

January 2023

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 as some movers wait for calmer 2023

"Average price of property coming to market drops by 2.1% this month, a bigger dip than usual at this time of year as some determined sellers price aggressively to tempt hesitant buyers. 2022 ends with new seller asking prices 5.6% higher than a year ago, versus 6.3% annual growth in 2021."

Home.co.uk

Market turmoil as vendors quit and prices take a haircut

"Asking prices across England and Wales dropped suddenly by 2.4% during November. This fourth consecutive monthly fall brings year-on-year growth down to just 1.5%."

RICS

Sales market activity continues to fall, now leading to a softening in house prices

"With respect to house prices, a net balance of -25% of survey participants are now seeing a fall at the national level. This is down from a reading of -2% last month and represents the weakest figure for the price growth gauge since May 2020."

Nationwide

Annual house price growth continued to slow sharply as 2022 drew to a close

"Fourth consecutive monthly decline drives annual house price growth down to 2.8% in December."

Halifax

Price of average UK home fell in December

"In December, the cost of the average UK home was £281,272, a fall on the previous month of -1.5%, with annual growth slowing to +2% (from +4.6%). However, the fall in December was lower than the monthly decline of -2.4% recorded in November, even taking into account seasonal slowdown driven by the festive period."

e.surv

National price rises slow but remain positive

"House prices in England and Wales rose by 0.5% in December – the same rate as seen in November. Although this rate may not be particularly significant in the context of the movement in prices over the last two years, it remains positive, which may come as a surprise to those who are keen market watchers."

Zoopla

Is the buyer 'search for space' over?

"UK house prices increased by 7.2% over 2022. Quarterly growth slows rapidly and is set to move negative in Q1."

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

National property price tracking

And the scary headlines begin! Sharp falls, slowdown, you name it we'll hear lots of miserable headlines over the next few months. BUT it's important to remember that the likes of Halifax may report that prices have fallen month on month, but they have also reported prices are up by 2% for 2022, so it's essential for agents and surveyors to start saying what's happening in their area for different property types, not let these headlines frighten people into not doing a move they need.

And, it's important to remind everyone that whatever happens to the market, people still need to move home and it's still possible. As we had unexpected house price growth last year, rather than the few percent predicted, sellers can actually afford to sell for less year on year without really 'losing' anything versus prices in 2021.

For those that say but what about the people that bought last year – the answer is, why on earth would they be moving this year? And most are likely to have tied in great 2-5 year fixed rate mortgages.

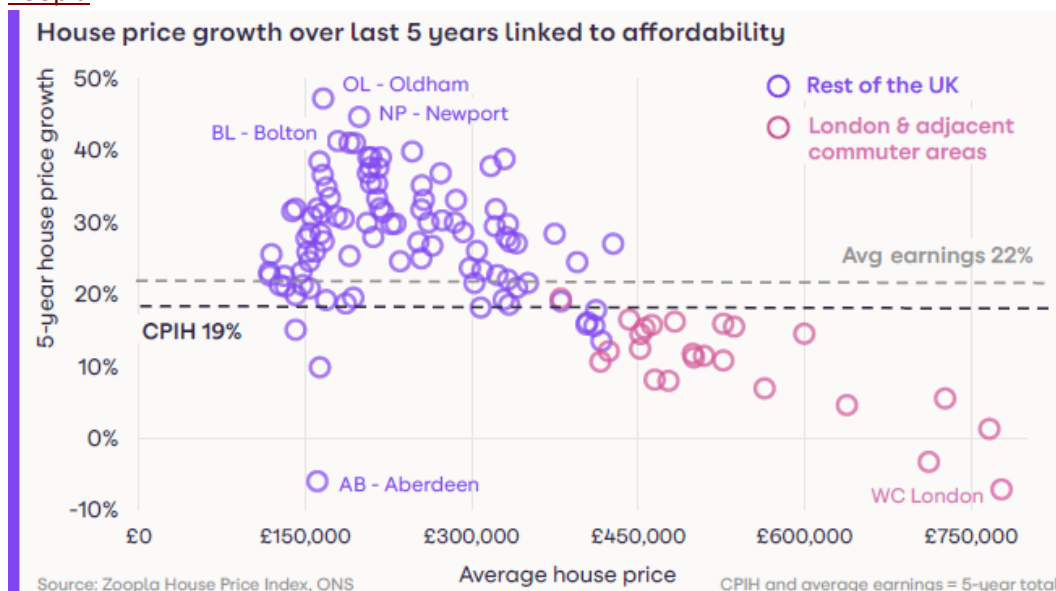
Whatever happens in the property market, whether it goes up, down or stays the same, the industry's job remains to help find a solution for people to be able to put the roof over their head they need.

