

UK Housing Market Update

Despite COVID-19 resulting in uncertainty over employment, finances and economies world-wide, Savills has new predictions of a stronger-than-anticipated rebound for the UK housing market.

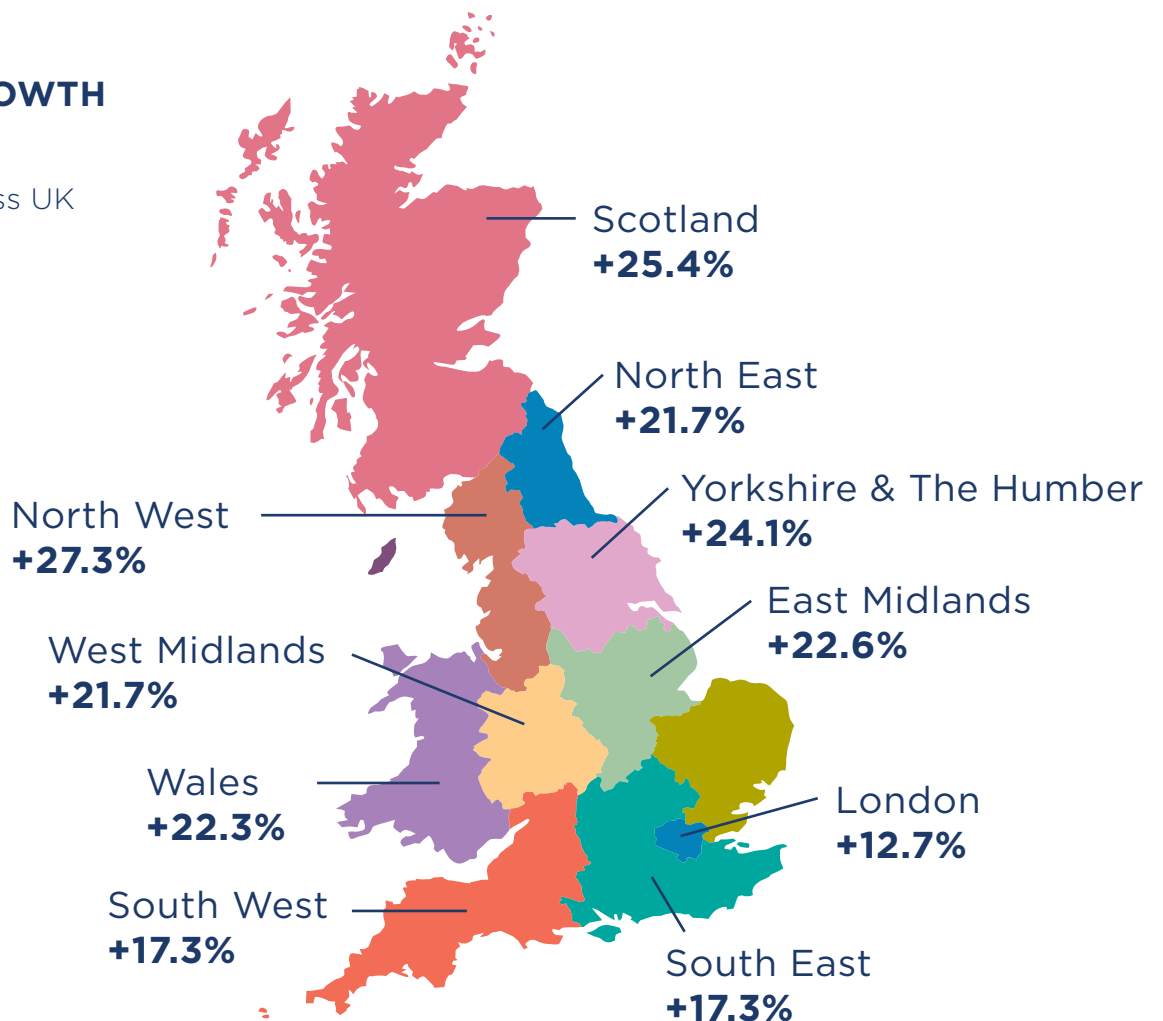
According to the research, behavioural changes post lock-down coupled with the introduction of a stamp duty holiday have exacerbated pent-up demand for housing. This evidence points to a rare prospect of price growth in 2020, unlike any recessionary period before. Further bolstering Savills predictions is the increase in mortgage approvals which suggests far higher levels of transactional activity. Savills had previously anticipated in June that house prices would drop -7.5% this year, but in it's recent Autumn announcement has revised the figure to an increase of +4%.

Prices are set to subsequently stabilize in 2021, before reaching 4% again in 2022 and accelerating to a high of 6.5% in the year 2023. The growth momentum will slow slightly in 2024 but still see a healthy 4.5% increase culminating in a total growth of 20.4% for the 5-year period.

REGIONAL GROWTH FORECASTS

Price growth across UK regions to 2024

UK
+20.4%



Savills Autumn Update Statement

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As a clearer picture emerges, regarding the search for a vaccine, future requirements for social distancing or a second lockdown, as well as the pace and geography of the economic recovery and the government’s policy response – so the outlook for the housing market will inevitably change.

With the prospect that economic forecasts will be downgraded over the coming weeks, we can be fairly confident that the current level of momentum in the market will be difficult to sustain through the remainder of the year, particularly as furloughing unwinds, despite the replacement Jobs Protection Scheme.

Because of the underlying economic risks and the sheer volume of mortgage applications currently being submitted, there is evidence that lenders are seeking to focus their resources on low-risk lending.

This means equity-rich buyers are driving a market which is more favourable to home movers than first-time buyers and cash as opposed to mortgaged buy-to-let investors. We expect this trend to continue over at least the next 12 months.

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Source: Savills Research