

## September 2022

### The UK's most comprehensive property price report

This report is to help give everyone – industry and consumers – a quick five-minute guide to what's happening in the property market, according to the property indices, along with property expert Kate Faulkner's comments.

#### Property price and market indices summary

##### Rightmove

##### **Prices fall though likely more due to holidays than rate rises**

*"The average price of property coming to market drops by 1.3% this month (-£4,795) to £365,173. This is the first price fall of the year, though traditionally prices do fall in August, and this drop is on a par with the average of 1.3% over the last ten years."*

##### Home.co.uk

##### **All indicators suggest return to more normal market conditions**

*"Asking prices across England and Wales show no change overall since July, bringing the year-on-year rise to 5.2%, consistent with seasonal expectations."*

##### RICS

##### **New buyer demand edges down again but limited supply continues to underpin market pricing**

*"The latest data shows prices continue to rise across all parts of the UK, even if the rate of growth has softened in many cases compared with earlier in the year."*

##### Nationwide

##### **Annual house price growth slows but remains in double digits**

*"Annual UK house price growth slowed to 10.0% in August, from 11.0% in July."*

##### Halifax

##### **Average house price edges higher – but rate of annual growth slows again**

*"The slight fall seen in average house prices in July (-0.1%) was offset by a return to growth during August – although the increase (+0.4% month-on-month) was relatively modest compared to the rapid inflation we've witnessed in recent times. Over the last year the rate of monthly house price inflation has averaged around +0.9%."*

##### e.surv

##### **Annual price growth increases to 12.2% in England & Wales**

*"The higher increase in rate reflects the low annual comparison points in July and August 2021."*

##### Zoopla

##### **Is buyer demand starting to weaken?**

*"UK house prices increased by 8.3% or £19,800 in the past 12 months."*

# What are the indices saying is happening to house prices today versus the past?

## National property price tracking

	High 2007/08	Low 2009	How much did prices fall?	Latest price vs 2007/08 high	Jun-22	Jul-22	Aug-22	Annual Change	Annual Average (05 - 22)		
Rightmove	£241,474	£213,570	13.1%	51.2%	£368,614	£369,968	£365,173	8.2%	3.9%	Asking prices	E & W
Home.co.uk	£258,531	£239,607	7.9%	39.7%	£360,715	£361,421	£361,262	5.2%	n/a	Asking prices	E & W
Nationwide	£184,131	£147,746	24.6%	48.7%	£271,613	£271,209	£273,751	10.0%	3.5%	Mortgaged only	UK
Halifax	£199,766	£157,767	26.6%	47.3%	£294,845	£293,221	£294,260	11.5%	3.5%	Mortgaged only , seasonally adjusted	UK
e.surv	£231,829	£197,145	17.6%	60.1%	£368,503	£370,893	£371,208	12.2%	4.1%	Actual prices, includes cash sales	E & W
Zoopla	£178,128	£153,449	16.1%	44.2%	£256,500	£256,900	n/a	8.3%	n/a	Sold prices, mortgage valuations and agreed sales	UK
UK HPI	£190,032	£154,452	23.0%	50.7%	£286,397	n/a	n/a	7.8%	3.9%	Sold prices, includes cash sales and new builds	UK

With reports of a property price ‘crash’ growing in the media, it’s easy to look at this month’s reports and think they are probably right – if you read the headlines and not the detailed analysis!

Higher energy bills (even with the latest price cap), rising mortgage rates and double-digit inflation are all leading to predictions of a recession. Inevitably, this is impacting on forecasts, with the likes of Savills suggesting prices could drop slightly next year, while Capital Economics believe they could drop by 7% over the next couple of years.

However, the fall in asking prices in August as Rightmove point out, is normal for this time of year, although Zoopla think it’s a bit more of a fall back than in previous years.

