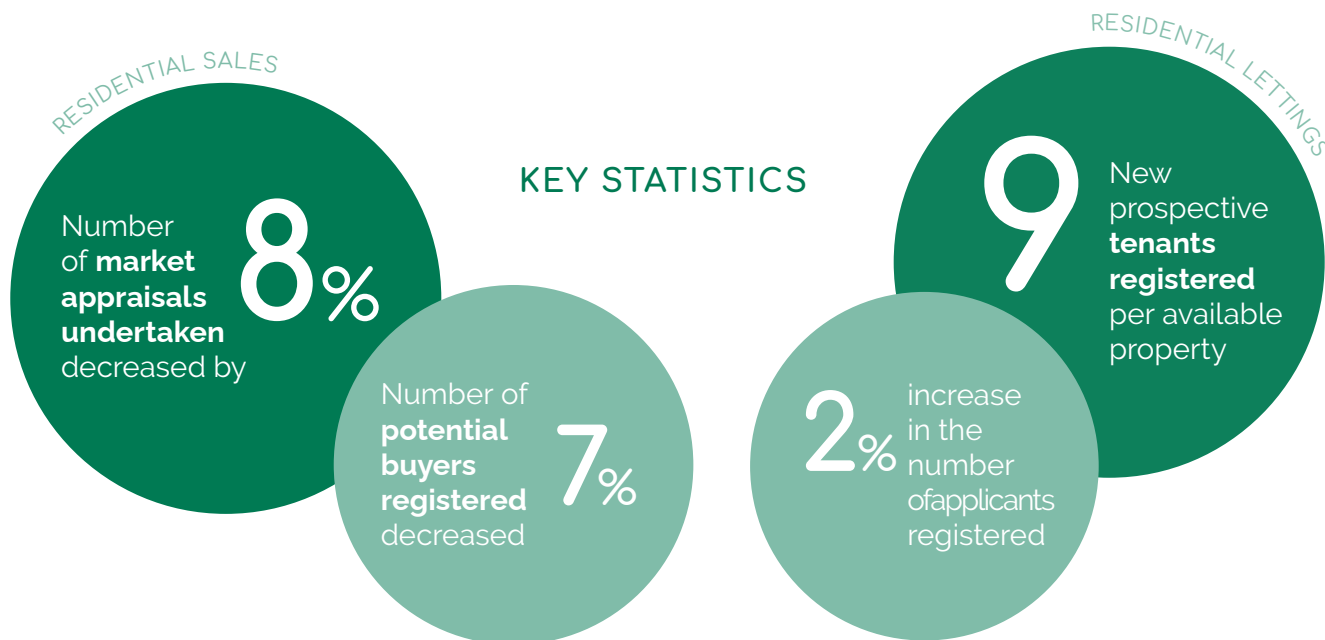


Housing Insight Report

propertymark

June 24



June marks the beginning of the Great British Summer and a seasonal change in the activity of home buyers. Key demand metrics, including the number of prospective buyer registrations and the number of viewings, have reduced slightly as consumer attention turns to the holiday season.

The General Election has also had a moderate effect. Although we expect activity to remain subdued in July, pent-up demand and robust stock levels will see increased activity towards the end of the summer period. A widely anticipated base rate cut would also help to stimulate the market.



Nathan Emerson
Propertymark CEO

In the residential lettings sector supply and demand remains imbalanced, with tenant demand increasing in June and stock levels marginally decreasing. Rents continue to rise overall, but there are clear regional and market variations.

Overall, we share our members' optimistic outlook for each sector and look forward to working with the new government to drive positive change within the housing system.

Economic outlook



The economic outlook remains mixed. On a positive note, GDP is estimated to have grown by 0.4% in May 2024 and 'by 0.9% in the three months to May 2024, compared with the three months to February 2024'. In further good news, inflation (CPI) remained at the Bank of England's target of 2% in June, the second month in a row. Although this signals a base rate cut, the bank has made it clear that inflation needs to remain stable in the 'medium term' for action to be taken.



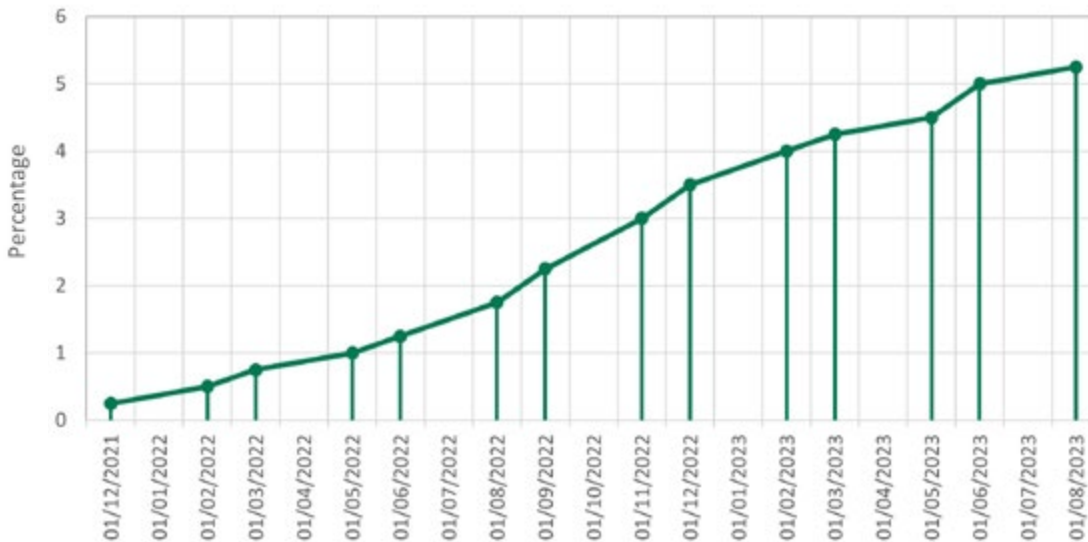
Dr Andrew
Robert Watson,
PropertyMark
Senior Researcher

More challenging is the ONS June Labour market overview, which points to signs of 'cooling' in the labour market. The Q1 Mortgage Lending and Administration Return (MLAR) statistics also raise some concerns. However, with the prospect of a new government, we can look forward to new or revitalised policies focused on economic growth.

