

August 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 headlines:

Rightmove

Demand resilient but Bank of England rate rises biting

"The price of property coming to market falls by an average of 0.2% (-£905) this month, marginally below the 0% norm for this time of year, as new sellers temper their price expectations in response to rising mortgage costs and increasing buyer affordability constraints."

Home.co.uk

Prices flatline as stock levels surge

"Asking prices across England and Wales remain unchanged since last month, as is to be expected on the basis of seasonality, but mortgage woes will also have contributed to more conservative pricing. Meanwhile, year-on-year growth slid further into the negative (-1.5%)."

RICS

Rising interest rate expectations place renewed downward pressure on housing market activity

"The ongoing dip in national house prices appears to gain momentum slightly during June."

Nationwide

Annual house price growth edged further into negative territory in July

"Annual house price growth edged down to -3.8% in July. This was the weakest outturn since July 2009, although it is only modestly lower than the -3.5% recorded last month."

Halifax

Slight monthly fall in property prices but housing market displays resilience

"Average house price fell by -0.3% in July, a fourth consecutive monthly decline. Property prices dropped by -2.4% on an annual basis, easing from -2.6% in June."

e.surv

Annual house price growth at lowest rate since March 2012

"The annual growth rate in England and Wales in July 2023, for both mortgage and cash-based house purchases, was an arithmetic average of 0.3%. This is -0.9% below the rate of 1.2% for June 2023, and represents the eleventh month in succession in which the annual rate of house price growth has slowed from the +12.8% in August 2022."

Zoopla

House price inflation slows to +0.6%

"Weaker demand and rising supply have driven a rapid slowdown in house price growth. UK house price inflation is currently running at +0.6% (June 2023), down from +9.6% in June 2022."

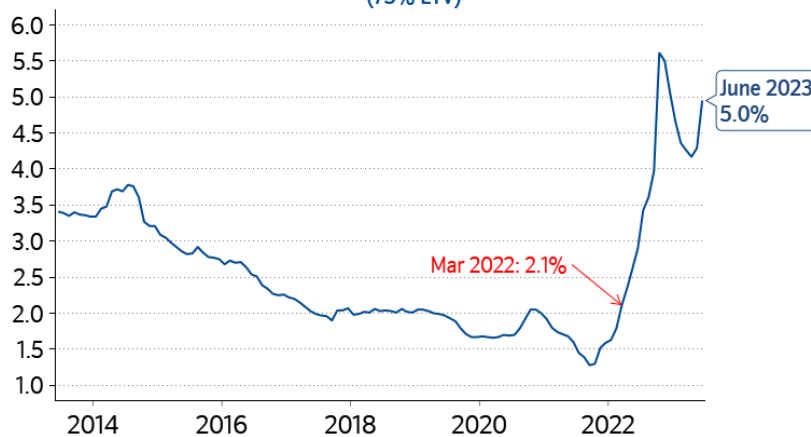
What are the indices saying is happening to house prices today versus the past?

National property price tracking

	High 2007/08	Low 2009	How much did prices fall?	Latest price vs 2007/08 high	May-23	Jun-23	Jul-23	Annual Change	Annual Average (05 - 23)		
Rightmove	£241,474	£213,570	13.1%	54.0%	£372,894	£372,812	£371,907	0.5%	3.8%	Asking prices	E & W
Home.co.uk	£258,531	£239,607	7.9%	37.7%	£354,564	£356,055	£355,941	-1.5%	n/a	Asking prices	E & W
Nationwide	£184,131	£147,746	24.6%	41.7%	£260,736	£262,239	£260,828	-3.8%	3.0%	Mortgaged only	UK
Halifax	£199,766	£157,767	26.6%	42.7%	£286,532	£285,932	£285,044	-2.4%	3.1%	Mortgaged only, seasonally adjusted	UK
e.surv	£231,829	£197,145	17.6%	59.9%	£373,066	£371,204	£370,610	0.3%	3.9%	Actual prices, includes cash sales	E & W
Zoopla	£178,128	£153,449	16.1%	46.8%	£261,100	£261,500	n/a	0.6%	n/a	Sold prices, mortgage valuations and agreed sales	UK
UK HPI	£190,032	£154,452	23.0%	50.4%	£285,861	n/a	n/a	1.9%	3.6%	Sold prices, includes cash sales and new builds	UK

The indices are now reflecting the slowdown in the market picked up by agents, surveyors and legal companies a few months ago. This shouldn't be unexpected, but the movement of interest rates to 5% and now 5.25% was always going to be a breaking point in the property market as it takes mortgage rates up to and in some cases beyond the first time buyer stress tests introduced in 2014.

Average new 5 year fixed rate mortgage (%)
(75% LTV)



Source: [Nationwide](#)

And, bearing in mind that inflation is still running in excess of 7%, the rises in property prices of +0.5% (Rightmove) and 0.6% (Zoopla) through to reported falls of -3.8% (Nationwide) property prices in real terms are falling this year.

