

RESEARCH

Residential Market Update

May 2022

Market overview

Despite the Bank of England's decision to increase interest rates, home buyer demand and activity in the housing sales market remains elevated. The latest RICS residential market survey points to an increase in new buyer enquiries in February, which has surprised both agents and analysts. A further survey report from the Bank of England found

that demand amongst first-time buyers appears strong, another surprise in the market as up until this point it had been second- and third-steppers who had been seen to be the cohort causing the highest levels of demand over the last 18-24 months.

All of this activity continues to result in sustained house price growth, in some cases reaching levels not seen in over 16 years. However, as we have said for a few months now, we continue to expect a slowdown in demand in the latter half of the year. Inflation is expected to continue



to climb, new energy pricing has now begun, and national insurance contributions have gone up for many. Some households will undoubtedly put off buying and selling while these new costs of living are better understood and absorbed.

Sales and Lettings prices

- Still no signs of house price growth easing yet, with both Halifax and Nationwide reporting yet stronger prices in March. House price inflation grew by 11.0% annually according to Halifax, reflecting a 1.4% monthly growth, the strongest monthly increase in six months. According to Nationwide house prices grew

14.3% over the same time one year ago, up from 12.6% the month prior, marking the highest annual increase since 2004, according to their records.

- In the lettings market, Rightmove's latest quarterly report finds that rents are still growing at record rates, increasing by 10.8% (annually) outside of London, the first time growth has ever peaked above 10%. Rents inside London are also growing at a seemingly phenomenal pace, rising by 14.3% in the last 12 months to an average rate of £2,193 per calendar month.
- HomeLet's rental report finds that rents in March (annually) are also still growing at record rates across many parts of the country, with an average UK growth rate of 8.7%. Rents were found to be growing

the fastest in Scotland (12.9%) followed by Greater London (11.6%) and the North West (10.5%), the same three areas which posted the strongest rates of growth last month as well.



8.7%

average rental growth rate

(Source: HomeLet)

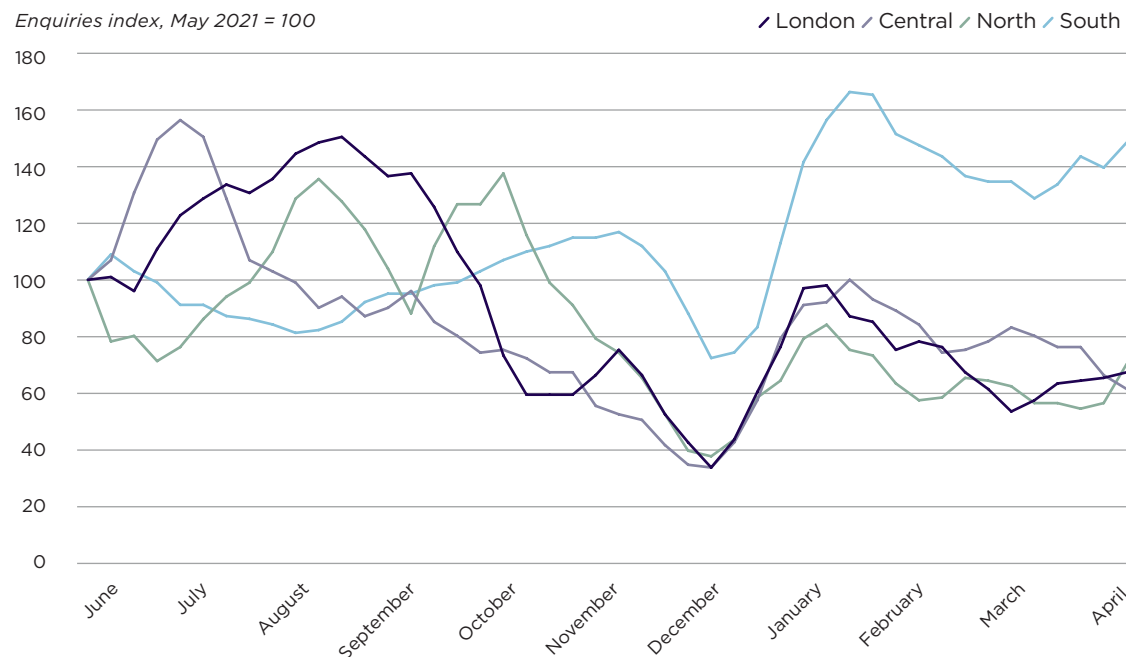
Activity

- Very tentative signs that there might be a gradual slowdown in housing sales activity to come, with Bank of England data for February (latest) showing a decline in mortgage approvals that month, to just under 71,000. This is down 4% from January and 18% below the same month one year ago.
- Buyer demand in some of the UK's largest cities has been rising since the start of the year, according to Zoopla's latest market report, with overall UK demand levels around 65% higher than the five-year average for this time of year. The report also finds that sales in London marked as 'subject to contract' are currently 30% higher than during the same period in 2020 (quarter 1), suggesting that buyer demand in urban centres is indeed on the rise.
- Across to the rental market and Rightmove data shows the imbalance between supply and demand in stark reality: when comparing numbers with the 'normal' (pre-pandemic) market in 2019 the amount of available properties is down 47% in London while demand is up 81%. They further note that across the wider market more generally there are three times the number of tenants enquiring as there are rental properties available.
- Turning to enquiry levels and despite the Easter holidays, enquiries to our Carter Jonas offices have remained somewhat stable and, in some cases, rather buoyant over the last four weeks. Our southern offices have seen enquiry levels rise by around 6% on a rolling four-week basis, while the London offices have seen these levels rise by nearly 10%.
- Our central offices continue to see a slow fall in enquiries after reaching a peak in early January. This is mostly due to diminishing available stock levels, with the area witnessing a particular depletion of available inventory, even though buyer levels remain resilient in the area.



Figure 1 Carter Jonas Enquiry levels trends

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



Official House Price data

HM Land Registry
February 2022

Carter Jonas location	Average Price	Monthly Change (%)	Annual Change (%)
Bath and North East Somerset	£419,963	1.8%	14.5%
Cambridgeshire	£347,036	1.8%	13.6%
West Oxfordshire	£385,555	1.9%	13.6%
South Cambridgeshire	£444,358	1.7%	13.2%
Winchester	£492,662	-0.9%	13.2%
North Northamptonshire	£252,488	0.3%	12.9%
Somerset	£289,637	0.5%	12.1%
Suffolk	£292,565	0.3%	12.1%
York	£302,940	0.2%	11.9%
West Berkshire	£400,134	1.0%	11.5%
Vale of White Horse	£411,158	4.6%	11.0%
United Kingdom	£276,755	0.5%	10.9%
England	£295,888	0.9%	10.7%
South Oxfordshire	£494,808	0.8%	10.2%
Prime Central London	£1,207,564	2.0%	10.2%
West Northamptonshire	£283,538	0.6%	10.1%
Oxford	£475,196	2.3%	10.1%
Wiltshire	£320,695	1.5%	9.5%
South West London	£721,601	1.3%	9.5%
Leeds	£227,280	1.1%	9.4%
Cambridge	£494,873	6.3%	9.4%
London	£529,882	2.2%	8.1%
Harrogate	£324,854	0.9%	7.1%
Outer London	£476,677	0.9%	6.8%
Inner London	£612,654	1.0%	3.8%

Source: HM Land Registry



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property advice



Monthly change in enquiry levels

9%

LONDON

6%

SOUTH

-12%

CENTRAL

-5%

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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