

Property Tracker

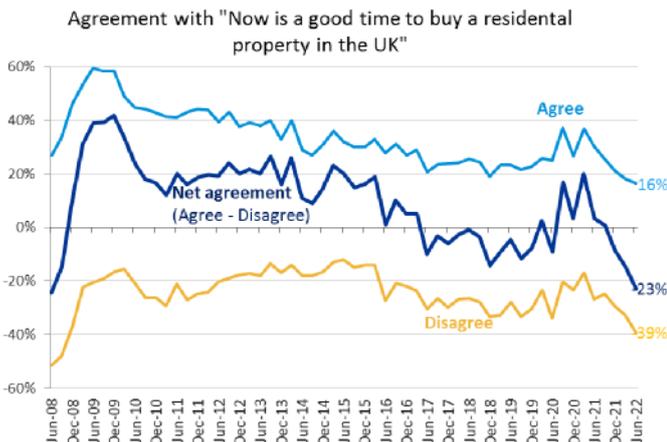
June 2022

Housing market sentiment weakens as issues around affordability rise

Sentiment around the housing market continues to weaken

The BSA's June Property Tracker survey, for which YouGov surveyed 2,097 adults across Britain, shows that just 16% think now is a good time to buy property in the UK, down from 18% in March. This is the lowest figure recorded since Property Tracker began in June 2008.

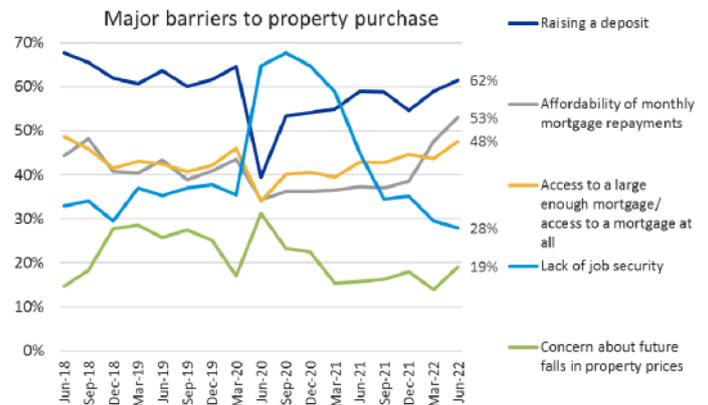
In June, 39% of people disagreed that now was a good time to buy, up from 33% in March. This was the highest figure since September 2008.



Those who disagreed that it was currently a good time to buy put this mainly down to the current high level of house prices, as well as the impact of high inflation, and rising interest rates.

Lower affordability of mortgage repayments thought to stop people buying

The factors cited above are also reflected in what are considered the most important factors stopping someone buying property in the UK at the moment.



High house prices mean that raising the deposit required to purchase property remains the number one barrier, selected by 62% of people in June, versus 59% in March. House prices continue to increase, with Nationwide Building Society reporting that average prices rose by 0.9% in May so that they were 11.2% higher than a year earlier.

Affordability of the monthly mortgage repayments has risen as a barrier since last year, to become the second most common. 53% of people selected this in June, up from 48% in March and 39% in December last year. The latest figure is the highest for this barrier since September 2008.

The rising cost of living, driven by higher energy, food and commodity prices, has led to general consumer price inflation of 9.0% in May, according to the ONS.

The pressure this puts on household finances is likely to partly explain why affording the mortgage is now seen as a greater impediment to purchase.

Another relevant factor is likely to be higher interest rates, as the Bank of England's Monetary Policy Committee started raising interest rates in December from 0.1% to 1.0% today, with further increases anticipated. Mortgage interest rates have risen accordingly.

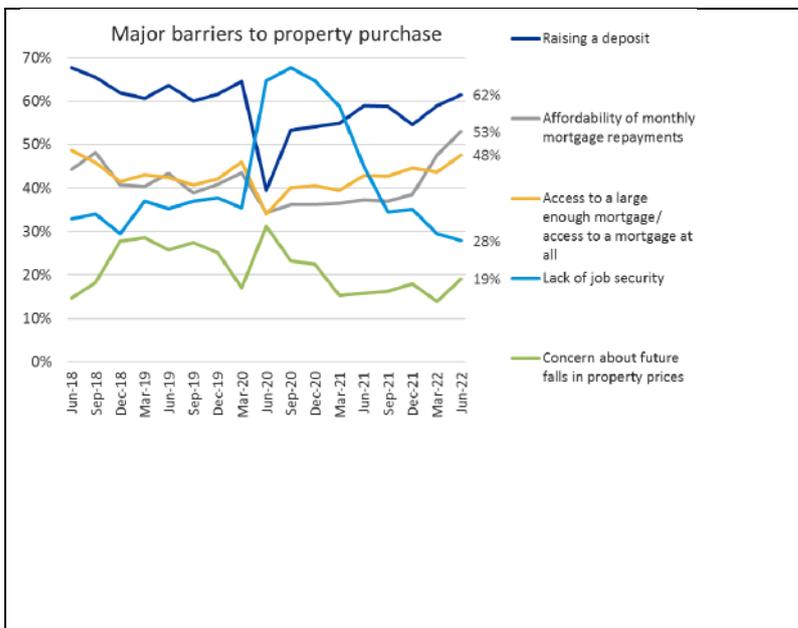
In contrast, a lack of job security continues to decline as a barrier, having peaked during the Covid pandemic. In June just 28% of people selected this as a factor, compared to 65% two years earlier. The current low level of unemployment, and record numbers of vacancies, explain why this barrier has receded so quickly.

