Building Societies Association

Property Tracker

June 2019

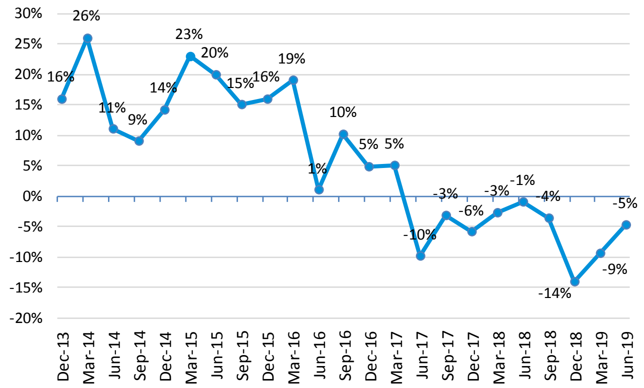
Even without Brexit-related uncertainty, affordability challenges still weigh on housing market sentiment

- Property Tracker records over two years of negative housing market sentiment
- House price expectations turn positive following two negative quarters

Housing market sentiment improves slightly but remains negative

The *Property Tracker Index* was minus 5 percentage points in June - over two years of continued negative housing market sentiment. Confidence in the market first turned negative in June 2017 and deteriorated at the end of last year. However, people are generally less negative in the outlook for the housing market than they were six months ago. Whilst just 23% of people agreed that now was a good time to buy in June (unchanged from March 2019), only 28% disagreed, down from 33% in March.

Net agreement: Is now is a good time to buy property in the UK?

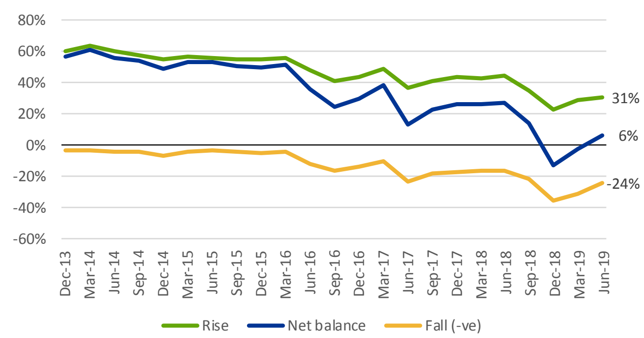


BSA Property Tracker

House price expectations pick up despite negative outlook

Despite the continued lack of confidence in the housing market, house price expectations increased in June, moving into positive territory following two consecutive quarters in negative territory. Nearly a third (31%) of people said they expected house prices to rise over the coming 12 months, up slightly from 29% in March. Less than a quarter (24%) expected prices to fall, down from 31% in March. This give a net balance of 6 percentage points in June, up from minus 3 percentage points in March.

How will UK property prices change in the next 12 months?

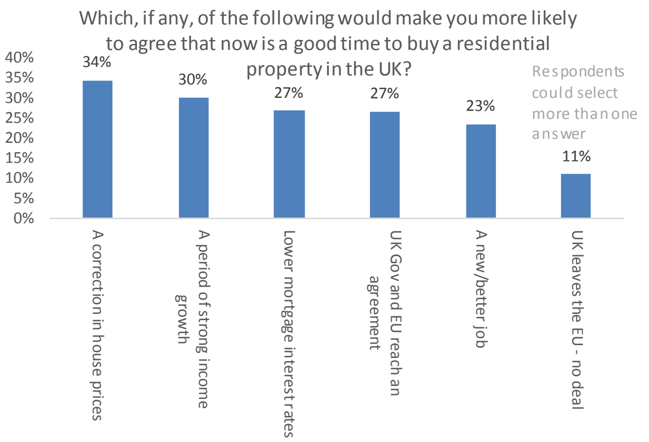


One reason house prices have been rising modestly since the EU referendum is the lack of properties coming on to the market, restricting choice for homebuyers, resulting in increased competition for a limited number of properties. So whilst confidence remains low, house prices may continue to rise gradually due to market conditions.

