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House price confidence continues to fall

- Downward trend shows optimism at lowest point since January 2015
- Fifth anniversary of survey and substantial change in housing market sentiment over the period
- Gap between house price optimism and economic confidence widest in five years
- Most people expect recent Budget announcements to make little difference to those buying or selling a home

Confidence in the UK housing market is at its lowest level in over a year, according to the latest quarterly Halifax Housing Market Confidence Tracker. The latest fall comes after a downward trend since a high point in May 2015, and comes as consumers feel increasingly uncertain about the wider economy.

Despite this downward trend, a clear majority of people (65%) still believe that average UK property prices will be higher rather than lower 12 months from now, double the 32% found when the Tracker was launched five years ago in April 2011.

The proportion of people who think the average UK house price will be at least 10% higher in 12 months' time remains unchanged since December 2015 at 13%. However, the proportion who are unsure of the direction that house prices will go has risen six points, the first time it has hit double figures (13%) since spring 2013, suggesting there is growing uncertainty around the property market.

Changes over the past five years

House Price Optimism (HPO¹)

Longer term trends have seen HPO improve from a net balance of +9 in April 2011 to +56 currently. The HPO peaked at +68 in May 2015 around the time of the general election, whereas the lowest level ever seen was -2 in October 2011. UK average house prices over the period have risen by £54,026 from £160,785 (April 2011) to £214,811² (March 2016).

Economic Optimism Index (EOI³)

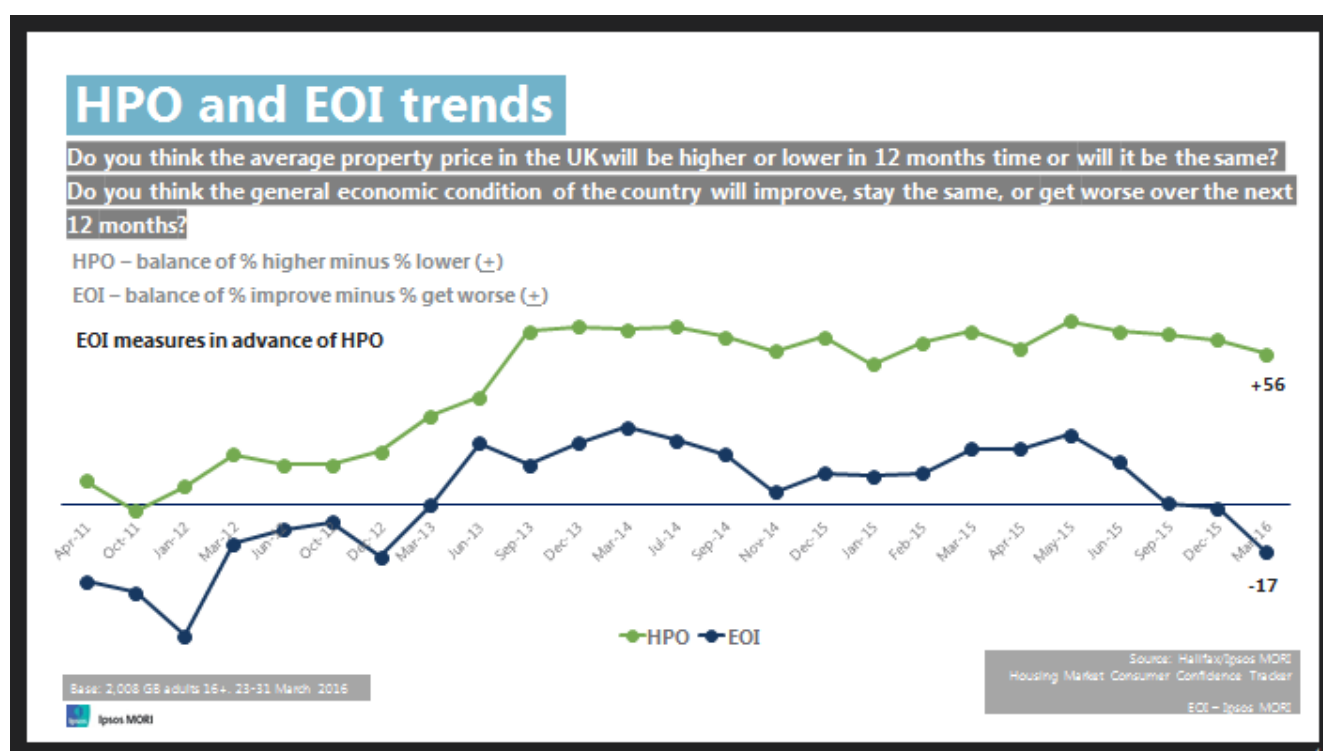
Although stronger than the levels seen in 2011, separate surveys by Ipsos MORI have found that confidence in Britain's wider economy has deteriorated over the past year, with the number of people who believe that Britain's general economic conditions will improve over the next 12 months (EOI) dropping more sharply than HPO during the same period. Net balance has dropped to -17, the lowest since March 2013, but still well above its lowest level over the past five years (-48) in December 2011.

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Martin Ellis, Halifax housing economist, said:

“We are starting to see growing pessimism amongst consumers in the general economic outlook for Britain.

“However, the ongoing acute supply/demand imbalance in the property market continues, which together with continuing low interest rates and a healthy labour market, indicate that house prices are likely to continue to grow in the coming months.

“As a result, the gap between house price optimism and economic confidence is at its widest in five years, but both are tracking downwards.”

