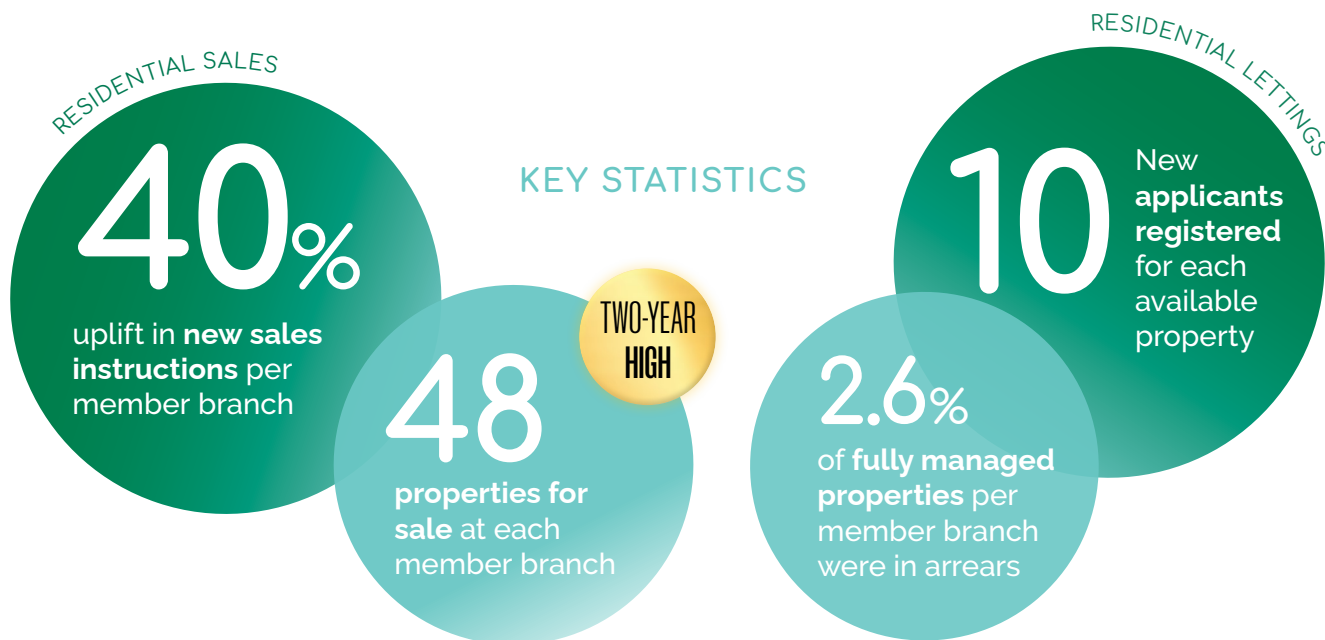


Housing Insight Report

propertymark

August 24



Although the year to date has seen the economy take a more stable footing, which has assisted in bringing an enhanced level of consumer confidence to the housing market, it is important to consider there are still challenges ahead. We remain at the very start of the trajectory regarding more favourable base rates and only at the starting blocks regarding the UK Government's ambition regarding their new house-building targets. It remains imperative that immense effort is placed on upscaling a workforce to take the challenge of creating nearly 2m homes across the next five years.

The housing sector continues to suffer from a long-standing absence of available stock, within both the sales and rental sectors. This, in turn, continues to impact sales values and rental prices across many regions. With a new UK Government now in situ, there will be a mass evolution for the entire housing sector over the coming five years in terms of planning regulations, building safety, taxation, aspirations to achieve net zero and legislation such as the Renters' Rights Bill.



Nathan Emerson
Propertymark CEO

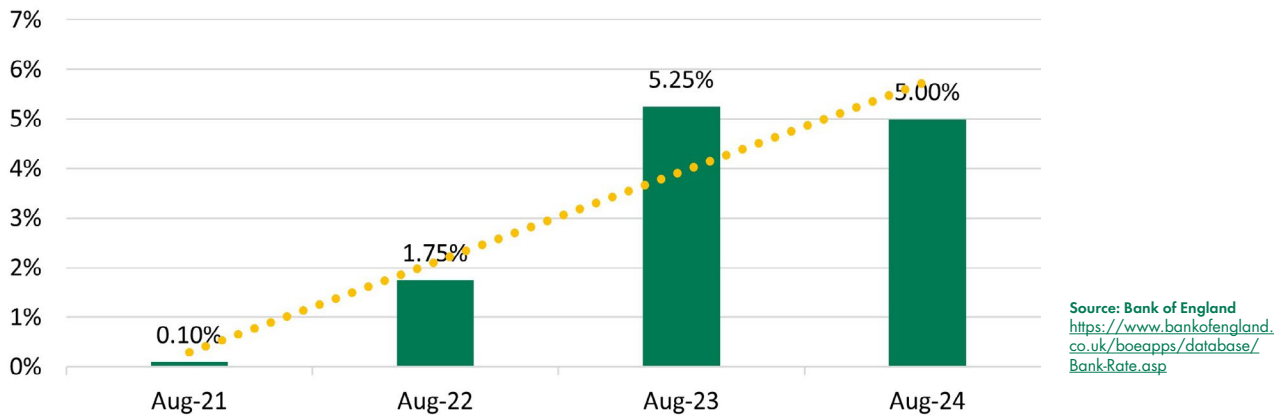
Fundamentally the housing sector is about to embark on its biggest transformation for many decades and it remains important that all ambitions are objective and measurable and that they provide balance and fairness throughout. It remains critical that future direction is driven by data insight and wide-ranging stakeholder engagement to ensure housing remains accessible and workable for both residents and investors equally.

Economic outlook

BASE RATES WITNESSED A SMALL DIP

The Bank of England base rate dipped downward to 5% in August 2024 (Figure 1).

