

UK Housing Stocktake

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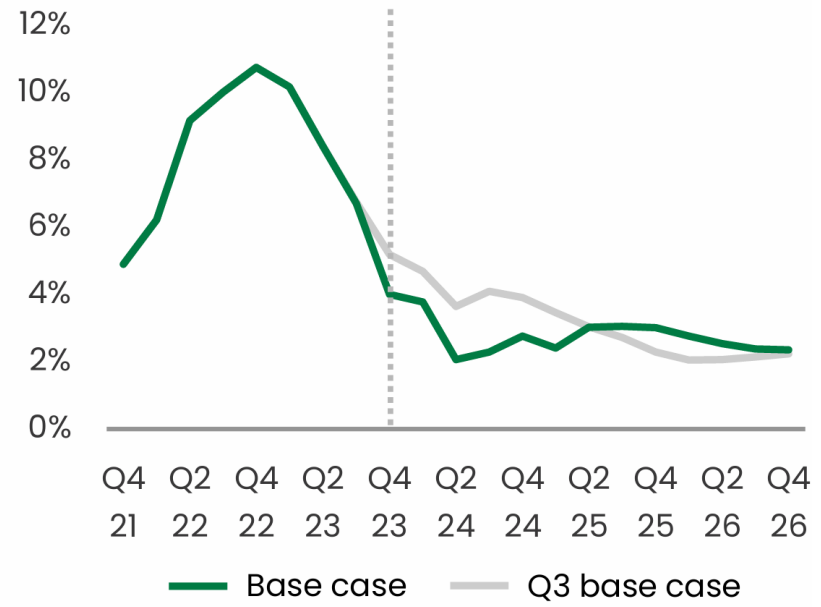
Chapter one

