

Housing Insight Report

propertymark

April 24

KEY STATISTICS:

14%

Increase in the **number of market appraisals** undertaken

16%

Increase in the **number of potential buyers** registered.

9

New **prospective tenants registered** per available property

1%

Decrease in the **number of new tenancies signed**



Although the economic environment remains challenging, there is some positivity in the air. GDP is estimated to have grown by 0.4% in March and inflation (CPI) reduced from 3.2% in March to 2.3% in April, which is within touching distance of the Bank of England's target. We remain hopeful that a much-needed reduction in the base rate will occur in the near term.

The residential sales sector has seen an early flurry of activity in April with prospective buyer registrations, new sales instructions, and the number of sales agreed all increasing. However, challenges remain. Although the gap between asking prices and market expectations continues to narrow, further realignment is required to keep the market moving. Furthermore, those seeking to move home before Christmas, need to be cognisant of elongated exchange times and act now.



Nathan Emerson
Propertymark CEO

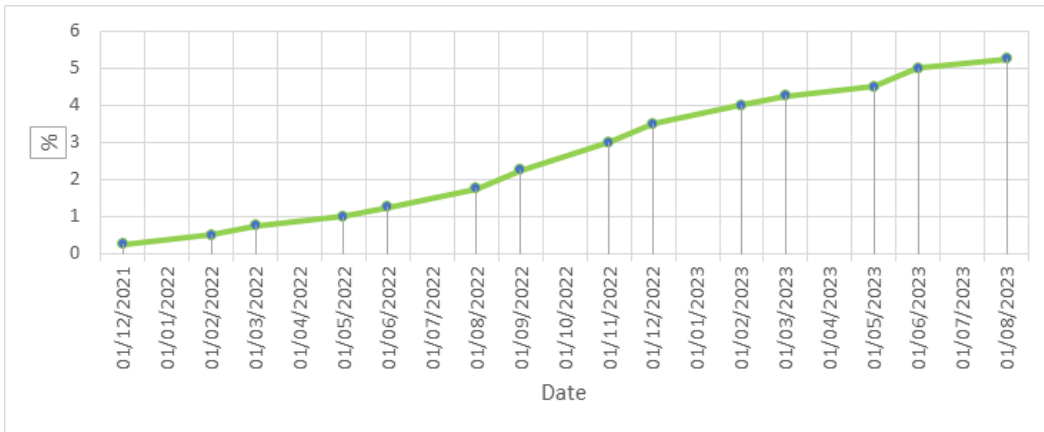
In the residential lettings sector, our members report an increase in the number of prospective tenant registrations. However, while stock levels have increased slightly, demand continues to outstrip supply, with around 9 new applicants registered for each available property in April 2024. Rents continue to fluctuate although there are signs that in some areas, rents have reached a ceiling in terms of affordability. More broadly, our members remain concerned that some landlords are choosing to exit the sector. The reasons for exit are multifaceted although ongoing legislative uncertainty is undoubtedly playing a role. We continue to work with policymakers across the UK to highlight the critical role the PRS plays in the wider housing system and to encourage policies that can stabilise the sector's investment patterns.

Economic outlook

BASE RATE REMAINS UNCHANGED

The base of England base rate (5.25%) has remained unchanged since August 2023 (Figure 1) and continues to weigh on the housing market.

Figure 1: Bank of England base rate



Source: Bank of England: www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp

INFLATION CONTINUES TO TREND DOWNWARDS

In the 12 months to April 2024, inflation trended downward to 3% as measured by CPIH, 2.3% as measured by CPI and 3.3% as measured by RPI (Figure 2).

Figure 2: Inflation percentage change (12-month period)

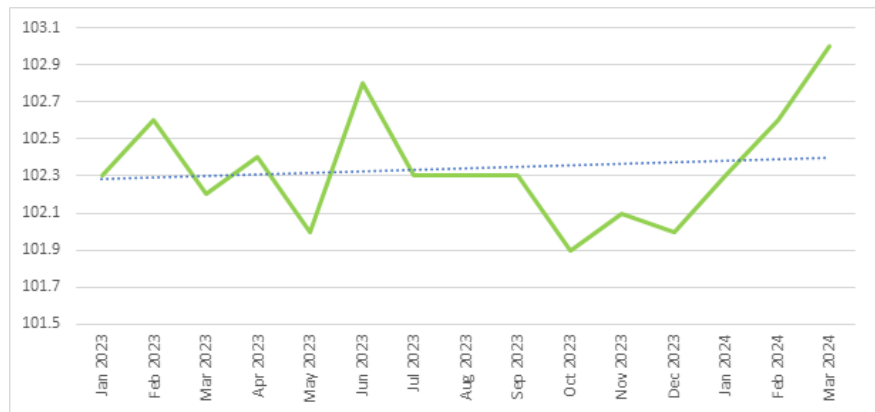


Source: Office of National Statistics: www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation

GDP ESTIMATE TRENDS UPWARDS

The latest figures estimate that GDP grew by 0.4% in March 2024 (Figure 3).

