

Housing Insight Report

propertymark

July 24



We entered July with a new government and the prospect of a reset in major housing policy areas. Despite this, and a wetter than normal July, prospective buyer registrations in the residential sales sector were up, and so too were the number of sales agreed. Reflecting seasonal trends alongside the anticipation of an August rate cut, most other sales metrics remained static. Although underlying demand remains strong, the gap between buyer and seller expectations continues.



Nathan Emerson
Propertymark CEO

Also impacted by the holiday season, the residential letting sector witnessed a 10% reduction in the number of prospective tenants registered. Regardless, there were still 8 registrations for each available property. New instructions trended downward pointing to the potential for further supply constraints and the need for policies, which support and encourage private landlords.

The new government has inherited a very large 'to-do' list with urgent interventions required in several policy areas. Priorities include improving the home buying and selling process, the regulation of property agents, clarification around net zero funding, and stabilising investment patterns within the private rented sector. We look forward to working with the new government to tackle these and other issues.

Economic outlook



In its manifesto, the Labour Party committed to 'kickstart economic growth by reforming Britain's economy'. Key economic indicators in July highlight the extent of the challenge ahead.



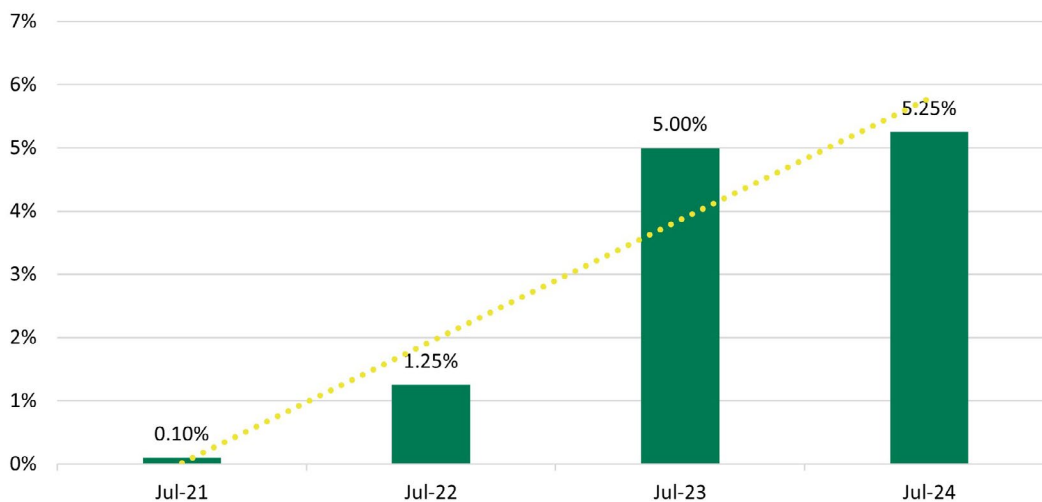
Dr Andrew
Robert Watson,
Propertymark
Senior Researcher

Inflation (CPI) rose by 2.2% in the 12 months to July but remained close to the Bank of England's target. However, the owner-occupiers housing costs component of CPIH increased by 7% in the 12 months to July 2024 pointing to ongoing challenges for homeowners. The base rate remained at a 16-year high although an August base rate reduction is widely anticipated. GDP estimates suggest that the economy grew by 0.6% in the 3 months to June, higher than the Eurozone, but less than the USA. With the Autumn budget planned for October 2024, there is not long to wait to hear the new governments plans for ensuring stability and growth.

BASE RATE REMAINS UNCHANGED

The Bank of England base rate remained at 5.25% at the end of July 2024 (Figure 1).

Figure 1: Bank of England base rate



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

INFLATION ROSE

In the 12 months to July 2024, inflation rose by 3.1% as measured by CPIH, 2.2% as measured by CPI, and 3.6% as measured by RPI (Figure 2).

Source: ONS <https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation>

Figure 2: Inflation percentage change over 12-month period

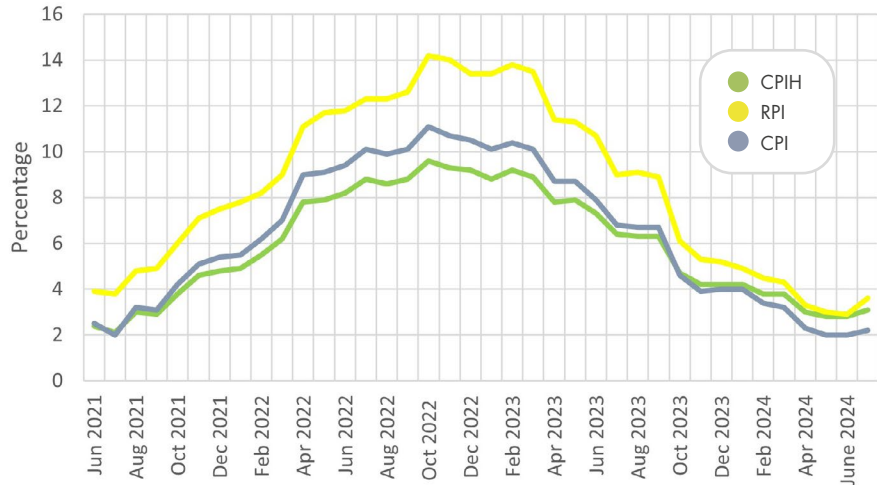
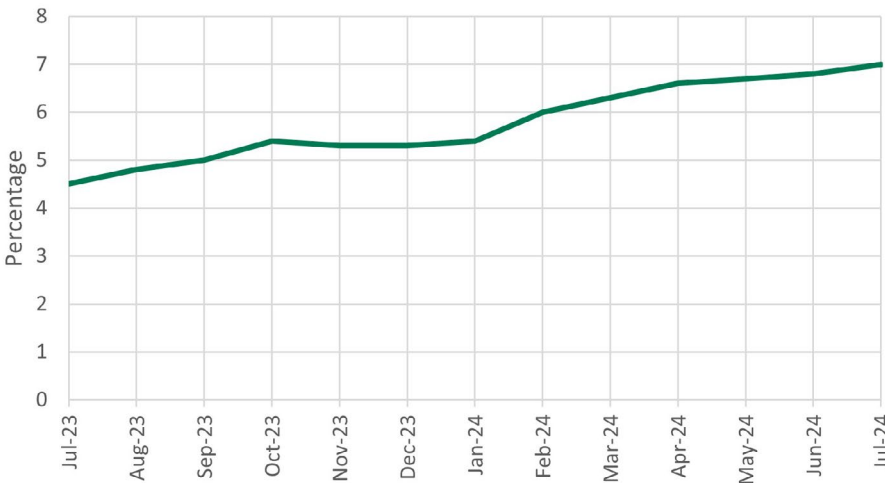


Figure 3: CIPH Owner occupiers housing costs component percentage change (12-month period)



Inflation in the owner-occupiers housing costs component of CPIH increased by 7% in the 12 months to July (Figure 3).