The good news is that although the market has slowed, according to Rightmove, if priced correctly, properties are still selling – a stark warning to agents though: Don't take on properties that are overpriced if you are charging commission, it'll kill your cashflow: *"Properties that need a reduction in asking price are more than 10% less likely to find a buyer than those that were priced right from the start"*.

Here are the fourteen most interesting and useful stats from this month's indices:

Rightmove

"The numbers of sales agreed in June in the mid-market second-stepper sector and the top-of-the-ladder sector are 14% behind 2019's level.

"The smaller home, two-bedrooms and fewer market sector has been less impacted, with June's sales agreed figure 9% below 2019's level.

"The number of available properties for sale is 12% lower than at the same time in 2019."

Nationwide

“Annual house price growth edged down to -3.8% in July. This was the weakest outturn since July 2009, although it is only modestly lower than the -3.5% recorded last month. There was a slight fall of 0.2% over the month, after taking account of seasonal effects. As a result, the price of a typical home is now 4.5% below the August 2022 peak.

“A prospective buyer, earning the average wage and looking to buy the typical first-time buyer property with a 20% deposit, would see monthly mortgage payments account for 43% of their take home pay (assuming a 6% mortgage rate). This is up from 32% a year ago and well above the long-run average of 29%.

“There were 86,000 completed housing transactions in June, 15% below the levels prevailing the same time last year and around 10% below pre-pandemic levels.

“Mortgage approvalsshowed a slight increase in activity in June, though most of these applications will pre-date the more recent rise in longer term interest rates. Activity is still c20% below 2019 levels.”

Home.co.uk

“The total sales stock count for England and Wales surged above the 10-year average during June, adding around 16,000 properties to make the current total 425,624.

“The supply rate of new instructions entering the market has improved: up 11% vs. June 2022 but down 8% vs. June 2018.”

Zoopla

“+8% sales agreed in the last four weeks compared to the 5-year average but in the last two weeks, there have been some early signs of a decline in demand, dropping below 2019 levels, which is likely to increase over the summer.

“14% fewer buyers in the market in the last four weeks than 5-year average.

“Mortgage rates moving from 4% to 5% drive an 11% reduction in buying power. The gap rises to 20% if mortgage rates move from 4% to 6%. This will not feed directly into house prices.

“The hit to buying power from borrowing costs rising from 2% to 4% has slowed the rate of price growth rather than driving sizeable year-on-year price falls.

“There are some signs that supply is starting to grow at an above-average rate with 18% more homes listed for sale in the last four weeks than the 5-year average.”

Property prices by country

Property Prices - Countries	Land Registry latest data May 23/ Q1 23	Land Registry year on year change in price May 23/Q1 23	Land Registry annual average increase since 2005	Nationwide latest data Q2 23	Nationwide year on year change in price Q2 23
England	£303,557	1.7%	3.7%	£300,196	-3.4%
Wales	£213,374	1.8%	3.1%	£204,763	-1.7%
Scotland	£192,518	3.2%	4.1%	£178,695	-1.5%
Northern Ireland (Q1)	£172,005	5.0%	2.4%	£182,740	0.7%

For those that are interested in the England market, please see our regional price analysis below.

For Scotland, Wales, and Northern Ireland we monitor:

- Halifax
- Principality Building Society

Halifax is typically updated monthly, with the Principality Building Society being updated quarterly.

Please find a summary of the Scottish, Welsh and Northern Ireland markets below:

Summary from the indices of the Scottish housing market

Halifax

"In Scotland, prices were down by less, at -0.7% over the last year (average house price of £201,501)."

Summary from the indices of the Welsh housing market

Principality Building Society

House prices subdued in Wales

"Average house prices in Wales fell by 1.2% in the second quarter, as housing market conditions in Wales have become much more subdued over recent months in the face of the renewed upward pressure on interest rates."

"Property price rises have now largely come to a halt in Wales, as in the rest of the UK, with the annual price growth down to under 1%. This has reduced the average price of a home sold in Wales to just over £242,000 – £7,000 down from the peak of just over £249,000 in the fourth quarter of 2022."

"Looking at price movements by property type, it can be seen that this more subdued housing market has been evident across all property types. The latest year-on-year figures show that for the second quarter, detached properties were the only type staying in positive territory, and then only by a small amount. The different property types are 2-4% off their respective peak levels, corresponding to £5-6,000 for semis, terraces and flats - and roughly double that, about £11,000, for detached properties."

Halifax

"Wales – home to some of the most rapid growth in house prices witnessed during the pandemic 'boom' – experienced a -3.3% reduction on an annual basis (average house price now £214,495)."

Summary from the indices of the Northern Ireland housing market

Halifax

"In Northern Ireland they were down by just -0.3% annually (average house price of £185,322)."