And there are two reports, one from [TwentyCi](#) which show that interest rates have a surprisingly small impact on property prices, and Zoopla conclude *“The lack of a material over-valuation in UK home values means mortgage rates of up to 4% are not, on their own, sufficient to result in UK-wide price falls.”*

And with the new cap on energy bills hopefully likely to bring down inflation, as well as give more certainty to buyers’ budgets for the next few years, those that know the property market well, such as Doug Shepherd from Home.co.uk are concluding *“Don’t be fooled by the doomsters. Wise investors will use this lower growth period as a window of opportunity to secure rentable properties with freebie loans (negative real interest rates), all the while focused on substantial and improving rental yields.”*

We all know the market has to take a dive at some point, something will spook everyone we weren’t expecting, but there seems to be a general agreement between the people I trust to analyse the property market, it’s not just yet.

## Property prices by country

Country performance is strong overall, with Scotland now topping the property price growth year on year, but not only that, it's also looking very strong in annual growth – giving 4.3% annual growth since 2005 – this is a decent amount above average inflation of 3% during this time.

However, few are pointing out that this means that in real terms, property prices are actually falling in most countries! Inflation is now at 10.1%. That would mean property, for the 50%+ that own their home outright, prices have actually fallen – bar Scotland. But if inflation rises to the Bank of England's predicted 13%, the real value of property for many will fall in each country.

Property Prices - Countries	Land Registry latest data Jun 22/ Q2 22	Land Registry year on year change in price Jun 22/Q2 22	Land Registry annual average increase since 2005	Nationwide latest data Q2 22	Nationwide year on year change in price Q2 22
England	£304,867	7.3%	3.9%	£309,774	10.7%
Wales	£213,091	8.6%	3.2%	£208,309	13.4%
Scotland	£192,249	11.6%	4.3%	£181,422	9.4%
Northern Ireland (Q2)	£169,063	9.6%	2.5%	£181,550	11.0%

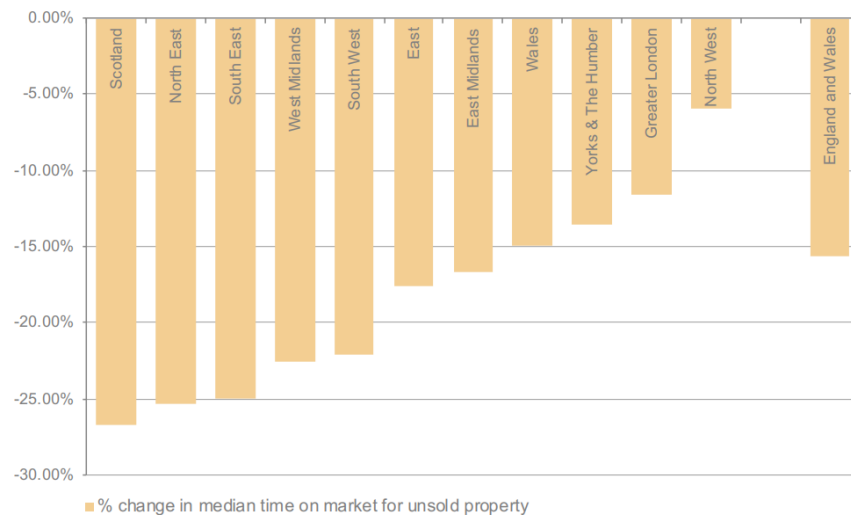
## Regional property prices tracking

Regionally, most areas are still performing at a high level year on year, with the North East being the main exception – depending on which report you look at! But most are starting to see a slowdown – with the exception of London, which seems to have picked up some property price growth pace following some real doldrums seen since 2017, although it's important to be aware that this is more for flats though than houses.

Property Prices - Regions	Land Registry Latest data Jun-22	Land Registry Year on year change in price Jun-22	Rightmove Latest data Aug-22	Rightmove Year on year change in price Aug-22	Home.co.uk Latest data Aug-22	Home.co.uk Year on year change in price Aug-22	Nationwide Latest data Q2 22	Nationwide Year on year change in price Q2 22
North East	£157,924	3.6%	£181,420	9.5%	£185,924	4.5%	£159,283	10.6%
North West	£212,347	6.2%	£251,402	10.0%	£257,436	8.2%	£213,888	13.3%
Yorkshire & The Humber	£203,973	4.2%	£241,489	9.9%	£244,749	5.7%	£205,714	11.8%
East Midlands	£245,911	9.3%	£288,430	11.6%	£289,801	7.1%	£234,828	11.4%
West Midlands	£246,114	6.6%	£288,722	11.4%	£305,321	6.7%	£244,167	11.8%
South West	£322,329	8.0%	£389,064	11.0%	£393,205	8.7%	£318,325	14.7%
East	£354,481	9.7%	£425,002	8.3%	£413,109	5.1%	£289,024	14.2%
South East	£390,513	8.9%	£483,842	8.0%	£456,946	3.5%	£348,564	11.1%
London	£537,920	6.3%	£668,587	5.2%	£561,916	2.3%	£540,399	6.0%

