UK Economic Update
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The UK was officially in a recession following two consecutive quarters of negative growth in 2020 Q1 and Q2. As global coronavirus (COVID-19) cases rose, social distancing measures were imposed in the UK, forcing the closure of shops, businesses and schools from the end of March until the beginning of July. The overall effect of the virus on the UK economy was to erase around a quarter of GDP in 2020 Q2.

Early signs in Q3 pointed to a recovery, which accelerated in June, buoyed by the release in business and economic activity, partly supported by pent-up consumer demand and growing confidence from the drop-off in COVID-19 cases. This, combined with the additional economic policies announced in July (e.g. Eat Out to Help Out, the temporary cut in VAT for the hospitality and leisure sector), helped boost spending.

There is still significant uncertainty over the pace and path of the recovery, especially in light of the growing number of cases which have led to another round of limited national restrictions, as well as the behaviour of the virus in the winter, degree of economic scarring and the outcome of the UK-EU trade negotiations.

Under our ‘contained spread’ and ‘further outbreak’ scenarios, the expected contraction in GDP ranges from around -11% to -12% in 2020 before returning to growth of around 10% and 4% in 2021. Our expectation is that the UK economy would recover to the pre-lockdown levels by the end of 2021 under the ‘contained spread’ scenario, and in the middle of 2023 under the ‘further outbreak’ scenario.

We anticipate that most sectors will return to growth in 2021, including hard-hit sectors such as retail and hospitality as they recover from a low base in 2020. There is some variation in the impact of the crisis across regions, with the impact on 2020 output to be relatively less disruptive in London. Regions in the north, which have seen targeted lockdown measures are more likely to experience bigger economic impacts.

However, risks are clearly weighted to the downside in relation to both the length and depth of the COVID-19 impact and the possibility of no UK-EU FTA deal by the end of 2020, as well as wider global economic risks.

We expect inflation to remain somewhat below target for the rest of 2020 in our main scenario, mainly due to the continued impact of energy prices, the temporary reduction in VAT as well as subdued wage growth. Inflation is then expected to pick up again in 2021 as these effects unwind. The reversal in spare capacity, and the rise in consumer demand as economic activity recovers and wage growth picks up again will feed through to an increase in domestic price pressures.

Our public finance projections suggest a sharp increase in the 2020/21 budget deficit to about £380bn to £430bn, or around 19% to 22% of GDP. Into 2021/22, we expect much of this rise to reverse, with a smaller deficit of around 6% to 12% of GDP. The extent to which it improves will depend on whether any further fiscal stimulus measures are introduced to provide a boost to the economy. Under both scenarios, the deficit would still be above the 3% of GDP ceiling implied by current fiscal rules. Therefore, we expect some longer-term fiscal tightening will be needed after full recovery has been achieved.
1. UK economic prospects

1.1 Recent developments in the UK economy

UK economic growth in 2019 was largely shaped by the uncertainty surrounding the UK’s withdrawal from the EU. Strong GDP growth in the first and third quarters of the year coincided with increased stockpiling activity ahead of the March and then October Brexit dates. However, confidence waned due to uncertainty over Brexit, dampening consumer spending and business investment, particularly towards the end of the year.

Following a period of flat output in the fourth quarter of 2019, economic prospects showed signs of turning early in 2020, as Brexit-related and political uncertainty faded. The services and manufacturing purchasing managers’ index (PMI) both showed an upswing into positive sentiment territory in January, which was largely sustained through February. This period also marked the first time that the manufacturing PMI had indicated an expansion in activity since early 2019. Similarly, the services PMI pointed to a stronger recovery in business activity and employment in January.

But this reprieve was short-lived. As global COVID-19 cases rose, social distancing measures began to be imposed in various countries – as early as January in China, followed by parts of Europe from February. The implementation of restrictions in the UK forced the closure of non-essential retailers, required people to work from home whenever possible and to avoid social places.

Despite the lockdown being in place for only eight days in March, the impact of social distancing measures on the economy was significant. The services sector experienced the largest decline in output across all sectors in March, largely driven by the halving of output in travel, tourism and accommodation, while footfall at retail venues fell in March by 45% year-on-year.¹

April was the first full month spent under lockdown, and the month when the economy bore the brunt of the contraction in output. The worst affected sectors were either activities that required physical interaction, could not be carried out remotely or had their supply chains disrupted.

Stay at home restrictions caused activity in the hospitality and accommodation sectors almost entirely to stop, while construction and manufacturing output fell markedly.

There was a limited reopening of the economy in May that accelerated in June. Growth was strongest in manufacturing and construction where workers were able to return to factories and building sites. Economic activity remained weakest in the non-essential retail sector where restrictions prevented up to a fifth of regular spending.² The overall effect of the virus on the UK economy was to erase around a quarter (25.6%) of GDP in 2020 Q2.

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¹ ONS, Index of Services, March 2020 – link
² ONS, More than one-fifth of usual household spending has been largely prevented during lockdown – link
Household consumption fell by 23% in Q2 (see Figure 1.2). The reduction in consumer demand caused businesses to focus on securing their cash flows, aided by government support schemes. The heightened uncertainty and reduced consumer demand meant that businesses also postponed or cancelled non-essential investment. But this may have been offset somewhat by increasing investment in other areas, such as in digital technology. The lack of construction activity also constrained the accumulation of capital during this period. Overall, business investment fell by nearly a third in Q2, the largest quarterly fall on record.³ Unsurprisingly, the greatest impact on investment was in consumer-facing services, consistent with these sectors experiencing the largest fall in sales.

Overall government consumption fell in real terms in the first half of 2020. The decline in government consumption reflects the overall reduction in education, driven largely by school closures, which in most cases ran from late March/early April through to the summer holidays. While some areas of healthcare spend rose, e.g. ramping up health system capacity in response to the anticipated rise in COVID-19 cases, the net impact on healthcare spend was negative due to the cancellation of elective hospital procedures in April and May.