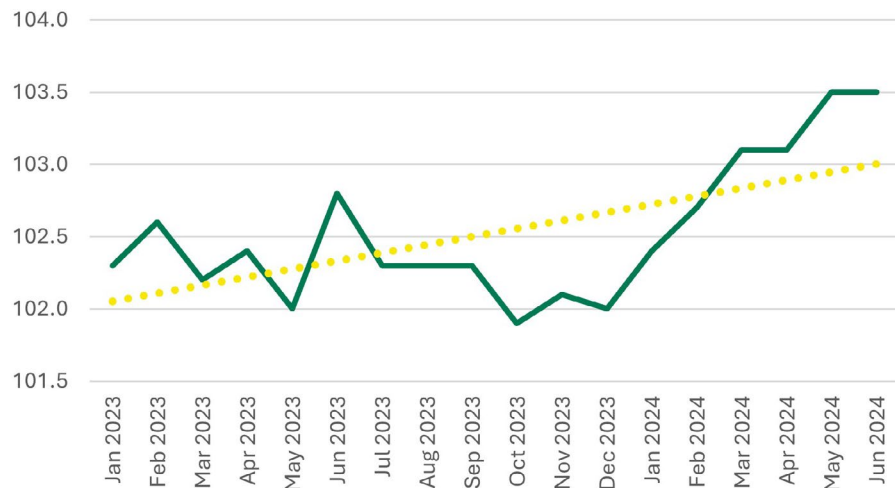
Source: ONS <https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation>

GDP INCREASED IN Q2

The latest figures estimate that GDP remained static in June 2024 in comparison to May 2024 (Figure 4) but grew by 0.6% in the 3 months to June.

Source: ONS <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/june2024>

Figure 4: UK GDP (Index, 2019 = 100)



UK house prices continue to rise

The average UK house price increased by £1,497 to £287,924 in June 2024 (latest figures available) (Figure 5). This remains at around 8 times the average annual gross earnings.

Figure 5: Average house price by country (non-seasonally adjusted)

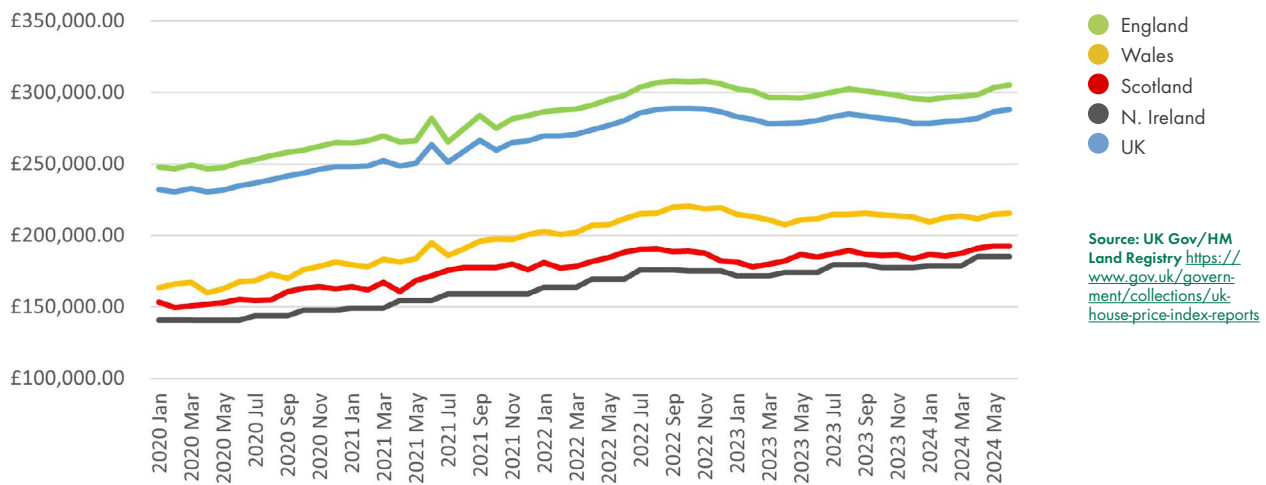
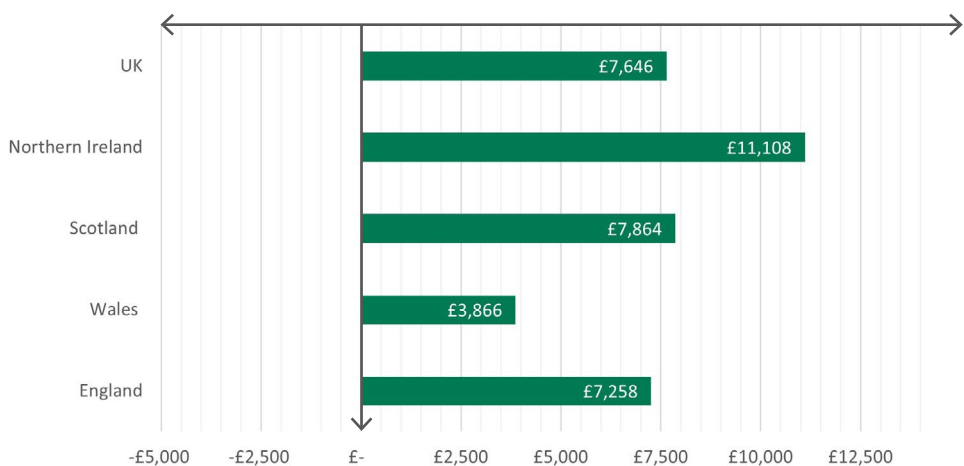


Figure 6: Diff in Average House Price between June 23 and June 24

Figure 6 highlights changes in the average house price between June 2023 and June 2024 for each constituent part of the UK. Northern Ireland saw the largest growth in the period.

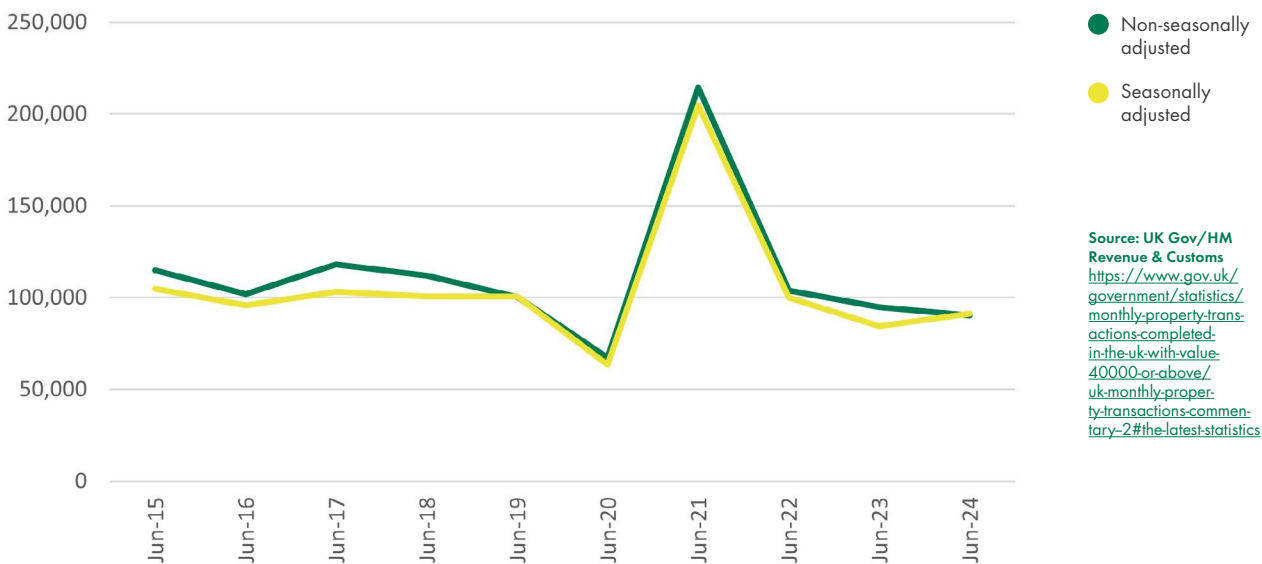


Source: UK Gov/HM Land Registry <https://www.gov.uk/government/collections/uk-house-price-index-reports>

UK sales volumes decreased

Sales volume data is a lagging measure which reflects the UK residential sales transactions completed in the month. The provisional June 2024 sales volume estimate was 5% lower than in June 2023 and 2% lower than in May 2024 (latest data available, non-seasonally adjusted) (Figure 7).