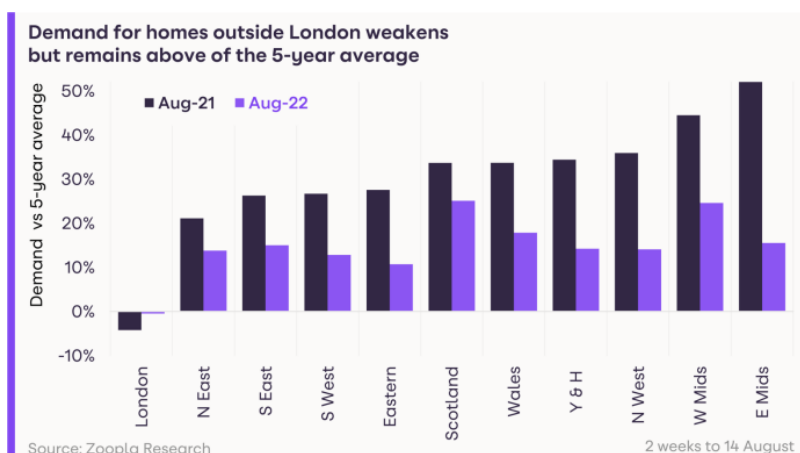
What's interesting is the time on market is still very quick compared to last year, highlighting that stock levels are still short in many areas, with Scotland still selling very fast while the North West has only improved sales speed slightly.

### % Change in Typical Time on Market, August 2022 vs. August 2021



Source: Home.co.uk Asking Price Index, August 2022

However this is backed up, bar a few anomalies, by Zoopla's demand by region, which although slowing versus 2021, is still much higher than we saw pre-pandemic.



Source: Zoopla Research

2 weeks to 14 August

## City/town property indices price tracking

For city/town tracking, we use Land Registry (government data) and Zoopla/Hometrack. The Land Registry data is useful because we can analyse how property prices have changed over time and this helps us to put today's price information into context.

The Zoopla/Hometrack data is useful as they take into account the change in mix of property transactions during the pandemic to houses away from flats. This has meant the likes of the Land Registry and other indices have over exaggerated price increases year on year.

### Commentary on towns and cities

Some cracking results continue to be delivered by cities and towns across the country, according to the Land Registry and Hometrack.

Topping the price growth charts according to Land Registry and Hometrack:-

<b>Land Registry's top 5 performers:</b>	<b>YoY</b>	<b>Hometrack's top 5 performers:</b>	<b>YoY</b>
Milton Keynes	13.2%	Nottingham	10.9%
Peterborough	13.1%	Peterborough	9.6%
Bournemouth, Christchurch and Poole	12.9%	Bournemouth, Christchurch and Poole	9.3%
Glasgow	12.7%	Leeds	9.2%
Nottingham	12.4%	Leicester, Manchester & Bradford	9.0%

Although there are some synergies between the two indices, there are also some differences, and as we know Hometrack's data is likely to be more accurate as it takes into account the higher proportion of house versus flat sales.

Lowest performers are:

<b>Land Registry's lowest 5 performers:</b>	<b>YoY</b>	<b>Hometrack's lowest 5 performers:</b>	<b>YoY</b>
Aberdeen	2.1%	Aberdeen	-0.9%
Oxford	5.1%	Edinburgh	3.8%
Lincoln	5.9%	London	4.1%
London	6.3%	Cambridge	5.1%
Belfast (Q2)	6.6%	Glasgow	5.4%

Interestingly, on the lower performers, Hometrack are suggesting Glasgow, which is one of Land Registry's top performers, showing that it's essential to speak to local agents to find out what's happening to property prices rather than rely on such large geographical averages.

