

## November 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](#)

##### ***Some new movers pause while agreed deals rush to complete***

*"The average price of property coming to market rises by 0.9% this month to a new record of £371,158, as shortages of property for sale continue to underpin prices. A new asking price record may seem surprising given the market uncertainty that followed the government's mini-budget in late September, but it will take time for any impact to filter through to house prices."*

#### [Home.co.uk](#)

##### ***London rallies while prices slide in several regions***

*"Asking prices across England and Wales have dipped for a second consecutive month (by just 0.2%), bringing the year-on-year rise to 3.9%, broadly in line with both seasonal expectations and post-boom price corrections."*

#### [RICS](#)

##### ***Sales market continues to lose momentum amid deteriorating macro conditions***

*"The feedback around prices remains in expansionary territory across all parts of the UK but, in each case, the latest results point to a significant easing in the pace of growth."*

#### [Nationwide](#)

##### ***Sharp slowdown in annual house price growth in October***

*"Annual UK house price growth slowed to 7.2% in October, from 9.5% in September. Prices fall 0.9% month-on-month – the first monthly decline since July 2021."*

#### [Halifax](#)

##### ***UK house prices fall as market continues to cool***

*"Average house prices fell in October, the third such decrease in the past four months. The drop of -0.4% is the sharpest we have seen since February 2021, taking the typical property price to a five-month low of £292,598. While the pace of annual growth also continued to ease, to +8.3% compared to +9.8% in September, average prices remain near record highs."*

#### [e.surv](#)

##### ***Annual and monthly price growth slows***

*"House prices continued to climb in October, but the rate of increase is notably slower than in August and September."*

#### [Zoopla](#)

##### ***What do higher mortgage rates mean for agents?***

*"Our latest price index shows average house prices increasing by 8.1% over the last year. This is due to the strength of demand and sales agreed over the last six months, which continue to push prices higher in the face of an ongoing shortage of homes for sale. The annual rate of growth is starting to slow across all areas."*

# 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	Aug-22	Sep-22	Oct-22	Annual Change	Annual Average (05 - 22)		
Rightmove	£241,474	£213,570	13.1%	53.7%	£365,173	£367,760	£371,158	7.8%	4.0%	Asking prices	E & W
Home.co.uk	£258,531	£239,607	7.9%	38.9%	£361,262	£359,750	£359,087	3.9%	n/a	Asking prices	E & W
Nationwide	£184,131	£147,746	24.6%	45.7%	£273,751	£272,259	£268,282	7.2%	3.4%	Mortgaged only	UK
Halifax	£199,766	£157,767	26.6%	46.5%	£294,260	£293,835	£292,598	8.3%	3.5%	Mortgaged only , seasonally adjusted	UK
e.surv	£231,829	£197,145	17.6%	61.1%	£371,208	£373,427	£375,275	8.8%	4.2%	Actual prices, includes cash sales	E & W
Zoopla	£178,128	£153,449	16.1%	45.5%	£258,100	£259,100	n/a	8.1%	n/a	Sold prices, mortgage valuations and agreed sales	UK
UK HPI	£190,032	£154,452	23.0%	55.7%	£295,903	n/a	n/a	13.6%	4.1%	Sold prices, includes cash sales and new builds	UK

Whenever the market rises or falls, we start to see some different reporting from the indices. This is because the likes of Rightmove typically pick up the 'earliest' insight into what is happening while the property is being marketed, in contrast, the Land Registry records data from completions – which reflect deals from as long ago as three, six months or more.

This can be seen in this month's figures with Rightmove recording a 7.8% increase while UK HPI (Land Registry) is still reporting double digit rises of 13.6%. The more important figure though is the long term average increase since 2005, where the pandemic has raised annual average increases from below long term inflation of around 3% to 3.5% to 4%.

And, although we are talking about house price growth continuing, versus CPI inflation of 8.8% so far this year, the reality is house prices are static in real terms. Source:

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/september2022>

What is critical over the coming months is that brokers, agents, surveyors and legal experts all understand the reality of what's happening in the property market and not buy into the scare mongering headlines and 'doomsayers' that are suggesting the market will seriously go south next year. Let's not forget, that's been forecast over the last few years, yet prices have defied gravity!

