

Builder Barratt flags signs of recovery in buyer demand as mortgage rates ease

Green shoots appeared in the [housing](#) market earlier as [Barratt](#) Developments recorded improved reservation levels, but the housebuilding giant cautioned that challenging conditions remain for buyers.

The UK's largest housebuilder has seen demand hurt as customers grapple with rising mortgage rates and the cost of living crisis. Its forward sales order book stood at 10,854 homes valued at £2.7 billion at the end of January, a slump from the 15,736 and £4.1 billion recorded a year earlier.

But chief executive David Thomas pointed to "some early signs of improvement" in current trading during January.

The company said weekly reservation levels last month were 0.49, which is down 45.6% from a year earlier, but less severe than the 60-65% tumble recorded in the second quarter to December 31.

Thomas told the Standard: "This is reflecting some stabilisation in terms of consumer sentiment, which is a little more confident."

He added: "In October and November there was a lot of speculation on how house prices may adjust, but the adjustment has been more modest than some expected."

READ MORE

- [Builder Barratt flags signs of recovery in buyer demand as mortgage rates ease](#)

- [FTSE 100 Live: Blue-chip index sets new record, Barratt profits rise](#)

In a company statement the boss added that the reservation levels have been helped by “the tempering in both future interest rate and energy cost expectations, as well as the introduction of more competitive mortgage rates”.

He warned that the sustainability of this recovery remains uncertain, notably with respect to the challenges still faced by first time buyers.

Mortgage bills soared after the September mini Budget, and Barratt, currently under construction on around 2000 homes in London, [said last month that full-year home sale completions could come in below what analysts had pencilled in.](#)

The firm today said it expects to deliver total home completions of between 16,500 to 17,000, which is an improvement on its worst-case guidance range last month.

In the half year to December it completed on 8626 sales, including from joint ventures, up 6.9%. Barratt continued to see a buoyant market in the period before the Budget.

Pre-tax profits rose 15.9% to £501.5 million and revenue was 23.9% higher at £2.8 billion.