

RESEARCH

Housing Market Update

February 2024

Market Overview

The start of a new year provides reasons to be optimistic about the UK economy. Inflation is heading in the right direction moving from a peak of 11.1% in October 2022 to 4.0% by December 2023, interest rates are stable and expected to keep falling in line with declining inflation. In turn, mortgage rates have also been falling after reaching a peak of over 6.1% in July 2023 and wages are now growing faster than inflation. Nevertheless, there are still some obstacles to confidence. Economic growth is still floundering, with the latest quarterly data indicating contraction of -0.2%, none

of the purchasing managers indices are indicating any great degree of expansion and while wage growth is positive for employees it can lead to further inflation. So, while 2024 may witness some modest economic growth, we don't expect a strong or quick recovery from the sluggishness of 2023.

A surprise annual house price growth rate of +1.7% was recorded by Halifax in December 2023. This marks the highest growth rate since February 2023. Nationwide also reported a "less negative" figure for December compared to November,

at -1.8% annually. Interestingly, the price rise appears to be driven by limited supply rather than rising buyer demand. Vendors continue to shy away from the market, creating a shortage of available properties and putting upward pressure on prices.

Sales and Lettings prices

- Nationwide reported that house prices declined by an average of -1.8% last year, according to their latest December data. This is up from -2.0% the month before and reflects no change in the monthly figure. The average property is now £257,443 according to the bank. They go on to say they expect that prices will remain subdued throughout 2024, with average figures set to remain flat or fall by up to 2%.
- Quite surprisingly, Halifax figures actually showed a rise during the year with their data indicating +1.7% house price growth in the 12 months to December. Despite this, the bank forecasts that prices will continue to fall in 2024, declining between -2% and -4% over the next 12 months.
- Rightmove data also points to a slightly improving picture with annual asking prices down by just -0.7% compared with -1.1% in December. On a monthly basis January's figures saw a rise of +1.3% over December, marking the strongest December to January increase since 2020.

- For the sixth month in a row rental growth eased in December, rising by 8.0% annually, down from 8.9% in November and the slowest rate of growth since September 2021. Once again Northern Ireland posted the highest rate of 11.2% followed by the East Midlands at 9.8% and East of England which saw 9.7% annual rise. The South West saw the slowest rate of growth at 5.3% followed by London at 6.0%. This is the lowest annual rental rise in London in nearly 2½ years.






20%
month-on-month
increase in enquiries
to our central offices

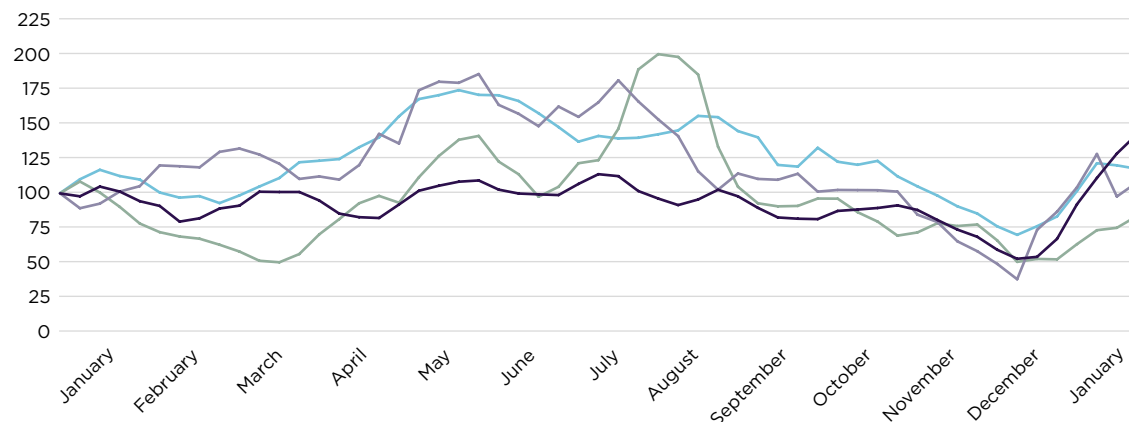
Activity

- November's mortgage approvals data rose for the second month in row, increasing to just over 50,000 on the month according to Bank of England data. Year to date total approvals are running at circa 530,000, about 73% of the pre-COVID (2019) average level.
- As with the month before though, and in contrast to mortgage approvals, total transactions declined in November according to HMRC. This is now the third consecutive month of falling sales rates. Total volumes for 2023 are likely to be just over 1.02 million which is around 13% below the pre-COVID rate of around 1.2 million per annum.
- Rightmove's January house price report finds that the number of new properties coming to the market is 15% higher than the same month last year, while buyer demand is 5% higher. The number of agreed sales during the first week of the year was also 20% higher than during the first week of last year, indicating a return of buyer confidence this year following the mini-Budget debacle of 2022.
- Across Carter Jonas locations, enquiry levels have dipped by around 5% over the past four weeks (ending January) compared with the same period one year ago. A closer look reveals a steeper decline in our central and northern offices, with a 10% drop in the former and a 12% fall in the latter compared to last year. However, a positive note was the 20% month-on-month increase in enquiries to our central offices. Overall, these figures reflect a somewhat uncertain market environment at present.
- Last month we reported that lettings enquiries had finally showed signs of slowing with overall rates easing over the months from September to December. However, over the most recent four weeks we have again seen a sharp rise in rental enquiries with the average daily rate increasing by over 30% in January compared with the previous four months.

Figure 1 Carter Jonas Enquiry level trends, since January 2023

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

London / Central / North / South



Official House Price data

HM Land Registry
November 2023

Source: HM Land Registry



Carter Jonas location	Average Price	Monthly Change (%)	Annual Change (%)
Oxford	£507,001	1.5%	5.7%
Bath and North East Somerset	£461,328	3.4%	4.6%
South Cambridgeshire	£460,253	1.3%	4.3%
West Oxfordshire	£413,186	1.4%	2.2%
Wiltshire	£341,451	-1.1%	0.0%
West Berkshire	£406,023	-3.5%	-0.2%
Winchester	£497,651	-0.1%	-0.4%
Leeds	£242,238	-1.0%	-0.6%
Cambridgeshire	£354,294	-1.8%	-1.0%
Vale of White Horse	£423,667	-2.8%	-1.5%
South West London	£704,403	-0.6%	-1.6%
Somerset	£305,040	-1.4%	-1.9%
United Kingdom	£284,950	-0.8%	-2.1%
West Northamptonshire	£293,995	-0.2%	-2.3%
North Northamptonshire	£270,268	0.1%	-2.6%
North Yorkshire	£274,138	-2.0%	-2.7%
England	£301,613	-1.2%	-2.9%
York	£314,690	-1.5%	-3.0%
Outer London	£478,294	-1.0%	-3.0%
South Oxfordshire	£506,410	-4.9%	-3.2%
Suffolk	£295,982	-1.9%	-4.0%
Inner London	£595,172	-2.2%	-5.1%
Cambridge	£501,287	-5.3%	-6.0%
London	£505,283	-2.2%	-6.0%
Prime Central London	£998,992	-9.4%	-16.1%



Monthly change in enquiry levels

-6%

LONDON

-5%

SOUTH

20%

CENTRAL

-26%

NORTH

We're closely analysing what happens next

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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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