
UK Housing Market Outlook

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An Unprecedented Roller-Coaster Ride



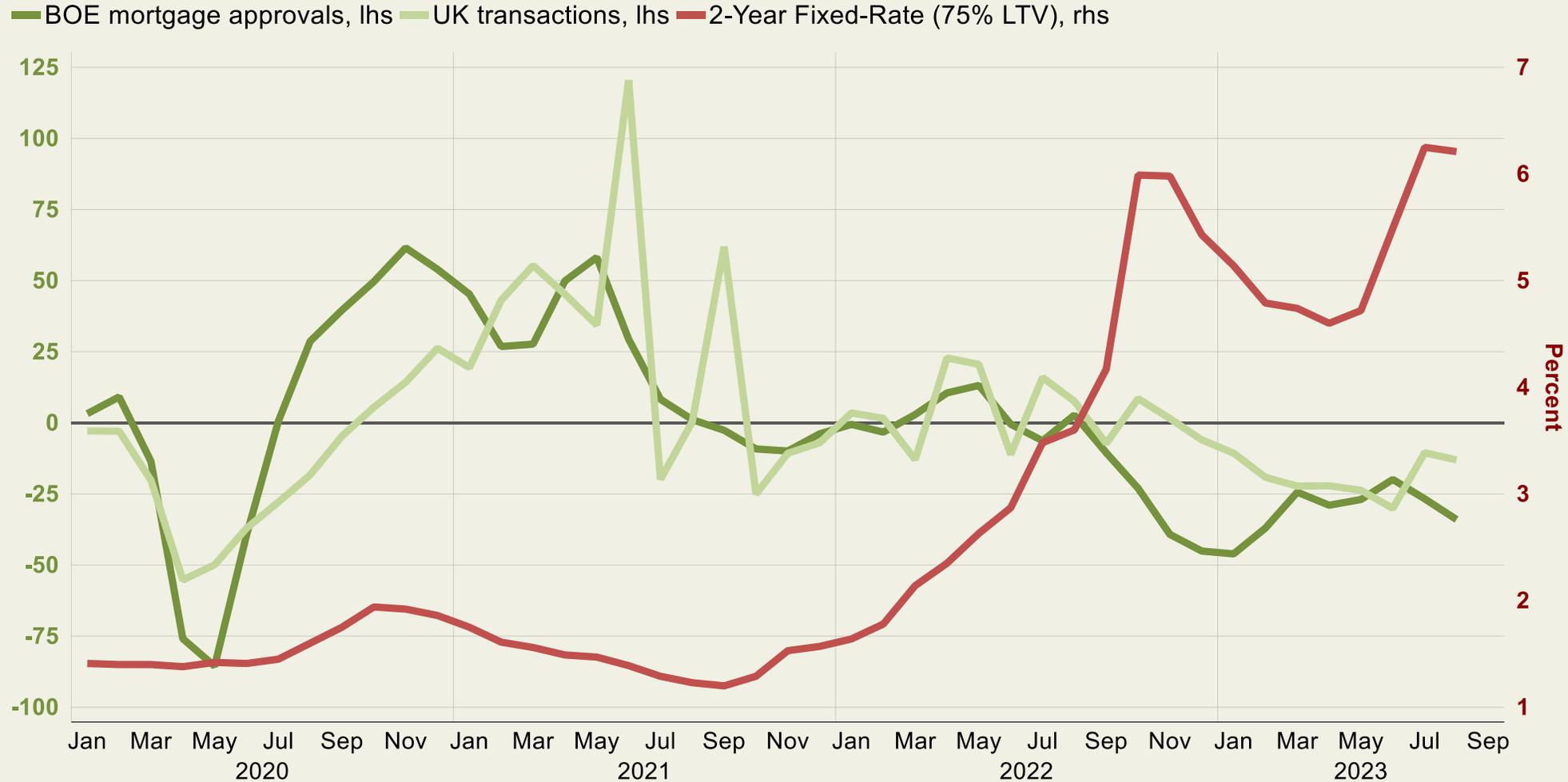
— 5 Year Swap Rate vs a Year Ago



Sources: Knight Frank

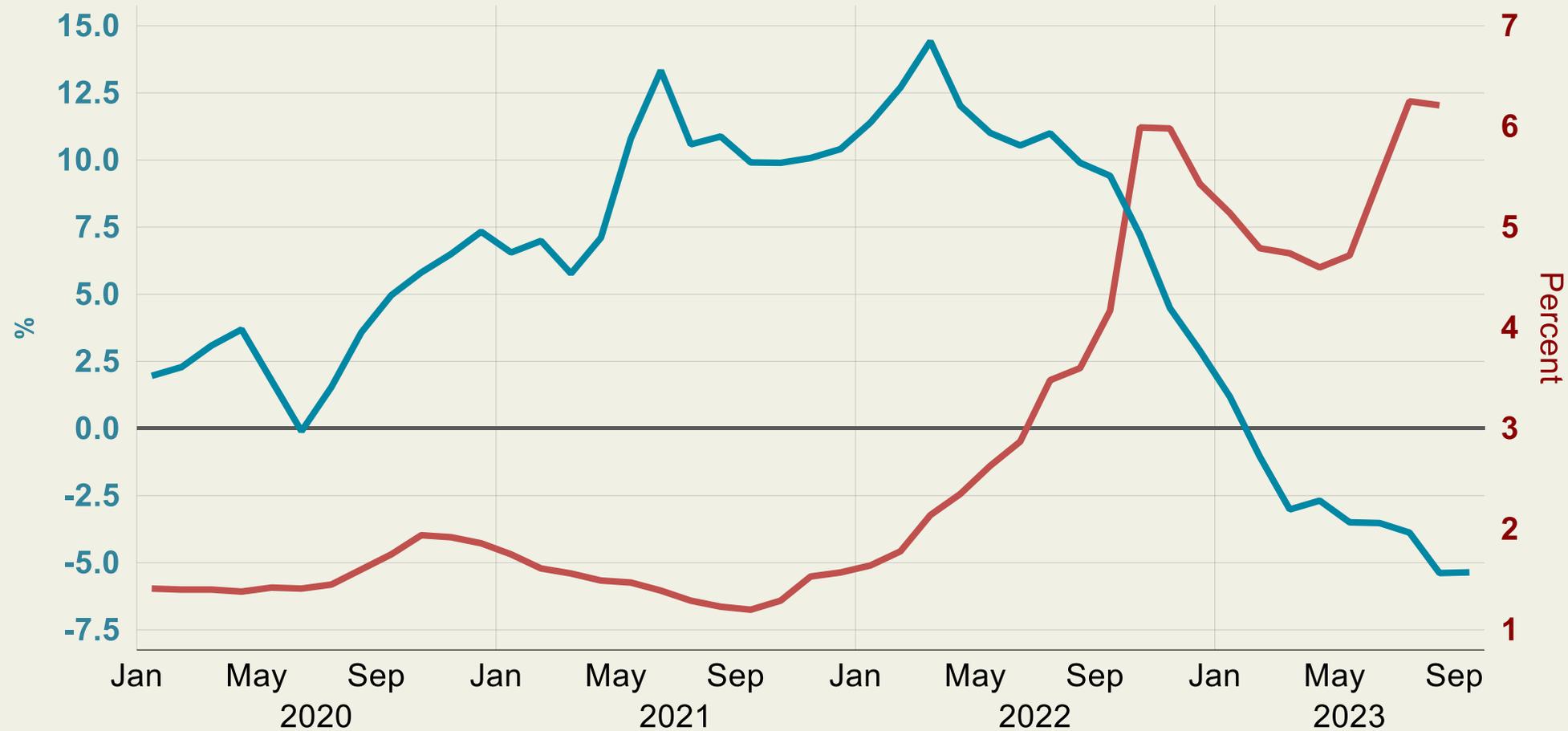
UK Residential Market Falters as Rates Rise

