December 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

Financial uncertainty continues though price drop in line with the norm
"The average price of property coming to the market drops by 1.1% this month, which despite the weight of financial uncertainty is in line with the average 1.1% drop recorded in November during the pre-pandemic years of 2015-2019."

Home.co.uk

Stock levels recover as home prices take a seasonal dip
"Asking prices across England and Wales slid for a third consecutive month (by 0.5%), bringing the year-on-year rise to 3.6%, consistent with seasonal expectations."

Nationwide

Annual house price growth slows sharply in November
"The fallout from the mini-Budget continued to impact the market, with November seeing a sharp slowdown in annual house price growth to 4.4%, from 7.2% in October. Prices fell by 1.4% month-on-month, after taking account of seasonal effects, the largest fall since June 2020."

Zoopla

House price inflation responding to weaker demand
"Our measure of annual UK house price inflation has slowed to +7.8%. We have recorded the lowest quarterly rate of growth (0.7%) since February 2020, as weaker demand and a drop in sales feed into measures of annual house price growth."

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

National property price tracking

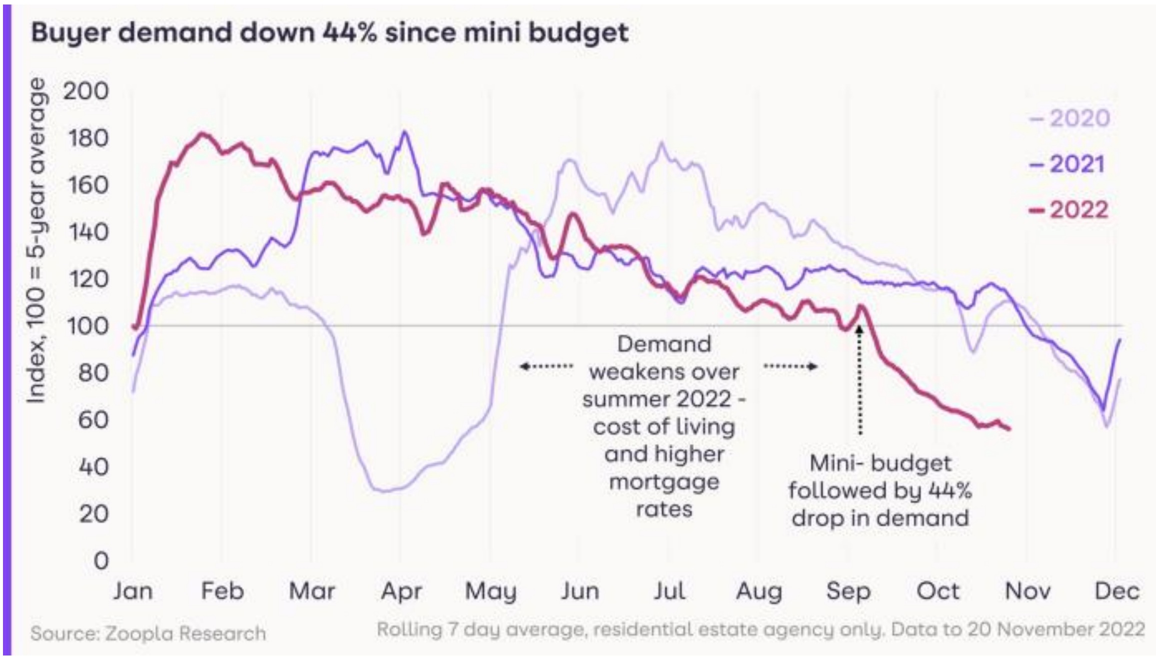
	High 2007/08	Low 2009	How much did prices fall?	Latest price vs 2007/08 high	Sep-22	Oct-22	Nov-22	Annual Change	Annual Average (05 - 22)		
Rightmove	£241,474	£213,570	13.1%	52.0%	£367,760	£371,158	£366,999	7.2%	4.0%	Asking prices	E & W
Home.co.uk	£258,531	£239,607	7.9%	38.3%	£359,750	£359,087	£357,421	3.6%	n/a	Asking prices	E & W
Nationwide	£184,131	£147,746	24.6%	43.3%	£272,259	£268,282	£263,788	4.4%	3.3%	Mortgaged only	UK
Halifax	£199,766	£157,767	26.6%	46.5%	£293,835	£292,598	n/a	8.3%	3.5%	Mortgaged only , seasonally adjusted	UK
e.surv	£231,829	£197,145	17.6%	61.9%	£373,427	£375,275	n/a	8.8%	4.2%	Actual prices, includes cash sales	E & W
Zoopla	£178,128	£153,449	16.1%	46.9%	£259,100	£261,600	n/a	7.8%	n/a	Sold prices, mortgage valuations and agreed sales	UK
UK HPI	£190,032	£154,452	23.0%	55.0%	£294,559	n/a	n/a	9.5%	4.0%	Sold prices, includes cash sales and new builds	UK