On external trade, the UK’s exposure to the economic slowdown in other countries reduced both exports and imports in the first half of the year. Tourism (both inbound and outbound) was severely impacted due to border closures in the UK and abroad. The greatest fall in goods trade was in manufactures and fuel, reflecting the sharp fall in global demand for oil as industrial activity fell. The overall impact on net trade was positive, such that the UK recorded a trade surplus of £8.6bn for the three months to June.⁵

COVID-19 has also had a significant impact on the UK labour market. Public support measures prevented a record fall in Q2 output translating into a corresponding fall in unemployment. However, the scale of workers being placed on furlough under the Coronavirus Job Retention Scheme (CJRS, which included 9.6 million workers at its height, or one-third of employees), corresponded to an 18% decline in the number of hours worked between Q1 and Q2.⁶ There was considerable variation in the share of workers furloughed by sector, with nearly eight in nine workers furloughed in the accommodation and food services sector, while take-up in other sectors such as business services were much lower.⁷

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³ GDP first quarterly estimate, UK: April to June 2020 – link
⁴ ONS, GDP expenditure components – link
⁵ ONS, UK trade: June 2020 – link
⁶ ONS, Total actual weekly hours worked – link
⁷ Gov.uk – Coronavirus job retention scheme statistics, July 2020 – link
1.2 The outlook for the UK economy

Early signs in Q3 pointed to a recovery following the damaging impacts of the coronavirus crisis.

There was a mild recovery across sectors in May which accelerated in June (8.7% growth on a monthly basis) as more businesses and non-essential retailers were allowed to reopen and as restrictions eased, culminating in the reopening of restaurants, pubs and bars in July.

The recovery was buoyed by the release in business and economic activity, partly supported by pent-up consumer demand and growing confidence from the drop-off in COVID-19 cases. This, combined with the additional economic policies announced in July (e.g. Eat Out to Help Out, the temporary cut in VAT for the hospitality and leisure sector), helped boost consumer confidence. Car registrations rose by 11.3% in July and property transactions jumped by 125% in September compared to the same period last year, partly boosted by the temporary reduction in stamp duty and the backlog of pent-up demand.

However, there is still significant uncertainty over the pace and path of the recovery. While the initial lockdown had effectively reduced the number of cases over the summer, the lifting of lockdown restrictions has led to a gradual rise in the number of daily cases. This has necessitated the re-imposition of lockdown at the local level, notably in Birmingham, Manchester and Leicester, as well as a re-introduction of the advice to workers to work from home where possible and the introduction of a 10pm closure time for hospitality venues.

The gradual winding down of the CJRS has coincided with a gradual increase in both workers returning from furlough – the share of furloughed workers has fallen from a peak of nearly 30% in May⁶ to 11% in the second half of August.⁷

The number of job redundancies between May and July grew at the fastest rate since 2009, though the total number of redundancies remains well below the 2009 peak. Unlike during the 2008-09 financial crisis, companies are mostly waiting to see how demand recovers later this year before making workforce decisions.

The nature and duration of further measures to stem new infections will influence the economy’s trajectory. Whilst the Government is aiming to avoid a national-level lockdown, the reopening of schools and universities, especially heading into the winter months, may contribute to a rise in the effective reproduction rate (or ‘R’).

To capture the range of likely outcomes following the lifting of lockdown restrictions, we design two illustrative COVID-19 scenarios that capture the extent to which the outbreak is controlled and managed.

Under the ‘contained spread’ scenario:
• We anticipate that R stays slightly above one in the autumn, resulting in a gradual but marked rise in the number of new reported cases as winter approaches. This sees the continuation of limited restrictions at the national level (as was announced late September) or the reimposition of lockdowns at the local level, but this is largely sufficient to prevent worse outbreaks of the virus. The successful implementation of non-pharmaceutical interventions including testing, contact tracing, quarantine and physical distancing would prevent the number of new cases growing exponentially. Warmer weather in the spring would see R falling below one, resulting in the decline in cases over next year.

Under the ‘further outbreak’ scenario:
• We expect to see a more significant rise in infections leading to a number of simultaneous outbreaks in various parts of the country, possibly at levels close to the May peak, which precipitates the return of a national-level lockdown. Both scenarios assume that a vaccine becomes available in the middle of 2021.

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⁶ ONS, Insights of the Business Impact of Coronavirus (COVID-19): Survey: 23 March to 5 April (Wave 2) to 1 to 14 June (Wave 7) 2020 – link
⁷ ONS, Coronavirus and the economic impacts on the UK: 10 September 2020 – link
As can be seen from Figure 1.4, under the ‘contained spread’ and ‘further outbreak’ scenarios, the expected contraction in GDP ranges from around -11% and -12% in 2020 before returning to growth of around 10% and 4% in 2021. We expect output in Q3 to be markedly improved than in Q2, perhaps closing half of the gap between Q2 output and pre-COVID-19 levels. However, performance starts to diverge in Q4 between the two scenarios; the economy continues to recover (albeit at a slower pace) under the ‘contained spread’ scenario, whereas output remains flat under the ‘further outbreak’ scenario until the end of the year. There is a pick-up in both scenarios in Q3 and Q4 2021 following the availability of a vaccine. Our expectation is that the UK economy would recover to around pre-lockdown levels by the end of 2021 under the ‘contained spread’ scenario, and in the middle of 2022 under the ‘further outbreak’ scenario. These projections are broadly in line with other external projections (see Figure 1.5).

We anticipate that with the resumption of the retail and hospitality sector, household spending is likely to support the recovery in both scenarios, boosted by stimulus measures aimed at consumers (such as the temporary VAT reduction and the Eat Out to Help Out scheme). This is likely to continue for the rest of 2020 and into 2021 but at a slightly slower pace.

Business investment will pick up a bit in the ‘contained spread’ scenarios but is likely to remain subdued overall given the degree of uncertainty in the outlook. However, investment is likely to take a further hit in the ‘further outbreak’ scenario as companies seek to shore up their capital positions.

![Figure 1.5: Comparison of GDP growth projections, 2020](image)

<table>
<thead>
<tr>
<th>Source</th>
<th>2020</th>
<th>2021</th>
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<tbody>
<tr>
<td>Bank of England (August)</td>
<td>-9.5%</td>
<td></td>
</tr>
<tr>
<td>OECD (September)</td>
<td>-10.1%</td>
<td></td>
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<tr>
<td>IMF (June)</td>
<td>-10.2%</td>
<td></td>
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<tr>
<td>Consensus forecasts’ (August)</td>
<td>-10.8%</td>
<td></td>
</tr>
<tr>
<td>PwC ‘Contained spread’ scenario</td>
<td>-11.1%</td>
<td></td>
</tr>
<tr>
<td>PwC ‘Further outbreak’ scenario</td>
<td>-12.0%</td>
<td></td>
</tr>
<tr>
<td>OBR (July)</td>
<td>-12.4%</td>
<td></td>
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</tbody>
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*: HM Treasury survey of independent forecasters (average value of new forecasts made in August 2020 survey)

Source: PwC, BoE, OECD, IMF, HMT, OBR

![Figure 1.6: Annual growth in real GDP by expenditure component for the ‘Contained spread’ scenario](image)

