

## RESEARCH

# Residential Market Update

August 2022



Average asking rents outside of London have now grown by 19% in the last two years



## Market overview

GDP growth for May was a pleasing surprise of +0.5%, with each of the main sectors posting expansion. However, the timelier data from the Purchasing Managers Index points to some challenges to come as both manufacturing and construction figures declined in June over the previous month. The labour market continues to show resilience with an unemployment rate at nearly its lowest rate in almost 60 years. The problem - following two years of pandemic - no longer appears to

be redundancies and job losses but rather a shortage of people to fill the million plus job vacancies that are currently unfilled.

In the residential sales market, latest data again shows double-digit annual sales price growth as robust demand continues amid constrained available supply. We continue to expect demand to soften over the coming months as rising cost inflation and increasing interest rates dampen the market. Having said that, Bank of England mortgage approvals data for May showed virtually no change in the number of approvals over the previous month, a figure that is in line with the longer-term average.

## Sales and Lettings prices

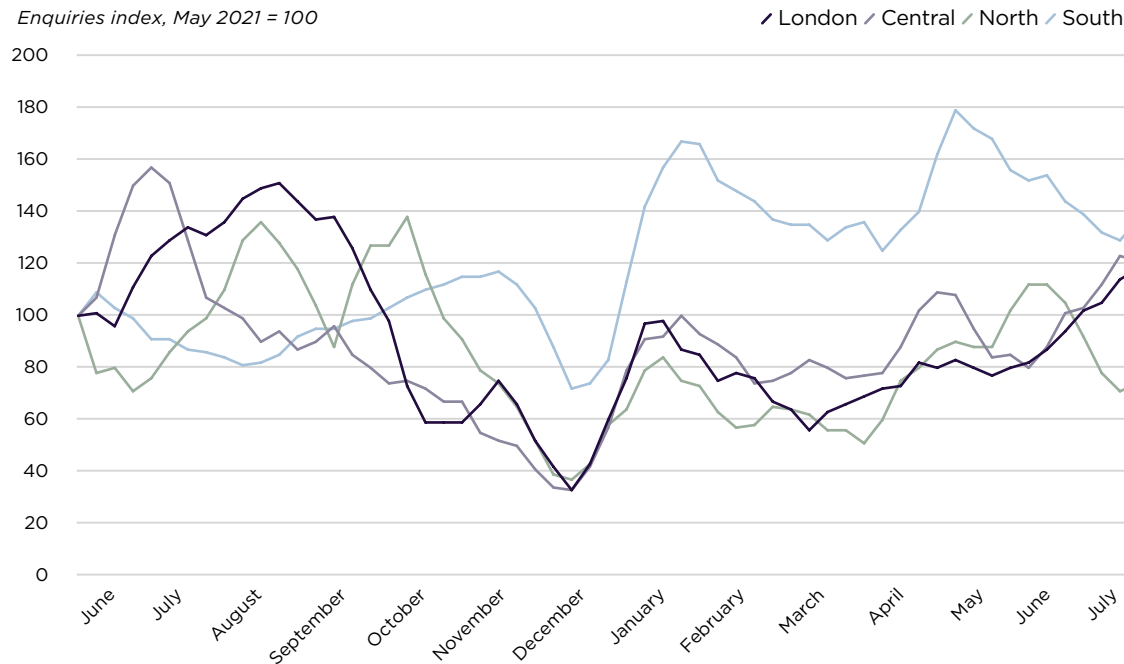
- Nationwide's June house price index shows a slowing pace of growth, moving from 11.2% (annually) in May, to 10.7% in June. This is clearly a very small decline in pace as it marks the eighth consecutive month of double-digit growth.