Mortgage Market Stocktake

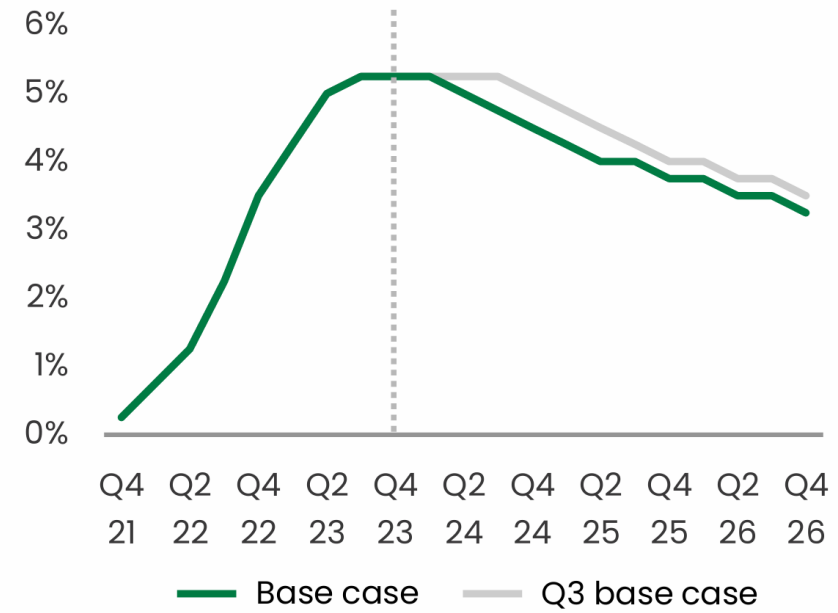
01

UK Mortgage Market

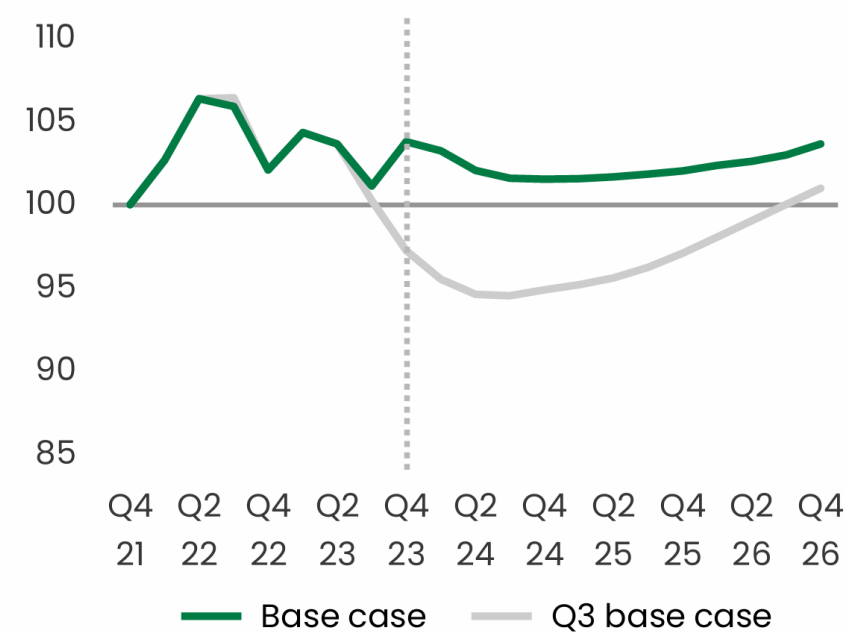
CPI inflation



UK bank rate

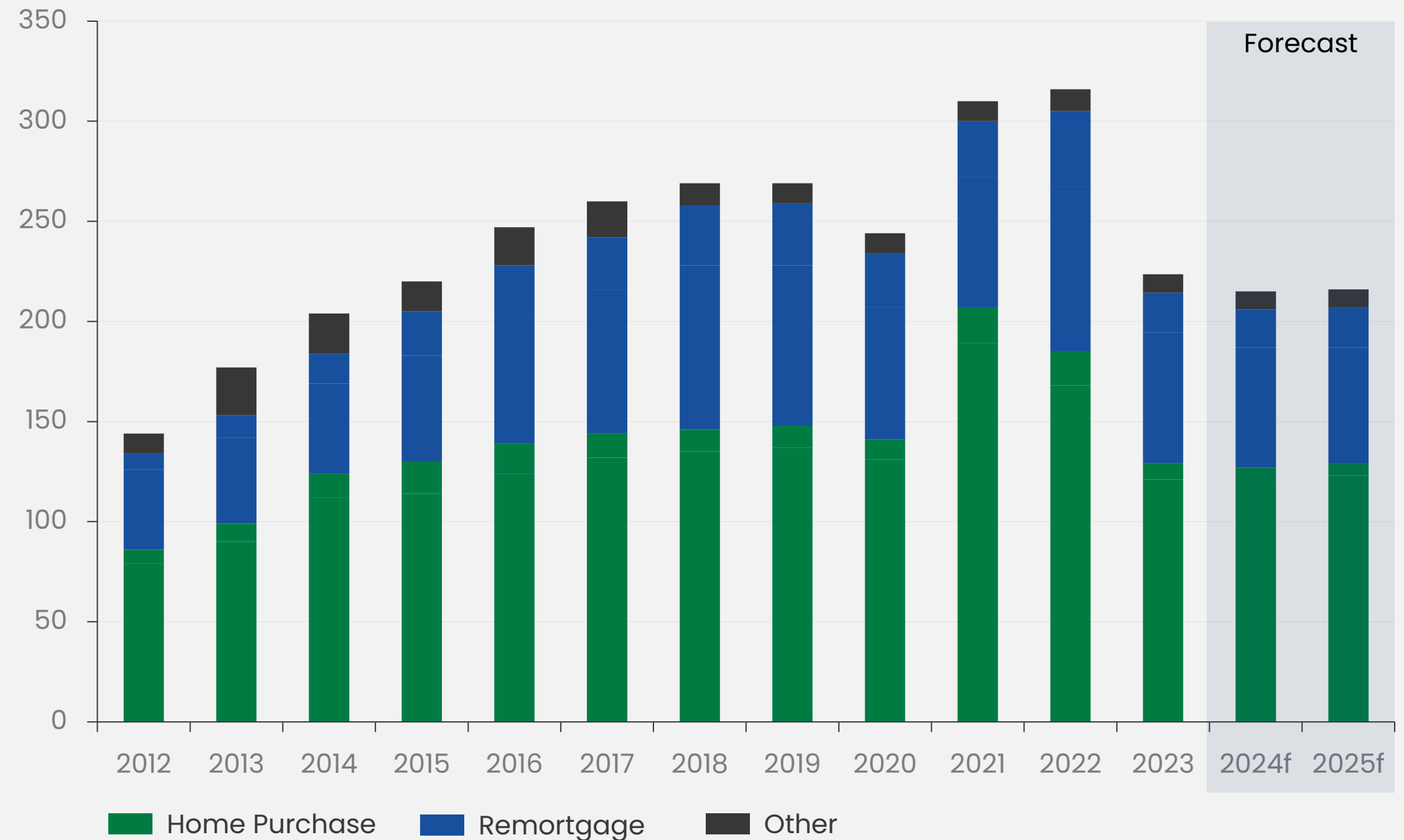


Indexed house prices



Reduced mortgage acquisition completions

Acquisition completions breakdown¹ £bn