- **Households**: 15.9% (2020), 5.2% (2021)
- **General government**: -12.2% (2020), -12.0% (2021)
- **QGDF**: -20.0% (2020), -1.3% (2021)
- **Net exports**: -11.1% (2020)
- **Total GDP**: 10.1% (2020)

Source: PwC analysis

Both of our scenarios assume an orderly transition from the end of the Brexit transition period to new trading arrangements between the UK and the EU. There could be continued volatility in stockbuilding in Q4 2020 due to the end of the Brexit transition period, although this would then be followed by destocking in early 2021. However, there is still some uncertainty over the shape of new trading arrangements, with risks weighted to the downside. Defaulting to WTO trading arrangements would result in an increase in trade costs due to higher tariff and non-tariff barriers, putting further downward pressure on the recovery.
In terms of our sectoral projections, we anticipate that most sectors will return to growth in 2021, including hard-hit sectors such as retail and hospitality as they recover from a low base in 2020. The lifting of travel restrictions next year would boost the sector, but this is nevertheless subject to considerable uncertainty – the continuation of travel restrictions and lockdown measures would constrain growth, as assumed under our ‘further outbreak’ scenario.

We expect the construction sector to grow in 2021, partly driven by fiscal measures to boost infrastructure investment. Similarly, adaptations made by manufacturing businesses should enable businesses to continue operating to support the recovery. Unlike the rest of the transport and storage sector, the logistics sector is likely to recover more strongly, driven by the acceleration of e-commerce.

The economic impact is more significant under the ‘further outbreak’ scenario. However, the impact of the lockdown is likely to be less disruptive to the economy than the earlier lockdown in April, for the following reasons:

- A national-level lockdown is likely to be of shorter duration and less severe, affecting fewer sectors of the economy. For example, hotels, restaurants and pubs may face additional restrictions (including restrictions on travel, self-isolating on arrival, 10pm closing time and table services), but non-essential shops and businesses may be allowed to continue operating, on the basis of the new precautions and adaptations made to improve customer and employee safety.19

- Workers have been encouraged to work from home, but business investment in adaptations, such as technology to support remote working or automating/digitising processes will help minimise disruptions to business activity.

- More generally, there has been an increase in people’s awareness and change in behaviours to prevent the spread of the virus, such as mask wearing and practising social distancing.

- We also assume that under the ‘further outbreak’ scenario, there will be a proportionate fiscal policy response to support businesses and workers, which could see the redeployment of measures seen during the summer.

![Figure 1.7: Projected GVA growth rate by industry sector, % annual change in 2020 and 2021](image)

19 ‘Our recent study on the impact of working from home on the UK economy shows home-working has a negative impact on the office supply chain (through lower spending on goods and services), but there are offsetting impacts on labour productivity and ‘levelling-up’ regional agendas. Source: PwC, “The economic impact of returning to the office”, September 2020” – link
However, a more important consideration is the degree of economic ‘scarring’ effects, which will influence the recovery trajectory of the economy. For workers and households, the impact of the virus on employment and earnings are likely to have permanent effects. Uncertainty over the economic outlook and job security, the desire for more precautionary savings, mean that the reopening of economies will not result in a rapid return to normality.

For businesses, uncertainty over the outlook, potential overcapacity, especially in structurally challenged sectors such as air travel and tourism, as well as higher debt levels as a result of necessary crisis survival measures, could constrain business investment and innovation, with implications for future productivity growth. Businesses that have failed will take time to re-form. Similarly workers that have lost their jobs will need to find new ones or retrain. It will take time for firm-worker links to be re-established post-crisis.

There are also early signs that the recovery appears to be losing momentum after the initial sharp recovery in June and July. For example, car sales briefly rebounded to pre-COVID-19 levels in June and July before halving in August. The number of employees on the payroll is still around 695,000 below March 2020 levels, and while hours worked rose by around 30% in the three months to August, it is still around 17% lower than pre-crisis levels. There is also a significant unknown on the behaviour of the virus come winter when the crisis is likely to coincide with a rise in flu cases. While the new restrictions outlined by the Prime Minister affect fewer sectors of the economy than in March and are therefore less disruptive, prolonged uncertainty could dampen business and consumer confidence and constrain the recovery.

This means that after a swift bounceback, the economy will take time to recover fully to pre-crisis levels. As a result, sustaining the pace of recovery we have seen for the remainder of 2020 and 2021 will become more challenging, more so under the

![Figure 1.8: PwC scenarios for output growth by region in 2020](image)

**Figure 1.8: PwC scenarios for output growth by region in 2020**

- 14%
- 13%
- 12%
- 11%
- 10%
- 9%
- 8%

- Yorkshire and The Humber
- East Midlands
- North East
- East of England
- West Midlands
- North West
- Wales
- South East
- Northern Ireland
- Scotland
- UK
- South West
- London

- Contained spread
- Further outbreak

Source: PwC analysis

‘further outbreak’ scenario. This also explains why our scenarios assume a ‘kinked-V’ recovery.

Clearly there is still significant uncertainty over the degree of scarring. This will depend on:

- Business survival and the pace of business reopening – at the moment the rate of insolvencies that have occurred are lower compared to 2019, but this could be masked by the scale of public support keeping business afloat. There is a risk that insolvencies could increase as public support measures are withdrawn or if the economic situation deteriorates.

- Whether furloughed workers will have jobs to return to – our analysis showed that in the absence of intervention, around 17% of furloughed workers may not have jobs to return to by the end of the year.

- The impact of the crisis on firm balance sheets – business indebtedness has increased. This could constrain balance sheets and firms’ ability to grow and innovate – this could constrain future productivity growth.

- The scale of public support measures.

There is some variation in the impact of the crisis across regions, largely due to the sectoral mix across regions. Regions that are relatively more reliant on services-based sectors requiring physical interaction such as tourism and hospitality, are likely to experience lower growth. These are also more likely to be disproportionately affected by local lockdowns, which will likely focus on the retail and hospitality sectors.

Overall, the general economic environment remains uncertain given that the full impacts of the COVID-19 crisis are yet to play out, and as such there are particularly large uncertainties around economic projections at present. There are also other risks on the horizon; both scenarios assume an orderly transition to a free trade agreement between the UK and the EU. However, a disruptive shift towards a WTO-style trade agreement could constrain the UK’s recovery, particularly through trade. Trade and geopolitical tensions between the US and China are also showing signs of flaring up again.

Organisations should therefore stress test their business and investment plans against alternative economic and political scenarios and review their implications for all aspects of their operations.

