

Housing Insight Report

propertymark

March 24

KEY STATISTICS:

7%

The number of **market appraisals undertaken** reduced by 7%



Slight decrease in number of **new properties coming to market**

4%

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

82

New prospective tenants registered per member branch

8%

Increase in the number of **properties available to rent**

6%

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



Interest rates remained static in March 2024, and although the changes were small, GDP and inflation continued to move in the right direction. Barring global shocks, we remain optimistic that inflation will continue its downward trend, eventually allowing for interest rates to be reduced.

Demand increased within the residential sales sector, with the number of buyers registered and the number of viewings per property both increasing. On the supply side, new instructions decreased slightly. Stock levels also decreased but remain on par with the same period last year.



Nathan Emerson
Propertymark CEO

In the residential lettings sector, tenant demand decreased, and stock levels increased marginally. However, demand continues to outpace supply overall, with nine new applicants registered for each available property.

Legislative change including the Renters (Reform) Bill and Housing (Scotland) Bill, continues to dominate the wider discourse. We continue to work with our members to lobby for change that supports investment, minimises unintended outcomes and enables a well-functioning housing system.

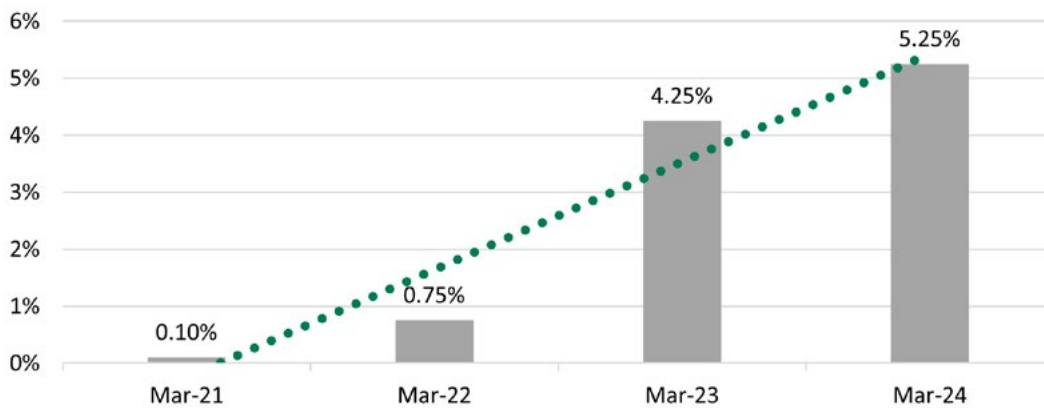
Economic outlook

BASE RATE REMAINS UNCHANGED

The base of England base rate remains unchanged at 5.25% in March 2024, but remains considerably higher than in earlier periods (Figure 1).

The impact continues to be felt in the housing sector.