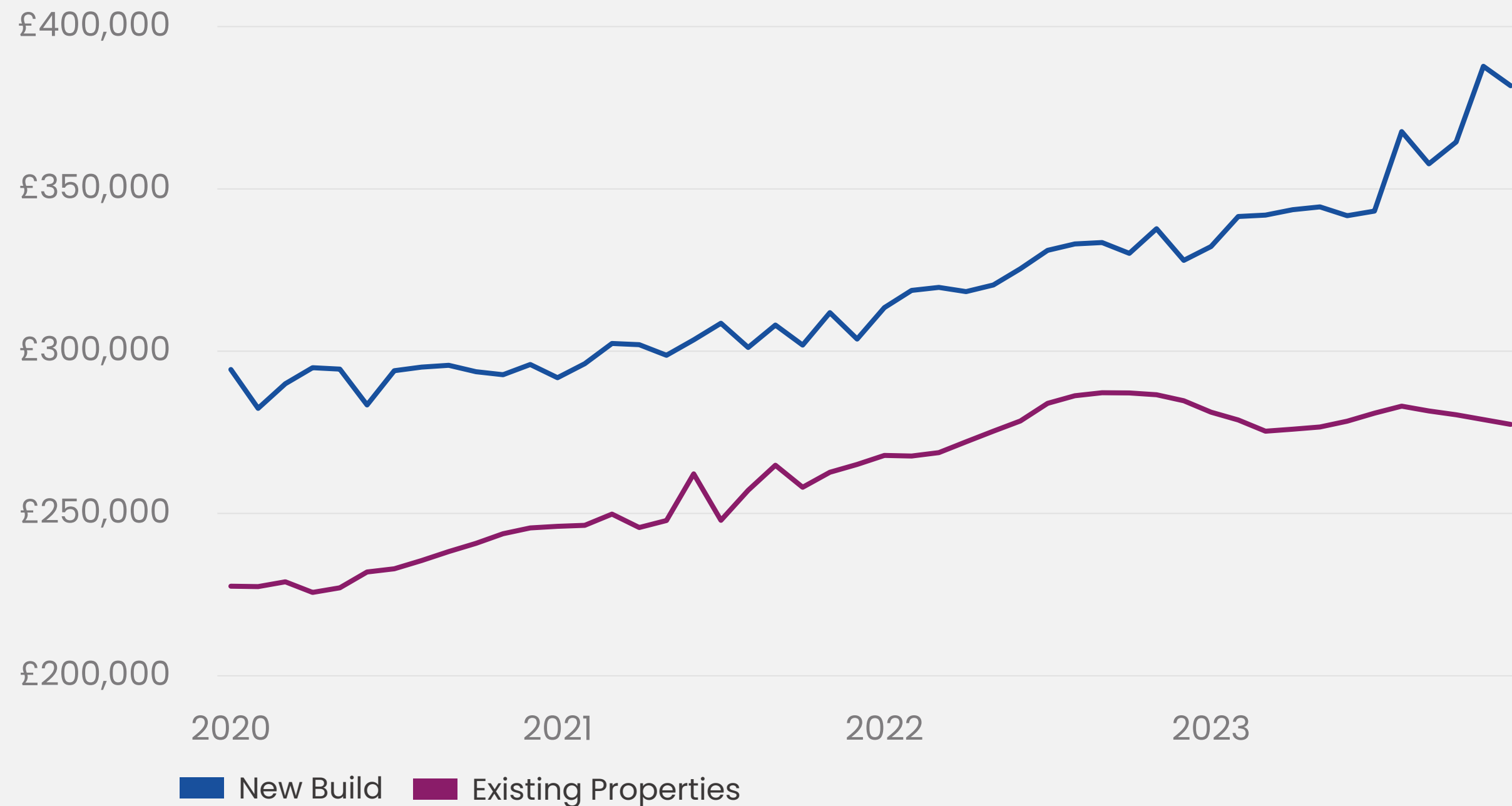


Stocktake: House Price Inflation



New build 16.4% annual house price increase compared to 2.5% decline for existing properties to December 2023

Average price of UK homes across New Build and existing properties



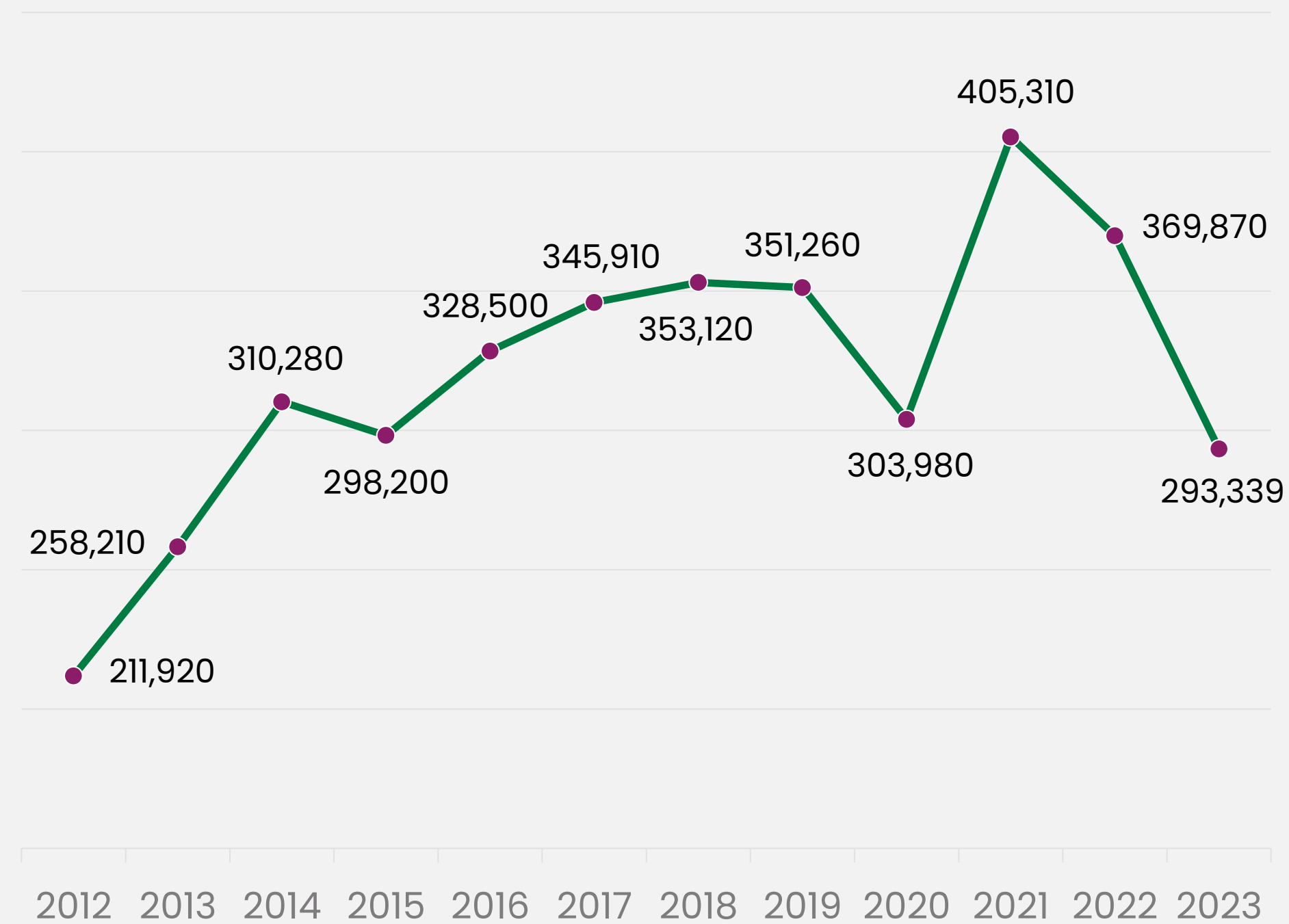
Source: Land Registry UK House Price Index