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11 See for example, Clarke, S., Growing Pains, Resolution Foundation, May 2019.
12 Our July analysis suggests that 17% of furloughed workers may not have jobs to return to by the end of 2020 – link
1.3 Outlook for inflation

Over the long-term, UK consumer price inflation has been on a steady downward trajectory since mid-2017, falling from an average of around 2.7% in 2017 to 1.0% on average for the first eight months of 2020. The decline was partly due to the effect of a weaker pound on import prices, as well as due to the fall in global oil and gas prices, which feeds through into lower input costs, as well as fuel and transport costs.

Since then, inflation has fallen below target, and apart from a small pick up in January 2020, has continued on a downward trend, exacerbated by COVID-19. The combination of weak demand as well as excess capacity and suppressed wage growth, contributed to downward price pressure. While excess capacity eased over the following months, weak demand continued to exert a strong downward pull. Inflation began to pick up as shops reopened in July, but quickly reversed in August, mainly due to the discounts on offer from the Eat Out to Help Out scheme in August and the VAT cut in the restaurants and hotels sector.

We expect inflation to remain somewhat below target for the rest of 2020 in our main scenario, mainly due to the continued impact of energy prices, the temporary reduction in VAT until January 2021 for the hospitality and leisure sector, as well as subdued wage growth.

Inflation is then expected to pick up again in 2021 as these effects unwind. The reversal in spare capacity, and the rise in consumer demand as economic activity recovers and wage growth picks up again will feed through an increase in domestic price pressures.

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13 ONS, Consumer price inflation, UK: August 2020 – link
However, as set out in Section 1.2, there is still considerable uncertainty on the path to recovery. Consumer confidence is to some extent dependent on their perception of health risks, which will influence the level of household spending. A significant rise in cases could make consumers less willing to spend or hold more precautionary savings. The uncertainty surrounding job security, subsequent waves of the virus, and the end of the UK’s withdrawal period are all factors that risk keeping demand restrained into the first half of 2021, which will put downward pressure on domestic prices.

Given that the risks to inflation are weighted to the downside, it is likely that monetary policy will remain accommodative in the near-to medium-term, and the Bank of England faces little pressure to raise rates at the moment. This was more recently confirmed by the Bank of England’s decision in September to maintain the Bank Rate at 0.1%, and maintain its existing bond purchasing programme.

1.4 The impact of COVID-19 on public policy

Besides increasing spending on healthcare supplies and equipment, the focus of the government’s direct fiscal support package over the summer has been to preserve jobs and keep businesses solvent. Of the £159bn (5.6% of GDP) so far spent on direct support measures, £69bn has been spent on the CJRS. More recent measures announced include direct support to the rail sector (£3.5bn), cultural sector (£1.3bn) and VAT cuts across the hospitality and leisure sectors (£2bn).

The total cost of the government’s fiscal support has so far reached £280bn (10% of GDP). By comparison, the total stimulus package in response to the 2008-09 financial crisis amounted to 2.1% of GDP, or £42bn. The size of the fiscal response means that debt as a percentage of GDP rose to just above 100% of GDP, its highest level since March 1961.

The focus of fiscal policy at this stage is to support the recovery, as the risk of further restrictions impacts businesses and economic performance. For example, the Job Retention Bonus allows businesses to claim a wage subsidy for each furloughed worker that remains continuously employed until the end of January 2021.

The latest measures announced by the Chancellor in the Winter Economic Plan are much more targeted than the ‘rescue’ package announced earlier in the year. It aims to address specific issues around securing the return of workers and alleviating pressures on working capital. For example, the Treasury’s new job support scheme targeted at SMEs allows greater flexibility around bringing back part-time workers. Other working capital measures include the extension of the Coronavirus Business Interruption Loan (CBILS) ‘pay as you grow’ scheme that will allow loan repayments to be extended from six to 10 years, as well as the spreading out of payments of deferred VAT over FY21/22.

The nature and scale of further fiscal measures will depend on the path of the recovery. Figure 1.11 below shows our latest projections of the UK annual budget deficit to the end of fiscal year 2021/22. Our projections for both scenarios indicate a sharp increase in the 2020/21 budget deficit to about £380bn to £430bn, or around 19% to 22% of GDP, compared to just 10% in 2009/10 after the financial crisis.

As the economy starts to recover, we expect much of this rise to reverse in 2021/22, with a smaller deficit of around 6% to 12% of GDP. The extent to which it improves will depend on whether any further fiscal stimulus measures are introduced to provide a boost to the economy. Under both scenarios, the deficit would still be above the 3% of GDP ceiling implied by current fiscal rules. Therefore, we expect some longer-term fiscal tightening may be needed after full recovery has been achieved.

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14 HM Treasury, Plan for Jobs, July 2020 – link
15 Bruegel, The fiscal response to the economic fallout from the coronavirus – link
16 HM Treasury, Plan for Jobs, July 2020 – link
17 IFS, How should fiscal policy respond to the coronavirus (COVID-19)? – link
18 HM Treasury, Plan for Jobs, July 2020 – link
Our projections of public debt suggest that this could stabilise at around 90% in 2021/22 under the ‘contained spread’ scenario, which should present no major threat to longer-term fiscal sustainability. But the debt profile appears less sustainable in a ‘further outbreak’ scenario as that may be associated with a larger permanent loss in GDP, and hence, tax revenues. Although there is currently little appetite to cut back on spending in the near term, there will be increasing pressure for government to raise taxes to fund the recovery. We anticipate that in the long term there may be a need for future tax rises as well as renewed spending restraint, but only once we have passed the crisis. Until then, low interest rates and the raft of liquidity measures made available by the Bank of England mean that the cost of government borrowing remains low.

**Figure 1.11: Annual budget deficit (£bn and as % of GDP)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Further outbreak scenario</th>
<th>Contained spread scenario</th>
<th>Pre-crisis baseline (OBR forecast)</th>
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<tbody>
<tr>
<td>2019/20</td>
<td></td>
<td></td>
<td>55</td>
</tr>
<tr>
<td>2020/21</td>
<td></td>
<td></td>
<td>55</td>
</tr>
<tr>
<td>2021/22</td>
<td></td>
<td></td>
<td>67</td>
</tr>
</tbody>
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*Source: OBR for pre-crisis baseline, PwC for alternative scenarios*

**Figure 1.12: Estimated cost of direct fiscal support measures in alternative scenarios (£bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Further outbreak scenario</th>
<th>Contained spread scenario</th>
<th>Pre-crisis baseline (OBR forecast)</th>
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<tbody>
<tr>
<td>2019/20</td>
<td></td>
<td></td>
<td>72%</td>
</tr>
<tr>
<td>2020/21</td>
<td></td>
<td></td>
<td>88%</td>
</tr>
<tr>
<td>2021/22</td>
<td></td>
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<td>92%</td>
</tr>
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*Source: OBR for pre-crisis baseline, PwC for alternative scenarios*
2. Will COVID-19 lead to a rebalancing of the UK housing market?