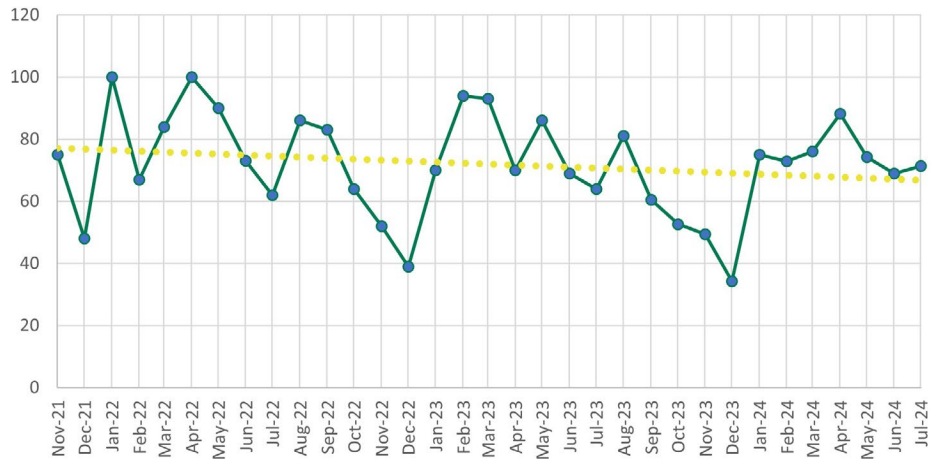
Figure 7: Number of June UK residential transactions 2015-2024 (seasonally adjusted and non-seasonally adjusted)



Prospective buyer registrations increased

The average number of new prospective buyers registered per branch increased from 69 in June 2024 to 71 in July 2024 (Figure 8).

Figure 8: Average no of prospective buyers registered per member branch

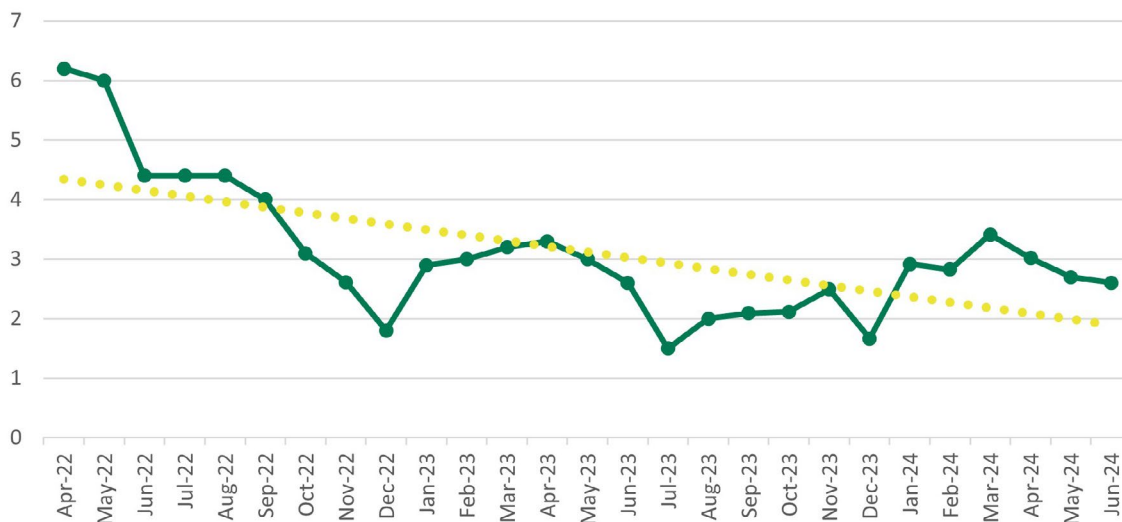


Source: Propertymark

VIEWING NUMBERS REMAIN STATIC

Average viewing numbers remained largely static at 93 per branch in July. So too did the average number of viewings per available property (see Figure 9).

Figure 9: The average number of viewings per available property per member branch

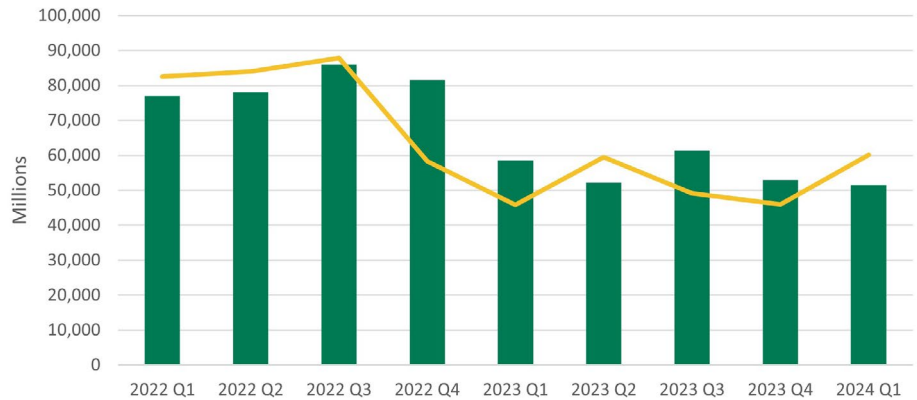


Source: Propertymark

Gross mortgage advances decreased

The Q1 2024 mortgage stats (the next release is on 10 September 2024) show a decrease in gross mortgage advances but an increase in the value of new mortgage commitments (Figure 10).

Figure 10: Gross mortgage advances & new mortgage commitments



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

● Gross advances
● New commitments

AFFORDABILITY CHALLENGES REMAIN

36% of adults reported finding it 'very or somewhat difficult' to afford their rent or mortgage payments between 5th and 28th of July 24 (Figure 11).

36%

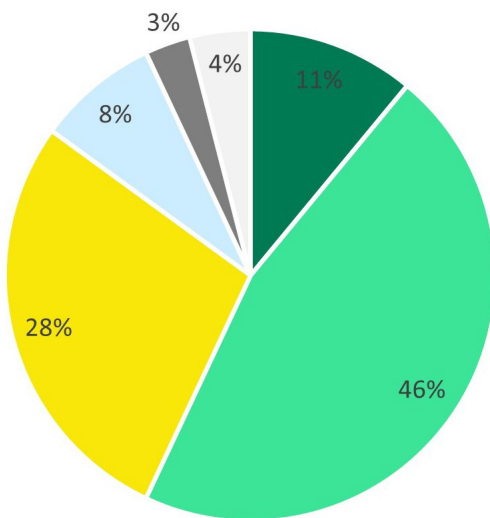
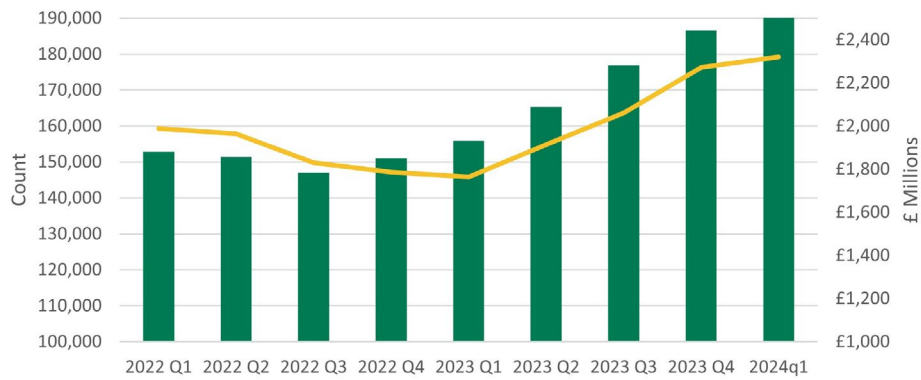