Property prices by country

Property Prices - Countries	Land Registry latest data Oct 22/ Q3 22	Land Registry year on year change in price Oct 22/Q3 22	Land Registry annual average increase since 2005	Nationwide latest data Q4 22	Nationwide year on year change in price Q4 22
England	£316,073	13.2%	3.9%	£303,882	4.8%
Wales	£223,824	11.8%	3.3%	£205,666	4.5%
Scotland	£194,874	8.5%	4.1%	£178,269	3.3%
Northern Ireland (Q3)	£176,131	10.7%	2.6%	£176,637	5.5%

Wales, Scotland, Northern Ireland and many parts of England are still affordable – despite the rises over the last few years. And indeed, Zoopla show that it's areas where affordability is good that we have seen most of the rises.

Zoopla



Nationwide

“Scotland was the weakest performing region, with annual growth of 3.3%. Wales saw a significant slowdown in growth in the final quarter of 2022, with annual growth slowing from 12.1% in Q3 to 4.5% in Q4. Northern Ireland saw prices increase by 5.5% during 2022, much weaker than the 12.1% rise recorded in 2021. England saw a further slowing in annual house price growth to 4.8%, from 9.9% in Q3.”

Regional property prices tracking

Regionally, in the main the North East sees some of the largest rises – according to the Land Registry and Rightmove. While for mortgaged properties, Nationwide indicates top growth areas are the East and West Midlands.

Most of the indices show London and the South East to be the lower performers, with Home.co.uk suggesting prices have fallen year on year in the East, South East and London.

The issue will be over the coming months that as the market ‘turns’ the indices will give conflicting information. So the lagged data from the Land Registry is still showing high growth, which while historically correct (bar some exaggeration due to the change in mix of houses and flats), data from the likes of Home.co.uk is much better at giving us an idea of what is likely to happen to prices over the coming months as practical sellers and smart agents start to price properties for a tougher market, primarily due to the realisation that mortgage rates are higher than they were pre 2021.

Property Prices - Regions	Land Registry Latest data Oct-22	Land Registry Year on year change in price Oct-22	Rightmove Latest data Dec-22	Rightmove Year on year change in price Dec-22	Home.co.uk Latest data Dec-22	Home.co.uk Year on year change in price Dec-22	Halifax Latest data Dec-22	Halifax Year on year change in price Dec-22	Nationwide Latest data Q4 22	Nationwide Year on year change in price Q4 22
North East	£168,367	17.3%	£177,842	10.3%	£180,150	3.2%	£169,980	6.5%	£156,892	5.9%
North West	£220,292	16.1%	£245,068	5.7%	£251,138	4.7%	£226,549	7.2%	£208,600	6.0%
Yorkshire & The Humber	£214,036	15.1%	£235,856	7.3%	£237,995	4.4%	£205,466	6.6%	£199,615	4.6%
East Midlands	£254,079	13.9%	£281,597	6.8%	£282,736	2.9%	£241,850	6.7%	£233,459	5.3%
West Midlands	£257,382	14.6%	£279,237	5.7%	£293,502	3.1%	£250,965	7.3%	£240,975	6.1%
South West	£339,206	14.9%	£373,049	6.3%	£375,118	2.9%	£304,896	6.0%	£307,588	4.3%
East	£362,865	11.5%	£418,336	5.5%	£395,059	-0.2%	£337,215	5.5%	£285,776	6.6%
South East	£404,990	12.0%	£472,929	4.4%	£438,632	-0.6%	£395,103	5.8%	£344,027	4.3%
London	£541,720	6.7%	£666,507	4.6%	£547,601	-0.5%	£541,239	2.9%	£528,000	4.1%

