

## News in Review

6 July 2022



*"The property market has continued to perform very well so far this year"*

**Despite a combination of economic and inflationary headwinds, homebuying demand remained strong during Q2 according to the most recent Homebuyer Hotspot's Demand Index from GetAgent.**

In the second quarter of the year, buyer demand – based on the stock listed as sold, as a percentage of all stock listed for sale – was 63%, down just 1% on the previous quarter. The data showed that although London remains a cooler spot for buyer demand in the property market (48%), along with the City of London (25%), there are signs that momentum is beginning to build. Colby Short, Chief Executive Officer at GetAgent, commented on the Q2 Index findings, *"While the London property market has been decidedly more muted of late when compared to the rest of the UK, we're now seeing almost half of all homes listed for sale being snapped up which suggests that the capital is far from on its knees."*

Homebuyer hot spots in the UK include Bristol, where buyer demand sits at 78%, followed by Northamptonshire (72%), Bath and North East Somerset, Wiltshire, Gloucestershire, and Hampshire (70%). Mr Short deduced, *"Despite wider economic turbulence, the property market has continued to perform very well so far this year and house prices remain at all-time highs due to the imbalance between homebuyer demand and available stock."* He continued, *"In fact, demand levels remain extremely high across the majority of the market, and it seems that not even the threat of increasing interest rates and record levels of inflation can deter the nation's homebuyers from their aspirations of homeownership."*

**Turbulent Tuesday for PM**

Tuesday was a challenging day for Boris Johnson as he addressed claims that he had been told in person about a past formal complaint concerning shamed Member of Parliament Chris Pincher. The government was thrown into turmoil, as Chancellor Rishi Sunak and Health Secretary Sajid Javid resigned within minutes of each other, rebuking the Prime Minister for a lack of competence and integrity. Nadhim Zahawi and Steve Barclay have since been appointed to the roles of Chancellor and Health Secretary respectively.

**ECB poised to implement rate hike**

During the European Central Bank's (ECB) annual retreat in Portugal last week, President Christine Lagarde affirmed plans for an initial quarter-point interest rate increase in July and reiterated that policy makers are ready to step up action to tackle record inflation if necessary. She cautioned that inflation in the eurozone was *"undesirably high,"* pledging to act in *"a determined and sustained manner"* to get it back under control. Lagarde suggested that following the July rise, rates would then increase by 0.5 percentage points in September unless there was a marked improvement in the outlook. Inflation in the eurozone is currently running at a record high of 8.1%.

Meanwhile, Governor of the Bank of England Andrew Bailey warned that the UK faces a rapid, steep downturn as households are plagued by a *"very large national real income shock."* Also speaking at the conference in Portugal, Bailey signposted that the UK economy is at a *"turning point,"* addressing potentially bigger hikes in interest rates to alleviate

price pressures, he vowed to act *"more forcefully"* if ultra-high inflation continues as anticipated.

**Chinese economy returns to growth**

After lockdown restrictions were eased in the world's second-largest economy, Chinese economic activity expanded in June following three consecutive months of contraction, according to official business and factory surveys, which indicated a modest recovery. Demand remains weak and some manufacturers are contending with tight profit margins.

**ESG ratings regs supported by FCA**

The Financial Conduct Authority (FCA) has welcomed the government bringing in oversight of environmental, social and governance (ESG) services and products, following industry consultation. The FCA said this would satisfy its primary objective to protect consumers and the integrity of the UK financial system. Director of ESG at the FCA, Sacha Sadan, said the focus of the regulator's ESG strategy is to build trust and integrity in financial instruments and products that are sold as sustainable and *"that requires close international co-operation on standards and actions right across the market. [So] we would support a future regulatory regime in line with international recommendations."* The Treasury and the FCA will embark on an industry-wide consultation prior to implementing regulations.

**Here to help**

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.