And so it begins! The doom and gloom of the property market indices which are now starting to produce figures which suggest property prices are heading into reverse.

I do find it interesting that much of this is being blamed on the mini budget, sure it didn't help, but all the forecasters predicted a slowdown this year which has only just appeared. We have very short memories in the property market. At the start of this year, we were all very comfortable for a 'normal year' of 3-4% price growth and around the average 1.2 million sales.

However, up until now, the market has continued to defy gravity with double digit growth year on year continuing until recent months, so how much of this slowdown is the mini budget and how much was going to happen anyway?

Well Zoopla probably has the best insight into this, and the answer is – it's a bit of both!



Source: Zoopla

As you can see this shows that demand started to wane over the summer, but the mini budget has reduced it even further as buyers and sellers just sit back for a bit to 'see what happens'.

And they were probably right to do so, because interestingly, the rumours are that the mortgage market is set to reduce rates further *(source: https://www.mortgagestrategy.co.uk/analysis/market-watch-weve-excelled-this-year-be-proud/)* in the new year and it's likely the market may come back a little from the current lull.

All the indices are reporting slowdowns, but Rightmove and Home.co.uk both state that these are in line with normal seasonal changes, while Nationwide is the most negative – not surprising as it refers to mortgaged purchases, missing out on the 30% of cash sales. However, Zoopla shows that growth is still at 7.8% year on year, despite the largest slowdown in the growth of house prices since February 2020.

But let's remember, they are still reporting house price growth much higher than expected for this year, so let's make sure buyers and sellers are aware of the real truth behind what's happening to property prices rather than the scare mongering we are likely to see from some of the press and online doomsters!

Property prices by country

Property Prices - Countries	Land Registry latest data Sep 22/ Q3 22	Land Registry year on year change in price Sep 22/Q3 22	Land Registry annual average increase since 2005	Nationwide latest data Q3 22	Nationwide year on year change in price Q3 22
England	£314,278	9.6%	4.1%	£311,508	9.9%
Wales	£223,798	12.9%	3.5%	£213,684	12.1%
Scotland	£191,941	7.3%	4.3%	£184,496	7.8%
Northern Ireland *(Q3)*	£176,131	10.7%	2.7%	£183,960	10.1%

Once we move from the indices to Land Registry data, we'll start to see quite a big difference until around March 2023. This is because their data and reports of rises/falls won't pick up what's happening now for some months as most indices are based on average prices for sales happening over the last month or so, while Land Registry reports prices at completion, and then a little time after too as the figures are collated, so the data is 4-6 months behind the actual market trends.

However, it's still quite clear based on Land Registry and Nationwide figures that prices are still up year on year, even if the growth is likely to fall. And, bar Northern Ireland, since 2005, we are seeing property price growth just ahead of average inflation of around 3.5%, bar Wales.