Regional property prices tracking

Property Prices - Regions	Land Registry Latest data May-23	Land Registry Year on year change in price May-23	Rightmove Latest data Jul-23	Rightmove Year on year change in price Jul-23	Home.co.uk Latest data Jul-23	Home.co.uk Year on year change in price Jul-23	Halifax Latest data Jul-23	Halifax Year on year change in price Jul-23	Nationwide Latest data Q2 23	Nationwide Year on year change in price Q2 23
North East	£158,779	4.0%	£184,632	0.4%	£189,816	1.7%	£167,594	-1.4%	£154,042	-3.3%
North West	£211,790	2.7%	£255,354	1.9%	£261,892	2.0%	£223,962	-0.9%	£205,176	-4.1%
Yorkshire & The Humber	£204,588	1.2%	£248,755	2.1%	£248,070	1.1%	£203,631	-0.5%	£199,146	-3.2%
East Midlands	£247,242	3.4%	£289,777	1.8%	£285,367	-1.5%	£238,876	-1.4%	£232,142	-1.1%
West Midlands	£248,166	2.2%	£289,242	0.6%	£301,905	-0.6%	£250,285	0.0%	£239,432	-1.9%
South West	£323,765	1.0%	£396,990	1.4%	£386,480	-1.8%	£299,649	-3.3%	£305,672	-4.0%
East	£345,710	0.0%	£425,855	-0.6%	£400,016	-3.4%	£333,474	-2.4%	£275,443	-4.7%
South East	£388,873	1.5%	£490,386	-0.4%	£449,187	-1.8%	£382,489	-3.9%	£335,775	-3.7%
London	£525,629	0.8%	£688,526	-0.6%	£543,328	-3.5%	£531,141	-3.5%	£516,923	-4.3%

It's taken a while, but the indices are all starting to show similar figures – either insignificant rises or falls. Not surprisingly, Nationwide is reporting the most falls – ranging from -1.1% in East Midlands to a 4.7% fall in the East. The reason for this is that anyone with a mortgage will be on a tighter budget than those without, so mortgaged property prices will fall the most first.

The Rightmove index shows some rises, the most being 2.1% in Yorkshire and Humber and falls of 0.6% in London and the East. The reason this is useful data is it monitors how sellers (and their agents feel) about the up-and-coming market. Currently, their index shows some price falls, but they are still minimal and that's likely to be due to the still tight stock levels, although we know the supply/demand balance will change over the coming months in favour of buyers.

Commentary on the regional performance is below:

Halifax

“Average house prices fell on an annual basis in almost all parts of the UK in July, with the only exception being the West Midlands, where they remained effectively flat. The South East remains the area where house prices are facing the most downward pressure. Down -3.9% on an annual basis, just over £15,500 has been taken off the value of a typical property in the region over the last year (average house price now £382,489). Greater London mirrors that trend, with average property prices down by -3.5% annually in the capital (average house price now £531,141).”

Zoopla

“There is a clear split between trends in southern England and the rest of the country. Higher mortgage rates have a greater impact on buying power in southern England where house prices are highest. The barriers to first-time buyers are also greater, weakening demand from buyers who support the bottom end of housing chains.

“House prices are falling by up to -0.6%, year-on-year, across all four regions in southern England as well as in Northern Ireland. In contrast, house prices continue to register annual price growth of over 1% across the other seven regions of the UK, led by Scotland where house prices are 1.9% higher than a year ago.

“We expect the divergence in house price growth between the south of England and the rest of the country to widen over the second half of 2023 with further modest price falls across higher-value markets. Some more affordable markets may not register any price falls over 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

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

Land Registry's top 5 performers:	YoY	Hometrack's top 5 performers:	YoY
Leicester	7.5%	Edinburgh	2.1%
Milton Keynes	6.4%	Nottingham	2.1%
Peterborough	6.0%	Birmingham	2.0%
Newcastle upon Tyne	5.6%	Bradford	1.9%
Nottingham	5.6%	Peterborough	1.8%

Lowest performers are:

Land Registry's lowest 5 performers:	YoY	Hometrack's lowest 5 performers:	YoY
Aberdeen	-3.8%	Aberdeen	-1.6%
Liverpool	-0.6%	Belfast	-1.2%
Reading	-0.2%	Brighton and Hove	-1.1%
Croydon	-0.2%	Cambridge	-0.9%
London	0.8%	Norwich	-0.7%

