



Is this it?

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“The housing market is one of the biggest victims of the credit crunch: lenders won’t lend, so builders can’t build and buyers can’t buy.”

David Cameron & Nick Clegg  
Laying the Foundations, November 2011

“Much more is needed to get bank lending to people who can afford to buy. Mortgage lending is absolutely key to any recovery.”

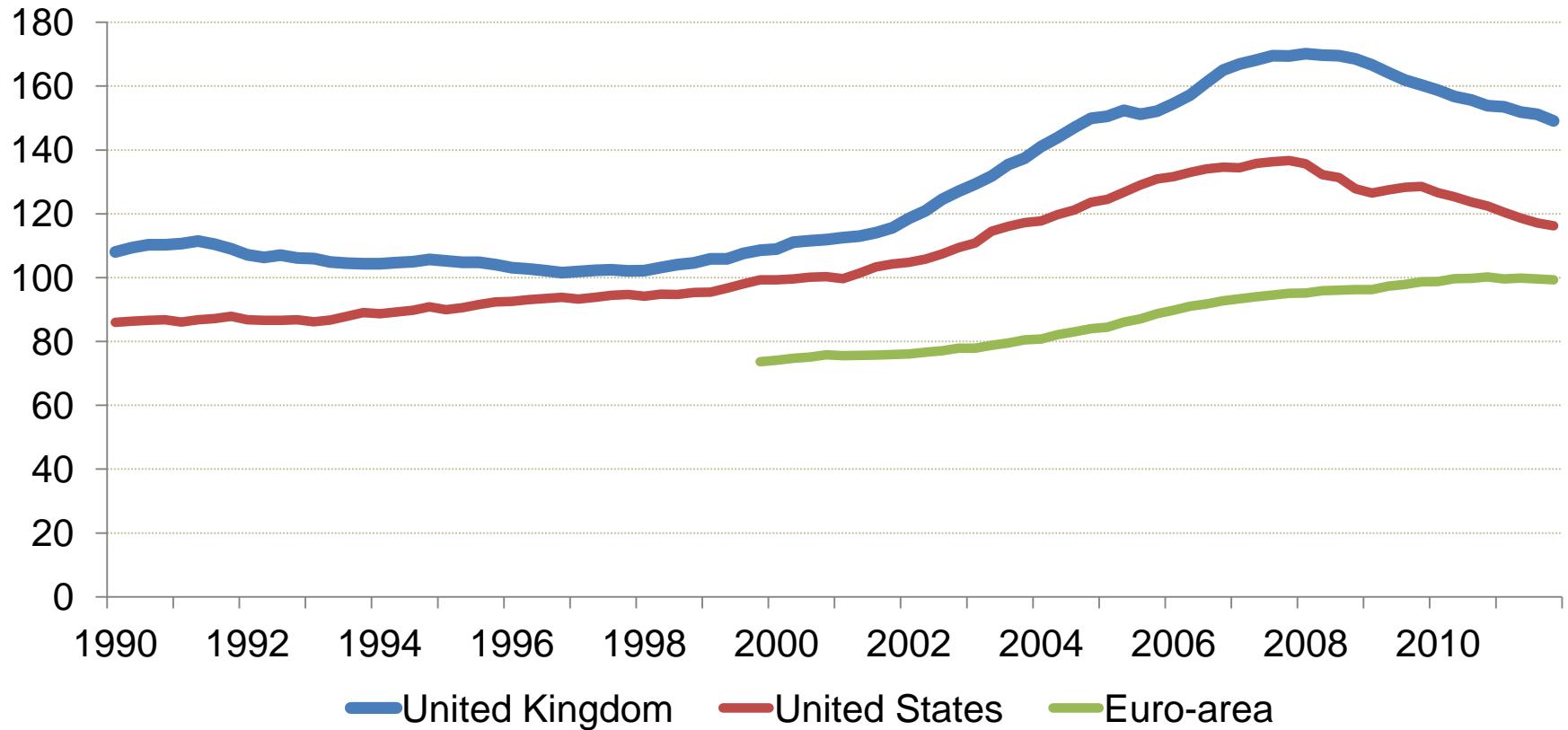
Stewart Baseley, 6 September 2012

“The main issue in housing today is the lack of availability of mortgages”