BASE RATE REMAINS UNCHANGED

The base of England base rate (5.25%) has remained unchanged since August 2023 (Figure 1).

Figure 1: Bank of England base rate

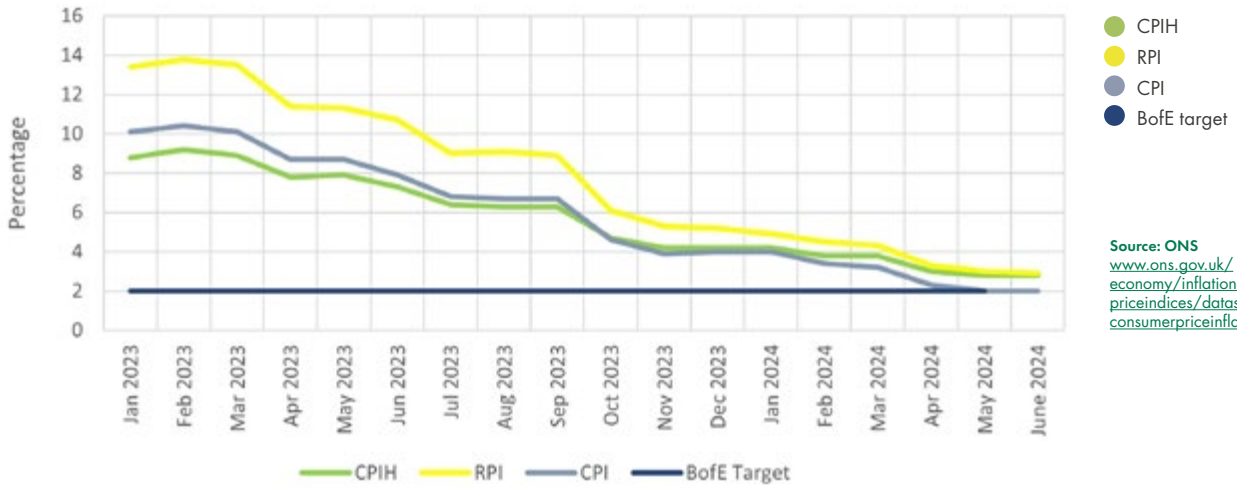


Source: Bank of England
www.bankofengland.co.uk/boeapps/data-base/BankRate.asp

INFLATION PLATEAUS

In the 12 months to June 2024, inflation remained static at 2.8% as measured by CPIH, static at 2% as measured by CPI, and trended downward to 2.9% as measured by RPI (Figure 2).

Figure 2: Inflation percentage change over 12-month period

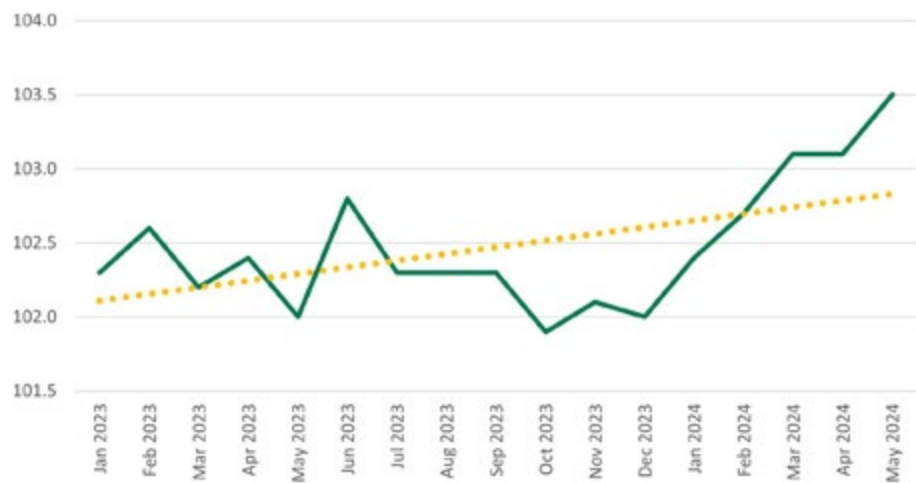


Source: ONS www.ons.gov.uk/economy/inflationand-priceindices/datasets/consumerpriceinflation

GDP GROWS IN MAY 2024

The latest figures estimate GDP grew in May 2024 (Figure 3) and over the three months to May 2024, driven largely by the services sector.

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



Source: ONS www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/may2024

UK house prices continue to rise

The average UK house price increased by £3,453 to £285,201 in May 2024 (latest figures available) (Figure 4). This remains at around eight times the average annual gross earnings.