Versus Five-Year Average (Excluding 2020)

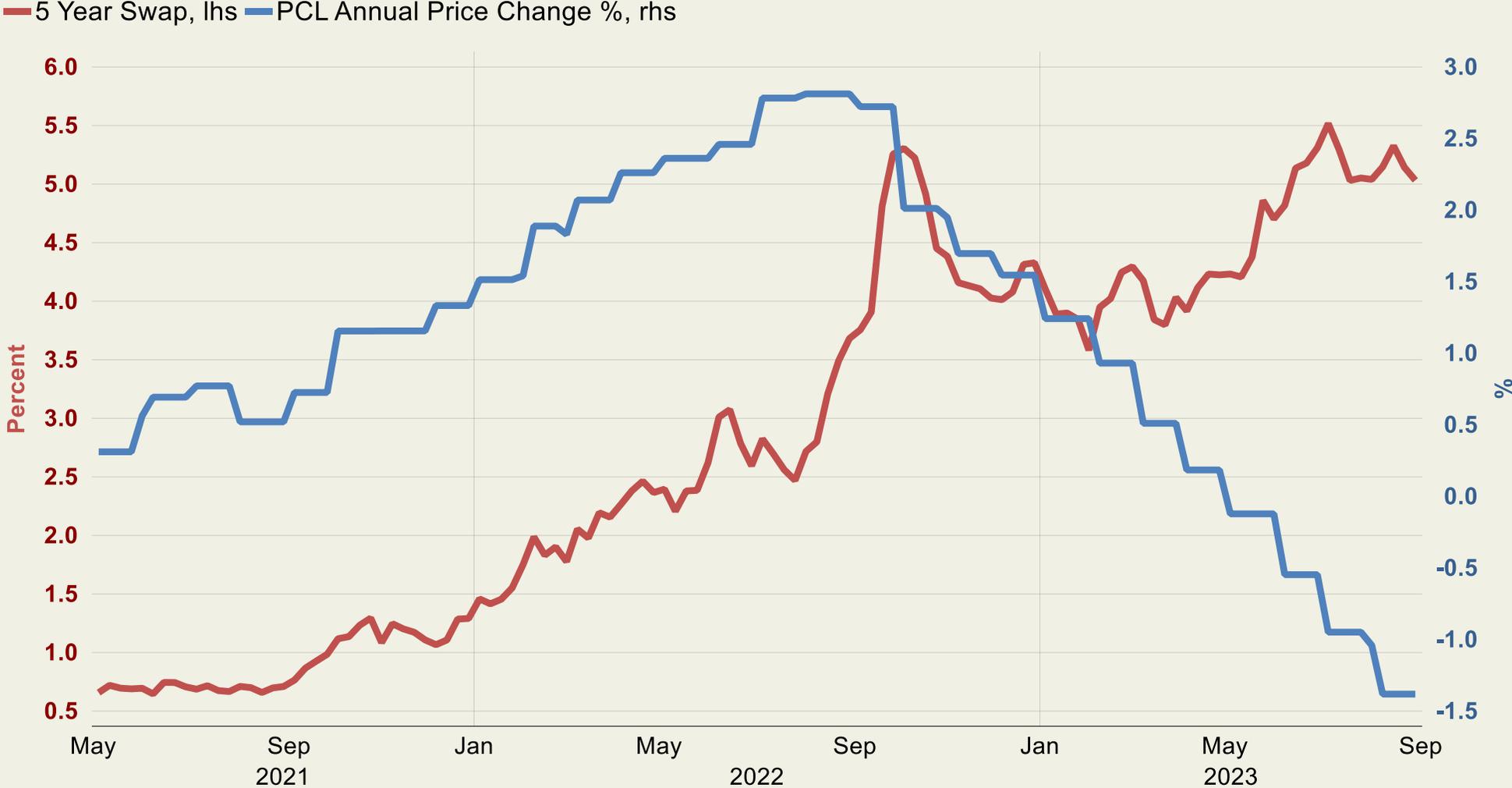


Prices Soften

— 2-Year Fixed-Rate (75% LTV), rhs — Nationwide UK Index, lhs



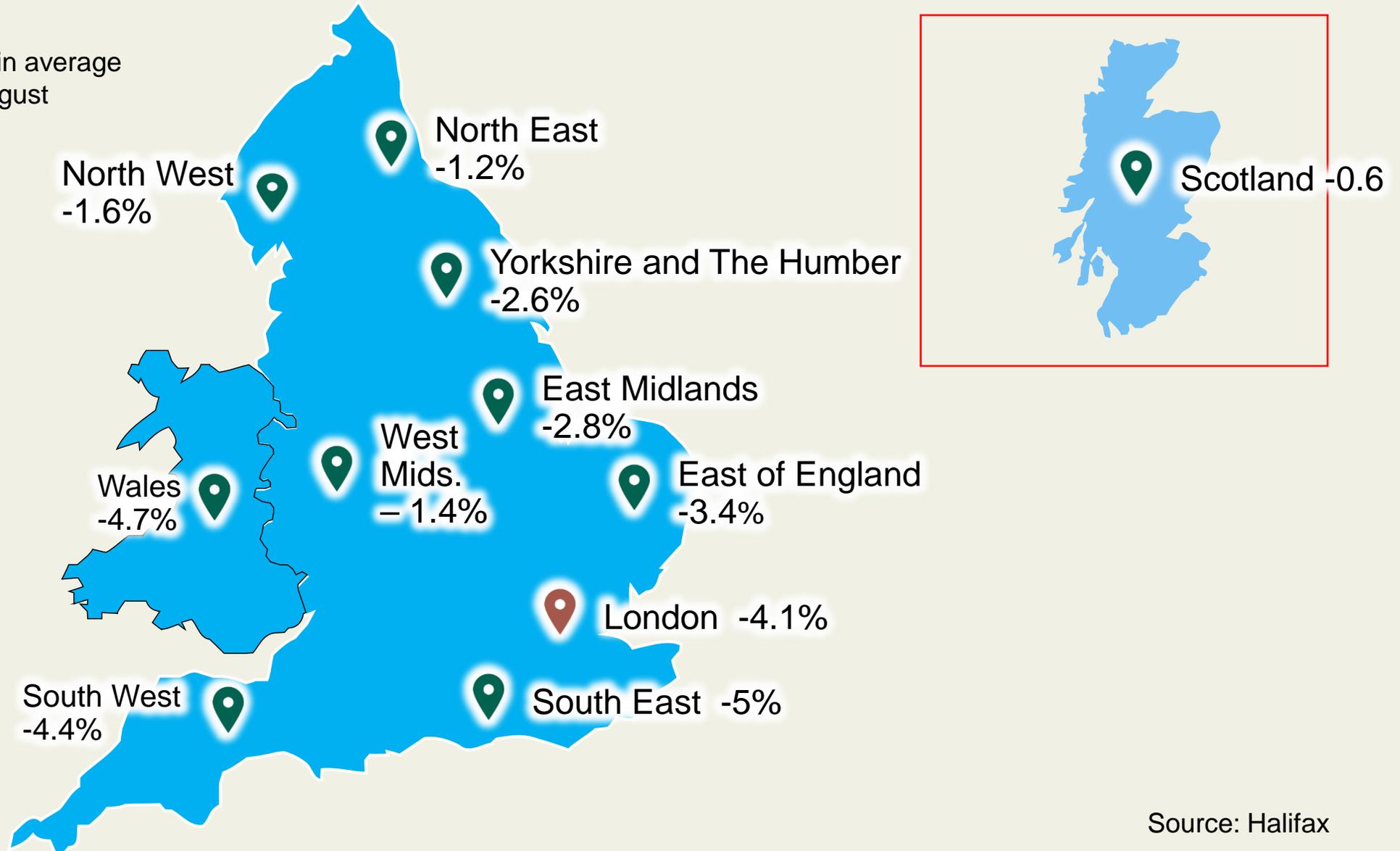
