

## RESEARCH

# Housing Market Update

August 2023



**House prices grew very slightly on a monthly basis, rising by +0.1% in June**

*Source: Nationwide*



## Market Overview

The Bank of England's latest figures on mortgage approvals showed they held relatively stable (albeit a small rise was recorded) between April and May, continuing to hover at 50,000 per month. Overall transactions however fell slightly and both mortgage approvals and transactions are well below their long-term averages. With this in mind clearly the decline in demand is placing downward pressure on prices which is hardly surprising given rising mortgage rates and costs of living generally. Nationwide

recorded an annual 3.5% fall in prices while Halifax found they had declined 2.6% over the last 12 months.

In the lettings market, there is still no change in the narrative that we have seen over most of the last two years: growing tenant demand is outstripping available supply, and this is putting strong upward pressure on rents.

build properties saw a +1.9% rise on an annual basis compared with a -3.5% fall for secondhand homes. There were annual declines across all property types, with flat prices declining by -3.1% compared with a more modest -1.3% fall in detached homes.

- In terms of asking prices, Rightmove continues to record annual rises although the pace of growth is certainly slowing. This month a 0.5% increase was recorded over the 12 months to mid-July, down from the 1.1% rise last month. On a monthly basis asking prices declined by 0.2% indicating that vendors are trying to tempt buyers by reducing their price expectations in the face of rising interest rates and affordability constraints.
- In the private rented sector, although the pace of rental growth had been very slowly coming down since reaching a peak late last year, the last three months has seen the pace of growth rising yet again. Average rental growth reached 10.4% per annum in June, according to HomeLet. This is the strongest pace of growth since December 2022 with an uptick noted in six of the regional and country-tracked areas. In London growth reached 12.5% annually while Scotland has yet again (for the third consecutive month) posted the strongest rate of growth of all regions and countries at 15.8%.

## Sales and Lettings prices

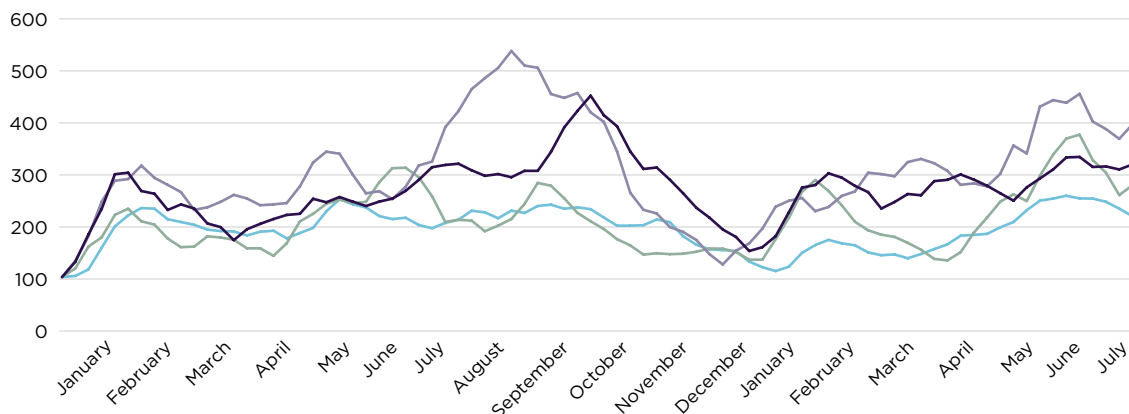
- House prices grew very slightly on a monthly basis, rising by +0.1% in June, according to Nationwide's latest index report. On an annual basis the direction of travel remained broadly the same with average UK prices falling by around 3.5% over last year, little changed from the 3.4% fall recorded in May.
- The Halifax house price index meanwhile has also recorded an annual decline of -2.6% with a small monthly fall of -0.1% in June. On a disaggregated basis though the Bank found that new