Property Prices Towns/Cities <i>England, Wales, Scotland & NI</i>	Highest average house price pre-credit crunch 2007/08	Lowest average house price during recession 2009	Land Registry latest data May 23/Q1 23	How much higher/ lower are latest prices vs height in 2007/8	Land Registry Year on year change in price May 23/Q1 23	Annual average increase since 2005	Hometrack latest data May-23	Hometrack Year on year change in price May-23
Belfast (Q1)	£213,626	£87,890	£158,219	-25.9%	3.6%	2.3%	£168,200	-1.2%
Glasgow	£130,473	£96,139	£168,415	29.1%	1.0%	3.2%	£143,200	0.4%
Edinburgh	£225,750	£183,029	£334,118	48.0%	4.6%	4.1%	£268,500	2.1%
Aberdeen	£171,220	£146,598	£139,551	-18.5%	-3.8%	2.7%	£137,400	-1.6%
Cardiff	£170,496	£139,651	£267,101	56.7%	5.3%	3.3%	£257,000	0.7%
Newcastle upon Tyne	£164,935	£133,086	£196,618	19.2%	5.6%	2.0%	£149,600	1.1%
Bradford	£139,640	£111,109	£168,497	20.7%	1.3%	3.0%	£155,700	1.9%
Liverpool	£130,249	£103,705	£173,049	32.9%	-0.6%	2.8%	£156,300	1.4%
Leeds	£161,439	£130,128	£237,818	47.3%	4.4%	3.2%	£210,200	1.6%
Sheffield	£144,875	£120,193	£209,308	44.5%	4.5%	3.4%	£172,200	1.6%
Manchester	£140,431	£111,679	£226,844	61.5%	3.9%	5.1%	£220,300	1.6%
Lincoln	£128,707	£106,017	£184,163	43.1%	3.5%	3.1%	n/a	n/a
Nottingham	£119,010	£93,696	£188,750	58.6%	5.6%	3.0%	£202,800	2.1%
Norwich	£166,498	£123,698	£239,687	44.0%	0.9%	3.5%	£264,200	-0.7%
Peterborough	£156,264	£123,752	£240,430	53.9%	6.0%	3.4%	£218,300	1.8%
Birmingham	£148,578	£122,773	£226,523	52.5%	1.9%	3.1%	£207,300	2.0%
Leicester	£135,317	£110,071	£237,252	75.3%	7.5%	4.0%	£227,800	0.8%
Milton Keynes	£194,666	£147,827	£325,704	67.3%	6.4%	4.1%	£310,900	0.9%
Gloucester	£169,008	£129,203	£251,405	48.8%	4.8%	3.2%	£233,500	0.0%
Oxford	£289,855	£223,319	£478,100	64.9%	3.5%	4.1%	£453,200	0.1%
Cambridge	£283,241	£224,469	£510,014	80.1%	2.8%	4.8%	£466,300	-0.9%
Bournemouth, Christchurch	£206,227	£163,937	£339,850	64.8%	2.3%	3.6%	£344,900	-0.4%
Southampton	£168,795	£134,665	£242,864	43.9%	1.9%	2.8%	£259,800	0.3%
Portsmouth	£169,633	£130,868	£255,397	50.6%	4.5%	3.3%	£283,500	-0.2%
Brighton and Hove	£257,108	£202,054	£434,736	69.1%	2.2%	4.4%	£422,800	-1.1%
Reading	£216,724	£176,087	£317,409	46.5%	-0.2%	3.4%	£410,900	0.0%
Croydon	£248,005	£199,415	£412,288	66.2%	-0.2%	3.9%	n/a	n/a
Tunbridge Wells	£279,413	£217,421	£457,896	63.9%	3.1%	3.9%	n/a	n/a
Bristol	£195,196	£153,648	£345,574	77.0%	0.9%	4.6%	£338,000	0.2%
London	£298,596	£245,351	£525,629	76.0%	0.8%	4.6%	£524,900	-0.6%

Overall, out of 30 cities, since 2005, property prices have risen above inflation in nine cities/towns, including Leicester and Milton Keynes, on par with inflation is Croydon and Tunbridge Wells, and in all the remaining towns and cities, price growth has remained below inflation. Even with the price growth seen during the pandemic, what this shows is that, in real terms, especially for those that own outright the property they have isn't necessarily delivering from an investment perspective.

e.surv

"In June 2023, 65 of the 110 Unitary Authority areas in England and Wales were still recording house price gains over the previous twelve months, indicating the wide extent to which price rises have been taking place across the two countries, even if the growth rate is now diminishing.

"The area with the highest annual increase in prices in June 2023 is Hartlepool, at 16.4% growth – the average price being assisted this month by the sale of a detached home located in Wynard for £910,000.

"By way of contrast, the Unitary Authority area with the largest fall in prices over the last twelve months is Denbighshire in Wales, at -8.8%. All property types in Denbighshire have seen price rises over the year, except for terraces, where there has been a significant fall in prices. In Denbighshire the Council Tax premium will be rising to 150% from April 2025."

