

RESEARCH

Residential Market Update

June 2022



Market overview

Rising interest rates, higher energy prices, increasing costs of living and high levels of inflation are dominating the economic landscape across the UK. GDP growth has also stalled with recent data showing that output in March declined by 0.1%, following no growth in February. But the UK is not alone, as global supply chain disruptions, the war in Ukraine and energy costs more widely have been negatively weighing on global growth over the last few months.

Across the residential sales market, house prices continue to rise although the pace of growth appears to finally be slowing – we await to see if this is a longer-term trend although we expect that it will be. Private rents in the lettings market are also rising at robust rates, reaching double digits in many parts of the UK, and most prominently in London. As affordability factors and the cost of living more generally continue to increase over the coming months, we expect the pace of house price and rental growth to ease.

Sales and Lettings prices

- Annual UK house price growth slowed slightly in April, to 12.1% down from March's long-term high of 14.3%, according to Nationwide. Nevertheless, as the bank goes on to say, this is the 11th time in the last 12 months that house prices have reached double digit growth.
- The pace of house price growth also slowed in April according to Halifax's latest figures. Annually, prices rose by 10.8% but this is down from 11.0% in March. On a monthly basis house price inflation was found to have risen by 1.1% during the month, compared with 1.5% the month prior. Halifax notes that detached and semi-detached property prices have risen by over 12% over the past year, compared with 7.1% for flats, further enforcing the belief that the majority of demand has come from larger families looking to upsize or relocate for more space.
- Over to the lettings market and Rightmove's first quarter 2022 rental index reports rapidly rising asking rental rates across the country. Average UK asking

rents were said to have risen by 10.8% annually, the first time this dataset has risen by over 10% over the course of its history. Greater London asking rents grew by 14.3% according to the web giant, the largest annual rise of any region since their records began.

- Zoopla / Hometrack's Q1 2022 rental market report finds that rents across the UK rose by an average of 11%. Again, growth rates across London were the highest where they were found to have risen by 15.7% annually. The report goes on to say that rental growth is likely to ease over the latter half of 2022 due to increasing affordability constraints and 'challenging economic conditions'.



12.1%

Annual UK house price growth in April 2022

(Source: Nationwide)