Figure 3: UK GDP (Index, 2019 = 100)



Source: Office of National Statistics: www.ons.gov.uk/economy/gross-domesticproductgdp/bulletins/gdpmonthlyestimateuk/february2024

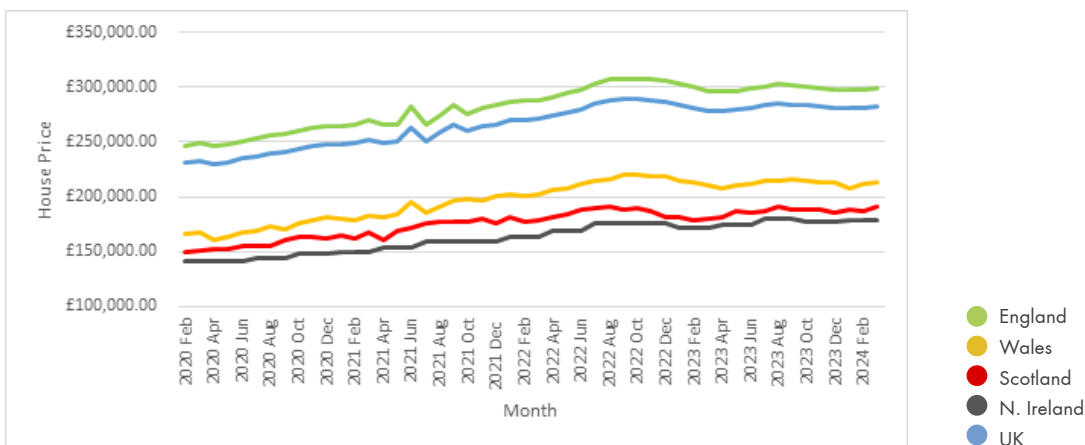


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UK house prices continue to rise

The average UK house price increased by £2,103 to £282,776 in March 2024 (latest figures available) (Figure 4). This equates to around 8 times the average annual gross earnings.^{iv}

Figure 4: Average house price by country



Source, UK Gov/HM Land Registry: www.gov.uk/government/collections/uk-house-price-index-reports

Figure 5: Diff in Average House Price between March 23 and March 24

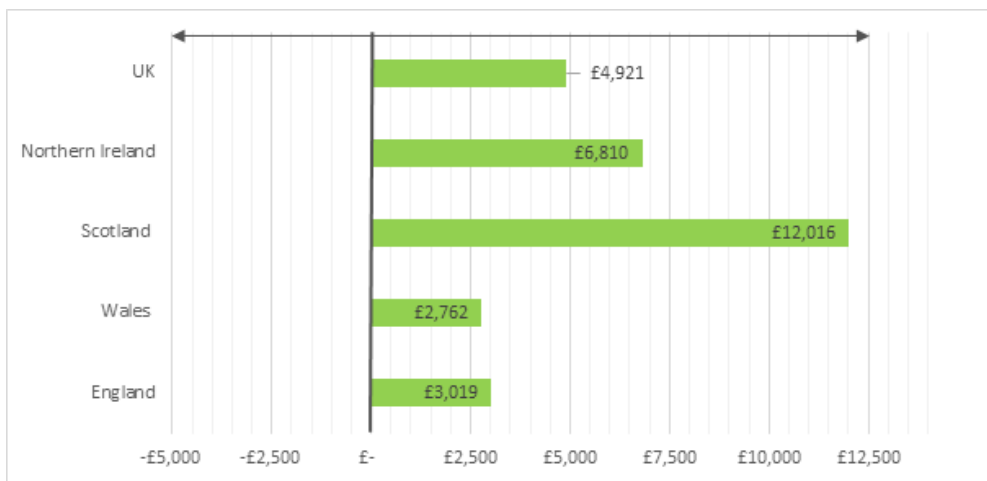


Figure 5 highlights the change in the average house price between March 2023 and March 2024 for each constituent part of the UK. Scotland has seen the largest gain in the period.

Source, UK Gov/HM Land Registry: <https://www.gov.uk/government/statistical-data-sets/uk-house-price-index-data-downloads-february-2024>

^{iv}Calculated using average weekly earnings data available at www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/april2024

Prospective buyer registrations increases

DEMAND

The average number of new prospective buyers registered per branch increased from 76 in March 2024 to 88 in April 2024 (Figure 6).

Figure 6: Average no of prospective buyers registered per member branch



Source: Propertymark

VIEWING NUMBERS RELATIVELY STATIC

Viewing numbers reduced marginally in April 2024 in comparison to March 2024 (Figure 7).

Figure 7: The average number of viewings per available property per member branch

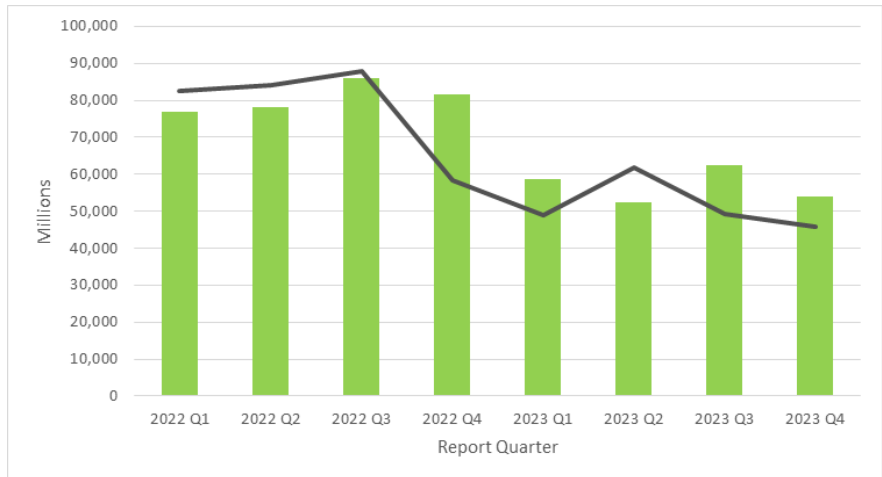


Source: Propertymark

Mortgage advances decrease

The Q4 2023 mortgage stats (latest data available) show a reduction in both gross advances and new commitments (Figure 8).