Here is a summary of useful feedback from the property indices that show it's not all doom and gloom and we are unlikely to be heading towards crashes seen in the 1990s and 2008:

### Rightmove

*"Buyer demand is still 20% higher than the more normal market of 2019, but it is down by 15% in the last two weeks compared with the same two weeks last year". They are even reporting "The first-time buyer sector appears hardest hit by interest rate increases, with demand in the last two weeks dropping by 21% compared to the same two weeks last year, though it is 24% higher than 2019".*

And for those reporting that sales are falling through, in reality *"Only 3.1% of sales agreed have fallen through in the two weeks since the mini-budget, which is in line with the 3.0% over the same two weeks during 2019".*

### Home.co.uk

*"The much-forecasted slowdown is yet to appear. The typical time on market (median) for unsold property is up just two days at 67 days since last month but 13 days less than in October 2021, despite pricier mortgages. The average time on market actually fell two days since last month, continuing its downward trend."*

## **Nationwide**

*“Household balance sheets appear in relatively good shape with significant protection from higher borrowing costs, at least for a period, with over 85% of mortgage balances on fixed interest rates. Stretched housing affordability is also a reflection of underlying supply constraints, which should provide some support for prices.”*

## **e.surv**

*“The housing market may be driven by sentiment, but we should remember that desirable residential property is still in short supply which will support prices. We continue to enjoy full employment, and we do not know yet what further fiscal rabbits the Chancellor will pull out of his hat in his November statement to relieve the pressure on mortgage pricing and a watching brief has shown time and again that the UK housing market has proven remarkably resilient over recent months, and it may yet weather this particular storm too.”*

## **Zoopla**

- 1. Sales still being agreed at slower rate, from cash buyers and those with cheap loans - pipeline of nearly 293,000 sales in progress*
- 2. No signs of any impact on pricing expected in Q4*
- 3. Outlook for 2023 depends largely on trajectory for mortgage rates*
- 4. Sustained 6% mortgage rates would lead to double-digit price falls eroding ‘paper’ gains over pandemic but few negative equity cases*
- 5. More likely outcome is a fall in mortgage rates towards 4% and a modest decline in house prices of up to 5% over 2023 with 1m sales.*

## Property prices by country

Property Prices - Countries	Land Registry latest data Aug 22/ Q2 22	Land Registry year on year change in price Aug 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	£315,965	14.3%	4.1%	£311,508	9.9%
Wales	£220,059	14.6%	3.4%	£213,684	12.1%
Scotland	£195,391	9.7%	4.4%	£184,496	7.8%
Northern Ireland (Q2)	£169,063	9.6%	2.5%	£183,960	10.1%

This month's report shows that both England and Wales continue to outperform long term growth rates, while Scotland and Northern Ireland have now dipped below double digits.

As always though, as these are 'average' figures they hide what's really happening in each country.

### Summary from the indices of the Wales housing market

#### Principality Building Society

*"The average price of a home in Wales has exceeded £245,000 for the first time ever, highlighting the strength of the market so far in 2022. There was continued price growth in the third quarter with average prices up by 12.4% annually, and 2.2% quarterly. Prices have reached new highs across the country over recent months, with all local authorities hitting record levels in the second or third quarters.*

*"Property prices are up in all local authority areas compared with a year earlier. Led by the Vale of Glamorgan and Flintshire, 16 authorities report annual price increases of more than 10% - that is above the current rate of consumer price inflation. Elsewhere, price increases in several authorities - Gwynedd, Anglesey, Conwy in North Wales and the urban centres of Newport, Wrexham and Cardiff - are more modest, and these authorities will be experiencing modest drops in real terms, set against overall price inflation."*

#### Halifax

*"Wales saw annual growth at +11.7%, though this was a fall from +14.4%. Scotland has also seen its pace of annual house price inflation slow to +7.5% (from +8.3%) with a typical property now costing £203,820. House prices in Northern Ireland are up +9.5% year-on-year, easing back from +10.9% last month. At £184,440 the average house price remains some £46,500 below its pre-financial crisis peak in mid-2007."*