Figure 4: Average house price by country

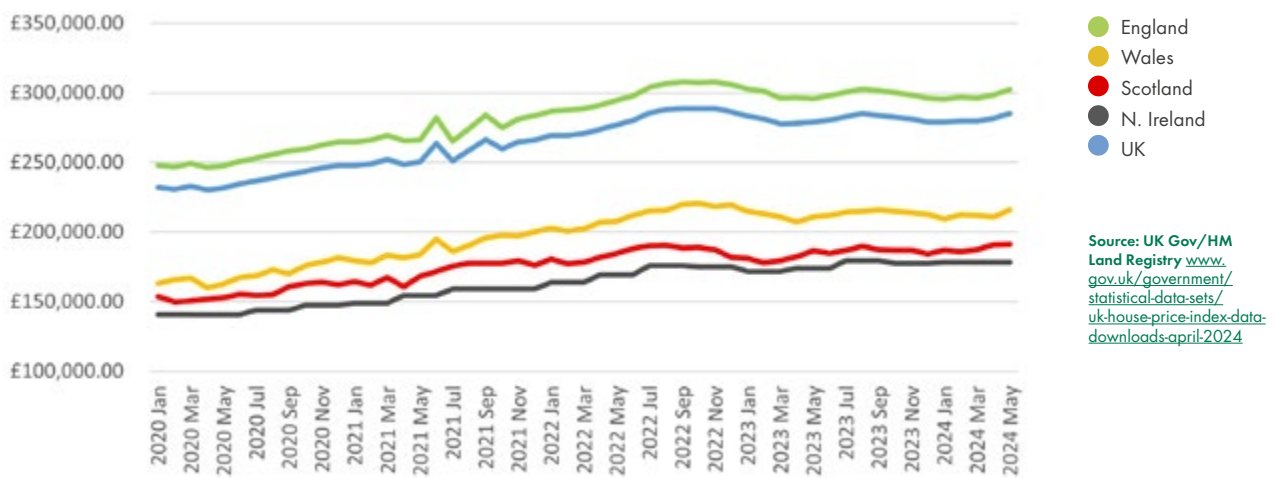
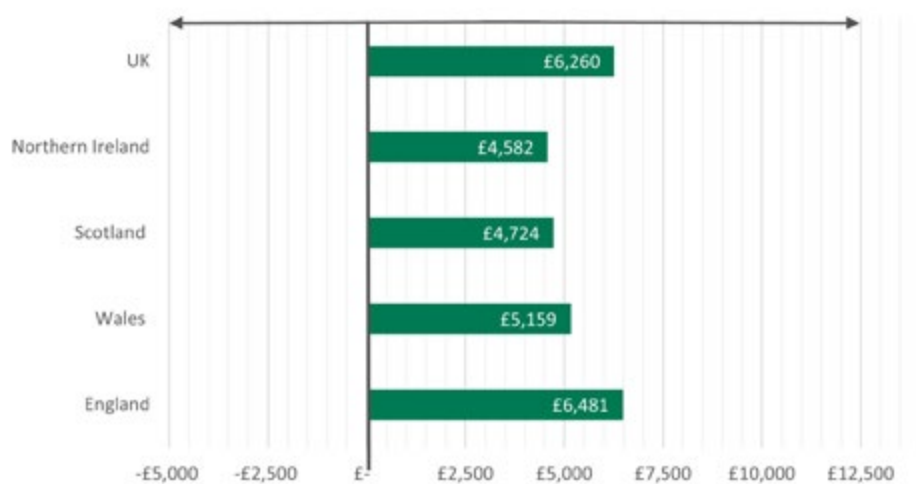


Figure 5: Difference in average house price between May 23 and May 24

Figure 5 highlights the change in the average house price between May 2023 and May 2024 for each constituent part of the UK. England saw the largest growth in the period.



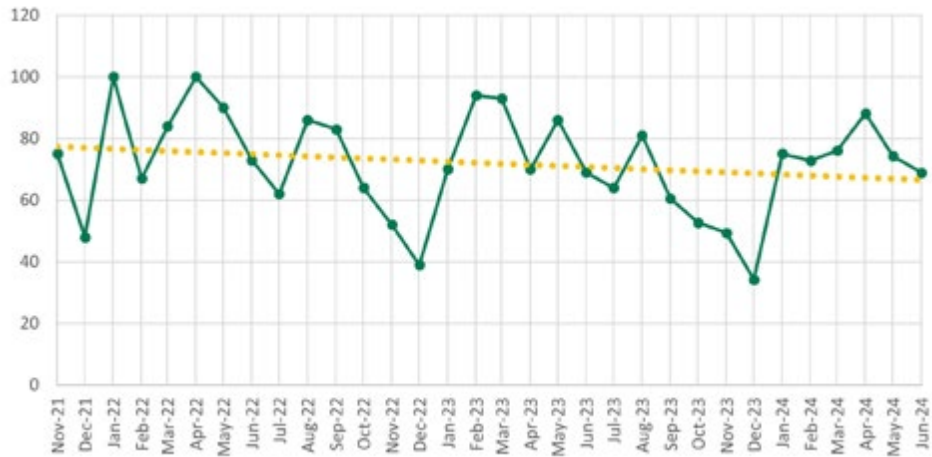
Source: UK Gov/HM Land Registry www.gov.uk/government/statistical-data-sets/uk-house-price-index-data-downloads-april-2024

Prospective buyer registrations decrease

DEMAND

The average number of new prospective buyers registered per branch decreased from 74 in May 2024 to 69 in June 2024 (Figure 6).

