

RESEARCH

Residential Market Update

March 2022

Market overview

GDP growth in 2021 reached a strong 7.5%, the highest of the G7 economies. On the face of it this is good reading, but of course it is off the back of an annual decline of 9.4% in 2020 so there was much lost ground to make up. What's more, looking forward things do not look as rosy. Rising inflation and the cost of living, increasing interest

rates, the rise in national insurance contributions means that despite growth last year, it is 2022 when the UK's economic resilience might really be tested.

Across the residential market, house price growth continued into January but with the recent interest rate rises and accelerating inflation we expect demand in the sales sector to begin to fall back to more normal levels. Meanwhile the private rented market is becoming exceptionally active. Tenant demand has soared while the stock of available properties has fallen dramatically, across both

rural and urban locations. Many private landlords took advantage of rising house prices over the last 12 months, reducing the stock of properties, and this coupled with many years of landlords leaving the sector anyway has created the perfect storm of supply and demand imbalance leading to unusually high rental growth.

Sales and Lettings prices

- Both Nationwide and Halifax house price indices show continued growth in sales market figures, with Nationwide quoting annual UK average growth of 10.4% in January and Halifax reporting 9.7%.
- Nationwide's figure is the strongest start to a year since 2005, according to the Bank and marks the highest annual figure since June 2021 showing there has been no let up yet in the strong level of demand for homes. As mentioned earlier though, we anticipate that the current levels of demand in the sales market will begin to subside a little as rising inflation, cost of living and mortgage rates begin to rise throughout 2022.

