

## RESEARCH

# Residential Market Update

July 2022

## Market overview

It has been another busy and slightly discouraging month for UK economic data: interest rates rose again, inflation hit 9.1% and monthly GDP figures indicated another decline, falling 0.3% in April. The labour market though continues to show strong figures with unemployment still below 4% and job vacancies over 1.3 million but with near-record-high inflation, real wage growth is negative and falling.

House price growth meanwhile continues in the double-digits according to both Nationwide and Halifax latest indices, although in both cases this was down from the previous month's figure. Meanwhile the latest data from Bank of England Money and Credit noted that mortgage approvals fell again in April, a forward indicator that future house borrowing and buying may finally be slowing. In the lettings market, a squeeze on consumers' affordability may be turning potential buyers to the rental market, helping to drive the recent rise in rental demand. With a huge decline in available properties, this imbalance is driving rental costs upwards.

## Sales and Lettings prices

- House prices rose by an average of 11.2% (annually) in May, according to Nationwide, marking the 13th consecutive month of double-digit annual price growth, and the tenth month where prices have grown on a monthly basis.
- Halifax's index shows that the pace of house price growth slowed in May, but at 10.5% (annual) this is only a small slowdown from April's figure of 10.8%. On a monthly basis the cost of buying a house rose by 1% in May, adding an additional circa £2,900 to the average purchase price.
- According to Rightmove's latest house price index, asking prices rose by an average of 10.2% (annually) in May, a slight increase over April's figure of 9.9% and reflecting a hefty monthly rise of 2.1%. The report goes on to say that asking prices rose by an average of £55,000 over the last two years, compared with a more modest £6,000 rise in the two years before the pandemic.
- In the lettings market, rental rates continue their strong

upward march, rising by an average of 10.6% annually in May, surpassing the 10% mark for the first time in over eight years, according to HomeLet. The highest growth rate was recorded in London which witnessed 15.7% growth as the flight back to the capital continues to increase demand.



# 11.2%

**Annual UK house price growth in May 2022**

(Source: Nationwide)



## Activity

- Mortgage approvals fell for the third month in a row according to the latest data from the Bank of England's credit report (April). At just under 66,000 approvals in April this marks the lowest level since June 2020. This forward-looking measure on buying homes may be the first indicator that demand in the housing market is slowing to more sustainable levels.
- Further indications that the market and house price growth specifically may begin to soften comes from Zoopla's latest house price report; the web portal found that the supply of new available properties is 7% above the five-year average for this time of year (four weeks to mid-May 2022). On the other hand, they have also found that demand is still strong, averaging 61% above the long-term 5-year average.
- Across the private rented sector, Arla Propertymark's latest report also finds that demand for rental properties remains high, with an average of 95 new applicants registered per branch in April (latest), a strong rise from 78 in February. The number of new homes available to rent (that are currently empty) remains low with an average of just nine per branch, although this is a significant increase from February's low of five.
- Turning to our Carter Jonas offices and enquiry levels here remain steady and robust, even in the face of strong economic headwinds. Across all our offices we see no firm indication of any dip in demand – the two north offices recorded a 25% jump in enquiries over the last four weeks, while our London offices (particularly in Barnes and Fulham), enquiry levels also rose, by around 3%.



**... the supply of new available properties is 7% above the five-year average**

**Figure 1** Carter Jonas Enquiry levels trends

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



# Official House Price data

HM Land Registry  
April 2022

| Carter Jonas location        | Average Price   | Monthly Change (%) | Annual Change (%) |
|------------------------------|-----------------|--------------------|-------------------|
| Bath and North East Somerset | £436,359        | 2.8%               | 16.1%             |
| Prime Central London         | £1,245,633      | 3.9%               | 15.9%             |
| South Cambridgeshire         | £456,952        | 2.7%               | 15.7%             |
| West Oxfordshire             | £395,348        | 2.0%               | 15.2%             |
| Wiltshire                    | £334,244        | 2.5%               | 14.4%             |
| Cambridgeshire               | £351,161        | 1.3%               | 13.6%             |
| North Northamptonshire       | £259,970        | 0.9%               | 13.6%             |
| West Berkshire               | £405,684        | 3.3%               | 13.4%             |
| Vale of White Horse          | £418,299        | 0.7%               | 13.2%             |
| West Northamptonshire        | £290,141        | 1.6%               | 13.0%             |
| Somerset                     | £294,289        | 1.2%               | 13.0%             |
| Suffolk                      | £295,418        | 1.2%               | 12.6%             |
| Harrogate                    | £338,308        | 2.7%               | 12.6%             |
| <b>United Kingdom</b>        | <b>£281,161</b> | <b>1.1%</b>        | <b>12.4%</b>      |
| Cambridge                    | £508,914        | 4.4%               | 12.2%             |
| <b>England</b>               | <b>£299,249</b> | <b>0.8%</b>        | <b>11.9%</b>      |
| Leeds                        | £231,692        | 1.7%               | 11.4%             |
| South Oxfordshire            | £496,346        | 2.8%               | 9.2%              |
| Winchester                   | £474,310        | -4.0%              | 8.7%              |
| York                         | £302,263        | 0.9%               | 7.9%              |
| London                       | £529,829        | 1.0%               | 7.9%              |
| Outer London                 | £480,501        | 0.9%               | 7.4%              |
| South West London            | £718,285        | 0.4%               | 7.3%              |
| Inner London                 | £618,426        | 0.6%               | 5.6%              |
| Oxford                       | £459,055        | -1.1%              | 4.8%              |

Source: HM Land Registry



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## Monthly change in enquiry levels

3%

LONDON

-9%

SOUTH

-6%

CENTRAL

25%

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 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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