Figure 6: Average number of prospective buyers registered per member branch

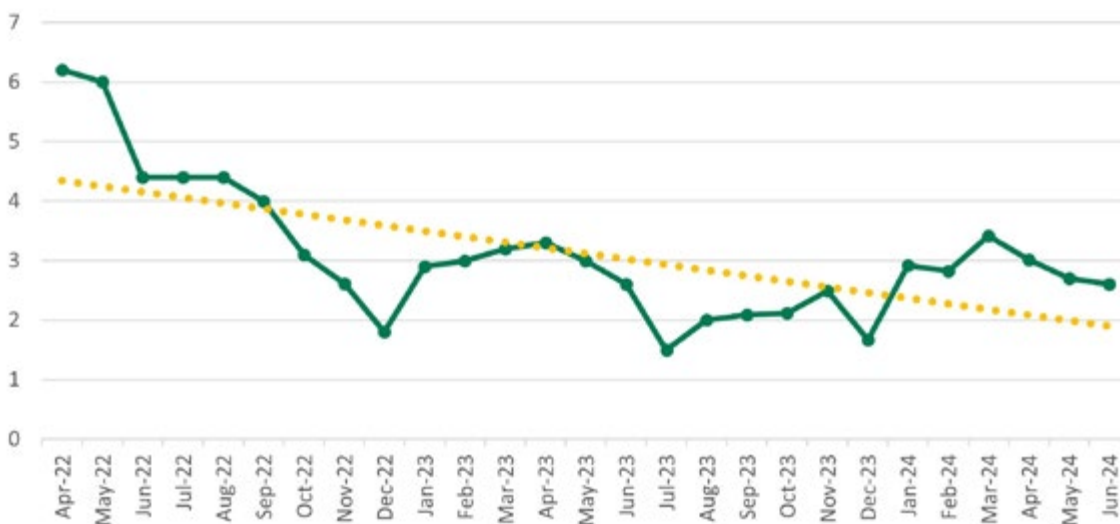


Source: Propertymark

VIEWING NUMBERS DECREASE MARGINALLY

Average viewing numbers reduced marginally in June 2024 in comparison to May 2024 (Figure 7).

Figure 7: Average number of viewings per available property per member branch



Source: Propertymark

Gross mortgage advances decrease

The Q1 2024 mortgage stats (latest data available) show a decrease in gross mortgage advances but an increase in the value of new mortgage commitments (Figure 8).

Figure 8: Gross mortgage advances and new mortgage commitments



Source: Financial Conduct Authority www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2023/2023-q2

● Gross advances
● New commitments

AFFORDABILITY CHALLENGES REMAIN

42% of adults reported finding it 'very or somewhat difficult' to afford their rent or mortgage payments between 5th and 30th of June 24 (Figure 9).

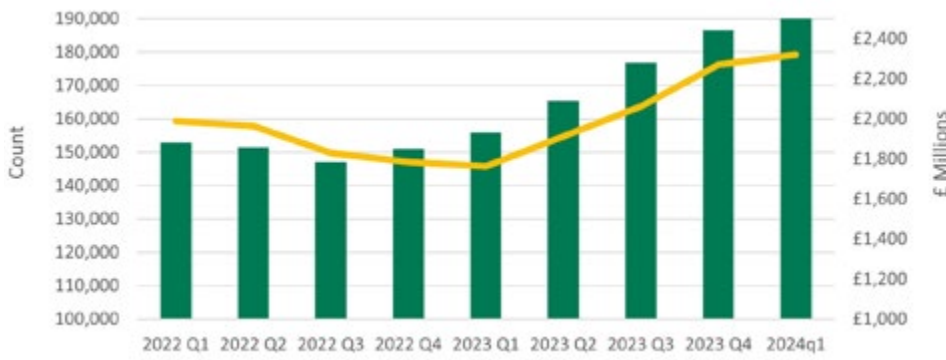
42%



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

● Very easy
● Somewhat easy
● Somewhat difficult
● Very difficult
● Don't know
● Prefer not to say

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: Financial Conduct Authority www.fca.org.uk/data/mortgage-lending-statistics

MORTGAGE ARREARS INCREASE

The number of loan accounts in arrears and the amount of arrears continued to increase in Q1 2024 (latest data available) (Figure 10).

NEW POSSESSIONS CASES INCREASE

There was significant growth in new possession cases in Q1 2024 (latest data available) (Figure 11).

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



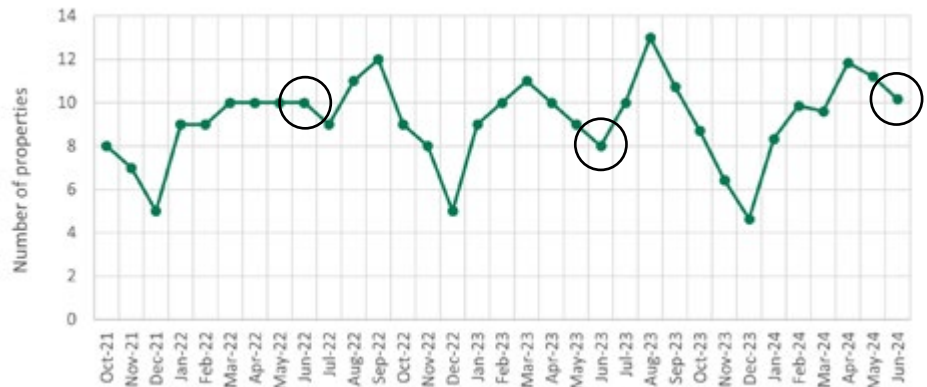
Source: Financial Conduct Authority www.fca.org.uk/data/mortgage-lending-statistics

New supply decreases

SUPPLY

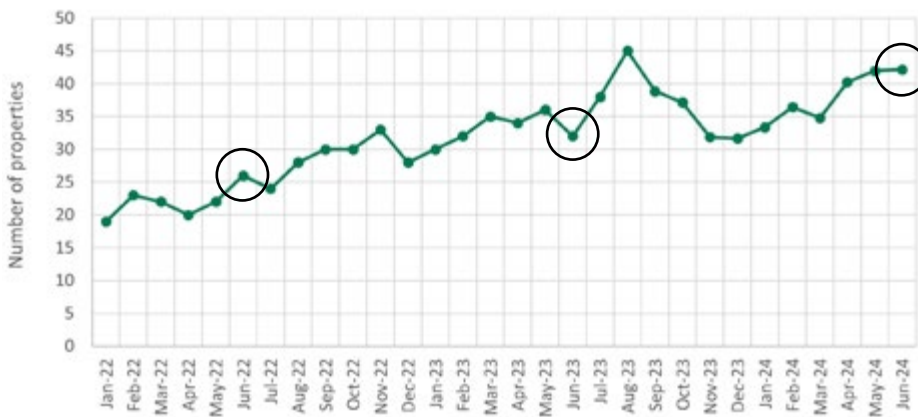
New supply, as measured by new sales instructions, decreased on the previous month. On average, around 10 homes were placed for sale per member branch in June 2024 (Figure 12).

