

October 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

Surprisingly resilient market despite economic pressures

"The average price of property coming to the market rises by 0.7% in the month to £367,760. This month's rise in new seller asking prices is in line with the ten-year September average increase of 0.6%."

Home.co.uk

The market corrects: prices cool as supply increases

"Asking prices across England and Wales have dipped slightly since August (by 0.4%), bringing the year-on-year rise to 4.6%, consistent with both seasonal expectations and typical price adjustments in the wake of a rapid surge."

RICS

Buyer enquiries and sales continue to fall but prices remain underpinned at this stage

"Despite the weakening sales backdrop, +53% of survey participants continued to report an increase in house prices over August. Even so, price growth (in net balance terms) has now moderated to some degree in four successive months, following a recent high of +78% recorded back in April this year."

Nationwide

Annual house price growth slows to single digits in September

"In September, annual house price growth slowed to single digits for the first time since October last year although, at 9.5%, the pace of increase remained robust. Prices were unchanged over the month from August, after taking account of seasonal effects. This is the first month not to record a sequential rise since July 2021."

Halifax

House prices fall slightly as market shows further signs of slowing

"The average UK house price experienced a slight fall in September (-0.1%), the second marginal decrease over the past three months. The pace of annual growth also slowed for the third month in a row, to +9.9% from +11.4%, returning to single digits for the first time since January."

e.surv

Annual price growth at 9.8% in England & Wales

"All 110 Unitary Authorities in England and Wales saw prices increase over the year."

Zoopla

What do higher mortgage rates mean for agents?

"The Housing market is transitioning to a buyers' market as higher mortgage rates are set to cut buying power by up to 28%."

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	Jul-22	Aug-22	Sep-22	Annual Change	Annual Average (05 - 22)		
Rightmove	£241,474	£213,570	13.1%	52.3%	£369,968	£365,173	£367,760	8.7%	4.0%	Asking prices	E & W
Home.co.uk	£258,531	£239,607	7.9%	39.2%	£361,421	£361,262	£359,750	4.6%	n/a	Asking prices	E & W
Nationwide	£184,131	£147,746	24.6%	47.9%	£271,209	£273,751	£272,259	9.5%	3.5%	Mortgaged only	UK
Halifax	£199,766	£157,767	26.6%	47.1%	£293,221	£294,260	£293,835	9.9%	3.5%	Mortgaged only , seasonally adjusted	UK
e.surv	£231,829	£197,145	17.6%	61.1%	£370,893	£371,208	£373,427	9.8%	4.2%	Actual prices, includes cash sales	E & W
Zoopla	£178,128	£153,449	16.1%	44.9%	£256,900	£258,100	n/a	8.2%	n/a	Sold prices, mortgage valuations and agreed sales	UK
UK HPI	£190,032	£154,452	23.0%	53.7%	£292,118	n/a	n/a	15.5%	4.0%	Sold prices, includes cash sales and new builds	UK

Some absolutely fascinating data from the indices this month. The longevity and comparisons of current rises/falls in the market over time for a decade or more are extraordinarily helpful to those working in the market – and reassuring for buyers and sellers.

Rightmove's latest statement is super useful so soon after the mini budget announcements:-

"The market remains surprisingly resilient despite growing economic pressures: Buyer demand is up 20% on the pre-pandemic five-year average, and the stamp duty cut could stimulate some more demand over the next few months. The number of homes coming to market has risen back to 2019 levels, giving buyers more choice". The most interesting information is more stock is coming back to the market – good news, whatever is likely to happen next!

And their next statement explains why the market might be more resilient than the latest newspaper headlines – especially the doom and gloom from The Telegraph – and are suggesting: *"Price growth this month is driven predominantly by the middle and high-end market sectors, with the "second stepper" category (three bedrooms and non-detached with four bedrooms) reaching a new record average asking price of £340,513. Buyer demand in these sectors is up by 2% even compared to the frenetic market of last year, while more choice is now also available compared with 2021."*

And Zoopla delivers some excellent data too, explaining the impact of higher mortgage rates will be that if *"mortgage rates rise from 2% to 5%, buying power will be reduced by as much as 28%, assuming buyers want to keep monthly repayments unchanged"*, meaning the 7 out of 10 buyers that need a mortgage, will have to adopt one of the five following behaviours:-