Figure 11: Adults reporting it very or somewhat difficult to pay their rent or mortgage

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

Source: ONS <https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/datasets/publicopinionsandsocialtrends-greatbritainhouseholdfinances>

Figure 12: 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 <https://www.fca.org.uk/data/mortgage-lending-statistics>

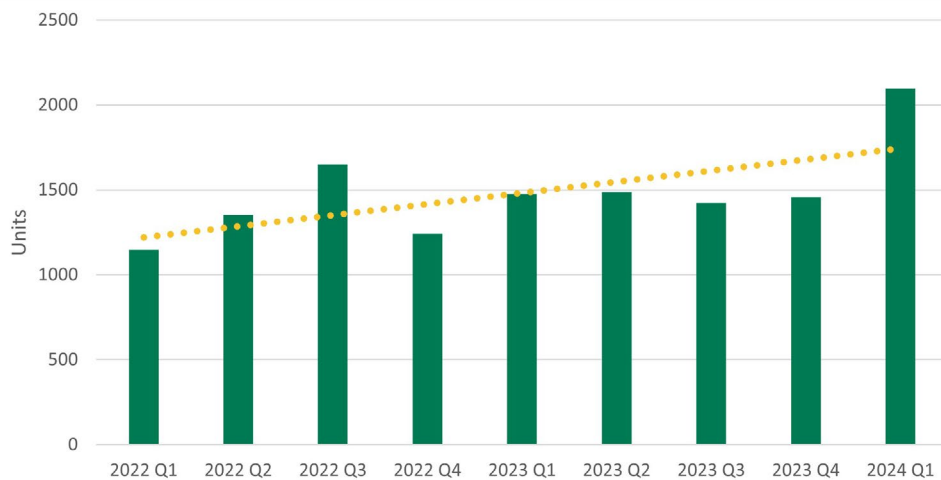
MORTGAGE ARREARS INCREASED

The number of loan accounts in arrears and the amount of arrears continued to increase in Q1 2024 (latest data available) (Figure 12).

NEW POSSESSIONS CASES INCREASED

There was significant growth in new possession cases in Q1 2024 (latest data available) (Figure 13).

Figure 13: New possessions cases by quarter ((Residential loans to individuals (unsecuritised and securitised))



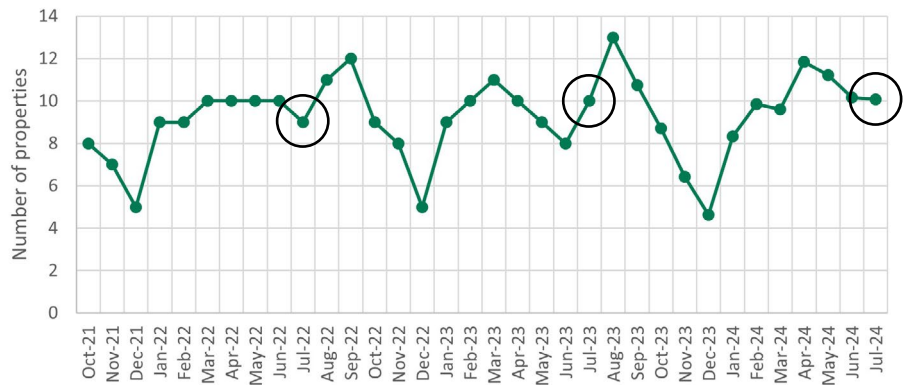
Source: Financial Conduct Authority <https://www.fca.org.uk/data/mortgage-lending-statistics>

New supply is static

SUPPLY

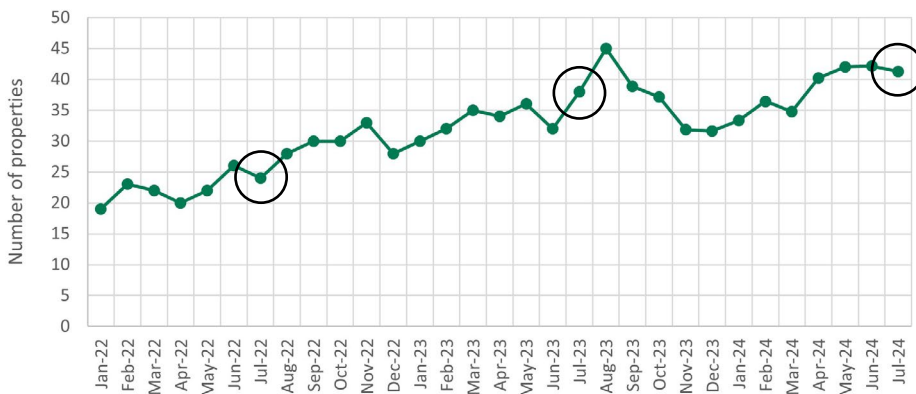
New supply, as measured by new sales instructions, is largely static compared to the previous month. On average, around 10 homes were placed for sale per member branch in July 2024 (Figure 14).

Figure 14: Average number of new sales instructions per member branch



Source: Propertymark

Figure 15: Average number of properties available for sale per member branch



Source: Propertymark

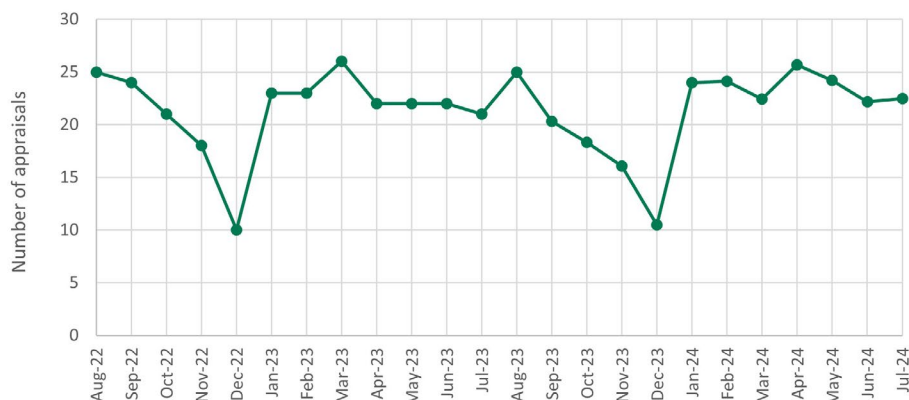
STOCK LEVELS ARE LARGELY UNCHANGED

Stock levels reflect the average number of properties available for sale at each member branch. In July 2024, stock levels remained largely unchanged with an average of 41 properties for sale at each branch (Figure 15).

MARKET APPRAISAL VOLUMES UNCHANGED

Market appraisal volumes provide an indicator of future supply. The number of market appraisals conducted per member branch remained around 22 in July 2024 (Figure 16).

