

Progressive Property & Construction Daily



29 November 2023: Economy – Mortgage approvals bounce back strongly in October, BoE; Sales volumes rise as ‘realism’ dawns for sellers, Zoopla

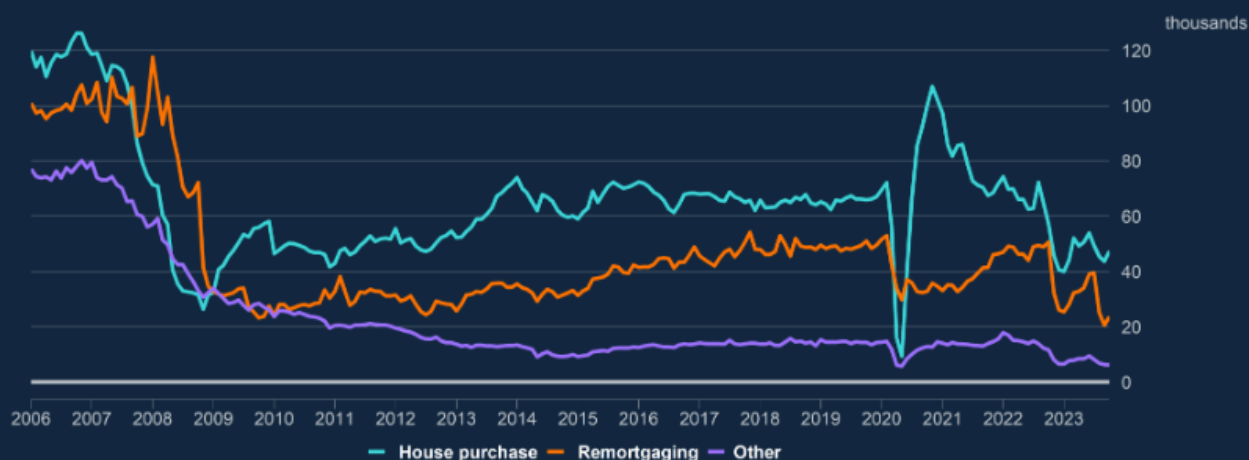
A round-up of market statements, news, economics and views from the property and construction sectors

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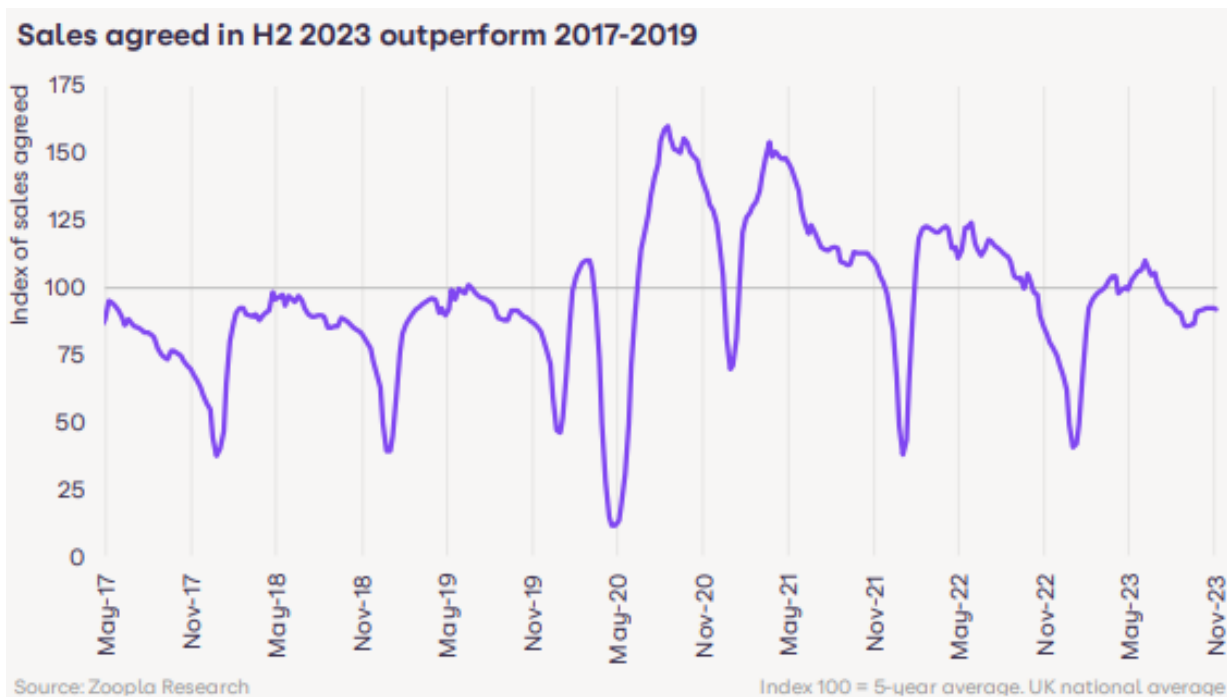
Economic data

