

High Interest Rates Resulting in Lower January Planning Applications, Says Planning Portal

BIRMINGHAM, UK, March 20, 2024 /EINPresswire.com/ -- National planning application service Planning Portal, powered by TerraQuest, has warned that high interest rates are resulting in a reduction in the number of planning applications being submitted, following figures published in its latest Market Insight Report.

In January 2024, 3,210 (11%) fewer planning applications were made for Smaller and Regular households than in 2023, raising fears that high interest rates and recovery from the technical recession in the second half of 2023 could be drawn out.

Types of home applications such as Outline and Householder, which allow the owner to make alterations or enlargements to the property, both saw a significant fall by 24% and 16% respectively.

As shown in the latest Market Insight Report, overall, January planning applications were down 5% in comparison to the previous year, showcasing the growing apprehension on commissioning projects due to the economy.

With interest rates currently high, borrowing from banks to fund the type of home improvements which require approval from the local authority is becoming increasingly difficult. Alongside this, homeowners often do not have the additional funds to finance a large-scale project without loans.

Figures published by The Financial Conduct Authority have shown that 1.5 million homeowners will come to the end of their fixed rate mortgage in 2024, alongside five million expecting to see their monthly payment rise between now and 2026. As the outgoing expense of owning a home is predicted to rise, this downward trend in developments and home improvements requiring planning permission is unsurprising.

With developments previously being a good way to increasing the value of a property, the financial gain of conducting such work continues to decrease as any profit is used to pay high interest charges. This, paired with houses remaining on the market for months at a time before selling, reduces the overall appeal of substantial home improvements.

A joint venture between TerraQuest and the Department for Levelling Up, Housing &

Communities (DLUHC) since 2015, Planning Portal allows both businesses and private individuals to make planning applications to their local authority. Planning Portal's Market Insight Reports allows for observations to be made on the application trends throughout England and Wales. Through this data, the economic impact on contractors and homeowners can be reviewed by the number of applications made to build or alter homes.

Scott Alford, Head of Business Development at Planning Portal explained: "Through the data collected by Planning Portal, it is clear that homeowners are taking the worrying news regarding the current interest rates into consideration when looking to conduct works on their property. According to USwitch, the current residential mortgage [rate across all lenders can average at 5.71% for a 2-year fixed rate](#). Adding an extension or erecting a garden building can be a costly project which many may not be able to afford as the cost-of-borrowing increases taking loans off the table."

According to The Bank of England, inflation has significantly fallen but needs to fall further before it can change the base rate allowing lenders to lower their interest rates on mortgages, but it is unlikely that they will become higher. Change is expected in the latter half of the year.

Scott continued: "As we continue throughout the year, our Market Insight report will be able to show how the economy is impacting homeowners and their choice to conduct works on their property. It will be interesting to see if this trend will continue, or if numbers will increase as the economy changes."

Find more of the latest planning application data and trends here:
<https://www.planningportal.co.uk/services/professional-portal/MIR>

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Working with the Department of Levelling Up, Housing & Communities, TerraQuest is the company behind Planning Portal – the national planning application service for England, Wales, and Northern Ireland. Planning Portal has been revolutionising the planning process for both public and private sector stakeholders for more than twenty years.

TerraQuest's market-leading land referencing services support major regeneration across the UK. This extensive experience spanning five decades allows it to offer expert guidance on industry best practices. This distinctive position allows TerraQuest to provide unparalleled insight

into proposed development data and assist businesses in identifying opportunities and trends.

For more information, please visit: www.terraquest.co.uk.

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