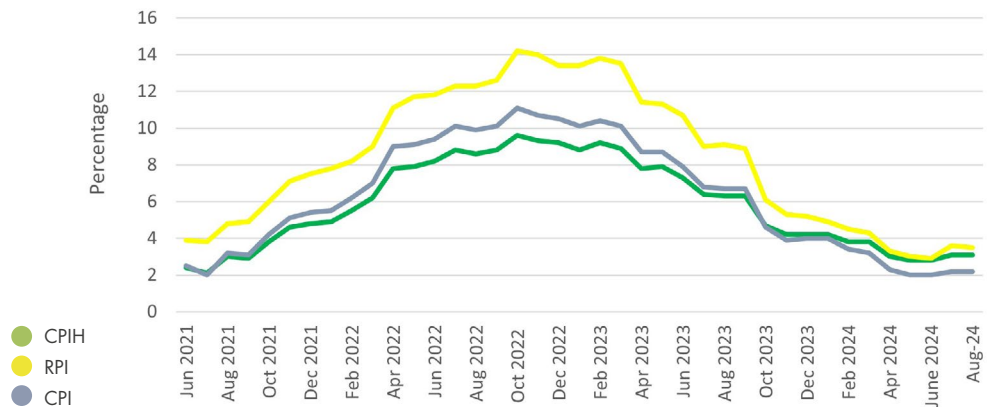
Figure 1: Bank of England base rate



INFLATION ROSE

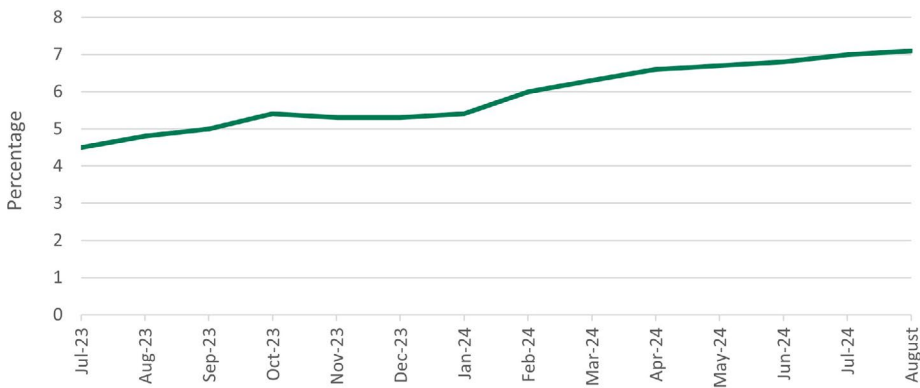
In the 12 months to August 2024, inflation rose by 3.1% as measured by CPIH, 2.2% as measured by CPI, and 3.5% as measured by RPI (Figure 2).

Figure 2: Inflation percentage change over 12-month period



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

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



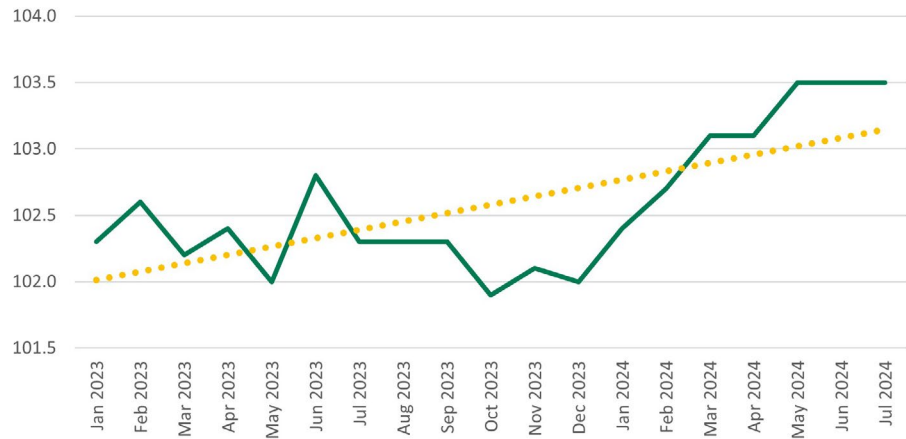
Inflation in the owner-occupiers' housing costs component of CIPH increased by 7.1% in 12 months to August (Figure 3).

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

GDP REMAINS STATIC

The latest figures estimate that GDP remained static in July 2024 in comparison to June 2024 (Figure 4).

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



Source: ONS <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpmonthlyestimateuk/july2024>

UK house prices continue to rise

The average UK house price increased by £2,076 to £290,000 in July 2024 (latest figures available) (Figure 5). This remains at around eight times the average annual gross earnings.

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

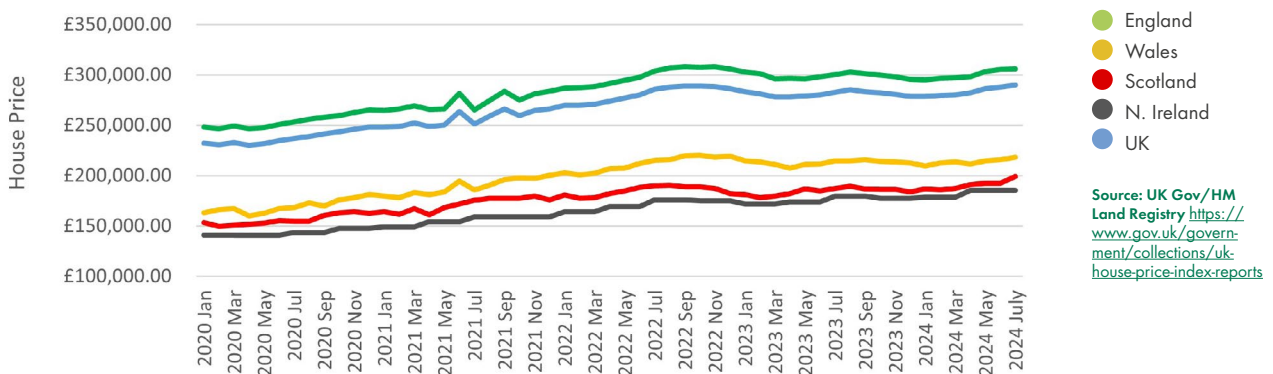
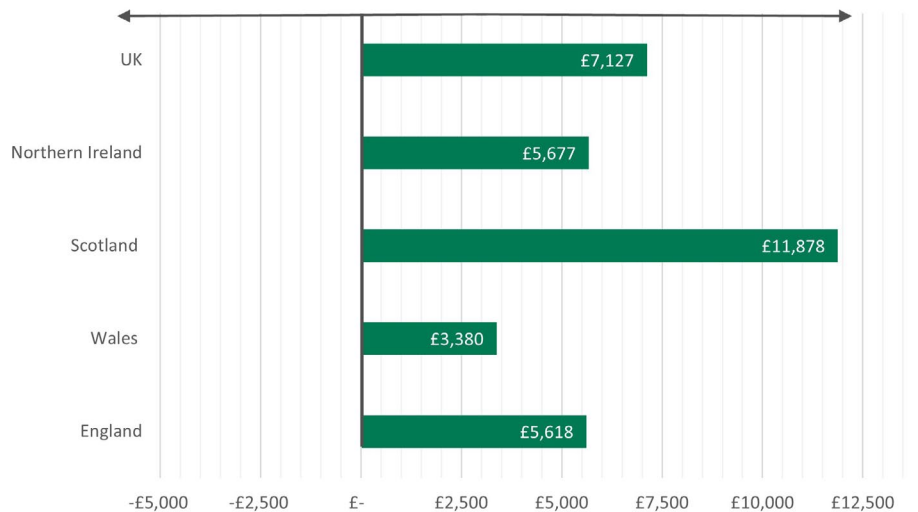


