

Persimmon reveals falling demand and prices as UK housing market falters

H
ousebuilding giant [Persimmon](#) has revealed tumbling buyer demand, rising cancellations and falling prices as economic gloom and soaring mortgage rates hit Britain's property market.

Shares in the Charles Church owner fell 8% on Tuesday morning as it said the average weekly sales rate per outlet in the private market dropped to 0.6 between July 1 and November 7, down from 0.78 a year earlier – and fell further to 0.48 in the most recent six weeks.

Customer cancellations have also ramped up, to 28% in the past six weeks, from 21% in the previous three months.

It said the tougher selling conditions saw prices drop by around 2% in the six weeks to November 7, when Britain was gripped by financial market turmoil sparked by the mini-budget and unprecedented political upheaval.

In another sign of the worsening outlook for the housing market, the group's forward sales beyond the end of 2022 slumped to £770 million from £1.15 billion this time a year ago.

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Rising interest rates and broader economic uncertainty are clearly impacting mortgage lending and customer behaviour and this is reflected in our recent weekly sales rates and forward sales position

Persimmon said it remains on track for between 14,500 and 15,000 new-home legal completions in 2022, but warned that it expects fewer legal completions in 2023 and said that this, plus lower selling prices, is likely to hit its profit margins.

Group chief executive Dean Finch said: "Rising interest rates and broader economic uncertainty are clearly impacting mortgage lending and customer behaviour and this is reflected in our recent weekly sales rates and forward sales position."

The update follows figures from [Halifax](#) on Monday showing the biggest monthly fall in house prices last month since early 2021.

The average property value fell by 0.4% to £292,598, marking the third month-on-month drop seen in the past four months, the bank said.

It comes as buyers have retrenched in the face of wider economic worries and rocketing mortgage rates, which climbed to more than 6% for two- and five-year fixed rates in the recent market chaos.

Last week, the Bank of England increased the base interest rate to 3% from 2.25%, and more rises are expected as policymakers battle to rein in sky-high inflation in the cost-of-living crisis.