

Market Insight

February 2023

Including:

- SPRING BUDGET 2023 REVIEW
- Latest economic and sector-specific metrics
- Curated industry headlines

Introduction

Obviously the Spring Budget will continue to dominate the headlines. The measures, whilst not ground-breaking, seem a level-headed approach given the economic challenges of the last 6 months. A key focus seems to be boosting the workforce by getting those currently out of work back in, whether that is early retirees or new parents. This can only be a good thing for business.

Some modest support is also being provided across the board in terms of energy bills, fuel rate cuts, and free child care, which will benefit large swathes of the population. Businesses and landlords will unfortunately have to absorb some costs with the Corporation Tax increase from April, however, of particular note to the specialist lending sector is the introduction of 12 new Investment Zones across the country. These offer opportunities across several sectors, our own included.

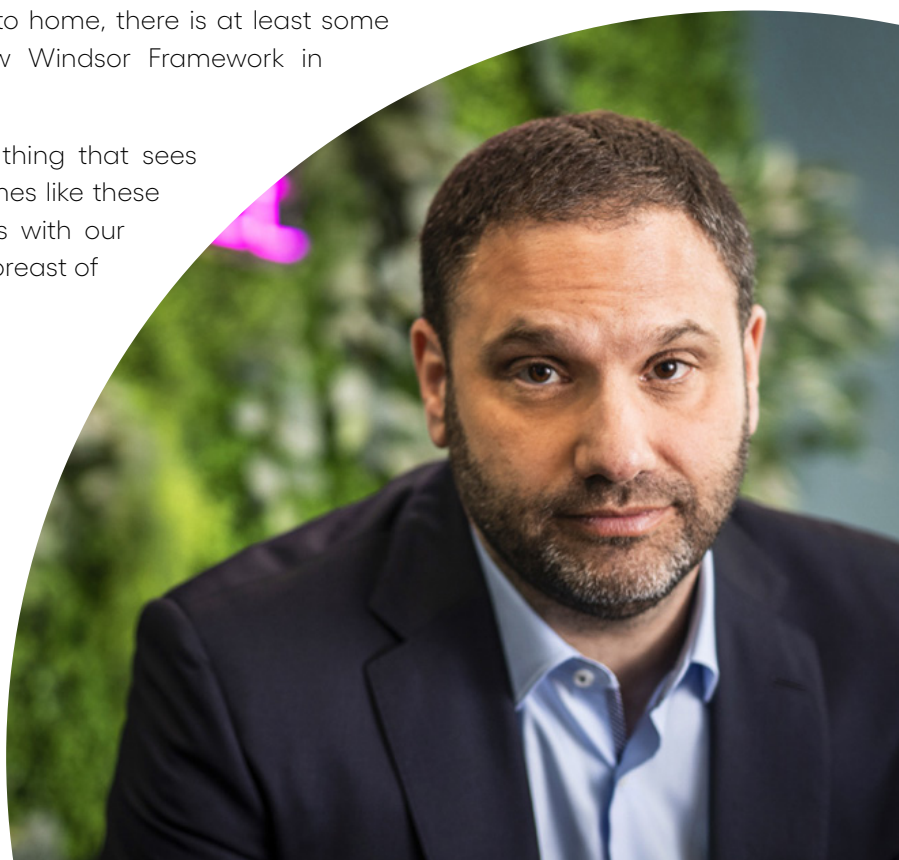
Aside from the budget, you could describe this month's report as 'a bit of a mixed bag'. There is cautious optimism that the market is going to pick up, after the announcement that the inflation rate was falling faster than anticipated and February's positive HPI release. However, there is still some evidence to the contrary, with mortgage lending falling month-on-month due to seeming decreased demand. It seems that even the experts cannot agree on where we are headed! Local investment seems strong however, with several large schemes approved in the Greater Manchester area alone.

The key things to observe in the coming months will be external market factors identified within the report, such as the recent stock market losses in the US, and the fractured US/China relations. Closer to home, there is at least some progress being made with the new Windsor Framework in Northern Ireland.

Although it sounds clichéd, the key thing that sees our business successfully navigate times like these is maintaining our close relationships with our Brokers and Partners while keeping abreast of any sudden market shifts.



Andrew Lazare,
Managing Director



UK Economic Insight

This section contains an overview of the UK's current economic position in terms of several key indexes and metrics from governmental and other trusted sources, as well as an overview of the key takeaways from the recent Spring Budget.

UK Spring Budget

The Chancellor of the Exchequer, Jeremy Hunt, delivered the UK's Spring Statement on March 15th, which contained several measures to try and halve the inflation rate following unprecedented rises in recent months. Other priorities include growing the economy and reducing government debt.



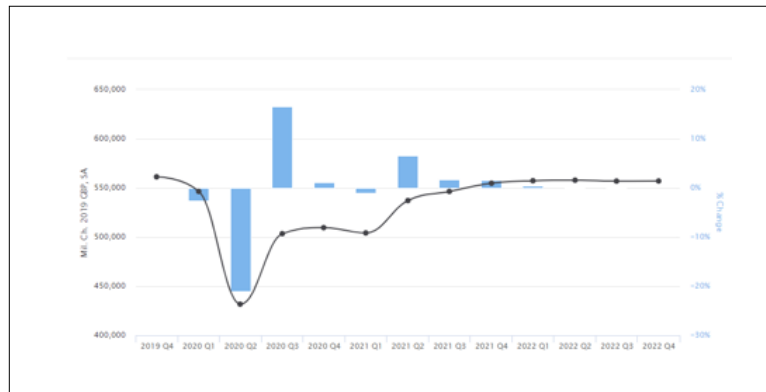
Key Announcements:

- The main rate of Corporation Tax to increase from 19% to 25%.
- Companies can deduct investment in new machinery and technology to lower taxable profits.
- Tax breaks and other benefits for 12 new Investment Zones across the UK funded by £80m each.
- The 5p cut to fuel duty on petrol and diesel to be kept for another year.
- From August, alcohol taxes in pubs to be 11p in the pound lower than in supermarkets.
- The lifetime pensions cap of £1.07m is to be abolished.
- The tax-free yearly allowance for pension pots is to rise from £40,000 to £60,000.
- Energy price cap of £2,500 will be extended for three months, until the end of June.
- Energy charges for pre-payment meters will be brought into line with those paying by direct debit.
- 30 hours of free weekly childcare for working parents.
- Work Capability Assessment abolished and funding for up to 50,000 places on a new voluntary employment scheme for disabled people, called Universal Support.