Property Prices Towns/Cities <i>England, Wales, Scotland &amp; NI</i>	Highest average house price pre-credit crunch 2007/08	Market low +/- versus market height	Land Registry latest data Jun 22/Q2 22	How much higher/ lower are latest prices vs height in 2007/8	Land Registry Year on year change in price Jun 22/Q2 22	Annual average increase since 2005	Hometrack latest data Jul-22	Hometrack Year on year change in price Jul-22
Belfast (Q2)	£213,626	-58.86%	£156,161	-26.9%	6.6%	2.3%	£166,600	8.5%
Glasgow	£130,473	-26.32%	£172,038	31.9%	12.7%	3.5%	£139,800	5.4%
Edinburgh	£225,750	-18.92%	£326,703	44.7%	9.0%	4.2%	£262,700	3.8%
Aberdeen	£171,220	-14.38%	£147,182	-14.0%	2.1%	3.2%	£141,900	-0.9%
Cardiff	£170,496	-18.09%	£254,619	49.3%	8.6%	3.2%	£251,900	8.1%
Newcastle upon Tyne	£164,935	-19.31%	£187,871	13.9%	7.9%	1.9%	£146,600	5.6%
Bradford	£139,640	-20.43%	£170,496	22.1%	7.7%	3.3%	£151,300	9.0%
Liverpool	£130,249	-20.38%	£177,602	36.4%	9.5%	3.1%	£151,400	8.9%
Leeds	£161,439	-19.39%	£232,909	44.3%	8.8%	3.3%	£204,600	9.2%
Sheffield	£144,875	-17.04%	£205,961	42.2%	7.7%	3.5%	£168,100	7.9%
Manchester	£140,431	-20.47%	£225,113	60.3%	9.3%	5.3%	£214,200	9.0%
Lincoln	£128,707	-17.63%	£181,812	41.3%	5.9%	3.2%	n/a	n/a
Nottingham	£119,010	-21.27%	£183,904	54.5%	12.4%	3.1%	£195,600	10.9%
Norwich	£166,498	-25.71%	£240,122	44.2%	10.2%	3.7%	£263,300	8.5%
Peterborough	£156,264	-20.81%	£236,867	51.6%	13.1%	3.5%	£214,200	9.6%
Birmingham	£148,578	-17.37%	£225,561	51.8%	8.8%	3.2%	£201,200	8.8%
Leicester	£135,317	-18.66%	£227,144	67.9%	11.4%	4.0%	£222,700	9.0%
Milton Keynes	£194,666	-24.06%	£313,139	60.9%	13.2%	4.1%	£306,500	8.7%
Oxford	£289,855	-22.95%	£473,527	63.4%	5.1%	4.3%	£449,100	5.6%
Cambridge	£283,241	-20.75%	£506,804	78.9%	10.3%	5.1%	£464,100	5.1%
Bournemouth, Christchurch & Poole	£206,227	-20.51%	£347,436	68.5%	12.9%	4.0%	£342,900	9.3%
Southampton	£168,795	-20.22%	£238,869	41.5%	9.1%	2.9%	£259,400	7.0%
Portsmouth	£169,633	-22.85%	£247,208	45.7%	8.4%	3.3%	£281,700	8.7%
Brighton and Hove	£257,108	-21.41%	£438,264	70.5%	10.8%	4.7%	£422,500	7.8%
Reading	£216,724	-18.75%	£322,839	49.0%	9.3%	3.7%	£408,200	7.1%
Tunbridge Wells	£279,413	-22.19%	£448,100	60.4%	9.5%	4.0%	n/a	n/a
Bristol	£195,196	-21.29%	£343,292	75.9%	9.4%	4.8%	£331,400	8.8%
London	£298,596	-17.83%	£537,920	80.1%	6.3%	5.1%	£522,800	4.1%

