

# Property Tracker

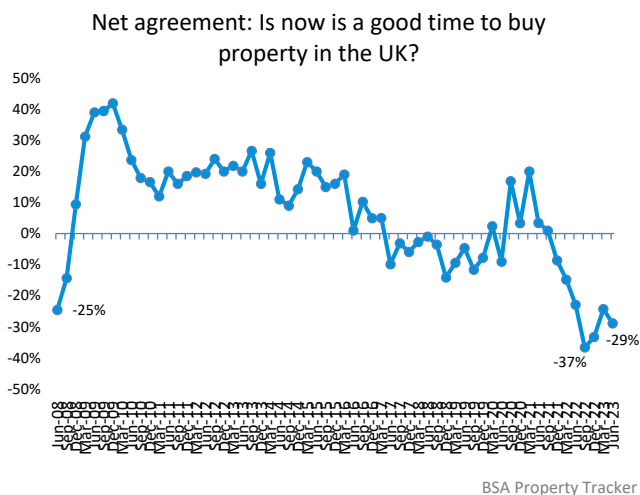


22 June 2023

## HOUSING MARKET SENTIMENT REMAINS LOW BUT STABLE, AS MARKET INTEREST RATE EXPECTATIONS SPIKE

### Housing market falls further into negative territory

The June edition of the BSA’s Property Tracker, in which 2,023 adults were surveyed across Britain on 1 – 2<sup>nd</sup> June, shows housing market sentiment fell slightly over the quarter, and remains in negative territory. Just 14% of people agree now is a good time to buy a residential property in the UK, down from 18% in March. This is the joint lowest on record (also 14% in December 2022) since the first *Property Tracker* in June 2008. 42% of people disagreed that now was a good time to buy in June, which is relatively unchanged from 43% in March. As a result the *Property Tracker* confidence index fell to minus 29% from minus 24% in March – although still higher than the recent all-time low of minus 37% in September 2022 following the Liz Truss government’s mini-budget.

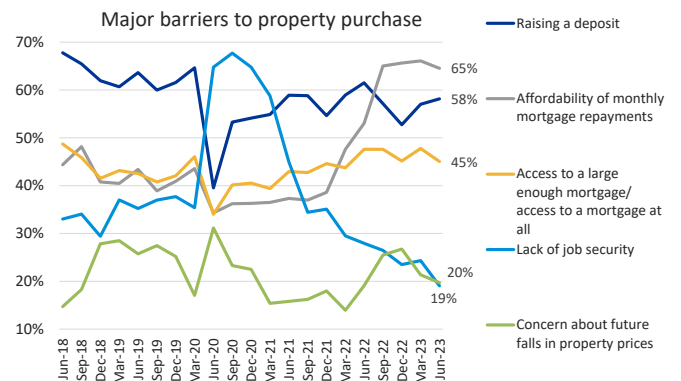


Sentiment amongst first-time buyers is even lower, with 13% who agreed now was a good time to buy a property, and 61% who disagreed, giving a net score of minus 48%.

### Mortgage affordability remains the biggest barrier to property purchase

The decline in sentiment in June reflects higher mortgage interest rates following two further increases in the Bank Rate since the end of March and which now stands at 5.00%, following an additional 50 basis point rise in June. Before this latest rise in the Bank Rate markets were pricing in Bank Rate to peak at 5.83% in June 2024, meaning mortgage rates are likely to rise further.

It is therefore not surprising that the affordability of monthly mortgage was cited by 65% of respondents as a barrier to property purchase in June.<sup>3</sup> This is relatively unchanged from 66% in March, but up from an average of 37% in 2021 when the Bank Rate was at 0.10% and mortgage rates at an all time low.