Figure 6: Diff in Average House Price between August 23 and August 24

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



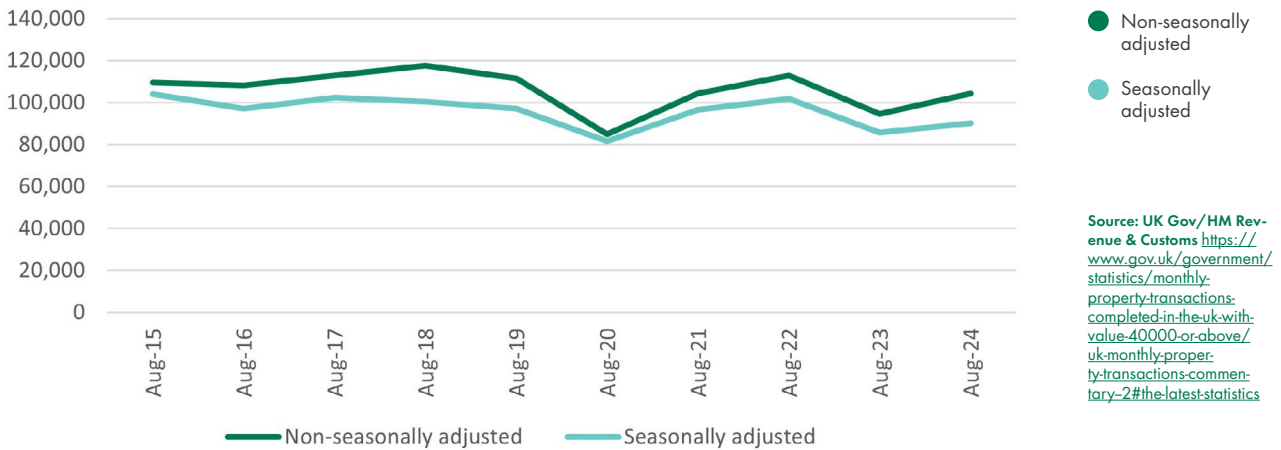
Source: UK Gov/HM Land Registry <https://www.gov.uk/government/collections/uk-house-price-index-reports>

UK sales volumes increased

SALES VOLUMES

Sales volume data is a lagging measure which reflects the UK residential sales transactions completed in the month. The provisional August 2024 non-seasonally adjusted sales volume estimate was almost 10% higher than in August 2023 (Figure 7).

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

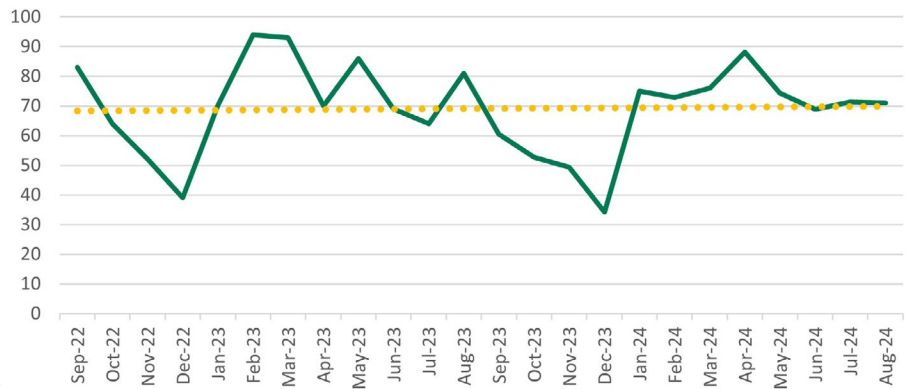


Prospective buyer registrations increased

DEMAND

The average number of new prospective buyers registered per member branch remained static in August 2024 at 71, when compared to the previous month (Figure 8).

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

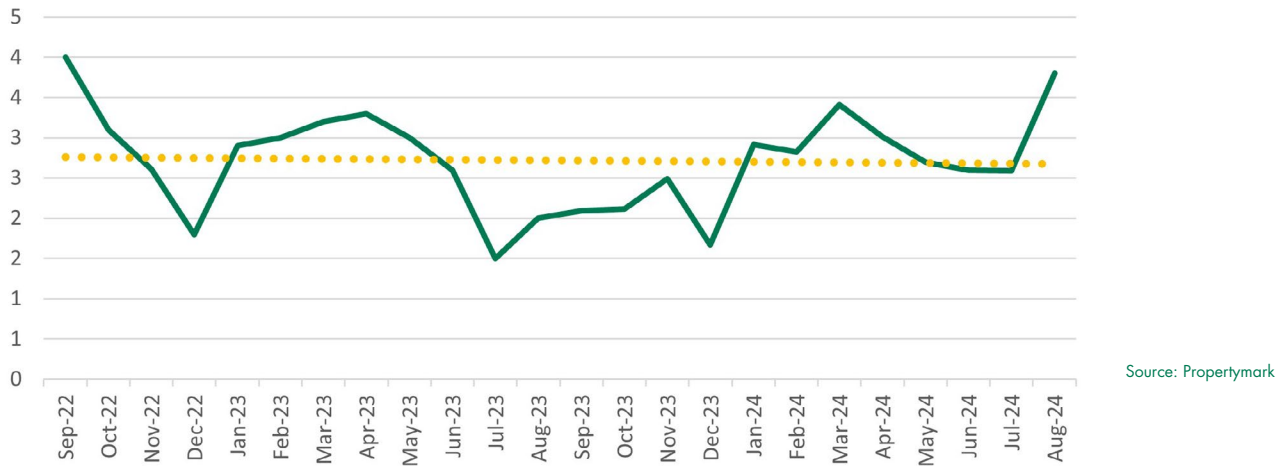


Source: Propertymark

VIEWING NUMBERS REMAIN STATIC

Average viewing numbers remained static at 91 per member branch in August. However, there was an increase in the average number of viewings per available property rising to an average of 3.8 for August 2024 when compared to the month beforehand (Figure 9).

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

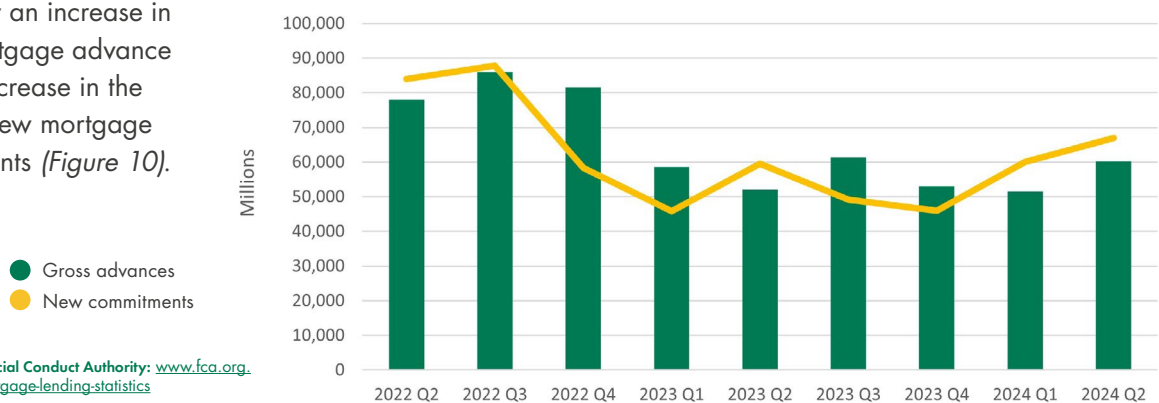


Gross mortgage advances increased

MORTGAGE INDICATORS

The Q2 2024 mortgage stats show an increase in gross mortgage advance and an increase in the value of new mortgage commitments (Figure 10).