Figure 8: Gross mortgage advances and new mortgage commitments



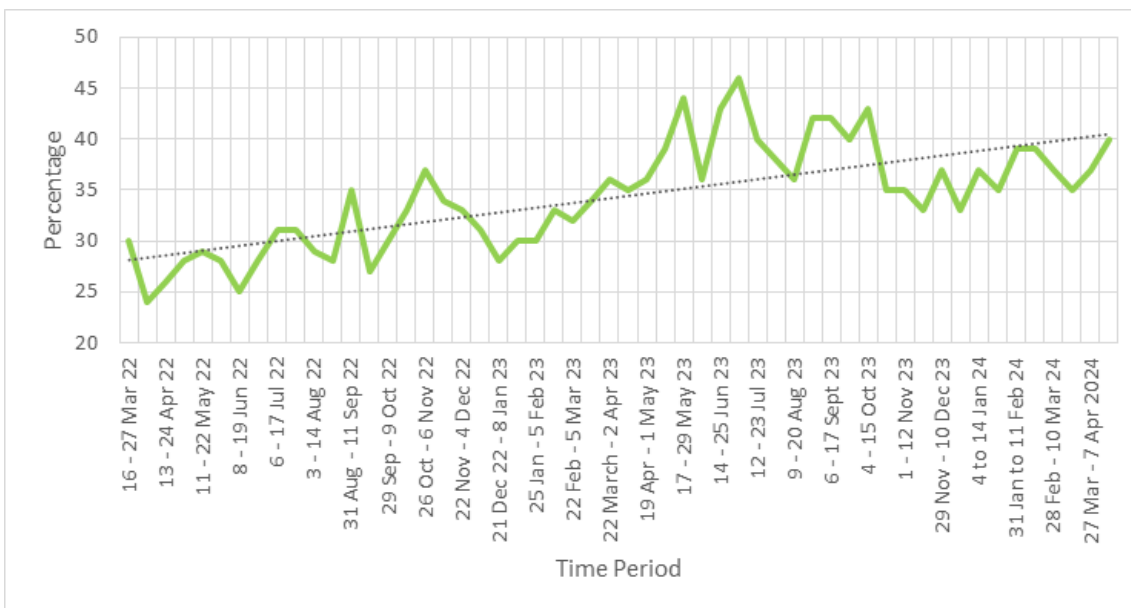
Source: Bank of England: www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2023/2023-q2

● Gross advances
● New commitments

AFFORDABILITY CHALLENGES TREND UPWARDS

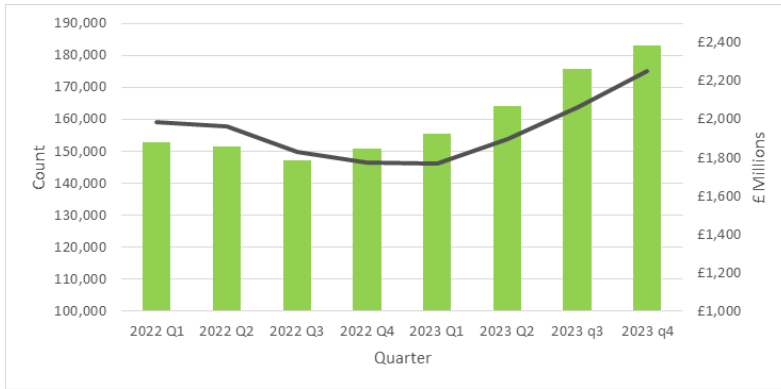
The number of adults finding it 'very or somewhat difficult' to afford their rent or mortgage payments increased in April 2024 (Figure 9).

Figure 9: Adults reporting it very or somewhat difficult to pay their rent or mortgage



Source: ONS: www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/datasets/publicopinionsandsocialtrendsgreatbritainhouseholdfinances

Figure 10: Loan arrears at the end of the quarter (Residential loans to individuals (unsecuritised and securitised))



- Number of loan accounts
- Amount of arrears

Source: Bank of England: www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2023/2023-q2