Nationwide

House price growth slowed in all UK regions

“Our regional house price indices for Q4 showed a marked slowdown in annual house price growth in all regions. This was most pronounced in the South West, the strongest performing region last quarter, which saw annual house price growth slow from 12.5% to 4.3%. East Anglia was the strongest performing region over the year, with average prices increasing by 6.6%. Southern England continued to see weaker growth overall than northern England. Within northern England (comprises North, North West, Yorkshire & The Humber, East Midlands and West Midlands), the West Midlands was the strongest performing region with prices increasing by 6.1% over the year.

“London remained the weakest performing English region, with annual price growth slowing to 4.1%, from 6.7% in Q3. The surrounding Outer Metropolitan and Outer South East regions saw very similar annual growth in 2022, with prices increasing by 4.2% and 4.3% respectively.”

Halifax

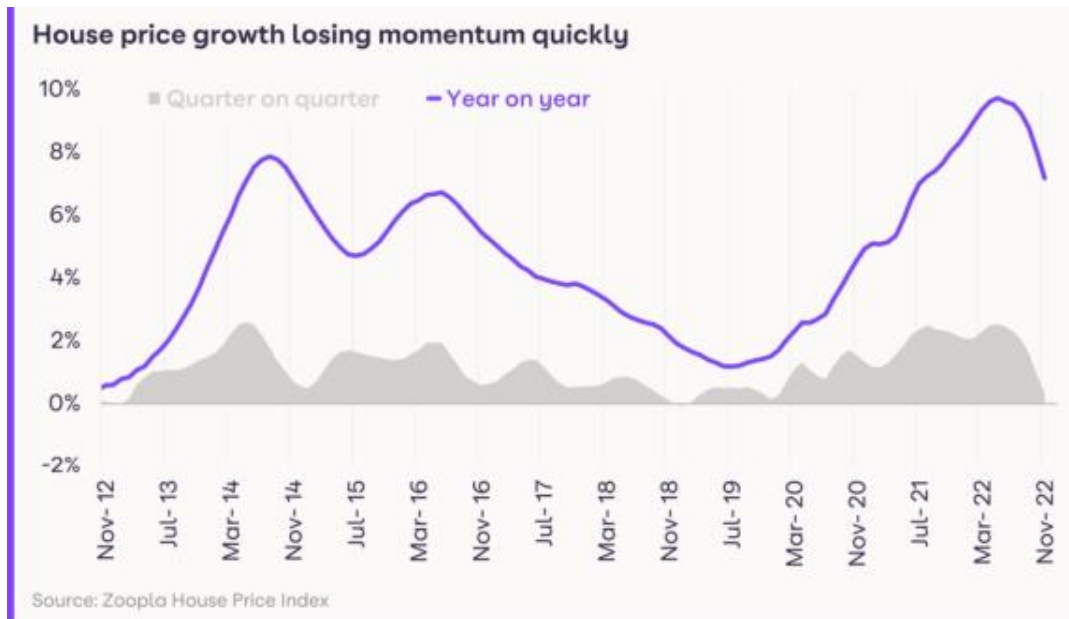
“All nations and regions saw annual house price inflation, although the rate of growth has slowed. On an annual basis, the North East saw the greatest slowdown in growth, with annual house prices rising by +6.5%, compared to +10.5% the prior month. Eastern England, West Midlands and Wales experienced the smallest falls in growth rate. Those buying in Scotland will find an average home now costs £200,166, with the second greatest slowdown in the annual growth in the UK, now +3.5% (from +6.4% last month). Properties in Northern Ireland are up +7.1% year-on-year, lower than the +9.1% last month. The cost of an average home in London in December was £541,239, a growth of +2.9% annually, compared to +5.0% last month.”

“Price increases still evident in the North while weakening in the South. London is the region with lowest annual price growth at 1.5%. East Midlands again records top regional annual price increase at 14.1%.”