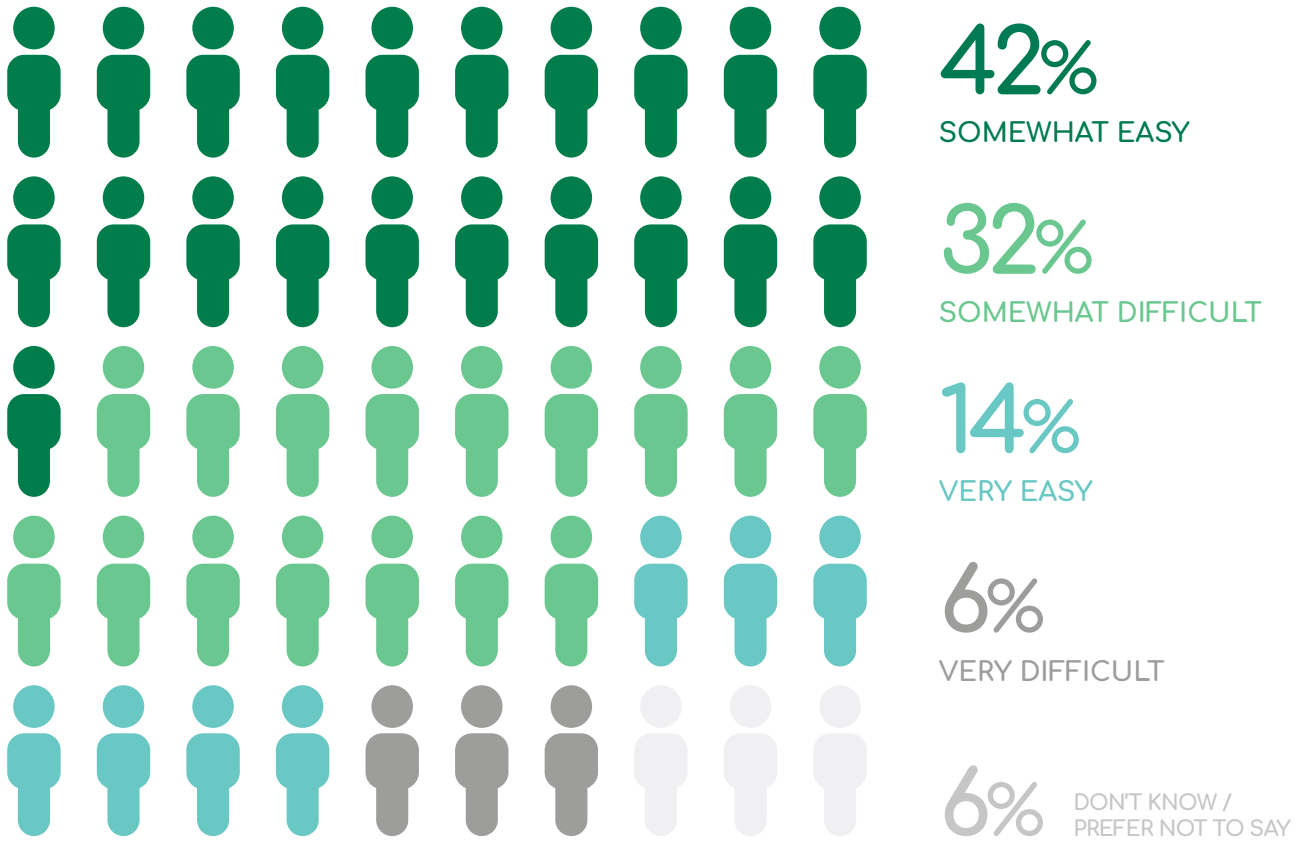
Figure 10: Gross mortgage advances & new mortgage commitments



AFFORDABILITY CHALLENGES REMAIN AN ONGOING CHALLENGE

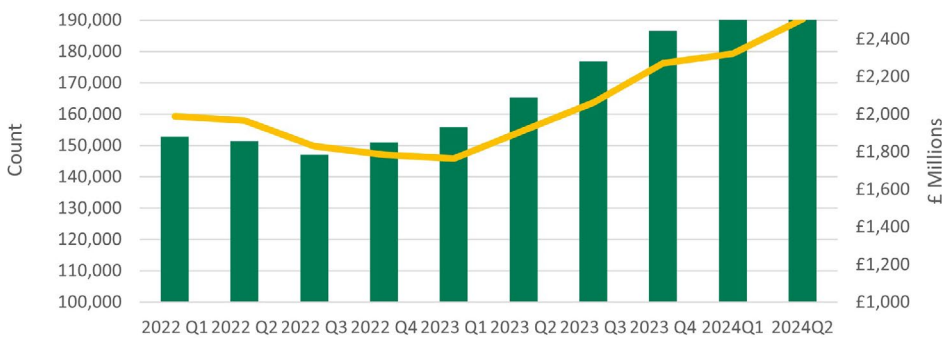
38% of adults reported finding it 'very or somewhat difficult' to afford their rent or mortgage payments between 7 August 2024 and 1 September 2024 (Figure 11).

Figure 11: Adults reporting on the difficulty of paying their rent or mortgage



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))



MORTGAGE ARREARS INCREASED

The number of loan accounts in arrears and the amount of arrears continued to increase in Q2 2024 (latest data available) (Figure 12).

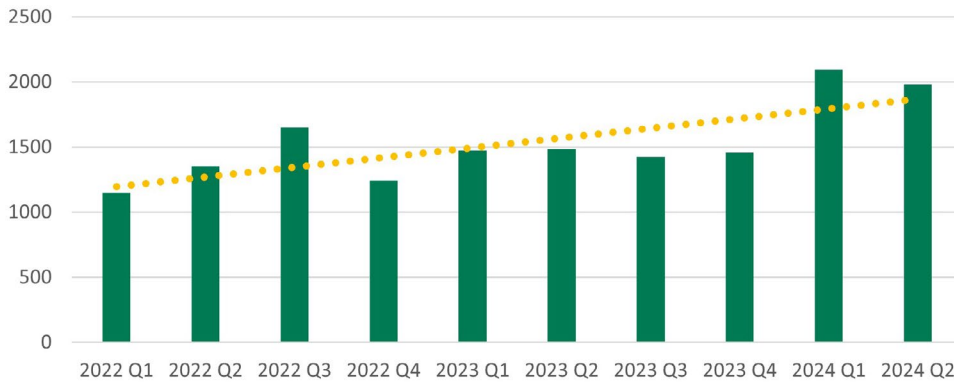
- Number of loan accounts
- Amount of arrears

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

NEW POSSESSIONS CASES DECREASE

There was a lowering of new possession cases in Q2 2024 (latest data available) (Figure 13).