Figure 16: The average number of appraisals conducted per member branch

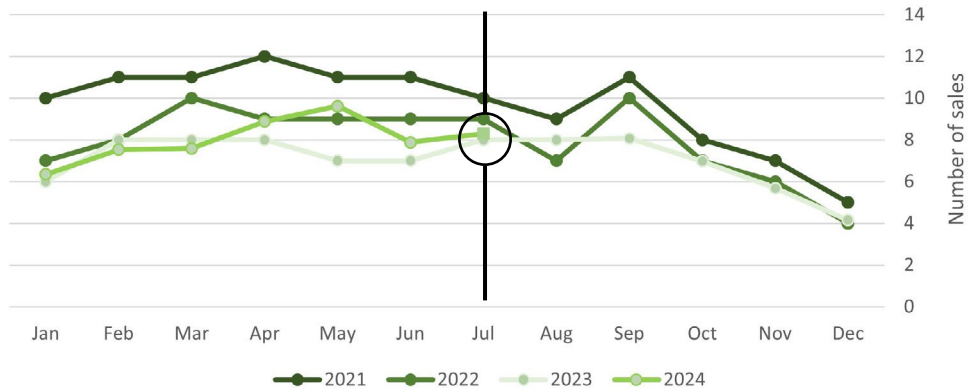


Source: Propertymark

Number of sales agreed increased

The average number of sales agreed per member branch marginally increased in July 2024 (Figure 17).

Figure 17: Average number of sales agreed per member branch



Source: Propertymark

Figure 18: % 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 widened this month (Figure 18).

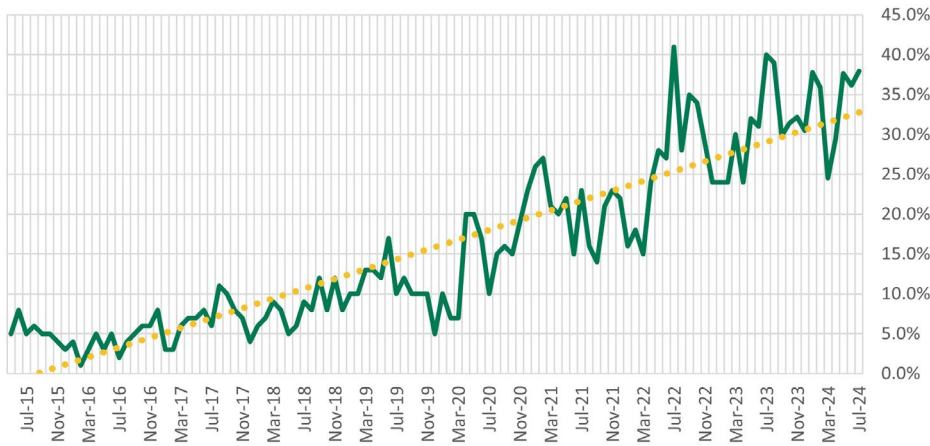
Source: Propertymark

TIME TO EXCHANGE REMAINS LENGTHY

The time to exchange continues to fluctuate but remains historically high (Figure 19).

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

Figure 19: Number of agents reporting that the average time from offer acceptance to exchanging contracts= 17 weeks+



Source: Propertymark

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



EAST MIDLANDS

"The whole market stalled in July with buyers waiting to see the impact of the general election and anticipating interest rate reductions. Very few new instructions and existing stock had to reduce prices to find demand."

NORTH WALES

"So, the property market improved in July in most aspects, with the number of properties entering the market together with viewings and number of sales agreed. Whilst exchanges still lagged slightly, we expect to see this improve in the coming months. With interest rates hopefully having peaked, we trust this will also assist in boosting confidence for the second half of the year."

EAST LONDON

"In July 2024, East London's property market showed surprising resilience. While the number of property viewings was typically low for this time of year, the quality of buyers was high, leading to a solid number of successful sales. This suggests that those who were viewing properties were serious and ready to purchase, contributing to the market's buoyancy despite broader economic uncertainties."

NORTH EAST

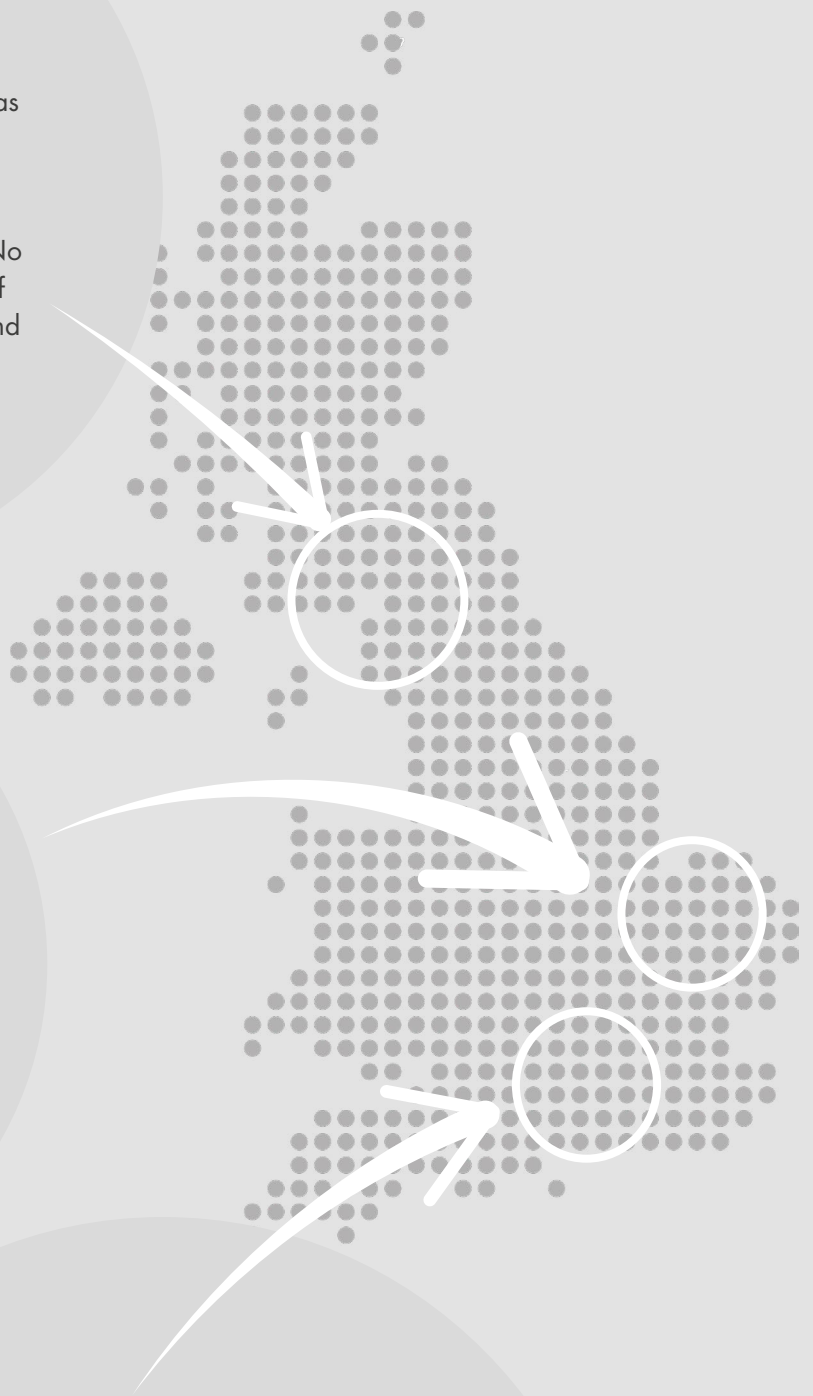
"In Darlington, during July the market was quiet overall in terms of new instructions and market appraisals as people still waiting for the talked about interest rate reduction so delaying doing anything. No one moving on a whim, we have a lot of investors looking so sales to the lower-end investment market are good and able to achieve asking prices off market."