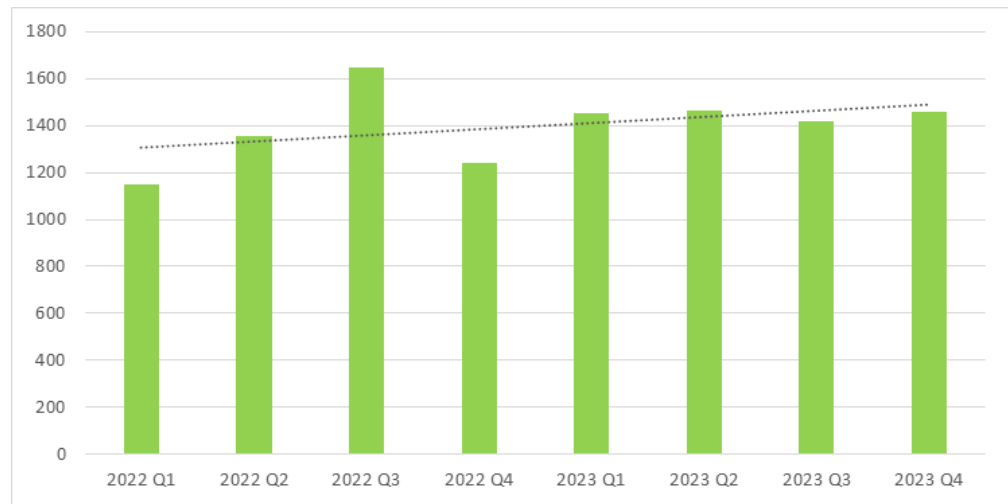
MORTGAGE ARREARS INCREASED IN Q4

The number of loan accounts in arrears and the amount of arrears continued to increase in Q4 2023 (latest data available) (Figure 10).

POSSESSIONS REMAIN STATIC

There was little change in new possession case numbers in Q4 2023 (latest data available) (Figure 11).

Figure 11: New possessions cases by quarter ((Residential loans to individuals (unsecuritised and securitised))



Source: Bank of England: www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2023/2023-q2

New supply increases

SUPPLY

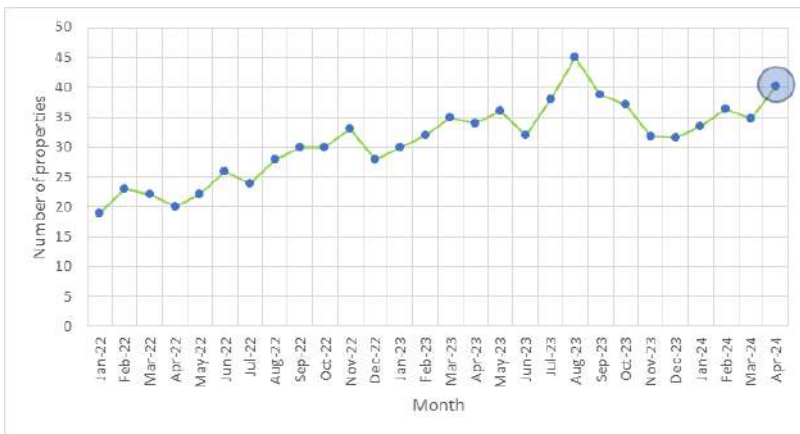
New supply, as measured by new sales instructions, increased on the previous month. On average, around 12 homes were placed for sale per member branch in April 2024 (Figure 12).

Figure 12: Average number of new sales instructions per member branch



Source: Propertymark

Figure 13: Average number of properties available for sale per member branch



Source: Propertymark

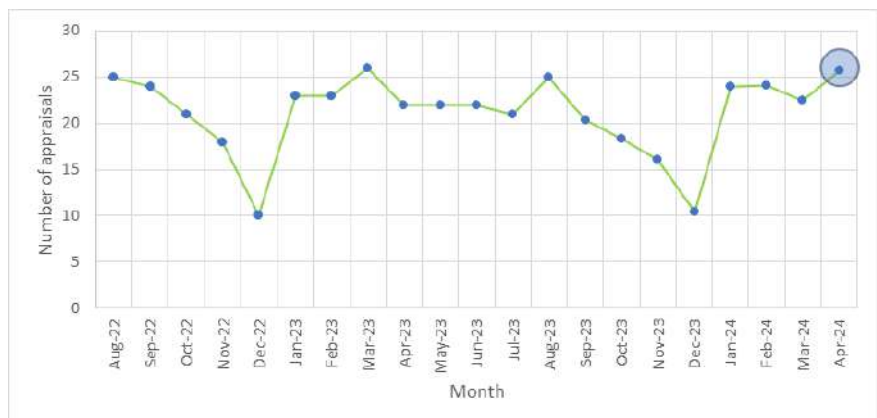
STOCK LEVELS INCREASE

Stock levels reflect the average number of properties that are available for sale at each member branch. In April 2024, stock levels increased over the previous month (Figure 13).

MARKET APPRAISAL VOLUMES INCREASE

Market appraisal volumes provide an indicator of future supply. The number of market appraisals conducted per member branch increased from 22 in March 2024 to 26 in April 2024 (Figure 14).