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



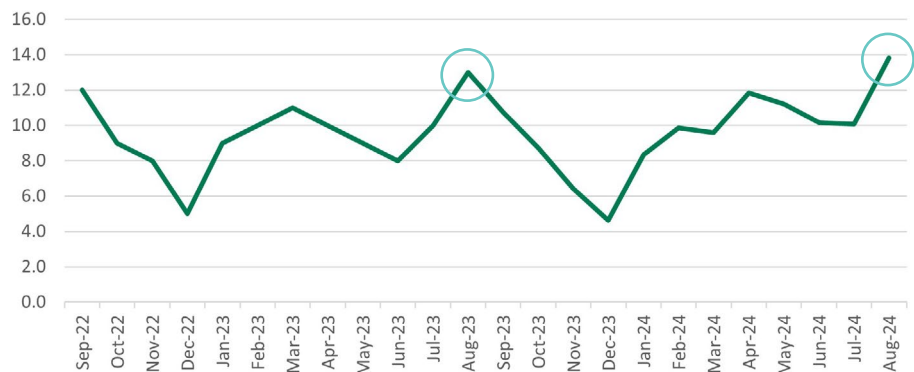
Source: Financial Conduct Authority
<https://www.fca.org.uk/data/mortgage-lending-statistics>

New supply edges upwards compared to the previous month

SUPPLY

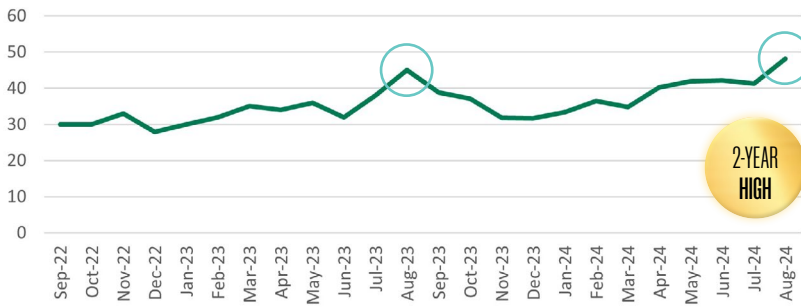
New supply, as measured by new sales instructions, is largely static compared to the previous month. On average, around 10 homes were placed for sale per member branch in July 2024 (Figure 12).

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

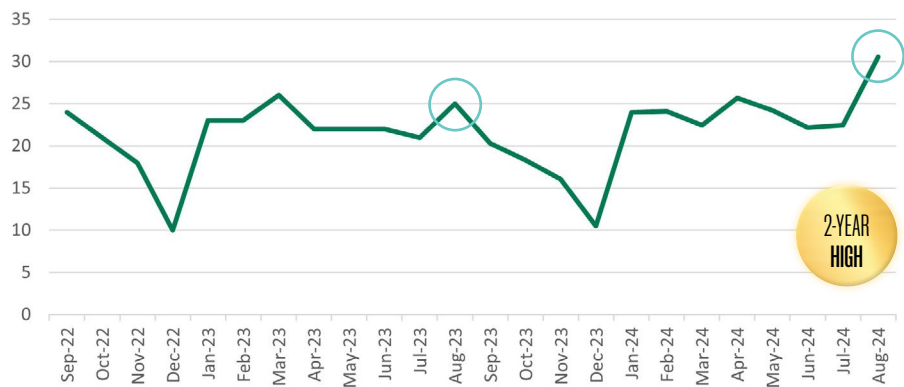
STOCK LEVELS REACH A TWO-YEAR HIGH

Stock levels reflect the average number of properties available for sale at each member branch. In August 2024, stock levels grew with an average of 48 properties for sale at each member branch. This represents the highest number across the last 24 months (Figure 15).

MARKET APPRAISALS SEE TWO-YEAR HIGH

Market appraisal volumes provide an indicator of future supply. The average number of market appraisals conducted per member branch in August 2024 saw a significant uplift to 31 (Figure 16).

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



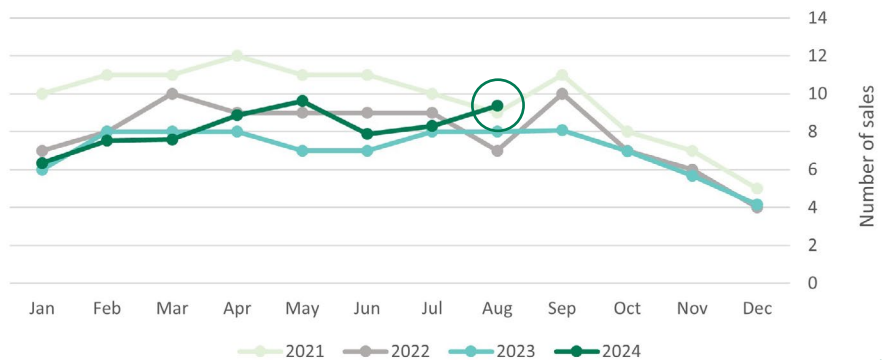
Source: Propertymark

Number of sales agreed increased

PERFORMANCE

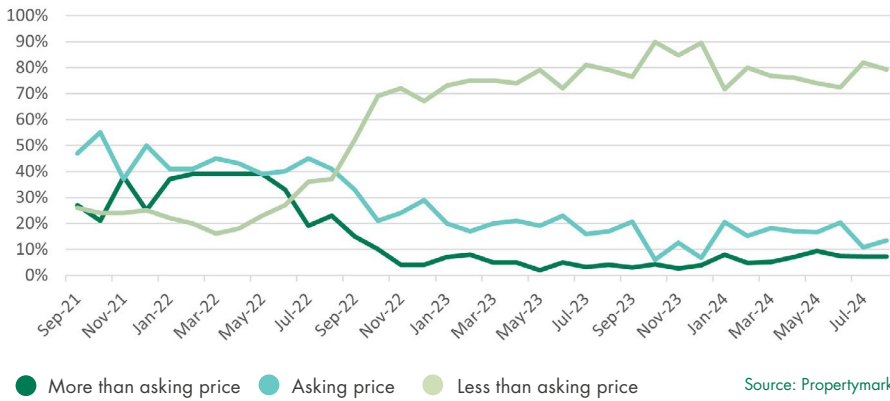
The average number of sales agreed per member branch marginally increased in August 2024 (Figure 17).

