

House prices encouraging for next PM

PROPERTY

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HOPES for a summer recovery in the housing market warmed up today, adding to signs that whoever wins the election could move into Downing Street with an improving economy.

The closely watched house price index from Nationwide, one of the UK's biggest mortgage lenders, showed a 0.2% month-on-month rise for June. That was narrower than the 0.4% seen in May. But June's annual rate of growth rose to 1.5%, up from 1.3%.

London outpaced the national rate, with prices in the capital up 1.6% to an average of £525,248. The national average house price was £266,604.

Daniel Austin, CEO and co-founder at lender ASK Partners, said: "The property sector is recovering.

"With housing set to be a battleground point in this week's election, we hope to see a long-term plan for new homes,



"Recovering": Nationwide's house price index shows a 0.2% rise for June

including social housing".

But worries about affordability remained, as the wait for the first interest rate cut since the pandemic continues. The Bank of England has yet to lower interest rates from their 16-year peak of 5.25%, making home loans expensive.

Nationwide said today that house market transactions involving a mortgage were down by a quarter compared

with pre-pandemic levels "reflecting the impact of higher borrowing costs". The number of all-cash purchases was up 5% compared with 2019.

Robert Gardner, Nationwide's chief economist, said: "While earnings growth has been much stronger than house price growth in recent years, this hasn't been enough to offset the impact of higher mortgage rates, which are still well above the record lows prevailing in 2021 in the wake of the pandemic."

He added: "As a result, housing affordability is still stretched."

With City experts predicting a first BoE interest rate cut this summer, there were hopes that more borrowers will be able to secure mortgages, giving the market further momentum.

Tomer Aboody at MT Finance said: "A push from government is needed to increase activity, and hopefully after the election, whoever is running the country will look to assist buyers."

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