Key points

1. UK house price inflation has remained relatively resilient so far in 2020, despite the uncertainty in the economic outlook and the limitations on daily life introduced as a result of the pandemic.

2. Over the first half of this year, house prices rose across all UK regions. In Scotland, Wales, Northern Ireland, and two thirds of English regions house price growth has averaged more than 2% in the first half of the year.

3. COVID-19 has, so far, affected house price transactions. Transactions in the first half of the year are down across by one quarter across the UK. The biggest decline was recorded in Scotland, where house price transactions were around 39% lower in the first half of 2020 than in the same period last year.

4. We have developed two scenarios, which we use to project forward UK house prices. In our 'contained spread' scenario we expect UK house prices to grow by around 1% next year. In our ‘further outbreak’ scenario we expect UK house prices to contract by around 7% in 2021, which is around two thirds of the drop experienced during the Global Financial Crisis.

5. To better understand the dynamics in the UK housing market we ran a nationally representative survey during September. We asked the survey participants on how COVID-19 impacted their willingness to purchase a place to live, and the type of area they would be most likely to move to in the future.

6. 20% of respondents to our survey said they’re now less likely to buy a home than before the pandemic, while 10% of respondents say they are now more likely to do so. These varying intentions illustrate the uneven impact that COVID-19 has had on personal finances.

7. Our survey also showed that workers in some sectors are more likely to choose to work from home more than they did pre-COVID 19. This trend is stronger in the business services sector which coped well with the transition to digital and working from home during the national lockdown.

8. We also find that the national lockdown increased people’s desire to live in lower density areas. Around 30% of those who previously thought they would move to a city centre now want to live in the suburbs or towns and villages. Likewise, 19% of those who previously thought they’d move to the suburbs now think they’ll move to a town or village.

9. The results of our survey also show that around 34% of 45-64 year olds who currently live in London expect to move to a different region outside of London the next time they move, an increase of 16 percentage points compared to before COVID-19.

10. If these changes materialise in the next few years businesses may want to adjust their operating models to take account of these new realities. Policymakers will also need to take these changes into account as early planning could help to facilitate the longer-term economic recovery in the UK.
2.1 Recent housing market developments

In this article, we explore how the UK residential housing market has performed over the last year. We also focus on the impact COVID-19 has had on the housing market. We supplement our analysis by presenting our projections of UK house price inflation to 2025, based on two scenarios. To understand the impact of COVID-19 in the medium-term, we present analysis from a survey we carried out and consider the potential implications this could have for government, businesses and homeowners.

UK house price inflation has remained relatively resilient so far in 2020, despite the uncertainty in the economic outlook and the limitations on daily life introduced as a result of the pandemic.

After a gradual weakening of UK house price inflation since the middle of 2016, growth picked up again at the start of the year. This was triggered by the General Election result at the end of 2019 and the subsequent agreement and ratification of the Withdrawal Agreement. These events brought some degree of certainty to the short-term UK economic outlook and helped to unlock pent up demand, which pushed annual UK house price growth to 2.2% in the first quarter of the year.

On 24 March 2020, the UK Government announced an unprecedented set of measures to control the spread of COVID-19. One measure was the effective shutdown of the housing market. The primary impact of this move on the housing market was to reduce transactions, which fell to 32,000 in April from 75,000 in March. Even though UK house prices continued to rise while the housing market was effectively in lockdown, this likely reflects the low number of completions during the period.

Figure 2.1: Annual UK house price inflation since 2006

The UK housing market was allowed to re-open in the middle of May. According to data released by the Office for National Statistics (ONS), UK house prices rose by 3.4% on an annual basis in June, and the average house price in the UK now stands at around £238,000, which is an all-time high.
Other indicators also point to a marked revival in the housing market since the most severe lockdown restrictions were lifted. For example:

- Nationwide’s index shows prices rose by 5.0% year on year in September;
- Estate agents and property websites have reported a significant uptick in demand year over year;
- Completed transactions in August were more than double the April low, but still down by 21% compared to August 2019; and
- Mortgage approvals for house purchases were 29% higher in August 2020 than a year earlier, which is the highest since October 2007.

This recovery is likely driven in part by the same factors that helped to buoy prices in the first couple of months of the year. The introduction of a stamp duty holiday, announced in July and in place until March 2021, is also likely to have helped to stimulate some further demand, as home-movers can make a saving of more than £2,000 on an average property.

Prices have been rising across all countries and regions

Over the first half of this year, prices rose across all UK regions. Price growth has averaged more than 2% on an annual basis in Scotland, Wales, Northern Ireland, and two thirds of English regions.

Figure 2.2 shows that house price growth was strongest on an annual basis in the first half of the year in Northern Ireland, averaging 3.5%. In England, prices grew most in the East Midlands, and averaged 2.8% in January to June.

London has weighed on UK house price growth in recent due to its higher prices, larger rental sector, and closer integration with the EU than the rest of the country. However, growth in the capital has been some of the strongest in the country during the first half of the year and averaged around 2.7% in January to June, after falling in 2019.

COVID-19 has affected transactions

While UK house prices have risen so far in 2020, transactions in the first half of the year were 25% lower across the UK than in 2019. Transactions in Scotland were 39% lower in the first half of 2020 than in the same period in 2019. Northern Ireland was down by a similar amount, at 36%. England fared slightly better, and transactions in the first half of the year were down 23% to around 350,000.
2.2 Housing market outlook

While UK house price growth has continued to be resilient over the first half of 2020 there are considerable uncertainties about its future trajectory. In this section we review the factors affecting the housing market outlook, including the sentiment of prospective homeowners and buyers collected in our bespoke survey, and present the results of our econometric modelling for two illustrative scenarios.

Uncertainty is likely to dominate the outlook for the housing market

Projecting house prices is challenging during normal times, but with the level of uncertainty currently present in the economy, it is even more complicated. While there are certainly factors that will support house prices in the coming months, there are also large risks to the economic outlook created by COVID-19. We summarise these in the table below.

