

25/03/2015

House price optimism bounces back as inflation hits record low

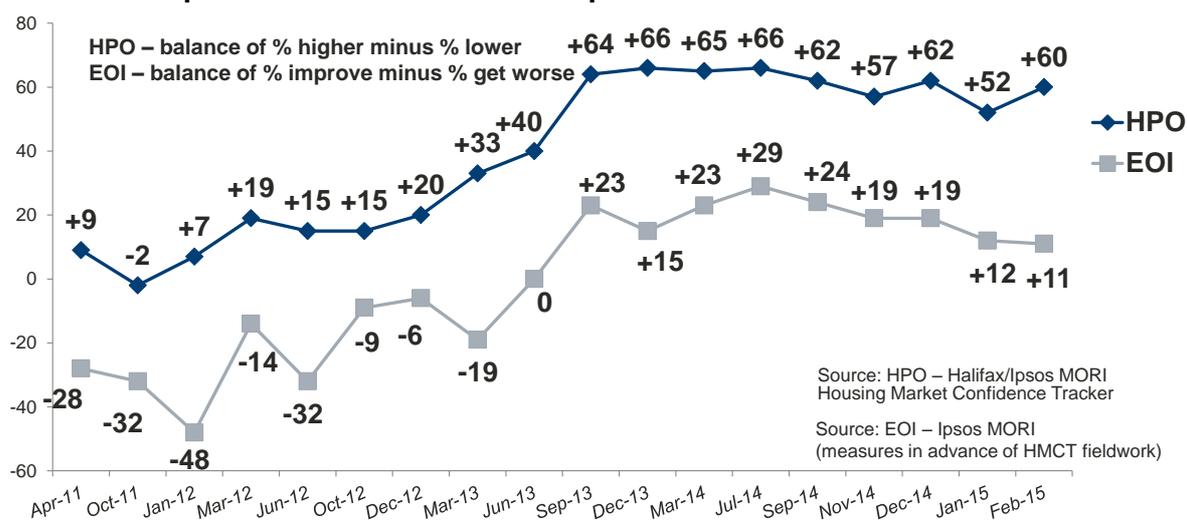
House price optimism rebounded in February as inflation continued to fall and the expectation of an interest rate rise receded further, according to the Halifax Housing Market Confidence Tracker.

February saw a rallying of house price optimism (HPO*) among consumers, from an 18 month low of +52 at the start of the year to +60 in February (+62 December 2014).

This optimism is reflected in the outlook for both buyers and sellers, with buying sentiment up to its highest level since the Confidence Tracker launched in 2011 at net +35**. At the same time selling sentiment has reached an all-time high and now stands at +27.

However, this still doesn't tell the whole story as the underlying picture is a cautious one, with 57% predicting flat or modest house price increases of less than 5% at best over the next 12 months. And despite inflation falling to 0% in February and various MPC members saying the next interest rate move is as likely to be down as it is up, 43% of consumers believe mortgage interest rates will be higher than they are now in a year's time.

House Price Optimism mirrors Economic Optimism Index***



Ipsos MORI
Social Research Institute

Source: Ipsos MORI



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Craig McKinlay, Mortgages Director at Halifax said:

“With inflation now at its lowest level since records began and the chances of the next interest rates change reportedly just as likely to be down as up, consumers are feeling more optimistic about the housing market again.

“The traditional slow start to the year for the housing market has already begun to give way to increased activity, but consumers remain relatively cautious. For sustainable long-term growth we need a period of stable growth and a more comprehensive house-building programme.”

ENDS

Notes to editors

*HPO is calculated as the net balance of the % of respondents that expect the average UK house price to rise over the next 12 months less those that expect house prices to fall.

**The difference between those saying the next 12 months will be a good time to buy minus those who say it will be a bad time to buy.

**Economic optimism is calculated as the net balance of the % of respondents that think the general economic condition of the country will improve over the next 12 months less those that expect it to get worse.

Methodology: The Halifax Housing Market Confidence tracker monitors public sentiment towards the housing market. The survey, conducted by Ipsos MORI on behalf of Halifax, was undertaken between 13-23 February 2015 across Britain.

Survey respondents were asked about property, defined as “houses, flats, apartments and all types of accommodation”. Interviews were undertaken face to face with a representative sample of 1,000 British adults aged 16+ across Britain. Data are weighted to the national population profile by age, sex, working status, social grade, region, ethnicity, and tenure.

Results are subject to sampling tolerances e.g. +/-3 for a 50% finding based on **967** adults
Full detail on the survey methodology, questionnaire and findings can be found at:
www.ipsos-mori.com/researchpublications/researcharchive/3167/Halifax-Housing-Market-Confidence-Tracker.aspx

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