UK Real GDP (GDP adjusted for inflation)

The latest figure is for Q4 2022 which was up very slightly (0.01%) on the previous month.

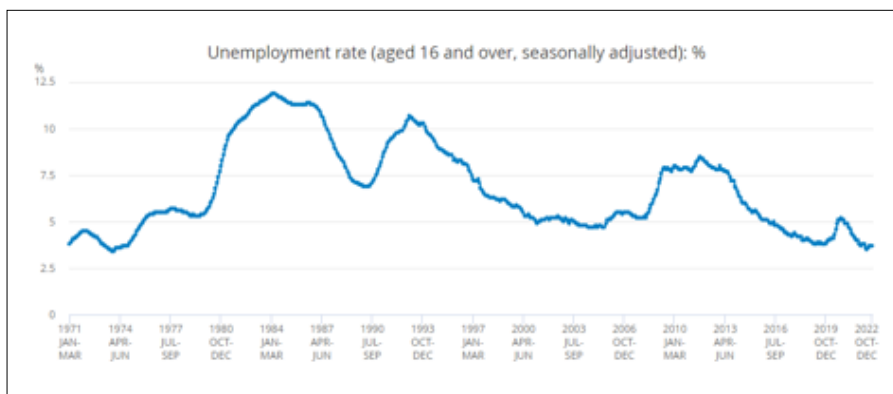
This is relatively flat and has been for the past three releases, matching numerous predictions.



Correct as of March 2023

UK Unemployment Rate (aged 16 and over, seasonally adjusted)

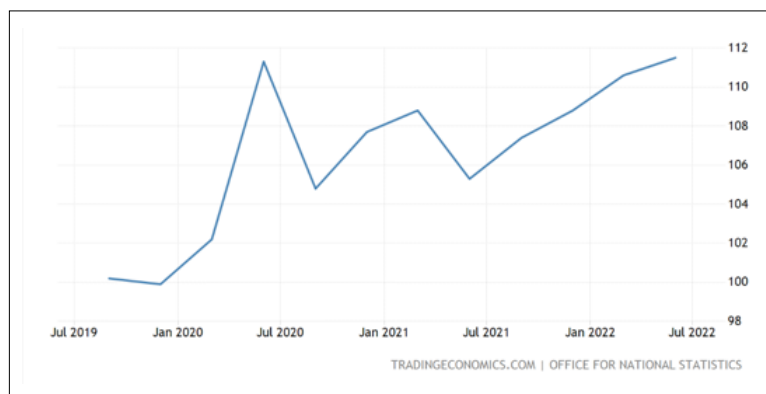
Latest data available is the three month period from Oct – Dec, which shows the UK unemployment rate at 3.7%, which is flat from the previous three-month period. The rate has stayed consistently flat between 3.5 – 3.8% over the past 12 months.



Correct as of March 2023

UK Labour Costs

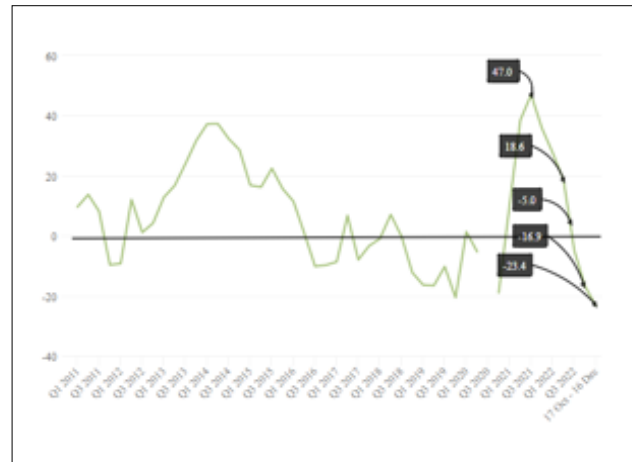
Still no change since the second quarter of 2022 at 111.50 points; this is the most up-to date figure available as the ONS's figures are only up to the end of 2021. Quite a few sources expect last year's upward trend to continue though, due to inflation levels and rising energy costs.



Correct as of March 2023

Business Confidence Overall

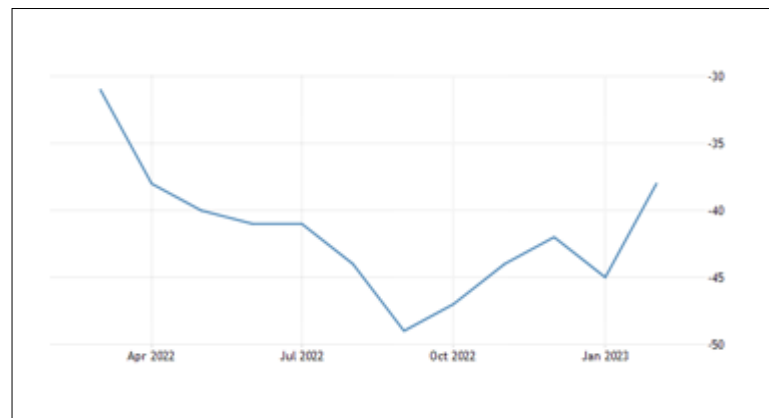
No change since the previous survey period, when the Business Confidence Index declined to -23.4, one of the lowest readings on record, and reflecting both domestic political events and the challenging global economic environment. Although it is a historically low level, it is across all sectors, and further economic growth is expected this year which will help raise the level going forward.