Regional property prices tracking

On a regional level, looking at all the indices, the top performers year on year for price growth include:

- South West – according to the Land Registry up by 11.9%
- Yorkshire and Humber – according to Rightmove's asking price indices with a rise of 10.3%
- North West – according to Home.co.uk, they show lower price rises, so just 7.1% growth
- East – according to Nationwide, up 14.2%

So, none of the indices are reporting any region doing particularly well on a consistent basis, which just shows how much these averages don't reflect what's really going on in the property market and why local data is key, especially over the next 12 months.

These are the lowest performers:

- North East – up 5.8% says the Land Registry
- London – up 5.3% from Nationwide
- London – +0.9% say Home.co.uk
- London – +6.7% from Nationwide

So, some consistency that London property prices are still not picking up as much as other regions have and it's likely that this will get worse over the coming months due to the reliance on mortgages for London market movers.

Property Prices - Regions	Land Registry Latest data Sep-22	Land Registry Year on year change in price Sep-22	Rightmove Latest data Nov-22	Rightmove Year on year change in price Nov-22	Home.co.uk Latest data Nov-22	Home.co.uk Year on year change in price Nov-22	Nationwide Latest data Q3 22	Nationwide Year on year change in price Q3 22
North East	£163,768	5.8%	£179,504	9.1%	£187,284	5.6%	£159,309	8.1%
North West	£219,005	9.1%	£248,790	7.5%	£257,878	7.1%	£212,998	11.3%
Yorkshire & The Humber	£212,593	8.5%	£241,858	10.3%	£243,191	6.2%	£209,261	11.0%
East Midlands	£252,982	11.2%	£258,164	9.1%	£290,806	5.8%	£241,699	12.3%
West Midlands	£253,864	10.1%	£284,908	9.6%	£300,194	5.3%	£247,120	12.0%
South West	£336,583	11.9%	£386,357	7.5%	£387,082	6.3%	£321,725	12.5%
East	£362,197	10.4%	£424,884	6.7%	£407,038	1.7%	£289,266	14.2%
South East	£403,515	10.3%	£485,847	6.6%	£450,124	1.5%	£353,276	10.4%
London	£544,113	6.9%	£682,442	5.3%	£555,513	0.9%	£534,545	6.7%

Zoopla

Widespread repricing of sales inventory underway

"There is already a widespread repricing of homes for sale underway but with what might be seen as relatively modest reductions at this stage. The core measure we track is asking price reductions of 5% or more. This measure has jumped over the autumn but, importantly, still remains below 2018 levels.

"Taking a broader view, one in four homes for sale since 1 September has experienced a price reduction of any size. Over one in ten (11%) has recorded a reduction of over 5%. Price reductions have been greatest in southern England, where sales activity has fallen back the most. The South East and East of England regions have seen almost 1 in 3 homes for sale have their asking price reduced in the hope of attracting more buyer interest. Sales volumes are the key measure that will tell us if these reductions are sufficient in size."

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

As you can see from the analysis below, there is some consistency between Hometrack and Land Registry of the top performing market, although note that Hometrack's price rises are a lot lower than the Land Registry due to the change in mix of houses and flat sales.

But, they do agree that Manchester, Bournemouth and Peterborough are seeing the biggest growth year on year, while Glasgow, London and Edinburgh are seeing the lowest growth.

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

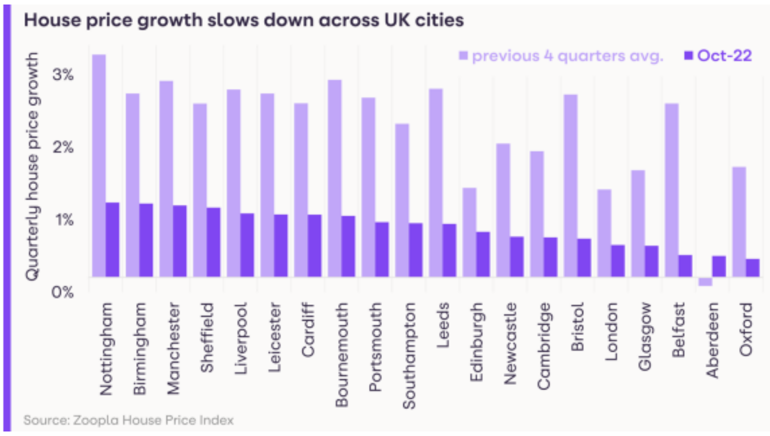
Land Registry's top 5 performers:	YoY	Hometrack's top 5 performers:	YoY
Bristol	16.6%	Nottingham	10.5%
Manchester	16.3%	Peterborough	9.6%
Bournemouth, Christchurch & Poole	16.3%	Gloucester	9.5%
Peterborough	16.1%	Manchester	9.3%
Milton Keynes	15.6%	Bournemouth, Christchurch & Poole	9.0%