Zoopla

Momentum in price inflation falls away quickly

“The sharp drop in demand for housing since the summer has rapidly reversed the upward momentum in house prices. Average prices are up 7.2% year on year, an increase of £17,500. The underlying rate of quarterly price inflation has slowed quickly from over 2% up until the summer to just 0.3% in the last 3 months - an annualised growth rate of just 1.4%. We expect our index to register quarterly price falls over the first half of 2023, dragging the annual rate negative by mid-year.



“It is the same pattern across all regions and countries of the UK as weaker demand from higher mortgage rates, cost-of-living pressures and low consumer confidence hits price growth across all markets. Sellers continue to accept larger discounts to asking prices to achieve sales. The gap has grown to 4% in the last month, down from zero percent in early October. We expect discounts to widen further in 2023. However, at this late stage in the year, fewer homes for sale undergo an asking price reduction as sellers wait to see what the market holds in January before making any adjustments to pricing.”

City/town property indices price tracking

For city/town tracking, we use Land Registry (government data) and Zoopla/Homtrack. 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/Homtrack 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

Overall, property prices in nine cities have risen above inflation since 2005, including Bristol, London and Cambridge, 19 cities are seeing price growth below inflation and one city remains on par. Even with the price growth seen during the pandemic, it doesn't mean that they have actually kept up with inflation.

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

Land Registry's top 5 performers:	YoY	Homtrack's top 5 performers:	YoY
Milton Keynes	17.4%	Nottingham	11.1%
Bournemouth, Christchurch & Poole	16.2%	Leeds	9.3%
Peterborough	15.9%	Manchester	9.2%
Nottingham	15.7%	Birmingham	9.2%
Sheffield	14.7%	Gloucester	9.2%

Lowest performers are:

Land Registry's lowest 5 performers:	YoY	Homtrack's lowest 5 performers:	YoY
Aberdeen	-3.0%	Aberdeen	-1.6%
Edinburgh	6.5%	Edinburgh	3.8%
London	6.7%	London	4.2%
Glasgow	7.2%	Glasgow	4.8%
Reading	7.4%	Oxford	5.5%

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 Oct 22/Q3 22	How much higher/ lower are latest prices vs height in 2007/8	Land Registry Year on year change in price Oct 22/Q3 22	Annual average increase since 2005	Homtrack latest data Nov-22	Homtrack Year on year change in price Nov-22
Belfast (Q3)	£213,626	-58.86%	£163,942	-23.3%	9.0%	2.5%	£167,300	8.5%
Glasgow	£130,473	-26.32%	£175,675	34.6%	7.2%	3.4%	£140,200	4.8%
Edinburgh	£225,750	-18.92%	£335,199	48.5%	6.5%	4.1%	£263,600	3.8%
Aberdeen	£171,220	-14.38%	£143,948	-15.9%	-3.0%	2.9%	£142,100	-1.6%
Cardiff	£170,496	-18.09%	£268,330	57.4%	12.0%	3.3%	£253,400	8.5%
Newcastle upon Tyne	£164,935	-19.31%	£197,896	20.0%	13.0%	2.0%	£147,200	6.2%
Bradford	£139,640	-20.43%	£177,833	27.4%	11.3%	3.3%	£153,400	8.4%
Liverpool	£130,249	-20.38%	£180,049	38.2%	11.1%	3.0%	£152,300	8.8%
Leeds	£161,439	-19.39%	£245,208	51.9%	14.6%	3.4%	£205,600	9.3%
Sheffield	£144,875	-17.04%	£222,022	53.3%	14.7%	3.7%	£169,100	8.3%
Manchester	£140,431	-20.47%	£235,629	67.8%	13.6%	5.3%	£215,700	9.2%
Lincoln	£128,707	-17.63%	£189,318	47.1%	8.1%	3.3%	n/a	n/a
Nottingham	£119,010	-21.27%	£196,964	65.5%	15.7%	3.3%	£196,900	11.1%
Norwich	£166,498	-25.71%	£247,576	48.7%	8.4%	3.7%	£268,600	7.5%
Peterborough	£156,264	-20.81%	£246,063	57.5%	15.9%	3.5%	£220,100	8.7%
Birmingham	£148,578	-17.37%	£234,234	57.7%	12.2%	3.2%	£202,400	9.2%
Leicester	£135,317	-18.66%	£233,864	72.8%	12.4%	3.9%	£223,800	8.7%
Milton Keynes	£194,666	-24.06%	£336,941	73.1%	17.4%	4.3%	£315,000	7.4%
Gloucester	£169,008	-23.55%	£254,456	50.6%	12.2%	3.3%	£233,600	9.2%
Oxford	£289,855	-22.95%	£494,536	70.6%	9.7%	4.3%	£450,000	5.5%
Cambridge	£283,241	-20.75%	£534,040	88.5%	13.6%	5.1%	£465,700	5.5%
Bournemouth, Christchurch	£206,227	-20.51%	£360,280	74.7%	16.2%	4.0%	£344,900	8.9%
Southampton	£168,795	-20.22%	£253,304	50.1%	11.4%	3.1%	£260,500	6.9%
Portsmouth	£169,633	-22.85%	£260,764	53.7%	12.7%	3.4%	£282,900	8.5%
Brighton and Hove	£257,108	-21.41%	£444,281	72.8%	12.0%	4.5%	£432,200	7.8%
Reading	£216,724	-18.75%	£327,657	51.2%	7.4%	3.5%	£413,800	5.8%
Tunbridge Wells	£279,413	-22.19%	£488,212	74.7%	14.2%	4.2%	n/a	n/a
Bristol	£195,196	-21.29%	£362,919	85.9%	14.7%	4.9%	£333,000	8.7%
London	£298,596	-17.83%	£541,720	81.4%	6.7%	4.8%	£524,400	4.2%