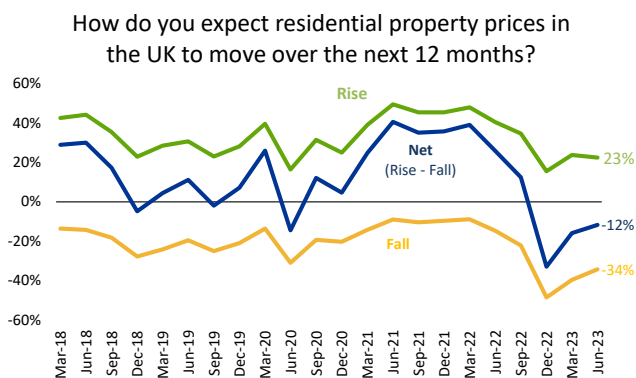


With over 1.8 million fixed mortgages expiring this year,<sup>1</sup> many households will face a significant shock to their finances, which is likely to weigh further on confidence in the housing market and wider economy.

The second largest barrier was raising a deposit – selected by 58% of respondents, and relatively unchanged from 57% in March. All other barriers to property purchase remained stable in June.

### House price expectations remain stable

Residential House price expectations remained stable in June, with 23% who think prices would rise over the next year, and 34% who think they will fall.

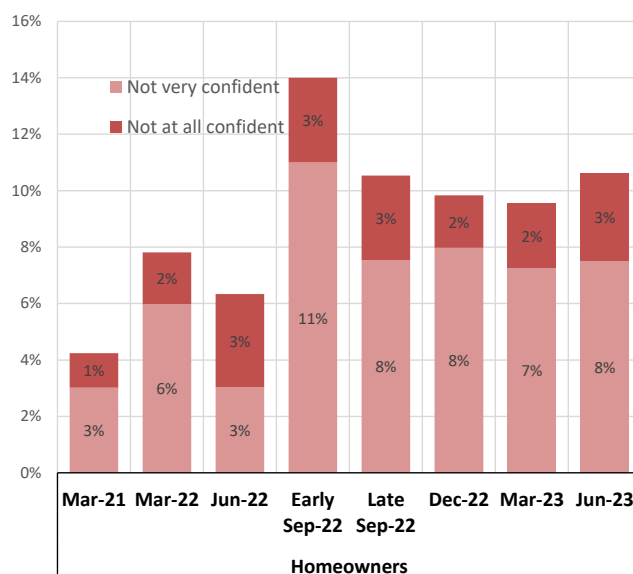


This gives a 'net balance' of minus 12 percentage points, up from minus 16 percentage points in March.

### Households not concerned about repaying mortgage – but financial shocks await many

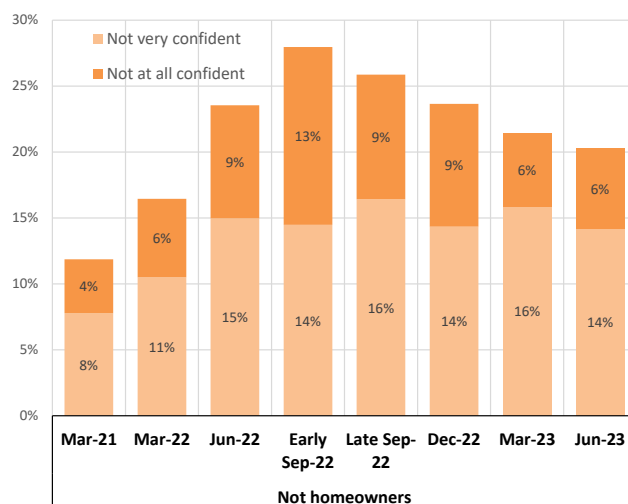
Despite the financial pressures on households, the June *Property Tracker* reveals that just 11% of mortgage borrowers are not confident in meeting their regular mortgage repayments over the next six months. Only 3% said they were not at all confident.<sup>2</sup> The survey was conducted before the recent 50 basis point increase in Bank Rate on 22 June, which may result in more people being concerned. With many mortgagors on fixed rates the reality of higher mortgage payments may not be clear, but many will face this reality over the coming months. This will be compounded if prices of basic household goods and services remain stubbornly high, putting more pressure on lower income households who are less able to absorb financial shocks.