EAST OF ENGLAND

"Practically, buyers' and sellers' activity are restricted by the holiday season, with many either away or on child-minding duties. However, encouraged by cheaper finance and the overall improvement in the market, which is likely to follow, enquiry levels are good."

SOUTHERN ENGLAND

"The market was paralysed last month due to a vacuum around the election and pending the Bank of England's decision on interest rates. Many buyers have given up, and downsizer buyers are waiting to sell their houses, so they are inactive as a buying group. There are some good buyers in the mix, but many are looking for a perfect 10 house, which is hard to find in reality! We feel positive about prospects for the late summer, autumn and winter run to Xmas."



BERKSHIRE AND OXFORDSHIRE

"We have seen a good pick up in offers over the past three months and the confidence in the market has improved pre-the interest rate changes from the Bank of England. We are seeing that sellers are less inclined to negotiate on their list price as they don't see anything good enough for them to move on. This shows a lack of supply in certain pockets of the market so more stock is needed to help deal with demand and help close more chains and get more properties under offer. The valuation numbers have been on par with what we saw last year but there have been more sales, so demand is starting to outstrip the supply, early signs of a complete market next year."

CORNWALL AND SOUTH WEST

"Webbers has 13 offices across West Somerset, North Devon and North Cornwall, with sales, letting and Fine & Country solutions in each office. At present, we have circa 34% more stock available than the same period last year, and our viewing-to-sale ratio is still stuck at 10:1, which we think is a healthy balance. Asking prices are static and only those properties that were placed on the market with an unrealistic price is being brought in-line! July was the best month for new sales since June 2022 and August is set to go further again, so we do sense a positive change in sentiment. Home sellers are also prepared to pay a little more for a better service, understanding that all agents are not the same!"

SUSSEX

"Buyers are once again more discerning and price-sensitive looking for all the requirements to be met for the long-term move. However, conscious that if they need to move in the short term the purchase price needs to be realistic to litany losses."

NORTH WEST

"Buyer confidence is slowly coming back, with mortgages becoming more affordable. However, first-time buyers are still few and far between due to unrealistic deposit requirements from lenders, affordability issues and sky-high rents which make saving for a deposit impossible in some cases."

WEST MIDLANDS

"August is traditionally a quieter month due to the holiday period and instructions will be slower, but this gives time for existing sales to be completed and marketing carried out for new instructions ready for the Autumn market."

THE WEST COUNTRY

"Detached houses and character properties continue to be sought after, with many buyers prioritising outdoor space and flexible living arrangements. Viewings have been encouraging despite the usual summer, seasonal slowdown."

However, the market is cautious, with the pace of sales slightly slowing compared to the previous months. This is partly due to a steadier approach from buyers, who are becoming increasingly mindful of inflationary pressures and potential interest rate hikes. Sellers are encouraged to be realistic with pricing and to invest in making their homes market-ready to attract serious buyers. Overall, July demonstrated a healthy but cautious market, with solid demand tempered by a more measured buyer sentiment."

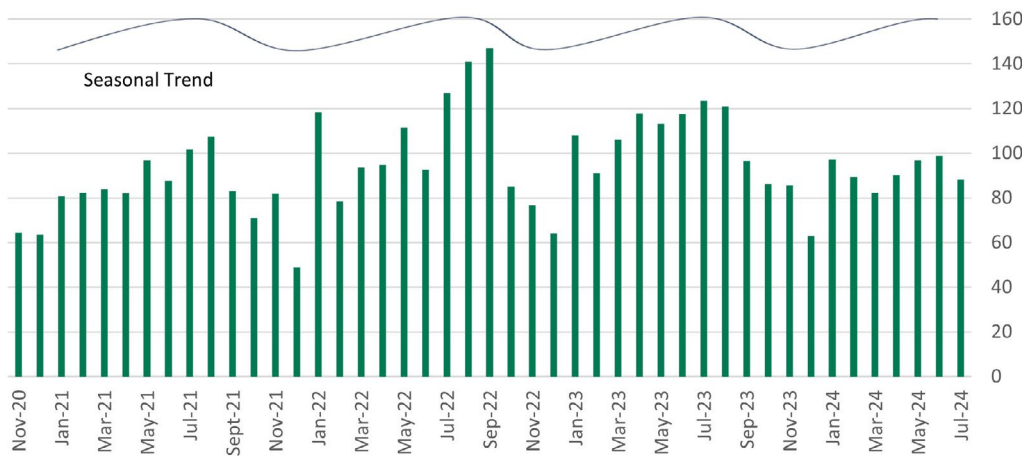


Tenant demand decreased slightly

The average number of new prospective tenants registered per member branch indicates market demand.

Registrations decreased from 99 in June 2024 to 88 in July 2024 (Figure 20).

Figure 20: Average number of new applicants registered per member branch

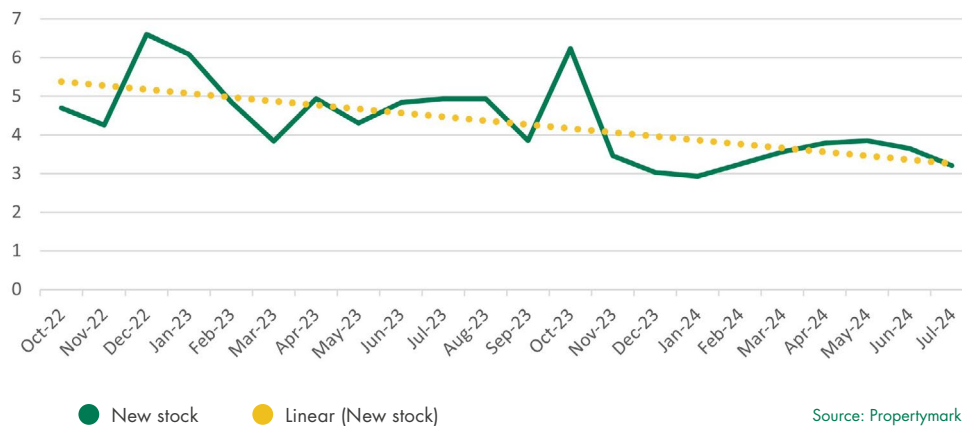


Source: Propertymark

Overall stock levels increased slightly

The average number of new property instructions (managed and rent collection only) per branch, trended downwards in July 2024 (Figure 21).