Including in Prime Postcodes



Source: Knight Frank

Declines Bigger in the South

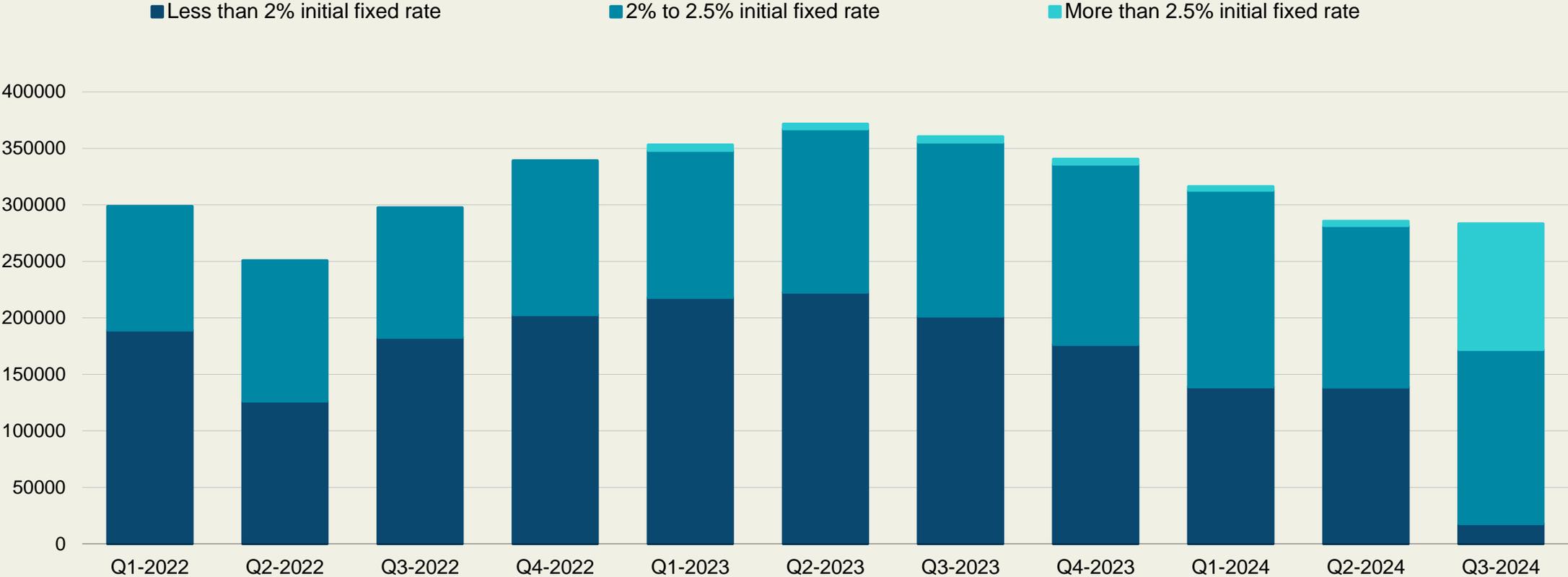
Annual % change in average house prices in August



