

Taylor Wimpey confident on UK housing market as it reports 16% profit rise

Taylor Wimpey has reported bumper profits and said it expects the number of sales to rise in the rest of the year, even as signs of slowing sales in the wider industry co-incide with rising interest rates and a deepening cost-of-living crisis.

The developer filed half-year profit before tax of £335 million, up over 16%. Its average private selling price reached £337,000 in the first half of its financial year, up 3.1%, a softer rise than the 6.5% in the same period a year ago. Completed sales in the six months to July 3 reached 6790, passing expectations. It forecast a 4% to 5% rise in full year completions.

But it might not be the easiest time to buy a home in the rest of 2022. There was fresh insight today from the company behind Your Move and Reeds Rains into delays caused by an industry-wide shortage of conveyancers. LSL Property Services said hold-ups in completions led to a £1 million operating loss in its estate agency operations and without them, its underlying profit would have been £6 million higher for the six months to June 30.

The lack of conveyancers, who play a crucial role in the sales process, comes after pandemic lockdowns stopped the industry in its tracks, creating a subsequent boom, after which many people left the profession, creating a lack of qualified staff, while [pent-up demand](#) remains.

“We note that the private sales rate in July is relatively low, but it is unclear if this is a seasonal issue or a sign of things to come,” said Oli Creasey, research analyst at

Quilter Cheviot, the investment manager, of Taylor Wimpey's numbers.

A slowdown in the pace of sales comes as the industry faces predictions of 11% inflation for the autumn, when energy costs spike as homes fire up their heating and interest rates are likely to rise. That could make mortgages harder to agree, while buyers with loan deals take longer to complete sales.

The Bank of England is set to increase rates again tomorrow. Some City forecasters expect a 0.50% hike, double the usual increase, which would take the rate on which many mortgages are based to 1.75%, well above the pandemic's 0.1% historic low.

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Data from Nationwide this week showed a dip in the number of mortgages approved in July, while overall prices grew 11% year-on-year, in line with a feeling that a strong house market faces some uncertainty.

Taylor Wimpey's chief executive, Jennie Daly, was upbeat on the company's prospects: "[Housing market](#) fundamentals remain positive, supported by an enduring supply and demand imbalance and good availability of attractively priced mortgages," she said. "Demand for our homes remains strong."

LSL also said its pipeline of sales was "strong".

On Wednesday, Taylor Wimpey's shares rose by over 4% to 125p.

LSL fell 2.2% to 317p.