

Housebuilder Bellway sees signs of recovery from tough 2022 as buyers adjust to new normal for mortgage rates

Housebuilder [Bellway](#) saw private home reservation rates slump by more than 40% in 2022, but its CEO said [trading](#) has picked back up in 2023 as [buyers](#) get used to a new normal for mortgage rates.

[Profit](#) dipped by 2.1%, partly due to what CEO Jason Honeyman called “challenging operating and trading conditions in the period”.

Bellway’s reservation rate was down by 31.7%, with the rate for private [homes](#) falling even faster, at 43.8%, prompting the company to accelerate the [building](#) of social [housing](#) instead. This, it said, was mostly due to “elevated mortgage rates” immediately after [Kwasi Kwarteng](#)’s devastating mini-[Budget](#), as well as the end of help-to-buy schemes.

Despite the dip in profit, Bellway was still able to maintain its dividend at 45p per share and return another £100 million to shareholders with a share buyback.

In 2023, though, Honeyman said sales have consistently improved.

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"Trading is quite positive really, which is surprising in parts," he said. "Since the start of the new year, there's been a week-on-week improvement in sales, not only in London but across the UK.

"[Customers](#) are adapting to new mortgage rates which are around the 4% mark."

He did note, thorough, that the improvement in the market had not been fully felt by first-time buyers.

"There's probably a gap in mortgage funding for first time buyers, but in the main, trading is certainly improving," he said.

Group finance director Keith Adey said the company was seeing more stability around mortgage rates – albeit at higher levels than in the recent past.

"Mortgage rates are beginning to come down and people are beginning to adjust to a reality where rates aren't going to be sub-2%," he said.

Bellway shares are up 10p to 2,050p.