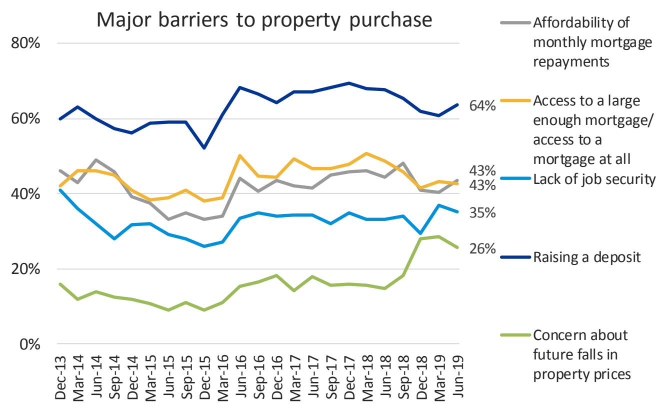
High house prices more of a concern than Brexit resolution

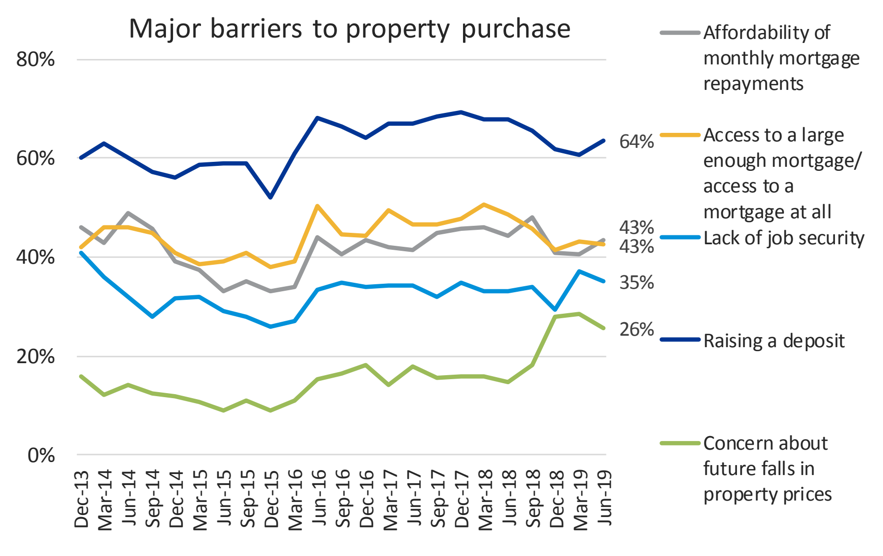
When those who said they thought it was not a good time to buy a property were asked what would make them change their mind, over a third (34%) said a correction in house prices. This was followed by a period of strong income growth (30%), lower mortgage interest rates, and the UK reaching an agreement with the EU (both 27%). Only 11% said a 'no deal' scenario with the EU would make them more positive.

So whilst a smooth transition out of the EU would restore confidence for many UK consumers, it is not the major concern. This suggests that even once an agreement has been reached with the EU, housing market confidence may not recover strongly.



High house prices are main reason why raising a deposit has been the biggest barrier to property purchase for so long, which remained the case in June - chosen by 64% of people. Without a fundamental change in housing market conditions, raising a deposit will remain a struggle for many people.

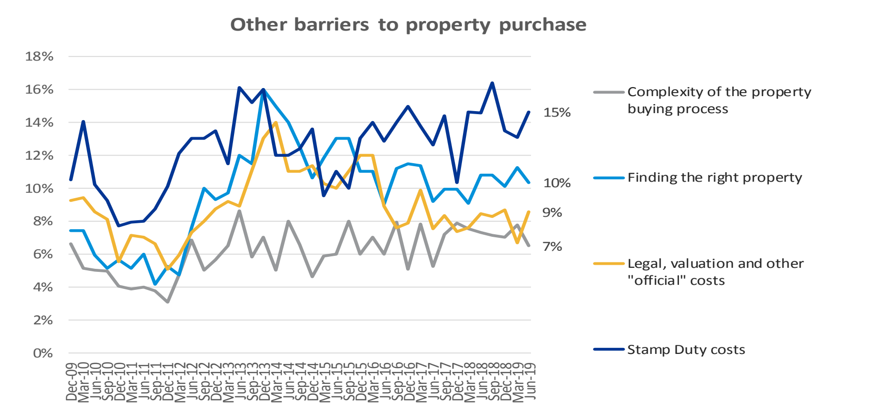




Raising a deposit was a barrier to 64% of people in June 2019, up from 61% in March 2019.

