

21/04/2017

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## Confidence in housing market stabilises after record decline

- Nearly 60% expect prices to rise
- Over a third feel the next year would be a good time to both buy and sell
- Londoners less positive on buying prospects compared to the rest of Britain
- Confidence in wider economy lowest in over five years with optimism falling sharply

**Confidence in the UK housing market has stabilised following a record decline, according to the latest Halifax Housing Market Confidence Tracker.**

The survey, which tracks House Price Optimism (HPO<sup>1</sup>) – consumer sentiment on whether house prices will be higher or lower in a year's time – has shown a small improvement (+2 points) from a net +42 in October 2016 to +44. This improvement followed a record fall in October 2016 following the EU referendum result.

HPO peaked at +68 in May 2015 around the time of the General Election. The lowest level ever recorded was -2 in October 2011 after a period of declining house prices – the only time it has ever been in negative territory.

Nearly six in 10 (58%) expect the average property price to rise in the next 12 months, compared to just one in 10 (14%) who expect prices to fall. However, this compares to a record high of 72% who were anticipating price rises in May 2015.

Among those who expect the average price to rise, there has been a shift towards expecting more modest rises; those expecting rises of up to 5% have increased from 26% to 30% since October. Over a quarter (28%) expect prices to be higher by 5% or more.

UK average house prices over the last year rose by 3.8% to £219,949<sup>2</sup> (February 2017).

**Martin Ellis, Halifax housing economist, said:** *“House Price Optimism is little changed since the October 2016 measure, which is significant because it was the first post-Brexit survey and recorded the steepest fall since the tracker began. The latest results suggest that consumer confidence in the housing market is potentially settling into a new lower ‘normal’.*

*“This sentiment echoes the slowdown in the annual rate of house price growth, which has more than halved over the past 12 months.”*

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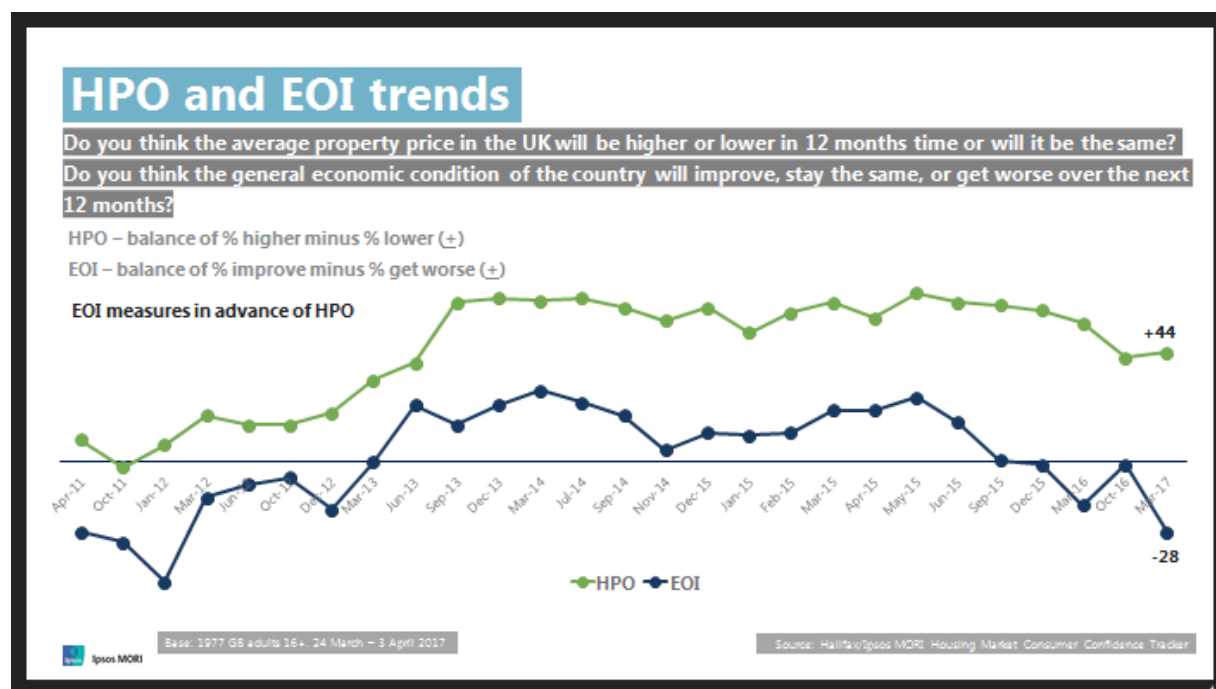
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## Economic Optimism Index (EOI<sup>3</sup>)

Separate measures by Ipsos MORI have found that confidence in Britain's wider economy has deteriorated rapidly since autumn 2015, with the number of people who believe that Britain's general economic conditions will improve over the next 12 months (EOI) down at -28 in March 2017.



**Martin Ellis added:** “We are seeing a renewed drop in confidence amongst consumers regarding the general economic outlook, which is coinciding with the UK Government starting its two-year period of EU exit negotiations. The gap between house price optimism and economic optimism has only been bigger once – March 2016 – indicating that whilst there is greater consumer uncertainty over the wider economy, confidence with the housing market is holding up well, possibly due to other factors such as a shortage of available housing.”

