

RESIDENTIAL PROPERTY REVIEW

DECEMBER 2022



Our 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.

DEMAND DROPS AMID ECONOMIC UNCERTAINTY

Activity is weakening across the sales market, according to the latest UK Residential Survey from the Royal Institute of Chartered Surveyors (RICS), which points to a challenging year ahead.

The headline net balance for new buyer enquiries was -38% in November, a seventh successive negative monthly reading. Similarly, new sales agreed fell by 12% between October and November, according to TwentyCI, settling at 17% below the 2017-2019 average for the month.

Worsening buyer sentiment is one of several negative indicators in a challenging macroeconomic climate, the survey shows. New instructions coming onto the sales market is still in negative territory, with the RICS survey reporting a net balance of -9% at the aggregate level.

House prices are in decline too – a net balance of -25% of respondents have seen a house price fall at the national level, which rises to -61% for those who foresee a further drop in the coming year. Buyers are ‘sitting on the fence’, one respondent surmised.

GOVERNMENT FALLING SHORT OF AFFORDABLE HOMES TARGET

A government programme to build more affordable housing in England is a long way short of its target, a report by the Public Accounts Committee has revealed.

The report states that the government is likely to deliver 32,000 fewer homes than the aims of its 2016 and 2021 affordable homes building programmes. The Department for Levelling Up, Housing and Communities has already downgraded its forecast

for the 2021 programme from 180,000 to 157,000 new homes.

The biggest shortfalls are in rural areas, where housing waiting lists stretch to a quarter of a million people, according to the Country Land and Business Association.

Chair of the Committee, Dame Meg Hillier MP, commented, “Many people in high-cost areas simply can’t afford to rent privately or buy their own home and there’s a desperate need for affordable, secure rented homes... The human cost of inaction is already affecting thousands of households.”

MORTGAGE SUPPORT FOR BORROWERS SET OUT

The Financial Conduct Authority (FCA) has published guidance aimed at helping people who are struggling to keep up with mortgage repayments following a meeting with Chancellor Jeremy Hunt and bank chief executives on 7 December.

The guidance outlines the flexibility lenders can show to support those who have missed monthly payments, with options including an extension to the mortgage term and reduced payments for a temporary period.

Mr Hunt urged lenders to show flexibility amid the cost-of-living difficulties that many are facing. He said, “We expect every lender to live up to their responsibilities and support any mortgage borrowers who are finding it tough right now.”

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As a mortgage is secured against your home or property, it could be repossessed if you do not keep up mortgage repayments

HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (OCTOBER 2022)	155.5
AVERAGE HOUSE PRICE	£296,422
MONTHLY CHANGE	0.3%
ANNUAL CHANGE	12.6%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **12.6%** in the year to October 2022
- On a non-seasonally adjusted basis, average house prices in the UK increased by **0.3%** between September and October 2022
- House price growth was strongest in Yorkshire and the Humber where prices increased by **15.1%** in the year to October 2022.

Source: The Land Registry
Release date: 14/12/22
Next data release: 18/01/23

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	0.2%	13.2%	£316,073
NORTHERN IRELAND (QUARTER 3 - 2022)	4.1%	10.7%	£176,131
SCOTLAND	1.1%	8.5%	£194,874
WALES	0.1%	11.8%	£223,824
EAST MIDLANDS	0.0%	13.9%	£254,079
EAST OF ENGLAND	0.0%	11.5%	£362,865
LONDON	-0.9%	6.7%	£541,720
NORTH EAST	1.9%	17.3%	£168,367
NORTH WEST	0.5%	16.1%	£220,292
SOUTH EAST	0.1%	12.0%	£404,990
SOUTH WEST	0.5%	14.9%	£339,206
WEST MIDLANDS REGION	0.9%	14.6%	£257,382
YORKSHIRE AND THE HUMBER	0.2%	15.1%	£214,036

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – OCTOBER 2022

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £468,376	12.2%
SEMI-DETACHED £287,383	13.9%
TERRACED £242,690	14.1%
FLAT / MAISONETTE £235,237	8.6%

Source: The Land Registry
Release date: 14/12/22

HOUSING MARKET OUTLOOK

“The market may now be going through a process of normalisation. While some important factors like the limited supply of properties for sale will remain, the trajectory of mortgage rates, the robustness of household finances in the face of the rising cost of living, and how the economy – and more specifically the labour market – performs will be key in determining house prices changes in 2023.”

Kim Kinnaird, Director at Halifax Mortgages

Source: Halifax December 2022

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All details are correct at the time of writing (19 December 2022)

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.