

Mortgage and Property

Are we heading for a property market crash? Experts deliver their views

by Meg Bratley | Jun 9, 2023

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Following the Halifax reporting earlier this week that house prices registered the first annual contraction in more than a decade in May, UK newswire, Newswire, asked property experts if a property market crash is on the cards. The views of 10 can be seen below.

Stuart Cheetham, CEO at MPowered Mortgages, said "We don't believe a crash is on the cards unless we see unemployment numbers go up and more bad news on inflation. Market transactional activity is down 58%, which is huge, but unless we see forced sellers, namely people in difficulty because of unemployment or prolonged high rates, the limited supply of houses on the market will prevent a crash. Given rates are expected to remain high for the foreseeable future, we could see house prices continue to fall, meaning housing could become more affordable."

Rhys Schofield, Director at Peak Mortgages and Protection, said "Housing transactions on average take 5-6 months to complete so the danger of reporting completion stats is that they're off the pace. They now just tell us what we all knew anyway, in other words that the mini-Budget ground the market to an earlier than normal pre-Christmas halt. The picture at the coal face since the new year has been much rosier. Estate agents have been busy, houses are selling and all-in-all it's pretty steady. Any doom-mongers waiting for a crash will be disappointed."

Gary Bush, Financial Advisor at Mortgageshop.com, said "With the general activity we are still seeing and that has been happening since January, we find it unlikely that a property price crash is going to happen. The annual price contraction announcement from Halifax was unexpected but isn't the worst news that the UK has seen of late. We have our eyes firmly fixed on the inflation figure announcement on 21 June."

Kundan Bhaduri, Property Developer and Portfolio Landlord at The Kushman Group, said "As a portfolio landlord and an active buyer, we bought six properties in the last quarter, and have several other deals in the pipeline over the next two quarters. I am confident that we are far from being in a market crash. If anything, the market is consolidating due to the interest rate rises. With fewer buyers out there, this is a rare buying opportunity for those who have struggled and lost out in bidding wars in the past several years. Property crashes are commonly characterised by a high unemployment rate, extraordinarily high interest rates, credit unavailability, a severe recession, an oversupply of property, falling population/net migration and a slowdown in foreign investment. Safe to say that barring high interest rates, none of the other factors are likely to come to fruition. I would suggest anyone on the sidelines and unsure about the market should take a strong, hard look at it. The fundamentals have not changed and an acute shortage of housing persists across the UK."

Justin Moy, Managing Director at EHF Mortgages, said "I definitely agree there will be some price reductions, with some areas of the country experiencing more downward pressure than others. The low availability of property stock has probably kept prices higher than expected in the short term, but the effect of inflation, mortgage rates and low confidence still needs to show in the figures. It's certainly worth keeping an eye on mortgage lenders, though, who are still lending with little or no deposit, suggesting that we won't see significant and immediate falls in prices. But once lenders need more than a 10% deposit, that might be more of an indication of a 'crash' on the horizon."

Graham Cox, Founder at SelfEmployedMortgageHub.com, said "A house price crash is now inevitable in my opinion. With further base rate rises expected, even Halifax is reporting that the 'downward pressure' on house prices is set to continue. I think we'll see nominal house prices fall 15%-20% over the next two years, with property values starting to fall more rapidly over the second half of 2023. The reason UK productivity and economic growth have been so poor over the past decade or more is that an ever-increasing percentage of people's income is being spent on mortgages and rent. Funding has been diverted away from business investment and towards property asset speculation instead, the primary cause of our economic malaise."

Ashley Thomas, Director at Magni Finance, said "A house price crash is now inevitable in my opinion. With further base rate rises expected, even Halifax is reporting that the 'downward pressure' on house prices is set to continue. I think we'll see nominal house prices fall 15%-20% over the next two years, with property values starting to fall more rapidly over the second half of 2023. The reason UK productivity and economic growth have been so poor over the past decade or more is that an ever-increasing percentage of people's income is being spent on mortgages and rent. Funding has been diverted away from business investment and towards property asset speculation instead, the primary cause of our economic malaise."

Austyn Johnson, Founder at Mortgage for Actors, said "I don't see a full crash happening. I can see continued blips, though, in different areas of the UK. Some parts always fare better than others. I just hope those who bought with a tiny deposit don't end up in negative equity."

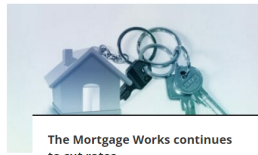
James Vince, Managing Director at Castle View Finance, said "The property industry works in cycles. This has been demonstrated many times, reportedly in an 18-year cycle. We are due a downturn to some degree, however, the fundamentals of demand are still at play: more need than supply means prices continue to increase. Years of not enough houses against continued requirements, with an increase in the need for social housing, have always led to stability in some areas of the market. We will as always see the micro market suffer in certain regions, such as London or heavy buy-to-let markets as landlords exit the space. As an investor, I continue to buy and look at opportunities where others have had enough of uncertainty and regulation changes. As a homeowner, property is still a great long-term wealth tool and future security if managed correctly."

Emma Jones, Managing Director at Whenthebanksays.co.uk, said "This crash has been talked about and projected for some time and following the Stamp Duty holiday-triggered rise in prices during the pandemic, things were bound to come back down again. However, I believe we are more likely to see a correction in the market rather than a crash."

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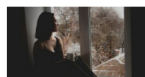
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