Steve Morgan, Redrow  
13 September 2012

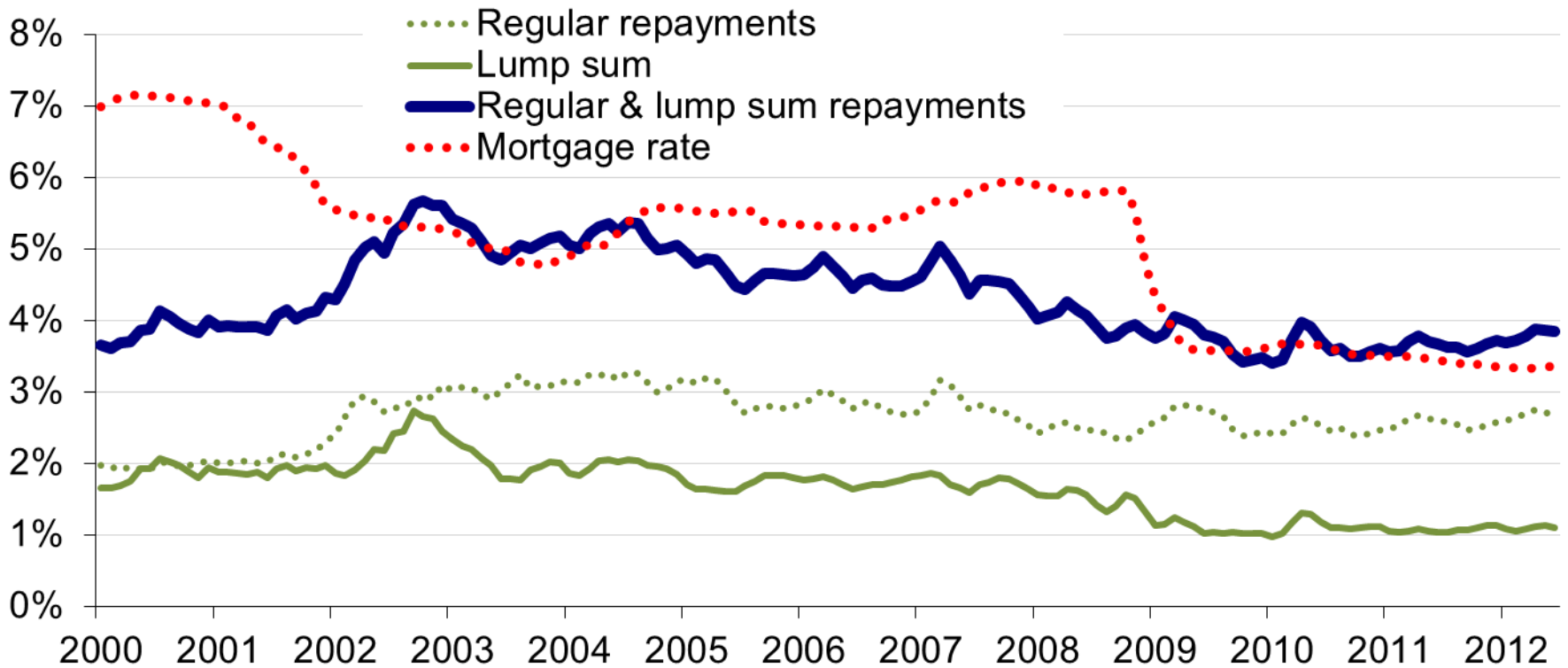
# State of UK households

# Household debt:income, %



Source: Financial Stability Report June 2012

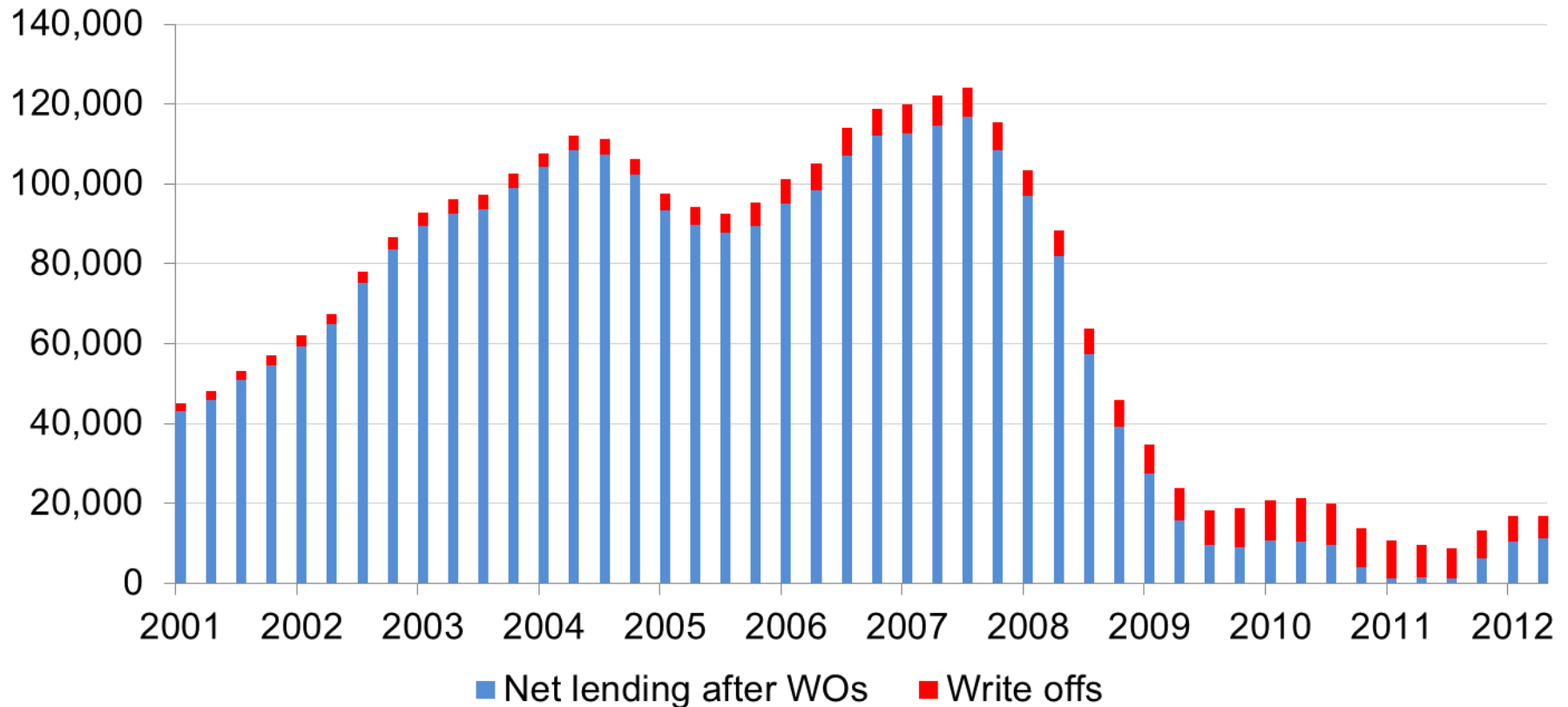
