

29/01/2016

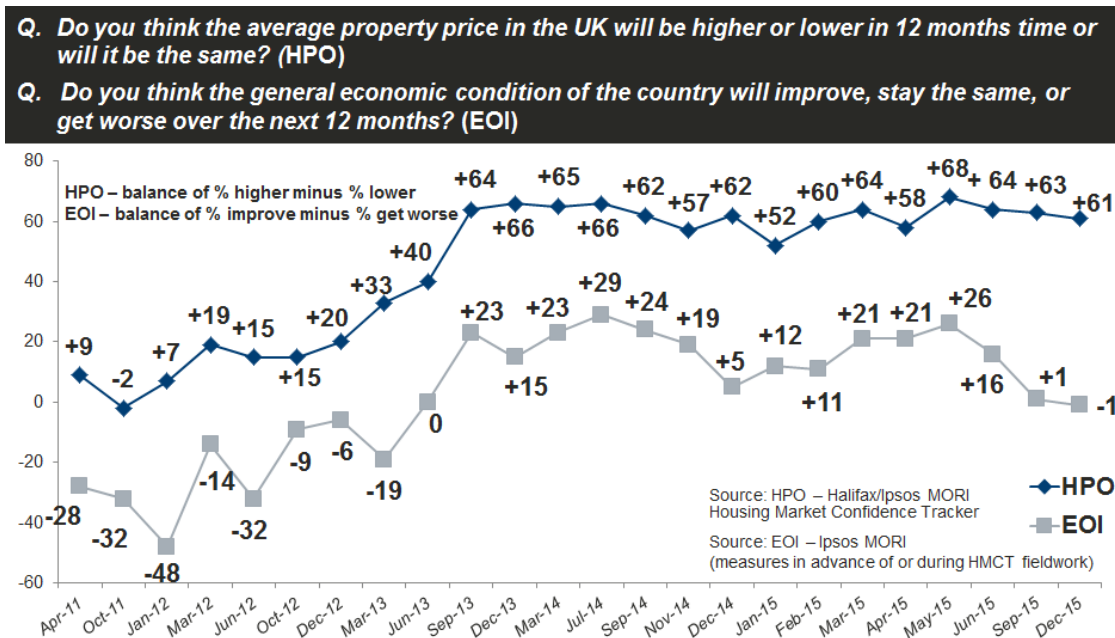
UNDER EMBARGO UNTIL 00:01HRS ON FRIDAY 29 JANUARY 2016

House price confidence strong despite dip in economic outlook

Confidence in the UK housing market remains strong, according to the latest quarterly Halifax Housing Market Confidence Tracker, and comes against a backdrop of cooling confidence in the wider economy.

Despite declining steadily since last May, house price optimism (HPO¹) in the final quarter of 2015 continued to show that a majority of people believe that average UK property prices will be higher rather than lower 12 months from now (+61 compared to +68 in May 2015), with 13% believing it will be at least 10% higher.

By contrast, the number of people who believe that Britain's general economic conditions will improve over the next 12 months (EOI²) has dropped more sharply during the same period (-1, compared to +26 in May 2015).



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PRESS RELEASE



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Craig McKinlay, Mortgages Director at Halifax, said:

“Solid economic growth, rising real earnings and falls in already very low mortgage rates are all stimulating housing. At the same time, there is an increasingly acute imbalance between supply and demand, which is causing property prices to rise at a robust pace.

“This situation, which is unlikely to reverse significantly in the short-term, is reflected in the public’s continuing high levels of optimism regarding house price growth over the coming 12 months.”

Good time to buy or sell

There has been a small rise in positive selling sentiment since last quarter, with 55% (+3) of people thinking the next 12 months will be a good time to sell. By contrast, there has been a drop in the proportion who expect it to be a bad time to sell, down 3 points in the same period, to 29% now.

Positive buying sentiment has increased marginally, at 54% (+1), with negativity down 2 points to 31%.

The proportion who think it would be a good time to buy and to sell property has risen to 39%, up 3 points on the previous quarter, while 15% of people think the next 12 months would be a bad time to do both.

Deposits are still seen as the main barrier to buying a home

The proportion identifying rising property prices as a barrier to buying a property has risen to 37%, up 6 points on the previous quarter and the highest this figure has been since the survey’s inception, with average UK house prices now standing at £208,286³ following a 10% increase during 2015.

However, raising a deposit is still believed to be the main barrier to buying property, with 58% of people choosing this as a reason (up 1 point from last quarter). Job security is the number two reason, at 42% (no change).

Concerns about interest rate rises as a barrier have fallen, with only 11% of respondents mentioning this, down 5 points from last quarter.

Craig McKinlay, Mortgages Director at Halifax, said:

“Difficulties in raising a deposit, concerns about job security and high property prices remain the main barriers to people buying a home. The proportion identifying rising prices has risen to the highest in the survey’s history. The decline in affordability that this highlights is expected to dampen housing demand and property price growth over the medium term.”

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Mortgage interest rate rise expectations decline

Half think mortgage interest rates will be higher in 12 months' time (a drop from 58% in Sept). Expectations of a rise in savings interest have also fallen, to 28% (having been 35% in Sept).

- ENDS -

NOTES TO EDITORS:

¹ 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.

² Source: Ipsos MORI, Economic Optimism Index.

³ The [January Halifax House Price Index](#) reported that the average house price was £208,286.

Barriers to buying

Q. Now thinking about the current situation, which 2 or 3 of these, if any, do you think are the main barriers to people in general being able to buy a property?

		Change ± vs Sept 2015
Being able to raise enough deposit	58	+1
Job security	42	0
Rising property prices	37	+6
Household finances	31	0
The general availability of mortgages	20	+3
Concerns about rises in interest rates	11	-5
Fees related to buying a house	11	0
Shortage of property for sale	10	0
Shortage of the right type of property	9	0
The level of stamp duty/taxation	3	0
Falling property prices	3	0
Don't know	3	+1

Source: Halifax/Ipsos MORI

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 4-18 December 2015 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 1,956 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 1,956 adults

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

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