**Figure 1** Carter Jonas Enquiry level trends, since January 2022

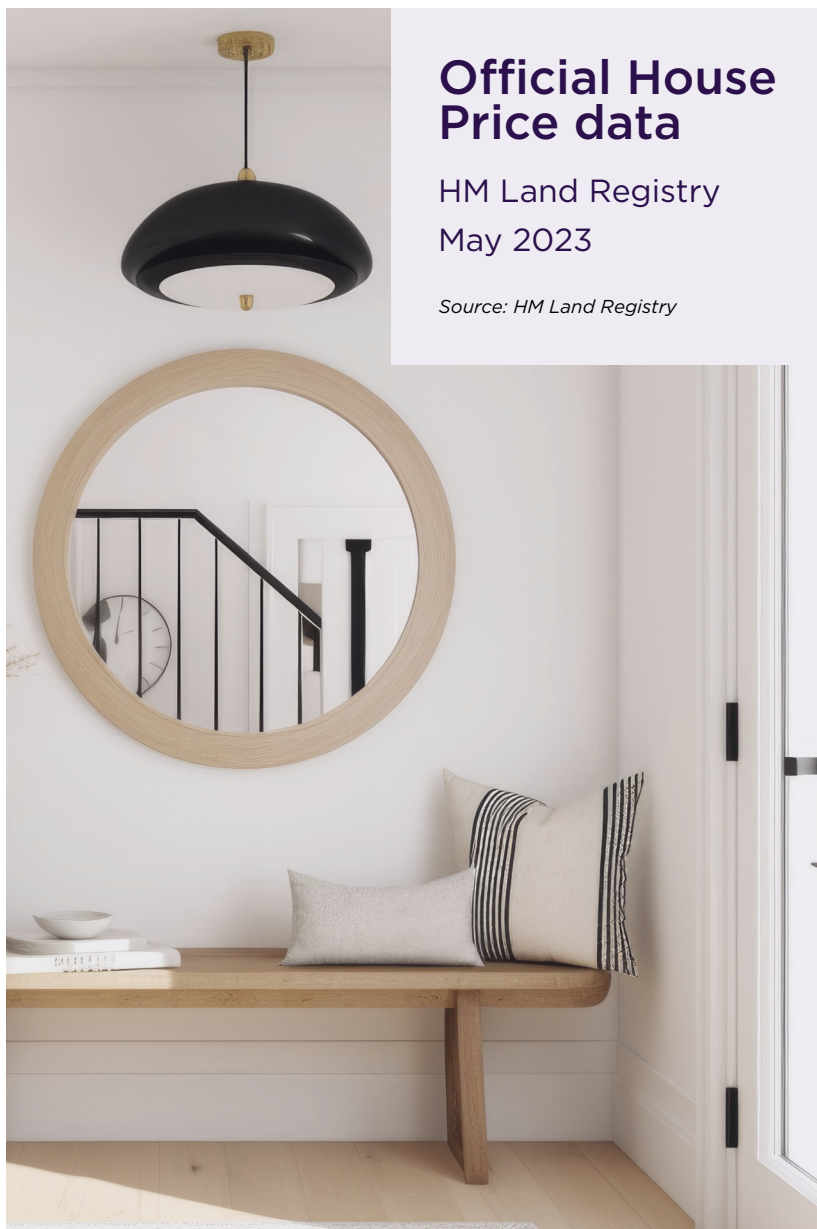
Source: Carter Jonas. Enquiry levels are four-week rolling average

London Central North South



## Activity

- Bank of England mortgage approvals remained relatively stable albeit low by long-term standards. In May 50,524 approvals were recorded, up from a revised 49,020 the month before. The last six months have seen approvals averaging just over 45,000 per month which is 33% below the monthly ten-year average of 66,900 per month.
- Total residential transactions meanwhile (as recorded by HMRC) declined marginally in May, to 80,020 on the month. This is now the sixth month in a row where transactions have fallen below 100,000. However, unlike mortgage approvals this six-month average is only 14% below the ten-year monthly average of 100,850 transactions. This discrepancy between mortgage approval averages and transaction levels is a clear indication that cash buyers are unsurprisingly more active than those needing a mortgage.
- Despite appearances, buyer demand continues to remain resilient, with Rightmove noting a 3% increase in demand compared to the same period in 2019. The number of properties for sale though is 12% lower than this same timeframe. That said, the number of agreed sales is down overall with mid-market / second-stepper homes as well as top of the market homes seeing agreed sales down 14% over the 2019 figure, with smaller home sales being just 9% below this level.
- In the lettings market, latest data from the RICS residential market survey found a net balance of +40% of participants witnessed an increase in tenant demand in June, with a correspondingly sharp -36% measure of new landlord instructions. This is now the most negative reading in landlord instructions since May 2020 and further reinforces the general market trend for a number of years now of the widening imbalance between supply and demand in the lettings market.
- Following a strong level of enquiry interest to all of our Carter Jonas offices in early June, overall numbers have settled to more normal levels that we would expect for this time of year.
- Compared with the same period last year our offices in London, the South and Central locations have all seen substantial increases, and even those across the North have seen only a 1% decline compared with 12 months ago. Overall, demand is still holding up in all areas of the country.



## Official House Price data

HM Land Registry  
May 2023

Source: HM Land Registry

Carter Jonas location	Average Price	Monthly Change (%)	Annual Change (%)
Winchester	£518,101	2.8%	10.0%
West Oxfordshire	£403,015	-1.2%	8.2%
Leeds	£237,818	0.9%	4.4%
North Northamptonshire	£271,439	1.1%	3.9%
West Berkshire	£407,790	-2.1%	3.7%
Wiltshire	£337,973	-0.4%	3.5%
Oxford	£478,100	1.2%	3.5%
York	£319,268	-1.1%	3.4%
Somerset	£302,001	0.3%	3.3%
Cambridge	£510,014	3.0%	2.8%
West Northamptonshire	£295,459	-1.1%	2.8%
Cambridgeshire	£354,625	-0.7%	2.4%
South West London	£724,463	1.4%	2.2%
North Yorkshire	£274,967	-0.9%	2.2%
<b>United Kingdom</b>	<b>£285,861</b>	<b>0.0%</b>	<b>1.9%</b>
<b>England</b>	<b>£303,557</b>	<b>-0.4%</b>	<b>1.7%</b>
Outer London	£480,151	-0.9%	1.5%
South Cambridgeshire	£443,871	-0.9%	1.0%
Inner London	£616,323	0.5%	0.9%
Vale of White Horse	£421,240	0.3%	0.8%
London	£525,629	-1.2%	0.8%
Bath and North East Somerset	£426,968	-1.3%	0.8%
Suffolk	£295,136	-1.3%	0.4%
South Oxfordshire	£501,398	-3.4%	-0.6%
Prime Central London	£1,117,865	2.3%	-10.2%



## Monthly change in enquiry levels

**-1%**

LONDON

**-6%**

SOUTH

**-12%**

CENTRAL

**-15%**

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 1,000 property professionals. Our team is renowned for their quality of service, expertise and the **simply better property advice** they offer their clients.

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