

Market Update

Gráinne Gilmore

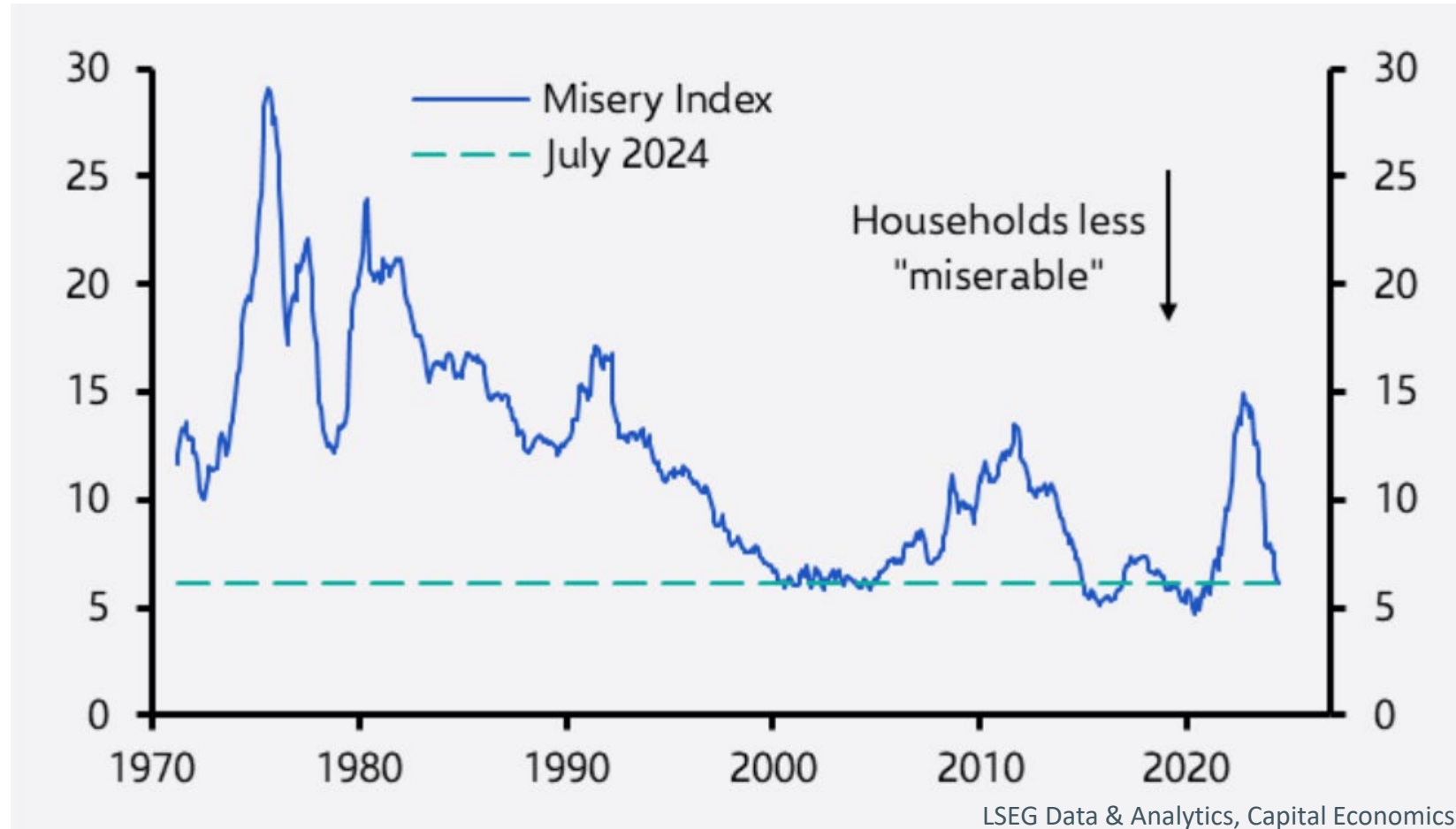


- **Economic tailwinds**
- **Market performance**
- **Policy and outlook**



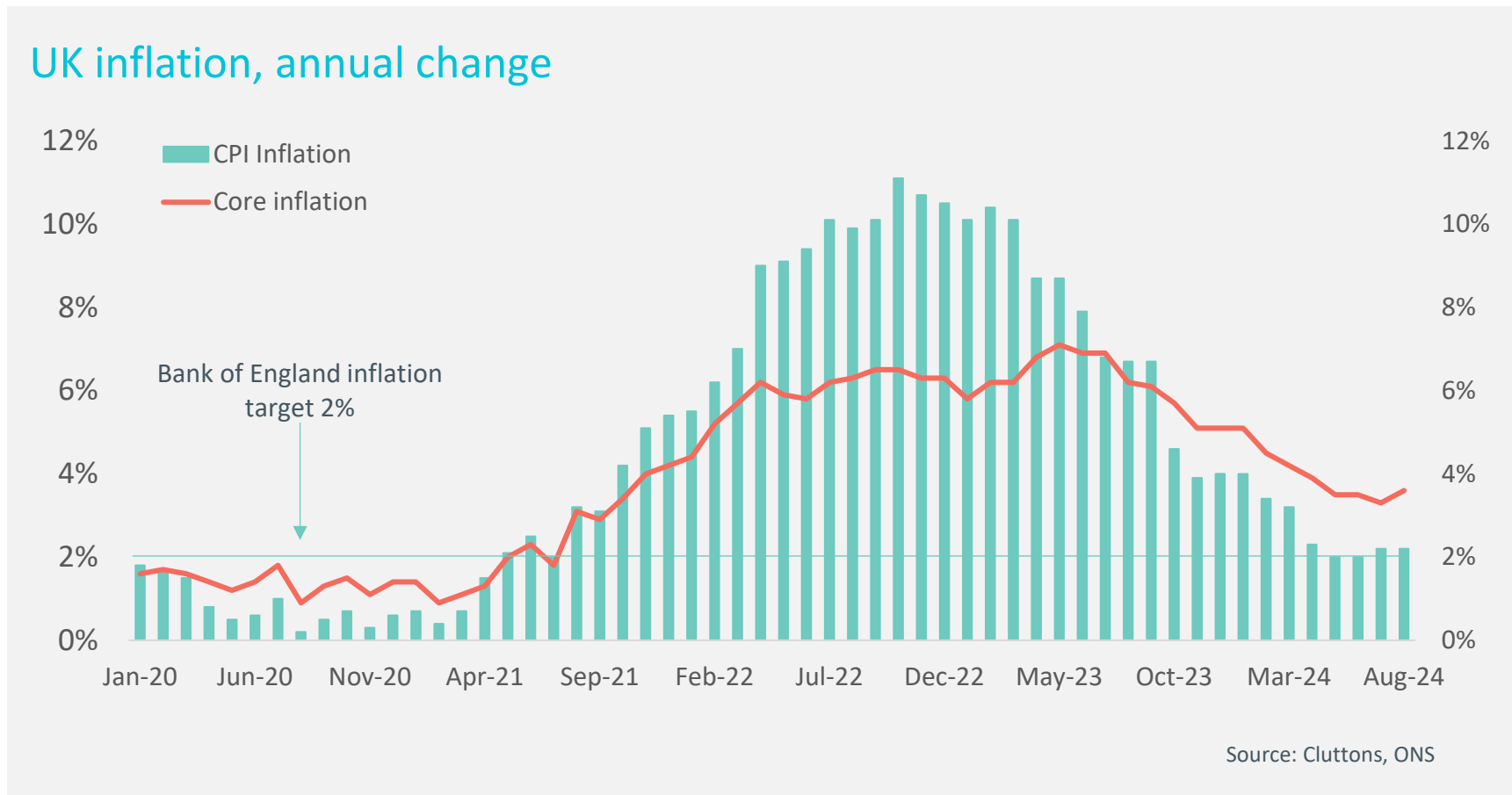
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Misery receding