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



Source: Propertymark

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



Source: Propertymark

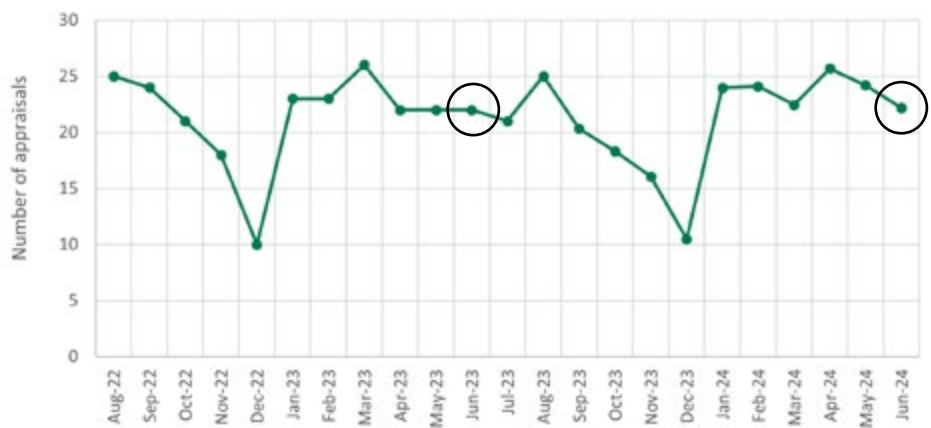
STOCK LEVELS REMAIN STATIC

Stock levels reflect the average number of properties that are available for sale at each member branch. In June 2024, stock levels remained largely static (Figure 13).

MARKET APPRAISAL VOLUMES DECREASE

Market appraisal volumes provide an indicator of future supply. The number of market appraisals conducted per member branch decreased from 24 in May 2024 to 22 in June 2024 (Figure 14).

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

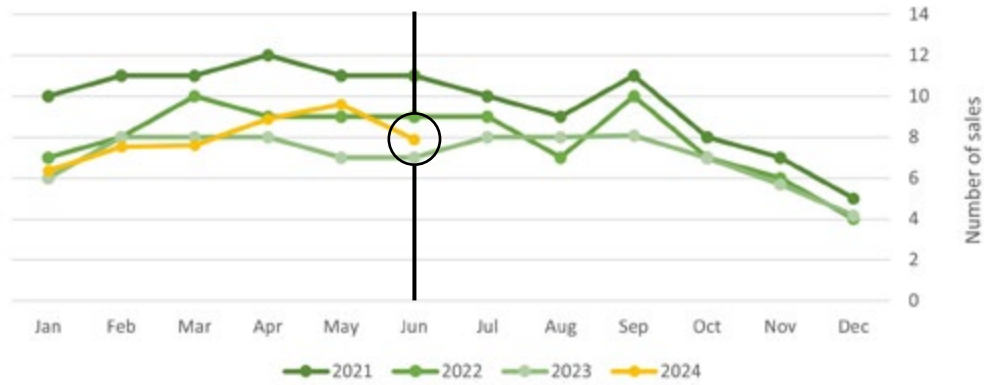


Source: Propertymark

Number of sales agreed decreases

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

Figure 15: Average number of sales agreed per member branch



Source: Propertymark

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



ASKING PRICES CONTINUE TO DIVERGE FROM MARKET EXPECTATIONS

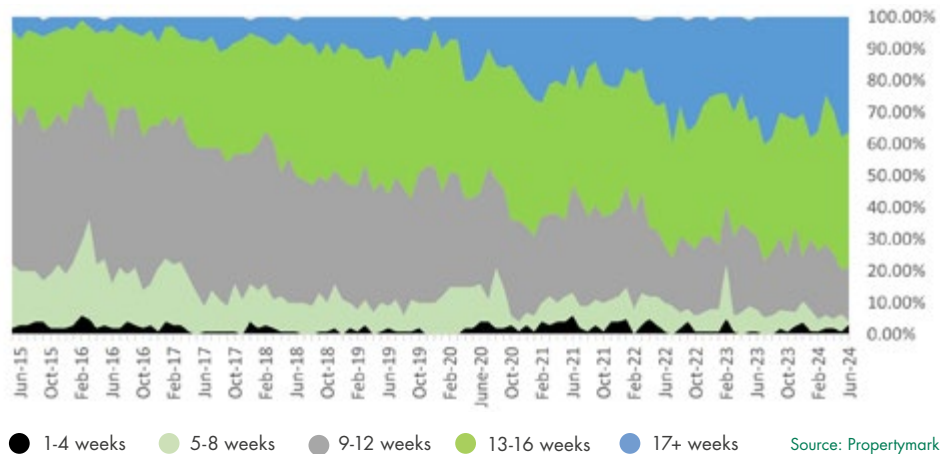
The gap between asking prices and market expectations continues to narrow but remains significant (Figure 16).

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

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



See our recent report: **A Dickensian legal process for more information.**

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

WEST MIDLANDS

"The market at the present time is driven by supply and demand, and realistic pricing. Currently in the West Midlands, and particularly Herefordshire, we are experiencing good house sales based on realistically pricing. We are currently experiencing good instructions and demand, both from the local market and applicants retiring to Hereford. The new house market continues to experience good sales due to part-exchange facilities and the benefits of paying stamp duty on house sales."