Correct as of March 2023

UK Consumer Confidence Index

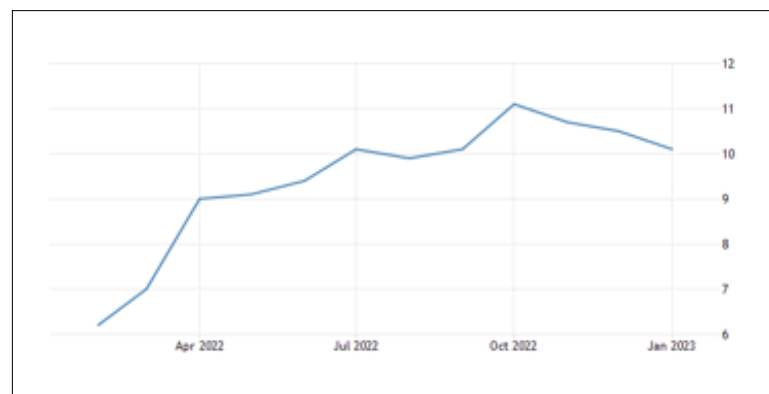
The GfK Consumer Confidence indicator in the United Kingdom rose to -38 in February 2023 from -45 in the previous month, topping market estimates of -43 and pointing to the highest reading since April 2022. The seven-point increase was the biggest monthly improvement in nearly two years.



Correct as of March 2023

UK Inflation Rate

Annual inflation rate in the UK fell to 10.1% in January of 2023 from 10.5% in December, below market forecasts of 10.3%. Inflation fell for a third consecutive month to the lowest since September last year.

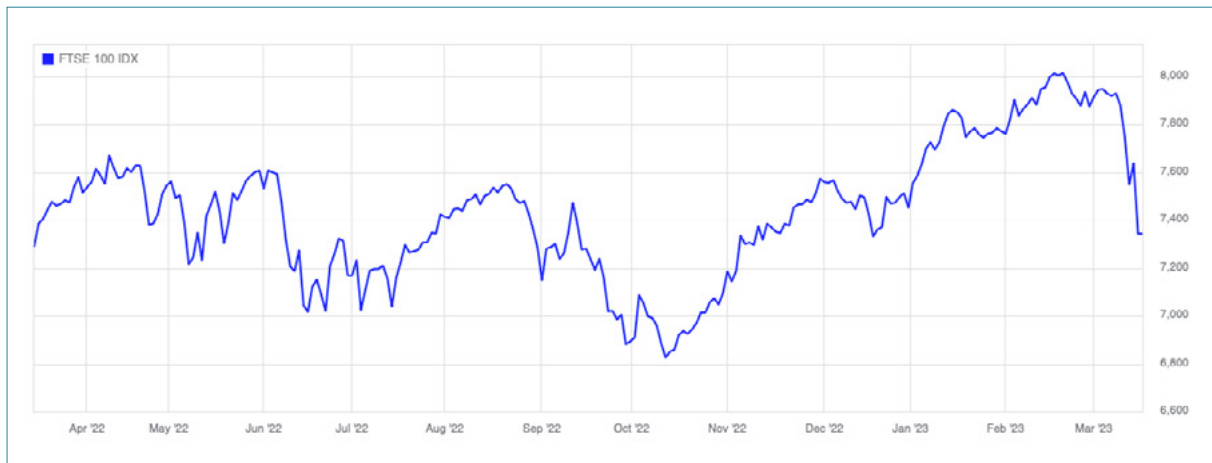


Correct as of March 2023



FTSE 100

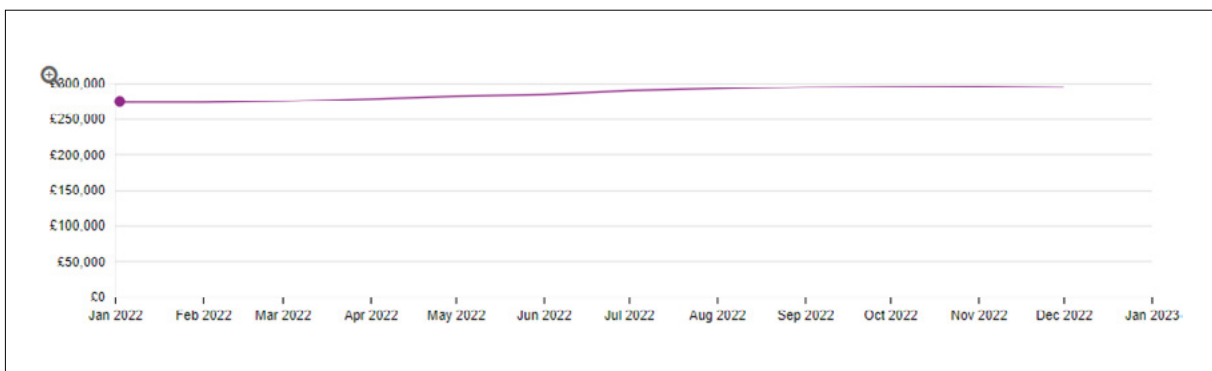
UK's FTSE 100 index reached a post-Covid record in mid-February (8014.31) before falling slightly going into March. Since then, it has fallen significantly to its lowest level (7344.45) since December 2022, largely down to the Silicon Valley Bank collapse and subsequent turbulence.



UK House Price Index December 2022

As of December 2022, the average house price in the UK is £294,329, and the index stands at 154.4.

Property prices have fallen by 0.4% compared to the previous month, and risen by 9.8% compared to the previous year.



European Market Rates – available at the below link:

[View Latest European Market Rates](#)

Bringing The Outside World In

This section looks at news, headlines & reports from numerous sectors to bring context to current market conditions.