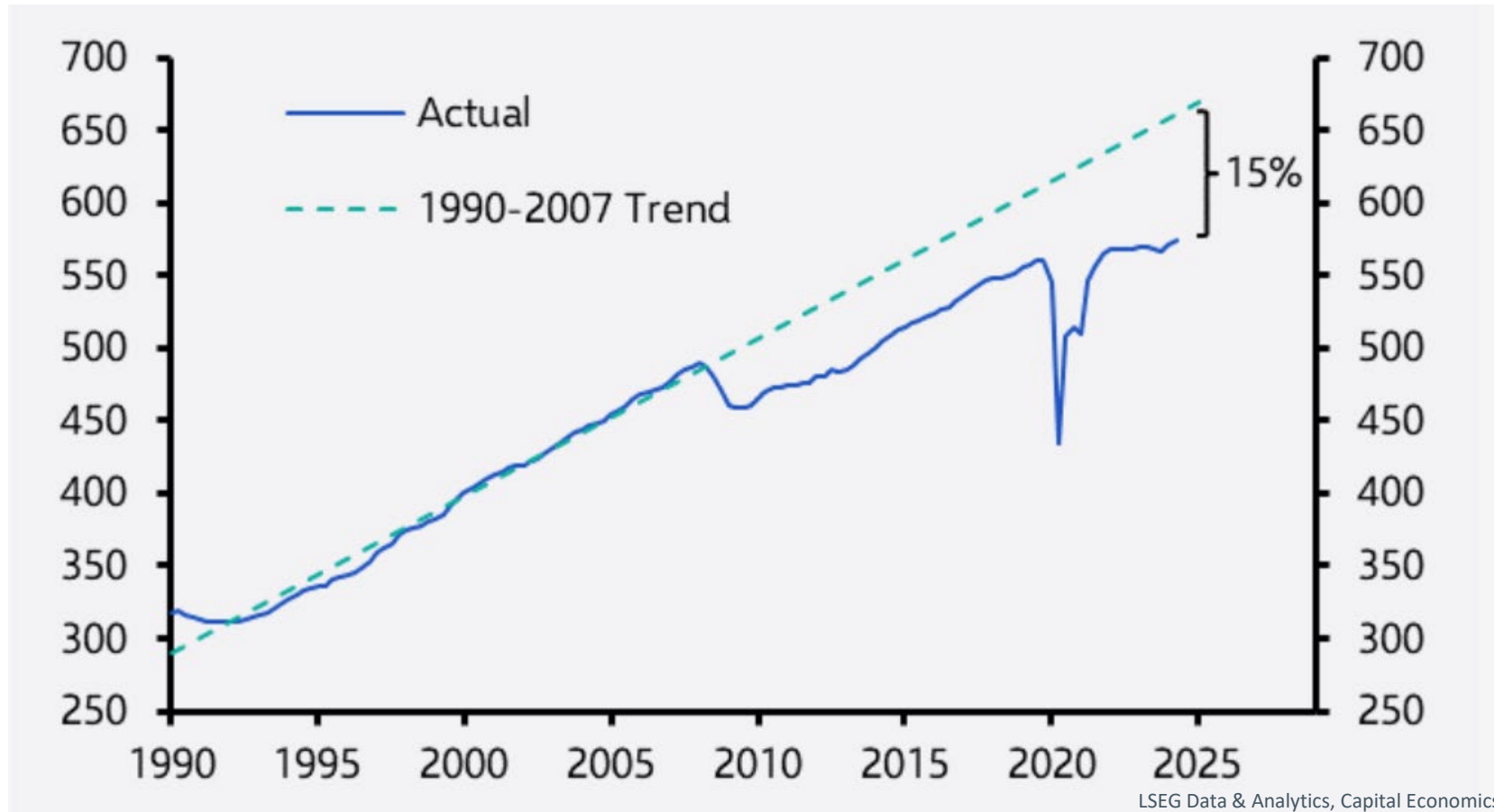
Index = unemployment rate + inflation rate, Capital Economics. Things can only get better?

Inflation has plateaued at target rate, core still elevated



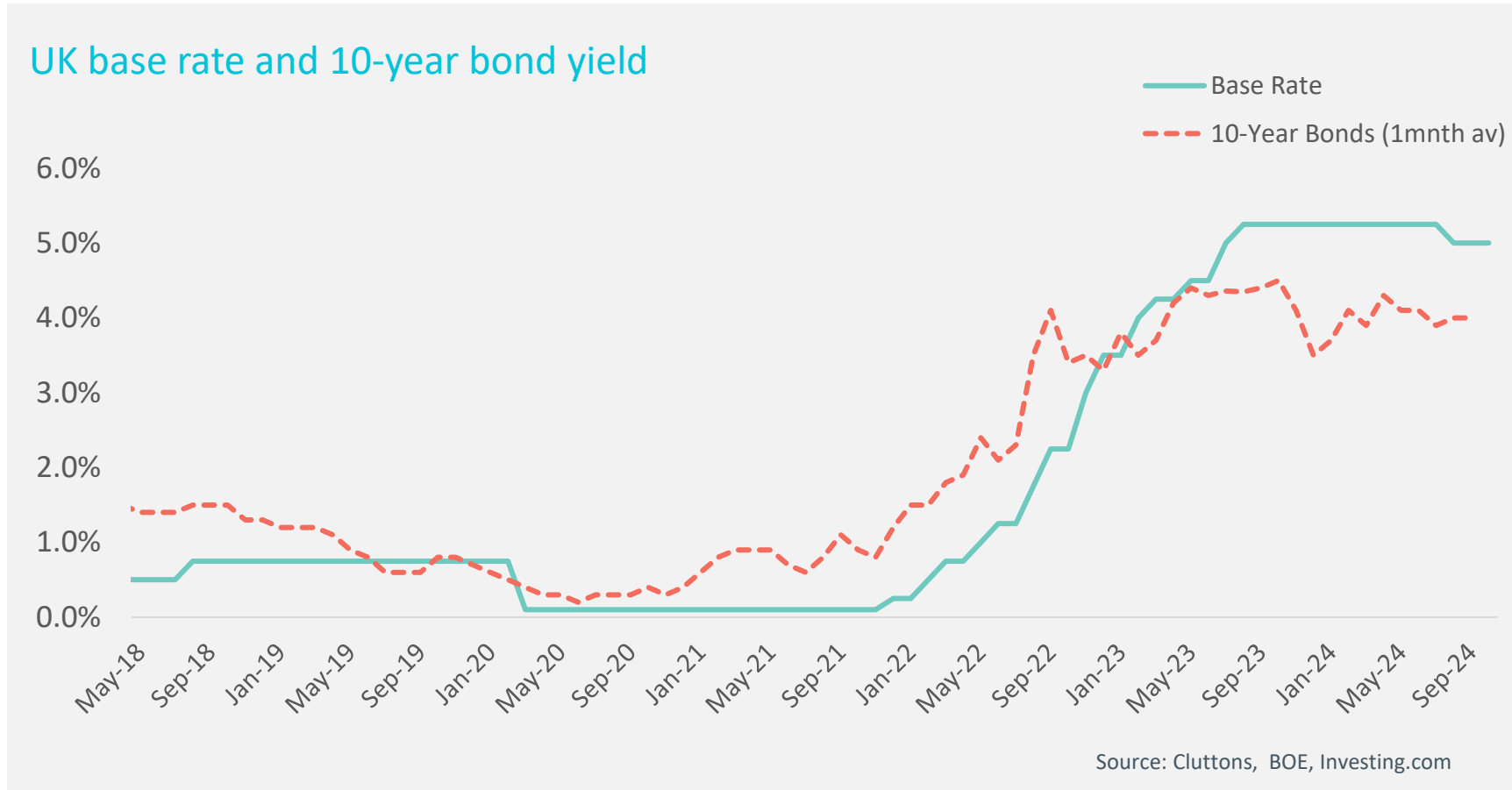
Economic tailwind? OECD upgraded UK GDP forecast 1% this year and 1.2% next year “robust”

The benefits of getting housing right... Real GDP growth



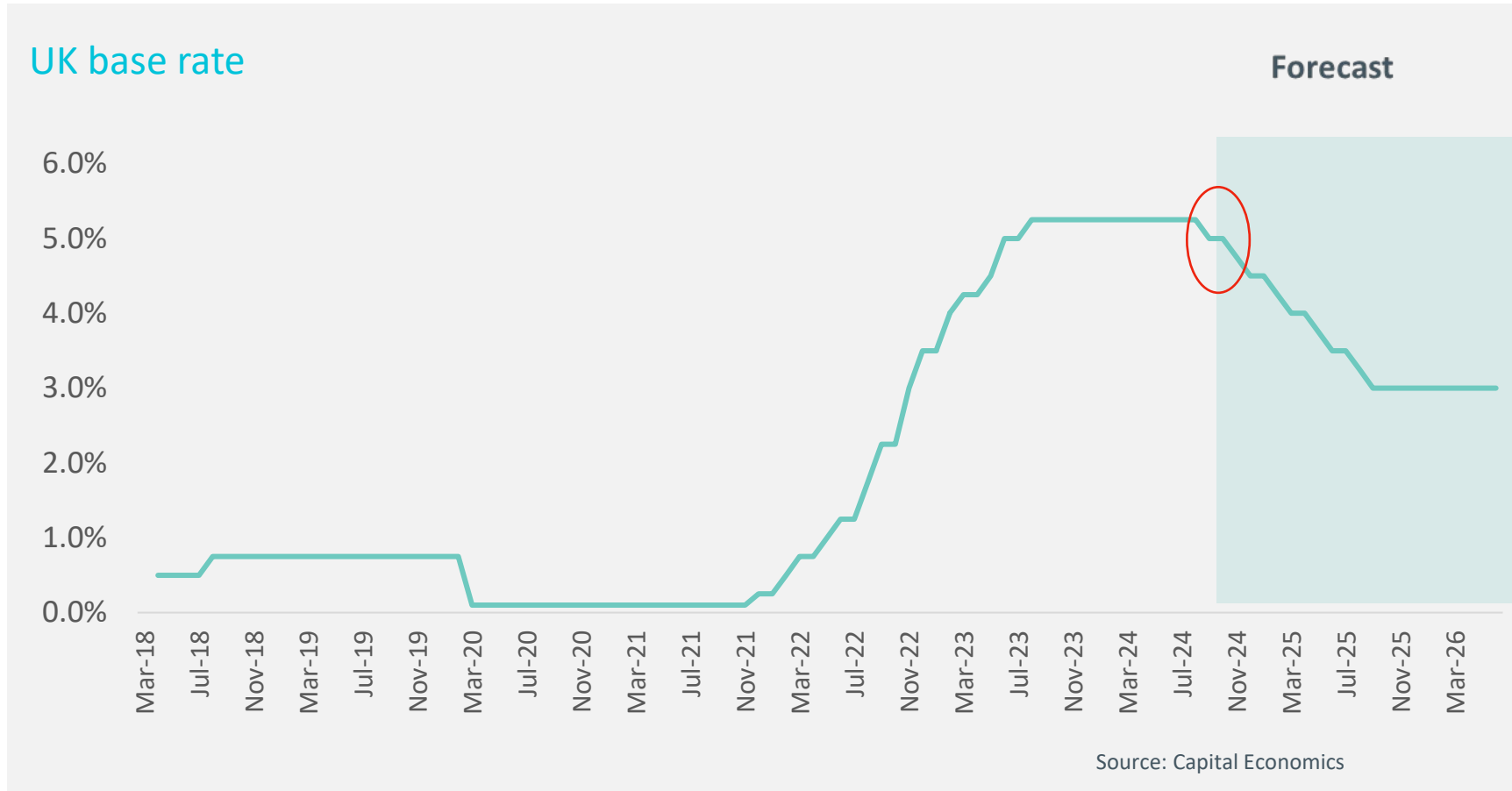
Capital Economics: 2ppts gap could be closed by raising housebuilding from 225,000 to 300,000 in line with Gov targets – investment, supply chains, jobs