HAMPSHIRE/WEST SUSSEX

"The market is frozen at the top end £2m+ as people sit on the fence pending downward movement in interest rates. Asking prices are adjusting downward by at least 10%. There has never been a better time for long term family homeowners to take the chance to trade up as differentials are shrinking. Once interest rates start to drop the pent-up demand that is there will be released as people surge off the fence like sheep!"

SURREY

"The market is showing signs of recovery with more buyers looking at making their next move. What is apparent is the need for more information in the buying and selling process with regards to what to expect and what stages are involved to make vendors and buyers aware. This could save huge amounts of time for all parties."

EAST OF ENGLAND

"After an unusually brief pause in some activity for the election, the market has picked up to where it left off and mortgage-free transactions are proceeding from offer to completion well. Mortgaged transactions are definitely harder and interest rates remaining high are definitely the main restraint on market activity currently."

NORTH WALES

"The market is active, yet caution and affordability issues persist. Many sellers are overly optimistic about their price expectations and need to adjust to current trends to stay competitive. To attract buyers, it's crucial to align pricing with the realities of today's market."

HOME COUNTIES

"There appears to be a waiting game from buyers and sellers alike for the Bank of England to cut interest rates. I do think when this happens then the market will pick up, as I believe there is still a lot of pent up demand. I think the last quarter of 2024 will see property prices rise again."

KENT

"A very busy marketplace with Purchasers in control of prices and wanting the best value for money. Money Laundering regs, cladding and very slow solicitors making completion times stretch towards 6 months on average. Solicitors need to bite the bullet, increase their charges and invest in more staff to deal with conveyancing."

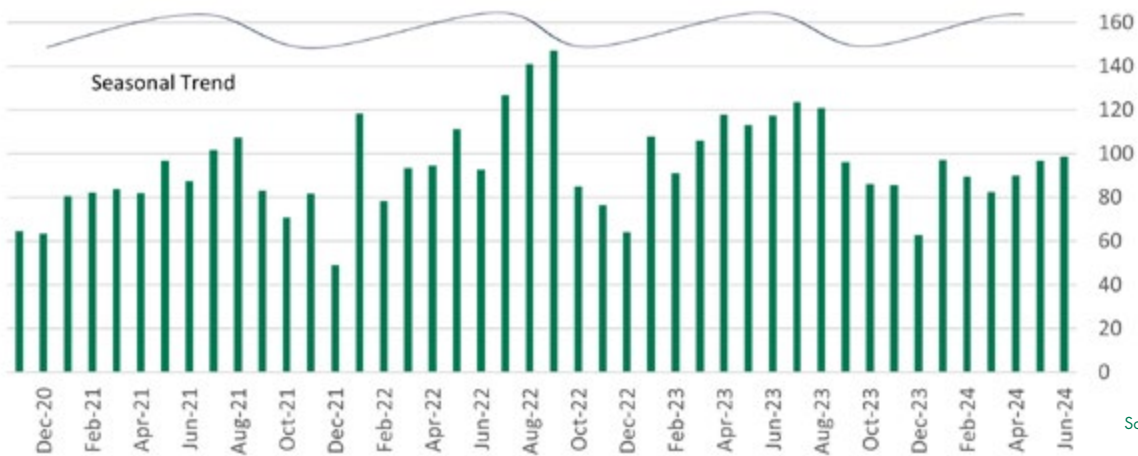


Tenant demand increases slightly

The average number of new prospective tenants registered per member branch is an indicator of market demand.

Registrations increased from 97 in May 2024 to 99 in June 2024 (Figure 18).