Stocktake: First Time Buyers



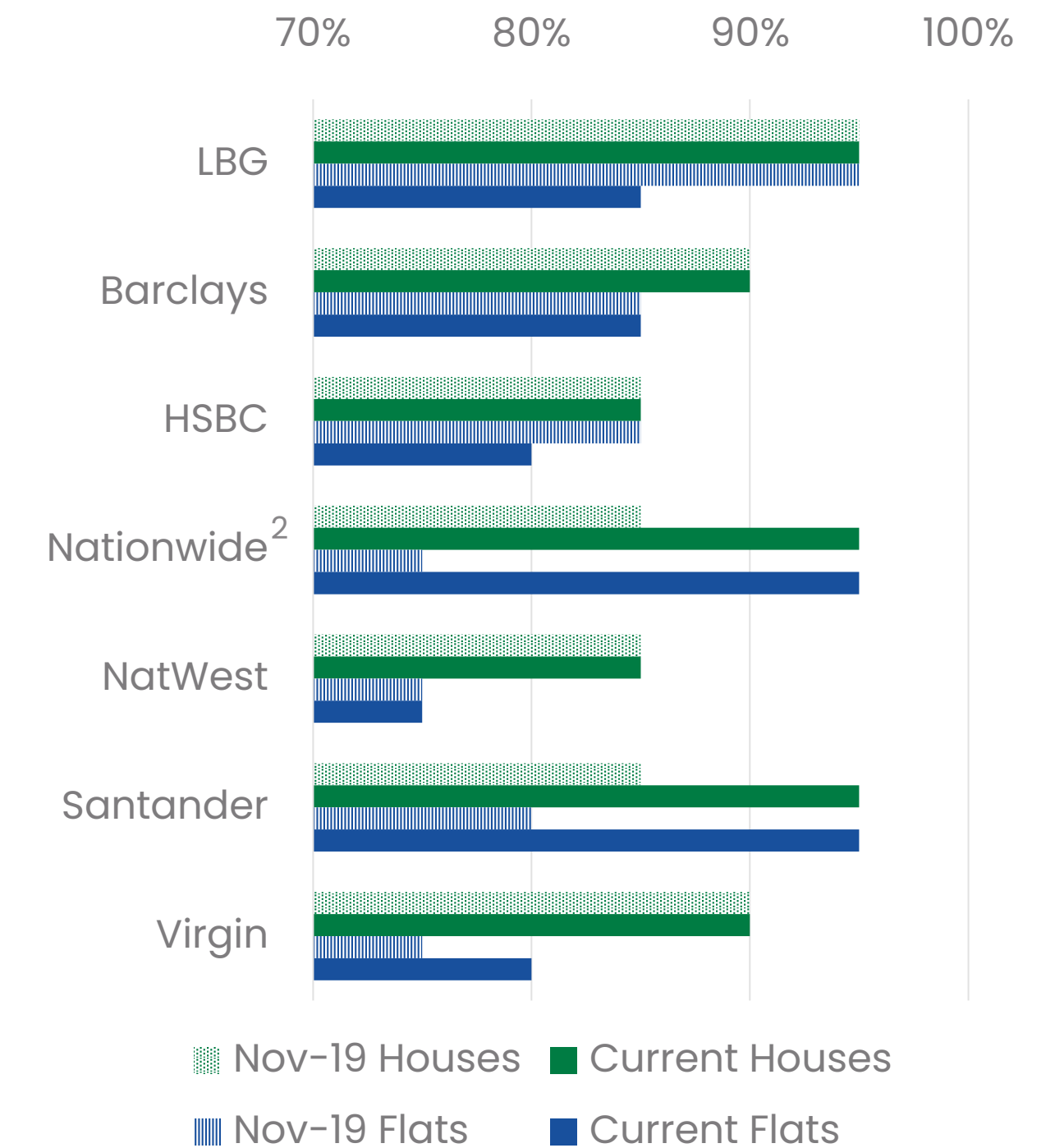
21% decline in First Time Buyers in 2023

Number of first-time buyers in the UK, 2012 – 2023 ¹



Maximum New Build LTV

LTV comparison; Nov-19 to current



¹ - Halifax 2024, Almost two thirds of first-time buyers teaming up to get on property ladder, ² - Under Deposit Unlock