Base rates...



The January dip...

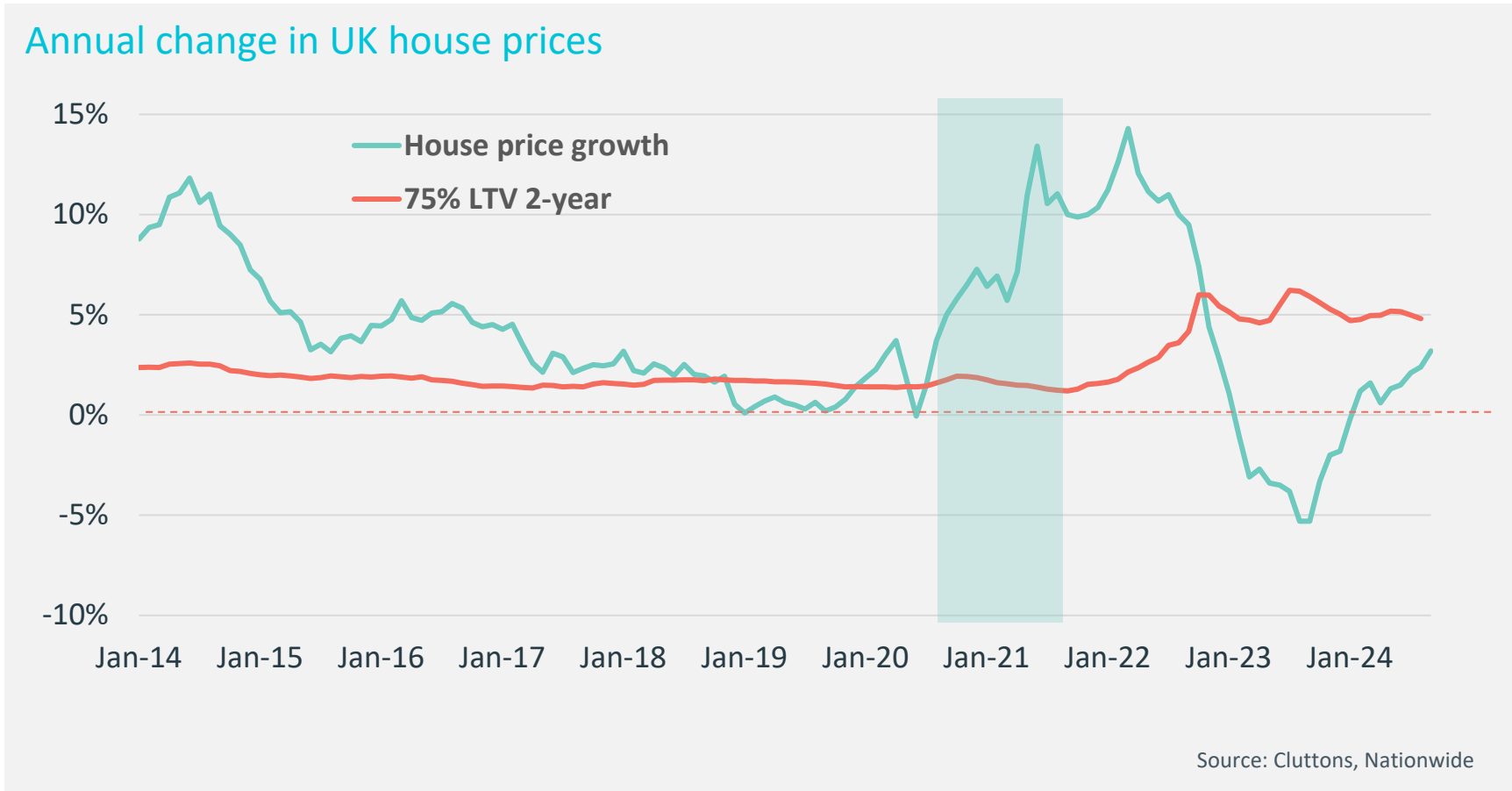
...and what's next?



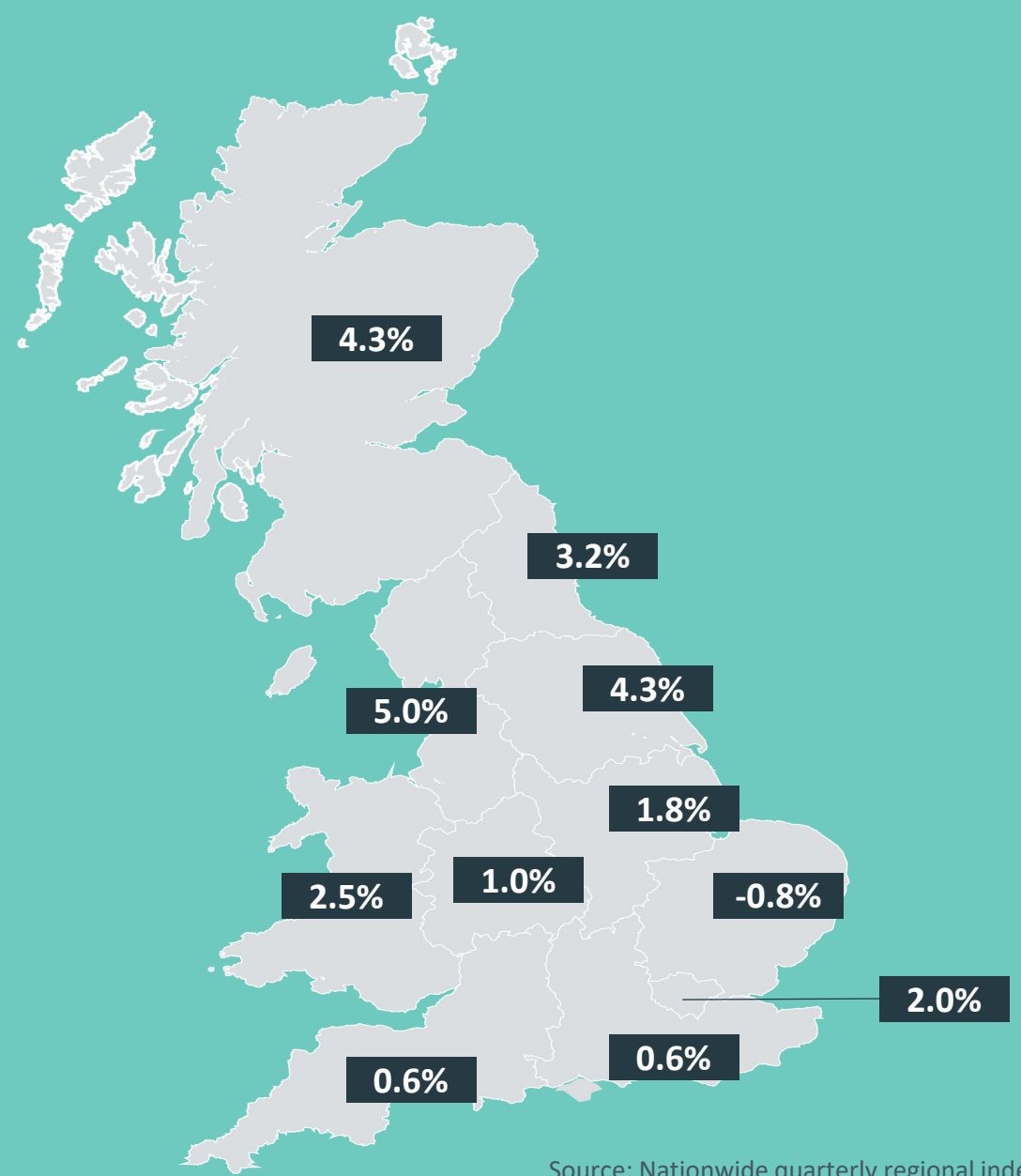
Base rate to 3% turn of 2025/26

Slower start to year in activity = lender competition – driving down rates even faster