1. Put down larger deposits
2. Allocate more income to mortgage costs
3. Buy a smaller property
4. Look in cheaper areas
5. Not buy until the market stabilises

For all those that still continue to say house prices are 'overvalued' and must 'crash' because average house prices are out of whack with average wages, it really is time to accept the two are not as connected as they were before – if they were, this couldn't actually happen! And, data suggests prices have been kept down for first time buyers who saw an average increase of just 3% in 2021 (Halifax and Reallymoving data) and we know that flat prices have increased at a much lower rate than houses.

Moving forward, this may mean that the current issues impact on first time buyers much more, but the second steppers and downsizers are likely to be in a position to keep buying, whatever happens to mortgage rates, and even perhaps if the market shows signs of slowing.

It's important to remember that buyers' and movers' attitudes may have changed for good. It's also important to remember that while the forecasters during the first lockdown were predicting Armageddon for house prices, when the market opened, many, for the first time, totally ignored the doom and gloom property price and economic predictions and the market went in the opposite direction.

We really will find out over the next six months if wealthier buyers and sellers have become more immune to economic recessions and forecasts of price falls than ever before – or if normality will resume, and people will 'hold off' buying for fear of prices falling.

Property prices by country

The country data shows England and Wales leaping into the lead when it comes to price rises year on year, while Scotland and Northern Ireland are starting to see more single digit growth. Part of the increase we are seeing in England is because the London market is starting to recover after being in the doldrums for a good five years.

Property Prices - Countries	Land Registry latest data Jul 22/ Q2 22	Land Registry year on year change in price Jul 22/Q2 22	Land Registry annual average increase since 2005	Nationwide latest data Q3 22	Nationwide year on year change in price Q3 22
England	£311,583	16.4%	4.1%	£311,508	9.9%
Wales	£219,951	17.6%	3.4%	£213,684	12.1%
Scotland	£192,966	9.9%	4.3%	£184,496	7.8%
Northern Ireland (Q2)	£169,063	9.6%	2.5%	£183,960	10.1%

Zoopla

Pandemic impact: 10 years of house price growth compressed into two years

"Houses in Wales have recorded a 27% jump in prices since the start of the pandemic. This is the equivalent of 10 years of pre-pandemic growth compressed into just over two years. A similar pattern has been seen in the North East and Scotland, largely due to below-average price growth since 2009. Across other areas and property types, recent price growth has been the equivalent of four to five years, highlighting how much prices have jumped ahead."

Nationwide

"Wales saw annual price growth slow to 12.1% but remained the top performing nation. Price growth in Northern Ireland softened to 10.1%. Meanwhile, Scotland saw a further slowdown in annual growth to 7.8%, compared with 9.5% last quarter. England saw a further slowing in annual house price growth in Q3 to 9.9%, from 10.7% in Q2."

Halifax

"Scotland also saw a further slowdown in the rate of annual house price inflation, to +8.5% from +9.3%. London still has the slowest rate of annual growth amongst the UK nations and regions, with house prices rising by +8.1% over the last year. The pace of annual house price growth in Northern Ireland eased back further last month to +10.9% from +12.5%, with a typical home now costing £184,570."

Regional property prices tracking

The Land Registry is still showing double digit growth, but lags behind the other indices by some months, so this is no surprise. It's typically accurate data, just out of date by the time it's published. What we can see from the various indices is a definite slowing – all predicted even before the mini budget, so nothing to get too excited about!

This slowdown is starting to move regional rises into single figure increases as opposed to the double digit recorded for some time. Good news for buyers as affordability becomes tougher with the 'double whammy' rise in mortgages – firstly because the forecast rise due to interest rates not being sustainable at last year's low of 0.1%, and secondly, because of the further damage done to fixed rate mortgages following the mini budget.