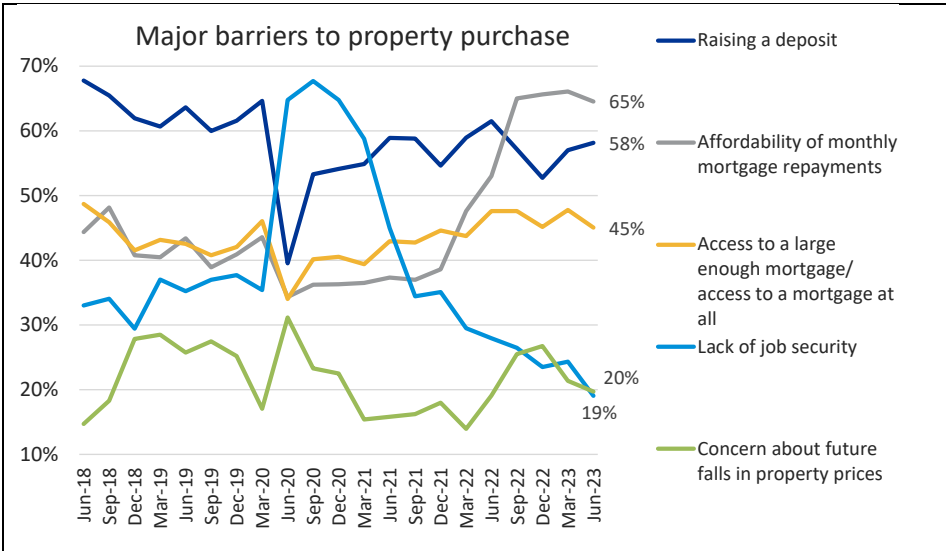
% of people with a mortgage not confident about paying their mortgage over the next six months



There is greater concern amongst renters in paying their rent, with 20% saying they were not confident they could do so over the next six months.<sup>2</sup> Those who rent tend to be younger, on lower incomes and less financially secure, and therefore less able to absorb shocks compared to homeowners.<sup>2</sup>

% of renters not confident about paying their rent over the next six months

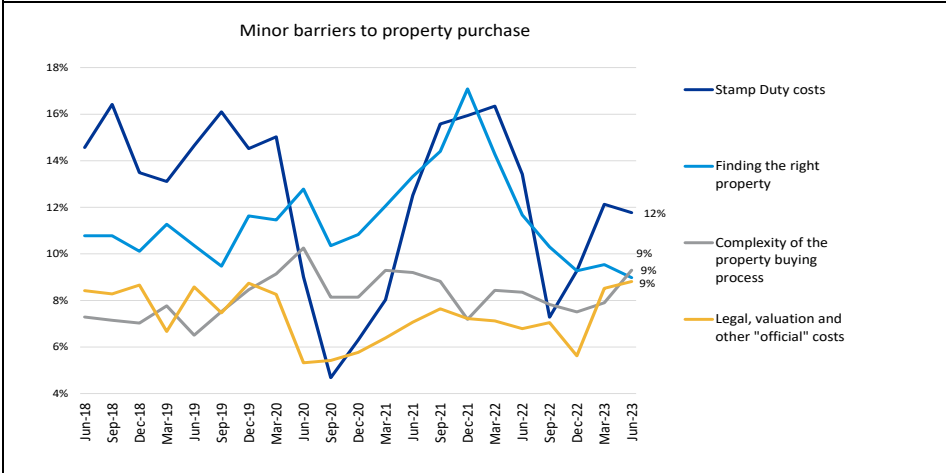




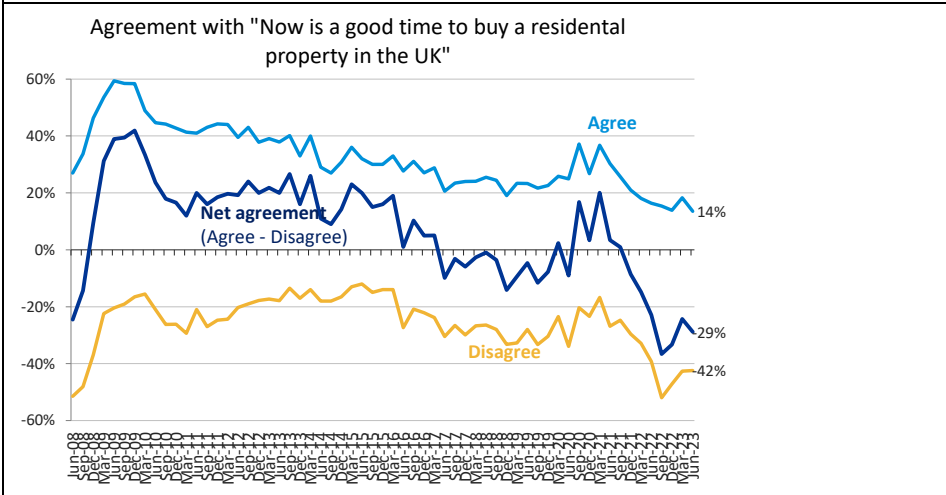
Affordability of monthly mortgage repayments was selected as a barrier to property purchase by 65% in June, more or less unchanged from the 66% in March.