### Summary from the indices of the Scottish housing market

#### Ros.gov

*"In 2021-22:*

- the average price of a residential property in Scotland was £201,744, the highest average price across all the years of this report between 2003-04 and 2021-22*

*Between 2020-21 and 2021-22:*

- the average price increased by 4% from £194,060 to £201,744*
- West Lothian had the largest increase in average price, rising by 7.2% from £198,413 in 2020-21 to £212,689 in 2021-22*
- Stirling and Inverclyde were the only two local authorities to show a decrease in average price, decreasing by 2.1% to £230,608 and 0.8% to £134,343 respectively*

*Between 2006-07, the peak year in terms of residential sales, and 2021-22:*

- the average price increased by 45%"*

## Regional property prices tracking

Despite the doom and gloom in the media, the Land Registry figures show how strong growth has been to date this year. The original predictions were for a few percent growth, but as you can see from the different indices below, the reality is that the market has performed at 3-4 times expected price growth this year, so the fact that we are expecting some falls, just means that the market, in most regions and areas, will revert back towards their prices at the start of this year.

Bearing in mind the growth of 2020 and 2021, this means property prices are still pretty robust over the long term.

Property Prices - Regions	Land Registry Latest data Aug-22	Land Registry Year on year change in price Aug-22	Rightmove Latest data Oct-22	Rightmove Year on year change in price Oct-22	Home.co.uk Latest data Oct-22	Home.co.uk Year on year change in price Oct-22	Nationwide Latest data Q3 22	Nationwide Year on year change in price Q3 22
North East	£164,395	14.3%	£182,447	8.6%	£185,592	3.7%	£159,309	8.1%
North West	£219,025	15.3%	£251,683	8.2%	£257,980	6.6%	£212,998	11.3%
Yorkshire & The Humber	£212,313	13.9%	£243,681	10.1%	£245,932	7.0%	£209,261	11.0%
East Midlands	£255,114	16.9%	£286,776	7.4%	£290,059	5.1%	£241,699	12.3%
West Midlands	£255,202	13.9%	£288,808	9.8%	£302,994	6.6%	£247,120	12.0%
South West	£335,927	17.0%	£393,311	9.3%	£388,405	5.8%	£321,725	12.5%
East	£364,885	14.3%	£425,392	7.4%	£409,135	2.3%	£289,266	14.2%
South East	£406,981	14.8%	£494,683	7.9%	£452,420	1.5%	£353,276	10.4%
London	£552,755	8.3%	£695,642	6.9%	£559,230	1.8%	£534,545	6.7%

### Halifax

“All English regions with the exception of the North East experienced weaker annual price inflation during October compared to September. However the West Midlands now has the joint highest annual growth of any UK region at +11.7% down from +13.2% the previous month. The pace of annual property price inflation also slowed in London, which continues to lag the other UK regions and nations. House prices have risen +6.8% over the last 12 months.”

### e.surv

“The annual rates of price growth in all ten areas have reduced from the previous month and in some cases by significant amounts. For example, in the East of England price growth has slowed in the month by some 4.0% from 15.4% to 11.4%, and in the East and West Midlands has diminished by 3.6% and 3.7% respectively. The area with the smallest fall in its annual rate of growth is Greater London, where price changes reduced from 2.8% to 2.2%. The South West has the highest rate of growth for the fourth month in succession, at 15.2%, but that is down from 18.5% in the previous month.”

### Zoopla

“Our latest price index shows average house prices increasing by 8.1% over the last year. This is due to the strength of demand and sales agreed over the last 6 months, which continue to push prices higher in the face of an ongoing shortage of homes for sale. The annual rate of growth is starting to slow across all areas, and this will accelerate further into Q1 2023.”



## 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

Quite reassuring that both Zoopla and Land Registry are seeing similar top performers with Nottingham, Peterborough and Manchester doing well, while those that are struggling – but still up year on year bar Aberdeen – are Glasgow, London and Edinburgh with a few differences.