Demand and supply

Despite all the fears and worries being spread across the industry, property sales are still actually happening and aren't as bad, yet, as many are predicting. Of course, it could get worse, but so far, sales are still holding, despite demand falling.

How can that happen – well if there were 20 viewings for a property and three offers, if today's lower demand means that there are 10 viewings for a property and still one or two offers, that's enough for people to move. This is shown in Zoopla's latest data where demand for homes may have fallen by 50%, but new sales agreed is down by a lot less, showing the market is holding its own, for now.

But as Zoopla also shows, the devil is very much in the detail, and that agents and surveyors' information of what is actually happening now in their local area is critical for buyers and sellers to make their property decisions in 2023.

Zoopla

Market activity returns to (poor) pre-pandemic levels

"The sharp fall in demand in the wake of the mini-budget has now plateaued. Demand for homes is down 50% year-on-year, while the number of new sales agreed (i.e. sold subject to contract) is down by less (28%). This demonstrates that committed buyers remain in the market as sellers are willing to negotiate on price, hence the discount to asking prices widening.

"Most measures of market activity are on a par with the pre-pandemic years of 2017-19. Some are referring to this as a return to normal market conditions. However, these were decidedly average years as political turmoil over Brexit and concerns over the economic outlook weighed heavily on market activity and consumer sentiment."

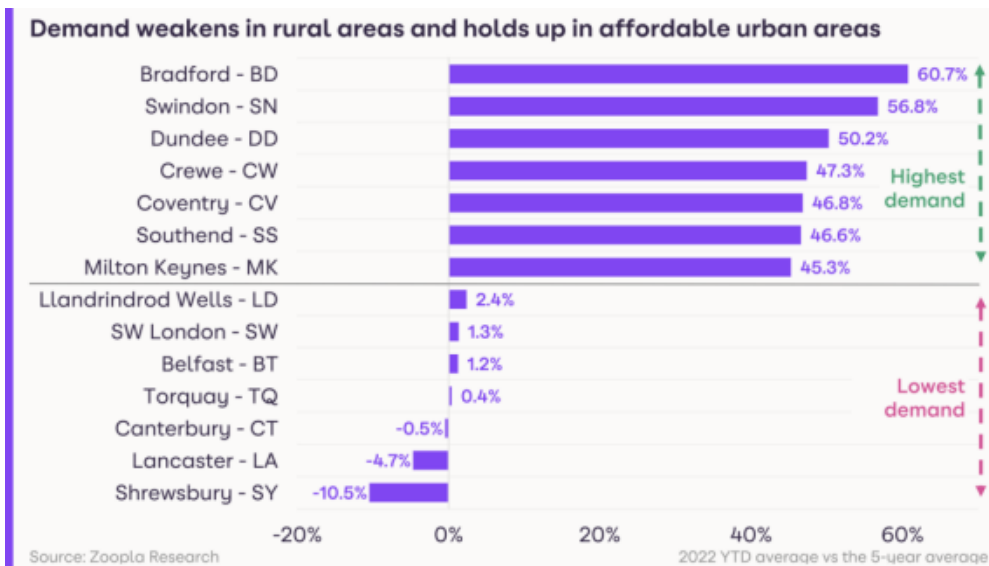
The flight to rural/coastal locations runs out of steam