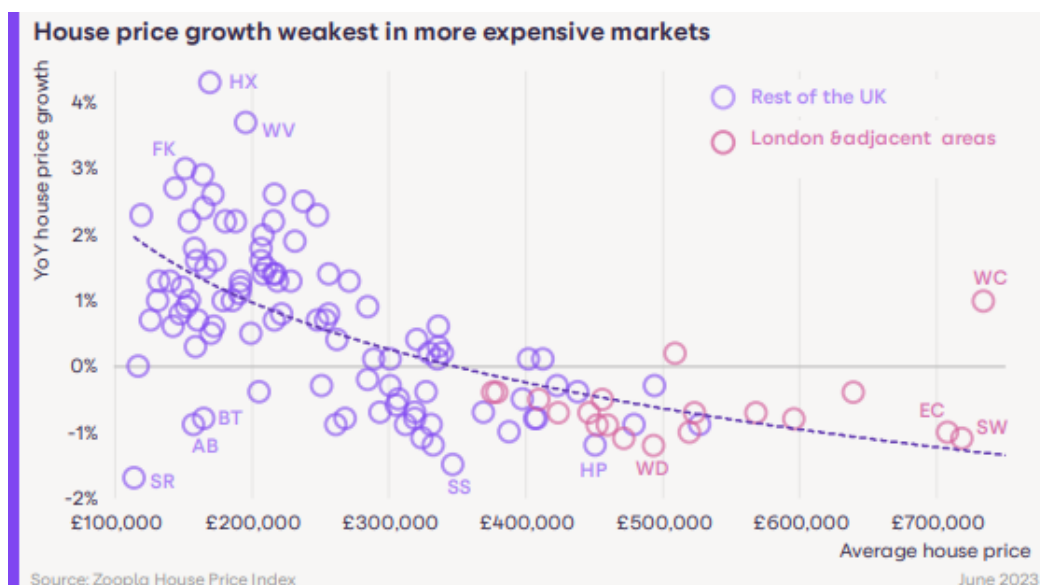
Zoopla

Markets with prices over £300,000 most exposed to falls

"Drilling below the regional level, it's clear that housing markets with average prices over £300,000 are feeling the impact of higher mortgage rates more than other areas. Some 4 in 5 local markets currently registering annual price falls have average prices over £300,000. The chart below shows annual price growth compared to average house prices for 121 UK postal areas in June 2023.

"Higher house prices mean larger mortgages, bigger deposits and a higher household income required to buy a home. The more the income needed to buy increases, the more households are priced out of the market, which reduces demand and pushes prices lower.

"Markets across South East England are leading on annual price falls, particularly in commuter markets adjacent to London. These are led by SS - Southend (-1.5%), WD - Watford (-1.2%) and HP – North West Hertfordshire (-1.1%). House prices in London are all falling but to a lesser degree than might be expected. This is because residential values have registered very limited price growth in recent years compared to the rest of the country. Prices in WC - West Central London are up 1% over the year."



Affordability and strength of local economies important

“House prices are also falling in some lower-value markets such as Sunderland (-1.7%) Aberdeen (-0.9%) and Northern Ireland (-0.8%). In these areas, local economic factors are impacting demand in addition to mortgage rates and cost-of-living pressures.

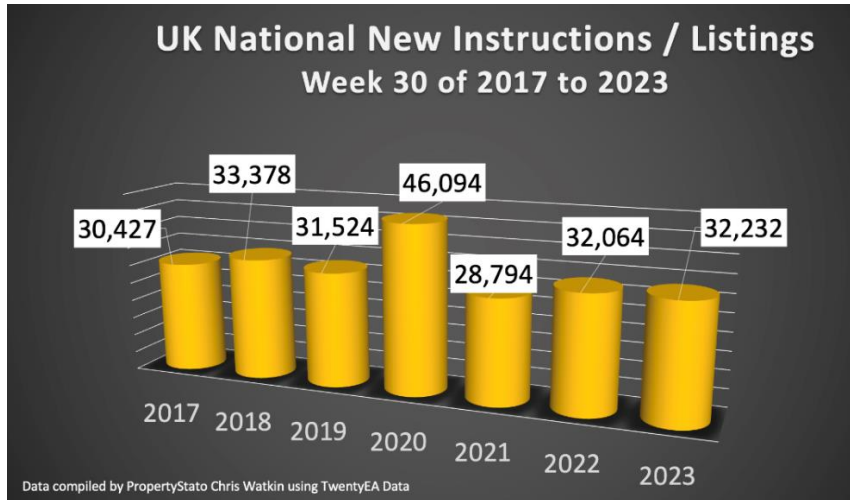
“House prices continue to increase at an above-average rate in affordable markets next to major employment centres. Higher mortgage rates have less of an impact on demand. For example, it's still cheaper to buy than rent in many low-value housing markets, even at 5.5% mortgage rates. This supports first-time buyer demand. The highest rate of annual price growth is being registered in HX - Halifax (4.3%), WV - Wolverhampton (3.7%) and FK - Falkirk (3.0%).”

Demand and supply

Despite much of the media focusing on property prices, from a buyer's/seller's perspective, for the industry and indeed for the economy, what's more important is the data we receive on transactions.

As the fabulous figures from Chris and TwentyEA show, the number of new instructions is pretty consistent over the years, bar the wobbles we had during the pandemic. In fact, the new instructions are pretty bang on the average from 2017 to 2019.