#### 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	18.3%	Nottingham	10.9%
Nottingham	14.5%	Gloucester	10.1%
Bristol	14.3%	Peterborough	9.9%
Bournemouth, Christchurch & Poole	14.1%	Manchester	9.3%
Manchester	14.0%	Birmingham	9.2%

#### Lowest performers are:

Land Registry's lowest 5 performers:	YoY	Hometrack's lowest 5 performers:	YoY
Belfast (Q2)	6.6%	Aberdeen	-0.9%
London	8.3%	Edinburgh	4.2%
Edinburgh	8.9%	London	4.4%
Glasgow	9.4%	Glasgow	4.6%
Lincoln	9.6%	Oxford	5.3%

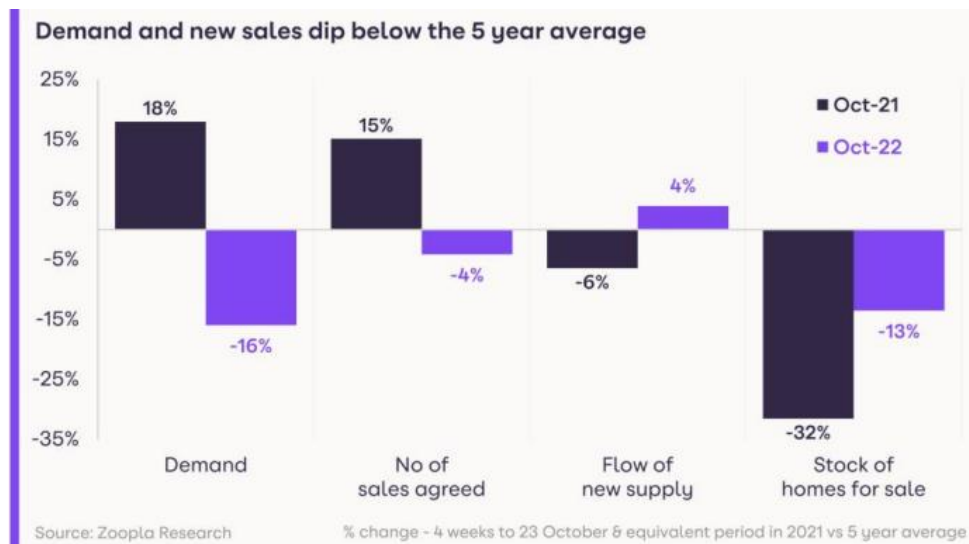
Overall, property prices in 10 cities have risen above inflation since 2005, including Leicester, Bristol and Milton Keynes, while one city remains on a par and 18 cities are seeing price growth below inflation. Even with the price growth seen during the pandemic, it doesn't mean that they have actually kept up with inflation.

