

Residential Property Review

December 2023



Our monthly property market review is intended to provide background to recent developments in property markets as well as to give an indication of how some key issues could impact in the future.

We are not responsible or authorised to provide advice on investment decisions concerning property, only for the provision of mortgage advice. We hope you will find this review to be of interest.

Sellers knock £18,000 off asking prices

Sellers accepted an average discount of £18,000 on their property sale in November 2023 – the highest average price cut in five years.

This is according to property portal Zoopla, which stated that high mortgage rates are continuing to impact housing affordability for buyers – meaning that sellers are having to adjust to a market where buyers don't have the money to meet their asking prices. As such, they can either reduce the asking price to what buyers can afford or wait it out until things improve.

Zoopla experts don't think sellers will have to wait for too long. Its Executive Director of Research, Richard Donnell, commented, "Financial markets expect the Bank of England to start cutting rates around the summer of 2024. If mortgage rates start to fall further, this will support an improvement in demand and sales volumes later in 2024."

Want to be happy? Here's where to live

There are many things that make people happy – their family, their job, their hobbies... and, of course, the place they call home.

Rightmove's annual Happy at Home Index reveals the happiest places to live in the UK. The Index is based on factors such as community spirit, nearby green spaces, and a sense of belonging.

And the happiest place to live in 2023 is... Richmond upon Thames. Taking the top spot from last year's winner, St Ives in Cornwall, the borough in south-west London has – according to London Mayor Sadiq Khan – "so much of what makes London special – its access to beautiful green spaces, its real sense of community, and an array of shops, cafes and local culture."

In second place is the city of Winchester in Hampshire, followed by Monmouth, Wales, in third.

Buy-to-let lending to drop by 53%

Research from UK Finance suggests that investors are increasingly staying away from the residential property market, with buy-to-let purchase lending projected to fall by £8bn (53%) in 2023.

The trade body also predicted that lending will fall by a further £1bn (13%) in 2024.

This fall is often attributed to the government's decision to replace mortgage Income Tax relief with a 20% tax credit – a policy that is becoming ever

more punishing for landlords with the increase in mortgage rates.

James Tatch, Head of Analytics at UK Finance, commented, "2023 was a challenging year for both prospective and existing mortgage borrowers, facing affordability pressures from higher interest rates and the increased cost of living, as well as house prices still at elevated levels relative to income."

With these pressures unlikely to ease significantly in the short term, we expect lending to remain weak in 2024, with a gradual improvement in affordability reflected in a modest increase in activity levels in 2025."

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House prices Headline statistics

House Price Index (Oct 2023)	150.9
Average House Price	£287,782
Monthly Change	-0.7%
Annual Change	-1.2%

*(Jan 2015 = 100)

- Average house prices in the UK decreased by **1.0%** in the year to October 2023
- On a non-seasonally adjusted basis, average UK house prices decreased by **0.7%** between September 2023 and October 2023
- The average price in London was **£515,504**.

Source: The Land Registry
Release date: 20/12/23
Next data release: 17/01/24

House prices Price change by region

Region	Monthly change (%)	change (%)	Average price (£)
England	-0.8%	-1.4%	£305,902
Northern Ireland (Quarter 3 - 2023)	3.1%	2.1%	£179,530
Scotland	-0.5%	0.2%	£191,233
Wales	-0.5%	-3.0%	£214,100
East Midlands	-1.3%	-1.7%	£245,632
East of England	-1.5%	-2.3%	£348,615
London	-3.1%	-3.6%	£515,504
North East	0.0%	0.2%	£161,237
North West	-0.4%	-0.4%	£215,719
South East	-0.9%	-0.2%	£389,223
South West	0.9%	-0.6%	£330,260
West Midlands Region	-0.5%	-0.3%	£253,130
Yorkshire and The Humber	-0.2%	-1.2%	£208,188

Average monthly price by property type – October 2023

Property Type	Annual Increase
Detached £457,222	0.0%
Semi-detached £281,658	-0.3%
Terraced £234,553	-2.0%
Flat / maisonette £225,803	-2.5%

Source: The Land Registry
Release date: 20/12/23

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Housing market outlook

“It appears likely that a combination of solid income growth, together with modestly lower house prices and mortgage rates, will gradually improve affordability over time, with housing market activity remaining fairly subdued in the interim. If the economy remains sluggish and mortgage rates moderate only gradually, as we expect, house prices are likely to record another small decline (low single digits) or remain broadly flat over the course of 2024.”

Robert Gardner, Chief Economist, Nationwide

Source: Nationwide December 2023

All details are correct at the time of writing (20 December 2023)

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK.