

## Signs of recession?

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As the [Guardian noted yesterday](#):

*Britain's housing market is locked in its weakest August since 2018, as sellers slash their prices in search of a buyer.*

New data from **Rightmove** this morning shows that the average price of a newly-listed home in Britain fell by 2% this month, to £364,999. That's a drop of £7,360, much larger than in a typical August.

The decline means average asking prices are now 1.0% lower than a year ago, as mortgage rate rises in recent months have cooled the market.

What is happening? I suggest that three things are.

Firstly, confidence across the economy is falling. This is reducing house prices.

Secondly, credit may be harder to find in a period of uncertainty. I cannot prove that, but I think it is possible, especially if mortgage valuers are downgrading their reports for these purposes.

Thirdly, at the top end of the market, government economic policy around migration is having a significant impact upon the market, not because of anything to do with tax, but because of the creation of a hostile environment. This is being seen in the highest house prices. The average house price in Kensington and Chelsea, which hosts an international community, apparently fell by £95,000 last month alone. This is a case where impacts do ripple down the market.

What is the overall impact of that?

First, this looks like a sign that the recession I've been talking about is beginning.

Second, it is a sign that nothing the government is doing is affecting consumer sentiment. If Andy Burnham wants to spend his time playing on the peripheries of the

issues, this is unsurprising.

Thirdly, the sign is that racism has a price, and it is going to be very real. Falling house prices are not a disaster, but a hostile environment is.

I stress, these are my interpretations, but nothing here suggests to me that anything good is going on in the UK economy or its prospects.