# Repayments, % mortgage stock



Source: Bank of England

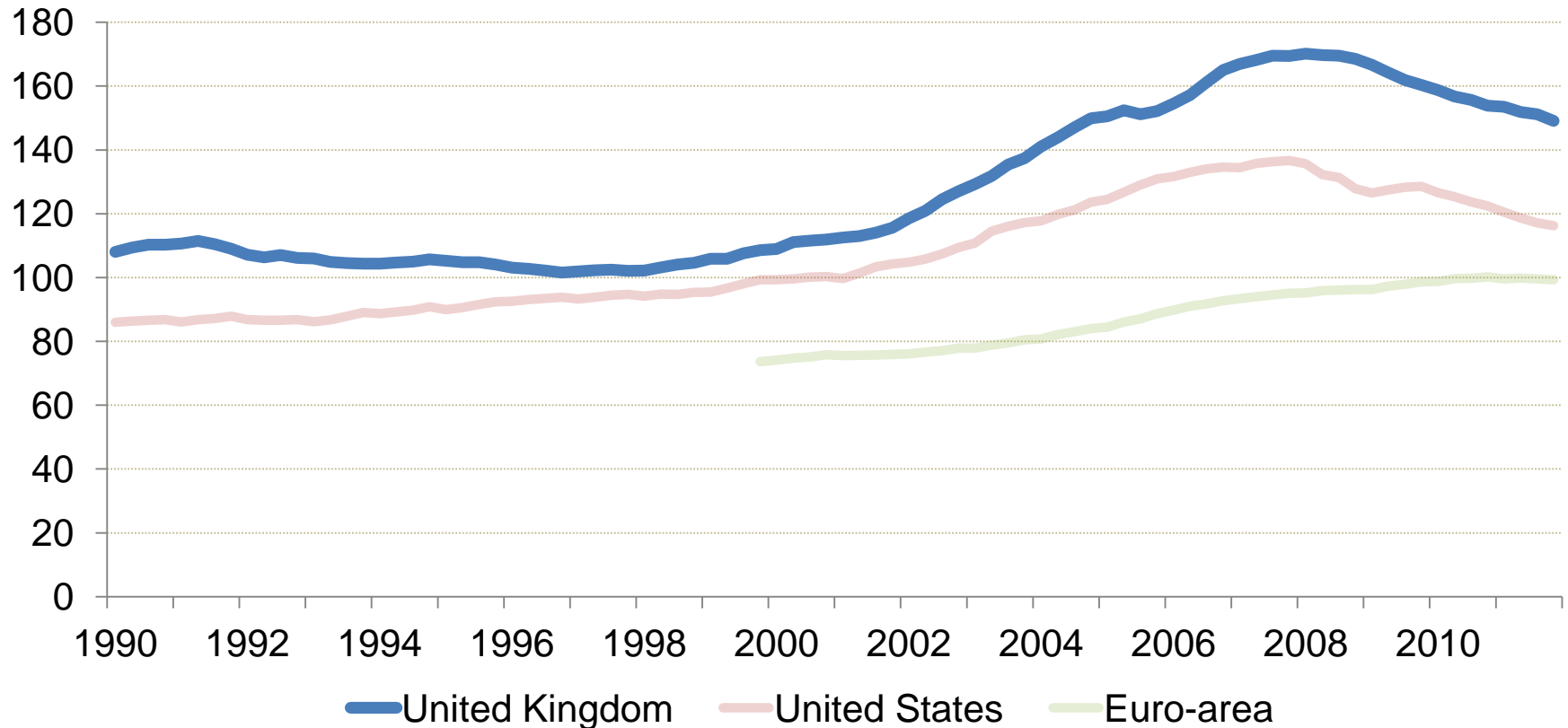


# Total net lending & write offs, £m



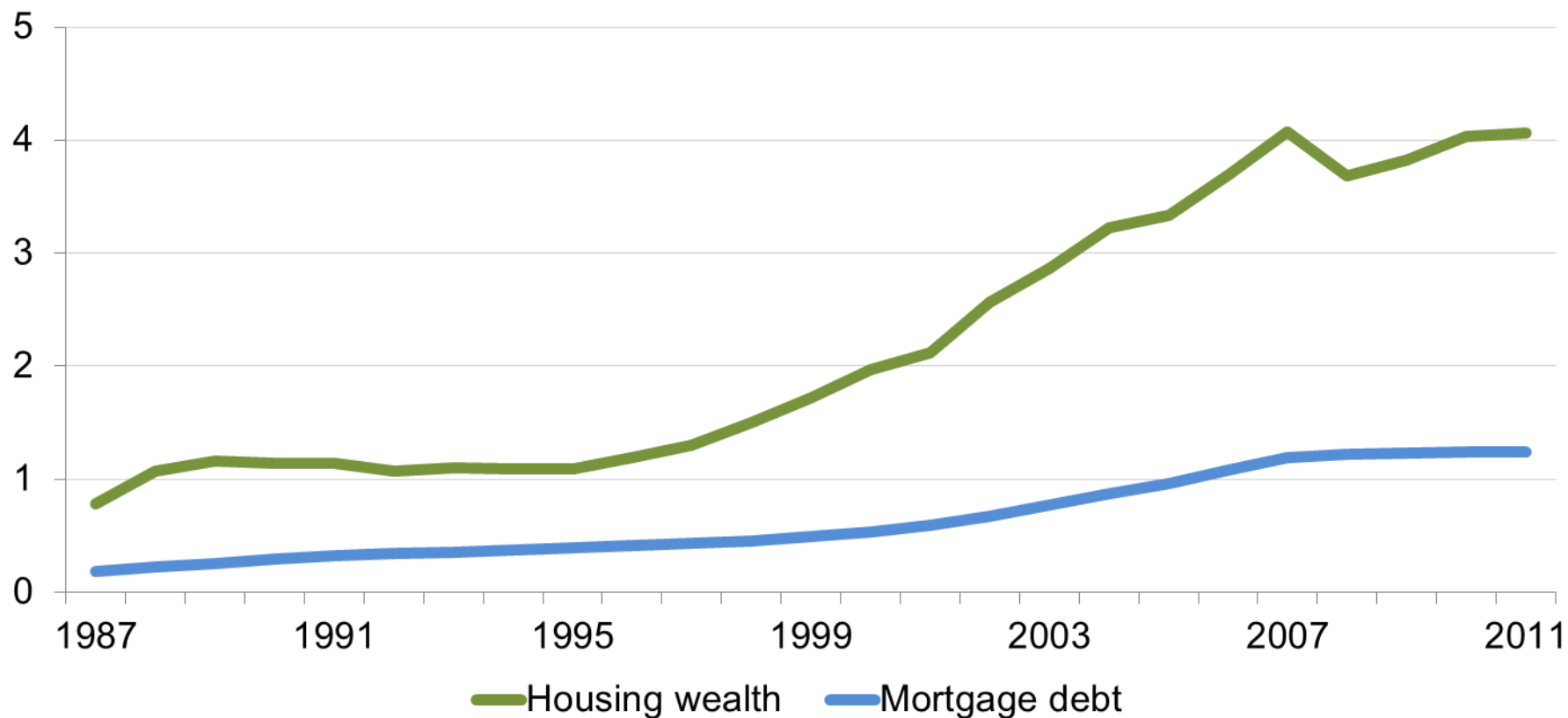