Figure 17: Average number of sales agreed per member branch



Source: Propertymark

Figure 18: Percentage of agents reporting properties achieving above asking, at or below asking price



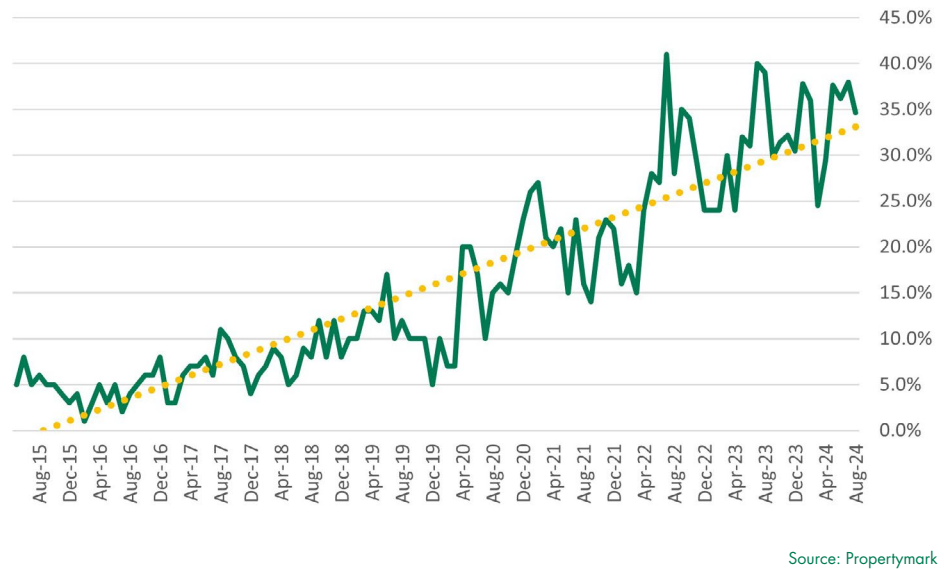
ASKING PRICES CONTINUE TO DIVERGE FROM MARKET EXPECTATIONS

The gap between asking prices and market expectations shrank slightly this month (Figure 18).

TIME TAKEN TO EXCHANGE CONTRACTS REMAINS LENGTHY

The time to exchange contracts continues to show flux month on month. However, the proportion of agents reporting that it takes 17 weeks or more to progress from offer acceptance to exchange saw a marginal dip in August 2024 (Figure 19).

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



Each month, a selection of members provides varying insights and opinions from different parts of the UK.

TEESIDE

"August generally quiet - holidays, prep for return to school, etc. This year seems to have bucked the trend boding well for an Autumn market. Plenty of new instructions and agreed sales and prices are now static."

SURREY

"August saw a slight improvement in 'market mood' post the BOE base rate cut, however a lot of those who have not decided to purchase are now saying how worried they are about what labour will do for instance 'there's going to be a huge mansion tax'/'I bet SDLT will shoot up'/'I heard they will be adding extra Council Tax bands and increasing charges across all bands' etc., so while some have definitely decided that now is the time to move on with life we have more concerns, especially with those who would be selling/buying in the upper price ranges...."

WEST COUNTRY

"It's a real mixed bag in our area with some property types coming to the market and attracting a great deal of demand and others struggling to create and attract good, solid interest from potential buyers. The key is pricing and those properties coming to the market now need to be keenly priced with a view to pushing transactions through prior to Christmas."

NORTH-WEST LONDON

"August has seen a rise in vendors wanting to place their property on the market and we have also seen a rise in buyers carrying out viewings. Overall if the interest rates start to decrease, we will see a slight improvement in the sales market."

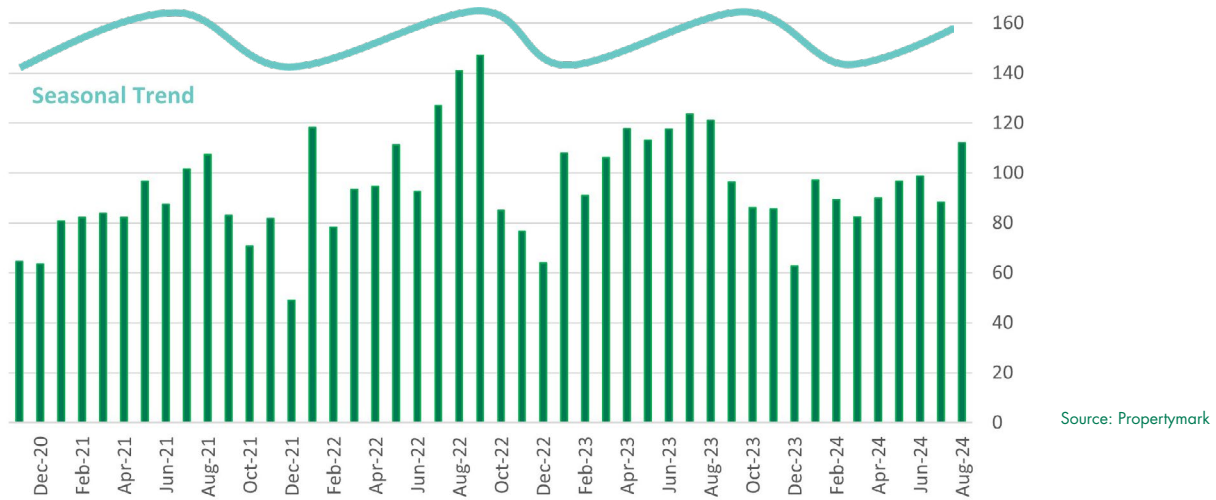


Tenant demand increases

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

Registrations increased from 88 in July 2024 to 112 in August 2024 (Figure 20).

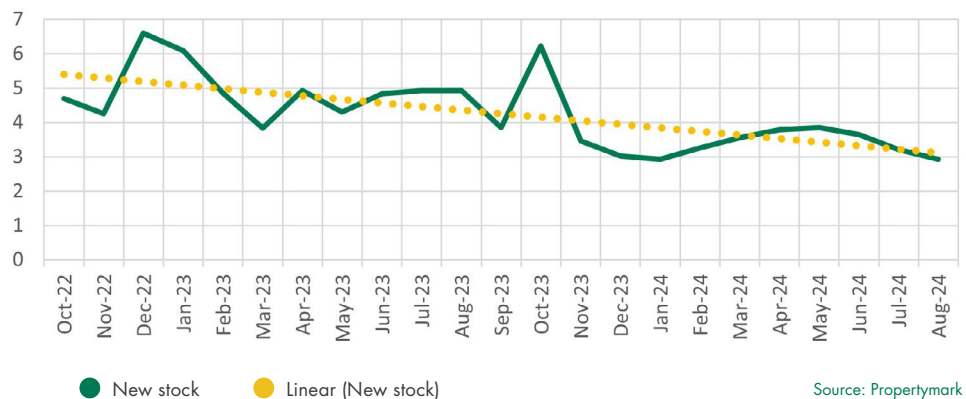
Figure 20: Average number of new applicants registered per member branch



Overall stock levels decreased slightly

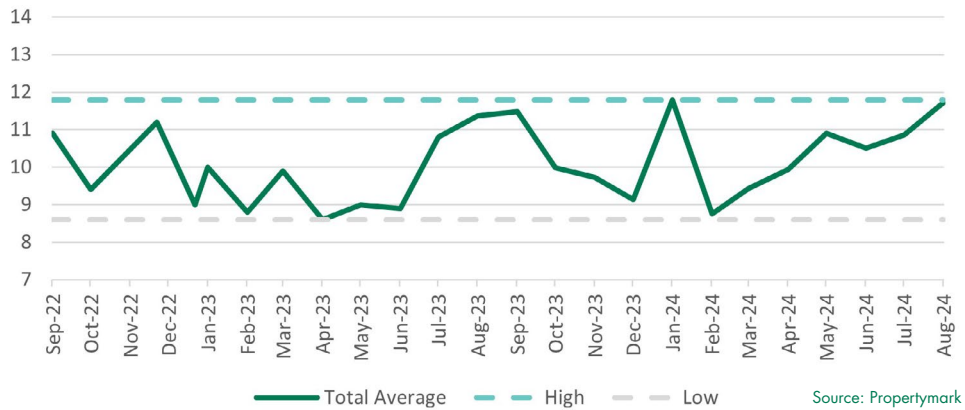
The average number of new property instructions (managed and rent collection only) per branch, trended downwards in August 2024 (Figure 21).