Lowest performers are:

Land Registry's lowest 5 performers:	YoY	Hometrack's lowest 5 performers:	YoY
Edinburgh	6.8%	Aberdeen	-1.1%
London	6.9%	Glasgow	4.2%
Glasgow	7.4%	Edinburgh	4.4%
Lincoln	8.9%	London	4.4%
Belfast (Q3)	9.0%	Cambridge	4.6%

Overall, property prices in 10 cities have risen above inflation since 2005, including Edinburgh, Manchester, Oxford and Bristol, and 19 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.

Zoopla
"At this stage, none of the major city or regional level indices are recording price falls over the last three months. What is clear is a major loss of momentum in the rate of quarterly price inflation across all areas including major cities. UK house price growth is heading to 0% and is likely to move into negative territory during 2023."



Property Prices Towns/Cities *England, Wales, Scotland & NI*	**Highest average house price pre-credit crunch 2007/08**	**Market low +/- versus market height**	**Land Registry latest data Sep 22/Q3 22**	**How much higher/ lower are latest prices vs height in 2007/8**	**Land Registry Year on year change in price Sep 22/Q3 22**	**Annual average increase since 2005**	**Hometrack lastest data Oct-22**	**Hometrack Year on year change in price Oct-22**
Belfast *(Q3)*	£213,626	-58.86%	£163,942	-23.3%	9.0%	2.6%	£168,100	7.0%
Glasgow	£130,473	-26.32%	£176,087	35.0%	7.4%	3.6%	£142,300	4.2%
Edinburgh	£225,750	-18.92%	£337,087	49.3%	6.8%	4.4%	£266,000	4.4%
Aberdeen	£171,220	-14.38%	£145,153	-15.2%	-2.4%	3.1%	£140,200	-1.1%
Cardiff	£170,496	-18.09%	£267,573	56.9%	13.1%	3.5%	£256,900	8.0%
Newcastle upon Tyne	£164,935	-19.31%	£195,638	18.6%	12.1%	2.1%	£149,200	5.8%
Bradford	£139,640	-20.43%	£179,054	28.2%	13.0%	3.6%	£153,200	8.5%
Liverpool	£130,249	-20.38%	£184,642	41.8%	13.7%	3.4%	£155,300	8.7%
Leeds	£161,439	-19.39%	£241,113	49.4%	14.0%	3.5%	£208,100	8.6%
Sheffield	£144,875	-17.04%	£217,336	50.0%	13.7%	3.8%	£171,600	8.5%
Manchester	£140,431	-20.47%	£238,253	69.7%	16.3%	5.7%	£219,700	9.3%
Lincoln	£128,707	-17.63%	£184,645	43.5%	8.9%	3.3%	n/a	n/a
Nottingham	£119,010	-21.27%	£190,485	60.1%	12.9%	3.3%	£201,600	10.5%
Norwich	£166,498	-25.71%	£247,466	48.6%	10.8%	3.9%	£268,500	7.7%
Peterborough	£156,264	-20.81%	£245,329	57.0%	16.1%	3.7%	£219,800	9.6%
Birmingham	£148,578	-17.37%	£231,659	55.9%	12.0%	3.4%	£206,000	8.9%
Leicester	£135,317	-18.66%	£226,242	67.2%	10.6%	3.9%	£227,500	8.4%
Milton Keynes	£194,666	-24.06%	£336,018	72.6%	15.6%	4.6%	£314,400	7.8%
Gloucester	£169,008	-23.55%	£254,805	50.8%	12.8%	3.5%	£233,000	9.5%
Oxford	£289,855	-22.95%	£494,775	70.7%	11.7%	4.6%	£456,000	4.8%
Cambridge	£283,241	-20.75%	£523,209	84.7%	10.6%	5.2%	£472,900	4.6%
Bournemouth, Christchurch & Poole	£206,227	-20.51%	£356,450	72.8%	16.3%	4.2%	£349,600	9.0%
Southampton	£168,795	-20.22%	£249,427	47.8%	10.9%	3.2%	£263,800	6.9%
Portsmouth	£169,633	-22.85%	£256,859	51.4%	10.9%	3.5%	£287,400	8.1%
Brighton and Hove	£257,108	-21.41%	£449,536	74.8%	14.2%	4.8%	£431,400	7.7%
Reading	£216,724	-18.75%	£332,578	53.5%	9.9%	3.8%	£414,200	6.5%
Tunbridge Wells	£279,413	-22.19%	£481,956	72.5%	14.4%	4.4%	n/a	n/a
Bristol	£195,196	-21.29%	£360,653	84.8%	16.6%	5.1%	£338,400	8.3%
London	£298,596	-17.83%	£544,113	82.2%	6.9%	5.1%	£527,600	4.4%