More Pain to Enter the System

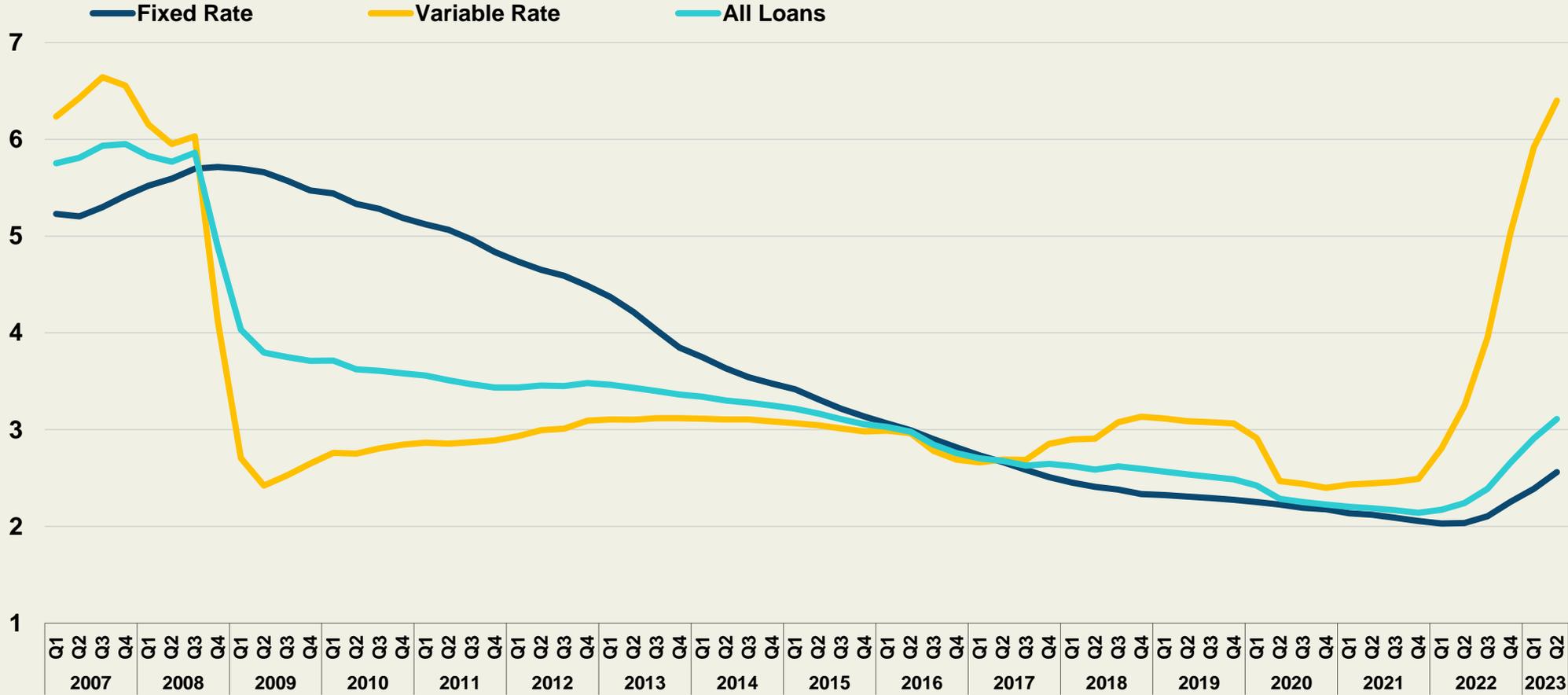


Fixed rate mortgage deals coming to an end



Source: ONS

But Gradually



Source: Knight Frank Research

Repossessions stay low

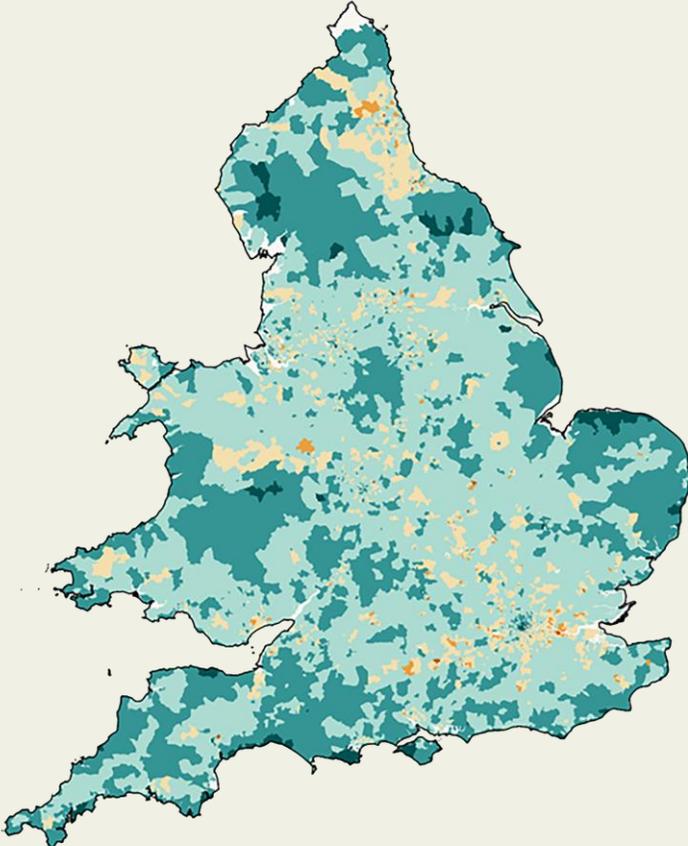


Sources: Bank of England

Is Cash King?

England & Wales: Outstanding mortgage debt

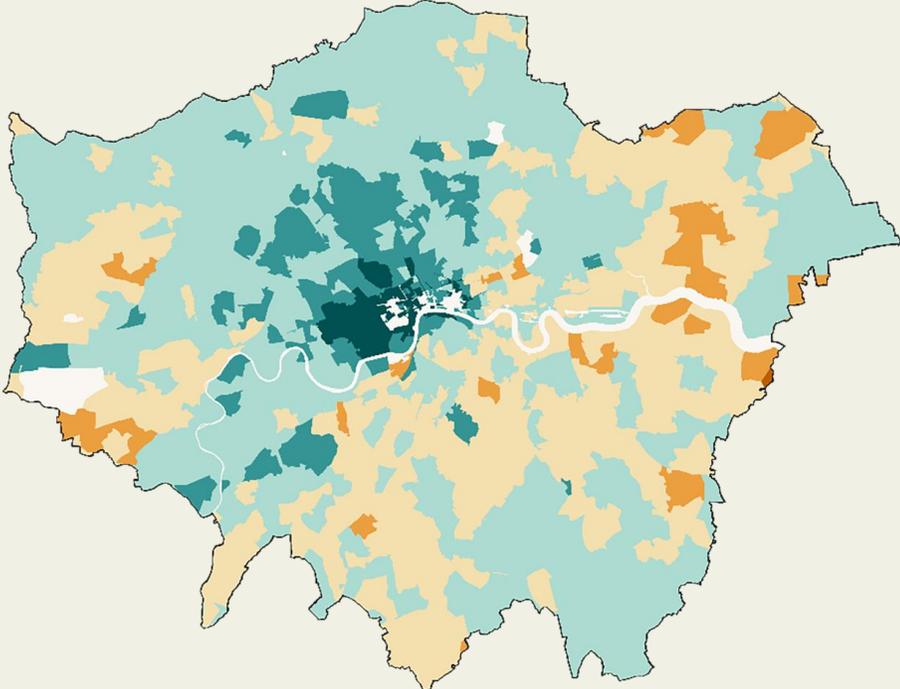
Outstanding mortgage debt by postcode sector (as a proportion of total property value)



Source: Knight Frank research / UK Finance

London: Outstanding mortgage debt

Outstanding mortgage debt by postcode sector (as a proportion of total property value)