Table 2.1: Factors influencing the housing market

<table>
<thead>
<tr>
<th>Supporting factors</th>
<th>Potential risks</th>
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<tbody>
<tr>
<td>• The stamp duty holiday, currently in place until March 2021, allows previous home-owners to save over £2,000 on an average house</td>
<td>• COVID-19 is still spreading throughout the UK and the future trajectory of the pandemic remains uncertain and difficult to forecast</td>
</tr>
<tr>
<td>• Low interest rates, which are likely to remain in place for the foreseeable future, mean financing a home is relatively cheap</td>
<td>• As the Government’s job retention schemes is replaced by the new, less generous scheme, businesses may adapt to a new longer-term dynamic, and unemployment may start to increase</td>
</tr>
<tr>
<td>• The Help to Buy equity scheme, which offers a loan up to 20% in the regions and 40% in London on new builds, helps to make housing more affordable, and is a significant driver in the market. It is currently due to remain in place until 2023, though new limits are currently planned for 2021</td>
<td>• Lenders have withdrawn a number of mortgage products from the market over recent months, and if uncertainty persists, this may continue. This will increase the hurdles to purchasing a property, and is likely to affect first time buyers disproportionately</td>
</tr>
<tr>
<td>• The end of the Brexit transition period and the beginning of a new era which, may limit appetite from both domestic and international buyers</td>
<td></td>
</tr>
</tbody>
</table>
COVID-19 has made people less likely to purchase a property

To help guide our view of the outlook for the housing market, we ran a nationally representative survey in the middle of September 2020, to ask people how COVID-19 had impacted their willingness to purchase a new place to live over the next two years. Our survey was carried out before the government’s latest amendments to the furlough scheme were announced on 24 September.20

At a national level, our results show that 20% of respondents are now less likely to buy a home than before the pandemic. This is driven by a variety of factors including concerns about the state of the labour market and personal job security, loss of income over the past few months and uncertainty about the future trajectory of house prices in the medium term.

10% of respondents say they are now more likely to do so, which is likely to be at least in part a result of the stamp duty holiday.

One interesting aspect of these results is divergence in sentiment among the under 45s. For example, while 29% of 25-34-year olds are now less likely to purchase a home, 21% are now more likely.

![Figure 2.4: Likelihood of buying a house in the next two years, now vs pre-COVID-19 national lockdown, by age group](image)

Research from the Resolution Foundation shows that younger people have been disproportionately impacted by COVID-19, through furloughing, redundancies and poor job prospects,20 which helps to explain why so many are now less likely to buy a residential property than they would have been before the COVID-19 national lockdown.

However, the impact on the young has not been uniform, and there are also some whose jobs have not been adversely affected and have been able to increase their savings rate over the first few months of this year. Many in this group will have seen their expenditure fall dramatically, as they’ve temporarily moved back in with family, have not been commuting to work, and have significantly reduced opportunity to spend money on leisure. As a result, some are now in a much better position to buy a residential property than they would have been earlier this year.

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20 See Technical Appendix on further details for our housing survey
We have brought these factors together to develop two house price scenarios

The two scenarios we use are as follows:

- **‘Contained spread’**
  In this scenario we assume that there is a small second wave of COVID-19 in late 2020, with local and time-limited lockdowns. Under this scenario, UK GDP would recover to its pre-crisis levels by the end of 2021. This recovery, along with associated measures to protect jobs into 2021, means that there is a limited impact on employment and real income growth. We assume that mortgage lending recovers to close to pre-crisis levels later in 2020, before falling again after the stamp duty holiday comes to an end in March 2021, as demand falls and banks continue to limit their exposure to higher risk customers. Lending and the general economic outlook are assumed to recover as a vaccine is rolled out from the middle of the year. Low interest rates are assumed to remain for the foreseeable future, helping to support some demand.

- **‘Further outbreak’**
  In this scenario we assume the UK is placed back under national lockdown, though for a more limited amount of time than the first lockdown. UK GDP is assumed to recover much more slowly compared to the ‘contained spread’ scenario, and not reach pre-crisis levels until the middle of 2023. We assume that unemployment increases as businesses adjust to a new longer-term dynamic, despite the new measures announced by the Chancellor on 24 September. The unemployment rate remains elevated for an extended period, which impacts on real earnings growth. This causes lenders to more sharply pull back lending in early 2021, towards the end of the stamp duty holiday, particularly to riskier customers, before starting to recover again later in the year as a vaccine is rolled out and normality starts to resume. Low interest rates are assumed to remain for the foreseeable future, helping to support some demand.

Where possible, we base our model assumptions on forecasts from official and reputable sources, such as the OBR. However, due to the constantly evolving nature of the current situation, we have updated some of these forecasts and use our own published analysis.

House prices over the coming years may also be impacted by the UK moving into the next phase of its relationship with the EU and the rest of the world. Due to the number of permutations to our scenarios that this structural change could introduce, we assume that an agreement is struck by the end of the year between the UK and the EU in both scenarios, and the transition is smooth.

If this is not the case, the short and medium-term impact to UK house prices could be considerable, particularly for some regions of the UK. For example, around 25-30% of sales in Greater London are to international buyers, and the economic outlook and spread of the virus may make it more or less attractive for foreign investment.

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22 Hamptons International
UK house price growth likely to be weak next year

In the ‘contained spread’ scenario, UK house price growth is weaker in the second half of 2020 as unemployment starts to rise and uncertainty about the economic outlook persists. House prices are projected to decrease in 2021, as demand for residential property continues to fall and lending is restricted. UK house prices start to recover once a vaccine is rolled out, but the recovery is slow and UK house prices grow on average by around 3% per annum in the 2022-25 period.

These two scenarios show how the impact of the pandemic on the housing market could vary. We believe that based on current events these scenarios are reasonable. However, as mentioned earlier on in our analysis, there are a variety of factors which make the housing market outlook particularly uncertain. Our analysis does not attempt to capture all potential outcomes and the actual outcome could fall somewhere outside our scenario based projections.

<table>
<thead>
<tr>
<th>‘Contained spread’ scenario</th>
<th>Annual price growth (%)</th>
<th>2020</th>
<th>2021</th>
<th>2022-25 (average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td></td>
<td>£236,000</td>
<td>£239,000</td>
<td>£280,000 (in 2025)</td>
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</table>

<table>
<thead>
<tr>
<th>‘Further outbreak’ scenario</th>
<th>Annual price growth (%)</th>
<th>2020</th>
<th>2021</th>
<th>2022-25 (average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td></td>
<td>£234,000</td>
<td>£218,000</td>
<td>£245,000 (in 2025)</td>
</tr>
</tbody>
</table>

Source: PwC analysis

Regional impacts are likely to be impacted differently

Due to data limitations and the considerable levels of uncertainty, at the moment we have not extended these scenario based projections to a regional level across the UK.

However, our survey shows the impact of COVID-19 has had on intentions to purchase residential property over the next two years varies considerably by region. London and the North East appear to have been most affected, with a net 18% and 16% of people now less likely to purchase in the next two years, respectively. It is possible that the areas where sentiment is worst will also be the areas where house prices are most affected if there is a market downturn, though there are also a range of other factors which may also affect the depth and length of downturns in local areas.