Housing activity. Mortgage approvals for house purchases rose by 8.5% to 47,383 in October from 43,675 in September, the [Bank of England](#) has reported. This is the first seasonally-adjusted M/M increase in four months, following declines of 8.4%, 8.0% and 3.9% in July, August and September respectively. The Y/Y non-seasonally adjusted level is still -34.7%, but improved from a low of -36.6% in September. Net approvals for remortgaging increased from 20,600 in September to 23,700 in October. The ‘effective’ interest rate – the actual interest paid – on newly drawn mortgages saw a 24 basis point increase and is now 5.25%. [Five- and two-year fixed rate mortgages have, however, been falling every week since July.] Next release, 4 January.

Chart 1: Mortgage approvals
Seasonally adjusted



House prices. Annual UK house prices have declined to -1.2% in November from -1.1% in October and +8.2% a year earlier, but sales volumes have risen following greater realism from sellers, according to the latest [House Price Index](#) from Zoopla. Prices during the month fell by 1.2% to £265k across the UK and by 2.0% to £537k in London. The only regions to register Y/Y increases are Scotland (+1.0%) and Northern Ireland (+1.9%). These figures reflect sellers accepting discounts of 5.5% off their original asking prices, an average reduction of £18k - the largest for over five years; the discounts are 6.1% in London and the South East (£25k) and 4.8% (£11k) for rest of UK. There is now an average of 31 homes for sale per estate agency branch, compared to a low of 14 in the middle of the pandemic boom. Buyer demand, meanwhile, has risen by 10% compared to last year, in the aftermath of the mini-budget, but remains 13% lower than 2019. However, new sales agreed are 15% higher than a year ago and 5% higher than 2019 levels, reflecting “greater realism on the part of sellers and a growing sense that mortgage rates may have peaked and could start to fall later in 2024”. Overall, the market is on track for 1 million sales completions in 2023 [2022, 1.25 million], according to Zoopla. New sales have rebounded more in London than any other part of the UK over the last two months: this has led to a slight firming in prices and values in the EC postal area are positive at +0.6% over the last year. While London house prices are high in absolute terms, they have failed to keep pace with the rest of the UK over the past six years. The property portal explains that the average price of a London home is just 8% higher than seven years ago, in nominal terms, whereas UK house prices are 28% higher.



Viewpoint: I suggested in my latest column for Property Week (paywall), [Was October the turning point?](#), that the housing market may have turned last month – I was referring more to activity levels than prices, which remain ‘soft’ but not under seismic threat. The Bank of England and Zoopla analysis, above, as well as yesterday’s commentary from Rightmove’s CEO on Radio 4’s Today programme, add evidence to that view. I’m sure I’ll be told soon if I need to take my rose-tinted glasses back to Specsavers ...

Prices are as at the previous day’s close. Where quoted, net debt is pre-IFRS16 (excluding leases) unless otherwise stated.

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