

PRESS RELEASE

19 DECEMBER 2019



FOR IMMEDIATE RELEASE

HALIFAX UK HOUSING MARKET OUTLOOK FOR 2020

- **The housing market performed in line with expectations over the past year, at the lower end of our forecast 2% to 4% growth**
- **Prospects for 2020 look brighter but house price inflation expected to remain relatively weak, at between 1% and 3%**
- **Shortage of homes for sale, low levels of house-building and challenges facing first-time buyers will continue to support high prices and constrain demand in the short-term**

Russell Galley, Managing Director, Halifax:

“The housing market in 2019 followed a similar path to recent years. Modest price growth was supported by falling mortgage rates and a low volume of houses for sale, factors which can in part be attributed to elevated uncertainty. This helped to underpin a degree of resilience in the market.

“Prospects for 2020 look a bit brighter, with uncertainty in the economy falling back somewhat, transactions volumes anticipated to pick up and further price increases made possible by growth in households’ real incomes. However the shortage of homes for sale and low levels of house-building will continue to support high prices, while the challenges faced by prospective buyers in raising the necessary deposits may continue to constrain demand.

“As a result, our forecast for house price growth in 2020 is in the range of 1% to 3%, consistent with the pattern of weaker growth seen since 2017.

“Longer-term, a renewed focus on housing policy and increased infrastructure investment aimed outside the South East, for example, could help rebalance regional house prices. However, it’s important to note that any policy changes would be unlikely to impact the market in 2020.

“Although prices will be supported in the near-term by insufficient new building and low interest rates, a sustained period of price growth below income growth as a result of policy action would help to address first-time buyer difficulties.”

This report is prepared from information that we believe is collated with care, however, it is only intended to highlight issues and it is not intended to be comprehensive. We reserve the right to vary our methodology and to edit or discontinue/withdraw this, or any other report. Any use of this report for an individual's own or third party commercial purposes is done entirely at the risk of the person making such use and solely the responsibility of the person or persons making such reliance. © Bank of Scotland plc all rights reserved 2019.

Halifax Press Office contact:

Gregor Low / 07500 078 879 / gregor.low@lloydsbanking.com