remain resilient with the business continuing to display strong recurring and non-cyclical characteristics. Lettings market supply and demand dynamics have normalised, with increased levels of available rental stock and fewer tenants registering for each available rental property compared to 2023. As expected, year-on-year rental growth has moderated with rental prices remaining at elevated levels” and “In Sales, continued market outperformance, alongside some recovery in buyer demand levels as mortgage rates have begun to reduce, has resulted in a 31% year-on-year increase in the value of the under offer pipeline at the end of February”.

CORPORATE: LSL published Trading Update

They report “Mortgage completions were in line with our expectations, reflecting the opening pipeline at 1 January 2024. Consistent with the surveying valuation instructions, LSL mortgage applications over the first two months of the year are significantly ahead of expectations with February mortgage applications per day 23% higher than 2023 and 5% above the strong performance in 2022”.

Chart of the Week

Alongside the Spring Budget, this week also saw the publication of the latest OBR [Economic and fiscal outlook](#). On mortgage rates, they now forecast “Average interest rates on the stock of mortgages are expected to rise to a peak of 4.2 per cent in 2027” which is 0.8 percentage points lower than their November forecast. For house prices, they report that in their central forecast “we expect house prices to fall around 2 per cent in 2024, slightly under half of the 5 per cent we expected in November. This is mainly due to our lower mortgage rate forecast”. In total, they predict the ONS house price index to fall by 4.5% from its peak in Q4 2022 to hit a low in Q4 2024. Looking further ahead and their forecasts are relatively positive: “we then expect house prices to fall around 2 per cent in 2026, and around 3½ per cent in 2027 and 2028. That would see nominal house prices surpass their historical peak in the first quarter of 2027”. On residential transactions, they forecast them “to be broadly flat 2024, compared to a fall of 7 per cent in our November forecast. Transactions then recover in our forecast, reaching pre-pandemic levels in early 2025, two years before we expected in November”.

OBR House Price Forecasts

Source: ONS, OBR