UK house prices rising again

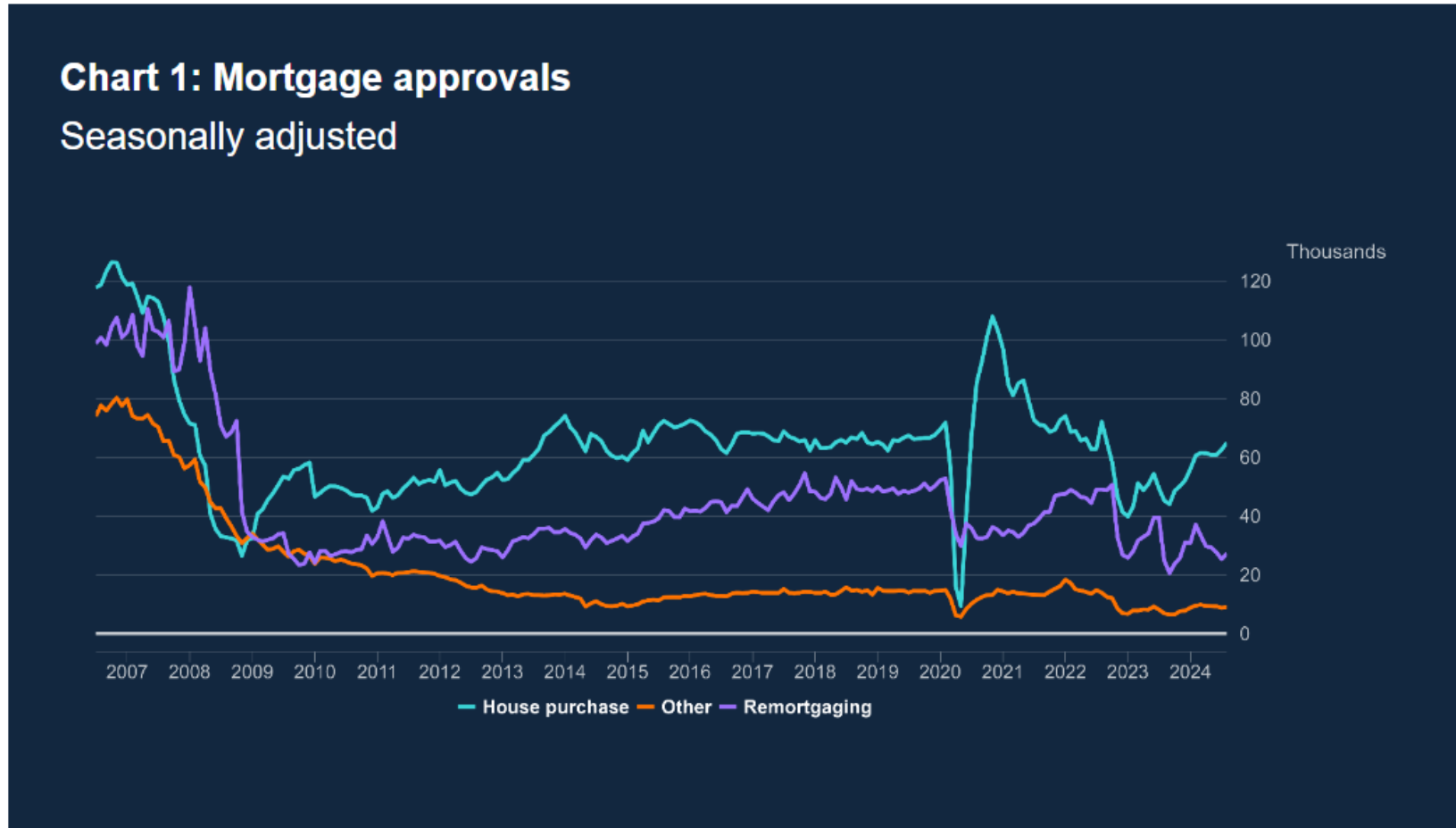


UK sales prices, annual change Q3 2024



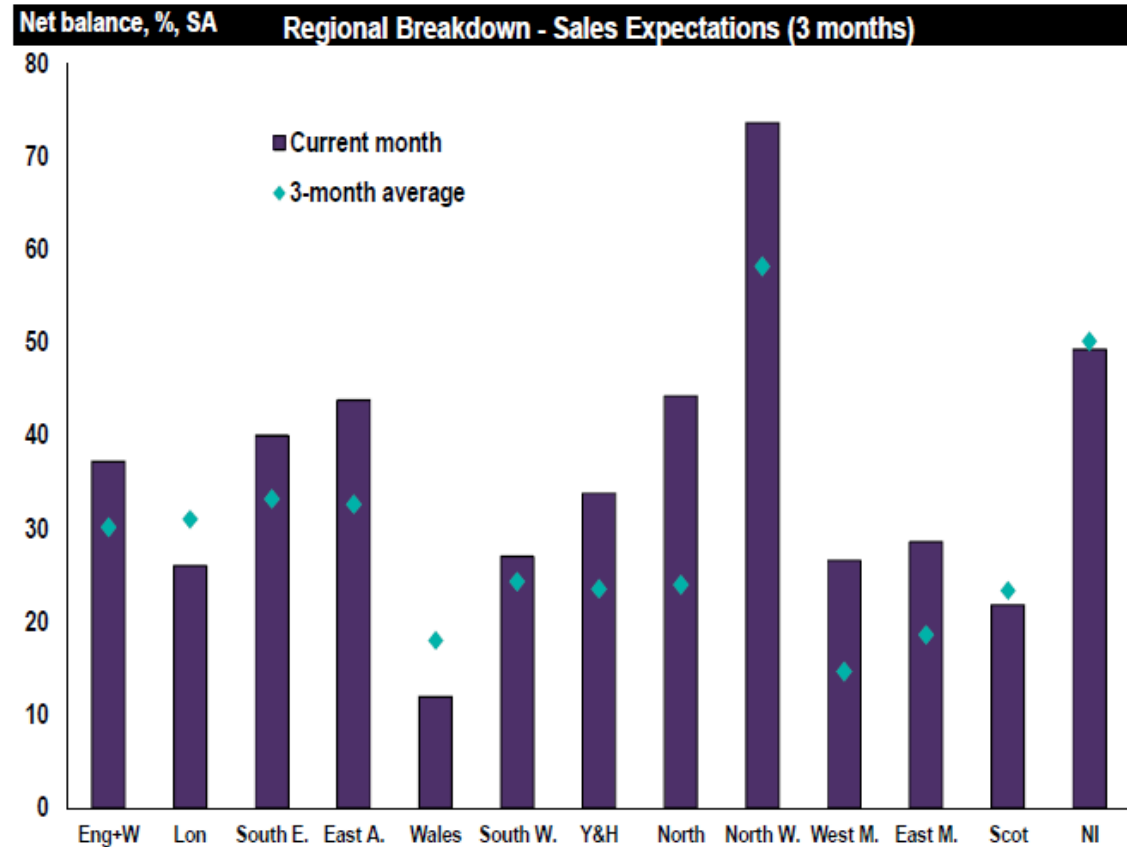
End of Q2, 5 regions negative territory,
Scotland 1.4% to 4.3%