Figure 14: The average number of appraisals conducted per member branch



Source: Propertymark

Number of sales agreed increases

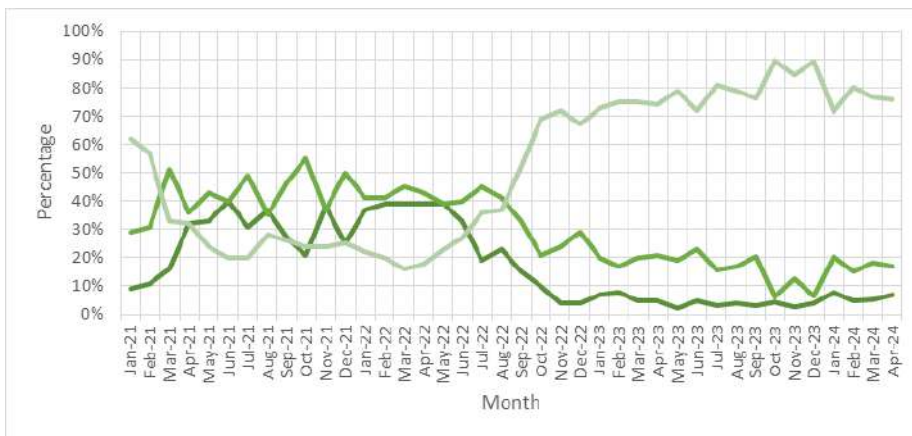
The average number of sales agreed per member branch increased in April 2024 (Figure 15).

Figure 15: Average number of sales agreed per member branch



Source: Propertymark

Figure 16: % of agents reporting properties achieving above asking, at or below asking price



● More than asking price ● Asking price ● Less than asking price Source: Propertymark

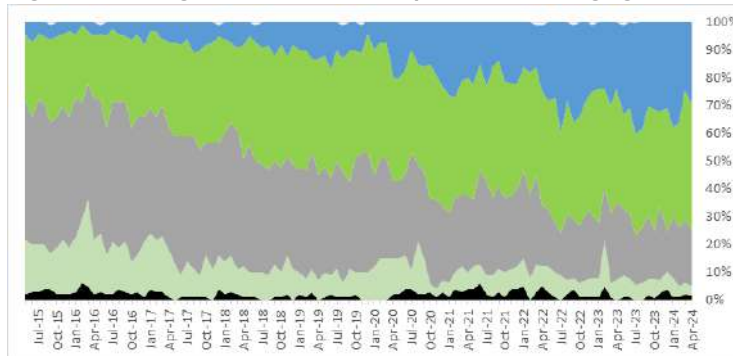
ASKING PRICES CONTINUE TO DIVERGE FROM MARKET EXPECTATIONS

The gap between asking prices and market expectations continues to narrow but remains significant (Figure 16).

TIME TO EXCHANGE REMAINS LENGTHY

The time to exchange continues to fluctuate but remains historically high (Figure 17).

Figure 17: Average time from offer acceptance to exchanging contracts



● 1-4 weeks ● 5-8 weeks ● 9-12 weeks ● 13-16 weeks ● 17+ weeks

Source: Propertymark

MEMBER COMMENTS:

Each month, a selection of members provides residential sales market insights from across the UK.



"Buyers are more readily converting interest into transactions. Reflecting this positive sentiment, a leading property portal has reported a confidence rating of +70%, indicative of growing buyer and seller optimism. This strengthened market outlook positions Shropshire as a desirable area for both investment and home ownership, as confidence continues to build amidst these encouraging indicators. The confluence of rising valuations, increased activity, and solid confidence levels points to a flourishing property scene in our picturesque county."

Russell Griffin, Director
Samuel Wood
www.samuelwood.co.uk



"It's an incredibly busy market governed by purchasers wishing to pay what they deem to be the correct sale price."

James Cobden, Senior Partner
Robinson Jackson
www.robinson-jackson.com



"After a fairly sluggish February and March, the market has picked up significantly since Easter with more activity and instructions coming to the market. An interest rate reduction would help continue this trend, especially in the run-up to a general election when often the market stagnates."

Jane Earley, Director
Robinson Reade
www.robinsonreade.co.uk



North East

"Relatively good Spring market - helped by anticipated drop in interest rates later this year. Increased number of market appraisals - not yet converted to instructions with many potential sellers checking out value.

Anglesey & Gwynedd

"The property market in our area is showing promising signs of activity, particularly at the lower end. Homes in this bracket are ticking over nicely, keeping the market vibrant and buoyant. We hope to see confidence gradually returning to the higher end of the market..."

In summary, the property market in Anglesey & Gwynedd is showing resilience and potential. With a bit of sunshine and continued confidence, we can expect to see increased activity across the board."

West County

"The market continues, in our area, to see a lack of buyer commitment. The number of viewings has increased before a sale is agreed. Once agreed, the time taken to proceed to exchange continues to be lengthy and drawn out. We urge clients to get their paperwork together early to ensure time savings can be made once a sale is agreed."