Chapter two

Housing Stocktake

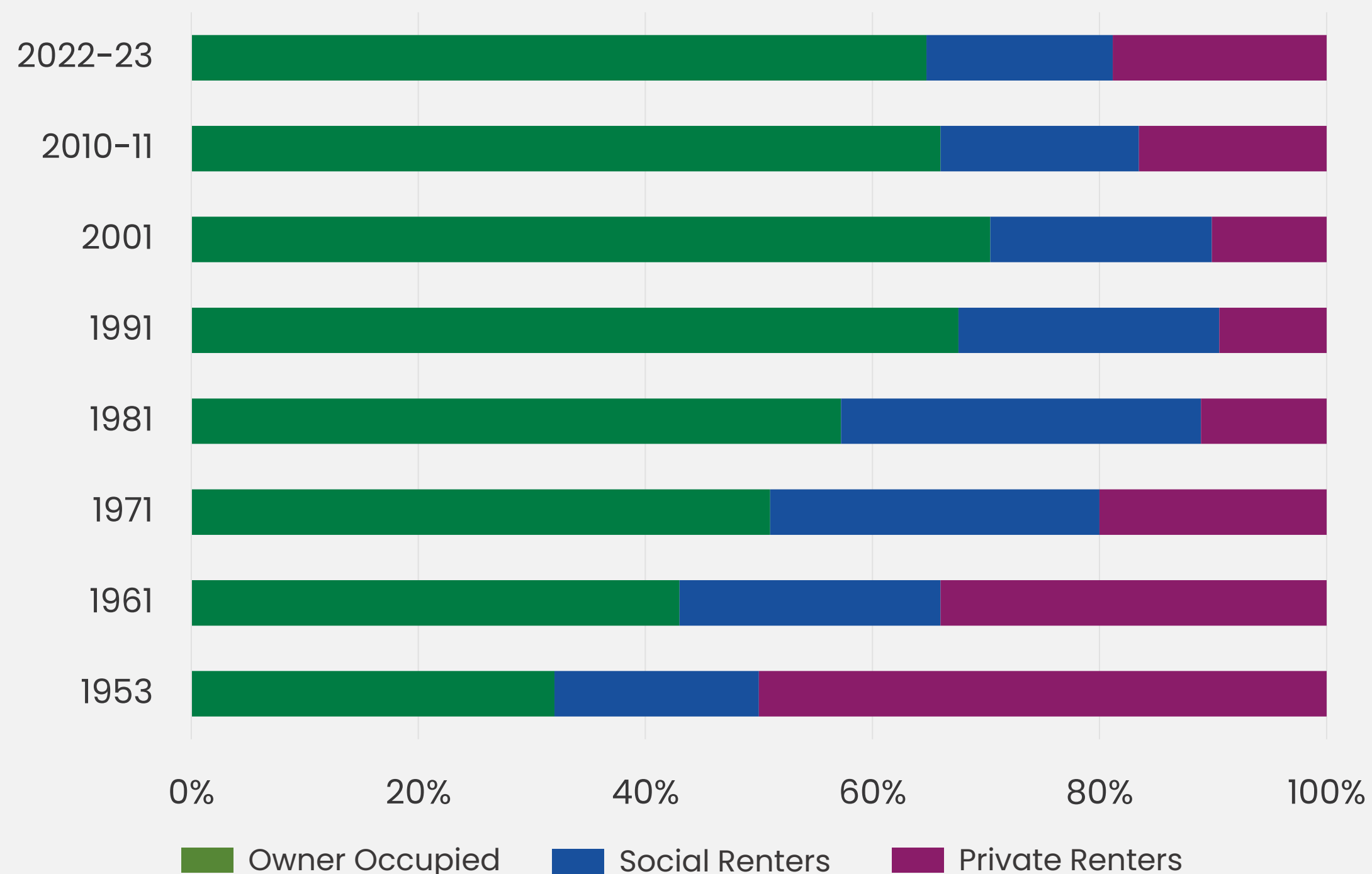
02

Stocktake: Housing Sectors



Changing tenure of homes over time

England percentage of household tenure; 1953 to 2022-2023^{1,2}



Current Housing Policy:
Role of the market to achieve optimal outcomes is central to policy

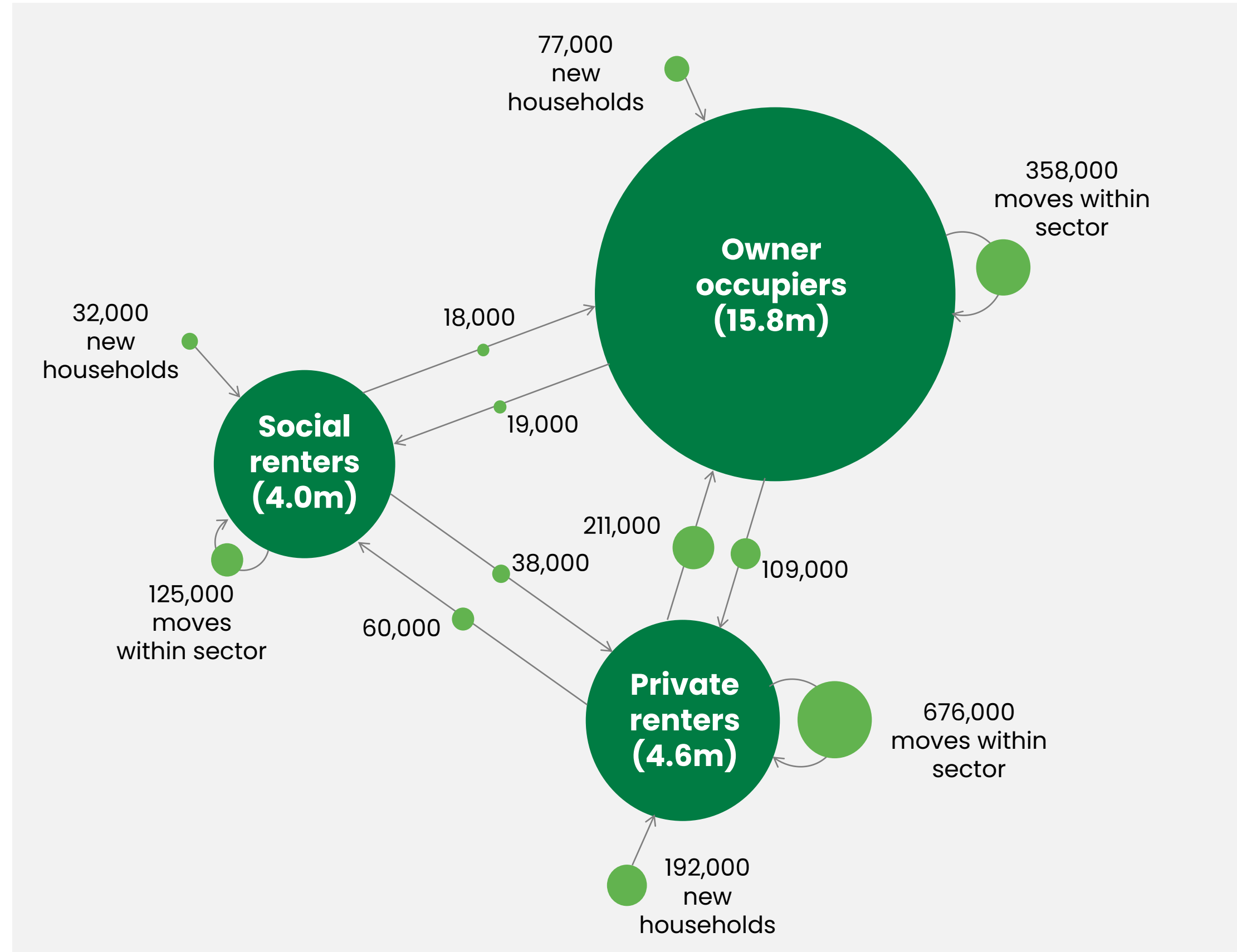
1980s and Social Housing:
Right to Buy and drive for home ownership, with reduction in local authority housebuilding