Demand and supply

Good news that more sales are coming to the market, but with demand weakening, it's not a surprise that prices are expected to fall next year.

It's also starting to become clear that first time buyers are being the most affected, and no doubt they will hold off until the new year now to decide whether it's still worth them moving, while hoping mortgage rates start to become a little more attractive than they have been over the last few months.

However, let's not forget that as Zoopla point out below, although sales inventory is up year on year, it's still a lot lower than the 2017-19 average.

It's going to be a tougher year for agents in 2023 securing property that they know they can sell to buyers who are more likely to be cash rich rather than relying on mortgages.

Zoopla

"Sales inventory recovering off a low base Weaker sales and more homes coming to the market mean that the stock of homes for sale continues to rebuild off a low base. The average estate agency office has 23 homes for sale. This is the highest since January 2021 but almost a fifth lower than pre-pandemic levels. This trend is being recorded across all areas of the UK.

"Rebuilding sales inventory, which boosts buyer choice, is part of the move to a more balanced market. However, it is important that these homes are priced in line with what buyers are prepared to pay, given the hit to buying power. We analyse the repricing process underway later in this report. More homes for sale will reduce the scale of the upward pressure on house prices. Our expectation is that we won't get an over-supply of homes for sale in 2023. We expect some element of scarcity to remain a feature of the market, limiting the downside for pricing levels in 2023."

The National Association of Estate Agents are reporting *"The average number of properties available to buy per member branch held steady at 30 in October. The average number of sales agreed per member branch dropped to seven in October - down from ten in September when many rushed to purchase ahead of future anticipated rate rises."*

Rightmove

"Buyer demand is still up by 4% on the more normal market of 2019, but down by 20% on October last year. First-time buyer properties continue to be the most affected sector, with year-on-year demand down by 26% in October, while second stepper demand is down by 17%, and top of the ladder is down by 15%."

Zoopla

Mini-budget fallout stalls market activity in Q4

"The spike in mortgage rates after the mini-budget in late September has led to a sharp reduction in housing market activity, more pronounced in new buyer demand than sales agreed.

"Demand has fallen to levels normally associated with Christmas as new buyers sit on the side-lines, watching the outlook for mortgage rates and what the economic headwinds means for jobs and incomes.

"New buyer demand is almost half the level a year ago when market conditions were stronger, mortgage rates lower and there were fewer cost-of-living pressures on household budgets."