Property Prices - Regions	Land Registry Latest data Jul-22	Land Registry Year on year change in price Jul-22	Rightmove Latest data Sep-22	Rightmove Year on year change in price Sep-22	Home.co.uk Latest data Sep-22	Home.co.uk Year on year change in price Sep-22	Halifax Latest data Sep-22	Halifax Year on year change in price Sep-22	Nationwide Latest data Q3 22	Nationwide Year on year change in price Q3 22
North East	£163,237	15.5%	£183,441	10.8%	£189,438	7.4%	£170,999	9.9%	£159,309	8.1%
North West	£217,077	18.1%	£253,135	11.3%	£258,633	7.9%	£229,106	12.8%	£212,998	11.3%
Yorkshire & The Humber	£211,960	17.7%	£242,100	10.5%	£245,871	7.1%	£208,318	11.4%	£209,261	11.0%
East Midlands	£247,740	16.8%	£288,508	8.9%	£289,280	5.9%	£245,082	11.7%	£241,699	12.3%
West Midlands	£255,876	18.0%	£287,703	10.4%	£303,253	6.7%	£255,822	13.3%	£247,120	12.0%
South West	£330,414	20.7%	£393,154	11.3%	£390,443	7.6%	£311,229	12.5%	£321,725	12.5%
East	£358,413	16.0%	£425,705	7.5%	£409,639	3.0%	£340,839	9.7%	£289,266	14.2%
South East	£398,781	15.8%	£490,003	8.0%	£454,440	2.6%	£399,895	10.6%	£353,276	10.4%
London	£543,517	9.2%	£682,499	6.9%	£557,548	1.4%	£553,849	8.1%	£534,545	6.7%

Halifax

"There are now four UK nations and regions which have seen annual house price inflation fall to single digit levels: Eastern England, Greater London, the North East and Scotland. Perhaps more notably, 11 out of 12 areas recorded slower growth than in August (the exception being the North East).

"The West Midlands has now overtaken the South West to record the strongest rate of annual growth in England, with house prices rising by +13.3% over the last year, down slightly from +13.5% in 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

It's good to see the difference in growth being reported in the Land Registry data versus Hometrack. This shows that although indices are useful, it's worth making sure anyone reporting on property price growth understands the lag effect on Land Registry versus a more up to date measure, such as Hometrack. It also shows the difference in rises, most still being in single digits as Hometrack has taken into consideration the change in mix of flats and houses sold during the pandemic, which has led some indices, including the Land Registry to over exaggerate price growth over the last few years.

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

Land Registry's top 5 performers:	YoY	Hometrack's top 5 performers:	YoY
Peterborough	15.9%	Nottingham	11.1%
Bournemouth, Christchurch & Poole	13.4%	Peterborough	9.5%
Nottingham	13.3%	Leeds	9.3%
Reading	13.1%	Birmingham and Manchester	9.2%
Liverpool & Brighton/Hove	12.8%	Bradford	9.1%

It's also essential that while there is so much talk of property prices falling, we understand that not all areas have seen 'boom times' over the last 12 months or indeed during the pandemic.

Aberdeen is a case in point, [property prices have been falling since the start of 2015](#). To date, average prices, according to the Land Registry are down by 25% and even rents are down by 18% over the last 10 years.

What will be interesting moving forward is to see if the current issues in the housing market which are likely to dampen demand further will impact on areas like Aberdeen. In the past, when we have seen price falls, it's due to everywhere booming. We haven't seen what happens if there are price falls to areas or property types which have not boomed over recent years.

Lowest performers are:

Land Registry's lowest 5 performers:	YoY	Hometrack's lowest 5 performers:	YoY
Aberdeen	0.8%	Aberdeen	-1.6%
Lincoln	6.3%	Edinburgh	3.8%
Belfast (Q2)	6.6%	London	4.2%
Edinburgh	7.5%	Glasgow	4.8%
Cardiff	8.3%	Oxford and Cambridge	5.5%

Overall, property prices in 16 cities have risen above inflation since 2005, including Edinburgh, Sheffield, Manchester and Peterborough, while three cities remain on a par and nine cities are below inflation, so even with the price growth seen during the pandemic, it doesn't mean that they have actually kept up with inflation.