Advertising & Media - Q4 2022 IPA Bellwether Report

The IPA Bellwether Report is a quarterly survey outlining companies' marketing spend intentions and financial confidence, featuring original data drawn from a panel of around 300 UK marketing professionals and providing a key indicator of the health of the economy



Key findings from the Q4 2022
IPA Bellwether Report:

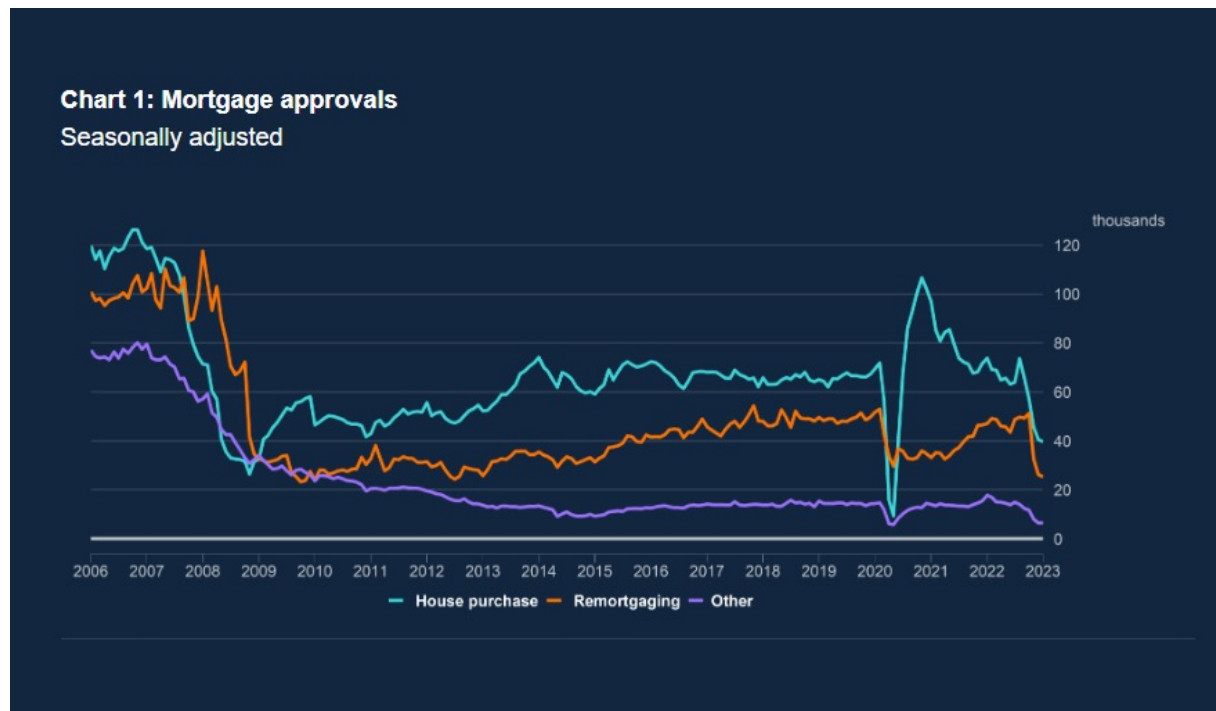
- Firms are reportedly expanding marketing budgets to support their brands through the impending downturn.
- Main media category returns to growth; events budgets expand again.
- Preliminary 2023/24 budgeting points to strong growth next year.
- Financial prospects remain subdued at industry-wide and company-own level, but turn less negative.





Bank of England Money and Credit - January 2023

Latest Findings Published 01 March 2023



Net mortgage lending to individuals decreased from £3.1 billion to £2.5 billion in January.

Net mortgage approvals for house purchases decreased to 39,600 in January from 40,500 in December, marked the fifth consecutive monthly decrease in mortgage approvals. If the onset of the Covid-19 pandemic and period immediately thereafter is excluded, this was the lowest approvals since January 2009 (32,400).

The 'effective' interest rate – the actual interest rate paid – on newly drawn mortgages increased by 21 basis points, to 3.88% in January.



Mortgages & Housing In The Press

How a 10-minute call could cut £20,000 off your mortgage bill: Fixed-rates are falling, so if you've got a loan booked ask if there's now a better one

- On October 24, Natwest's five-year fixed rate with 15% deposit was 6.39%
- By February 2, the equivalent rate had been cut all the way down to 4.58%
- This switch would save a borrower £16,200 of interest in just five years
- [Check the best mortgage rate you could apply for with our dealfinder tool](#)

MailOnline

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Fewer landlords experiencing tenants in rental arrears

By Michael Griffiths 16/02/2023

The proportion of landlords experiencing tenants in rental arrears has fallen to its lowest recorded level, research from Paragon Bank has indicated.

MONEYAge
First for IFAs, mortgage brokers and the financial services sector

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Average asking prices remain flat ahead of selling season: Rightmove

Average new seller asking prices remain flat this month, rising by just £14 (+0.0%), the smallest ever increase from January to February and an indication that a higher number of sellers are reading the market and pricing correctly the first time.

property | reporter

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UK house prices rise as mortgage rate cuts lift confidence

Average monthly increase of 1.1% to £285,476 in February, after falls in previous two months, says Halifax

The Guardian

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North West Business News

NORTH WEST BUSINESS ACTIVITY FALLS IN JANUARY - NATWEST

© 13 Feb 2023 North West Business



Malcolm Buchanan, chair of NatWest North Regional Board

A renewed decline in business activity in January signalled a difficult start to the new year for firms across the North West, according to the latest Regional PMI® data from NatWest.

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PRIVATE EQUITY FIRM PARTNER OPTIMISTIC DESPITE "DIFFICULT PERIOD"

© 13 Feb 2023 North West Business



Maven's nationwide investment team has had another busy year

A partner at private equity firm Maven Capital Partners has told *Insider* he is optimistic for the year ahead despite what he described as a "difficult period" for SMEs and growth businesses in the North West.

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SALFORD APARTMENT SCHEME SET FOR GREEN LIGHT

© 28 Feb 2023 North West Property



Plans for a 12-storey residential development on a parcel of employment land in Salford have been recommended for approval.

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PLANS IN FOR STUDENT SCHEME AT PROMINENT MANCHESTER SITE

© 3 Mar 2023 North West Property



Plans have been submitted for a House of Social development at First Street

Plans have been submitted for a 14-storey student accommodation scheme with a ground floor food hall at a landmark location in Manchester.

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Hometrack – Latest House Price Index Report

Compiled monthly, Hometrack's in-house House Price Index analyses housing market trends at a city level – across 20 cities, regions and nationwide.