- On the other hand, Halifax's index showed price growth rising in June over May, moving from 10.7% to 13.0% in June. On a monthly basis house prices were found to have risen by 1.8%, the 12th month in a row of growth. The bank's report goes on to say that the supply-demand imbalance is squarely to blame for the sharp rise and although activity is now back to pre-Covid averages, demand is still strong.
- The average asking price of a home coming to market rose by 9.7% annually (June, latest data) according to Rightmove, down from 10.2% the previous month. This means the average price of a property coming to the market is £368,614 although the monthly rise of 0.3% is more modest.
- Across the lettings market, Rightmove's latest quarterly index shows more strong rental growth across all areas of the country, leading to a national average increase of 11.8% over the last year. According to their data, year on year growth reached double digits in every country and region covered in the report, with the highest in London (15.8%) and the lowest in the East Midlands (10.3%). Average asking rents outside of London have now grown by 19% in the two years since the pandemic began, the same growth previously took eight years to achieve.

**Figure 1** Carter Jonas Enquiry levels trends

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

Enquiries index, May 2021 = 100



## Activity

- Interestingly, approved mortgages remained stable in May, reaching 66,163, up slightly from April's (revised) 66,064 figure. We had anticipated that April would mark the beginning of slowing mortgage figures as interest rates and other cost inflationary pressures rose and squeezed consumers spending,

and although these figures are down by nearly a quarter from the same month one year ago, they are almost exactly in line with the pre-COVID long run average of 66,873 approvals per month.

- The supply / demand imbalance in the sales market is becoming 'less extreme' according to Zoopla's latest house price index report. In the four weeks to late June the

publication found that although demand is still 40% above the long-run average, this is down from 61% last month. The flow of new supply is up too, indicating new available properties are 4% above their five-year average.

- In the private rented sector, demand continues to rapidly outstrip supply as Rightmove's latest report in the sector notes that rental stock is down 26% compared with last year, while

demand is up 6%. Interestingly, their report goes on to say that despite economic headwinds and some discouraging challenges posed for landlords and investors in the latest Rental Reform White Paper ([read our response to that here](#)), more landlords are still planning to expand their portfolios (34%) than reduce it (11%).

- Across our Carter Jonas offices we continue to be impressed

by the strong levels of demand coming in, with particularly high and increasing enquiries across our London and Central office locations. Both these locations saw an average increase of around 30% of enquiry levels over the last four weeks with particularly high levels from the Cambridge and Marylebone locations.

# Official House Price data

HM Land Registry  
May 2022

Carter Jonas location	Average Price	Monthly Change (%)	Annual Change (%)
West Oxfordshire	£394,114	1.4%	16.7%
Vale of White Horse	£434,056	2.1%	16.0%
North Northamptonshire	£265,066	2.0%	15.7%
Bath and North East Somerset	£423,738	-0.5%	13.8%
West Northamptonshire	£292,348	1.2%	13.7%
Somerset	£296,343	0.6%	13.6%
<b>England</b>	<b>£302,278</b>	<b>1.3%</b>	<b>13.1%</b>
<b>United Kingdom</b>	<b>£283,496</b>	<b>1.2%</b>	<b>12.8%</b>
Suffolk	£293,238	0.5%	12.6%
Wiltshire	£330,295	-0.2%	12.3%
Winchester	£490,955	1.8%	11.6%
Cambridgeshire	£346,456	-0.6%	11.6%
South Cambridgeshire	£444,987	0.1%	10.8%
York	£315,092	3.1%	10.4%
West Berkshire	£394,538	-0.7%	10.0%
Leeds	£229,139	0.3%	9.7%
London	£526,183	0.2%	8.2%
Outer London	£482,008	0.7%	7.7%
Harrogate	£326,123	-2.0%	7.4%
South Oxfordshire	£489,780	-0.2%	7.3%
South West London	£720,480	0.1%	7.0%
Cambridge	£479,909	-3.2%	6.2%
Oxford	£465,505	1.1%	4.8%
Inner London	£608,801	-0.8%	4.7%
Prime Central London	£1,098,949	-8.3%	3.1%

Source: HM Land Registry





## Monthly change in enquiry levels

28%

LONDON

-11%

SOUTH

30%

CENTRAL

-27%

NORTH

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[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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