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

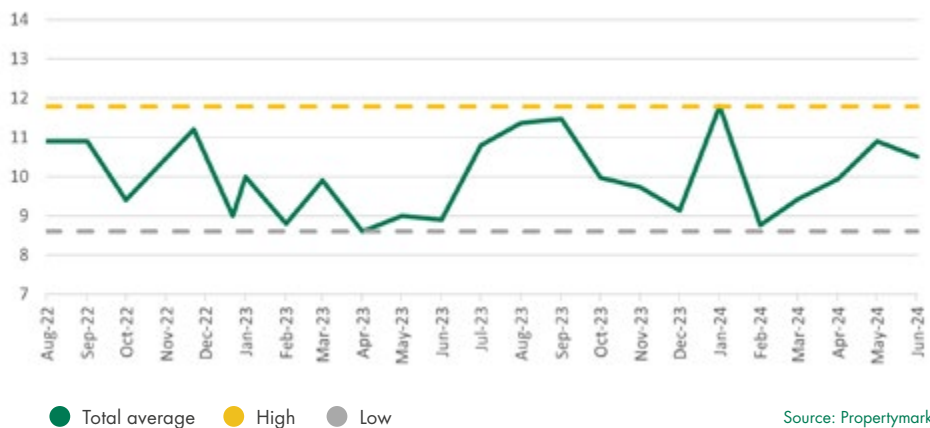


Source: Propertymark

Stock levels decrease slightly

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

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



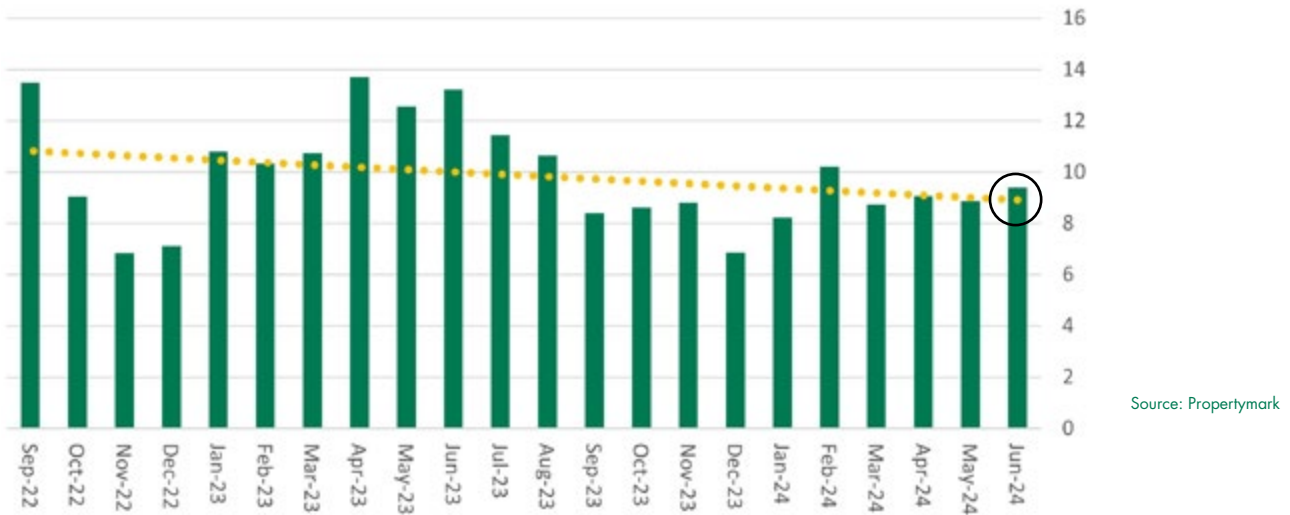
Source: Propertymark

DEMAND CONTINUES TO OUTPACE SUPPLY

It is possible to contrast supply and demand indicators to obtain 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 June 2024 (Figure 20).

SUPPLY AND DEMAND

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



The number of tenancies agreed decreases slightly

PERFORMANCE

The average number of new tenancies agreed decreased slightly in June 2024 (Figure 21).

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



Figure 22: Average UK rent levels year on year and month on month



RENTAL PRICES CONTINUE TO RISE

In June 2024, average UK rents were 8.6% higher than in June 2023 and 0.7% higher than in June 2024 (Figure 22).

Source: Propertymark

RENTAL PRICES CONTINUE TO FLUCTUATE

However, rents continue to fluctuate by market and region. In the main, members reported seeing rents remain static (52%) or increase (38%) in June 2024 (Figure 23).

Figure 23: Percentage of members who reported that rents have risen, fallen or stayed the same

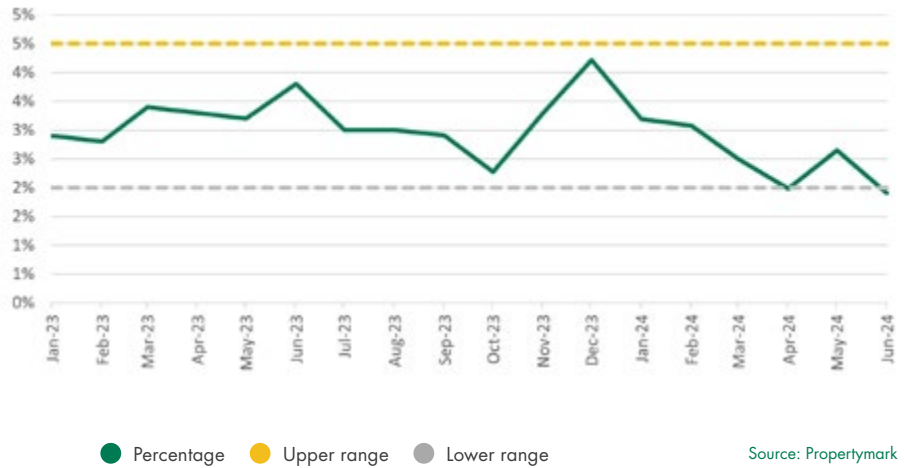


Source: Propertymark

RENTAL ARREARS DECREASE SLIGHTLY

The level of rental arrears is an indicator of the state of consumer finances. Rental arrears decreased slightly in June 2024 with members reporting that just under 2% of their fully managed and rent collect/rent management properties were in arrears (Figure 24).

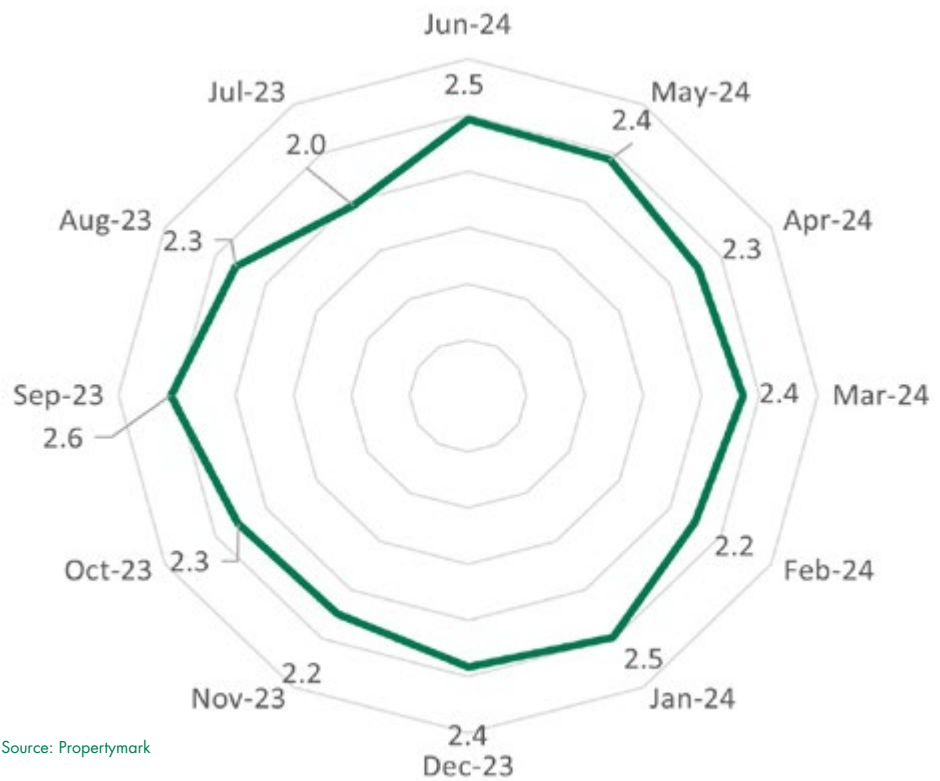
Figure 24: Average number of properties in rental arrears per member branch