Post World War 2:
Government and local authorities embarked on extensive housebuilding

1 - England Housing Survey 50th Anniversary Report, 2017 2 - England Housing Survey 2022 - 2023

Stocktake: Housing Sectors

Household Moves by Tenure



Stocktake: Market Headwinds

Market headwinds likely to reduce in supply until at least 2025

Supply



Supply is under pressure from:

- Planning issues
- Environmental laws (nutrient neutrality, 150k homes on hold),
- Increased cost of remediation and sustainability for Housing Associations
- Delivery of volumes will lag economic recovery

Demand

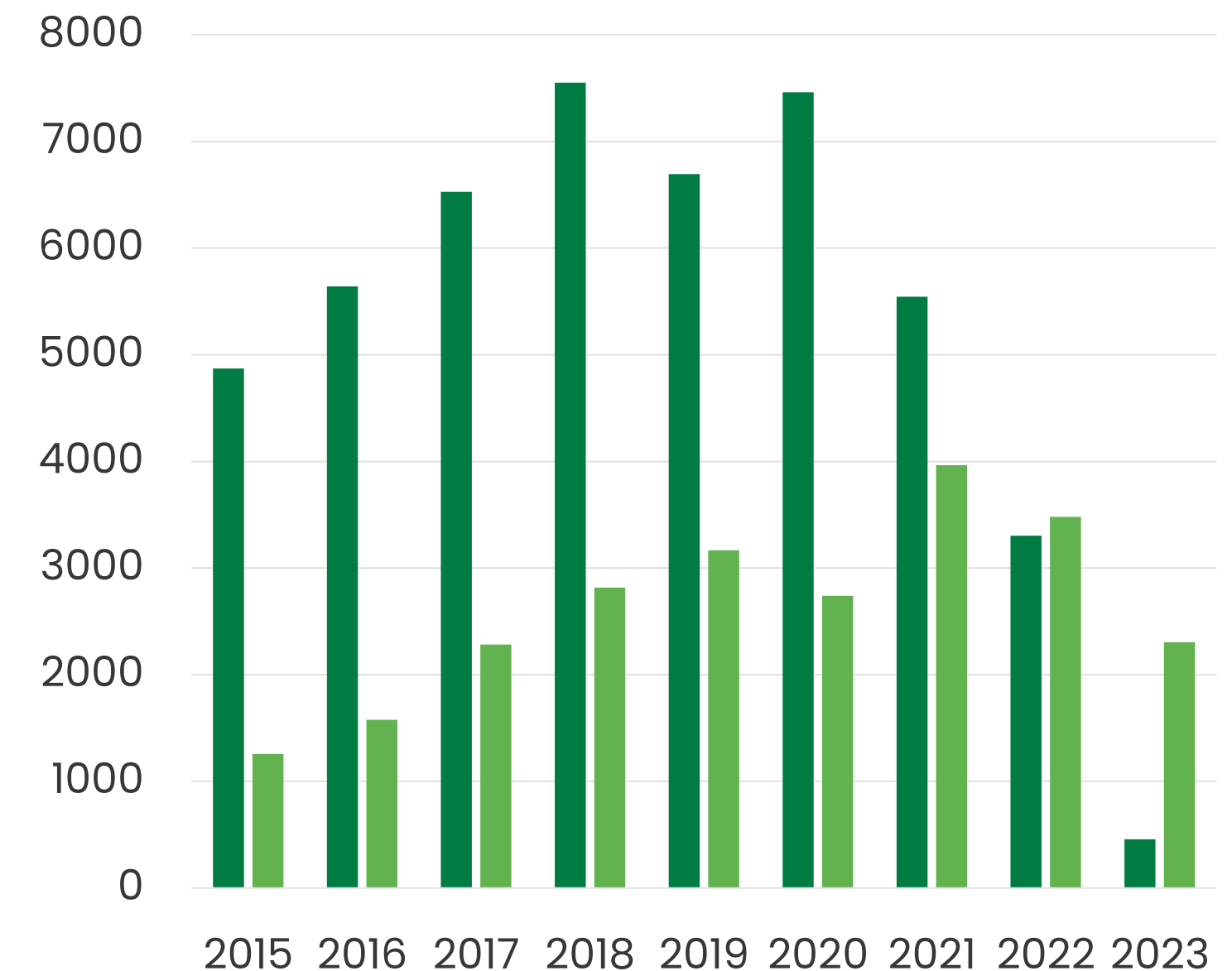


Consumer confidence and demand is low but increasing since end of 2023

- Rate shock and volatility has impacted consumer confidence
- New Build has a high reliance on affordable mortgage rates
- End of Help to Buy has further constrained deposit
- Wage growth improving affordability

Growing demand for shared ownership

New home purchases UK £000 ¹



■ Shared Equity: Help to Buy
■ Shared Ownership Schemes

Looking to the Future



Supporting First Time Buyers

Bridge the gap between renting to home ownership through innovative solutions



Own New; Builders Incentive Scheme



Leading **Shared Ownership** Council



Supporter of **First Homes Scheme**



'Market Led' Schemes



Citra Living Pathways; Rent to Buy

Supporting Social Housing

Social housing is a vital part of the UK's housing ecosystem.



Work with **>340 housing associations**



Provided **>£17bn in financing** for social housing since 2018

Partnership with Crisis

Partnered with Crisis to help them achieve their aim to end homelessness for good.