Property Prices Towns/Cities <i>England, Wales, Scotland & NI</i>	Highest average house price pre-credit crunch 2007/08	Market low +/- versus market height	Land Registry latest data Jul 22/Q2 22	How much higher/ lower are latest prices vs height in 2007/8	Land Registry Year on year change in price Jul 22/Q2 22	Annual average increase since 2005	Hometrack latest data Aug-22	Hometrack Year on year change in price Aug-22
Belfast (Q2)	£213,626	-58.86%	£156,161	-26.9%	6.6%	2.3%	£167,300	8.5%
Glasgow	£130,473	-26.32%	£175,263	34.3%	11.1%	3.6%	£140,200	4.8%
Edinburgh	£225,750	-18.92%	£328,808	45.7%	7.5%	4.2%	£263,600	3.8%
Aberdeen	£171,220	-14.38%	£148,896	-13.0%	0.8%	3.3%	£142,100	-1.6%
Cardiff	£170,496	-18.09%	£256,116	50.2%	8.3%	3.2%	£253,400	8.5%
Newcastle upon Tyne	£164,935	-19.31%	£190,558	15.5%	10.5%	1.9%	£147,200	6.2%
Bradford	£139,640	-20.43%	£172,811	23.8%	10.5%	3.4%	£152,000	9.1%
Liverpool	£130,249	-20.38%	£181,630	39.4%	12.8%	3.3%	£152,300	8.8%
Leeds	£161,439	-19.39%	£236,601	46.6%	11.1%	3.4%	£205,600	9.3%
Sheffield	£144,875	-17.04%	£209,201	44.4%	10.7%	3.6%	£169,100	8.3%
Manchester	£140,431	-20.47%	£229,198	63.2%	11.6%	5.4%	£215,700	9.2%
Lincoln	£128,707	-17.63%	£179,101	39.2%	6.3%	3.1%	n/a	n/a
Nottingham	£119,010	-21.27%	£186,600	56.8%	13.3%	3.1%	£196,900	11.1%
Norwich	£166,498	-25.71%	£238,454	43.2%	9.7%	3.7%	£264,200	8.4%
Peterborough	£156,264	-20.81%	£243,726	56.0%	15.9%	3.7%	£215,700	9.5%
Birmingham	£148,578	-17.37%	£228,940	54.1%	11.0%	3.3%	£202,400	9.2%
Leicester	£135,317	-18.66%	£224,191	65.7%	10.0%	3.9%	£223,800	8.7%
Milton Keynes	£194,666	-24.06%	£316,827	62.8%	12.1%	4.2%	£307,600	7.9%
Oxford	£289,855	-22.95%	£489,422	68.9%	9.2%	4.5%	£450,000	5.5%
Cambridge	£283,241	-20.75%	£522,891	84.6%	12.0%	5.2%	£465,700	5.5%
Bournemouth, Christchurch & Poole	£206,227	-20.51%	£347,479	68.5%	13.4%	4.0%	£344,900	8.9%
Southampton	£168,795	-20.22%	£242,701	43.8%	10.5%	3.0%	£260,500	6.9%
Portsmouth	£169,633	-22.85%	£252,651	48.9%	10.9%	3.4%	£282,900	8.5%
Brighton and Hove	£257,108	-21.41%	£441,177	71.6%	12.8%	4.7%	£424,400	7.8%
Reading	£216,724	-18.75%	£333,493	53.9%	13.1%	3.9%	£410,000	6.8%
Tunbridge Wells	£279,413	-22.19%	£461,727	65.2%	12.2%	4.1%	n/a	n/a
Bristol	£195,196	-21.29%	£346,977	77.8%	11.9%	4.9%	£333,000	8.7%
London	£298,596	-17.83%	£543,517	82.0%	9.2%	5.1%	£524,400	4.2%

What impact will the latest policy changes have on the property market in the future?

Most forecasts at the moment are likely to be revised over the coming months following the disastrous mini budget impact on interest rates, and until we know exactly what that is, it is difficult to work out if we will have a fall in prices and if we do, how deep that might be.

Currently, the likes of Capital Economics have suggested that their previous forecasts of bank base rates rising to 3-4% will now mean they rise to 5% and may not start to fall until 2024. As a result, their pre-budget forecast of property prices falling by around 5% over the next two years to falls of 15%.

Knight Frank's latest property price predictions have shifted too, with prices previously showing growth for this year of 8% for the UK and 6.5% in London, dropping to 6% and 3% respectively. They are then expecting house prices to fall more substantially than previous expectations, over five years, wiping out most price growth they thought would happen over the next five years.