"A key trend over the last two years has been the 'search for space' with a proportion of buyers looking to relocate to rural and coastal areas, pushing up demand and pricing more quickly than in other areas. Some of the largest gains in house prices over the last year have been across Wales, the South-West, Norfolk and East Kent.

"Our data on the relative changes in demand and sales show this trend is reversing and set to continue over 2023. Coastal towns in the south of England - East Kent, Torquay and Portsmouth - as well as the wider Lake District area (the Lancaster postal area) and mid-Wales (the Shrewsbury postal area) have all recorded a greater slowdown in demand and sales over 2022 than other areas. These markets are all slowing off a high base of activity. The initial wave of pent-up demand bought about by more working from home and a spike in retirement looks to have run its course for now with less value for money and fewer purely discretionary motivated moves."

Urban areas to fare better in 2023?

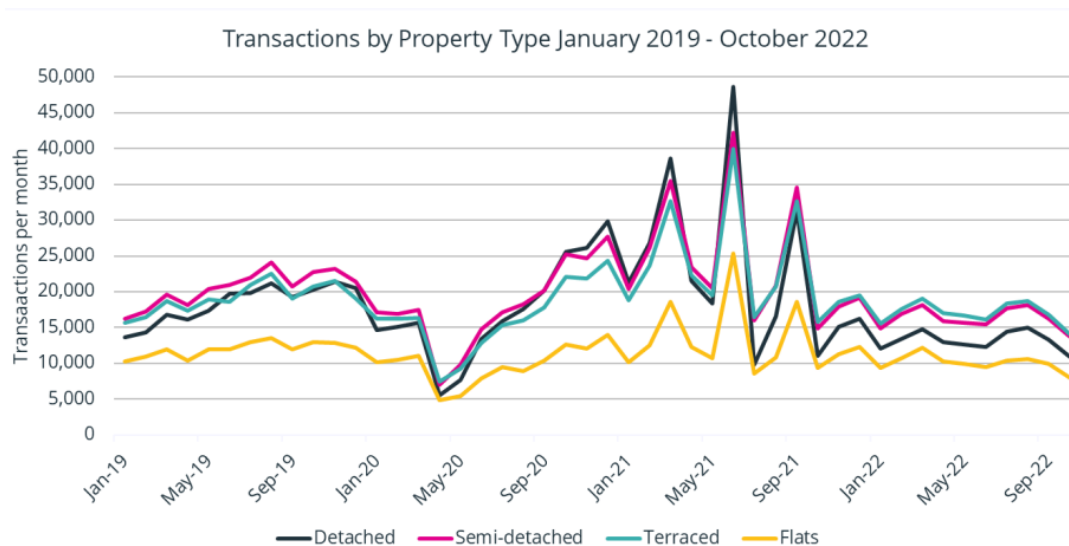
"Buyer interest remains stronger in more urban settings where jobs are being created and there are more services. Family housing in city suburbs and commuter areas have registered above-average demand over the last year while demand in city centres has been weaker. Postal areas including Bradford (BD), Swindon (SN), Coventry (CV), Crewe (CR), Milton Keynes (MK) and Southend (SS) are all registering above-average demand. All these areas have their own employment base, but they are also adjacent to, or have good transport connections into much larger employment centres, e.g. London, Leeds, Manchester and Birmingham. Continued employment growth will stimulate housing demand over 2023 in these affordable city regions."