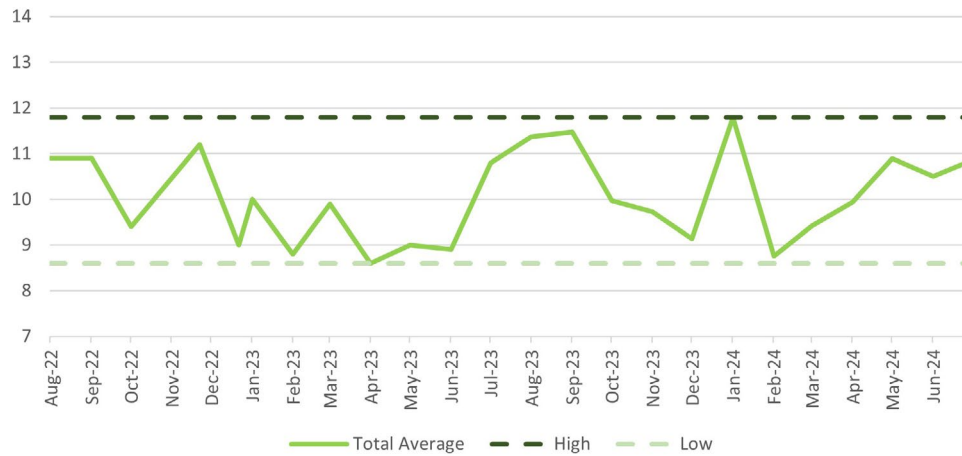
Figure 21: Average number of new property instructions per month per member branch (fully managed/rent collection only)



Source: Propertymark

Overall stock levels, the average number of properties available for rent at each member branch, increased slightly in July 2024 (Figure 22).

Figure 22: Average number of properties available to rent per member branch



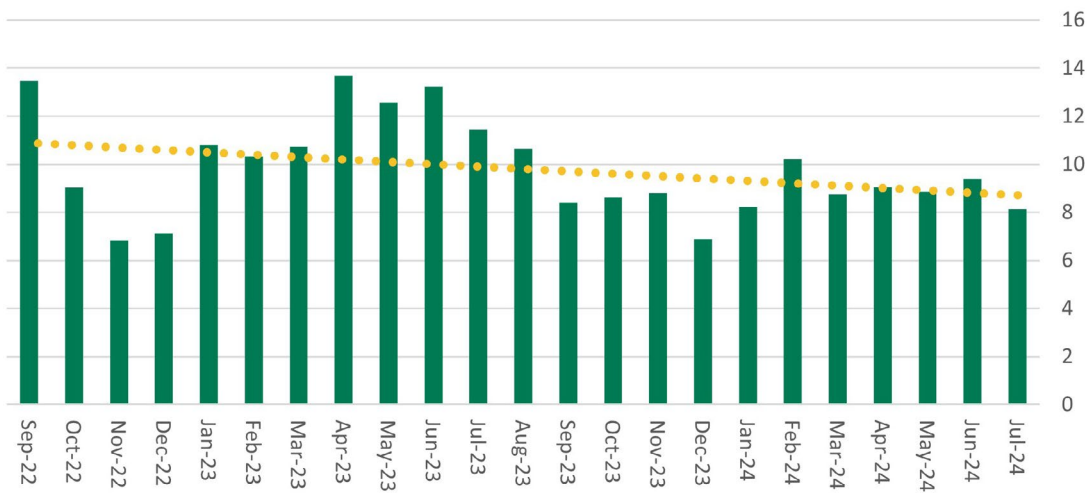
Source: Propertymark

Demand continued to outpace supply

SUPPLY AND DEMAND

Overall, demand continues to outstrip supply, with around 8 new applicants registered for each available property in July 2024 (Figure 23).

Figure 23: Average number of new prospective tenants registering per the number of properties available

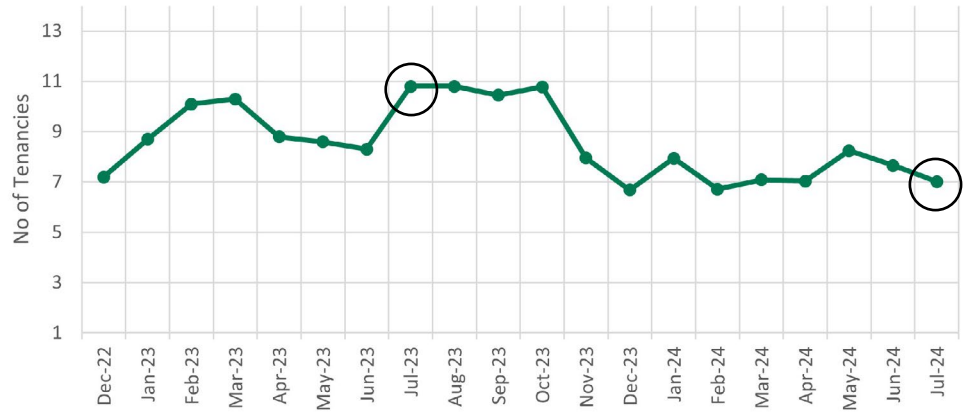


Source: Propertymark

The number of tenancies agreed decreased slightly

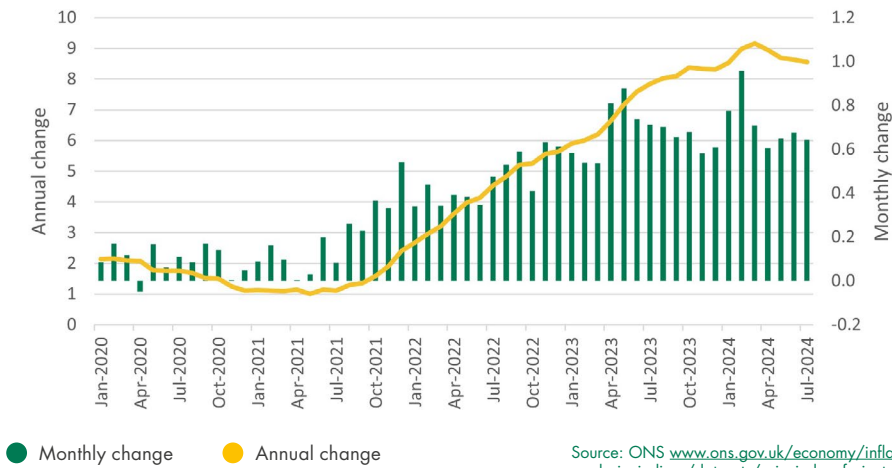
The average number of new tenancies agreed per member branch decreased slightly in July 2024 (Figure 24).

Figure 24: Average number of new tenancies agreed in the month per member branch



Source: Propertymark

Figure 25: Average UK rent levels year on year and month on month



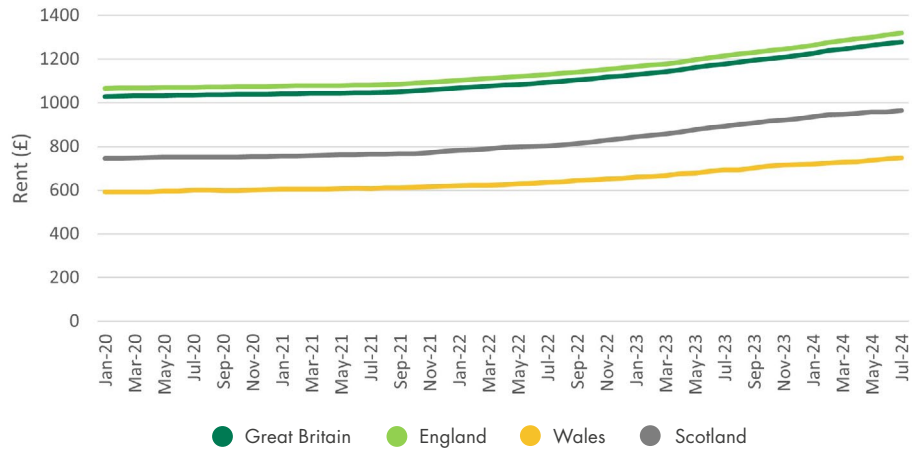
Source: ONS www.ons.gov.uk/economy/inflationandpriceindices/datasets/priceindexofprivaterent-sukmonthlypricestatistics

OFFICIAL DATA POINTED TO RENTS INCREASING OVERALL

ONS data points to rents increasing overall. In July 2024, average UK rents were 8.6% higher than in July 2023 and 0.6% higher than in June 2024 (Figure 25).