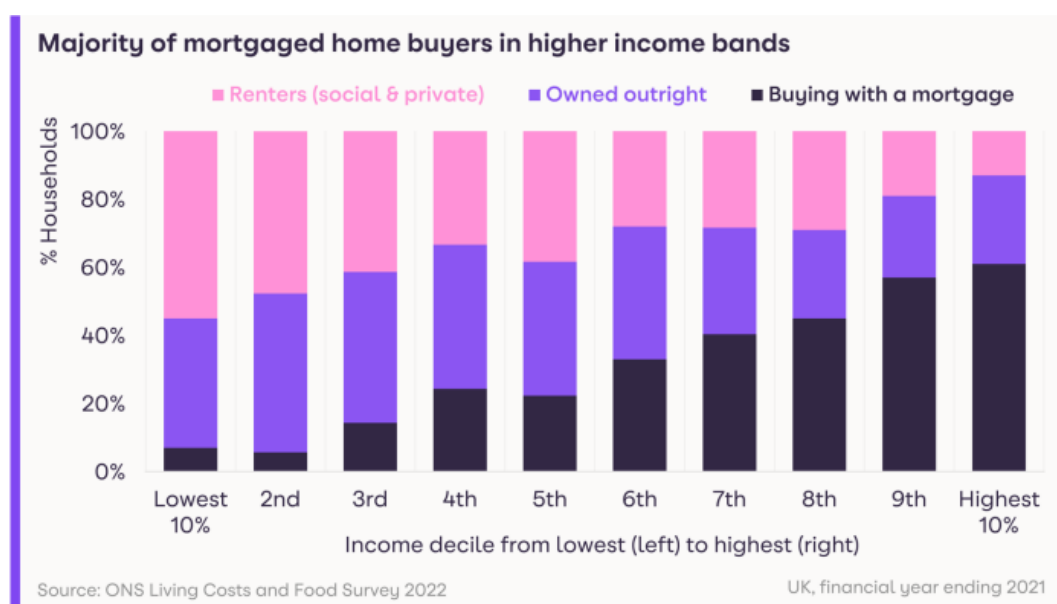
## Where is the market going?

Probably one of two ways. All the headwinds that are coming could cause the market to start flaying, but it's not likely to kick in until mid November and may not even hit until next year. And a lot can happen between now and then!

The energy price freeze and the fact that rates are expected to rise higher, coupled with the awful difficulty in renting currently, means there are still good incentives to get on the market this side of Xmas. Those that wait could find they struggle to buy in 2023 if lenders decide to batten down the hatches – as they did, albeit incorrectly, post the first pandemic lockdown.

For now, the forecasts remain positive for this year – even including a slowdown over the next few months. But we will have to wait and see what happens with the Ukraine/Russia war, energy prices, inflation and if we do fall into a recession which hits jobs, to see if the property market can finally be dented.

However, as Zoopla rightly point out, those that tend to suffer in a recession are most likely to be in social homes or renting and not in the market for buying a home, especially if using a mortgage:

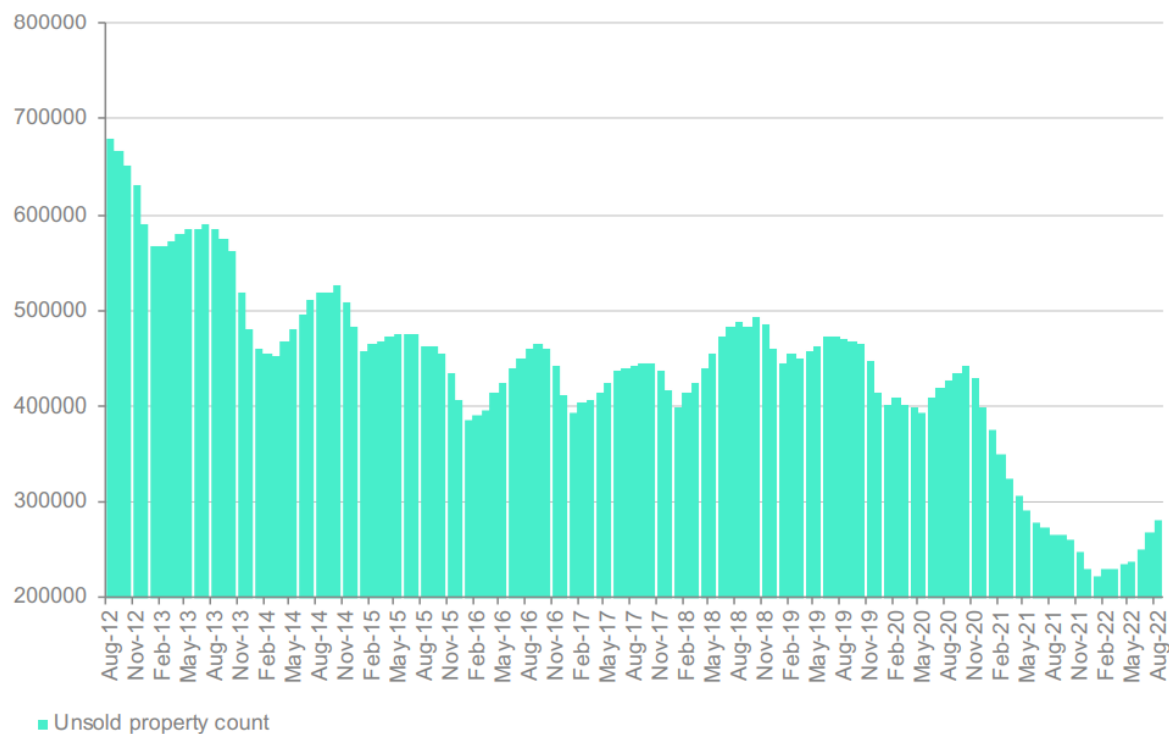


And for those who have a mortgage, most who bought over the last few years did so at incredibly low rates and then locked them in for 2-5 years or more. For those remortgaging from a few years ago, yes they may have to pay a higher rate – but with the growth in house prices – they may also be able to access better rates if their loan to value has improved substantially.

## Demand and supply

As already commented, demand is still high and although stock levels are improving relative to demand, they are still at ridiculously low levels:

### Total Stock of Property for Sale, England and Wales



Source: [Home.co.uk](https://www.home.co.uk)

Although as Rightmove shows, per agent, property availability is substantially better than at the start of the year:-



The [National Association of Estate Agents](https://www.naea.co.uk) are reporting “There were nine sales agreed on average per member branch in July – the same number as the previous three months. This figure is close to the pre-pandemic average of eight for July (based on 2010-2019 figures). In addition, they explain that “Sales agreed as a percentage of stock remains high – at 39 per cent in July. This is compared to the pre-pandemic average of 16 per cent of stock sold in the month of July between 2010 to 2019.”

Longer term, transaction levels are remaining pretty steady since prior to the pandemic, meeting their 100,000 a month average that’s typically been achieved since 2000.



## Transactions - actuals and forecasts

**Figure 1: Non-seasonally adjusted and seasonally adjusted UK residential property transactions by month between July 2019 and July 2022 .**



Source: [HMRC](#)

## What are the current hottest and coldest postcodes?

The Advisory track current market conditions so buyers and sellers can gain an independent view of how easy it would be to buy and sell their home in their area. This makes it easier for good agents that are honest about market conditions to value and manage expectations. For example, in RG22 (Basingstoke) 86% of the properties on the market are under offer and B4 in Birmingham is one of the worst performers, while B47 in Birmingham is one of the better performers according to this index, showing that ‘average property prices’ can mislead buyers and sellers.

From PropCast’s perspective, the hot markets at postcode level don’t necessarily track the overall increases and decreases seen even at town and city levels, with Basingstoke, Manchester and Bristol having some of the busiest markets, and Birmingham, Manchester and London having some of the slower ones.

To find out what’s happening in your postcode visit the [House Selling Weather Forecast here](#).

### Top 10 hot markets - buyer demand

Postcode	%	Sep 22
RG22	86	Basingstoke
M46	85	Manchester
BS30	84	Bristol
B47	84	Birmingham
BS7	84	Bristol
M29	83	Manchester
CV21	83	Rugby
BH17	82	Poole
RG24	82	Basingstoke
BA21	82	Yeovil

### Top 10 cold markets - buyer demand

Postcode	%	Sep 22
B4	4	Birmingham
M2	7	Manchester
W1	11	London
EC2	12	London
L1	15	Liverpool
L2	16	Liverpool
NW8	18	London
SW10	19	London
M50	19	Salford
W2	19	London

Source: [TheAdvisory](#)