Activity

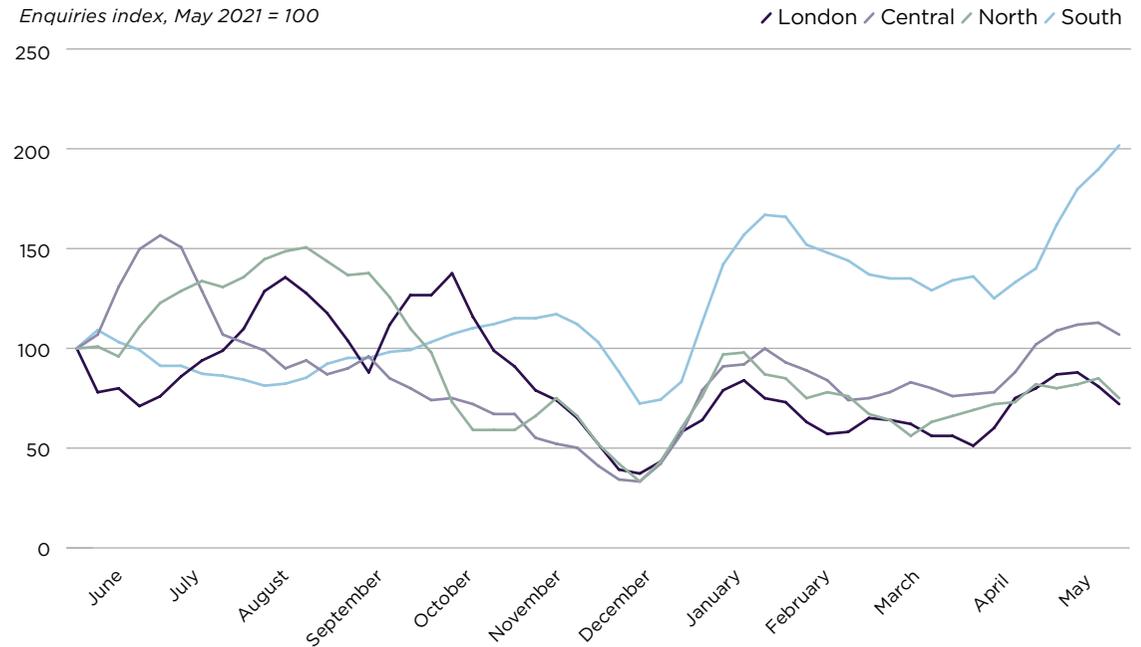
- Property sales transactions during March (HMRC latest data) actually rose, increasing 3% over February to just under 115,000 transactions. This remains well above the longer-term average although as with mortgage levels, it is well below the same time last year when 183,000 transactions took place (March 2021 however was the 'original' end of the stamp duty holiday, before it was extended).
- Zoopla's latest house price index report mirrors the transaction data in that buyer demand is still very strong, sitting at 58% above the five-year average for this time of year. On the other hand, the number of properties listed for sale is 40% below the five-year average. Having said that, the web giant does go on to say that the supply of newly listed homes for sale has started to rise.
- Across the private rented sector, tenant demand in the rental sector continues to outstrip supply as Rightmove notes in their latest quarterly rental tracker. On a national basis tenant demand is up 6% while available properties are down 50% compared to the same period last year. In London the mismatch is even more stark with tenant demand up by 81% while available properties are down 47% compared to the more 'normal' market in 2019.
- Across our Carter Jonas offices, buyer demand continues to rise following a slight slowdown earlier in the spring. In all offices enquiry levels over the last four weeks were up compared with the previous month, with our southern offices in particular continuing to see rising levels of demand. These offices, including Bath, Oxford and Winchester in particular, have seen enquiry levels rise by nearly 40% over April figures.



... buyer demand continues to rise following a slight slowdown earlier in the spring

Figure 1 Carter Jonas Enquiry levels trends

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



Official House Price data

HM Land Registry
March 2022

Carter Jonas location	Average Price	Monthly Change (%)	Annual Change (%)
Winchester	£507,658	3.3%	14.7%
North Northamptonshire	£259,402	2.2%	14.5%
West Oxfordshire	£392,925	2.0%	14.4%
Bath and North East Somerset	£423,691	1.0%	14.3%
Prime Central London	£1,241,123	4.3%	14.2%
Cambridgeshire	£348,130	1.0%	13.2%
Vale of White Horse	£422,393	1.8%	12.9%
Somerset	£292,007	0.9%	12.3%
South Cambridgeshire	£443,896	0.9%	11.4%
Suffolk	£292,939	0.4%	11.3%
Wiltshire	£327,741	1.7%	11.3%
York	£306,919	1.1%	10.9%
West Northamptonshire	£285,757	1.6%	10.4%
West Berkshire	£396,166	-1.0%	10.2%
England	£297,524	0.3%	9.9%
United Kingdom	£278,436	0.3%	9.8%
South Oxfordshire	£495,695	1.5%	9.7%
Harrogate	£329,191	1.7%	8.7%
Oxford	£471,179	1.7%	8.7%
Leeds	£226,876	0.1%	8.4%
South West London	£719,896	0.7%	8.3%
Cambridge	£486,061	0.4%	7.4%
Outer London	£478,225	0.6%	6.7%
London	£523,666	-0.9%	4.8%
Inner London	£616,036	0.4%	4.1%

Source: HM Land Registry



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Monthly change in enquiry levels

9%

LONDON

38%

SOUTH

28%

CENTRAL

24%

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

About Carter Jonas

Carter Jonas LLP is a leading UK property consultancy supported by a national network of 34 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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