Lending rising again

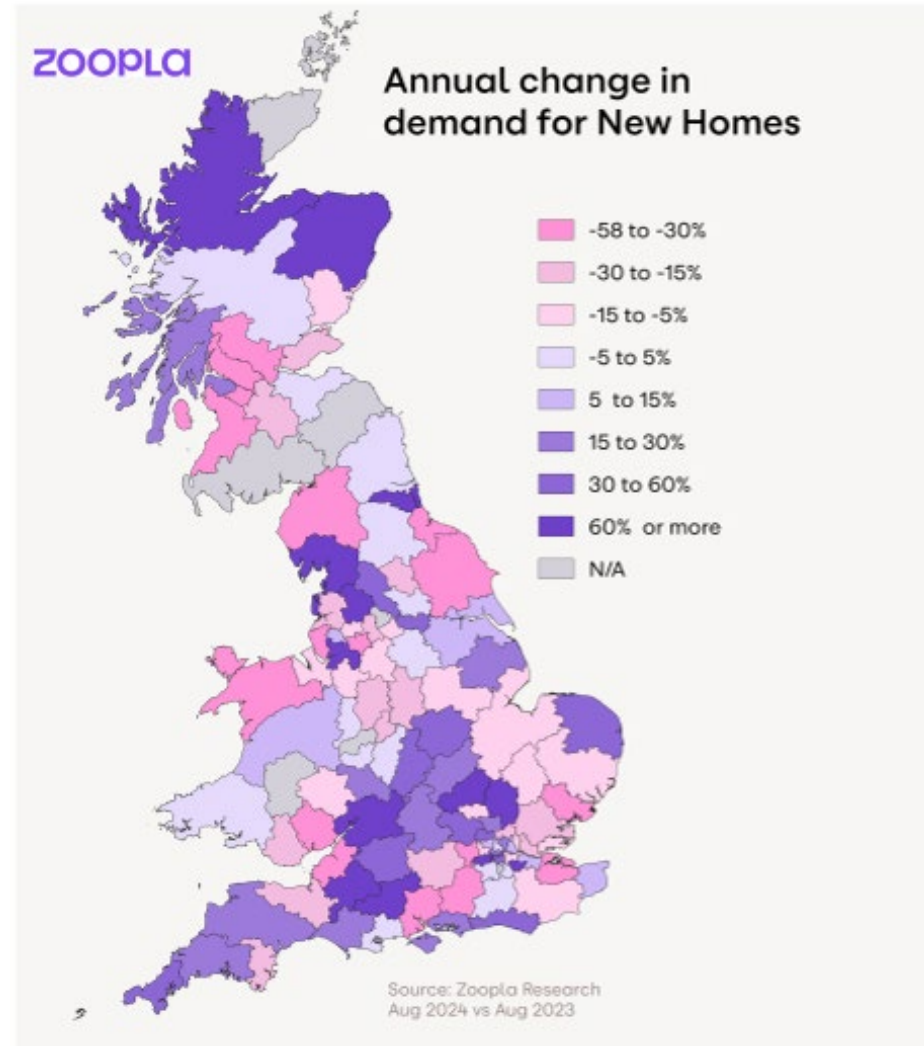


Early indicator that more to come, and mortgage competition heating up, pent-up demand
Momentum returning to market as a whole...