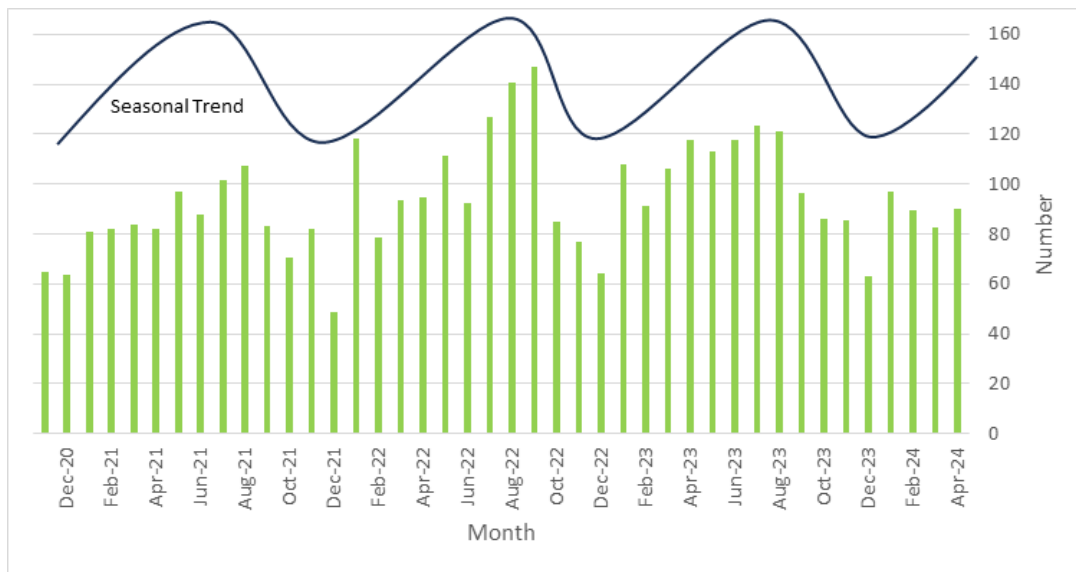
Kent

"Too much rhetoric is made about an improving market when clearly the only house sales achieved are when sellers listen explicitly to our advice or via price reductions which tells us prices are falling hard and we need an interest rate drop sooner rather than later."

Tenant demand increases

The average number of new prospective tenants registered per member branch indicates market demand. Registrations increased from 82 in March 2024 to 90 in April 2024 (Figure 18) suggesting that demand is increasing.

Figure 18: Average number of new applicants registered per member branch



Source: Propertymark

Stock levels increase slightly

Stock levels reflect the average number of properties that are available for rent at each member branch. In April 2024 stock levels increased slightly but remained within long-run parameters (Figure 19).

Figure 19: Average number of properties available to rent per member branch



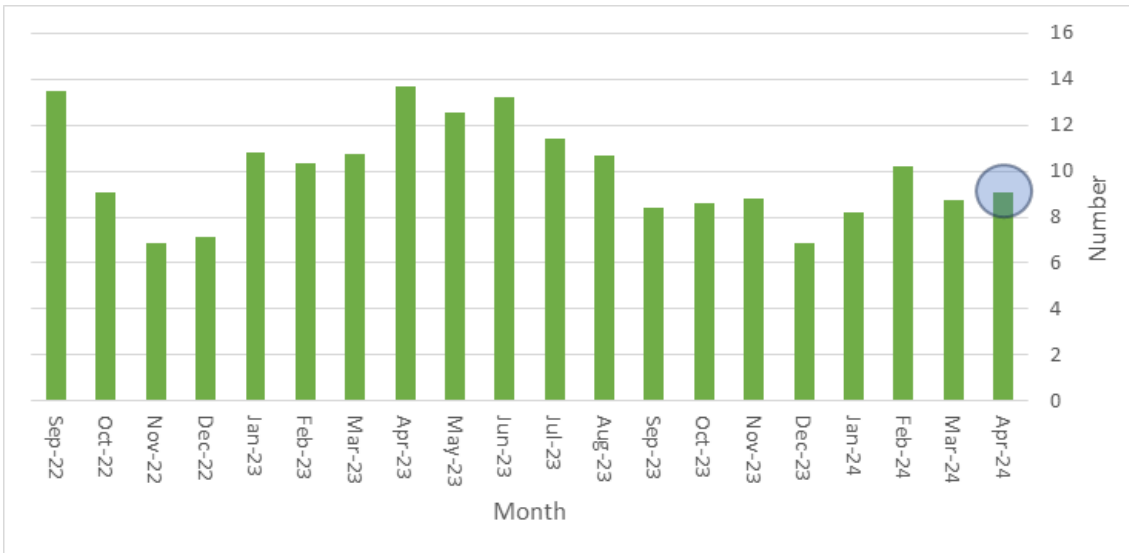
● Total average ● High ● Low

Source: Propertymark

DEMAND CONTINUES TO OUTPACE SUPPLY

It is possible to contrast supply and demand indicators to provide an overall sense of what is happening in the market. Overall, demand continues to outstrip supply, with around 9 new applicants registered for each available property in April 2024 (Figure 20).

Figure 20: Average number of new prospective tenants registering per the number of properties available



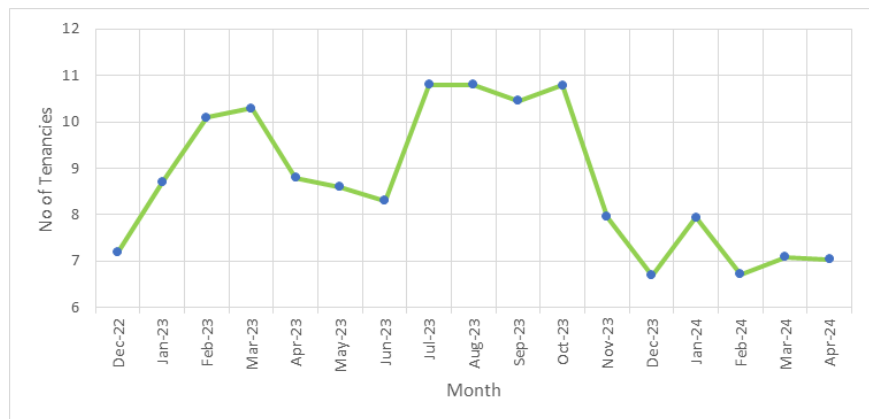
Source: Propertymark

The number of tenancies agreed remains static

PERFORMANCE

The average number of new tenancies agreed remained largely static in April 2024 (Figure 21).