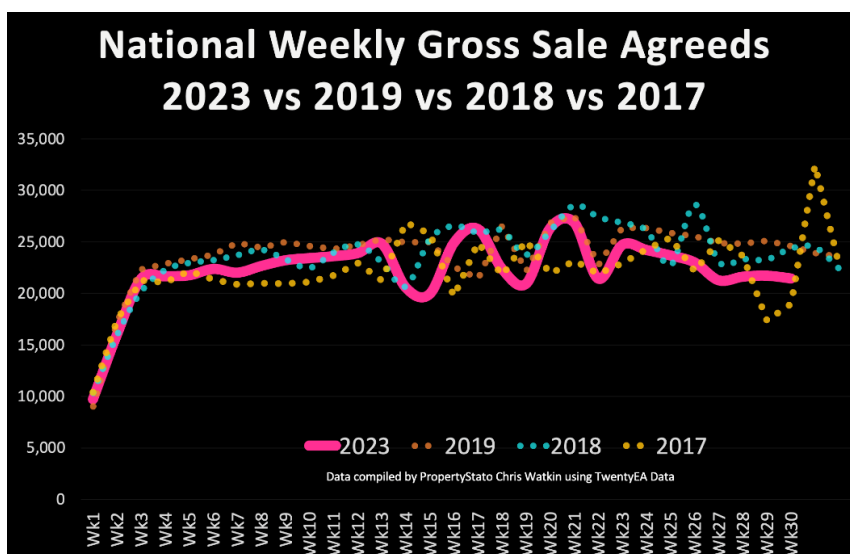
Data from Chris Watkin and TwentyEA



From a sales agreed perspective, it's not a surprise this has taken a bit of downturn versus the pre-pandemic years now bank base rates have reached 5% and beyond.

I did think that the Bank of England would do the sensible thing and hold rates in July, but as they have risen again, it's almost immaterial how much they go up to now – for buyers, because moving rates to 5% which pushes mortgage rates from 6-7% means a lot of the stress testing for FTBs introduced in 2014 is being surpassed, reducing the number of buyers in the market.

All any rate rises will do now is make things a lot worse for the 7% of households (2mn out of 28mn) that are coming off their fixed rates over the next year (including renters), the other 93% aren't likely to be as affected at all, and as a result, it's likely to have much less impact on reducing inflation further.



Sales wise, up until the 5% bank base rate, we were doing pretty well under the circumstances – around a 6% fall, but as Zoopla have indicated “..... in the last two weeks, there have been some early signs of a decline in demand, dropping below 2019 levels, which is likely to increase over the summer.”

And although these stats show that hasn't changed much, looking at latest sold date since the June bank base rate rise, sales are definitely falling.



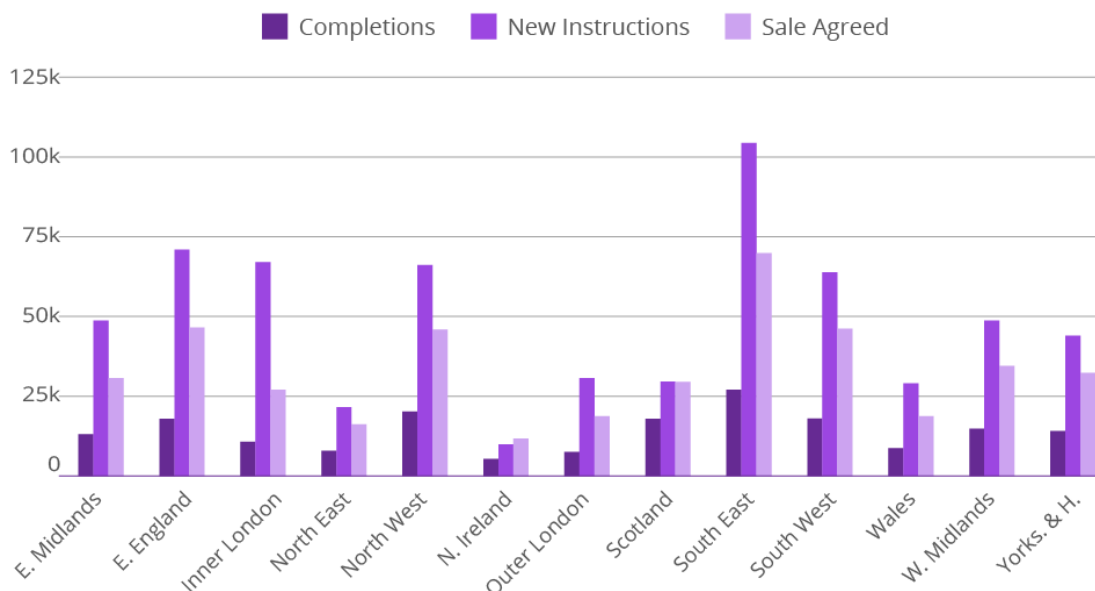
Twentyci

“At the time of publishing, there were 635,901 newly instructed properties on the market. This is 27,947 more than reported in our June Pulse. There were also 19,794 more properties sold subject to contract in June (426,008 compared to 406,214). However, there were 3,929 fewer properties exchanged (182,684 compared to 186,613 in June).”

“Below, the key stages of the home buying process have been broken down by stages and region.”