Figure 2.5: Likelihood of buying a house in the next two years, pre- and post-COVID-19, by region

Source: PwC Housing Survey.

Note:
1. Net is calculated as proportion of people who are more likely to purchase minus proportion of people who are less likely to purchase.
2. Northern Ireland is excluded due to a relatively low number of responses.
2.3 Will COVID-19 accelerate change in the housing market?

COVID-19 has fundamentally altered how many of us live our lives and do business. In this section we explore three themes around the changes we observed in the pandemic and how they could impact the residential housing market in the UK both in terms of geographic impacts as well as more longer term effects. Specifically, we investigate whether:

- First, working from home is a pattern that is likely to feature more prominently in our future working lives;
- Second, whether the national lockdown earlier in the year, coupled with the social distancing measures have led people re-assess the location of want to permanently live in; and
- Third, whether there could be some displacement of housing demand away from London into the regions in the medium-term.

To get better understanding of the dynamics in the housing market over the longer term, we ran a nationally representative survey asking about working habits and home moving intentions pre-lockdown and post-lockdown. Our results are presented in the rest of this section.

Working from home is likely to become more widespread in some sectors post COVID-19

One of the key changes brought about by the virus is the rapid change in ways of working. ONS data shows that four in 10 working adults worked exclusively from home in June, and that two in 10 adults are still doing so.23

Our research suggests that people in some sectors are likely to work away from their usual place of work in the future more frequently than they did before the outbreak of COVID-19. Perhaps unsurprisingly, the sectors where people expect to work from home more are predominantly in the business services sector, which covers a broad suite of services including financial services, professional services and information and communication sectors. Together, these sectors make up around 15-20% of employment in the UK and are also sectors where the switch to digital ways of working has been relatively smooth.

Respondents who work in the business services sector expect to spend, on average, 3.3 days in the office per week in the future, compared to 3.7 days before the outbreak. Around one third of respondents expect to spend up to two days a week at the office compared to around 20% prior to the national lockdown. The results from the survey show that this change is particularly pronounced in the financial services industry.

On the other hand, as Figure 2.6 shows, respondents in the retail and manufacturing sectors are likely to spend more time at their usual place of work in the future compared to before the national lockdown. This could perhaps reflect the fact respondents are likely to change their future behaviour to make up for lost income.

Overall, the responses from our survey signal that COVID-19 has not brought office working to an end. There are a number of reasons why people may want to return to the office once a vaccine has been deployed, for example to see and interact with colleagues face-to-face, to improve collaboration, coaching and learning and also to develop opportunities.

At the same time, the results also suggest that the future of work is likely to evolve more quickly than it would otherwise have done, especially in some sectors. For the residential property market, a shift towards working from home more in the future, particularly for the business services sector, could have an impact on housing demand in terms of the location and types of property being sought.

Figure 2.6: Number of days people expect to work from their usual pre COVID-19 workplace in the future

Source: PwC Housing Survey.
Note: Respondents who selected ‘don’t know’ are excluded. Sectors based on SIC classifications

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23 ONS, Coronavirus and the latest indicators for the UK economy and society: 24 September 2020
COVID-19 has caused people to re-assess the types of area they want to live in.

The national lockdown earlier in the year appears to have led many to re-prioritise what they are looking for when purchasing a house. According to a RICS survey in May 2020, proximity to transport hubs is still likely to be a fundamental factor in property purchasing decisions going forward. This is consistent with the results from our survey where we find that workers will need to be able to travel to their place of work at least some of the time.

The RICS survey also shows estate agents expect an increase in demand for properties with indoor space and access to outdoor space over the coming years, while tower blocks and properties in highly urban areas could fall out of favour. Our survey results are consistent with this finding and show that there has been a considerable change in preferences towards living in less-dense areas compared to before the crisis, as shown in Figure 2.7.

In our survey we asked respondents about their views on the type of area they were likely to next move to, prior to the lockdown. We then asked them about the area they are most likely to move to now. We categorise the areas as follows:

- The city centre, defined as a built-up area and roughly equivalent to zones 1-2 in London
- Suburban area, defined as the outskirts of a city and roughly equivalent to the outer zones of London
- Towns/villages, defined as areas not in built up cities

Figure 2.7 shows that around 30% of those who previously thought they would move to a city centre now want to live in the suburbs or towns and villages. 19% of those who previously thought they’d move to the suburbs now think they are more likely to move to a town or village.

As shown in Figure 2.8, these results could mean that 400,000 fewer households may choose to move to a residential property in city centres in the

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21 RICS UK Residential Market Survey: May 2020

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Figure 2.7: Pre- and post-lockdown move intentions, by area type

![Diagram showing change in move intentions by area type](source)

Figure 2.8: Potential net change in demand vs pre-lockdown over the next decade

![Diagram showing potential net change in demand](source)
next decade than would have done prior to the national lockdown. On the flipside, assuming that the responses remain unchanged, we estimate that more than 800,000 households may choose to move to towns and villages, rather than city centres and suburban areas. To come to these figures, we assume that the behavioural changes apply across the adult population in the UK and that the average household size is 2.3 people.

While this is a potentially significant shift, it is important to note that these results show people’s thoughts at a single point in time and they are likely to evolve. Nonetheless, these results could shift the distribution of demand for residential property over the next decade towards towns and villages – particularly those with strong transport connections to facilitate occasional trips to the office.

It may also have implications for policy makers and businesses. Both policy makers and housebuilders may need to start considering how this change in the demand profile should be addressed, as existing models for estimating which areas are most in need of new housing may not reflect this potential new reality. Businesses – particularly those in the business service sector – may also want to consider where their people work, and whether there is a need for smaller ‘hubs’ in less urban areas in the future, where their employees can go occasionally to collaborate and meet with colleagues.

COVID-19 has led some to consider moving out of London

Our analysis shows that COVID-19 could lead to a shift in housing demand towards less-densely populated areas, but could it also lead to a rebalancing of housing markets between UK regions?

House prices in London are more than twice the UK average, and nearly four times as high as in the North East. As remote working becomes more common, moving to other parts of the country, to take advantage of lower housing costs or for example to be closer to family or a higher quality of life, could become an increasingly attractive proposition.

In recent years, migration out of the capital into other parts of the UK has exceeded migration into the capital from other parts of the UK. According to data released by the ONS, in 2018-2019 around 255,000 moved from another part of the UK to London, while 350,000 moved out of the capital.26

Responses to our survey suggest that COVID-19 could accelerate that trend, particularly among the over-45s. Prior to COVID-19, intentions were relatively aligned between younger and older age groups, however the intent to move to a different part of the UK now differs significantly. Younger people remain inclined to stay in the capital, while older working age people are now increasingly thinking about a move to different parts of the UK.