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



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

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



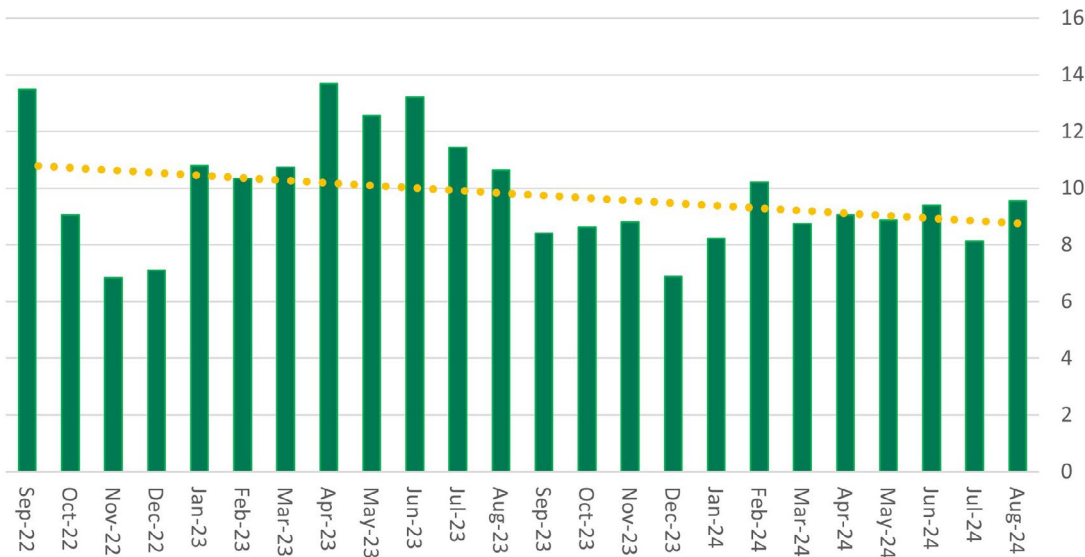
Source: Propertymark

Demand continued to outpace supply

SUPPLY AND DEMAND

Overall, demand continues to outstrip supply, with an average of almost 10 new applicants registered for each available property in August 2024 (Figure 23).

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

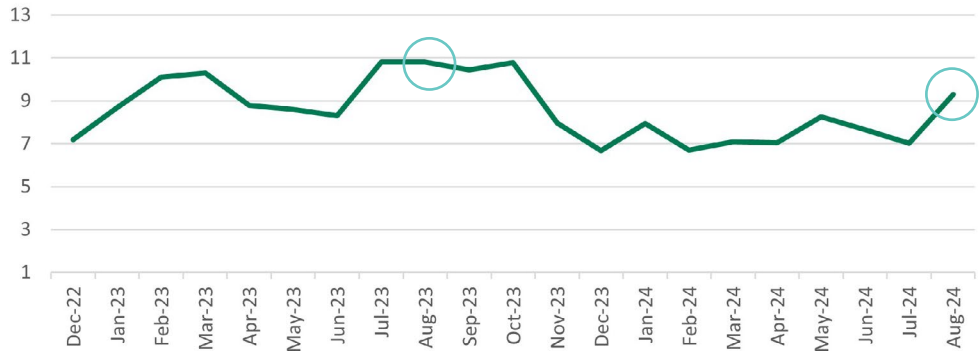


Source: Propertymark

Number of tenancies agreed increases

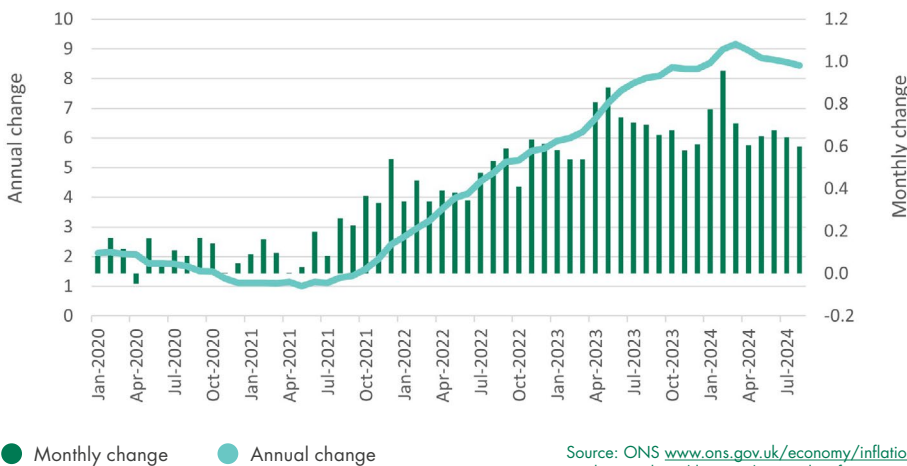
The average number of new tenancies agreed per member branch increased in August 2024 (Figure 24).

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



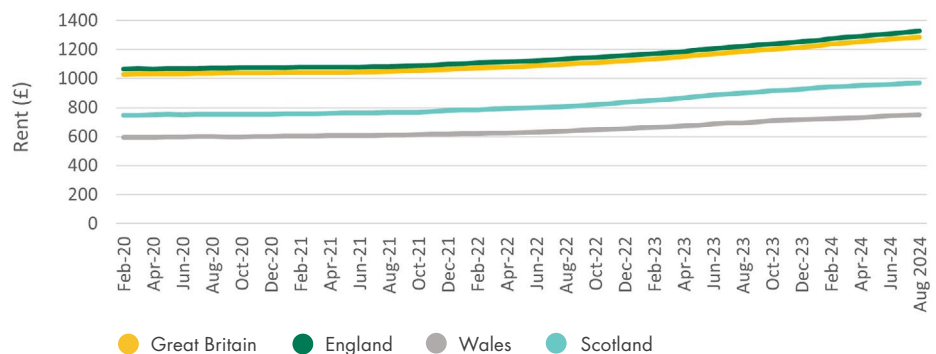
OFFICIAL DATA POINTED TO RENTS INCREASING OVERALL

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).