Lack of job security was a barrier to 35% in June 2019, down from 37% in March 2019.

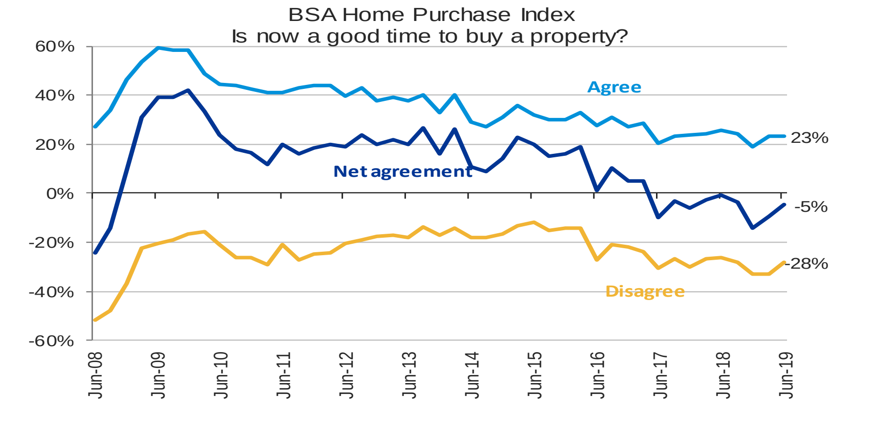
Concern about future falls in property prices was a barrier to 26% of people in June, down from 29% in March 2019.



Stamp duty costs were a barrier to 15% in June 2019, up from 13% in March 2019.

Legal, valuation and other ‘official’ costs was a barrier to 9% in June 2019, up from 7% in March 2019.

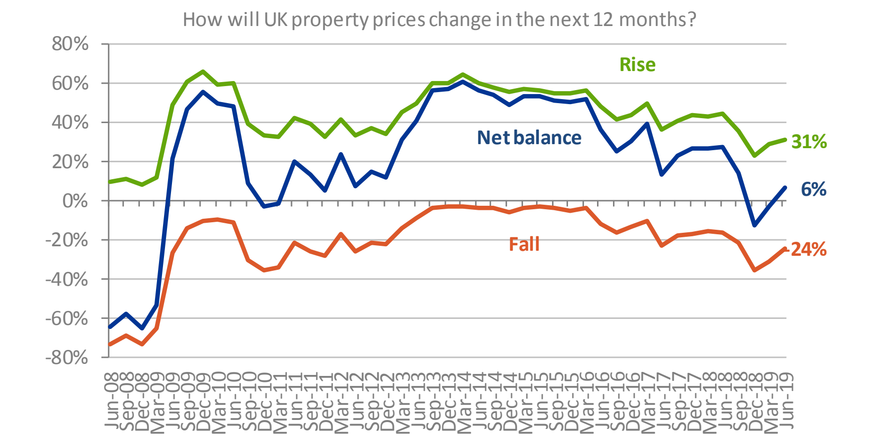
Other minor barriers were little changed quarter on quarter.



In June 23% of consumers agreed that it is currently a good time to buy property in the UK; unchanged from March 2019

In June 28% disagreed, down from 33% in March 2018.

As a result, the net agreement increased, to minus 5 percentage points in June from minus 9 percentage points in March 2019.



31% thought house prices would rise in the next 12 months in June, up from 29% in March 2019.

24% thought prices would fall in June, compared to 31% in March 2019.

The net balance therefore increased to 6 percentage points in June from minus 3 percentage points in March 2019.

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

Total sample size was 2,025 adults. Fieldwork was undertaken between 31st May –3th June 2019. Surveys are carried out online. 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.

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.

Building societies - Balances as at 31 March 2019The Building Societies Association (BSA) represents all 43 UK building societies, as well as 5 credit unions. Building societies have total assets of £415 billion and, together with their subsidiaries, hold residential mortgages almost £330 billion, 23% of the total outstanding in the UK. They hold over £280 billion of retail deposits, accounting for 19% of all such deposits in the UK. Building societies account for 37% of all cash ISA balances. They employ approximately 42,500 full and part-time staff and operate through approximately 1,470 branches.

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

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