### Good time to buy or sell

The balance of people who think the next 12 months would be a good time to sell has moved from +9 to +17. Now, half (52%) of the public think the next 12 months will be a good time to sell (up by 5% from October 2016) compared to a third (35%) who expect it to be a bad time to sell (down by 3%).

However, buying sentiment has dipped further from +17 to +14 – the lowest it has been since September 2014 when it was at + 11.

Over a third (38%) think it would be a good time to buy and sell in the next 12 months, an increase of 5 points from October 2016.

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## Regional variations

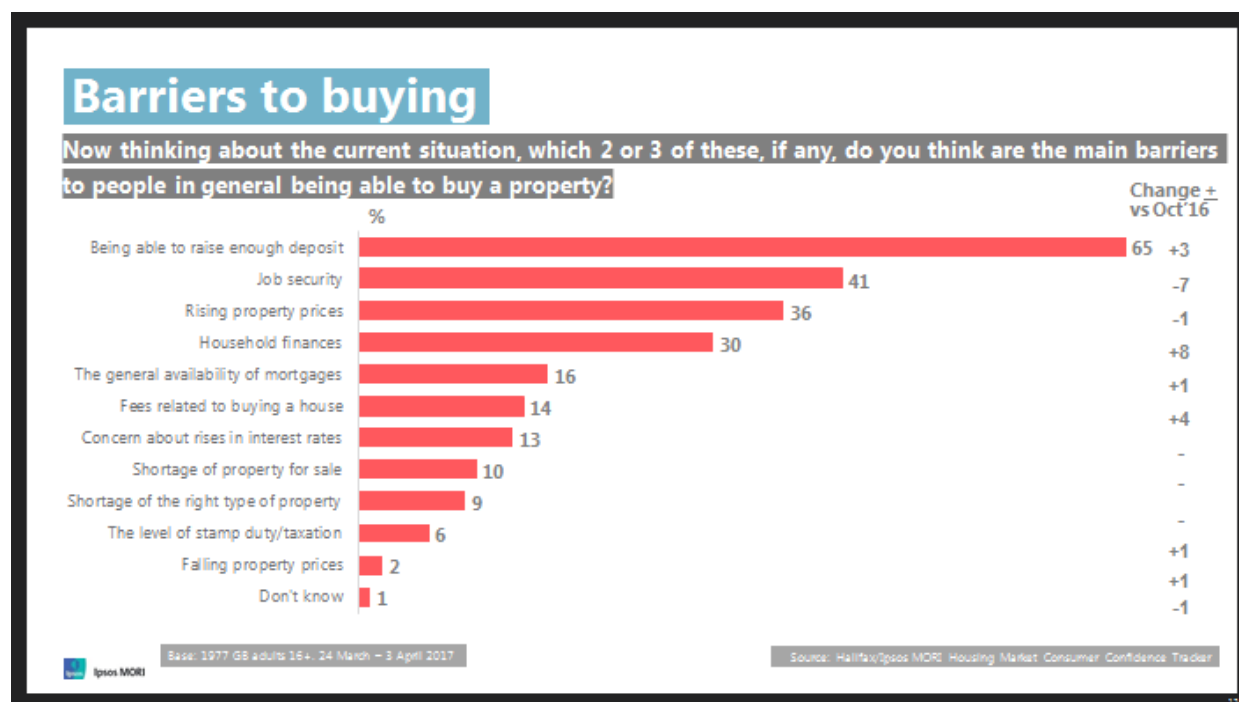
There is a North-South divide when buying sentiment is broken down regionally. When asked whether the next 12 months would be a good time to buy a property, sentiment is most positive in Wales (net +43). It is lowest in London (-9) and southern England (+6).

Those living in the South of England and Midlands think the next 12 months will be a good time to sell (both +25).

## Barriers to buying a home

Being able to raise enough deposit remains the biggest perceived barrier to people buying a home, with 65% choosing this as a reason from a list (up by 3 points from October 2016). Job security remains the number two reason, at 41% (down by 7 points).

The proportion of those considering household finances to be a barrier saw the highest increase, up 8 points to 30%.



- ENDS -

## Editors' Notes:

<sup>1</sup> HPO is calculated as the net balance of the % of respondents that expect the average UK house price to rise over the next 12 months less those that expect house prices to fall.

<sup>2</sup> The March Halifax House Price Index reported that the average house price in March was £219,755.

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<sup>3</sup> EOI: Economic optimism (collected via a separate Ipsos MORI survey) is calculated as the net balance of the % of respondents that think the general economic condition of the country will improve over the next 12 months less those that expect it to get worse.

**Methodology:** The Halifax Housing Market Confidence tracker monitors public sentiment towards the housing market. The latest wave of the survey, conducted by Ipsos MORI on behalf of Halifax, was undertaken between 23 March and 3 April across Britain.

Survey respondents were asked about property, defined as “houses, flats, apartments and all types of accommodation”. Interviews were undertaken face to face with a representative sample of 1,977 British adults aged 16+ across Britain. Data are weighted to the national population profile by age, sex, working status, social grade, region, ethnicity, and tenure.

The survey interviewed 1,958 British adults aged 16+

Results are subject to sampling tolerances e.g. +/-2 for a 50% finding based on 1,958 adults.

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