Property Price Forecasts	Knight Frank 2022 2022 (Jun 22)	Knight Frank 2022 2022 (Oct 22)	Knight Frank 2023 2023 (Jun 22)	Knight Frank 2023 2023 (Oct 22)	Knight Frank 2024 2024 (Jun 22)	Knight Frank 2024 2024 (Oct 22)	Knight Frank 2025 2025 (Jun 22)	Knight Frank 2025 2025 (Oct 22)	Knight Frank 2026 2026 (Jun 22)	Knight Frank 2026 2026 (Oct 22)	Knight Frank 5 Yr Forecast 5 Yr Forecast (Jun 22)	Knight Frank 5 Yr Forecast 5 Yr Forecast (Oct 22)
UK	8.0%	6.0%	1.0%	-5.0%	2.0%	-5.0%	2.0%	2.0%	3.0%	4.0%	16.9%	1.5%
London	6.5%	3.0%	1.0%	-6.0%	1.5%	-4.0%	1.5%	3.0%	2.0%	5.0%	13.0%	0.5%

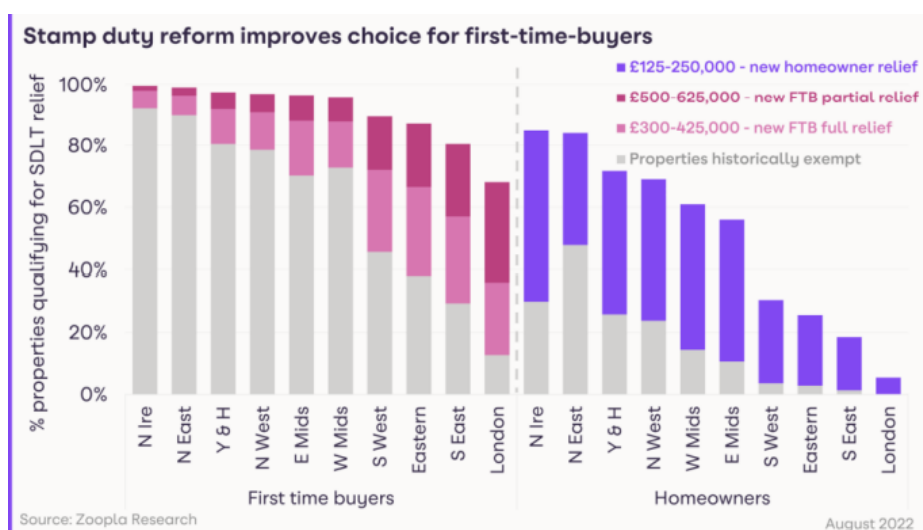
Zoopla have also done some excellent analysis on the impact of the SDLT change. My view is it's unlikely to make a huge difference, or indeed put prices up as it has in the past and that seems to be a similar conclusion to Zoopla's – although they have backed their conclusions up with a lot better evidence than my 'gut feel' observations!

Zoopla

Stamp duty changes deliver some specific benefits

"Stamp duty is an additional cost for home buyers. In England, it is a tax that hits buyers in southern England - London and the South East accounted for two-thirds of stamp duty income in 2020/21.

"The key changes in the government's recent mini-budget were to take all sales in England and Northern Ireland under £250,000 out of stamp duty (up from £125,000) while extending the additional relief for first-time buyers. The increase in this threshold takes 43% of homes out of stamp duty, primarily boosting regional markets. In many cases, the proportion of homes that are exempt will more than double - to deliver savings of up to £2,500 per sale - see right side of the chart. This has much less impact in southern England as prices are higher.



"First-time buyers (FTBs) account for 1 in 3 purchases and will not pay stamp duty up to £425,000 with a reduced rate up to £625,000. This change provides the greatest boost to FTBs in southern England who will get new savings of up to £10,000 per purchase. The left side of the chart shows that FTBs will get full or partial stamp duty relief on 68% of homes in London rising to over 80% across southern England. We expect this to boost demand from FTBs but rising mortgage rates may ultimately offset the boost from lower stamp duty costs."