Calling for **1 million** genuinely affordable homes



Signed the **Homelessness Covenant**

Chapter three

Decarbonising Homes Stocktake

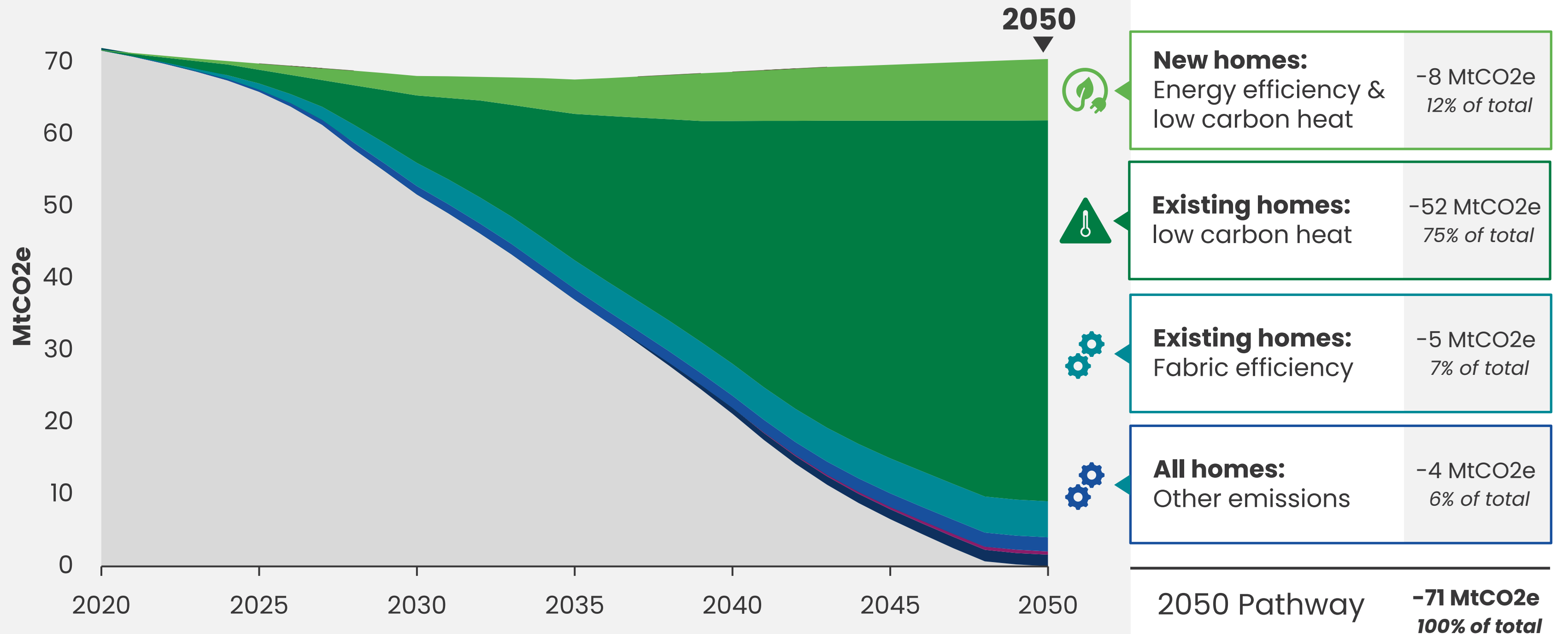
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Stocktake: Decarbonising Housing



Residential housing 'Balanced' Carbon Pathway

Climate Change Committee, million tonnes carbon dioxide equivalent (MtCO₂e) abatement for residential buildings ¹



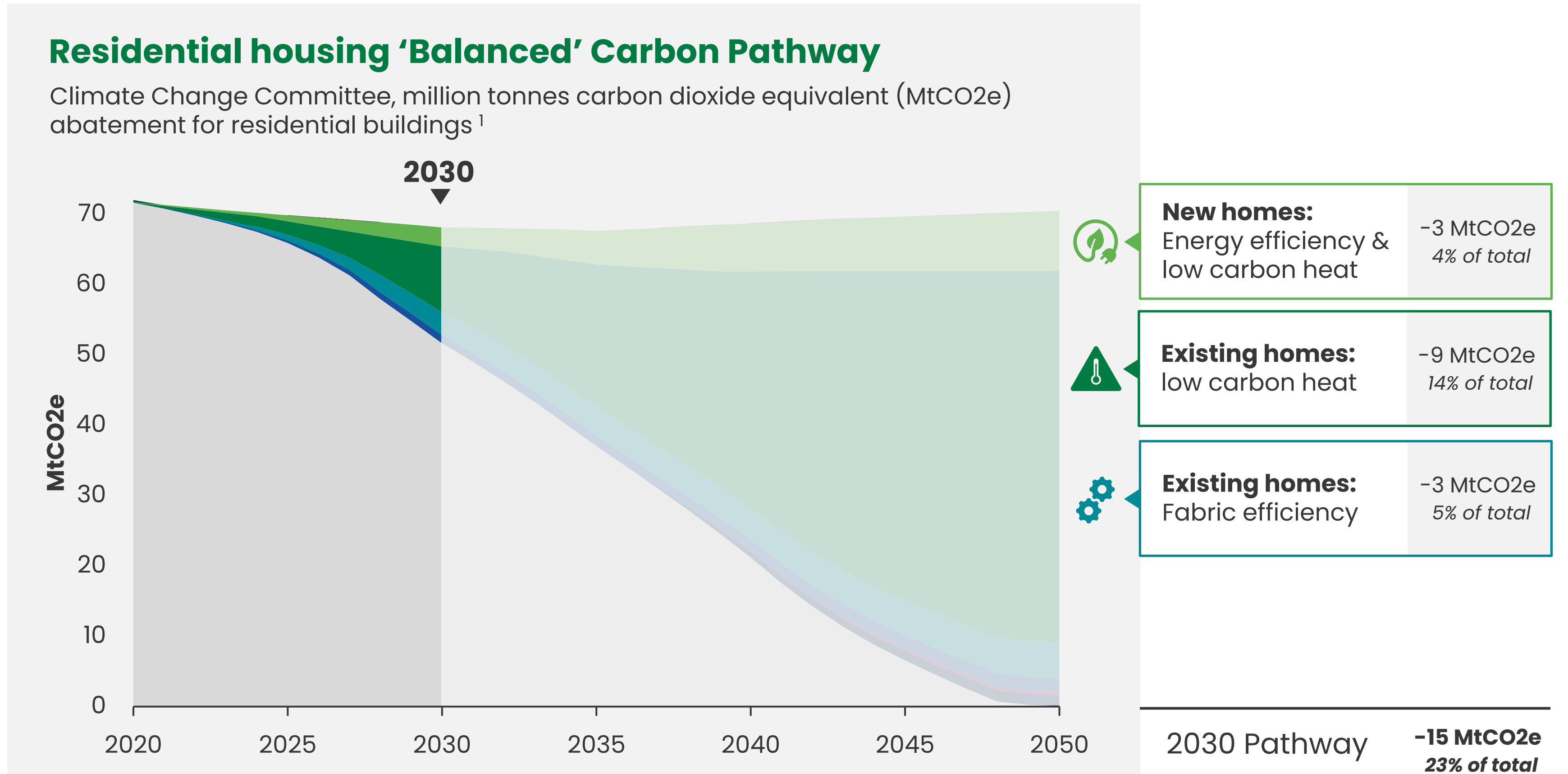
¹ – Climate Change Committee, Sixth Carbon Budget 2020