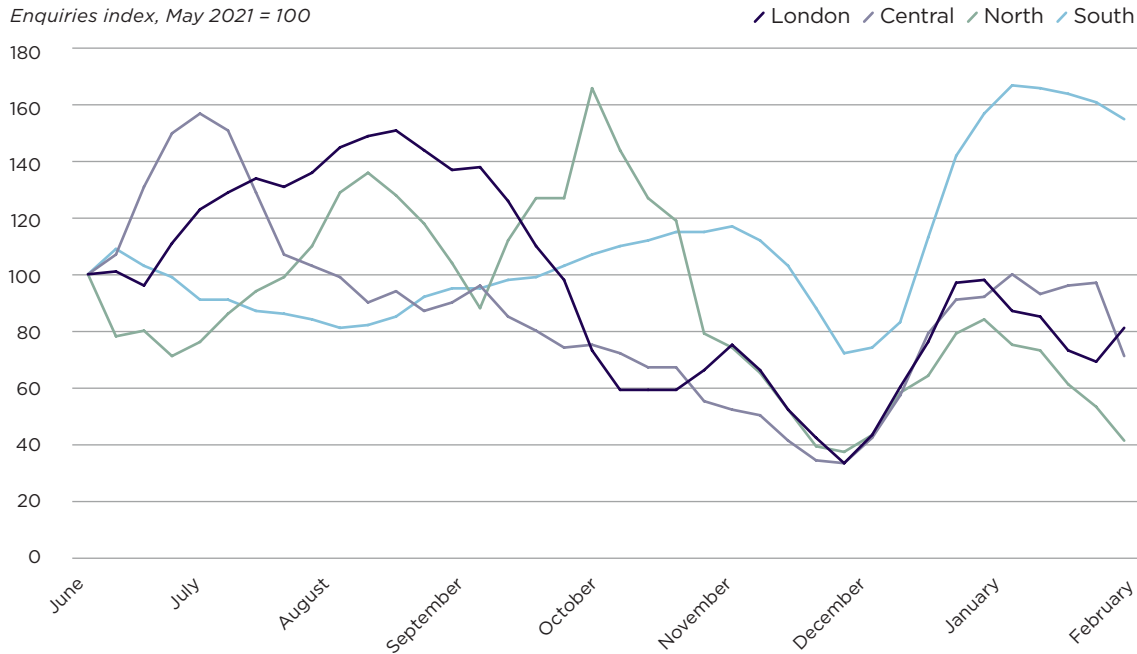


- Asking prices also continue to rise, with Rightmove's February house price index showing a 9.5% annual increase, up from 7.6% last month and the highest annual rate of growth since 2014.
- In Rightmove's recently released Quarterly Rental Trends Tracker (Q4 2021) it was found that rents across the UK are rising at their fastest ever rate, reaching 9.9% outside London, 10.9% inside London. The report goes on to say that average rents are now growing faster than average house prices in all but three regions (East Midlands, South West and South East).
- Looking ahead, the web portal predicts strong demand and limited supply will continue to put upward pressure on rents, and they will therefore rise by an average of 5% throughout 2022.

10.4%
average annual
house price growth
(Source: Nationwide)

Figure 1 Carter Jonas Enquiry levels trends

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



Residential transactions reached 1.5 million in 2021, making it the highest annual total since 2007

Activity

- Figures released last month found that overall residential transactions reached 1.5 million in 2021, making it the highest annual total since 2007 and 43% more than 2020. This confirms what most had already widely suspected, that 2021 was one of the busiest years for property transactions for over a decade.
- Rightmove reports that both buyers and sellers appear to be getting worried about missing out on the current competitive market. Their latest house price report notes an 11% increase in the number of new property listings compared with the same period last year, while at the same time there has been a 16% increase in the number of buyer enquiries to agents.
- Demand in the private rental market continues to soar with Rightmove's latest rental market tracker (Q4 2021) noting that demand for available properties has risen 32% compared with the same period one year prior while the stock of available properties to let is down by over 50%.
- Similar data was reported in the other main lettings market publications including Zoopla's who note that tenant demand according to their data has risen by 76% compared with the same time period over the last four years while at the same time the stock of available new properties was 39% less.
- Across our Carter Jonas offices, enquiry levels remained very strong throughout the latter part of January and into February. Over the last four weeks enquiries have increased in all of our locations when compared with the previous four-week period.
- Our southern offices in particular saw a raft of activity, with enquiries increasing by nearly 50% over the last four weeks with Newbury and Marlborough offices alone seeing enquiries double over the period.



Official House Price data

HM Land Registry
December 2021

Source: HM Land Registry

Carter Jonas location	Average Price	Monthly Change (%)	Annual Change (%)
South Cambridgeshire	£439,222	1.2%	16.6%
Somerset	£290,429	1.9%	15.4%
North Northamptonshire	£251,477	1.9%	14.6%
Cambridgeshire	£340,651	0.7%	14.0%
York	£304,846	1.9%	12.8%
Suffolk	£288,093	0.8%	12.0%
West Oxfordshire	£376,538	-1.6%	11.9%
South Oxfordshire	£502,929	-0.1%	11.8%
Harrogate	£326,012	1.0%	11.5%
West Northamptonshire	£281,975	0.6%	11.0%
United Kingdom	£274,712	0.8%	10.8%
Wiltshire	£319,841	2.0%	10.7%
England	£293,339	1.1%	10.7%
Vale of White Horse	£407,404	1.1%	10.5%
South West London	£741,071	2.5%	10.3%
Bath and North East Somerset	£399,981	4.0%	10.2%
West Berkshire	£393,948	0.9%	9.5%
Prime Central London	£1,202,720	-0.6%	8.9%
Leeds	£221,412	1.4%	8.2%
Winchester	£474,787	0.3%	8.1%
Outer London	£471,575	0.2%	6.6%
Cambridge	£470,086	-4.7%	5.8%
London	£521,146	0.2%	5.5%
Inner London	£616,979	1.2%	4.7%
Oxford	£446,411	-3.0%	2.0%



Monthly change in enquiry levels

12%
LONDON

47%
SOUTH

18%
CENTRAL

14%
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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Sources: Carter Jonas Research, Halifax, Nationwide, ONS, Rightmove, Zoopla

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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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