

## RESEARCH

# Housing Market Update

October 2023

### Market Overview

The pace of CPI inflation is finally easing, from a peak of 11.1% in October 2022 to 6.7% in August 2023, with consensus expectations for further declines below 5% by the end of the year. This reduced rate of inflation likely contributed to the MPC's decision to hold base rates at 5.25% at its latest meeting, the first time it has not increased rates in nearly two years. Nevertheless, unlike previous cycles of interest rate rises, the majority of homeowners are now on fixed-rate mortgages so the recent increases may have a longer lag before they are fully felt. With that in mind, the coming 12-18 months might see a further tightening of household and consumer spending as homeowners are forced to remortgage at these much higher rates.

The residential sales sector was unsurprisingly quieter during the summer months and particularly in August with many people on holiday. September though has seen a small increase in the number of homes available for sale according to Rightmove, but the latest RICS survey is still showing new buyer enquiries are well below normal levels. Prices are therefore following suit, as both Nationwide and Halifax report falling annual prices amid this slowing demand.

### Sales and Lettings prices

- August saw a further weakening of house prices according to Nationwide, with annual rates falling by an average of -5.3%, following a -3.8% decline in July. On a monthly basis prices were also found to have fallen by -0.8% according to the bank. This means an average UK house is now £259,153, down by an average of £14,628 from the peak of the market in August 2022.
- Halifax has also recorded the largest year-on-year fall since 2009 with prices falling by an average of -4.6% in the 12 months to August. On a monthly basis prices also fell by a punchy -1.9%. Average UK house prices are now at £279,569, the same level they were at the start of 2022.
- The usual 'back to school' autumn pick up resulted in average asking prices rising slightly on the month (four weeks to mid-September), increasing by 0.4% according to Rightmove's latest house price index report. On an annual basis they continued to decline but only by -0.4%, although this still marks the biggest drop since March 2019, according to the portal.
- In the lettings market, annual rent rises are still in double-digits according to HomeLet's latest report, with the average UK rent increasing by 10.3% over the 12 months to August. This marks no change over the previous month which also recorded a 10.3% rise. This means rents are now averaging £1,261 per calendar month (pcm), or £1,051 pcm excluding London. This also means that in just the last two years rents across the UK have increased by nearly 20%, equating to an additional £208 a month.

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**Annual rent rises are still in double-digits with the average UK rent increasing by 10.3%**

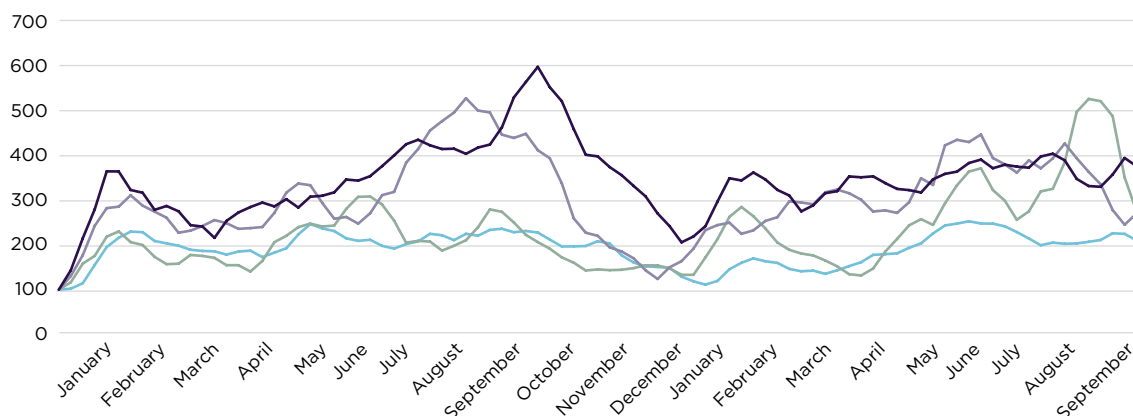
*Source: Homelet*



**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

- Mortgage approvals declined in July, falling nearly 10% over June's figure to 49,444. This followed a boost in June when just under 55,000 mortgages were approved marking the highest monthly figure since October 2022. Year to date mortgage approvals are now running nearly a third below where they were this time last year.
- Overall year to date residential transactions are also running below where they were this time last year although they are down by only 20%, again indicating that cash buyers are not as impacted by the wider economic environment (inflation and rising interest rates) as mortgage holders naturally are. Transactions actually rose slightly in July, up 1% over June to 86,500.
- Encouragingly, average mortgage rates appear to be slowly coming down with the five-year fixed rate currently around 5.73% (85% LTV), down from a peak of 6.18% at the end of July and marking the seventh week of consecutive declines (Rightmove / Podium).
- Tenant demand in the private rented sector is still higher than it has been by historical standards, up 3% over the same period last year according to Rightmove (Rental Trends Tracker, Q2 2023), and 42% higher than in June 2019. On the other hand, the supply of available properties is down considerably, 42% below where it was in 2019, showing just how stark the supply demand imbalance continues to be. Having said that, there are 7% more available properties to rent than the same period one year ago according to their data.
- Across our Carter Jonas offices enquiry levels have not followed the usual seasonal trends and enquiries have been somewhat sporadic between locations. This irregularity would seem fairly normal though given the uncertainty in the market, currently.
- Over the most recent four weeks enquiries rose across our southern offices, increasing by 7% compared with the previous month. Most of our other offices however saw levels decline while our London locations saw overall enquiries remain relatively stable following an initial summer dip.

# Official House Price data

HM Land Registry  
July 2023

Source: HM Land Registry



Carter Jonas location	Average Price	Monthly Change (%)	Annual Change (%)
West Oxfordshire	£403,317	-2.9%	7.0%
Oxford	£498,231	3.6%	6.5%
Cambridge	£520,199	1.5%	2.8%
West Berkshire	£414,206	2.0%	2.5%
Leeds	£240,135	2.1%	2.5%
Winchester	£502,097	-1.3%	2.3%
South West London	£733,846	1.1%	1.6%
South Oxfordshire	£515,578	2.4%	1.6%
North Northamptonshire	£271,753	1.3%	1.5%
North Yorkshire	£280,067	0.8%	1.0%
Cambridgeshire	£355,298	0.9%	0.9%
West Northamptonshire	£294,965	0.1%	0.8%
Vale of White Horse	£428,917	2.4%	0.7%
<b>England</b>	<b>£308,633</b>	<b>0.4%</b>	<b>0.6%</b>
<b>United Kingdom</b>	<b>£289,824</b>	<b>0.5%</b>	<b>0.6%</b>
York	£325,497	0.9%	0.4%
Bath and North East Somerset	£432,703	-0.4%	0.4%
Wiltshire	£332,793	-1.4%	0.3%
Somerset	£301,185	1.1%	0.2%
Outer London	£484,425	0.5%	0.1%
South Cambridgeshire	£444,038	1.0%	0.0%
Inner London	£618,356	0.2%	-0.5%
Suffolk	£295,986	-0.2%	-0.7%
London	£534,265	1.1%	-0.8%
Prime Central London	£1,149,513	-1.3%	-6.9%



## Monthly change in enquiry levels

-1%

LONDON

7%

SOUTH

-28%

CENTRAL

-6%

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 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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