

Residential Property Review

February 2024



Positive start to the year for the housing market

Increased demand from buyers and sellers is helping to get the housing market back on track this year.

According to the Royal Institution of Chartered Surveyors (RICS), the data on new buyer enquiries is consistent with a gradual recovery, which shows a 7% uptick in January, the most positive reading since February 2022. Sellers seem to be returning to the market too, with Rightmove reporting that valuation requests are up 23% when compared with January 2023. Consumer confidence is at a two year high according to GfK, which they attribute to falling inflation.

Rightmove's Property Expert, Tim Bannister, reflected on the rise in activity, *"This is likely to be a combination of home-movers who have recently decided to make this the year to find a new home, and potential homebuyers who took a step back last year and paused their plans while the outlook for mortgage rates was more unclear."*

2023 saw some house price stability

House prices did not drop as much as initially predicted in 2023, as Zoopla look on the bright side of an otherwise difficult year for the housing market.

According to data from the property portal, last year 56% of homes in the UK either increased in value or stayed at the same price. Moreover, 77% of residential properties stayed within the +/- 5% range. Zoopla reflected that house prices have generally been more stable since 2015, when mortgage lending criteria became stricter.

Some homes rose in value by more than 5%. The value of one in ten homes increased by an average of £17,200, the majority of which are located in North West England. However, the

South East did not fare so well, as 18% of homeowners saw their property's value fall by 5%. Zoopla observed that many of these areas, such as Dover and Hastings, are commuter towns that saw an influx of interest during lockdowns. In these places, house prices may therefore be easing back to pre-pandemic levels.

Hope for tenants in 2024?

Supply has been struggling to meet tenant demand in recent years, but the pressure on the rental market may be cooling.

Rightmove reported that at the end of 2023 there were an average of 11 prospective tenants enquiring about each property listing. Hopefully this year will prove easier, as data indicates that there are 7% more homes coming onto the rental market than last year. Rental costs may be easing too after hitting a record high. According to the HomeLet Rental Index, the average rent decreased by 0.9% between November and December 2023.

Tim Bannister of Rightmove reflected, *"We can't keep seeing double digit rent rises every year as tenant affordability simply cannot keep up, and 2024 is the year we think there will be a much smaller increase in advertised rents of 5% outside of London, and 3% in the capital."*

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House prices headline statistics

House Price Index (December 2023)	149.4
Average House Price	£284,691
Monthly Change	0.1%
Annual Change	-1.4%

*(Jan 2015 = 100)

- Average house prices in the UK decreased by **1.4%** in the year to December 2023
- On a non-seasonally adjusted basis, average UK house prices increased by **0.1%** between November 2023 and December 2023
- The average price in London was **£508,037**.

Source: The Land Registry
Release date: 14/02/24
Next data release: 20/03/24

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	0.2%	-2.1%	£302,164
Northern Ireland (Quarter 4 - 2023)	-0.9%	1.4%	£177,611
Scotland	-0.9%	3.3%	£190,341
Wales	0.9%	-2.5%	£213,816
East Midlands	1.6%	-1.0%	£248,390
East of England	-0.5%	-3.8%	£342,489
London	0.0%	-4.8%	£508,037
North East	-1.2%	-0.8%	£157,557
North West	2.5%	1.2%	£218,353
South East	-1.9%	-4.6%	£377,162
South West	-0.5%	-2.2%	£318,966
West Midlands Region	2.6%	0.3%	£252,532
Yorkshire and The Humber	0.1%	-1.2%	£207,501

Average monthly price by property type – December 2023

Property Type	Annual Increase
Detached £447,076	-0.8%
Semi-detached £280,024	-0.2%
Terraced £232,113	-2.5%
Flat / maisonette £224,757	-2.3%

Source: The Land Registry
Release date: 14/02/24

Housing market outlook

"There have been some encouraging signs for potential buyers recently with mortgage rates continuing to trend down. This follows a shift in view amongst investors around the future path of Bank Rate, with investors becoming more optimistic that the Bank of England will lower rates in the years ahead."

Robert Gardner, Chief Economist, Nationwide

Source: Nationwide, January 2024

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All details are correct at the time of writing (14 February 2024)

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