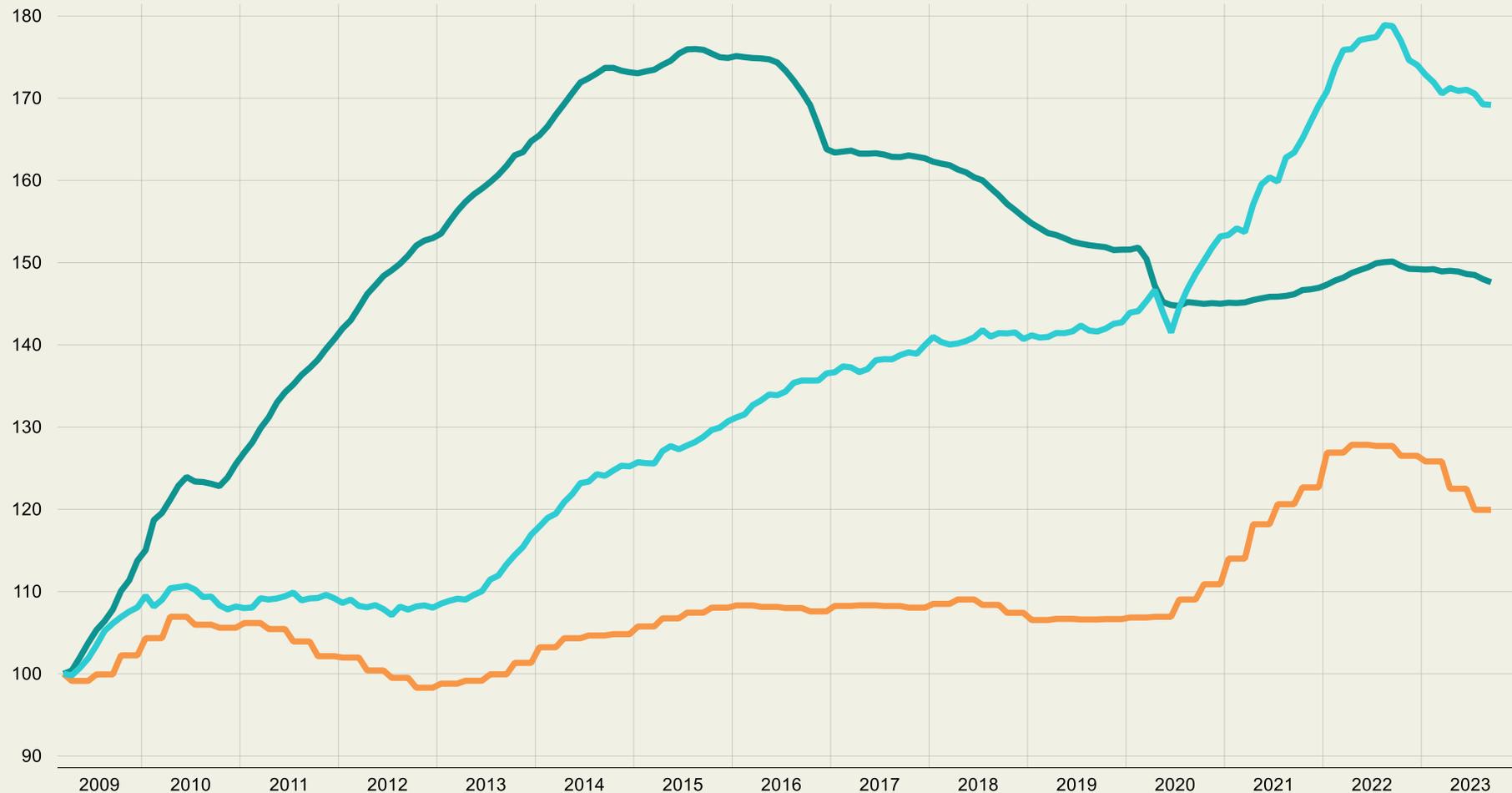


Source: Knight Frank research / UK Finance

London Still “Relative Value”



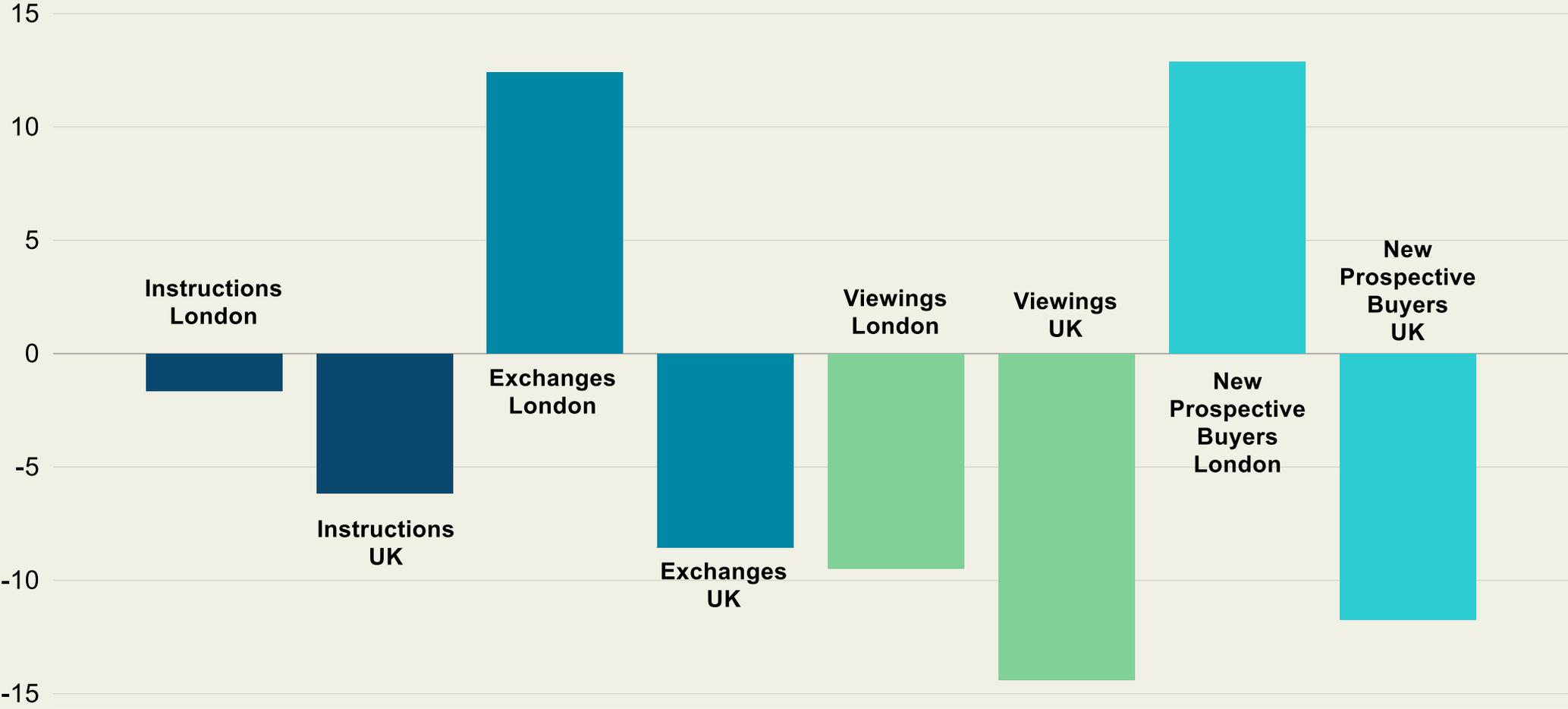
— PCL — Prime Country House Prices — UK Nationwide



