

RESEARCH

Housing Market Update

July 2023

Overview

Bank of England Base Rate was raised yet again in June following the MPC's latest meeting, moving up a punchy 50 basis points to 5.0%. The impact of this latest rise means mortgage rate rises are inevitable across the board and households with mortgages will likely rein in spending elsewhere over the coming months. This follows several earlier rate rises which helped to cause both monthly sales levels and mortgage approvals to fall in the latest set of data from HMRC and the Bank of England respectively. House prices were

also found to have declined on an annual basis according to both Nationwide and Halifax.

Clearly, rising mortgage rates and persistently high inflation are having an unfavourable impact on the sales market across the UK. Neither is the rental market escaping these issues, with rising mortgage rates on buy to let investors coupled with very high tenant demand and diminishing availability resulting in double-digit rental growth yet again this month.

Sales and Lettings prices

- After last month's small rise in house prices of +0.4% (revised), it was disappointing to see a small fall of -0.1% this month, according to Nationwide. On an annual basis prices were recorded to have fallen by -3.4% and are now 4% below their peak in August 2022.
- Halifax is finally showing a decline in annual house prices, with an overall fall of -1.0% being the first annual decline in over a decade (December 2012). On a monthly basis prices remain unchanged with a value of £286,532, meaning that the annual decline reflects how strong house prices were this time last year. Prices are now nearly £7,500 lower than they were at the peak in August 2022 although they are still over £22,000 more than just two years ago.
- Meanwhile the average new seller asking price declined very slightly on a monthly basis (-£82, on average), while annually it is still recording a rise of 1.1%. This is according to Rightmove's latest publication on the house price index, and they note that this is the first monthly drop in asking prices so far this year and the first June drop since 2017.
- In the lettings market, average rents rose by an annual 10.0% according to HomeLet's latest monthly publication, and 1.2% just in the last month, indicating there is no let-up in the mismatch of falling supply and robust demand. Average rents outside of London are therefore now £1,016 per calendar month (pcm), and £2,039 pcm in London. Regionally, Scotland has recorded the highest rates of rental growth, rising 13.4% over the last 12 months followed by London at 11.3% and Wales at 10.9%.
- Zoopla reports a near-identical annual rise in rental rates, with UK rents up 10.4% over the last 12 months. According to their records this is now the 15th consecutive month of double-digit rent rises and is being solely driven by the huge mismatch between available supply and tenant demand. Looking ahead, they forecast that rental growth will slow towards the end of the year to around 8% per annum, although this is still high by historic standards.



Activity

- Overall mortgage approvals fell slightly in April, to 48,690 down 5% from the (revised) 51,488 in March. With Bank Rate now at 5.0% and mortgage rates at some of their highest levels for over a decade, it is understandable that many households may be thinking hard about their next move. We anticipate these slower mortgage approval levels to last for several months ahead.
- According to Rightmove's latest house price index, buyer demand is still 6% higher than the same period in 2019 (pre-pandemic 'normal' market period). This comes despite rising mortgage rates, and uncertainty within the mortgage market and regarding interest rates more generally. Having said that, agreed sales have dropped slightly and are 6% below the same period in 2019.
- The level of enquiries to our Carter Jonas offices continues to rise as the weeks go on. This rise is particularly notable in our northern and southern offices which have seen increase of 42% and 24%, respectively over the latest

four weeks (compared with the previous four weeks). Even when we compare this to the same four weeks in 2022 enquiries are much higher with an average of 23% more than the same time one year ago.

- Having said that, when we disaggregate the enquiries between lettings and sales, it is lettings requests that is seeing the uplift in demand this year. In the four weeks to late June 2023 lettings enquiries were up 31% compared with the same time one year ago. Compare this with sales data where enquiries for properties for sale were down by 4% compared with the same period last year. Nevertheless, even a 4% fall in sales queries is much more encouraging than one would expect given the overall economic climate and rising cost of living.



Buyer demand is still 6% higher than the same period in 2019

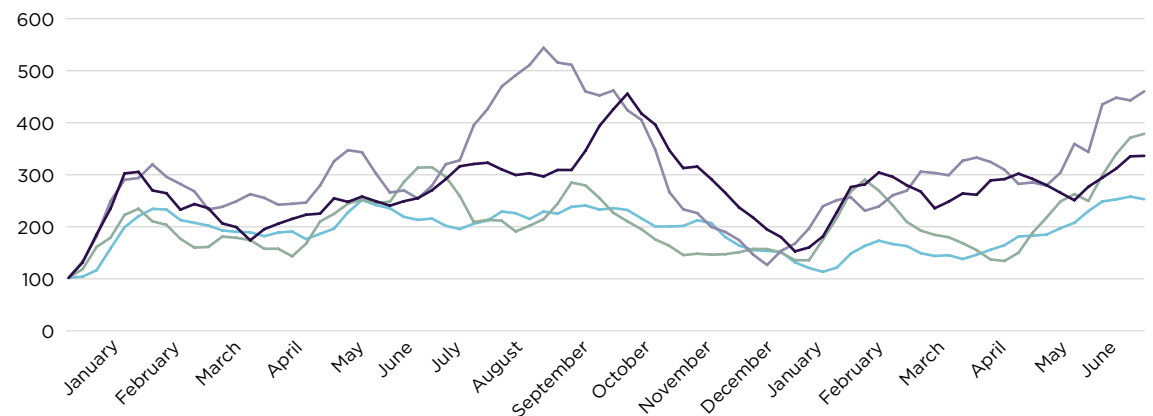
Source: Rightmove



Figure 1 Carter Jonas Enquiry level trends, since January 2022

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

London / Central / North / South



Official House Price data

HM Land Registry
April 2023

Source: HM Land Registry

Carter Jonas location	Average Price	Monthly Change (%)	Annual Change (%)
West Oxfordshire	£404,759	0.4%	7.7%
York	£322,398	-1.2%	7.1%
West Berkshire	£416,932	-1.4%	6.1%
Winchester	£500,296	-1.6%	6.0%
Wiltshire	£340,801	-0.6%	5.4%
North Northamptonshire	£270,460	-1.1%	5.3%
West Northamptonshire	£299,993	0.8%	5.3%
South Oxfordshire	£523,933	-1.1%	5.0%
North Yorkshire	£275,842	-0.7%	4.6%
Cambridgeshire	£358,861	0.1%	4.5%
South Cambridgeshire	£452,623	0.7%	4.2%
Suffolk	£301,307	0.0%	4.1%
Leeds	£235,586	0.3%	4.0%
Somerset	£301,501	-1.1%	4.0%
England	£305,731	0.5%	3.7%
United Kingdom	£286,489	0.5%	3.5%
Outer London	£485,381	-0.2%	3.4%
Bath and North East Somerset	£434,561	2.5%	3.0%
Oxford	£467,960	1.5%	2.5%
London	£533,687	2.1%	2.4%
Vale of White Horse	£422,706	-1.2%	1.5%
South West London	£718,162	0.2%	1.0%
Inner London	£614,674	-0.1%	0.2%
Cambridge	£490,797	-4.3%	-1.9%
Prime Central London	£1,083,624	-2.5%	-14.5%



Monthly change in enquiry levels

19%
LONDON

24%
SOUTH

39%
CENTRAL

42%
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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