

Property and Law Roundup

Purpose: For noting

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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

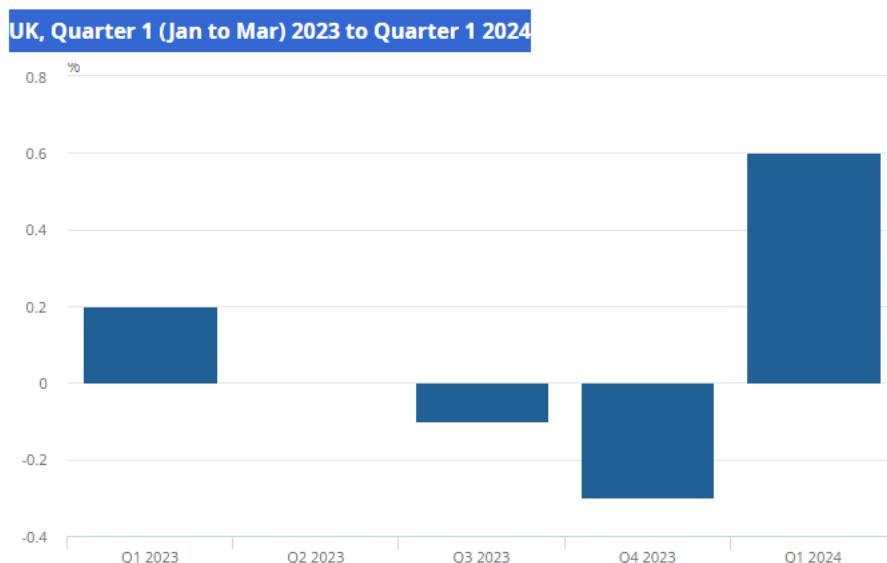
The CLC held its annual round table to look at the state of the conveyancing market on 9th May. It brought together conveyancers, lenders, HM Land Registry, comparison website operators, suppliers to conveyancers of IT, payment and ID solutions, and representative bodies.

There was a wide-ranging discussion but general agreement that there is now an opportunity to make significant and far-reaching changes to the way properties – both residential and commercial – change hands. There was consensus that all the participants in home buying and selling needed to work together to shape future approaches.

The current Inquiry by the Levelling-Up, Housing and Communities Select Committee into [Improving Home Buying and Selling](#) will provide a useful stocktake and pointers for the way forward for the next government.

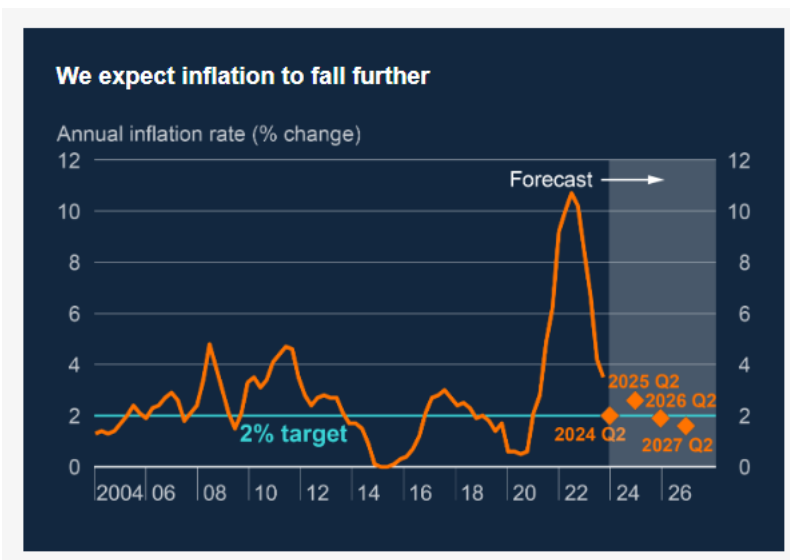
ECONOMIC OUTLOOK AND INTEREST RATES

[ONS estimates of Gross Domestic Product](#) released on 10th May found that real GDP is estimated to have increased by 0.6% in Quarter 1 (Jan to Mar) 2024 following two consecutive quarters of negative growth.



Source: GDP first quarterly estimate from the Office for National Statistics

The Bank of England's monetary Policy Committee held the central interest rate at 5.25% at its May meeting. The Committee noted that inflation has fallen from its high of 11% in 2022 to 3.2% in March 2024. Interest rates were held steady by the Committee to maintain the downward pressure on inflation towards the 2% target. The Bank's forecast for inflation is below.



Source: Bank of England

The Bank said in its [report](#) that the ‘progress we are seeing in the key economic data is encouraging, but we are not yet at the point of cutting interest rates. We need to see more evidence that inflation will stay low before we can do that.’

HOUSING MARKET

The RICS Residential Market Survey is a survey of the perceptions of surveyors and agents. On 9th May RICS released the findings of the survey taken in [April](#).

The headlines were:

- Buyer demand is reportedly flat, while near-term sales expectations soften slightly
- National house prices remain stable, with twelve-month projections still in expansionary territory
- New listings coming onto the market continue to rise

Releasing its latest report on house prices this week, the Halifax, commented:

“UK house prices held steady in April, rising on a monthly basis by just +0.1% (less than £200 in cash terms). Annual growth rose to +1.1%, from +0.4% in March, though this can be attributed to the base effect of weaker price growth around this time last year.

“The average property now costs £288,949, compared to £287,244 at the start of the year. While there is always much scrutiny of monthly price changes – and a degree of volatility is to be expected given current market conditions – the reality is that average house prices have largely plateaued in the early part of 2024.

“This reflects a housing market finding its feet in an era of higher interest rates. While borrowing costs remain more expensive than a few years ago, homebuyers are gaining confidence from a period of relative stability. Activity and demand are improving, evidenced by greater numbers of

mortgage applications so far this year, while at an industry level mortgage approvals have reached their highest point in 18 months.

“If, as is still expected, downward moves in Bank Rate come into play later this year, fixed mortgage rates should fall. Combined with the resilience displayed by the housing market over recent months, we now expect property prices to rise modestly over the course of 2024.”

PROPERTY TRANSACTIONS

At the 9th May roundtable, all those attending from across the sector reported that the market was healthy and tracking slightly ahead of 2019, the last ‘normal’ comparator period for the housing market.

In its initial report on March 2023, the latest figures available, ONS reported that:

- the provisional seasonally adjusted estimate of the number of UK residential transactions in March 2024 is 84,200, 6% lower than March 2023 and 1% higher than February 2024
- the provisional non-seasonally adjusted estimate of the number of UK residential transactions in March 2024 is 86,980, 9% lower than March 2023 and 20% higher than February 2024
- the provisional seasonally adjusted estimate of the number of UK non-residential transactions in March 2024 is 9,950, 9% lower than March 2023 and 1% higher than February 2024
- the provisional non-seasonally adjusted estimate of the number of UK non-residential transactions in March 2024 is 11,270, 15% lower than March 2023 and 29% higher than February 2024

REGULATION OF LEGAL SERVICES

Following the Justice Select Committee’s Inquiry into the regulation of legal services, the Chair of the Committee, Sir Robert Neill [wrote to the Lord Chancellor](#) including a recommendation that the Government should carry out a review of the Legal Services Board. The Committee also recommended that the role of Chair of the LSB should be added to the list of those that require pre-appointment scrutiny by the Justice Committee.

The Lord Chancellor has now [responded to the Committee Chair](#) saying that there seemed to be a growing case for a review of the Legal Services Act but that a performance review of the LSB is not a priority for the Ministry of Justice at present.