Source: Bank of England

# Household debt:income, %



Source: Financial Stability Report June 2012

# Housing equity, £ trillion

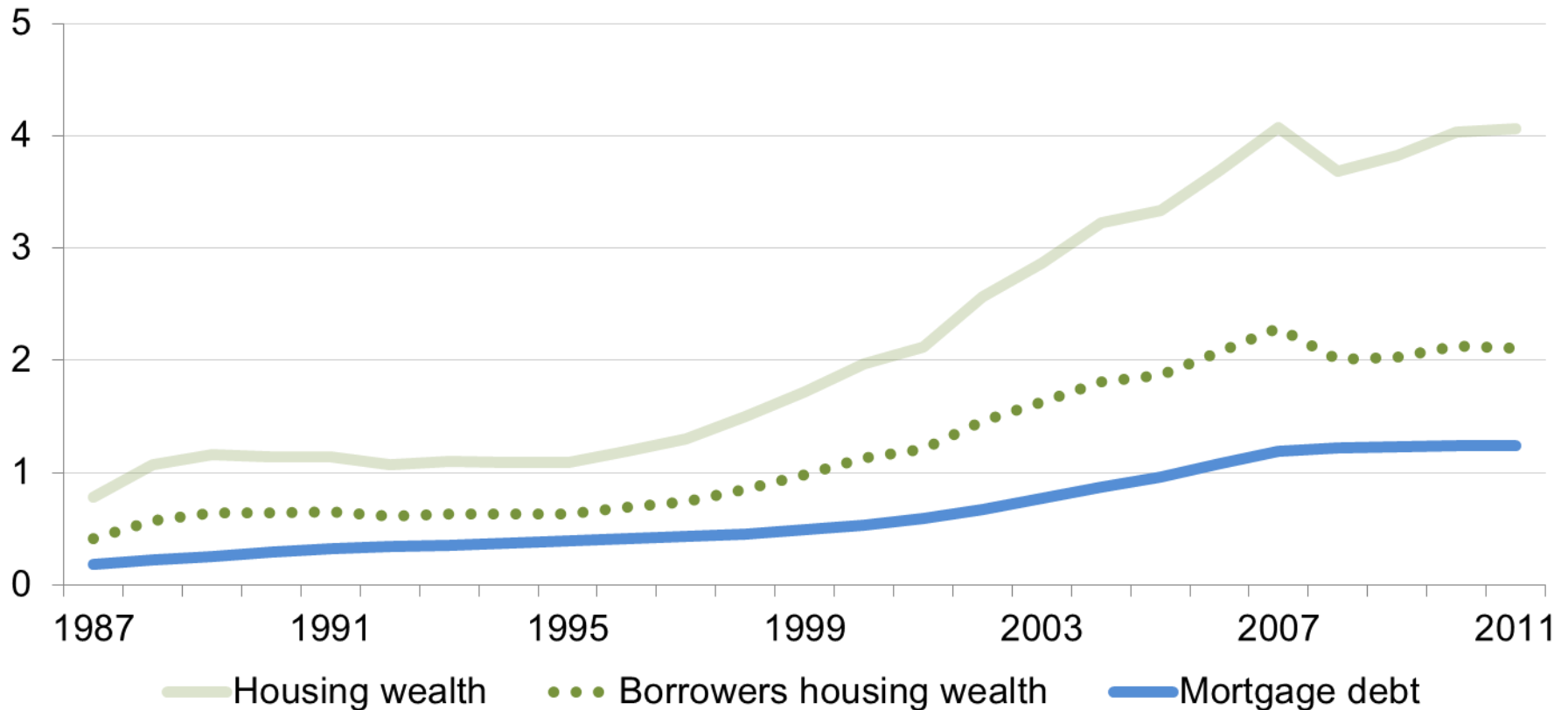


# OBR projections

	House prices % change	Transactions 000s	Debt: income ratio %	Mortgage net lending £ billion
2011-12	-0.7	921	153	18
2012-13	-0.6	907	152	35
2013-14	0.5	1078	153	57
2014-15	3.3	1246	155	75
2015-16	4.5	1338	157	92
2016-17	4.5	1421	160	108