Sales expected to rise over next three months

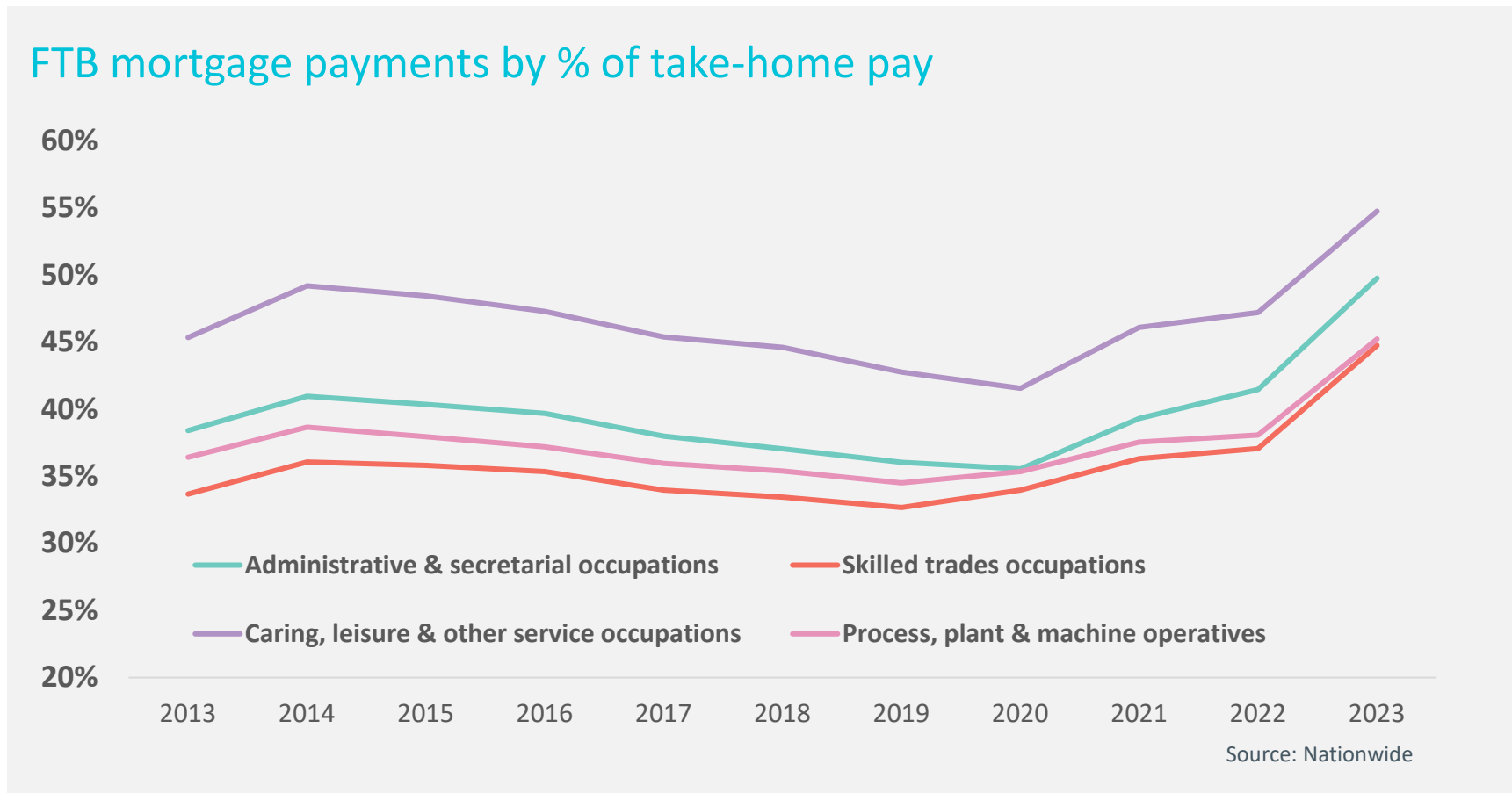


Localised picture



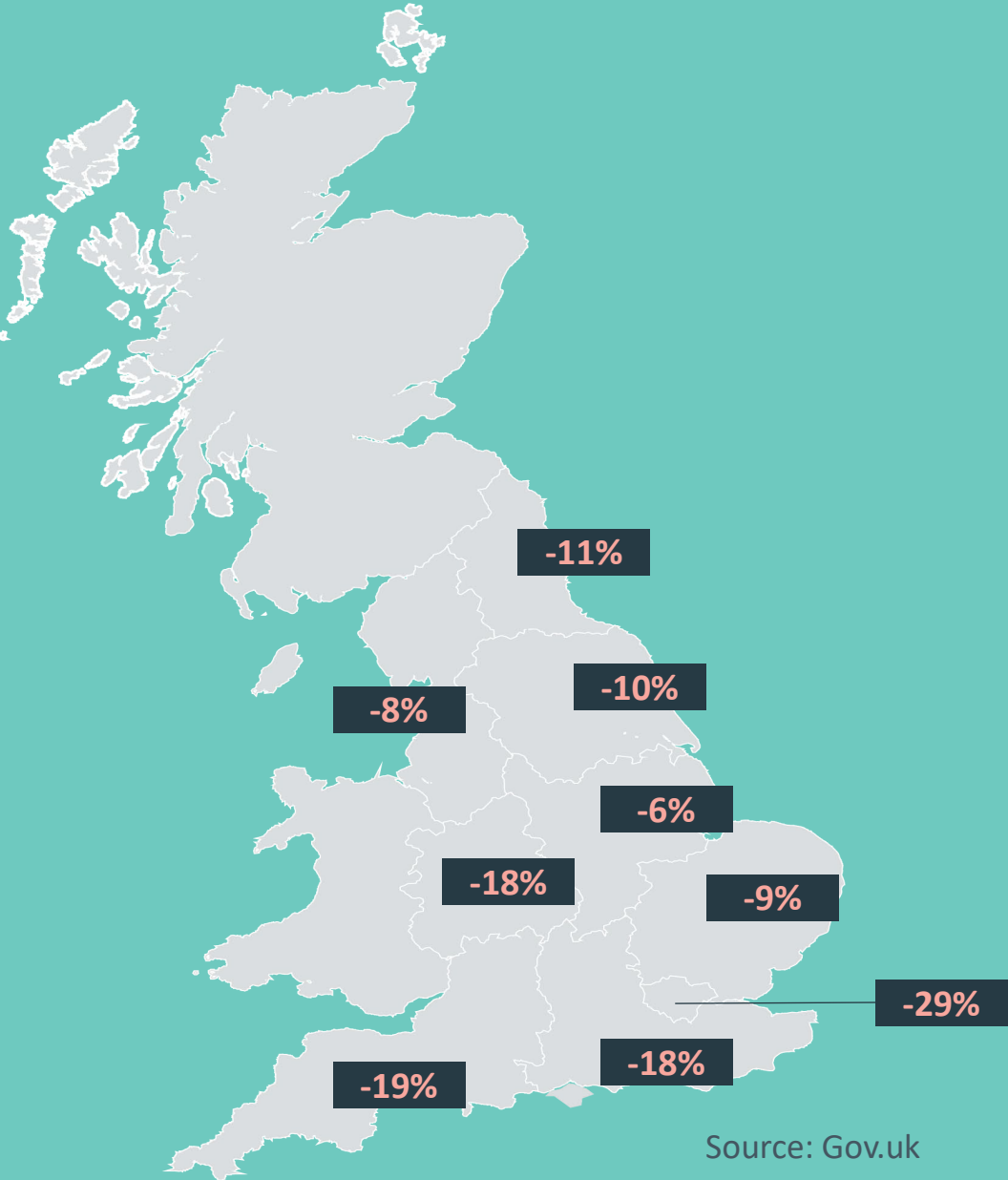
Supply dependent

Affordability for first-time buyers

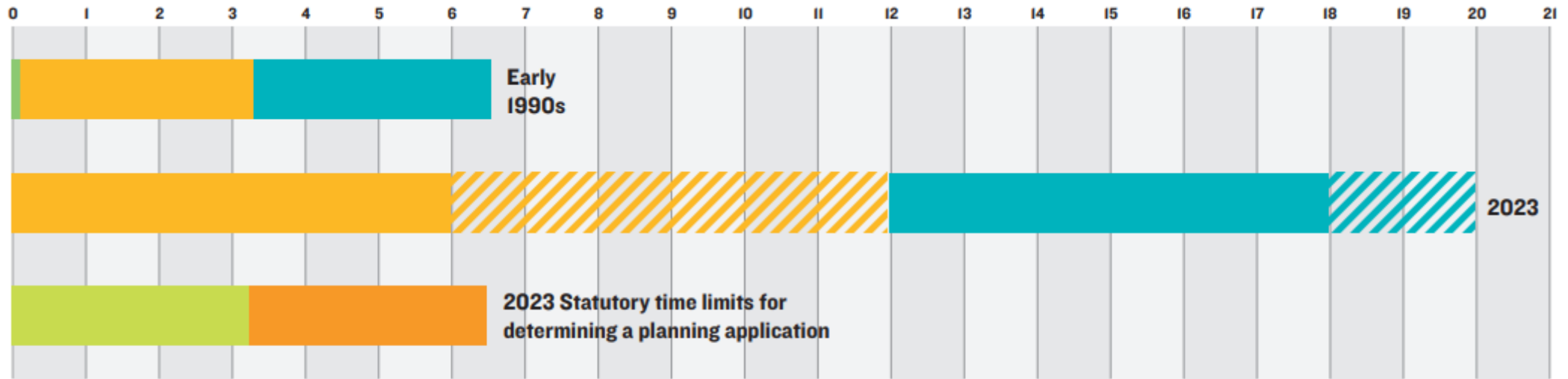


The scale of the challenge

Housing completions, annual change to March 2024



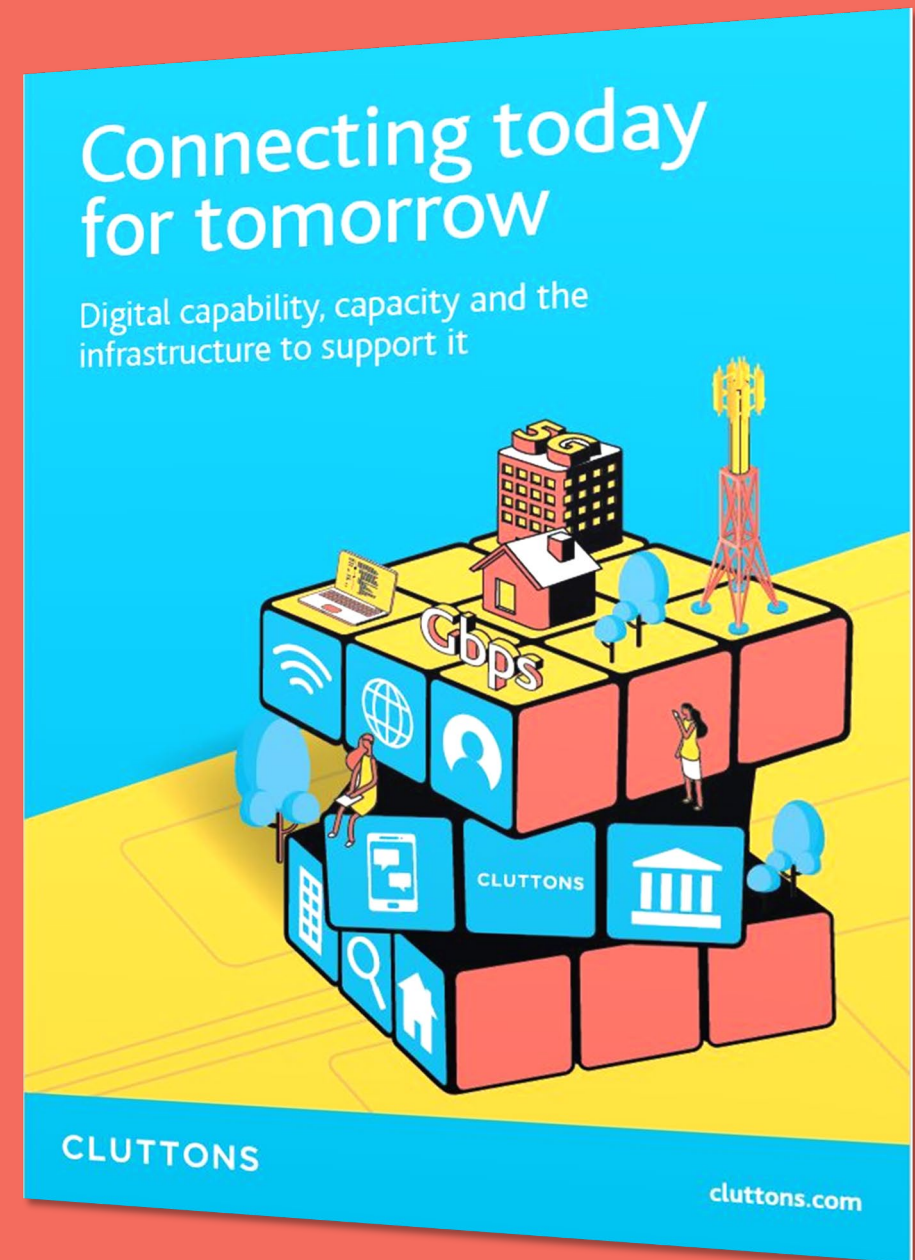
Planning reform positive..



- Time to validation
- Validation to granting permission
- Application - permission (For reserved matters)
- 13 weeks for applications for major development from validation to decision for outline planning permission
- 13 weeks for applications for major development from validation to decision for reserved matters

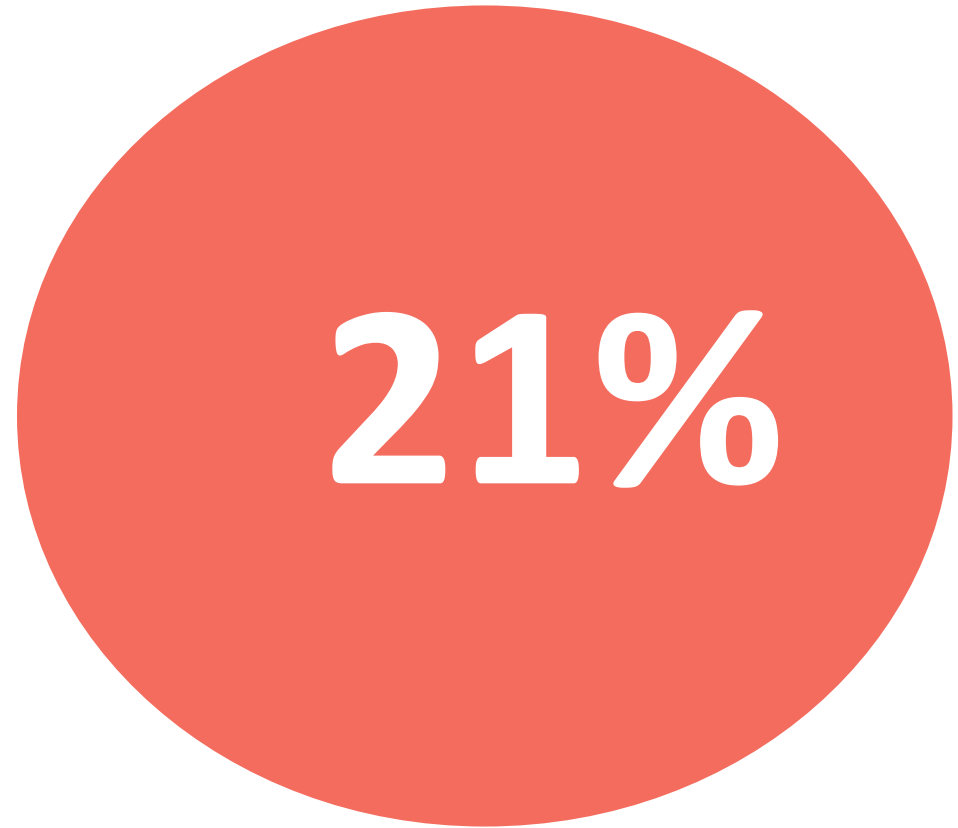
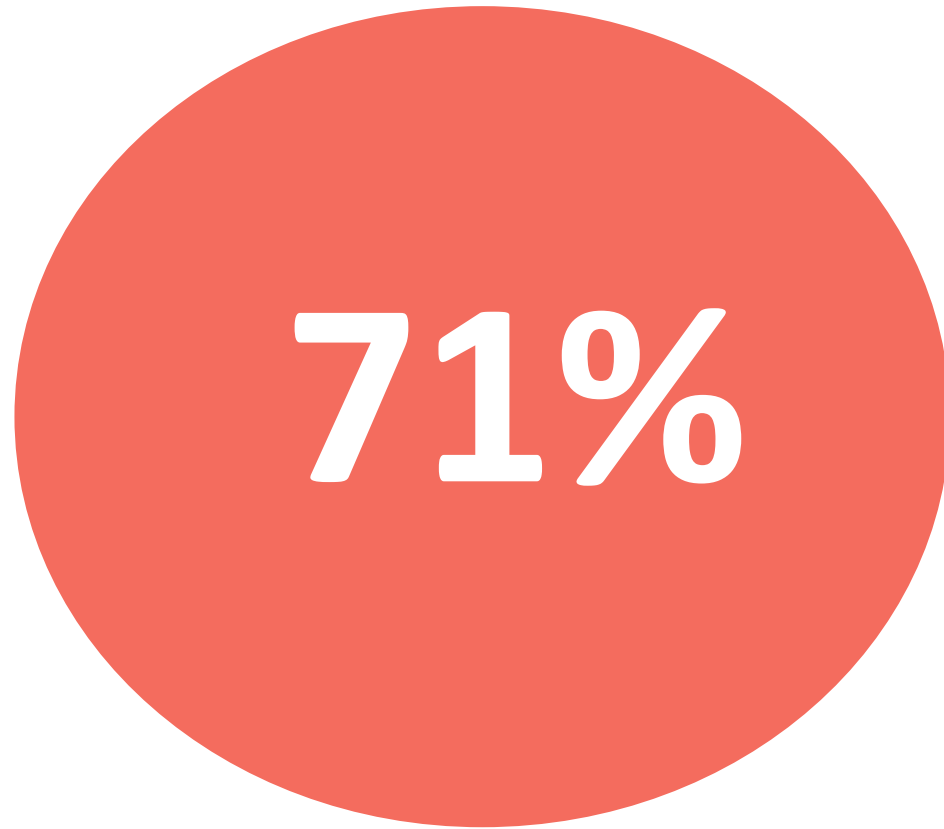
Source: Lichfields