Property Prices Towns/Cities <i>England, Wales, Scotland &amp; NI</i>	Highest average house price pre-credit crunch 2007/08	Market low +/- versus market height	Land Registry latest data Aug 22/Q2 22	How much higher/ lower are latest prices vs height in 2007/8	Land Registry Year on year change in price Aug 22/Q2 22	Annual average increase since 2005	Hometrack lastest data Sep-22	Hometrack Year on year change in price Sep-22
Belfast (Q2)	£213,626	-58.86%	£156,161	-26.9%	6.6%	2.3%	£167,800	8.2%
Glasgow	£130,473	-26.32%	£177,812	36.3%	9.4%	3.7%	£140,500	4.6%
Edinburgh	£225,750	-18.92%	£337,506	49.5%	8.9%	4.4%	£264,400	4.2%
Aberdeen	£171,220	-14.38%	£149,861	-12.5%	0.7%	3.3%	£142,300	-0.9%
Cardiff	£170,496	-18.09%	£260,478	52.8%	10.0%	3.3%	£254,400	8.2%
Newcastle upon Tyne	£164,935	-19.31%	£195,610	18.6%	11.1%	2.1%	£147,700	6.3%
Bradford	£139,640	-20.43%	£177,194	26.9%	12.1%	3.5%	£153,000	8.9%
Liverpool	£130,249	-20.38%	£180,746	38.8%	11.1%	3.3%	£153,200	8.5%
Leeds	£161,439	-19.39%	£240,854	49.2%	12.8%	3.5%	£206,300	9.1%
Sheffield	£144,875	-17.04%	£210,638	45.4%	9.9%	3.6%	£170,000	8.6%
Manchester	£140,431	-20.47%	£234,841	67.2%	14.0%	5.6%	£217,000	9.3%
Lincoln	£128,707	-17.63%	£185,023	43.8%	9.6%	3.3%	n/a	n/a
Nottingham	£119,010	-21.27%	£191,576	61.0%	14.5%	3.3%	£198,100	10.9%
Norwich	£166,498	-25.71%	£244,984	47.1%	10.7%	3.9%	£265,400	7.8%
Peterborough	£156,264	-20.81%	£249,593	59.7%	18.3%	3.8%	£216,800	9.9%
Birmingham	£148,578	-17.37%	£233,131	56.9%	12.1%	3.4%	£203,400	9.2%
Leicester	£135,317	-18.66%	£230,782	70.5%	13.0%	4.1%	£224,600	8.7%
Milton Keynes	£194,666	-24.06%	£327,516	68.2%	12.8%	4.4%	£309,000	7.8%
Gloucester	£169,008	-23.55%	£247,311	46.3%	11.8%	3.3%	£231,400	10.1%
Oxford	£289,855	-22.95%	£488,321	68.5%	10.7%	4.5%	£451,100	5.3%
Cambridge	£283,241	-20.75%	£518,739	83.1%	10.3%	5.2%	£467,400	5.4%
Bournemouth, Christchurch & Poole	£206,227	-20.51%	£349,976	69.7%	14.1%	4.0%	£346,600	9.0%
Southampton	£168,795	-20.22%	£246,390	46.0%	11.0%	3.1%	£261,600	7.0%
Portsmouth	£169,633	-22.85%	£255,970	50.9%	11.4%	3.5%	£284,400	8.3%
Brighton and Hove	£257,108	-21.41%	£444,855	73.0%	12.1%	4.8%	£425,800	8.0%
Reading	£216,724	-18.75%	£331,372	52.9%	10.7%	3.8%	£411,600	6.7%
Tunbridge Wells	£279,413	-22.19%	£475,357	70.1%	13.2%	4.3%	n/a	n/a
Bristol	£195,196	-21.29%	£354,642	81.7%	14.3%	5.0%	£333,600	8.6%
London	£298,596	-17.83%	£552,755	85.1%	8.3%	5.2%	£525,900	4.4%

## Demand and supply

The good news from the reports is that despite our focus on prices, it's transactions that are really the most important metric and the good news over the last few months is that we are seeing a better balance between supply and demand. This means more choice for buyers and although that may mean properties are sold for a bit less, the more properties there are available for sale, if people can afford to buy this can help keep the market – and the industry – moving.

However, despite the fact that there are more homes for sale and demand is falling – for some – we are still short of stock, for example, good quality houses in great locations, and this is yet another driver that will help support the market into 2023.



The [National Association of Estate Agents](#) are reporting “The average number of properties available to buy per member branch rose to 30 in September. The total number has been on the rise since April and represents a 50 per cent increase over the period.”

And this is very much supported by latest data from Rightmove:

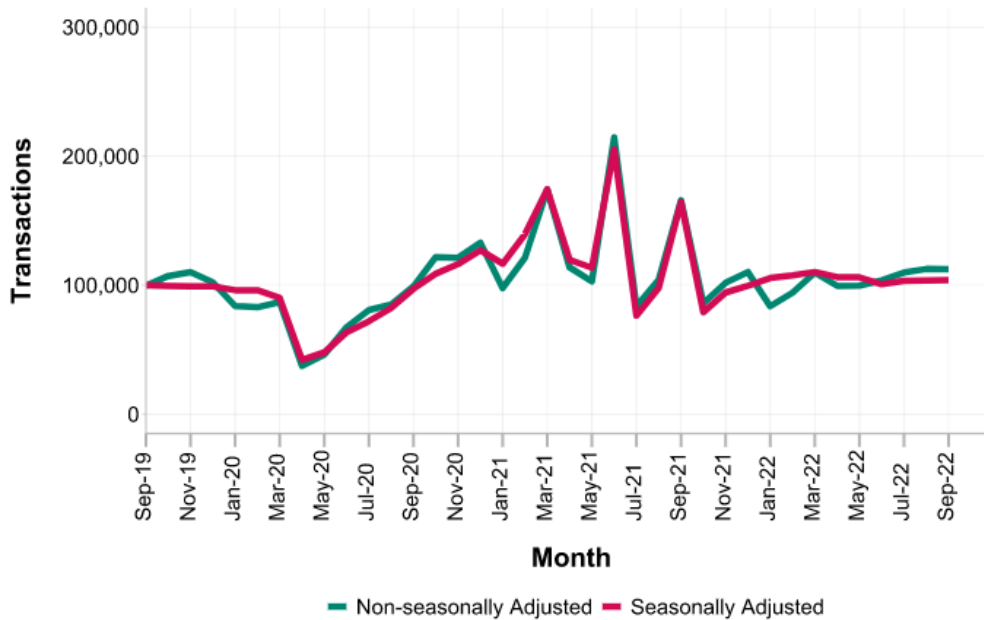




## Transactions – actuals

To date, property transactions are currently matching their pre pandemic levels.

**Figure 1: Non-seasonally adjusted and seasonally adjusted UK residential property transactions by month between September 2019 and September 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 and BS32 (Bristol) 80% of the properties on the market are under offer, along with M21 in Manchester, however, 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, Manchester and Rugby 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	%	Nov 22
BS7	80	Bristol
BS32	80	Bristol
RG22	79	Basingstoke
BS15	79	Bristol
BS2	77	Bristol
M21	77	Manchester
CV21	77	Rugby
BS6	77	Bristol
NE7	76	Newcastle Upon Tyne
B98	76	Redditch

### Top 10 cold markets - buyer demand

Postcode	%	Nov 22
M2	1	Manchester
B4	3	Birmingham
W1	9	London
L2	11	Liverpool
EC2	13	London
L1	13	Liverpool
SW10	15	London
SW3	16	London
NW8	16	London
SW7	16	London

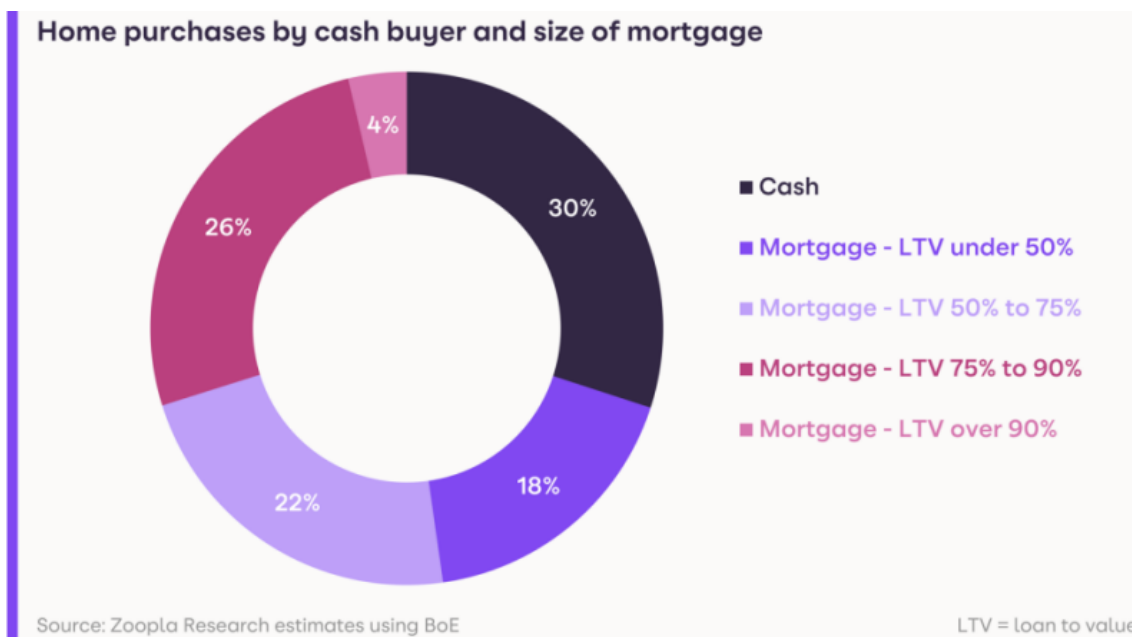
Source: [TheAdvisory](#)