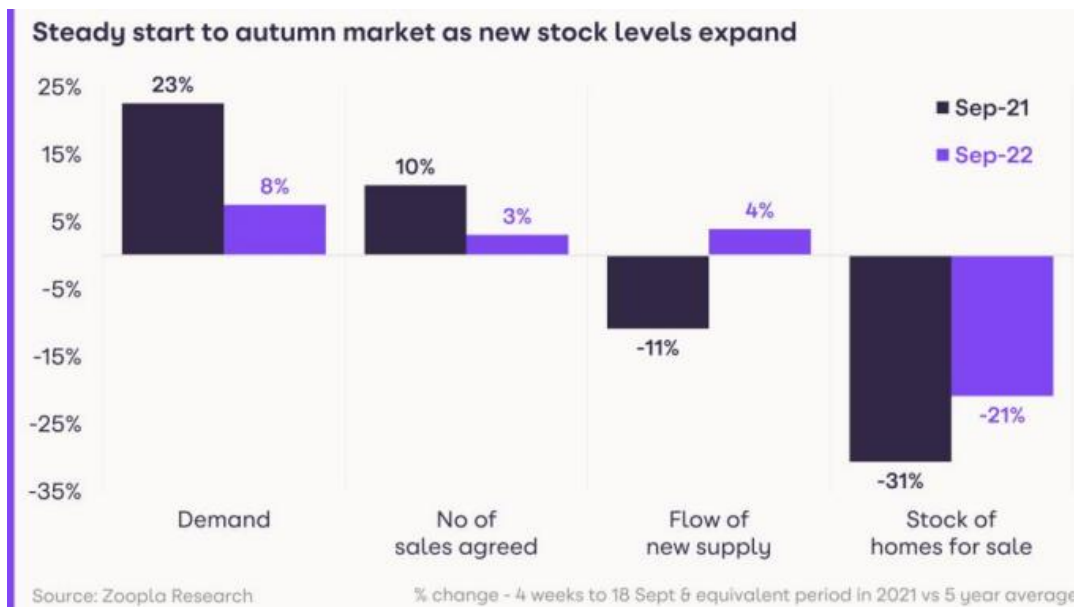
Demand and supply

As always, prices are not a great measure of the market at times like this, especially if prices are likely to see big falls or rises.

The real measure that's of interest is demand and supply, and in particular, it's essential to make sure we understand buyer demand versus supply which ultimately impacts the prices the indices report.

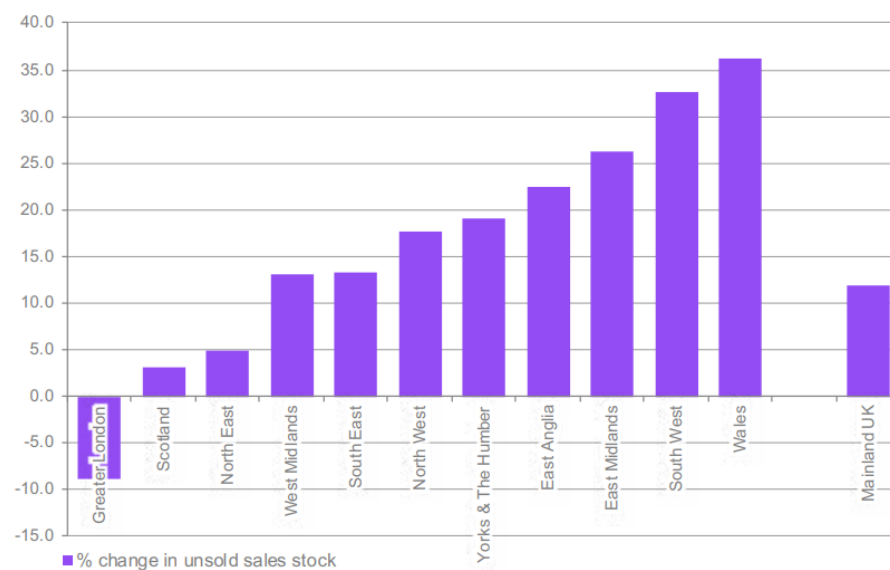
To date, the best measure will be from talking to agents, conveyancers and surveyors. As soon as their phones stop ringing, we know that demand is falling and, if they fall below stock levels available, this will negatively impact on property prices. However, it will be extremely individual.