Figure 21: Average number of new tenancies agreed in the month per member branch



Source: Propertymark

Figure 22: % of members who reported that rents have risen, fallen or stayed the same



- September 2023
- October 2023
- November 2023
- December 2023
- January 2024
- February 2024
- March 2024

Source: Propertymark

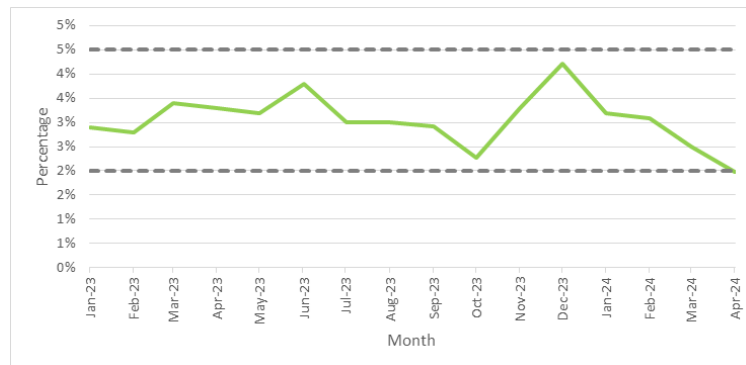
RENTAL PRICES CONTINUE TO FLUCTUATE

Rents continue to fluctuate by market and region. In the main, members reported seeing rents remain static (47%) or increase (41%) in April 2024 (Figure 22).

RENTAL ARREARS CONTINUE RECENT DOWNWARD TREND

Rental arrears reduced in April 2024 with members reporting that around 2% of fully managed and rent collect/rent management properties were in arrears (Figure 23).

Figure 23: Average number of properties in rental arrears per member branch



- Percentage
- Upper range
- Lower range

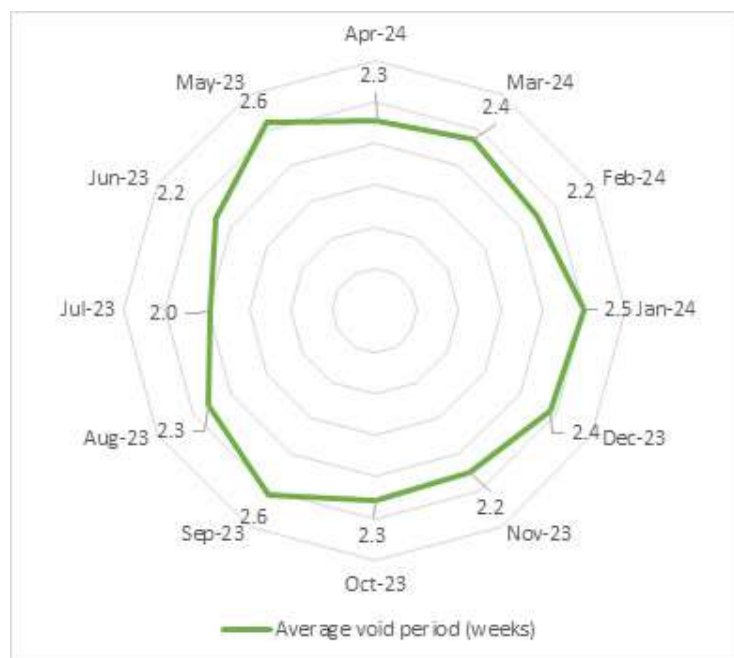
Source: Propertymark

LITTLE CHANGE IN VOID PERIODS

The average void period reduced moderately in March 2024 but remains within long-run parameters (Figure 24).

Source: Propertymark

Figure 24: Average void period between tenancies in weeks



- Average void period (weeks)

MEMBER COMMENTS:

Each month, a selection of members provide residential letting market insights from across the UK.



"The East Anglian market is changing, and more Landlords are beginning to feel the pinch as fixed term buy to let mortgages are coming to an end, and Landlords are looking to exit the market as they are finding their rates quadrupling compared to what they have been paying. This has been a delayed reaction from the market as we have seen more and more Landlords just not looking ahead and seeing when their fixed rates end. Some Landlords have confirmed to me that with the interest increases and the extra taxation that has been imposed on them, they are subsidising the rents and therefore have to sell as it's now a flawed model. The government has to realise that Landlords are a big source of housing stock and without the private sector Landlords, the lack of stock and the continued high demand for private rental properties this will lead to mass homelessness in an already difficult market. The government can ease this if they ease up on this continued attack on the private sector and also if the Bank of England begin the reversal of the interest rate increases."

Robert Ulph, Managing Director
Pennington Lettings & Sales
www.pennington-online.co.uk



"The market has been buoyant, with a higher than average number of enquiries for two and three bedroom properties, however, this is now starting to cool as we move into May. We have noticed an increase in the number of applicants applying for multiple properties with multiple agents to increase their chances of securing a new home. Larger, high-end properties are taking longer to let than previously."