Source: ONS [www.ons.gov.uk/economy/inflation-and-price-indices/datasets/price-index-of-private-rent-suk-monthly-price-statistics](https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/priceindexofprivaterent-sukmonthlypricestatistics)

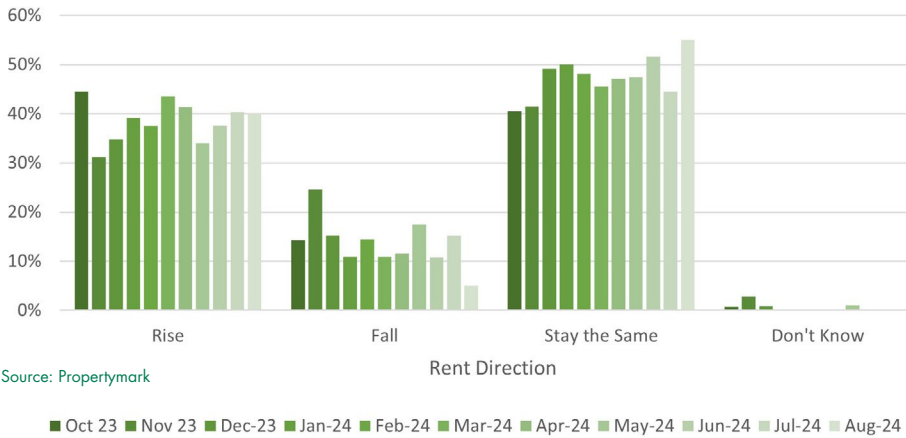
In August 2024, the average rent was £1,327 in England, £996 in Scotland and £175 in Wales (Figure 26).

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



Source: ONS [www.ons.gov.uk/economy/inflation-and-price-indices/bulletins/private-rent-and-house-prices-uk/latest](https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/private-rent-and-house-prices-uk/latest)

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



Source: Propertymark

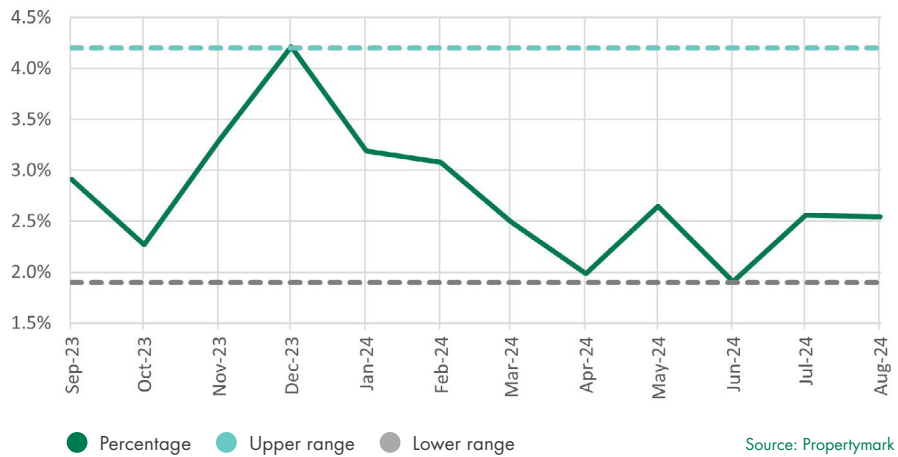
RENTAL PRICES CONTINUED TO FLUCTUATE

Despite overall increases, rents continued to fluctuate by both market and region. In August 2024, 55% of members reported that rents remained static and 5% reported that they had fallen (Figure 27).

RENTAL ARREARS INCREASED SLIGHTLY

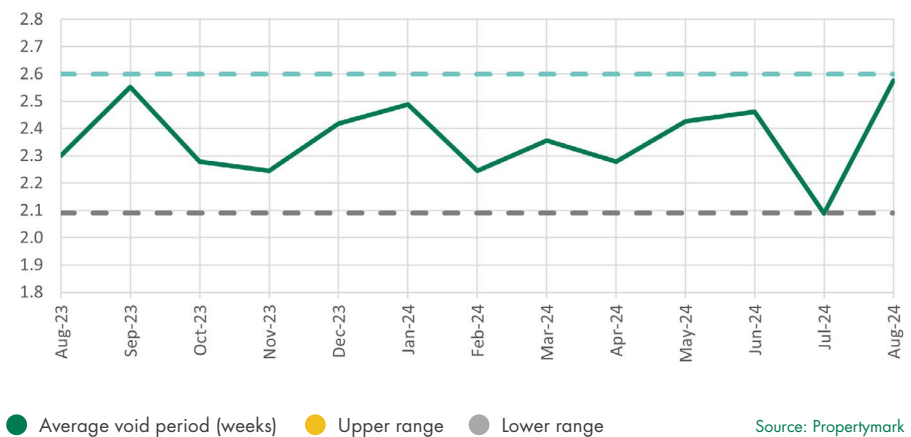
The level of rental arrears indicates the state of consumer finances. Rental arrears remained static in August 2024 with members reporting that around 2.6% of their fully managed and rent collect/rent management properties were in arrears (Figure 28).

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 INCREASED SLIGHTLY

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

Each month, a selection of members provides sector insights and opinions from across the UK.

BERKSHIRE AND OXFORDSHIRE

"The market was strong last month with a rise in applicants and more investment Landlords buying to let. Rent arrears were down and rents were up."

WEST COUNTRY

"It's a real mixed bag in our area with some property types coming to the market and attracting a great deal of demand and others struggling to create and attract good, solid interest from potential buyers. The key is pricing and those properties coming to the market now need to be keenly priced with a view to pushing transactions through prior to Christmas."

CORNWALL

"There is currently a notable divide. Properties at the higher end of the market are struggling to let due to affordability constraints, while mid/lower-range properties continue to see strong demand. This allows landlords to be more selective with tenants, meaning some vulnerable individuals face difficulties in securing housing.

We are also observing an influx of short-term let properties transitioning into the long-term residential market due to regulatory changes. Additionally, many landlords are approaching the market cautiously in light of pending legislation and the anticipated October budget."

SOUTH EAST LONDON

"The local market has remained buoyant with high demand and stubbornly low supply. For new lets in the Southgate, Winchmore Hill and Cockfosters area, rents are on average between 5–7% up year on year, with a similar trend for tenancy renewals in the month of August.

"Specifically, family houses are increasingly sought after driven by schooling requirements and buyers being re-rated as a result of higher borrowing costs with renting as the solution to housing needs. The increased complexity of the regulations has brought about an emerging trend for landlords seeking a managed service."



ABOUT THIS REPORT

This report is based on responses to a monthly survey of Propertymark member agents. The analysis is generally based on data from around 100 sales and 100 letting agents across the UK. The report also contains various 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 source has strengths, limitations, and caveats and to evaluate further, we recommend viewing them directly (links are at the bottom of this page). Where data includes estimates which are subsequently updated, we reflect these in subsequent reports.





ABOUT PROPERTYMARK



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For further information contact:
Propertymark Press Office
(01926) 496 800 | 07595 214 302
Email: mediaenquiries@propertymark.co.uk

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