Zoopla data clearly shows that supply versus demand is improving – and this data is for 4 weeks up to 18th September, so we need to see next month's data to understand the impact of the mini budget on the property market.



As with Zoopla, Home.co.uk show that apart from London, most areas are seeing more 'unsold sales stock' which suggests we are moving much more towards a buyers' market for the first time since the pandemic hit.

Rise in Total Properties for Sale by Region, Sept. 2022 vs. Sept. 2021

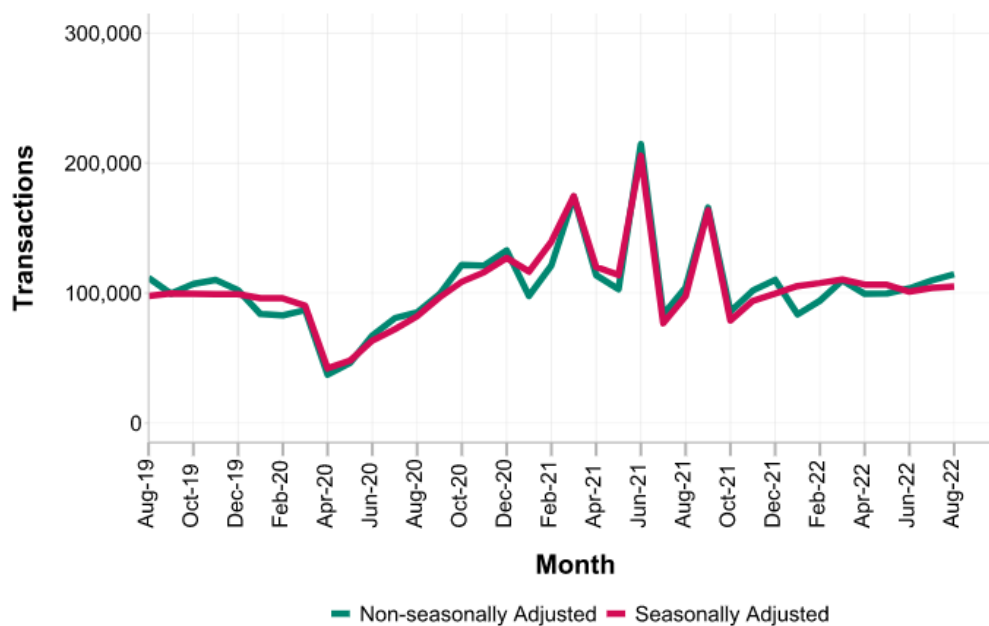




And finally, the [National Association of Estate Agents](#) are reporting “The number of available properties per member branch has risen by 47 per cent since the depths of winter last year but demand has risen by 79 per cent over the same period. The average number of properties available to buy per member branch was 28 in August. Marginally up since the winter dip but still well below the pre-pandemic average of 40 properties available in August (based on 2015-2019 figures). Nevertheless, 28 properties represents an increase of nine per member branch since December 2021 - a rise of 47 per cent.”

Transactions - actuals and forecasts

Figure 1: Non-seasonally adjusted and seasonally adjusted UK residential property transactions by month between August 2019 and August 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 BS7 (Bristol) 83% of the properties on the market are under offer and M2 in Manchester is one of the worst 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 Bristol, Basingstoke, Milton Keynes and Leeds having some of the busiest markets, and Manchester, Birmingham, London and Liverpool 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	%	Oct 22
BS7	83	Bristol
RG22	82	Basingstoke
MK12	81	Milton Keynes
LS7	81	Leeds
CV21	80	Rugby
BS15	80	Bristol
BS30	80	Bristol
BA16	80	Street
SN25	80	Swindon
BS6	79	Bristol

Top 10 cold markets - buyer demand

Postcode	%	Oct 22
M2	3	Manchester
B4	5	Birmingham
W1	10	London
EC2	13	London
L2	13	Liverpool
L1	14	Liverpool
NW8	16	London
SW10	17	London
L3	19	Liverpool
SW7	19	London

Source: [TheAdvisory](#)