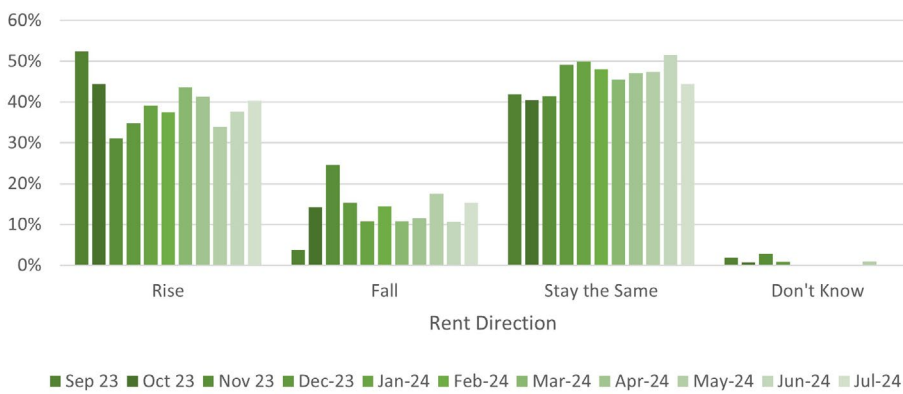
In July 2024, the average rent was £1,319 in England, £965 in Scotland and £748 in Wales (Figure 26).

Figure 26: Average private rent (£), Great Britain, England, Scotland and Wales, January 2020 to July 2024



Source: ONS www.ons.gov.uk/economy/inflationandpriceindices/bulletins/privaterentandhousepricesuk/latest

Figure 27: Average UK rent levels year on year and month on month



Source: Propertymark

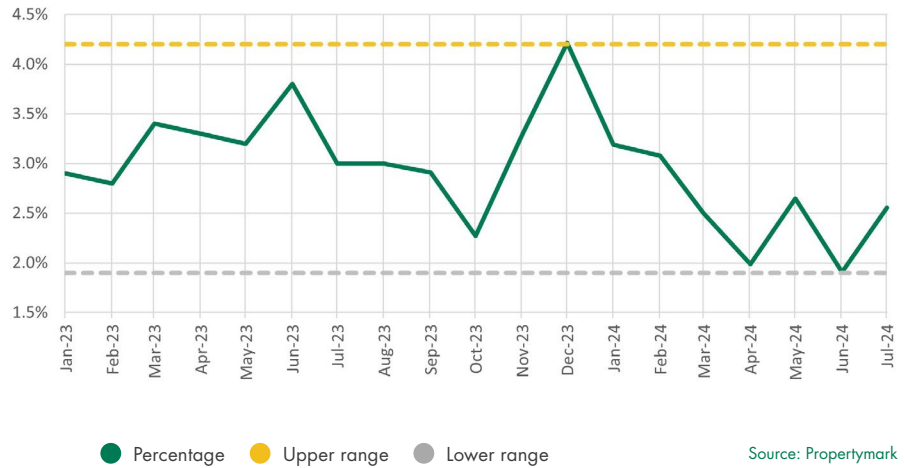
RENTAL PRICES CONTINUED TO FLUCTUATE

Despite overall increases, rents continued to fluctuate by market and region. In July 2024, 44% of members reported that rents remained static and 15% reported that they fell (Figure 27).

RENTAL ARREARS INCREASED SLIGHTLY

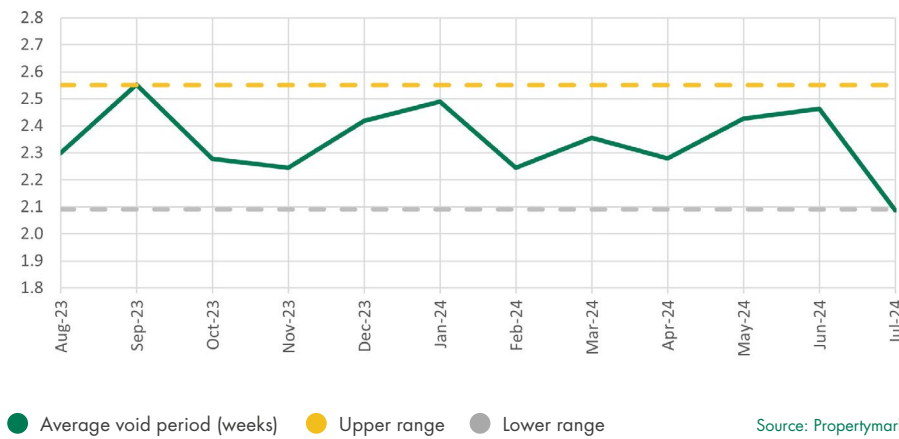
The level of rental arrears indicates the state of consumer finances. Rental arrears increased slightly in July 2024 with members reporting that around 2.5% of their fully managed and rent collect/rent management properties were in arrears (Figure 28).

Figure 28: Average number of properties in rental arrears per member branch



Source: Propertymark

Figure 29: Average void period between tenancies in weeks



Source: Propertymark

VOID PERIODS DECREASED

The length of void periods is a good indicator of how dynamic the market is. The average void period decreased slightly in July 2024 but, remains within long-run parameters (Figure 29).

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

NORTH WEST

"The lettings market is still buoyant, but stock numbers are reducing due to the proposed Renters Rights Bill and the ill-thought-out planned abolishment of Section 21."

NORTH LONDON

"The rentals market in the suburbs of Oakwood, Southgate and Winchmore Hill is performing well. Tenant demand is high, in part due to the seasonal shift in demand. On average tenancy renewals are being agreed upon with 5% increases and as high as 8% for new business. With affordability being front and centre of all applications, we are finding that tenants are at their limit of what they can pay. We have encouraged owners to take out rent protection and legal expenses coverage due to the financial risks they are exposed to. The uptake has been very good as the modest outlay for rent protection and legal expenses coverage gives owners peace of mind."

SOUTH WEST

"As we enter the school holidays, the demand has gone a little quieter with fewer enquiries. The number of properties coming to the PRS is still a concern with only a few new landlords interested in investing in buy-to-let."



CORNWALL

"The start of the summer has seen a slight slow in new properties coming to the market but with the announcement of the Short-Term Tax Changes we have seen an unprecedented amount of investors from that area asking for valuations for the longer-term market, so they can weigh up their options. We are registering high levels of applicants and demand is strong."

EAST OF ENGLAND

"Tenants are vigilant to pricing and bread and butter stock is still letting quickly. More tenants seem to be lining up properties as backup and changing their minds last minute."

HOME COUNTIES

"There does appear to be 'movement' in the market and as tenants leave, properties are being re-marketed at a rent commensurate with current market trends. Applicants still far outnumber the properties available and available properties are achieving the new rents. It is very slow and although new properties are coming onto the market, Landlords are still very nervous about what lies ahead with the Labour Government and the new legislative changes which may be imposed."

CENTRAL LONDON AND THE CITY

"Demand remains subdued against a background of slightly increasing stock levels which are a result of a slow sales market. Second-hand stock in period conversions is attracting far less than turnkey products in full-service buildings and where tenants are terminating, the older stock is proving more difficult to re-let (Prime Central London)."

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 18,000 members. We are member-led with a Board which is made up of practising 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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