Around one third of those over the age of 45 who currently live in London expect to move to a different region (i.e. outside of Greater London) the next time they move, an increase of 13 percentage points compared to the period since before the national lockdown. The responses to our survey also suggest that the proportion of people who are not sure about what they will do in the future has also increased by around 10 percentage points compared to the period before the national lockdown.

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26 ONS, Internal migration statistics

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**Figure 2.9:** Next move intentions, 25-44 year olds in London

**Figure 2.10:** Next move intentions, 45+ year olds in London
Younger people, on the other hand (defined in this case as those between the ages of 25-44), still expect their next residential property to be in the capital. For this age group, there are likely to be few reasons to move away as their friends and support networks are nearby, and London still offers plenty of work and leisure opportunities. The results are also potentially somewhat skewed, as many young people in the capital rent rather than own, and so their next move is likely to be sooner and to a rented property rather than by purchasing a house.

Assuming these responses do materialise in the future, it is possible that over the next few years more, typically larger properties in the capital could start to come to market as older people vacate their homes, opening up an opportunity for younger families to get on the housing ladder in the capital than they would otherwise have the opportunity to do so.

In the shorter-term this shift could put downward pressure on prices in the capital, while also potentially pushing up demand and prices in the regions (all things remaining equal). This could help to rebalance prices in the capital versus the rest of the country but may lead to some local affordability issues elsewhere in the country and crowd out those who were previously planning to purchase residential property in those regions.

A limitation of our results is that we do not know the number of people who may want to move to the capital from other regions, and pressure on house prices in London will ultimately depend on the net changes of population flows which could be affected by other factor including international immigration.

However, assuming these results do play out, there could be other implications for both policy makers and business to consider.

One aspect is that the movement of skilled workers move out of London to the regions can help better share knowledge and help boost productivity in the regions supporting the Government’s ‘levelling up’ agenda. However, this depends on where people move to. If, for example, most move to areas that are already wealthy then there are likely to be few benefits. These changes may also lead to a loss of agglomeration benefits in the areas the people move away from.

Businesses might also have to think about their national footprint. For example, more businesses may choose to move to a ‘hub and spoke’ model by increasing the breadth of their reach by opening smaller regional offices complemented by a more modest central presence in a large metropolitan city like London. Some may even choose to incentivise their staff to move, as businesses in the US have opted to do so as a response to their own housing affordability crisis.

This growth in the population outside London may also have implications for public services, and resources may need to be allocated to improve these where necessary.
2.4 Summary and conclusions

Home ownership is an aspiration for many in the UK and this is unlikely to change in the future. We therefore project that UK house prices will continue to increase in real terms in the medium-term.

Over the next decade, however, it is possible we will start to see some shifts and rebalancing in the UK housing market, stimulated by COVID-19 and an increase in working from home – particularly in the business services sector. While prices are likely to continue to rise nationally, local areas may respond in different ways. Changes in working habits, and a desire for larger properties in lower density areas, may push up house prices in some areas and weigh on price growth in others.

Our survey shows that there has been a shift towards desiring lower density areas. This could mean that towns and villages could be in higher demand over the coming years, while city centre properties could become less attractive. This desire could also see more people choosing to move to different regions, to take advantage of more affordable housing as well as the shift towards working from home allowing people to locate closer to their family and friends.

These trends could have a particular impact on London, which is typically urbanised and less affordable than other parts of the country.

How these changes in demand will ultimately affect prices is difficult to say, but it is possible COVID-19 could help to rebalance the UK housing market to some extent. If this is the case, we could start to see prices in city centres, and especially in London, come under pressure. Property prices in suburban areas and could grow relatively more strongly – particularly if these have good transport links.

It is important to note that the research we present in this article can only be interpreted as the views of our sample at the time it was run. As the situation with COVID-19 continues to evolve, no doubt there will be further changes in what people are looking for and where they want to live.

Nonetheless, businesses and the Government should start thinking now about what this could mean and how they need to respond. The trends described in this article could have implications for both, and early planning could help to facilitate the longer term rebalancing of the UK housing market and wider economy.

2.5 Appendix: Details on PwC’s housing survey

To explore the themes discussed in this article asked a series of questions to a nationally representative survey of 1,000 UK adults. The survey ran between the 11th and 14 September 2020 and therefore doesn’t take into account the recently announced changes in government’s furlough scheme.

The specific questions asked were:

- Compared to before the lockdown (i.e. February 2020), are you now more or less likely to purchase a residential property in the next 24 months?
- Prior to the lockdown (i.e. in February 2020), how many days per week on average did you work from the office/your usual place of work away from your home?
- In the longer-term, and once a vaccine has been made available in the UK, how many days per week do you expect to work in your office/your usual place of work away from your home?
- When you next move home, do you expect to stay in the same region as you live now or move to a different region?
- Thinking back to before the lockdown (i.e. in February 2020), what kind of area would you have expected to move to the next time you moved home?
- When you next move home, what kind of area do you expect to move to?
Contacts and services

Economics
For more information about our UK macroeconomic research, please contact:

Jonathan Gillham
Chief Economist
E: jonathan.gillham@pwc.com

Barret Kupelian
Senior Economist
E: barret.g.kupelian@pwc.com

Hannah Audino
Economist
E: hannah.x.audino@pwc.com

Jing Teow, Hoa Duong and Hugh Myers worked on the UK economic prospects section of this report. Jamie Durham and Patricija Petkeviciute worked on the housing section of this report.

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<tr>
<th>Competition Economics</th>
<th>Nick Forrest</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>M: +44 (0)7803 617744</td>
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<tr>
<th>Economic Regulation</th>
<th>Alastair Macpherson</th>
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<tbody>
<tr>
<td></td>
<td>M: +44 (0)7703 546424</td>
</tr>
<tr>
<td></td>
<td>Daniel Jacobson</td>
</tr>
<tr>
<td></td>
<td>M: +44 (0)7803 455617</td>
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<th>Economic modelling and appraisal</th>
<th>Jonathan Gillham</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>M: +44 (0)7714 567297</td>
</tr>
<tr>
<td></td>
<td>Barret Kupelian</td>
</tr>
<tr>
<td></td>
<td>M: +44 (0)7887 885139</td>
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<th>Mark Ambler</th>
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<tbody>
<tr>
<td></td>
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<th>David Armstrong</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>M: +44 (0)7713 680266</td>
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