- **SURVEY: 500 local councillors**
- **100 MPs**



Working with operators, developers and portfolio landlords

The disconnect



71% of MPs said constituents wanted to improve connectivity,
But MPS also said that only 21% of constituents would support rather than oppose infrastructure to support it

Collaboration



Market factors in 2024 and beyond

Collaboration & Certainty

Stakeholders working together, steady policy landscape

Finance & Funding

Affordability: Deposit Unlock, First Homes – funding for affordable homes

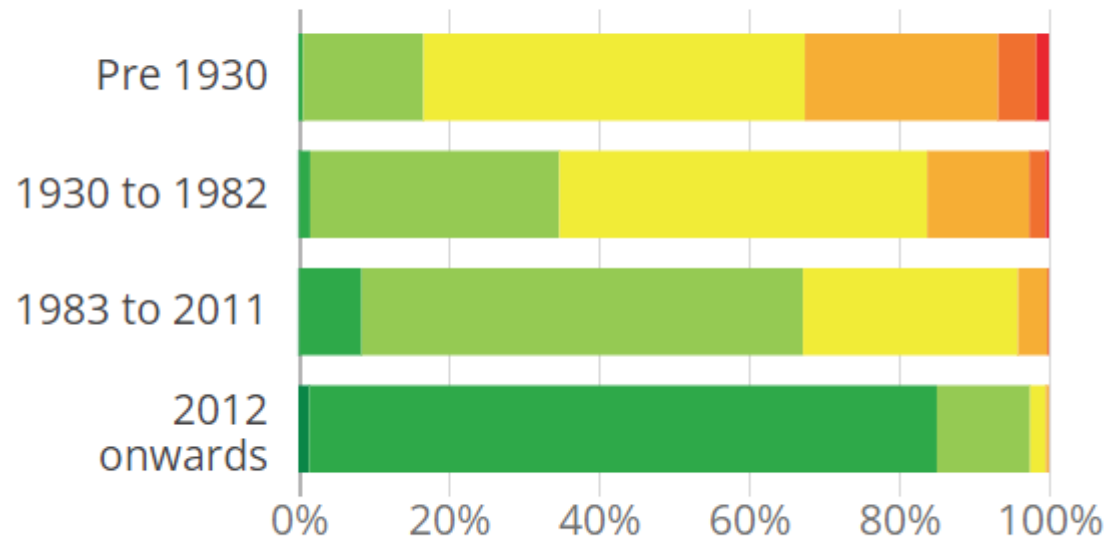
Energy

Energy efficiency advantage

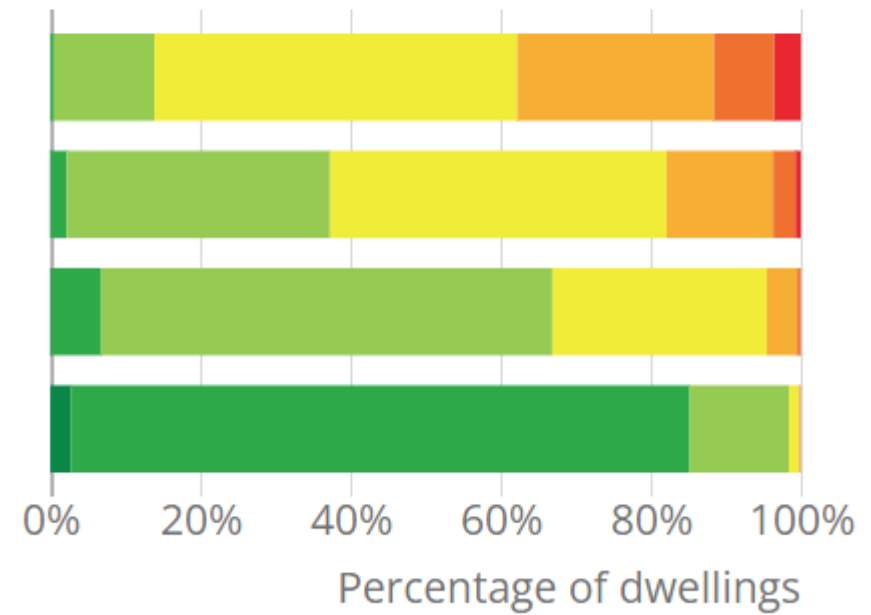
New Homes – higher EPC ratings...