Good time to buy or sell

There has been a small rise in net selling sentiment since December 2015. The balance of those thinking the next 12 months will be a good time to sell, less those who think it won't, has moved from +26 to +31. Now, 56% of people think the next 12 months will be a good time to sell (up slightly by 1 point from December 2015) compared to 25% who expect it to be a bad time to sell (down by 3 points).

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However, buying sentiment has dipped from +23 to +18 – the lowest it has been since September 2014. As a result, the gap between buying and selling sentiment (13 points) is now wider than it has been since July 2014. This means that buying sentiment is little changed over the history of the survey, in contrast to selling sentiment which improved as people came to expect rising prices:

Five year comparison

	Apr-11	Mar-16	Diff
% prices higher	32	65	+33
% prices lower	23	9	-14
% prices same	26	13	-13
HPO	+9	+56	+47
% good time buy	49	50	+1
% bad time buy	31	32	+1
% good time sell	18	56	+38
% bad time sell	61	25	-36

Regional variations

There are marked differences 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 Scotland (+41). It is lowest in London (-19), Wales (+7) and Southern England (+18).

Conversely, those living in the South of England and London think the next 12 months will be a good time to sell (+50 and +46 respectively), compared to Wales (+2), Scotland (+6) and North-East England (-19).

Barriers to buying a home

Being able to raise enough deposit remains the biggest perceived barrier to people buying a home, with over half choosing this as a reason from a list (52%, down by 6 points from December 2015). Job security remains the number 2 reason, at 40% (down by 2), having been the top reason when the Tracker started in 2011.

The proportion of those considering rising property prices to be a barrier remains on 37%. UK average house prices now stand at £214,811² following a 10.1% annual increase.

Martin Ellis, Halifax housing economist, continued:

“Difficulties in raising a deposit, concerns about job security and high property prices remain the main barriers to people buying a home. Of these, rising property prices is clearly much more of an issue for people than it was five years ago.”

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The budget 2016 and housing

More than half of people do not expect the recent budget announcements to make any difference to people looking to buy a home (53%), or sell a home (55%). Slightly more expect the measures to be bad for buyers and sellers (16% and 15% respectively) than good for them (12% and 11%).

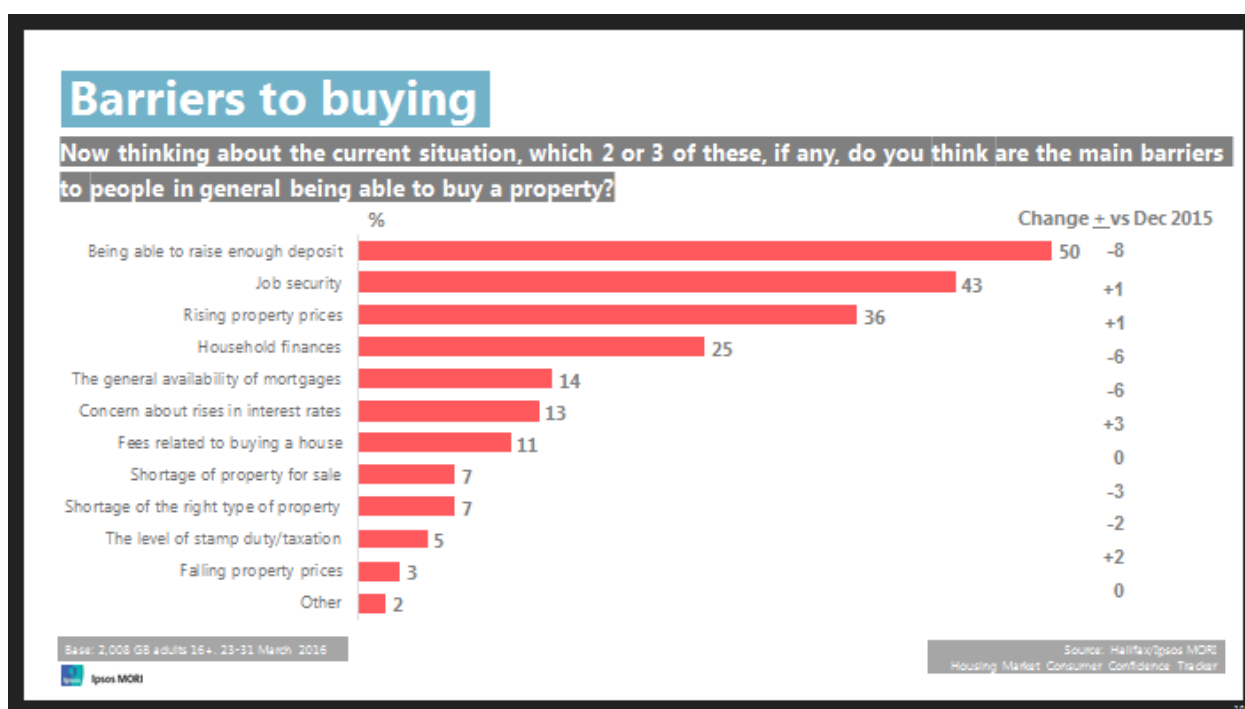
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Notes to editors

¹ HPO is calculated as the net balance of the % of respondents who expect the average UK house price to rise over the next 12 months, less those who expect house prices to fall.

² The [March 2016 Halifax House Price Index](#) reported that the average house price was £214,811.

³ EOI: Economic Optimism Index (collected via a separate Ipsos MORI survey) is calculated as the net balance of the % of respondents who think the general economic condition of the country will improve over the next 12 months, less those who 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 23-31 March 2016 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 2,008 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.

Results are subject to sampling tolerances e.g. +/-2 for a 50% finding based on **2,008** adults

Full detail on the survey methodology, questionnaire and findings can be found [here](#).

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