Source: Propertymark

LITTLE CHANGE IN VOID PERIODS

The length of void periods is a good indicator of how dynamic the market is. The average void period remained largely static in June 2024 and remains within long-run parameters (Figure 25).



Source: Propertymark

Figure 25: Average void period between tenancies in weeks

● Average void period (weeks)

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

YORKSHIRE

"The last few months have been much less busy than normal in our rental department in North Yorkshire (Scarborough). A lot of agents seem to be listing high rents to win business, which isn't something we promote. Although quieter than normal, we have still achieved our KPIs and got very low 1.34% arrears. Always learning in lettings."

LIVERPOOL

"We are seeing a number of new BTL developments come to the market at the same time, yet the supply continues to be outstripped by demand. Let's hope the new Government can push forward with the planning reforms which will ultimately ensure rental prices remain affordable and avoid the need for more drastic action (Rent Caps!)."

SOUTH WEST

"The property rental market is experiencing significant changes due to the rising costs of operation and the challenges associated with the planned Section 21 ban. Consequently, we have observed an increase in rents and a reduction in available rental properties. Addressing this issue is crucial as the current housing stock does not meet the growing demand."

KENT

"The sector is become increasingly difficult with expectation of immediate demands from tenants for maintenance at an all-time high. Less and less landlords investing, more and more landlords selling and more frustrated tenants at the lack of available homes and always missing out to more financially stable tenants."



EAST OF ENGLAND

“There is still such a demand for properties. We are seeing an influx of migrant workers/families coming to Ipswich, mainly in the hospitals and care industry, as opposed to local tenants—who are able to pay the higher rents (as this is the norm to them)—but still a drastic shortage of property to offer.”

EAST MIDLANDS

“Following the election of the Labour Government, I am having lots of phone calls from landlords who are worried about the ‘immediate’ withdrawal of S21, and I seriously think the flow of landlords selling, which had slowed down, is going to increase again.”

SOUTH WALES

“In June tenant demand went back by 16% in Wales versus 2023. Our business, which has 30 lettings branches across South Wales, noted registrations went back by 18% YOY. New instructions in Wales were reported to be 4% ahead versus June 2023. Across our branch network new instructions were up by 1%. In our business far fewer tenants moved in during June against 2023 mirroring the fact that there are far fewer properties available in the PRS in Wales, the same as in the rest of the country. Our management portfolio grew by 280 units in the main due to a recent acquisition.”

SUSSEX

“The lettings market is very strong in terms of demand, with the recurring problem of lack of stock being apparent. There are not many investors entering the market, with most of the new instructions coming from people who can’t sell or are letting on a temporary basis. Activity was a bit lower than usual, probably, because of the election, but we anticipate that demand will be strong for the rest of the year.”

The comments below provide combined sales/lettings insights and opinions from across the UK.

NORTH LONDON

"The Sales market came to a stand still, as soon as the Prime Minister announced the General election. We have also seen an increase in vendors wanting to place the property on the market, however there has been a down turn in buyers viewing properties and placing offers. The rental market is as strong as ever, with less stock and huge demand."

NORTH WEST

"In rental market we are starting to see a slowdown in the rate of rental price inflation, but we expect this to pick up again as we get into the busy Aug-Sep lettings season (return of students into the city). In sales we are still seeing huge challenges in respect of BSA, cladding, fire safety etc with lenders still extremely cautious (unfairly so) on what they will lend on. We could probably sell 50% more than we are without these issues."

CORNWALL

"Activity has definitely slowed around the election and various sporting events. Investors are keeping their powder dry and with better savings rates property has to be a very attractive price at present. Down valuations are definitely on the increase as well."

SOUTH EAST LONDON

"Sales market still patchy, buyers possibly waiting for reduction in mortgage rates. We anticipate a busy Autumn from pent up demand if the base rate comes down in August. Lettings is busy but rents have crested."

WEST COUNTRY

"The Dartmoor housing market presents a mixed outlook influenced by various factors. High mortgage rates, which have climbed above 7%, continue to challenge affordability for many of our buyers. However, there's an encouraging increase in housing inventory, meaning more choice for buyers but on the flip side more negotiations to be had with sellers. This rise in available homes is particularly pronounced in the South, contributing to more affordable listings and a slight moderation in listing prices.

Specific development plans are underway to address housing needs, including a mix of affordable and market-rate homes. For instance, new projects are planned with a significant portion allocated for affordable housing in areas like Buckfast and Mary Tavy, aiming to meet local needs and improve community infrastructure. Overall, while the Dartmoor housing market faces challenges, the increase in inventory and targeted development projects provide a hopeful outlook for buyers and sellers alike."

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



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qualifications, an industry-leading training programme and mandatory Continuing Professional Development (CPD).

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