## Where is the market going?

This is the real question for now. Not will prices fall in 2023, but by how much? And there is much evidence that although we are likely to see some falls, especially for properties typically sold to first time buyers such as flats, some sought after houses which are in such short demand are likely to find that their property doesn't necessarily lose any value – and may even continue to sell for more than this year.

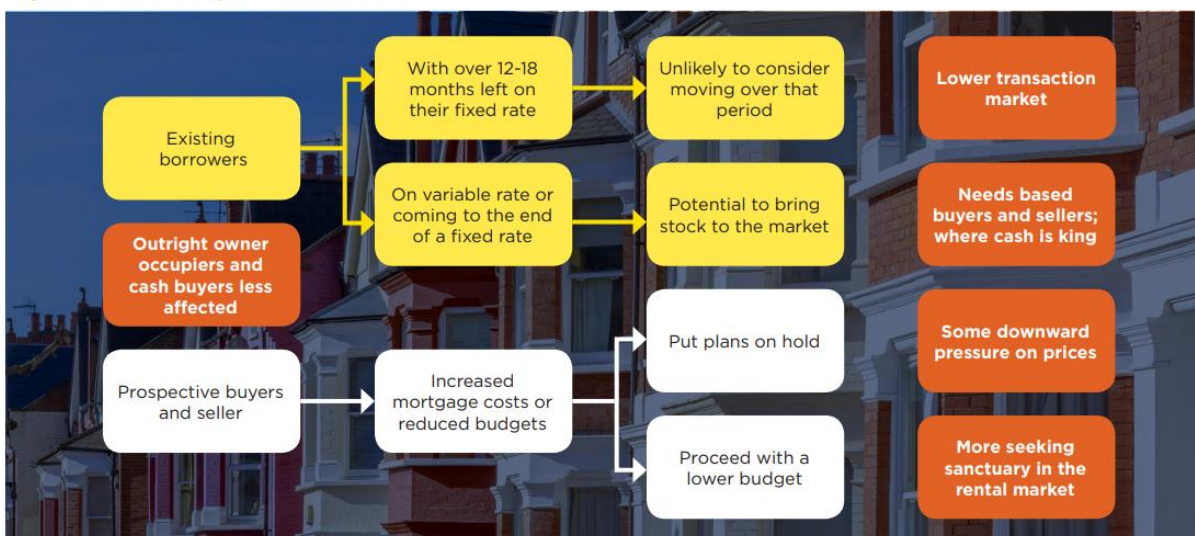
The key determinant of this is the chart below from Zoopla which shows that, together with cash buyers, 50% of buyers are not that reliant on mortgages. And, although in the past we needed FTBs to 'drive' the market forward, now we have a housing market which can trade properties between those downsizing and upsizing.

All this data and indeed the latest forecasts very much suggest that property prices may go south in 2023, but they are not likely to fall at the levels we've seen in previous recessions.



The other great information we have this year to understand what will happen in the future is this great chart from Savills which explains how different people in the property market are likely to be impacted and will react in the next 12 months.

