

# Mortgage approvals slow to seven-month low, as house price growth levels off

Lowest number of mortgage approvals since May 2015, as house prices rise just 0.3pc



House prices are rising, but at a slower rate



By [Isabelle Fraser](#)

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British banks approved the lowest number of mortgages for seven months, as house prices grew at a slower rate than expected.

The British Bankers' Association said that 43,975 loans were rubber-stamped in December on a seasonally adjusted basis, lower than the 45,500 figure forecast in a Reuters poll. This was also the lowest number since May 2015.

Compared with December 2014, however, the number of mortgage approvals was 24pc higher. Richard Woolhouse, chief economist at the BBA, said: "Last year was a strong year for household borrowing."

Meanwhile Nationwide reported that [house price growth](#) slowed to 0.3pc in January, falling short of the 0.6pc expected by economists, and down from December's eight-month high of 0.8pc.

Robert Gardner, Nationwide's chief economist, said that house price growth would pick up in 2016, due to high demand, but warned of a lag in construction activity [slowing supply](#).



House prices have moderated, but will pick up in 2016, says Nationwide's chief economist

He said: "The concern remains that construction activity will lag behind strengthening demand, putting upward pressure on house prices and eventually reducing affordability.

"Indeed, the market is already characterised by a shortage of stock, with the Royal Institution of Chartered Surveyors (Rics) reporting that the number of properties on estate agents' books remains close to all-time lows."

[House prices](#) rose by 4.4pc in the year to January, though experts had expected a rise of 4.7pc.

The average house price is now £196,829, according to Nationwide.

Mr Gardner added: "As we look ahead, the risks are skewed towards a modest acceleration in house price growth, at least at the national level. The labour market appears to have significant forward momentum.

"Employment has continued to rise at a robust rate in recent months and, while the pace of earnings growth has slowed somewhat, in inflation-adjusted terms regular wages continue to rise at a healthy pace.

"With this trend expected to continue and with interest rates also likely to stay on hold for longer than previously anticipated, the demand for homes is likely to strengthen in the months ahead."

Rory Penn, from prime London estate agency VanHan, said: "We are cautiously optimistic about 2016, however the market is unsettled and liquidity is down."



Mortgage approvals are their lowest since May 2015

Mark Harris, chief executive of mortgage broker SPF Private Clients, said: "The biggest issue for many is actually qualifying for one of these great mortgage deals. Tighter affordability criteria as a result of the Mortgage Market Review mean certain groups are finding it hard, such as older borrowers, the self-employed and those requiring interest-only mortgages.

"First-time buyers have seen high loan-to-value rates fall but are still paying considerably more than those with bigger deposits."

Remortgaging numbers were unlikely to surge in coming months, he added, as the Bank of England has suggested that an interest rate rise is off the agenda at least for now.

"Often it is only once rates start rising that homeowners feel an urge to remortgage, and often after two or three rate rises that they actually get round to it," he said.