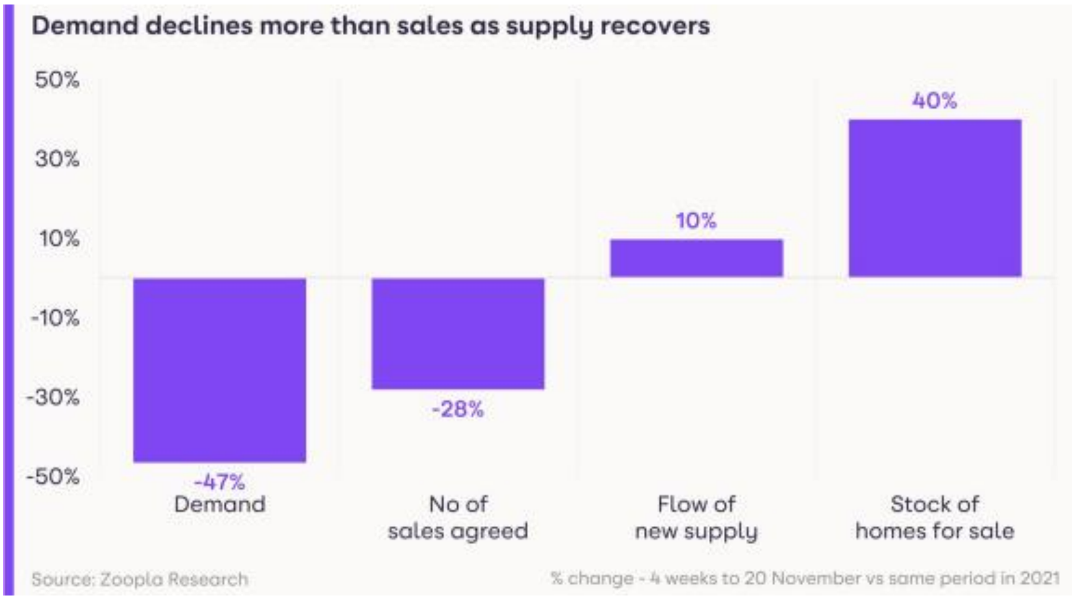
Sales volumes decline less than buyer demand

"New sales are still being agreed by those with mortgage offers and the motivation to move e.g. would-be first-time buyers facing steep rent rises and older households less reliant on mortgage finance to fund a move.

"Sales volumes are down 28% from a year ago and on par with the pre-pandemic period. We are transitioning from an unsustainably strong market to a more balanced one, albeit with demand-side headwinds for households most sensitive to higher mortgage rates.

"Sales volumes are down by almost half in areas where market conditions have been strongest in the last year and where higher borrowing costs are hitting demand. This is typically the mid to upper price bands in southern England (excluding London), the East Midlands and Wales.

"The decline in sales volumes has been smaller in more affordable markets e.g. Scotland and the North East. Sales in London are also holding up better than the national average but the capital's housing market has been far more subdued, lagging behind the rest of the UK."