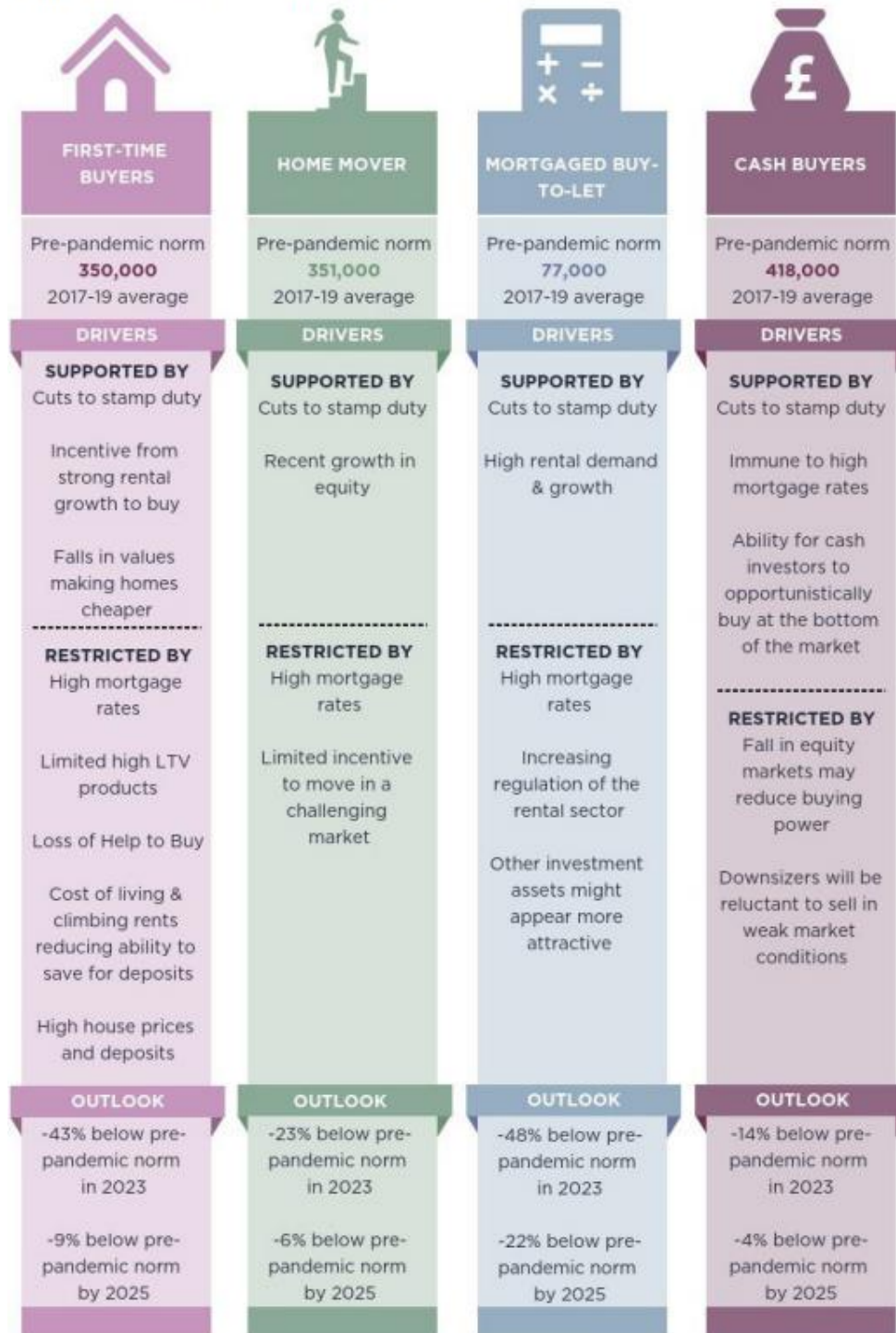
**Figure 4** Drivers of price falls in 2023



Source: [Savills](#)

Although most of our time is spent reporting on prices, of course it's transactions that are critical the market – and Savills have produced a super useful graphic which shows that FTBs and buy to let investors are the ones that are likely to drop out of the market in 2023, while home movers will help keep the market afloat.

**Figure 7** Key market drivers for different buyer types



Source: [Savills](#)