Completions*, New Instructions & Sale Agreed

(by Region, *Last 3 Months)

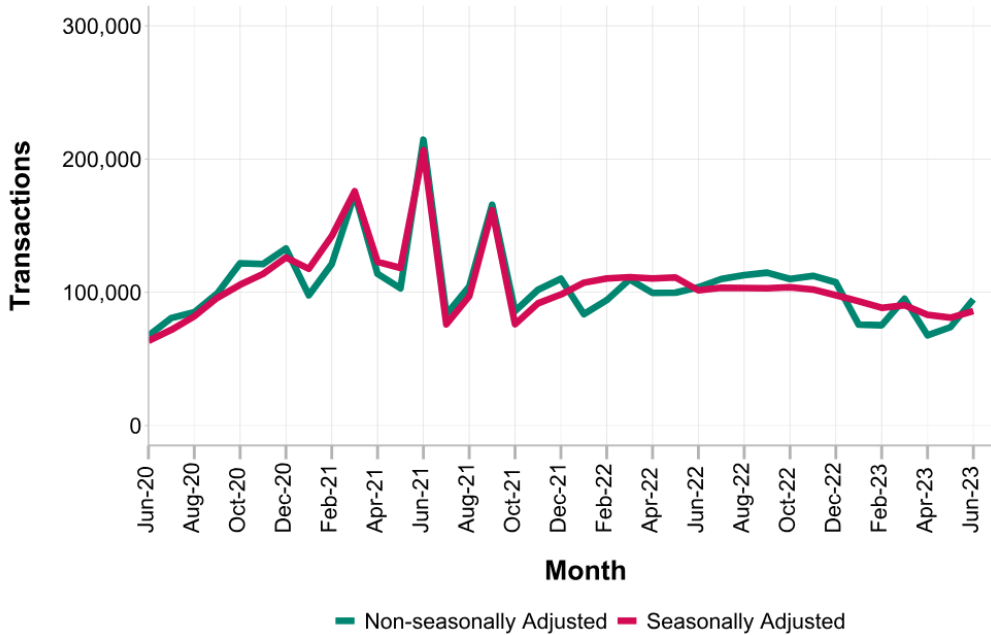


“In June, the South East once again broke its record, reporting 104,368 new properties coming onto the market. The second region with the highest number of new instructions was the East of England, with 70,978 new listings. This was closely followed by Inner London and the North West with 67,120 and 66,311 new listings respectively.”

HMRC

“Following a downward trend in seasonally adjusted residential transactions, June shows a 6% increase relative to May.”

Figure 1: Non-seasonally adjusted and seasonally adjusted UK residential property transactions by month between June 2020 and June 2023.



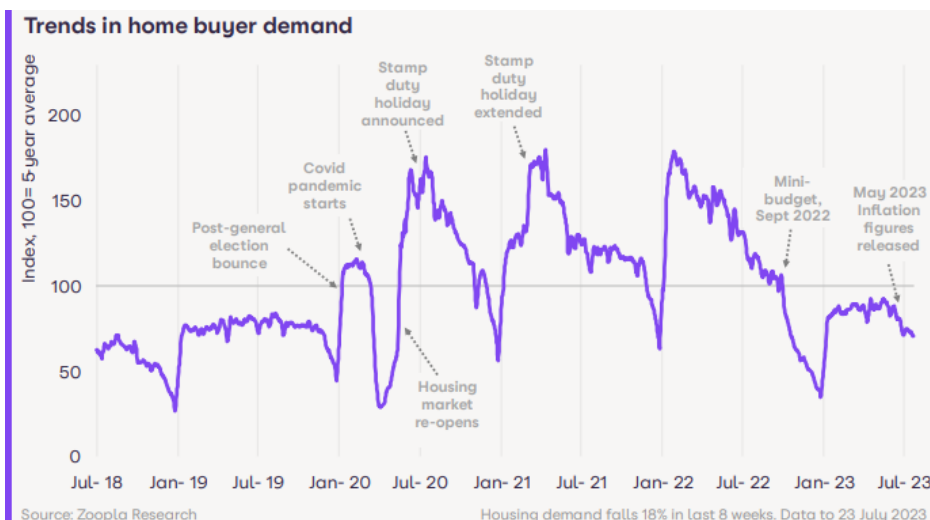
Propertymark are reporting “The supply of new homes up for sale per member branch continued to lessen in June - now at eight per member branch. A summer lull is generally expected. On the other hand, the average number of sales agreed per member branch held at seven in June—the same figure as the previous month. Total stock of properties available per member branch fell slightly to 32 on average in June compared to 36 in May. Properties available for sale remain 23 per cent higher than in June 2022.”

Zoopla

Demand falls 18% as mortgage rates spike higher

“Demand for homes recovered over 2023 H1 as mortgage rates fell towards 4%, supporting an increase in new sales. Mortgage rates rising quickly over the last six weeks towards 6% has reduced buying power and hit demand, which has fallen by 18% over the last 2 months.”

“The decline in demand is less stark than that recorded in the wake of the 2022 mini-budget or when the first lockdown was introduced. Demand has weakened off a lower base and is currently running 6% below 2019 levels. Year-on-year, demand is down 40% but sales agreed are only 17% lower, yet we see more committed sellers and buyers in the market.”



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.

It's important to know that although many areas aren't having a great time sales wise just now, at postcode level the picture can either be worse or much better as the data below highlights. It also shows that serious buyers and sellers need to understand their local markets, from the agents to know whether it's a good time to buy or sell.