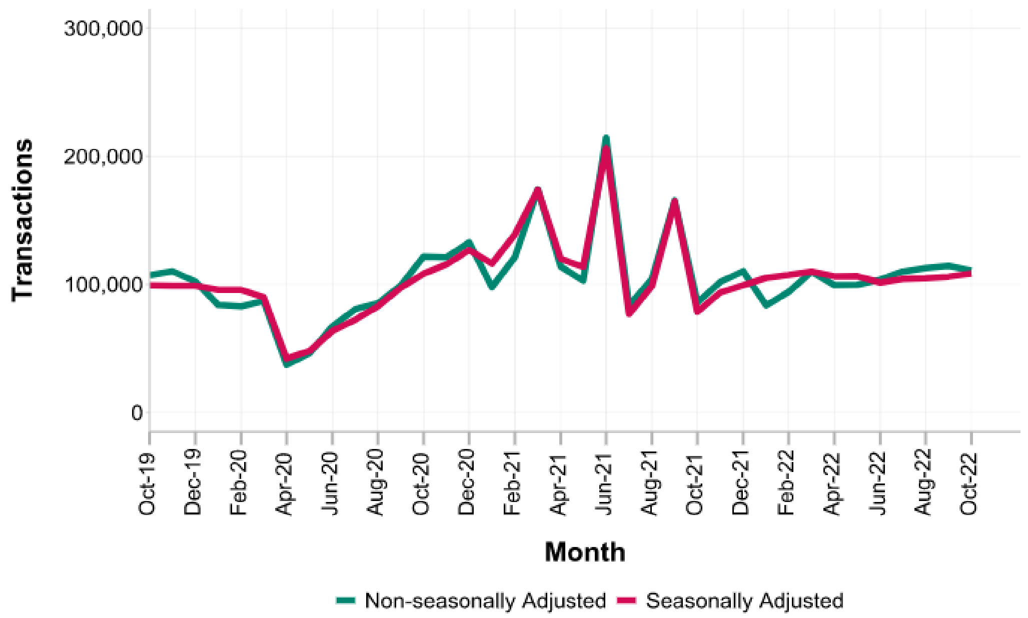
Transactions – actuals

With the current doom and gloom in the news and from some of the indices, it's important to remember that transactions this year have been better than we thought and although it'll be a tougher Winter, there are still plenty of sales going through the system to keep the industry going for the next few months.

This will give everyone a bit of time to work out what to do in 2023 to maximise business, despite the lower transactions.

Bearing in mind we haven't had a poor sales market now since around 2012 (bar Aberdeen and parts of London recently) it will be essential for industry leaders to make sure those that have never experienced a downturn know how to survive and even thrive during this difficult time.

Figure 1: Non-seasonally adjusted and seasonally adjusted UK residential property transactions by month between October 2019 and October 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) 80% of the properties on the market are under offer, in contrast, M2 in Manchester is one of the worst performers according to this index, with only 2% of properties on the market are under offer, 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, Newcastle upon Tyne, Basingstoke and Harlow 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	%	Dec 22
BS7	80	Bristol
NE7	78	Newcastle upon Tyne
BS6	76	Bristol
RG22	75	Basingstoke
BS2	75	Bristol
CM18	75	Harlow
S8	74	Sheffield
BS36	73	Bristol
BS15	73	Bristol
BS32	73	Bristol

Top 10 cold markets - buyer demand

Postcode	%	Dec 22
M2	2	Manchester
B4	4	Birmingham
W1	10	London
EC4	11	London
L1	12	Liverpool
L2	13	Liverpool
SW3	15	London
SW10	15	London
EC2	15	London
NW4	17	London

Source: TheAdvisory

Where is the market going?

We need to be honest with people, it's very difficult to know what will happen next year. I'm with Zoopla with regards to being optimistic that we will only see falls of around 5%, but I would go further and say that some properties won't see falls at all, while others will struggle.

The only reason why it may be more than this which I have referred to before is that buyers are canny and better informed than ever before. So even though the data suggests prices shouldn't fall too much on a 'national' level, of course if buyers hear that prices will fall by 10%, they are likely to start making offers at this discounted level, so behaviour may trump logical statistical forecasts!

We have never entered a recession and a property downturn with quite such a robust property price market where people haven't extended themselves and where lenders are not so keen to repossess as they perhaps have been in the past, driving property prices down further.

And, whatever happens nationally, I think we'll see huge variations in price changes across the country and via different property types. Fun for stats mad people like me, not so much for buyers and sellers.

Zoopla
"Looking ahead, our expectations for 2023 remain the same as reported in our last report with headline house price falls of up to 5%, concentrated in the high-value markets that are most sensitive to higher borrowing costs. We also expect a decline in sales volumes over 2023 to 1m sales. A broader range of needs-based drivers is supporting home moves in a market that has become less reliant on high loan-to-value mortgages as an important component of enabling home moves. This is an important and under-reported shift in the housing market over the last decade."