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Confidence in UK housing market slips to lowest level in five years

- Half expect prices to rise as confidence in the economy cools
- Londoners and under-25s less optimistic than rest of Britain
- Possibility of rate rise not considered a barrier to buying a home

Confidence in UK house prices has fallen to its lowest level since December 2012, according to the latest Halifax Housing Market Confidence Tracker.

The survey, which tracks House Price Optimism (HPO¹) – consumer sentiment on whether house prices will be higher or lower in a year's time – has dropped 14 points from April 2017 (+44) to October (+30), matching the record fall seen following the EU referendum result.

The index has also fallen by 38 points since the peak of +68 in May 2015 around the time of the General Election.

Half (50%) of those surveyed now expect house prices to rise over the next year, the lowest level since April 2013 (45%), whilst one in five think house prices will fall, the highest point since October 2012 (20%).

Despite expectations of a Base Rate rise, an increase is not perceived as the main barrier for people in general to buy a house (15%). Instead, the ability to raise a deposit (61%) and job security (42%) remain the main barriers, with household finances recording the biggest increase (+7) since the last survey.

When asking existing mortgage borrowers about their concern in rising interest rates affecting their ability to meet their repayments, only a third (36%) show concern. This has decreased by six percentage points, down from 42% in 2014.

Russell Galley, Managing Director, Halifax Community Bank, said: *“Housing market optimism has declined significantly over the past year, with almost half of people expecting a general slowdown in the market.*

“Even with a potential base rate increase on the horizon, it's significant that buyers' concerns continue to be centred on raising deposits and job security and, as such, we do not anticipate that an increase in Base Rate will have a significant effect on the demand for properties.”

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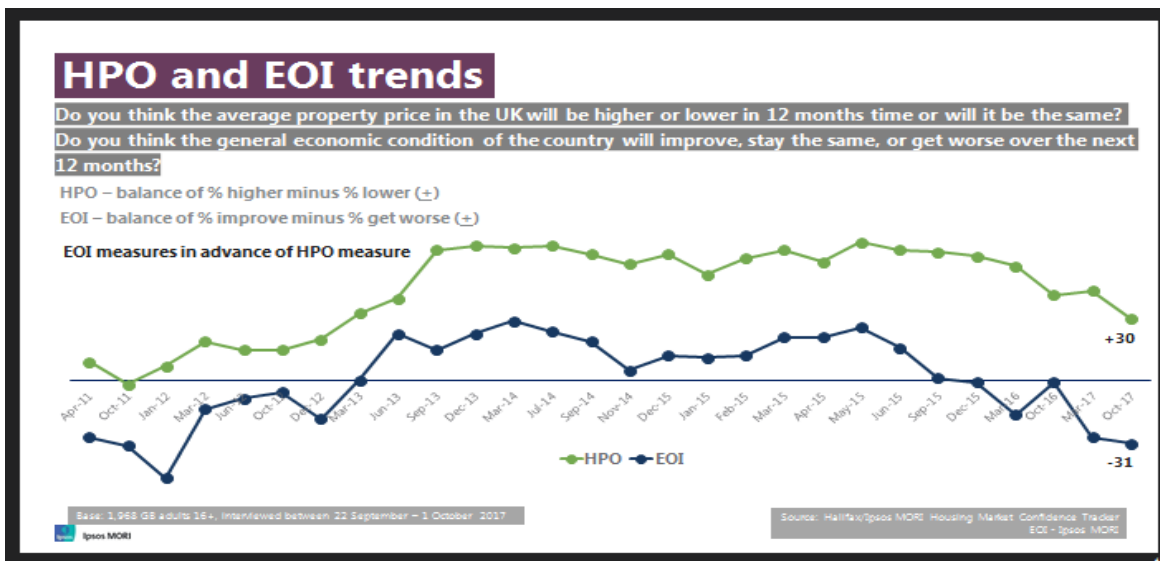
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The drop off in confidence has coincided with growing concerns around the health of Britain's wider economy. The Economic Optimism Index (EOI²), a separate survey by Ipsos MORI, continues to deteriorate, with the balance of people who believe that Britain's general economic conditions will improve over the next 12 months down at -31, its lowest level since January 2012.

Londoners and Under-25s less confident

When it comes to the balance of people who think the next 12 months would be a good time to buy, London is the only region with a negative outlook (-3%), whilst people from the West Midlands (+30) and Wales (+26) are the most positive. Those aged between 16 and 24 are the only age group with a negative buying outlook (-15%), whilst those over 65 are the most positive (+26). Across the country over half (52%) of those surveyed think that it would be a good time to buy.

Overall, selling sentiment (+6%) has become more negative, down 11 points since April 2017, with those in Wales the least positive about selling (-19%), followed by those in London (-17). The South West are most positive about selling (+42%). People aged 16-24 are least positive about selling (-8%) with 35-54 year olds the most positive (+20%).



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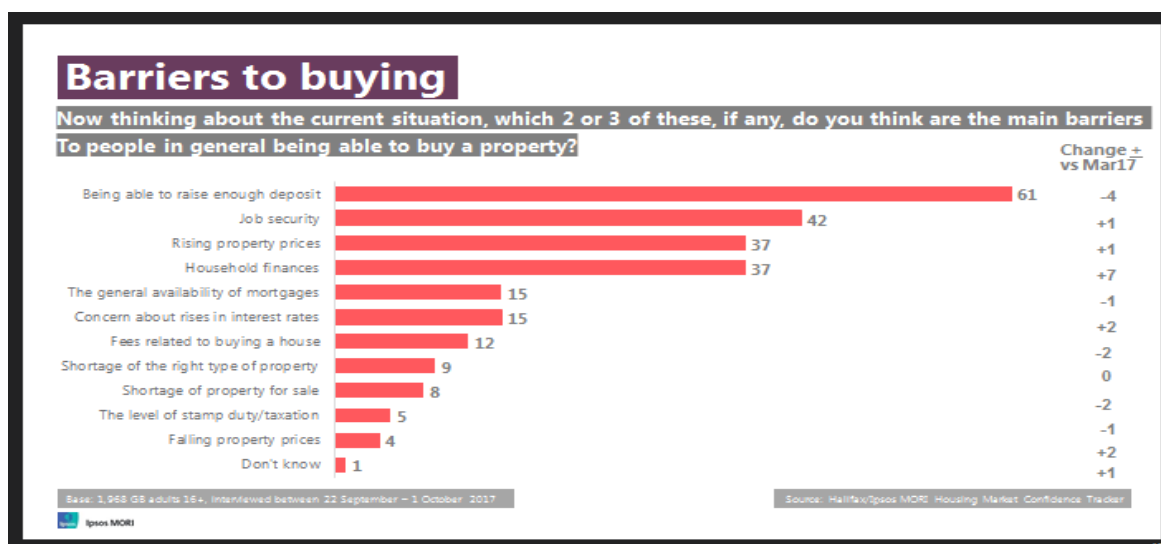
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Notes to editors

¹ 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.

² EPO: Economic optimism (collected via a separate Ipsos MORI survey) 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.

³ The September 2017 Halifax House Price Index reported that the average house price in August was £222,293.

Methodology: The Halifax Housing Market Confidence tracker monitors public sentiment towards the housing market. The latest wave of the survey, conducted by Ipsos MORI on behalf of Halifax, was undertaken between 22nd September and 1st October 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 1,968 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.

The survey interviewed 1,968 British adults aged 16+, whereof 535 are mortgage holders

Results are subject to sampling tolerances e.g. +/-2 for a 50% finding based on 1,968 adults.

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