

RESEARCH

Residential Market Update

February 2022

Market overview

It has only been one month since our last report when we wrote about the new and highly transmissible COVID variant, Omicron and the new imposed 'Plan B' restrictions that resulted. And yet here we are just five weeks later writing about the lifting of said restrictions; case numbers peaked in early January and have been falling steadily ever since. The vaccination and booster campaigns appear to have helped as both hospitalisations and deaths did not rise by, nor reach, levels anywhere near what had been seen this time last year. The limited restrictions and

the early lifting of them, indicates a government that is keen to balance the well-being of the economy with public health.

In the residential market, strong house price growth continued in December, even during what is usually a quieter time of the year. What's more, demand across both the sales and lettings markets remains unabated into the new year as new buyers and tenants continue their searches. However, with the recent rise in interest rates and high inflation that will inevitably impact disposable incomes, it is probable that demand in the sales market may begin to taper off slightly. This may be no bad thing though as lessening demand will bring balance back into the market and a more sustainable level of house price growth.

8.3%
UK rental growth in 2021
(Source: HomeLet)

house prices rose by an average of 9.8%, a robust increase over November's figure of 8.2%. They too found that on an annual basis this is the highest house price inflation since 2003.

- The more up to date measure of asking prices provided by the web portal Rightmove (January 2022), notes that the housing market is still 'hot' with the average price of a property new to the market over the last few weeks up 0.3% over December, and 7.6% higher than in January 2021. According to their index this is the highest annual asking price increase in over five years.
- Rental growth across the UK continues to climb sharply, rising 8.3% throughout the year, according to HomeLet's latest report on the private rented sector. Rents grew in every country and region, with Greater London again showing the highest annual increase at 12.6%.



Sales and Lettings prices

- House prices ended the year by increasing yet further, rising by 10.4% throughout 2021, according to Nationwide's December update. This marked the highest annual price growth since 2006, according to the mortgage lender, with the average UK home increasing in value by around £24,000.
- Halifax found a similar trend, with their report finding 2021 UK



