

## RESEARCH

# Housing Market Update

November 2023

### Market Overview

While economic output grew by +0.2% in August this follows a fall of -0.6% the previous month and is still indicative of an economy that is just bumping along. Having said that, the ONS recently upwardly revised UK GDP growth since prior to the pandemic, now showing the UK economy is 1.8% larger than it was in Q4 2019, a big jump compared with the previous estimate of it being -0.2% smaller.

The general direction of travel in the residential market remained largely unchanged this month, in both the sales and lettings markets.

Nationwide and Halifax recorded annual house price declines, but on a monthly basis there was almost no change. The fall in mortgage approvals in August is likely due to a combination of factors, including buyers waiting for interest rates to come down and lenders being increasingly cautious with their lending criteria. In the lettings market, tenant demand remains elevated, and with no significant change to the low levels of available stock, rental growth rates were again in double digits this month.



### Sales and Lettings prices

- September saw house prices remain unchanged over August, according to Nationwide, while annual growth remained in negative territory but unchanged at -5.3%. The bank's report goes into some detail on sales of different property types and notes that transactions of flats are holding up better than any other, suggesting that buyers are looking to smaller, more affordable properties to purchase at a time when interest rates remain elevated.
- Similarly, Halifax also reported little change in the direction of price growth across the UK with average prices falling by -4.7% annually, similar to -4.6% last month. On a monthly basis prices were found to have declined by a modest -0.4%.
- Rightmove reports that average asking prices are down by -0.8% over the last 12 months, steeper than -0.4% last month. Having said that, with an average asking price of £368,231 this is still up by 0.5% over the previous month, following growth of 0.4% in September.
- Rental growth remains highly elevated again this quarter, according to Rightmove, with rents growing annually by

around 10.0% across the UK (Q3 2023). This is up over the previous quarter where rents grew by an average of 9.3% and is the 15th consecutive quarter that asking rents have hit record growth rates. In London, rents also increased by another record rate, rising by an average of 12.1% over the year.



**Average asking price of £368,231 is still up 0.5% over the previous month”**

*Source: Rightmove*

## Activity

- Bank of England mortgage approvals data shows overall mortgage levels fell again in August, down to 43,453 on the month. Year to date mortgages are around 27% below their long-term average for this time of year and are 35% below the long-term monthly average of just over 66,300 per month.
- Total transaction volumes increased during August, rising for the third month in a row to just over 87,000 sales. In slight contrast to mortgage figures, this level is just 14% below the

long-term monthly average, once again indicating that cash buyers are still very active in the market whereas mortgage holders are clearly holding back.

- Rightmove reports that demand for homes is still robust with the number of buyers enquiring per each available property is 8% higher than the 'normal' market in 2019. Despite this, the number of agreed sales is down 17% compared with 2022 with the property portal suggesting that sellers who are not willing to adjust their price expectations are finding it difficult to shift their property.
- Rightmove's Q3 Rental Trends Tracker reports that while still very much uneven, the supply and demand imbalance within the market is improving when compared with last year. They find that demand has come down by around 17% over 2022 while available supply is up by 14%.
- Carter Jonas office locations enquiry levels remain steady but below last year's levels. Sales enquiries are around 15% lower than last year, and this decline has been underway

