

7 housing forecasts for 2016

By [Property News team](#)

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Ahead of the New Year, we handpicked a range of established property experts for their view on the market in the year ahead.

If you're looking to move in 2016, you'll no doubt want to know what lies in store for the UK housing market.

Here at Zoopla HQ, we've asked seven of the most recognised experts to look into their crystal balls and tell us what they see for the year ahead.

THE LENDER



Martin Ellis, housing economist, Halifax

House prices: Up 4-6%

"With house prices continuing to increase more quickly than average earnings, it is increasingly difficult to get on the housing ladder. This ongoing development, combined with the growing prospect of an interest rate rise, should start to put the brakes on house price growth during the course of 2016. Annual house price growth nationally is expected to slow to 4-6% by the year-end.

"A continuing shortage of supply is likely to continue to act as a significant constraint on activity over the coming year. Sales in 2016 are expected to be modestly higher than this year, but to remain well below the peak of 1.6 million in 2006."

THE AGENT



Fionnuala Earley, residential research director, Hamptons International

House prices: Up 4.5%

Rents: Up 5.5%

"The UK economy is in robust recovery and wages are rising in real terms again at last. But there are still brakes on demand due to mortgage lending regulations and financial risks.

"Meanwhile, household debt is still high and the weakness of the global economy threatens the pace of future growth in the UK.

"Interest rates remain low, which will support growth – as will the lack of supply, but constrained by affordability.

"We shouldn't rule out interest rates rising in the second half of the year and more macro prudential regulation from the Bank of England aimed at the housing market."

THE TRADE BODY



Simon Rubinsohn, chief economist, Royal Institution of Chartered Surveyors

House prices: Up 6% nationally and 5% in London

Rents: Up 3%

"Despite the raft of government initiatives announced over the past year, the lags involved in development mean that prices, and for that matter rents, are likely to rise further over the next 12 months. Lack of stock will continue to be the principal driver of this trend but the likely persistence of cheap money will compound it for the time being.

"Looking further out, there is some justification for taking a more optimistic view of new-build homes with significant incentives being put in place to deliver starter homes. While this may not on its own stem the upward trend in house prices, it could help to slow the rate of growth to something closer to the probable rise in household incomes."

THE CONSULTANCY



Hansen Lu, property economist, Capital Economics

House prices: Up 2%

Rents: Up 2.5%

"A healthy rate of economic growth, low unemployment and rising wages should support buyer demand during 2016.

"However, house prices have already risen rapidly over the last few years, and interest rates, which are currently at rock bottom, are set to start rising too. Consequently, we see the market taking a breather next year, with house prices growing by 2%."

THE MORTGAGE BROKER



Simon Collins, product technical manager, John Charcol

House prices: Up 5%

Rents: Up 4% nationally and 8% in London

"Property prices will stay fairly robust. Even if significant numbers of buy-to-let landlords opt to sell up in light of the tax relief changes, demand is still likely to outstrip supply. A hike in interest rates is not likely until the second quarter of the year, and the probable 0.25% is unlikely to have a major impact.

"Rents are very difficult to predict due to the uncertainty in the buy-to-let market next year. But I do think that landlords will be trying to max out their rental yields to meet stricter lending criteria – which will eventually be felt in the rents charged to tenants. This is a theme that we're expecting to grow in 2016."

THE PROPERTY COMMENTATOR



Henry Pryor, housing expert and commentator

House prices: Up 4%

Rents: Up 6%

“Cheap money and easy credit all adds up to high property prices. And there appears to be no prospect for change in this. Indeed the government seems determined to keep topping up the punch bowl, which is the basis for my 4% forecast for UK house prices this year.

“The recent buy-to-let tax changes will impact on landlords’ returns but if they could extract higher rents from tenants, why would they not be doing it already? My 6% inflation for rental prices is based, not on landlords’ costs, but on the rental market which, in turn, is based on supply and demand.”

THE FINANCIAL ADVISER



Jonathan Davis, managing director, Jonathan Davis Wealth Management

House prices: No change

Rents: Down 2%

“The three headwinds to both house and rent prices are a slowing GDP, tax hikes in buy-to-let and a potential stock market fall.

“UK growth in 2014 was above 3% but it’s now just over 2% and falling. Our forecast for GDP in 2016 is sharply lower again and we wouldn’t be surprised if it is outright recession this year and into 2017.

"The ending of the wear and tear allowance and the scaling back of buy-to-let tax relief on mortgage payments should result in less demand to buy and more supply for sale. And a weak stock market adds to the negative sentiment that is likely to be widely felt. All told, these will likely be negative for both house and rental prices."