The [National Association of Estate Agents](#) are reporting “The average number of properties available to buy per member branch rose slightly to 33 in November. This compares to a pre-pandemic average for November of 38 (2015–2019). The average number of sales agreed per member branch dropped to six in November - down from 10 in September.”

e.surv

“In general, transactions by each property type tend to move in similar directions to each other, with peaks and troughs tending to occur in the same months. On closer examination, it can be seen that during 2019 and the first three months of 2022, the ranking in sales totals is headed by semi-detached, followed by terraces, detached and finally flats. However, from October 2021 onward the rankings change, with terraces outnumbering semi-detached sales, and the number of detached sales being visibly smaller than semi-detached during this latter period. Meanwhile, flats continue to trail the other three property types.”



Source: [e.surv](#)

Twentyci

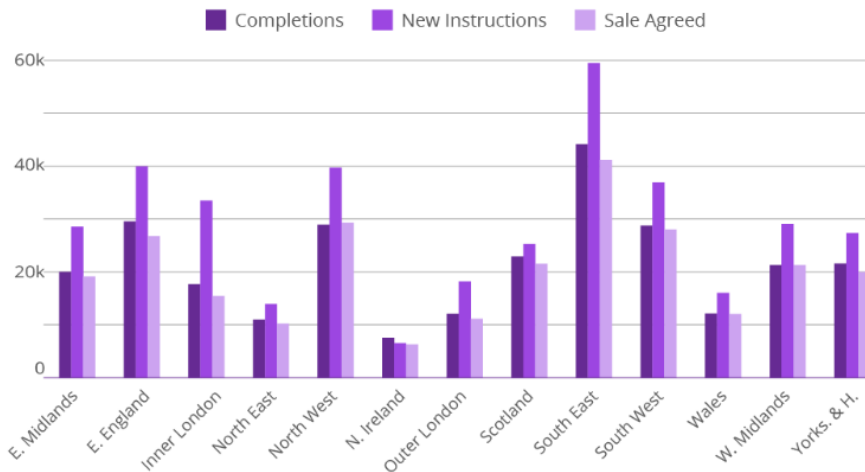
The current state of the owner-occupied housing market: November 2022

“Across the country, there are 373,151 properties on the market and 261,560 properties that are sold subject to the contract (SSTC). The last three months have seen 276,626 exchanges taking place.

“In the chart below, we have broken down these key stages of the home buying journey - new instructions, sale agreed and completions - by region of the UK.

Completions*, New Instructions & Sale Agreed

(by Region, *Last 3 Months)



“The most activity regarding new instructions is largely taking place in the South East of London, followed by the East and North West of England. This follows the same trend that was highlighted in the Pulse report in November.

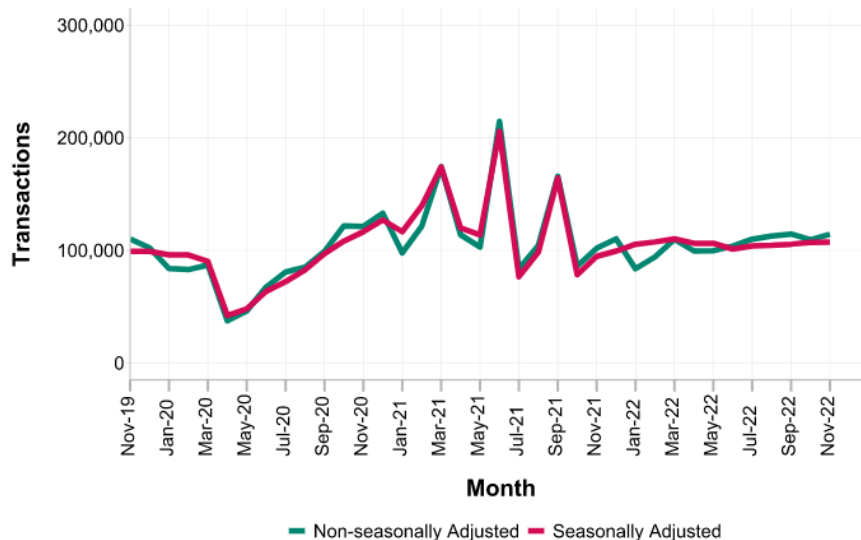
“Due to the sporadic activity in the housing market caused by the pandemic, the best benchmark to measure the market by is the pre-pandemic period of 2019. With that in mind, new instructions rose by +3.04%.”