Across our Carter Jonas offices enquiry levels bounced back rapidly

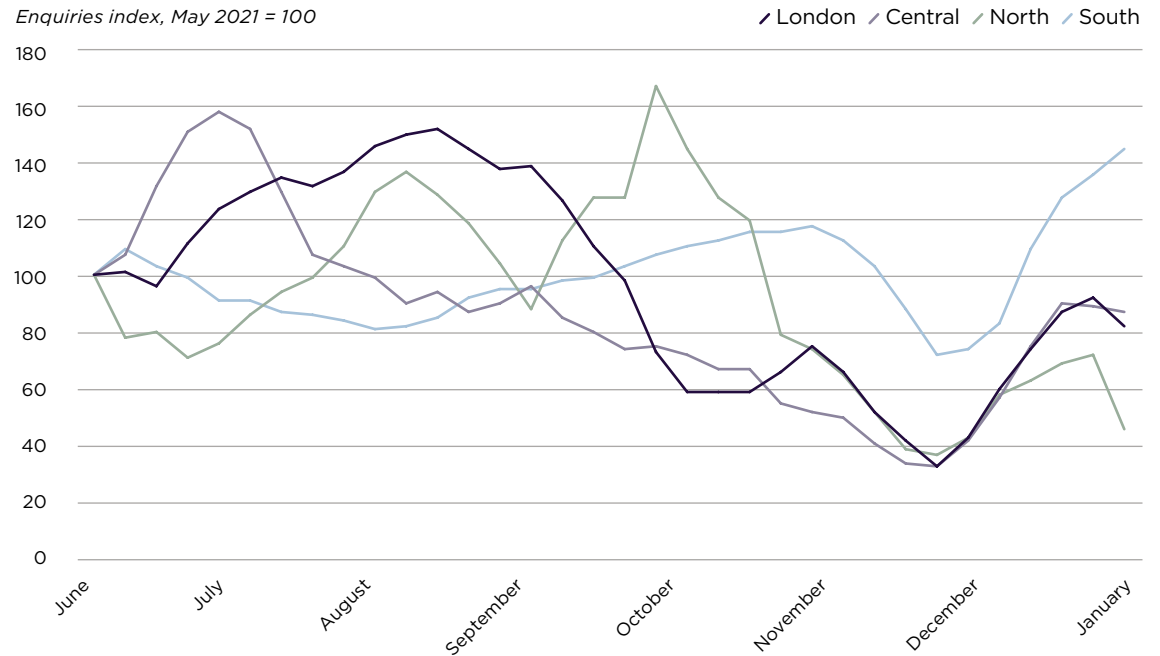
Activity

- Strong demand continues in the sales market into 2022 with Rightmove noting that buyer enquires were 15% higher than the same time last year, during the first few weeks of the year. On the other hand, the number of available homes for sale per estate agent has dropped to record lows. Encouragingly, they go on to say that during the first 'working week' of 2022 the number of home valuation requests was up 44% over the same period last year indicating that more supply may be on the way.
- The lettings market continues to be very active with tenant demand at extremely strong levels. In some cases, agents are receiving upwards of 25-30 enquiries on single properties within hours of becoming available online. This level of demand has been particularly notable in city centre locations. The latest monthly industry report from ARLA Propertymark found that tenants registered per branch rose to its highest-ever levels for a November / December period as tenants rush to register their interest for available rental properties.
- Across our Carter Jonas offices enquiry levels (across both sales and lettings) bounced back rapidly following the usual lull during the normal holiday period. during the first four weeks of the year enquiries jumped by as much as 120% in our central office locations, notably in Cambridge. Across London, enquiries also rose sharply, up nearly 80% compared with the previous four weeks.
- Staying with our Carter Jonas office enquiry levels and in the first few weeks of 2022 internet enquiries are up 65% compared with the same period in 2021. Market Appraisals are also strong, increasing by nearly 80% over January 2021, indicating a very strong start to the year.



Figure 1 Carter Jonas Enquiry levels trends

Source: Carter Jonas. Enquiry levels are four-week rolling average



Official House Price data

HM Land Registry
November 2021

Carter Jonas location	Average Price	Monthly Change (%)	Annual Change (%)
South Cambridgeshire	£433,553	3.6%	14.4%
Somerset	£284,415	2.1%	14.3%
Cambridge	£504,952	3.4%	14.0%
West Oxfordshire	£382,689	-0.3%	13.6%
Cambridgeshire	£337,961	2.5%	13.3%
York	£302,617	3.5%	13.2%
North Northamptonshire	£245,547	-0.3%	12.0%
Suffolk	£286,311	2.3%	11.6%
Oxford	£479,289	0.6%	11.5%
Wiltshire	£316,932	0.8%	10.4%
United Kingdom	£270,708	1.2%	10.0%
Winchester	£475,890	2.3%	9.9%
England	£288,130	1.4%	9.8%
Harrogate	£316,702	1.7%	9.5%
West Northamptonshire	£275,221	0.7%	9.2%
West Berkshire	£393,620	-0.1%	8.9%
South Oxfordshire	£483,780	-3.8%	8.4%
Vale of White Horse	£397,552	-1.4%	7.6%
Leeds	£217,725	1.1%	7.4%
Outer London	£468,285	-0.1%	6.4%
South West London	£726,515	-1.9%	6.0%
Bath and North East Somerset	£378,152	-5.4%	5.2%
London	£519,934	0.2%	5.1%
Prime Central London	£1,147,450	-6.3%	4.8%
Inner London	£610,900	-0.3%	3.0%

Source: HM Land Registry



Monthly change in enquiry levels

80%
LONDON

23%
SOUTH

120%
CENTRAL

60%
NORTH

We're closely analysing what happens next

We're monitoring the market so we can get you the best possible price for your property. If you're keen to sell your property as soon as possible or simply curious to know what it's worth during these changing times

CLICK HERE to book a complimentary market appraisal.

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About Carter Jonas

Carter Jonas LLP is a leading UK property consultancy supported by a national network of 33 offices and 800 property professionals. Our team is renowned for their quality of service, expertise and the **simply better advice** they offer their clients.

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