Nicol Nightingale, Managing Director
Fothergill Wyatt Ltd, Leicester
www.fothergillwyatt.co.uk



"Rents have stabilised since the beginning of the year with increasing volumes of housing stock coming to the marketplace. Affordability remains front and centre of all tenancy applications, with Landlords now fully committed to taking out rent protection and legal expenses cover. With this in mind, correct pricing is essential as wages have not kept pace with rents, highlighting the importance of long-term tenancy sustainability."

Chris Christodoulou, Director
Ashmore Residential
www.ashmoreresidential.com



East Midlands

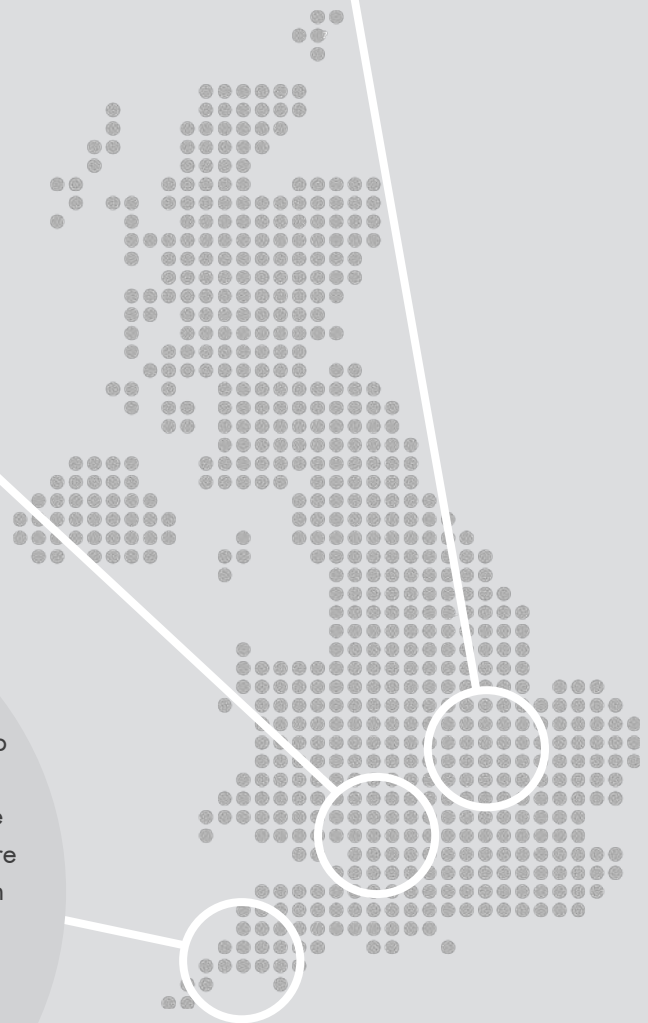
"There is an absolute shortage of properties. I have 30 years experience letting in this area and I have never had a consistent period of such low availability. Pre-pandemic we had on average 8 properties to let, now the average is 2. This spring has seen the highest number of landlords trying to sell I have ever seen. Many landlords are trapped in unsellable leasehold properties with sky-high service charges, high interest rates/tax rates and only applying small rent increases in comparison to their costs. The private rented sector seems to be reducing, just at a time, when the country needs it to grow. Landlords needing to sell and all the negative speculation and inaccurate reporting about abolishing S21 notices have caused many landlords to serve S21 now. Unfortunately, the courts are taking circa 12 months in our area to go from the expiry of a S21 to getting a possession order (using Accelerated PP) and (where necessary) bailiff visit."

South West

"Rents are appearing to stabilise due to affordability; demand is still very strong. Supply is very limited and record levels of rental values are being achieved. Too many landlords are leaving the sector to quell the demand. I wish we had a clearer picture of the impending changes to the renters reform bill due to the negative impact this has had on the sector. It looks like it will change the moment labour comes to government, if they do indeed win."

Cornwall

"We have seen an unsettled month, with valuations still high but a dip in instructions and this is because landlords are weighing up their options and unsure what route to take. Rents are holding but still higher than this time last year, and properties at the higher level are now having to be sensible with their valuation to ensure a shorter void period. The higher rents are slowing because an affordability ceiling is being reached, income is not matching what is needed to pass references. However, this is still very much a landlord market with rental yields increasing and demand still healthy."



ABOUT THIS REPORT

This report is based on responses to a monthly survey of Propertymark member agents. The analysis is generally based upon data provided by around 100 sales and 100 letting agents across the UK. The report also contains a variety of third-party data including data from the Bank of England, the Office for National Statistics and HM Land Registry. Where relevant the data is licensed under the Open Government Licence v3.0 and is referenced at the point of use. Each of these sources has its strengths, limitations and caveats and we would recommend visiting the sources directly to evaluate these further. Where the data includes estimates that are subsequently updated, we reflect these updates in subsequent reports. Rounding errors are due to computation methods.





ABOUT PROPERTYMARK



Propertymark is the leading professional body for estate and letting agents, commercial agents, auctioneers, valuers, and inventory providers comprising over 17,800 members. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry leading training programme and mandatory Continuing Professional Development (CPD).

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