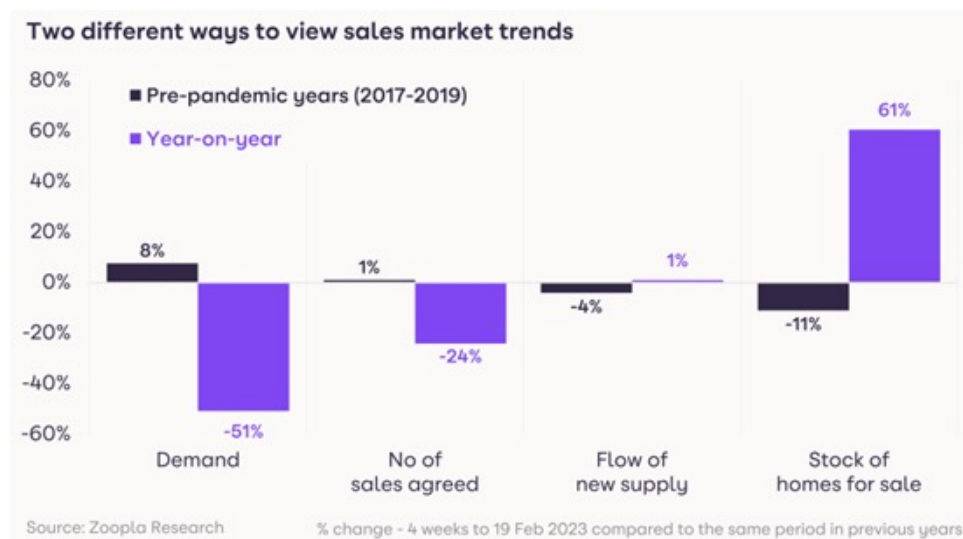


February 2023



Executive summary

- Annual house price inflation slows to 5.3% down from 8.6% last year
- Buyer demand and sales volumes are 20-50% lower than a year ago but slightly ahead of the pre-pandemic years (2017-2019)
- Sellers having to accept an average 4.5% discount to the asking price to achieve a sale – the highest for 5 years as a buyers' market takes hold
- Average discount to asking price is £14,000 meaning sellers are having to forgo a third of their pandemic house price gains
- Broad based repricing of housing underway – UK house price inflation set to move into low negative year-on-year by summer
- Market is still on track for a soft landing with modest price falls of up to 5% and 1m sales in 2023



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Surveyors RICS – UK Residential Market Survey



The RICS UK Monthly Residential Market Survey is the leading source of market intelligence, highly regarded both by investors and across the industry.

February 2023

- Prices and sales still under pressure for now but picture a little less negative looking further out.
- Key activity metrics all remain negative but less so than previously.
- House prices continue to slip at the national level.
- Sales being agreed at below ask prices but generally within a 5% margin.
- Rental growth continuing to be driven by significant demand supply imbalance.



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New Car Registrations

The Society of Motor Manufacturers and Traders (SMMT) monitors new car registrations across the UK on an ongoing basis. This offers an insight at a macro level about what trends are occurring in the automotive industry, and are indicative of the wider economic situation.



February 2023

FEBRUARY

	2023	2022	% change	Mkt share -23	Mkt share -22
Private	29,391	27,784	5.8%	39.5%	47.1%
Fleet	43,738	29,907	46.2%	58.8%	50.7%
Business	1,312	1,303	0.7%	1.8%	2.2%
TOTAL	74,441	58,994	26.2%		

Year to date

	YTD 2023	YTD 2022	% change	Mkt share -23	Mkt share -22
Private	89,030	90,121	-1.2%	43.1%	51.8%
Fleet	113,278	80,724	40.3%	54.9%	46.4%
Business	4,127	3,236	27.5%	2.0%	1.9%
TOTAL	206,435	174,081	18.6%		

CARS REGISTRATIONS SMMT NEWS

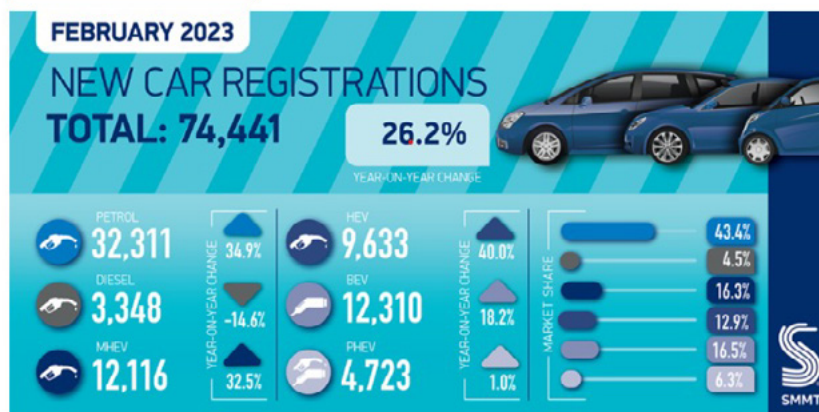
UK new car market posts seventh straight month of growth

06 MARCH 2023 #CARS #REGISTRATIONS #SMMT NEWS

- Britain's new car market rises 26.2% in February, in seventh consecutive month of growth.
- Battery electric deliveries rise 18.2%, with all plug-in cars taking almost a quarter market share.
- Plug-in uptake set to near half a million units in 2023, but Spring Budget measures needed to ensure a fair net zero transition for UK motorists.

SEE CAR REGISTRATIONS BY BRAND

DOWNLOAD PRESS RELEASE AND DATA TABLE



UK new car registrations grew by 26.2% in February as 74,441 new cars joined Britain's roads, according to the latest figures from the Society of Motor Manufacturers and Traders (SMMT). While February is typically low volume ahead of the March plate change, this year it marked the seventh month of consecutive growth as easing supply chain shortages steered the market closer to pre-pandemic levels, down just 6.5% on the same month in 2020.

The month saw almost universal growth across the market, with deliveries to private buyers up 5.8% and those to large fleets up 46.2%. Business registrations, which account for a fraction of the market, increased by 0.7%, equivalent to just nine units.