Stocktake: Decarbonising Housing



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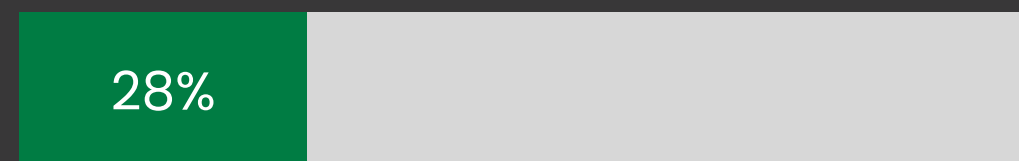
Stocktake: Where do customers start?

Just 54% of homeowners know their EPC rating



Opportunity to improve knowledge

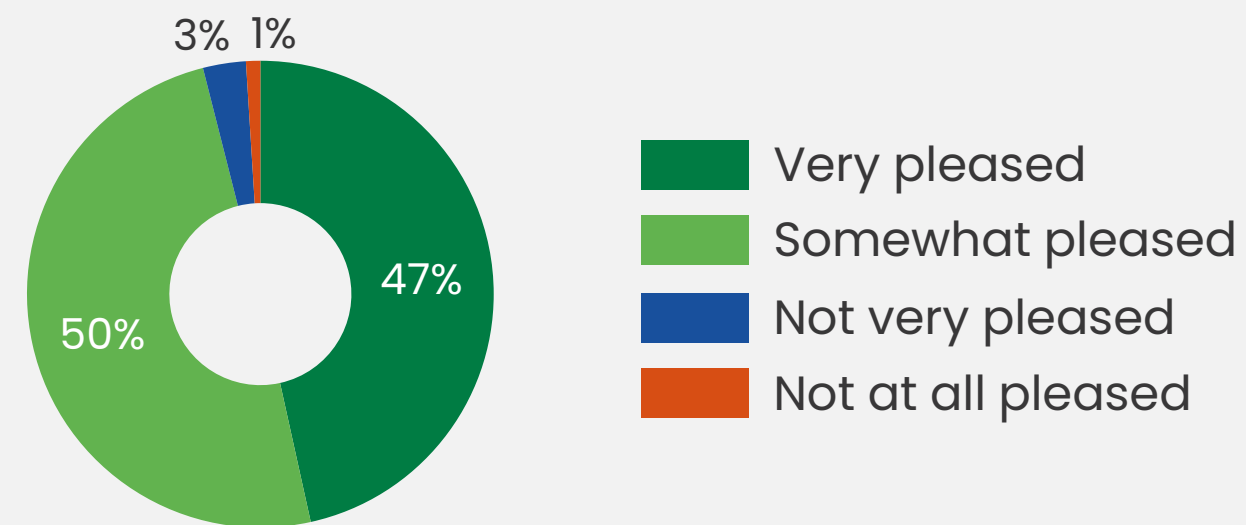
Just 28% of homeowners are confident they know what they need to do to make their property net zero ready by 2035



Opportunity to unlock action

Overwhelmingly, retrofitters feel rewarded

Satisfaction rates among property owners following completion of retrofit activities



What drives customer action?

Awareness prompts action



"I think to actually fork out a big chunk of money upfront, it's something that **I'd really have to think** about and really work out the benefits of doing it. I've got two children. I have to be mindful that **I've got other things to pay for.**"



Homeowner,
Female, 42

Money matters



"We're **spending less on energy**, but we're also doing something good because we're reducing our consumption. It's a double benefit."



Homeowner,
Male, 51

Policy certainty drives progress



"We **need a clearer direction of what is going to help us**... I think the information out there is quite conflicting at times."



Landlord,
Male, 40

Our key policy asks

We are advocating for comprehensive policy measures that can drive this crucial transition



Looking to
the Future



Long-term policy certainty on sustainable homes



Improvement of Energy Performance Certificates (EPCs)



Energy-efficiency linked stamp duty



Employer tax incentives to encourage green improvements



Addressing the retrofit skills gap