Leading to Outperformance



Q3, % change versus the five-year average

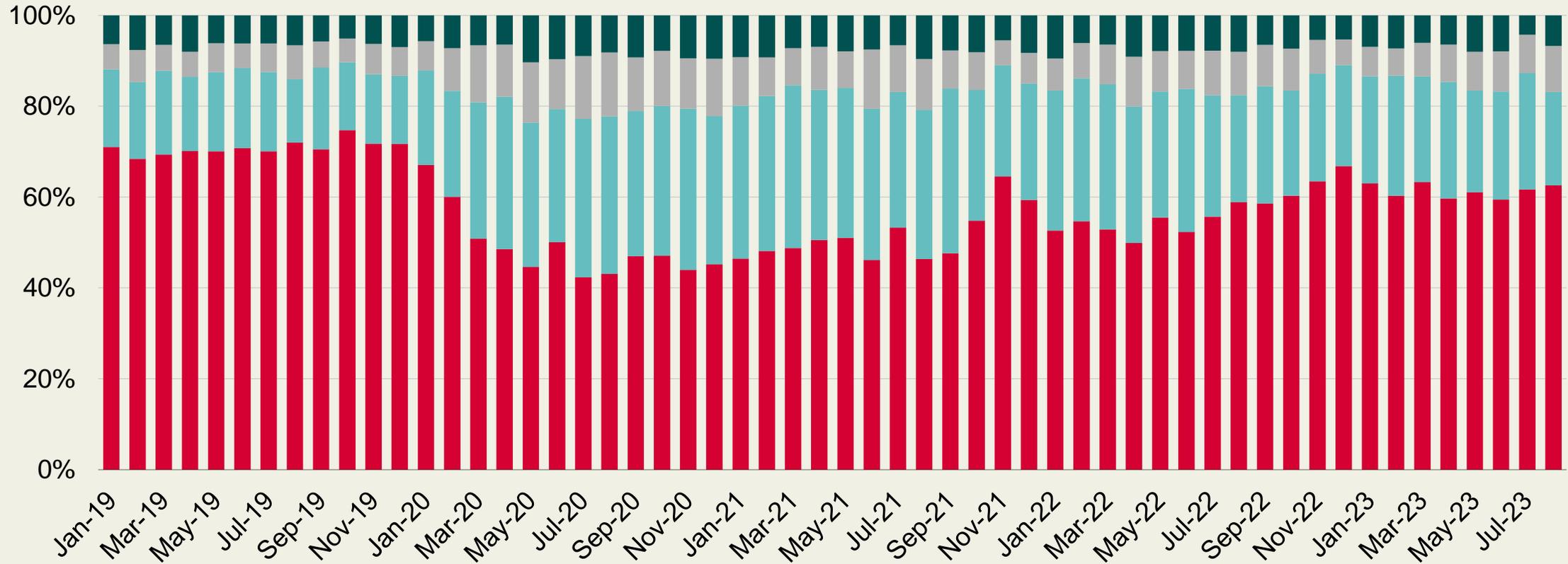


Source: Knight Frank

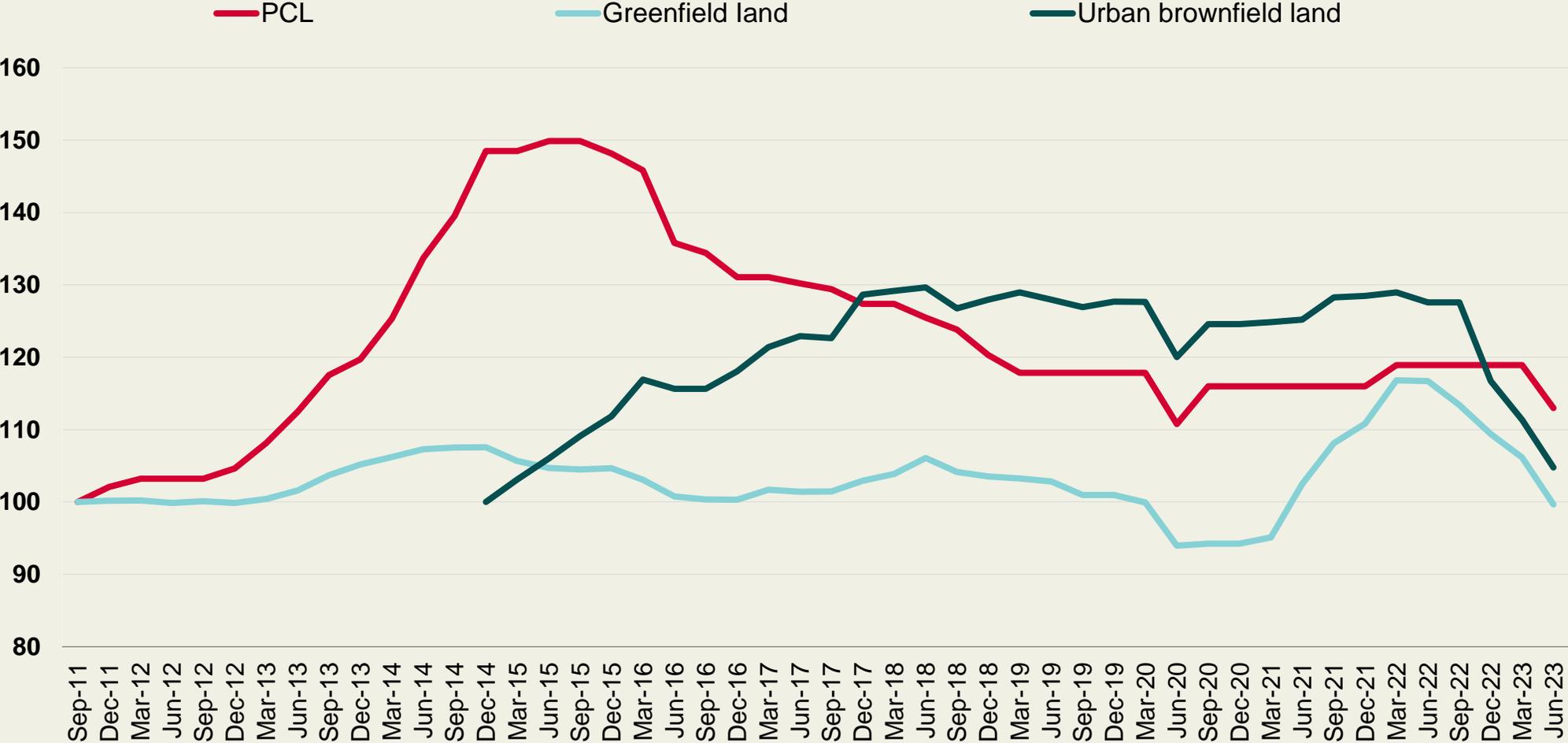
'Escape to the Country' has peaked

Where are London-based applicants looking?