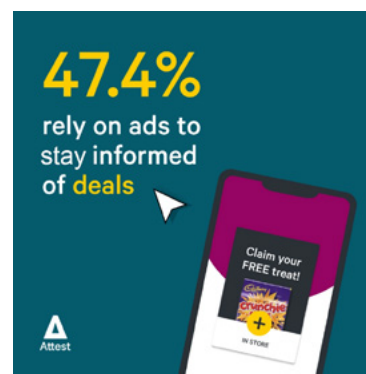
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Consumer Food & Beverage Trends

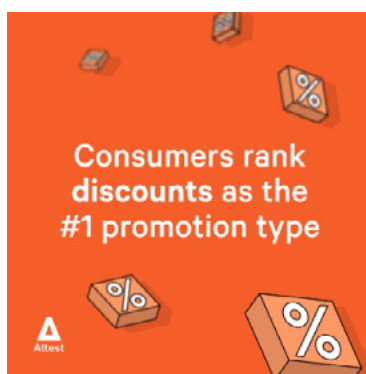
Consumer spending habits and trends are indicative of how much disposable income the workforce has on average, and therefore an indication of macro-economic conditions. This month's focus is food & beverage trends, due to increased media coverage over shortages due to Brexit, the war in Ukraine and weather conditions in the Mediterranean.



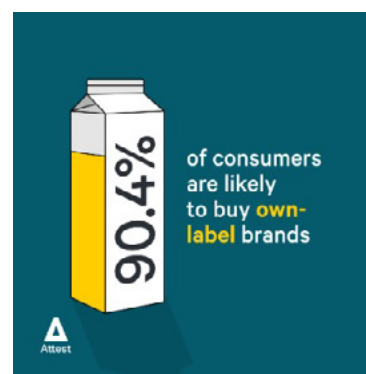
Today's shopper is savvier than ever: 59.0% say they're 'very likely' to shop around for the best deals on food and beverage products right now. A further 33.5% say they're 'somewhat likely'. Strong intent to shop around is evident across all demographics.



Brands often cut their marketing budget when times are tough, but scrimping on advertising is a false economy: 47.4% of consumers who say they shop around for F&B deals rely on ads to stay informed.



Discounting the price of a product is the tactic most likely to get Brits to buy it. Out of six promotion types, a discount was ranked as the most effective, closely followed by 'buy one get one free' deals.



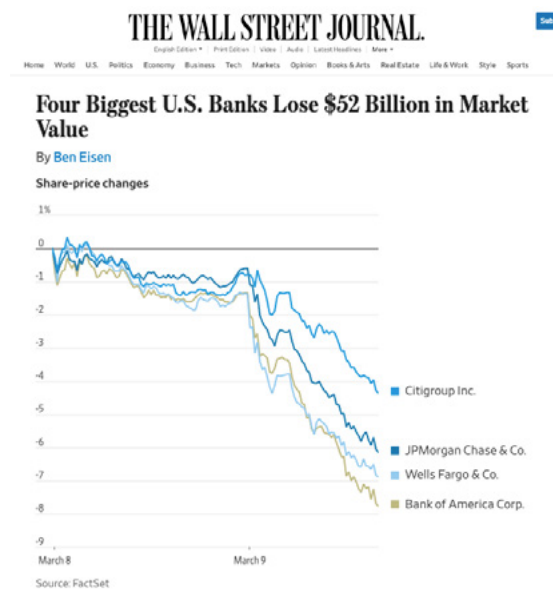
Supermarkets' own-label brands have benefited from the rising cost of living, with shoppers turning away from more expensive household names. More than 60% of Brits say they are 'very likely' to purchase them, with a further 30.3% 'somewhat likely'.

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World Headlines

Events across the world can have an impact on the sector in numerous ways. Here we compile some of the key stories that have made headlines from the past month.

Market Turbulence:



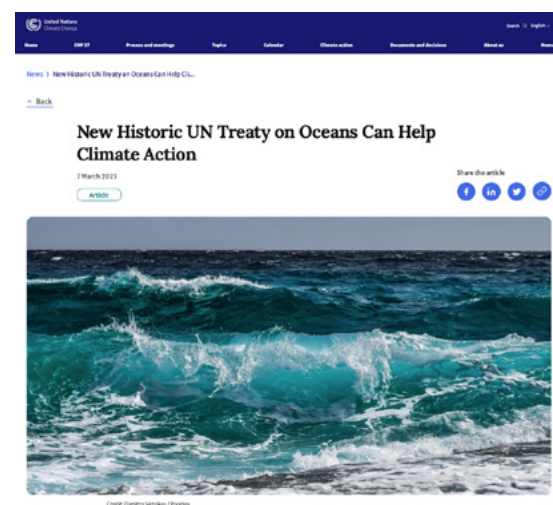
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Worsening Global Relations:



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UN Oceans Treaty:



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The Windsor Framework:



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UK Auction Results & Summary

Property auctions are a popular reason for many Borrowers requesting short-term finance. Although auction volume fluctuates up and down month on month, it is worth monitoring.

UK Auction Results – January 2023 (Latest Available)

Total Lots Offered and Lots Sold are down significantly on December's figures: of 3,665 and 2,507.

essential
information group

Overall

N.B. Figures in brackets denote the comparative period last year

	January 2023		November 2022 to January 2023		February 2022 to January 2023	
Lots Offered	1,009 (579)	▲ 74.3%	7,248 (5,509)	▲ 31.6%	31,219 (28,061)	▲ 11.3%
Lots Sold	645 (382)	▲ 68.8%	4,795 (4,164)	▲ 15.2%	22,599 (21,822)	▲ 3.6%
Percent Sold	63.9% (66.0%)	▼ 3.2%	66.2% (75.6%)	▼ 12.4%	72.4% (77.8%)	▼ 6.9%
Total Raised	£74.3M (£49.0M)	▲ 51.8%	£915.5M (£928.4M)	▼ 1.4%	£4,745.0M (£4,587.6M)	▲ 3.4%

