

Residential Property Review

January 2024



Falling mortgage rates bolster housing market

Hope seems to be on the horizon for the housing market as the year gets off to a promising start.

The decision from many mortgage lenders to reduce rates seems to have had the desired effect, as buyer interest has noticeably increased. Lenders are competing to offer the best deals.

At the end of the first week of January, according to Zoopla, there were 10% more prospective buyers than in 2023. TwentyCI has reported that agreed property sales reached a nine-month-high in December, with many commentators now hopeful that this signifies a market that is slowly but surely getting back on track.

Oxford Economics expects the first cut to Bank Rate will come in May, thus relieving some of the pressure that many borrowers are under. This could further increase the demand for housing which, at the end of December, Zoopla has said was 19% higher than the previous year. Higher levels of demand are likely to have a knock-on effect on house prices, which could continue to stop falling if sellers no longer need to discount their property to make a sale.

Most sought after areas

Prospective home buyers seem to be committed to returning to the capital, as London is the most searched-for location for the second year in a row, according to Rightmove.

During the pandemic in 2021, there were months where Cornwall overtook London as the most searched-for area.

However, the southwestern county has been firmly in second place for the last two years, indicating the mass exodus from cities has subsided. In fact, from 2022 to 2023, there was an 18% fall in the number of people looking to buy properties in Cornwall.

London is also the most popular location for renters according to Rightmove's report, with Manchester and Bristol below it in the top three.

Tim Bannister, Rightmove's Property Expert, observed that, "Many traditionally popular areas maintained their allure amongst buyers, whilst cheaper areas were also high on the list for buyers last year with affordability stretched."

UK landlords owed late rent

The cost-of-living crisis is taking its toll on the private rented sector as tenants struggle to pay their rent on time.

According to research from mortgage lender Molo, landlords in the UK are owed an average of £725 in overdue rent. Those in Yorkshire and the North East are particularly affected, experiencing the highest number of late payments each year. Meanwhile, landlords in Greater London are owed the most amount of money.

VP of Strategy at Molo, Mark Michaelides, commented, "Our recent research found that over half (54%) of landlords have implemented payment plans for tenants facing late rent." He added, "As a tenant, it's important not to ignore the problem. I'd advise tenants to communicate promptly, explaining reasons for delays and requesting additional time. Open dialogue can lead to collaborative solutions."

House prices headline statistics

House Price Index (November 2023)	149.5
Average House Price	£284,950
Monthly Change	-0.8%
Annual Change	-2.1%

*(Jan 2015 = 100)

- Average house prices in the UK decreased by **2.1%** in the year to November 2023
- On a non-seasonally adjusted basis, average UK house prices decreased by **0.8%** between October 2023 and November 2023
- The average price in London was **£505,283**.

Source: The Land Registry
Release date: 17/01/24
Next data release: 14/02/24

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	-1.2%	-2.9%	£301,613
Northern Ireland (Quarter 3 - 2023)	3.1%	2.1%	£179,530
Scotland	1.1%	2.2%	£194,006
Wales	-0.3%	-2.4%	£212,866
East Midlands	-0.8%	-3.0%	£243,577
East of England	-0.2%	-3.3%	£346,659
London	-2.2%	-6.0%	£505,283
North East	-0.2%	-0.4%	£159,871
North West	-0.9%	-2.0%	£213,333
South East	-0.4%	-2.3%	£385,844
South West	-2.7%	-4.1%	£319,221
West Midlands Region	-3.1%	-3.4%	£243,655
Yorkshire and The Humber	0.0%	-0.8%	£209,526

Average monthly price by property type – November 2023

Property Type	Annual Increase
Detached £453,746	-0.7%
Semi-detached £276,967	-1.7%
Terraced £230,368	-3.8%
Flat / maisonette £227,718	-1.8%

Source: The Land Registry
Release date: 17/01/24

Housing market outlook

"As we move through 2024, the UK property market will continue to reflect the wider economic uncertainty and buyers and sellers are likely to be naturally cautious when considering making a move. While wage growth is now above inflation, helping to ease cost-of-living pressures for some and improving housing affordability, interest rates are likely to remain elevated for as long as inflation remains markedly above the Bank of England's target. Our latest forecast suggests house prices could fall between -2% and -4% during the coming year, although, as with recent years, forecast uncertainty remains high given the current economic climate."

Kim Kinnaird, Director, Halifax Mortgages

Source: Halifax, December 2023

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All details are correct at the time of writing (17 January 2024)

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