This makes it easier for good agents that are honest about market conditions to value and manage expectations. For example, in BS7 (Bristol) 75% 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 6% 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 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	%	Aug 23
BS7	75	Bristol
NE7	73	Newcastle upon Tyne
BS5	71	Bristol
BS4	70	Bristol
S8	70	Sheffield
BS3	69	Bristol
BS2	68	Bristol
S9	67	Sheffield
M21	67	Manchester
BS15	67	Bristol

Top 10 cold markets - buyer demand

Postcode	%	Aug 23
B4	6	Birmingham
W1	11	London
WC2	12	London
EC2	12	London
L1	14	Liverpool
LN13	14	Alford
W2	15	London
NW4	16	London
SW3	16	London
B12	16	Birmingham

Source: [TheAdvisory](#)

Where is the market going?

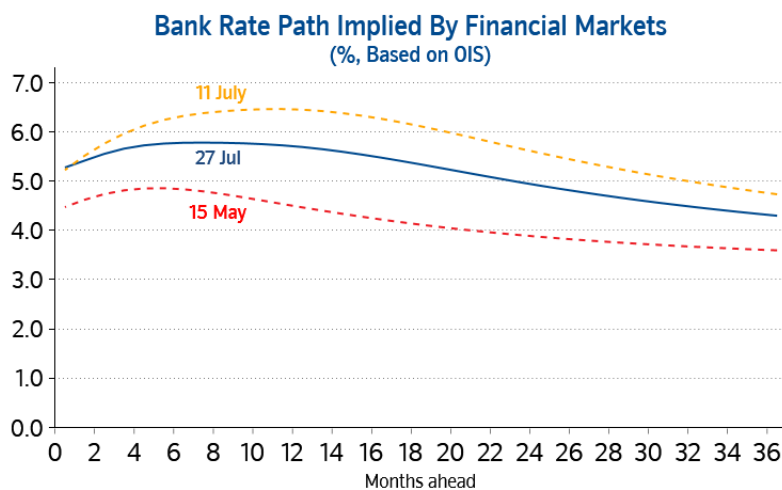
The likelihood is that we will now slide, so it's definitely a 'game of two halves' this year. The first six months, suprisingly robust, the second will be a bit tricky.

I expect a quiet summer, the market will pick up a bit from mid September for those keen to move before Xmas and then very little work in November and December for most areas and property types – although this will be very individual.

Critical to the success of the market from now on is agents and sellers pricing properties realistically, otherwise agents are just going to list impossible to sell properties and are likely to run out of cash pretty soon.

Nationwide

"Investors' views about the likely path of UK interest rates have been volatile in recent months, with the projected Bank Rate peak fluctuating between 5% in mid-May and 6.5% in early July (see chart below). There has been a slight tempering of expectations in recent weeks but longer-term interest rates, which underpin mortgage pricing, remain elevated (see chart below).



Source: Nationwide

"A relatively soft landing is still achievable, providing broader economic conditions evolve in line with our (and most other forecasters) expectations. In particular, unemployment is expected to remain low (below 5%), and the vast majority of existing borrowers should be able to weather the impact of higher borrowing costs, given the high proportion on fixed rates, and where affordability testing should ensure that those needing to refinance can afford the higher payments.

"While activity is likely to remain subdued in the near term, healthy rates of nominal income growth, together with modestly lower house prices, should help to improve housing affordability over time, especially if mortgage rates moderate once Bank Rate peaks."

Zoopla

Outlook for H2 – on track for UK price falls of up to -5%

"The outlook for market activity and prices depends on the trajectory of mortgage rates. It will be influenced by market expectations for how much higher base rates are likely to increase to control inflation. The latest inflation reports are starting to show the impact of higher base rates feeding through into the economy. It looks less likely that the Bank of England will need to raise rates as much as financial markets expected just a few weeks ago.

"The average mortgage rate for a 5-year fixed rate at 75% loan-to-value has reached 5.4%, compared to 4% in the Spring. Mortgage rates look likely to peak over the summer. The underlying cost of fixedrate finance for banks has fallen by 0.6% over the last 3 weeks. This will take time to feed through into mortgage rates which could fall below 5% this autumn. Higher rates over a longer period remain a key risk.

“House prices started to fall in Q4 2022 as mortgage rates for a 75% loan-to-value 5-year fixed rate reached 5.5% late last year. Price falls reversed over H1 2023 as mortgage rates fell towards 4%. The recent spike in mortgage rates has reduced buying power once again. Weaker buyer demand will push down prices over H2 2023.

“We expect modest price falls over the coming months, with UK house prices expected to fall by up to 5% over 2023. This would mean that prices are still 15% higher than at the start of the pandemic. Even if mortgage rates fall back into the 4-5% window later this year and into 2024 H1, we expect house price growth to remain very low for the next 1-2 years. House prices are likely to lag behind the growth in price inflation and earnings as house prices adjust to a higher level of mortgage rates. Southern England and the Midlands are where house prices and incomes need to realign the most through very low nominal growth or modest price falls.

“We expect sales volumes to remain in the region of 1 million to 1.15m with demographic, social and cost-of-living factors continuing to drive the motivation to move home.”