

Property and Law Roundup

Purpose: For noting

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Approver: Chief Executive

Summary

The regular round up of key developments affecting the legal services regulated by the CLC. This is a supplement to the weekly reports on the economy and housing market that are circulated to Council Members by the Chief Executive.

Recommendation

The Council is asked to note the contents of this report.

Relevant Regulatory Objectives

- RO1 - protect and promote the public interest
- RO2 - support the constitutional principle of the rule of law
- RO3 - improve access to justice
- RO4 - protect and promote the interests of consumers
- RO5 - promote competition in the provision of legal services
- RO6 - encourage an independent, strong, diverse and effective legal profession
- RO7 - increase public understanding of the citizen's legal rights and duties
- RO8 - promote and maintain adherence to the professional principles

Financial impact

None arising from the paper, but information contained can help plan for future impacts.

Diversity and inclusion impact

None arising from the paper, but information contained may help identifying upcoming issues.

Communications requirements

This paper is posted on the CLC website.

Introduction

This is the regular update for Council on key developments in the economy, housing market, law and the legal sector. It builds on the information and insight provided weekly in the Chief Executive's update to Council.

Relevant CLC Principal Risks

Information in this paper could help inform the status and mitigation of the following risks.

PR1- Loss of significant practice fee income caused by depressed market conditions, practice churn or practice closure

PR2 - Unplanned increase in the cost of regulation to the point where expenditure exceeds income

PR6 - Not delivering on the CLC Strategy

PR7 - Practices are not able to secure Professional indemnity insurance or terms are unaffordable or unacceptable to the CLC

MODERNISATION AND DIGITISATION OF HOME BUYING AND SELLING

The CLC is pleased to be one of the founding members of the Digital Property Market Steering Group (DPMSG) along with other legal sector regulators, representative bodies, representatives of the mortgage lenders and estate agents.

The DPMSG agenda is very important for home buyers and sellers, the housing market and thus the wider economy and so has a significant public interest driver behind it.

The CLC also believes that the significance of the potential improvements that are now within the reach mean that the sector must do all that it can to remove barriers to realising those improvements.

The publication this week of the [roadmap](#) for the DPMSG's work in 2024 was an important step. It is clear and strong commitment by all of the DPMSG members to delivering progress. The CLC will be holding itself and other members to account for progress against the roadmap.

While the focus may be in digitisation, it is not simply about making the current process digital. It is about taking the opportunity to reshape the conveyancing process so that it is faster, simpler, more secure and gives clients greater confidence.

ECONOMIC OUTLOOK AND INTEREST RATES

The new EY ITEM Club Winter Forecast, issues this week, expects the UK economy to grow 0.9% in 2024. This is up slightly on their previous forecasts. EY also upgraded their GDP growth expectations for 2025 to 1.8%.

Encouragingly, the team expect inflation to fall to the Bank of England's 2% target by May and averaging to average 2.4% in 2024. As a result, they also expect the interest rate to fall significantly in 2024, by 1% to 1.25%.

However, the FT reported this a week that the most recent Purchasing Managers Index had slightly more positive findings than had been anticipated and this might slow down the Bank's pace of reduction of interest rates. The Monetary Policy Committee meets again on 1 February to review the interest rate.

HOUSING MARKET

The most recent Residential Market Survey from the Royal Institute of Chartered Surveyors, which is a survey of sentiment in large part, found that:

- Three and twelve-month sales expectations pick-up for a second consecutive month
- Buyer enquiries indicator records the least downbeat reading since April 2022
- House price declines continue to moderate at the national level, with respondents now anticipating a flat trend over the year ahead

After keen competition in the mortgage market to attract customers, this week Santander became the first big lender to raise mortgage rates this year.

PROPERTY TRANSACTIONS

Zoopla have this week reported a 13% increase in new sales agreed in the early weeks of January compared to the same period in 2023, which was of course a remarkably slow year for the housing market and saw the lowest level of activity for eleven years. This follows a finding of a significant improvement in December.