Raising a deposit was selected as a barrier to property purchase by 58% in June, more or less unchanged from 57% in March.

Access to a large enough mortgage / access to a mortgage at all was chosen by 45% in June, down from 48% in March.



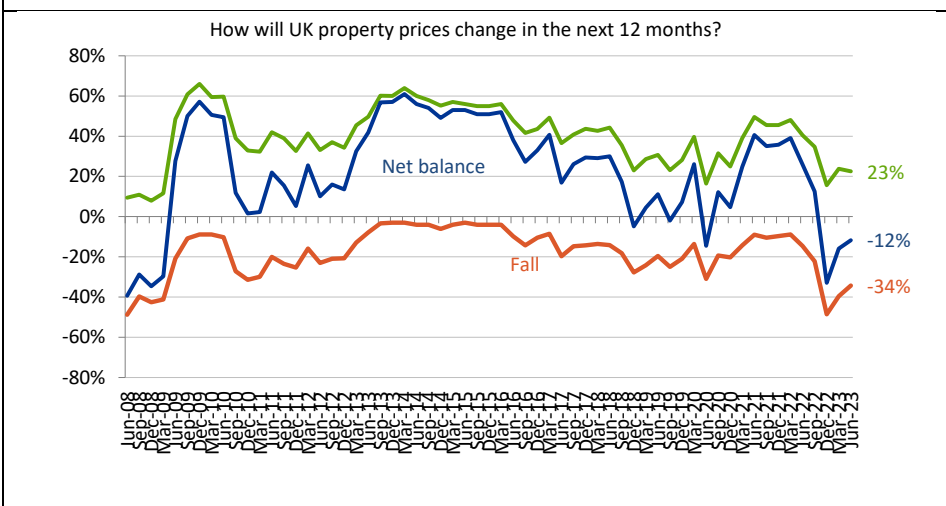
There was little change in the smaller barriers to property purchase in June.



In June, 14% of people agreed that now was a good time to buy a property in the UK, down from 18% in March.

42% disagreed in June, more or less unchanged from the 43% who disagreed in March.

As a result, the net agreement fell to minus 29 in June, down from minus 24 in March.



In June, 23% thought house prices would rise in the next 12 months, more or less unchanged from the 24% in March.

34% thought prices would fall over the next 12 months, down from 40% in March.

The net of those who thought prices would rise less those who thought they would fall was minus 12 percentage points in June, up from minus 16 in March.

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

For this Property Tracker survey fieldwork was undertaken between 1- 2<sup>nd</sup> June 2023. Total sample size was 2023 adults. For the March 2023 Property Tracker, fieldwork was undertaken between 1 -2<sup>nd</sup> March 2023. Total sample size was 2099 adults. All surveys were 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.

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.

#### Notes

1. UK Finance – [Press release](#)
2. When calculating the proportion of those concerned about paying their mortgage or rent it excluded respondents who said 'not applicable' or 'prefer not to say'
3. 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 Building Societies Association (BSA) represents all 43 UK building societies, as well as 7 credit unions. Building societies have total assets of over £500 billion and, together with their subsidiaries, hold residential mortgages over £370 billion, 23% of the total outstanding in the UK. They hold over £362 billion of retail deposits, accounting for 19% of all such deposits in the UK. Building societies account for 41% of all cash ISA balances. They employ approximately 51,500 full and part-time staff and operate through approximately 1,300 branches.

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