Residential

N.B. Figures in brackets denote the comparative period last year

	January 2023		November 2022 to January 2023		February 2022 to January 2023	
Lots Offered	919 (510)	▲ 80.2%	6,428 (4,605)	▲ 39.6%	26,872 (24,178)	▲ 11.1%
Lots Sold	594 (338)	▲ 75.7%	4,218 (3,447)	▲ 22.4%	19,553 (18,806)	▲ 4.0%
Percent Sold	64.6% (66.3%)	▼ 2.6%	65.6% (74.9%)	▼ 12.4%	72.8% (77.8%)	▼ 6.4%
Total Raised	£66.6M (£45.5M)	▲ 46.3%	£686.8M (£660.5M)	▲ 4.0%	£3,589.9M (£3,459.3M)	▲ 3.8%

Commercial

N.B. Figures in brackets denote the comparative period last year

	January 2023		November 2022 to January 2023		February 2022 to January 2023	
Lots Offered	90 (69)	▲ 30.4%	820 (904)	▼ 9.3%	4,347 (3,883)	▲ 11.9%
Lots Sold	51 (44)	▲ 15.9%	577 (717)	▼ 19.5%	3,046 (3,016)	▲ 1.0%
Percent Sold	56.7% (63.8%)	▼ 11.1%	70.4% (79.3%)	▼ 11.2%	70.1% (77.7%)	▼ 9.8%
Total Raised	£7.7M (£3.4M)	▲ 125.3%	£228.7M (£267.9M)	▼ 14.6%	£1,155.1M (£1,128.3M)	▲ 2.4%



UK Auction Results – Property Auction

22nd February 2023

Pugh | Part of **Eddisons**

Pugh & Co, part of the Eddisons group, is one of the UK's leading property auction firms. With monthly auctions taking place and including lots from across the whole of the UK, their results act as a litmus test for how properties are currently performing at auction.

PROPERTY AUCTION | FEBRUARY - 22ND FEBRUARY 2023

Online

LOT	PROPERTY	STATUS	SOLD PRICE	AVAILABLE AT
001	167 Radcliffe Road, Bolton, Lancashire BL2 1NZ A semi-detached, three-bedroom dwelling offered with vacant possession. The property is situated on a large plot with generous gardens to the front and re...	Sold	£222,000	
002	35 Knowsley Street, Bury, Lancashire BL9 0ST A flexible opportunity for an investor or owner-occupier comprising a substantial mid-terrace property, situated approximately 0.5 miles south of Bury tow...	Withdrawn		
003	Abbey Mills, Abbey Road, Leeds, West Yorkshire LS5 3HP WILL NOT BE SOLD PRIOR TO AUCTION. A freehold, Grade II-listed former mill complex, extending to approximately 2,661 sq m (28,632 sq ft) and on a site o...	Sold	£687,000	
004	182 Bradford Road, Miles Platting, Manchester, Greater Manchester M40 7AS A part single storey part double storey industrial warehouse property extending to approximately 947 Sq M (10,193 Sq Ft). The property affords a number of...	Withdrawn		
005	9 Sydney Gardens, Consett, Durham DH8 7EP A semi-detached, two-bedroom dwelling sold with vacant possession having recently been tenanted. The property has not been inspected by Pugh & Co but are ...	Unsold		£60,000
006	Land At Ambleside Crescent, Warrington, Cheshire WA2 9NF A former garage colony site extending to approximately 443 Sq M (530 Sq Yds). The site may be suitable for development, subject to obtaining the necessary...	Sold	£28,000	
007	154 Pencoed Avenue, Cefn Fforest, Blackwood, Caerphilly NP12 3LQ A three-bedroom semi-detached house with partial double glazing, central heating (not tested) and gardens to the front and rear. The property requires ref...	Sold Prior		

- Of the **71** listed for this date, **20** were sold directly at the auction. (**53 / 7** in January)
- **39** were either unsold, postponed, withdrawn or delayed. (**30** in January)
- The rest (**12**) were sold post or pre-auction, on which no further data is available. (**16** in January)

UK Bridging Sector

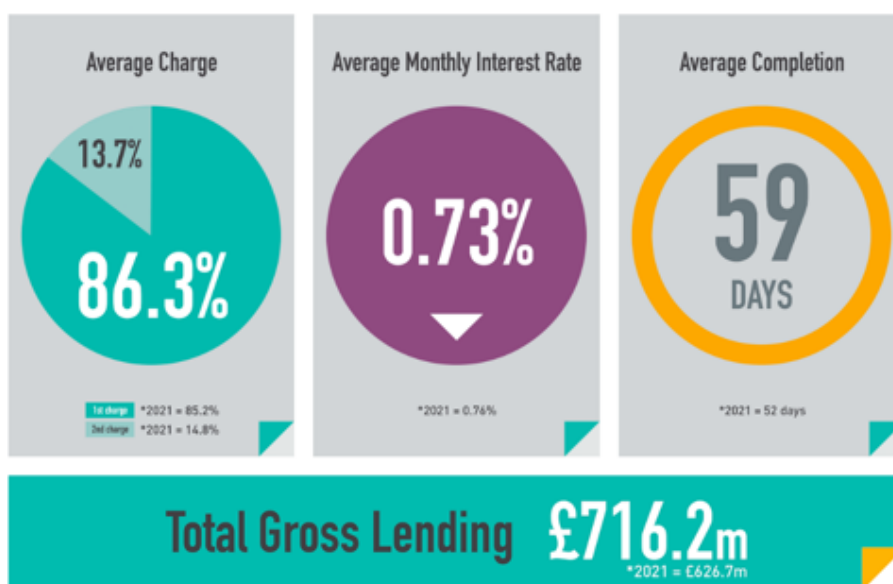
Bridging Trends is a quarterly infographic developed as a method for monitoring the latest trends in short-term bridging finance lending in the UK. It is compiled using input from numerous Lenders and Brokerages.