Transactions – actuals

As the HMRC chart shows, sales over 2020 and 2021 were incredibly erratic, making it super hard for the industry to move people smoothly, especially as we can’t magic more mortgage advisors, legal and surveying experts, agents or removers.

Everyone expected 2022 to be much calmer and although transactions were still consistent, volumes are still expected to beat the annual average sales of 1.2mn. This means we have sold a lot more homes over the last few years, so the fact that transactions are expected to be lower this year is not just due to an economic recession, but also always likely to have happened.

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



Source: [HMRC](#)

UK PROPERTY MARKET

WEEK 1 2023 VS WK 1 2022

Week 1 of 2023 - 9,231 sales agreed

Week 1 of 2022 - 9,161 sales agreed

Stats brought to you by PropertyStato Chris Watkin using TwentyEA Data



This shows that although we are just one week in, sales are actually holding. I can't see that this will last, but we are super lucky going into this recession to have such great data to help us really understand what's happening, almost in real time!

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 BS6 and 7 (Bristol) 77% of the properties on the market are under offer, in contrast, B4 in Birmingham 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, Harlow and Sheffield having some of the busiest markets, and 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	%	Jan 23
BS7	77	Bristol
BS6	77	Bristol
NE7	76	Newcastle Upon Tyne
CM18	76	Harlow
BS15	76	Bristol
BS2	76	Bristol
S8	74	Sheffield
RG22	73	Basingstoke
S5	72	Sheffield
S6	72	Sheffield

Top 10 cold markets - buyer demand

Postcode	%	Jan 23
B4	2	Birmingham
W1	10	London
L1	12	Liverpool
EC2	14	London
L2	15	Liverpool
NW4	15	London
SW7	16	London
SW3	16	London
W2	17	London
L3	17	Liverpool

Source: [TheAdvisory](#)

Where is the market going?

As I've said before, this is a tough call to make. Some think prices will fall by 20% as per other recessions, others, including me, are in a camp that believes equity levels and tighter mortgage restrictions will lead to less impact – so are predicting more 5-10% falls.

The reality is though, the impact of this recession will be very specific to an area, the road it's on, the property type and individual supply and demand for specific properties.

It's likely to take until Easter to find out who is right and who is wrong – be great to hear your thoughts!

Halifax

“As we enter 2023, the housing market will continue to be impacted by the wider economic environment and, as buyers and sellers remain cautious, we expect there will be a reduction in both supply and demand overall, with house prices forecast to fall around -8% over the course of the year. It's important to recognise that a drop of 8% would mean the cost of the average property returning to April 2021 prices, which still remains significantly above pre-pandemic levels.”

Affordability is the key to the outlook for house prices

“Affordability is the primary factor looking ahead to 2023 and beyond influenced by mortgage rates, household incomes and the actual level of house prices. The more unaffordable a market, the more households are priced out, weakening demand and impacting sales volumes and pricing. The opposite is true in affordable markets with lower average house prices.

“Higher mortgage rates increase the income needed to buy and worsen affordability for those buying with a mortgage (7 in 10 sales). The impact is the greatest in high-value areas where mortgages are bigger.

“Looking back over the last 5 years house prices have certainly risen fastest in more affordable markets. The chart shows a clear relationship between house price inflation (2017-2022) and current house prices for every postal area in the UK.”

Zoopla

More affordable markets see lower price falls in 2023

“Most housing markets have recorded house price gains above the level of consumer price inflation and average earnings (+22%) over the last 5 years. Economic growth and good affordability have enabled above average price gains over this period, supported by lower mortgage rates. The highest price increases since 2017 have been recorded in the Oldham (OL) postal area (+47%). Other high-growth markets include Newport (NP), Swansea (SA) and Bolton (BL).

“We expect house price growth to slow in these higher-growth markets in 2023. Our national view is UK house prices falling by 5% next year. Price falls in more affordable markets are likely to be below average as the hit to buying power from higher mortgage rates will be less than in the high-value markets. This is supported by evidence of continued above-average demand in more affordable urban areas.”