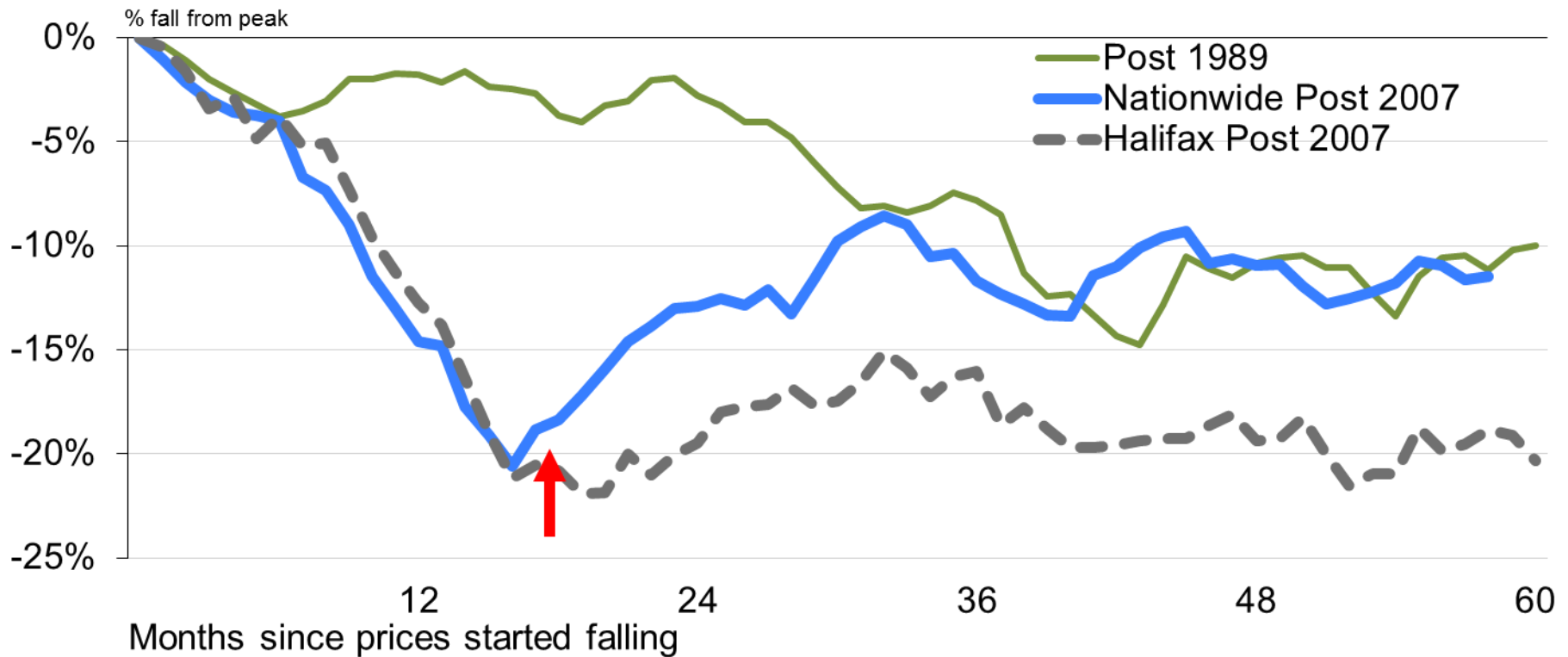
Source: OBR, March 2012 and CML estimates

# Housing equity, £ trillion



# State of UK housing

# Peak to trough experiences



“But there are potential unwelcome side effects associated with a sustained period of loose monetary policy.”

Spencer Dale, Bank of England  
Limits of monetary policy, 8 September 2012



# Closing remarks

- Can households take on more debt?
- Is housing market locked into high house prices and low activity?
- Why are low rates so necessary?
- How much can FLS do?
- What next?

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