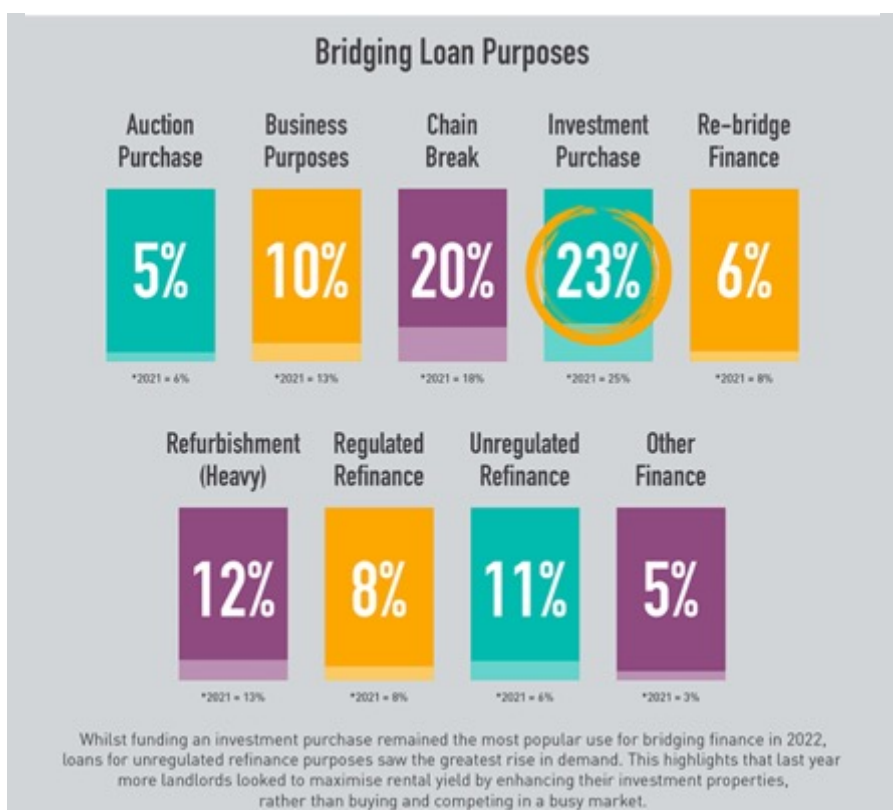
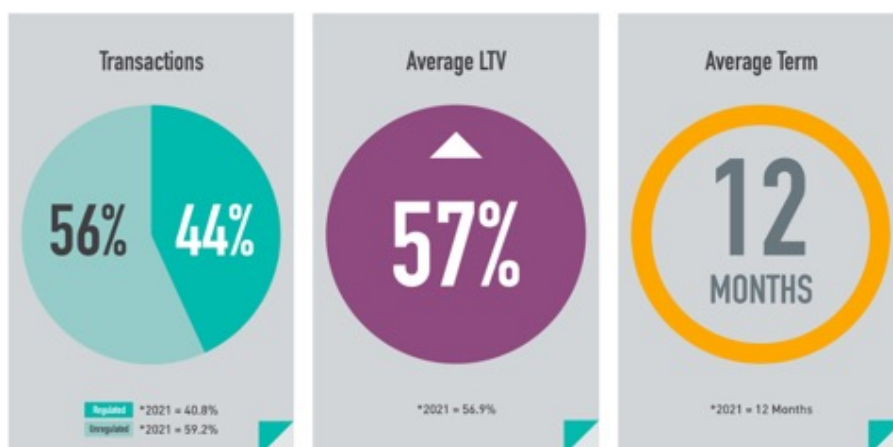
Trends & Figures (Q4 2022)

Key Points

- Gross contributor lending up 14%.
- Interest rates fell to lowest level recorded.
- Completion times climb as industry feels pressure.
- Regulated bridging demand increases.



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Industry Headlines

General Press

UK Housing Sector

“UK housing market braced for make-or-break spring”

[Click to view article](#)

“FTSE 100: Berkeley Group to keep ‘cautious approach’ as home sales fall 25%” [Click to view article](#)

“UK house prices could be stabilising despite falls, say surveyors”

[Click to view article](#)

UK Economy

“UK economy: Schools and football boost January growth”

[Click to view article](#)

“Budget 2023: Hunt overhauls pensions, benefits and childcare in push for growth” [Click to view article](#)

“Budget 2023: Jeremy Hunt announces multibillion expansion of free childcare” [Click to view article](#)

World Business News

“More than \$70 billion wiped off crypto market in 24 hours as bitcoin drops 8% below \$20,000” [Click to view article](#)

“Global house prices set to extend declines, risk of more with higher rates: Reuters poll” [Click to view article](#)

“HSBC pays £1 to rescue UK arm of Silicon Valley Bank after all-night talks” [Click to view article](#)



Trade & Governing Media

“

As many as one in 10 homes reducing asking price within a month of entering the market

IFA Magazine

”

“

Bridging Watch:
Our sector may surprise people this year

Mortgage Strategy

”

“

Leaders in the specialist finance industry celebrate International Women's Day by sharing advice

Bridging & Commercial

”

“

Local authorities could help deliver over a million new homes by unlocking unused small sites, new research reveals

DFT

”

“

Buy-to-let: Situation 'critical' as one in three landlords face remortgage struggle

What Mortgage

”



Key themes from February

Whilst this month again offered mixed results across the board, there remain reasons for cautious optimism in the property and short-term finance sectors. Whilst not exactly ground-breaking in its announcements, the recent Budget displayed a level of much-needed fiscal responsibility.

1

Spring Budget 2023: UK avoids a “technical” recession and Chancellor pledges cash for businesses and parents, whilst offering various routes back to work in push for growth.

2

Market conditions not as unfavourable as forecast.

3

Unexpected positive metrics offer continued reasons for cautious optimism.

4

External factors still impacting global markets.

5

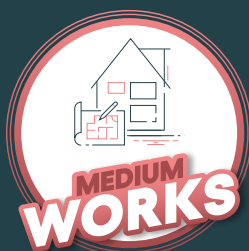
Longer-term projections proving difficult due to continuing unexpected monthly and quarterly results.



We Offer

Market-beating products

- ✓ Up to **75% LTV**
- ✓ Minimum loan size **£75,000**
- ✓ Terms **up to 18 months**
- ✓ **1st & 2nd** charges
- ✓ **England, Wales** and **Scotland**



*Terms and conditions apply. See website for details.

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BEST SHORT-TERM
LENDER 2022



BEST SHORT-TERM
LENDER 2021



BEST SHORT-TERM
LENDER 2020



BEST BRIDGING
LENDER 2019