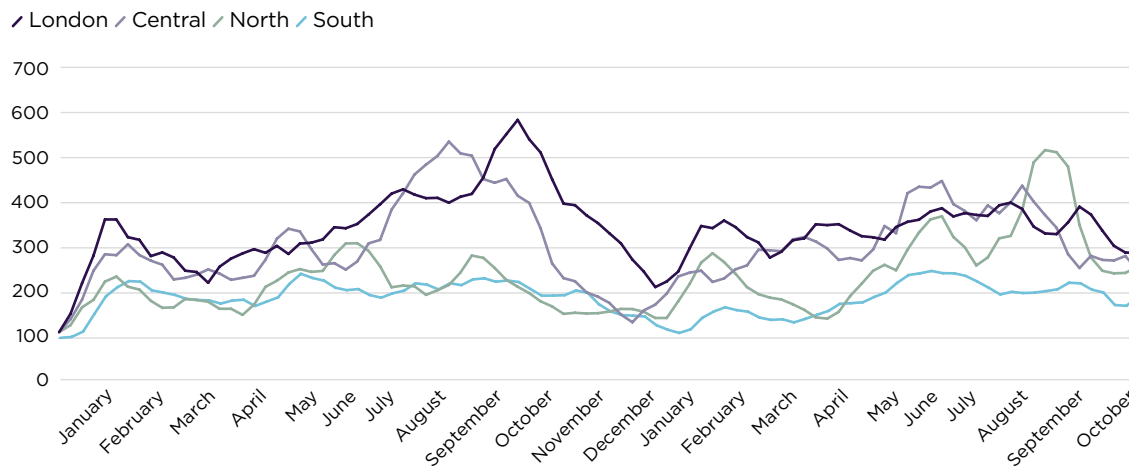
since July. From now until the end of the year we expect that both vendors and buyers will hold back slightly, with the expectation that mortgage rates will continue their slow decline and by the new year activity will pick up as a result.

- Lettings enquiries meanwhile have finally begun to slow down after exceptionally high rates over the summer and throughout most of 2023 to date. In some locations stock levels are also now rising for the first time since the pandemic period. Both trends are encouraging signs for the sector.
- We have also seen some indications of the return of 'reluctant landlords' who are perhaps unable to sell their properties for the price they are hoping for and thus turn to lettings as an alternative. Equally, some investment landlords have been looking to sell their properties due to increasing mortgage payments together with some unease surrounding the upcoming Renters Reform bill.



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

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



# Official House Price data

HM Land Registry  
August 2023

Source: HM Land Registry



Carter Jonas location	Average Price	Monthly Change (%)	Annual Change (%)
Oxford	£508,305	1.4%	6.8%
West Oxfordshire	£405,871	1.0%	6.4%
South Oxfordshire	£540,999	4.4%	4.6%
Vale of White Horse	£442,866	2.9%	4.5%
Leeds	£244,233	1.8%	2.7%
York	£332,879	2.0%	2.7%
North Yorkshire	£284,254	2.3%	2.3%
West Berkshire	£418,997	2.5%	1.6%
Bath and North East Somerset	£439,121	1.5%	1.4%
Suffolk	£302,832	2.3%	1.1%
Cambridgeshire	£360,170	1.2%	0.8%
South Cambridgeshire	£453,195	1.7%	0.8%
Winchester	£504,986	-2.1%	0.7%
West Northamptonshire	£296,858	1.0%	0.2%
Wiltshire	£338,067	1.4%	0.2%
<b>United Kingdom</b>	<b>£291,044</b>	<b>0.3%</b>	<b>0.2%</b>
<b>England</b>	<b>£309,616</b>	<b>0.2%</b>	<b>0.0%</b>
Outer London	£488,791	1.2%	-0.2%
Cambridge	£513,078	-0.8%	-0.4%
Somerset	£300,601	0.0%	-0.4%
North Northamptonshire	£269,635	-0.4%	-0.4%
London	£535,597	-0.1%	-1.4%
Inner London	£619,166	-0.3%	-1.9%
South West London	£727,899	-0.7%	-2.0%
Prime Central London	£1,154,543	-1.1%	-7.8%



## Monthly change in enquiry levels

**-17%**

LONDON

**-15%**

SOUTH

**-8%**

CENTRAL

**-40%**

NORTH

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**Lisa Simon** Partner,  
Head of Residential  
[lisa.simon@carterjonas.co.uk](mailto:lisa.simon@carterjonas.co.uk)

**Leslie Schroeder**  
Head of Residential Research  
[leslie.schroeder@carterjonas.co.uk](mailto:leslie.schroeder@carterjonas.co.uk)

**020 7518 3200**

One Chapel Place  
London  
W1G 0BG

[chapelplace@carterjonas.co.uk](mailto:chapelplace@carterjonas.co.uk)

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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