■ London ■ South East ■ South West ■ Other



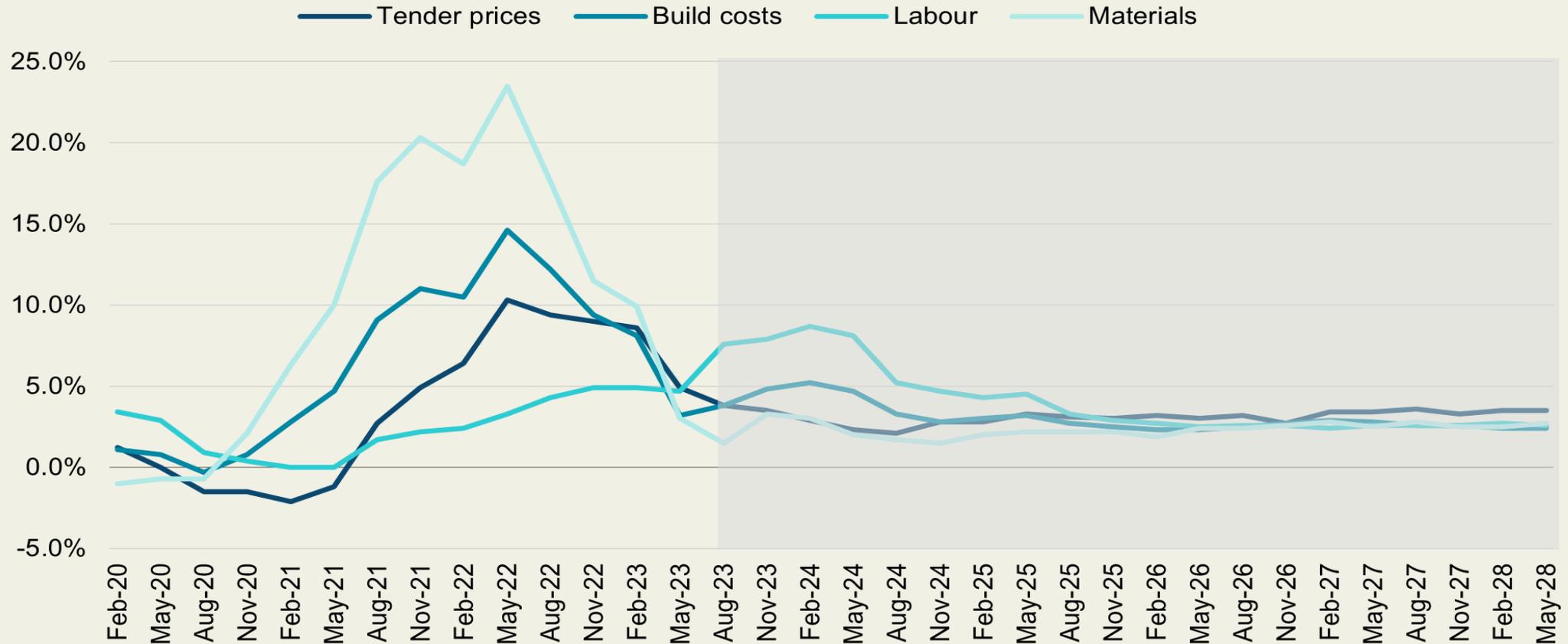
Land prices are falling



Build and labour cost inflation to ease

Cost inflation expected to ease through 2023

Annual % change



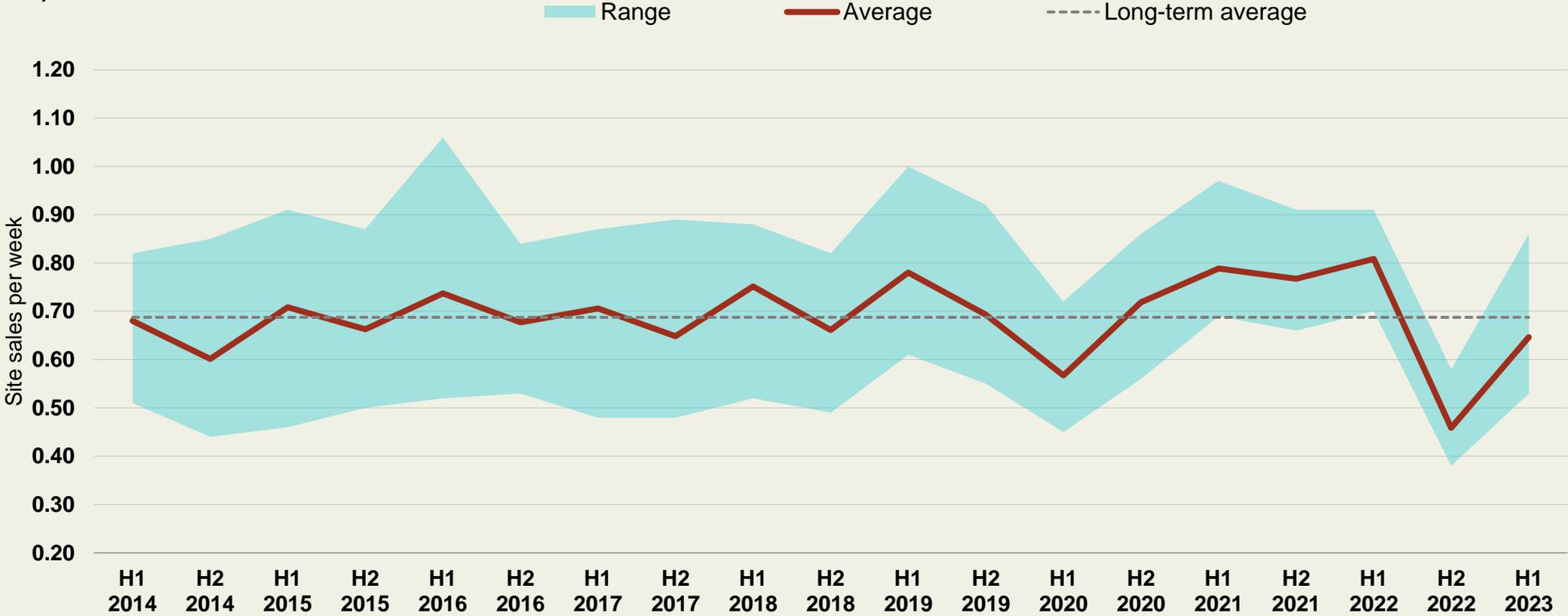
Source: Knight Frank Research, BCIS

New-Build Sales Dip



Site sales per week

Major UK housebuilders

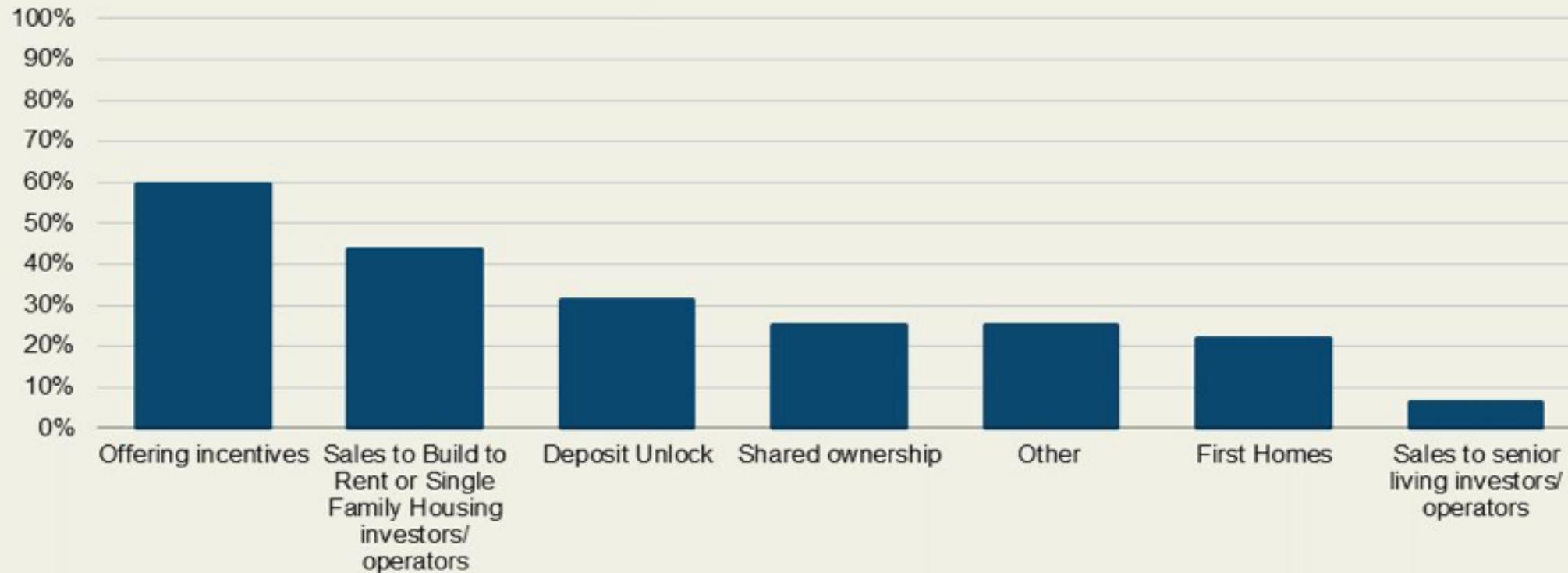


Source: Knight Frank Research, Housebuilder Reports