Just 19% of people think concerns about future falls in property prices were a reason not to buy.

In a separate Property Tracker question, 41% of people expected property prices to rise over the coming 12 months, while 19% expect them to fall.

This compares to 48% in March who expected them to rise in the subsequent 12 months, and 12% who expected them to fall.





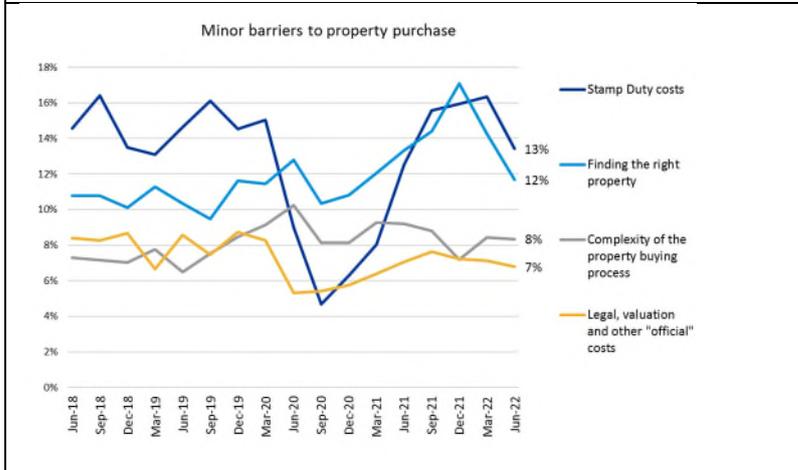
Raising a deposit was selected as a barrier to property purchase by 62% of people in June 2022, up from 59% in March.

Affordability of monthly mortgage repayments was selected as a barrier by 53% in June, up from 48% in March.

Access to a large enough mortgage was chosen by 48% of people in June, up from 44% in March.

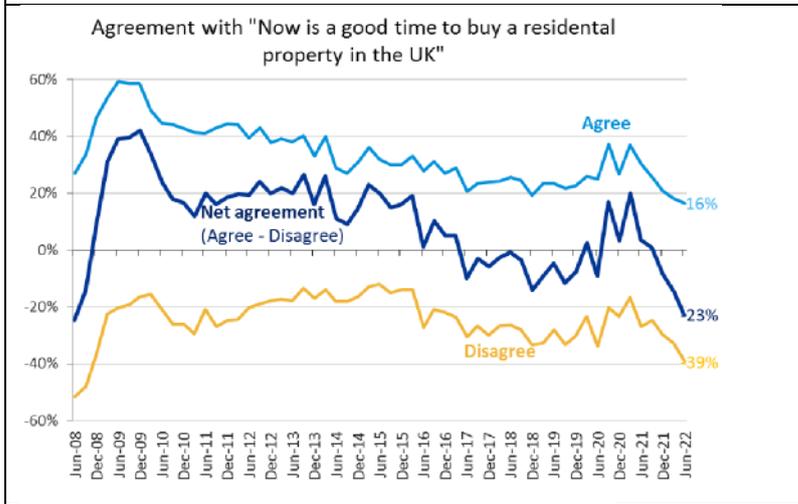
Lack of job security was selected as a barrier by 28% of people in June, down from 30% in March.

Concern about future falls in property prices was selected as a barrier by 19% of people in June, up from 14% in March.



Of the less frequently selected barriers to property purchase, Stamp Duty costs declined to 13% in June, from 16% in March.

The other minor barriers were little changed.



In June 16% of people agreed that it is currently a good time to buy property in the UK, down from 18% in March.

39% disagreed in June, up from 33% in March.

As a result, the net agreement decreased to minus 23 percentage points in June, from minus 15 percentage points in March.



In June 2022 41% thought house prices would rise in the next 12 months, down from 48% who said this in March.

19% thought prices would fall over the next 12 months, up from 12% in March.

The net of those who thought prices would rise less those who thought they would fall was 21 percentage points in June, down from 36 in March.

The Property Tracker survey is conducted online quarterly by YouGov Plc for the Building Societies Association.

For the March Property Tracker survey fieldwork was undertaken between 1-6 June 2022. Total sample size was 2097 adults. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+). All figures, unless otherwise stated, are from YouGov Plc.

Figures between June 2012 to March 2016 are from Canadean Consumer. For all other dates research was carried out by YouGov. Therefore, caution should be taken when comparing results across these periods.

Respondents were given the option to select up to three 'barriers' when asked what they think are most likely to stop someone from buying a residential property at the moment.

The proportion agreeing 'now is a good time to buy' includes those who agree strongly and those who tend to agree, while the proportion disagreeing includes those who disagree strongly and those who tend to disagree. Respondents who answered 'don't know' are not shown, so percentages do not sum to one hundred.

Net agreement represents the proportion who agree with a statement minus the proportion who disagree. Net balance figures represents those who said house prices would rise to some extent minus those who said prices would fall. These figures are calculated by the Building Societies Association using YouGov data.

The Building Societies Association (BSA) represents all 43 UK building societies, as well as 6 credit unions. Building societies have total assets of over £480 billion and, together with their subsidiaries, hold residential mortgages over £357 billion, 23% of the total outstanding in the UK. They hold over £333 billion of retail deposits, accounting for 18% of all such deposits in the UK. Building societies account for 40% of all cash ISA balances. They employ approximately 43,000 full and part-time staff and operate through approximately 1,345 branches.

Data tables for the standard questions can be downloaded here: www.bsa.org.uk/information/statistics/bsa-property-tracker/