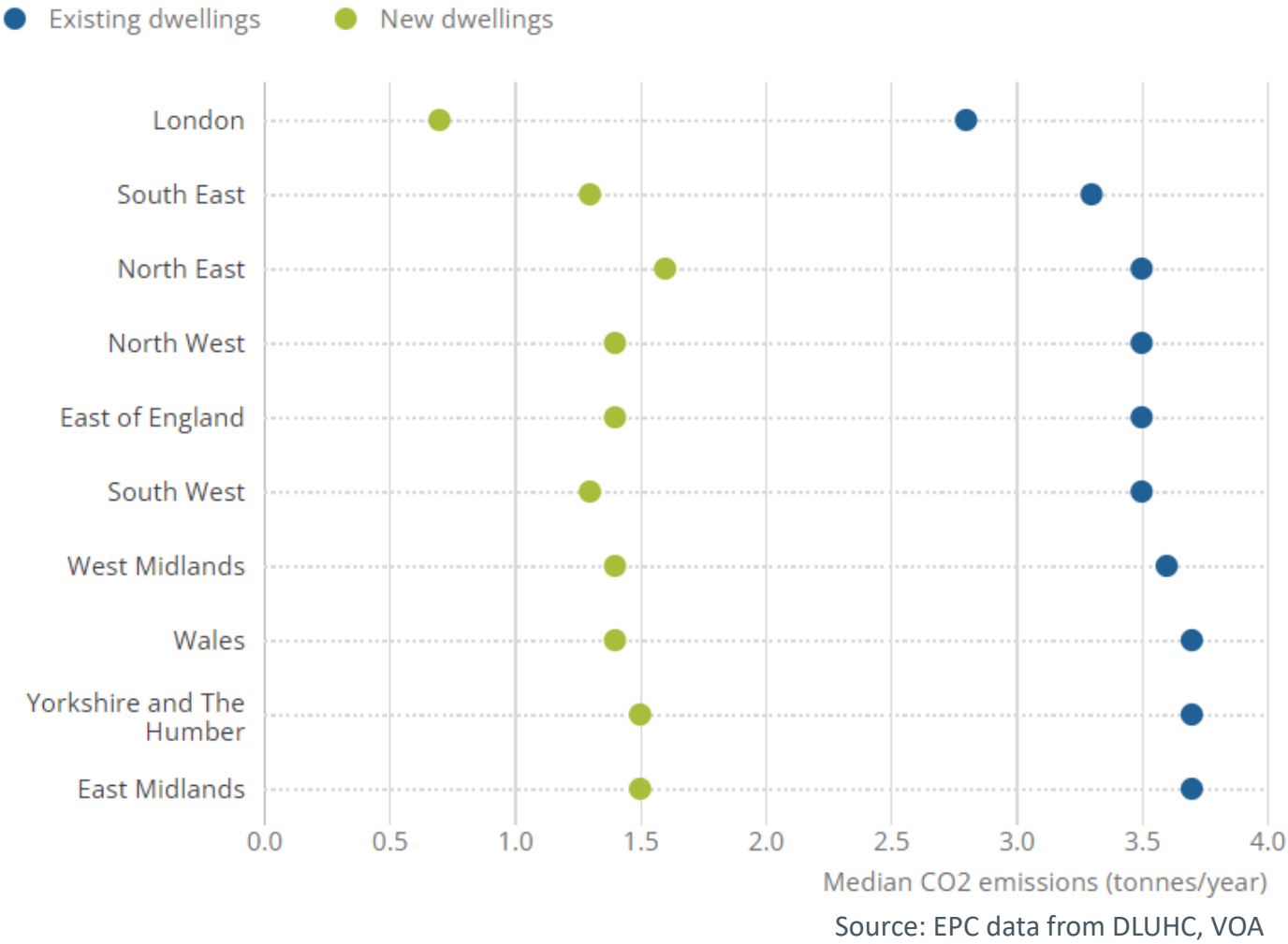
England



Wales

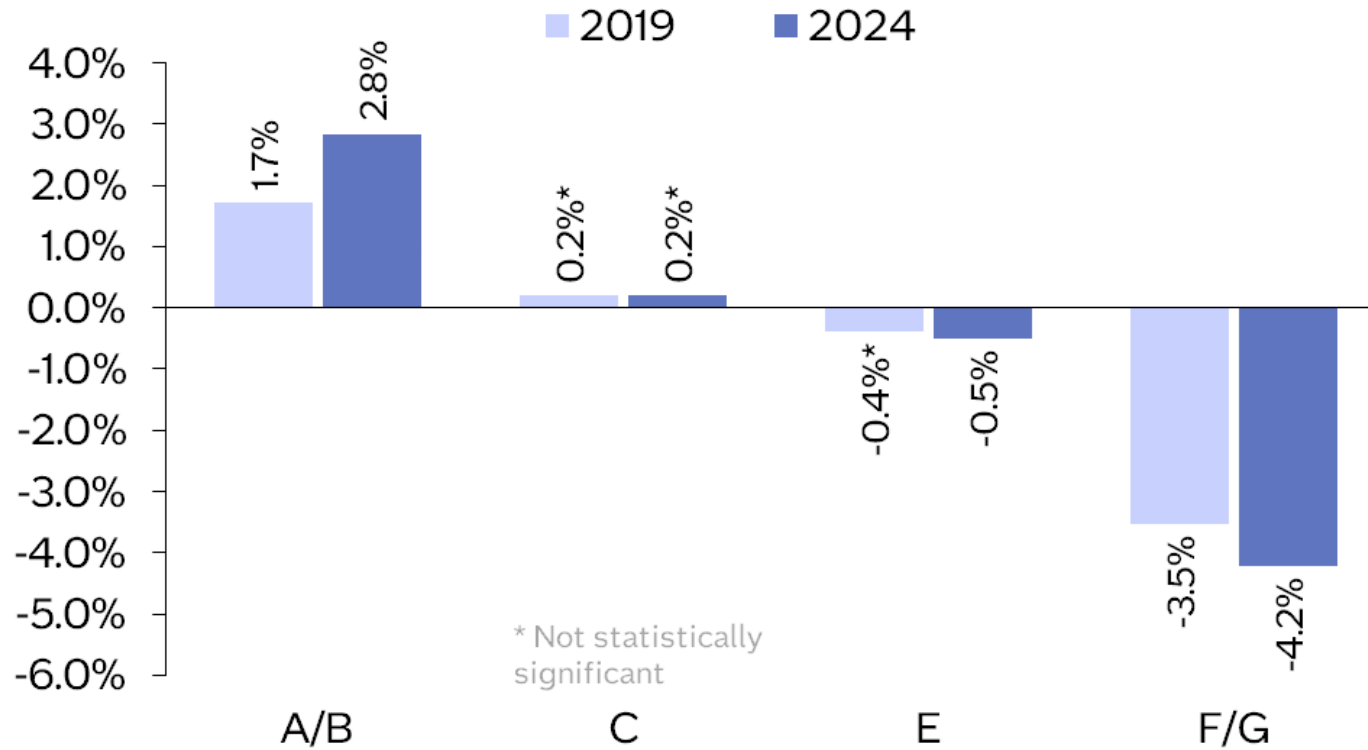


..and lower CO2 emissions... (median CO2 emissions year to March 2023)



...and premiums

Owner occupier price premia relative to energy efficiency rating D

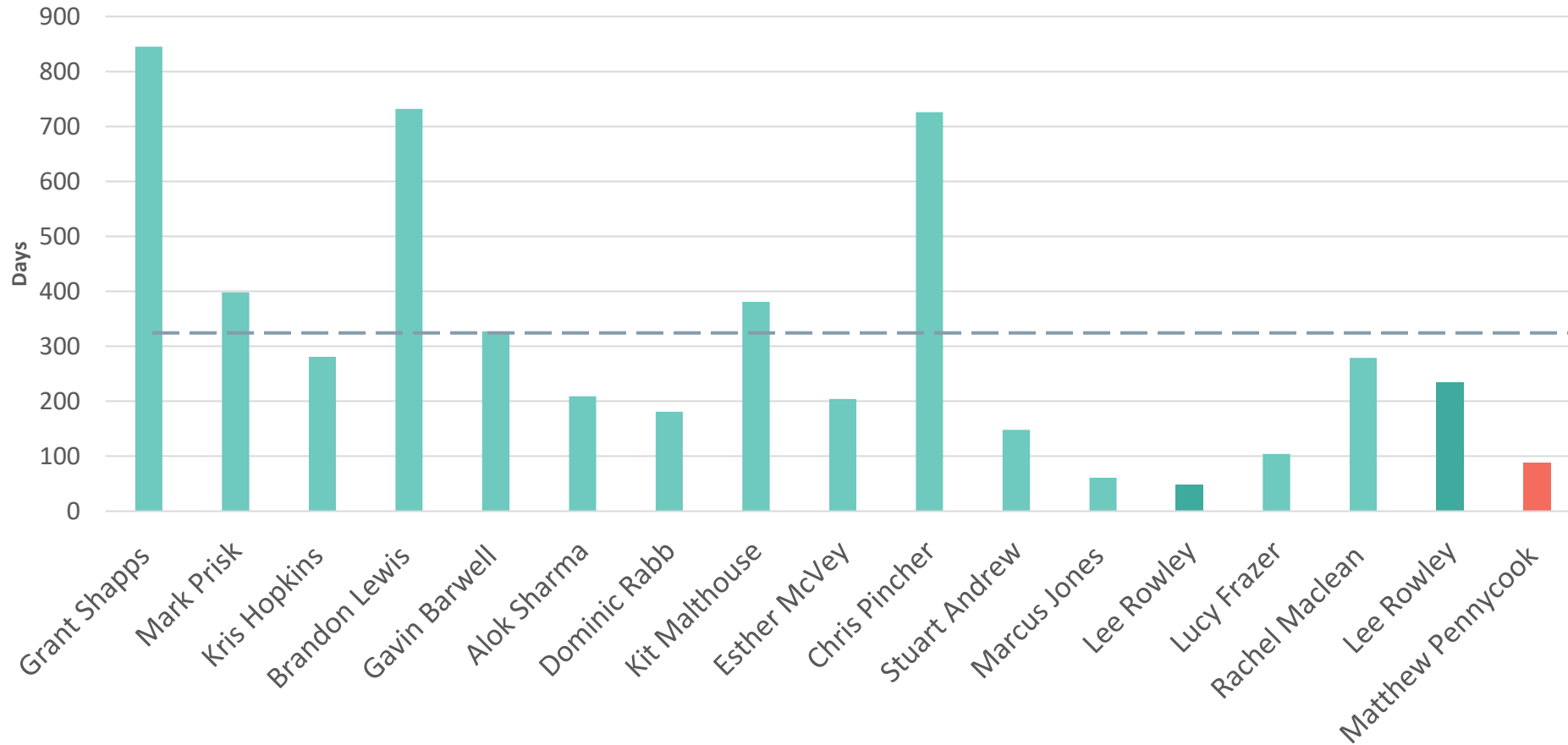


Source: Nationwide analysis based on England & Wales
Note: Controls for other factors, such as new build

New Housing Minister



Housing ministers since 2010... in days...



Average time in post since 2010: 308 days, 10 months

- **Economic tailwinds**
- **Activity rising, but deposit gap**
- **Positive policy shifts, need strategy and collaboration to deliver**



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