UK developers look to incentives to support sales

What do you think will help support sales in 2023?

% of respondents (select up to 3)



Does the next election matter?



Political noise will increase as
economy settles

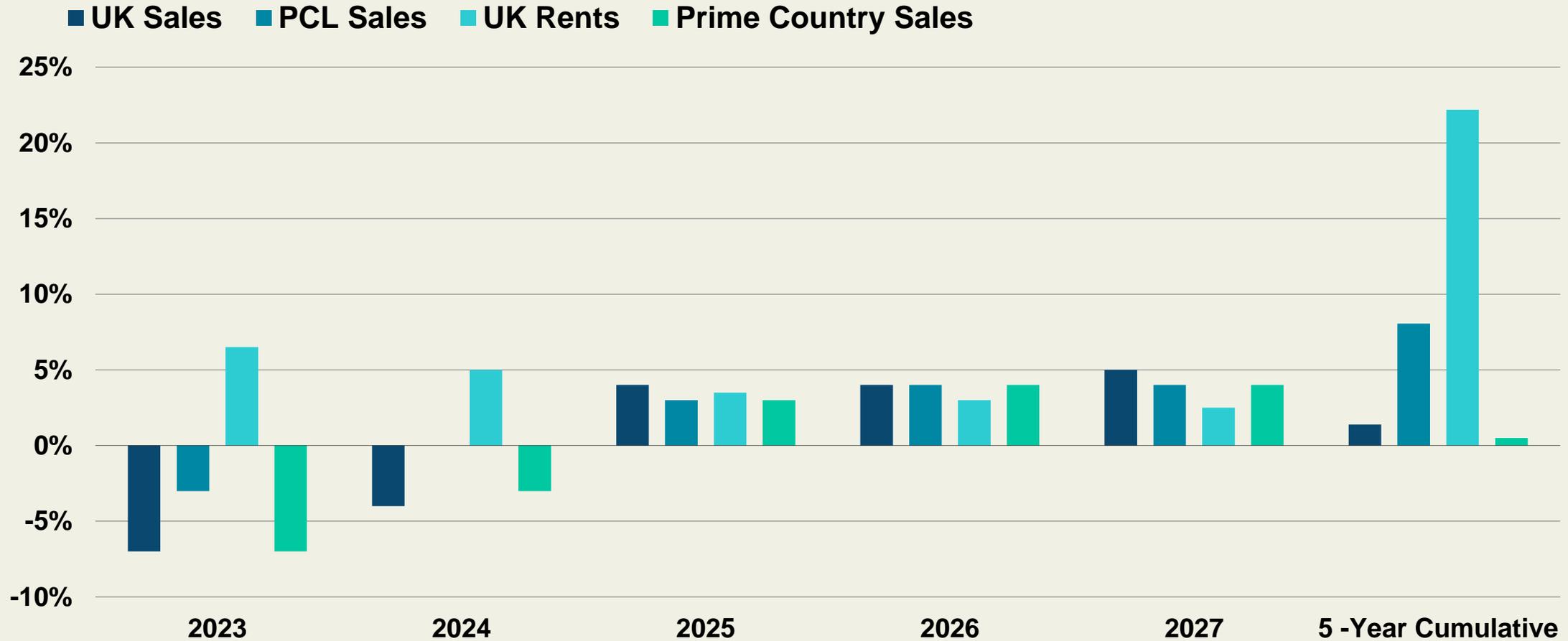
“Dinosaur” parties disconnected
from electorate

Housing takes centre-stage but
government doesn’t build houses

Labour pledges no overt wealth tax



What next for the property market?



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