Figure 1: Bank of England base rate

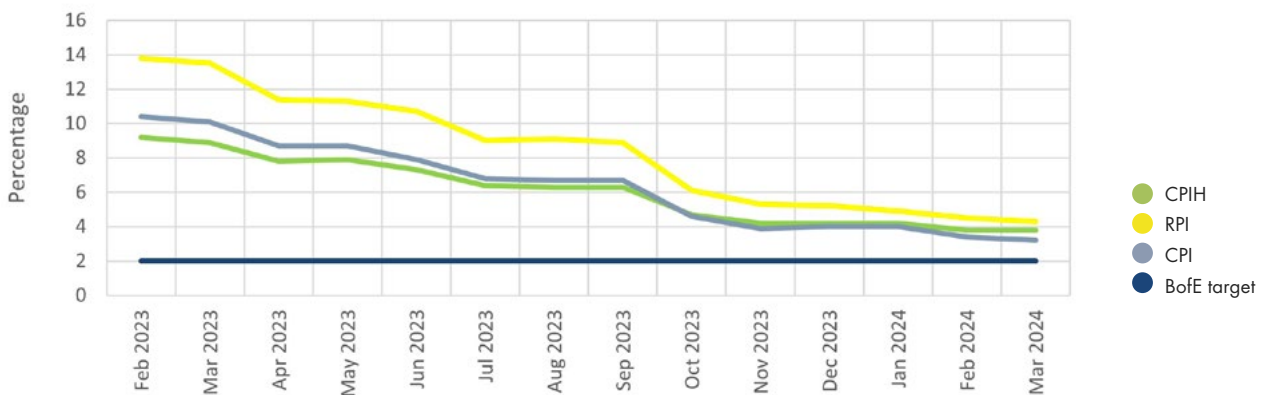


Source: Bank of England: www.bankofengland.co.uk/boeapps/database/Bank-Rate.asp

INFLATION CONTINUES TO TREND DOWNWARDS

Depending on the measure selected, inflation either remained static or continued to trend downwards in March 2024. Specifically, in the 12 months to March 2024, inflation was 3.8% as measured by CPIH, 3.2% as measured by CPI and 4.3% as measured by RPI (Figure 2).

Figure 2: Inflation percentage change over 12-month period

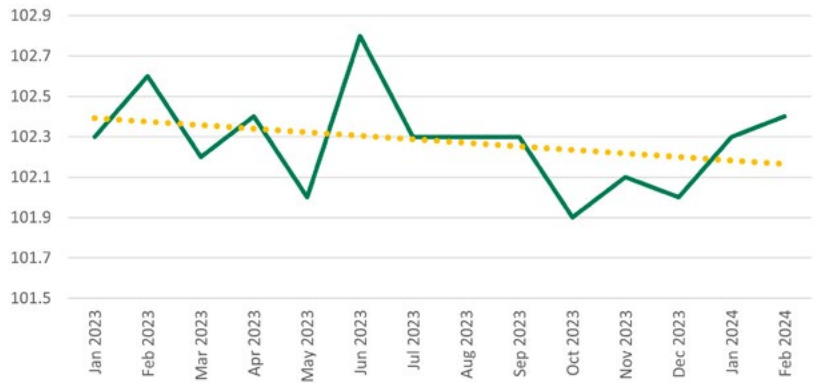


Source: Office of National Statistics: www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation

GDP INCREASES FOR THE SECOND MONTH IN A ROW

The latest figures estimate that GDP grew by 0.1% in February 2024 (Figure 3).

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

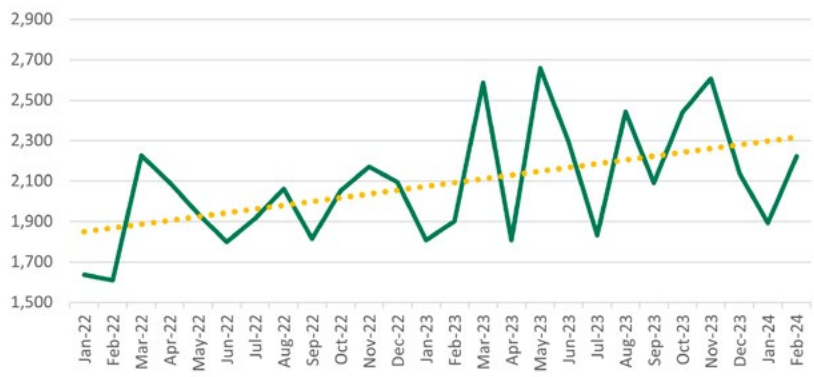


Source: Office of National Statistics: www.ons.gov.uk/economy/gross-domesticproductgdp/bulletins/gdpmonthlyestimateuk/february2024

INSOLVENCIES INCREASE OVERALL

There was an increase in the number of UK-registered company insolvencies in February 2024 (Figure 4). Insolvencies of companies with real estate standard industrial classification codes in England and Wales continued to fall in January 2024 (Figure 5). We await the updated figures with interest.

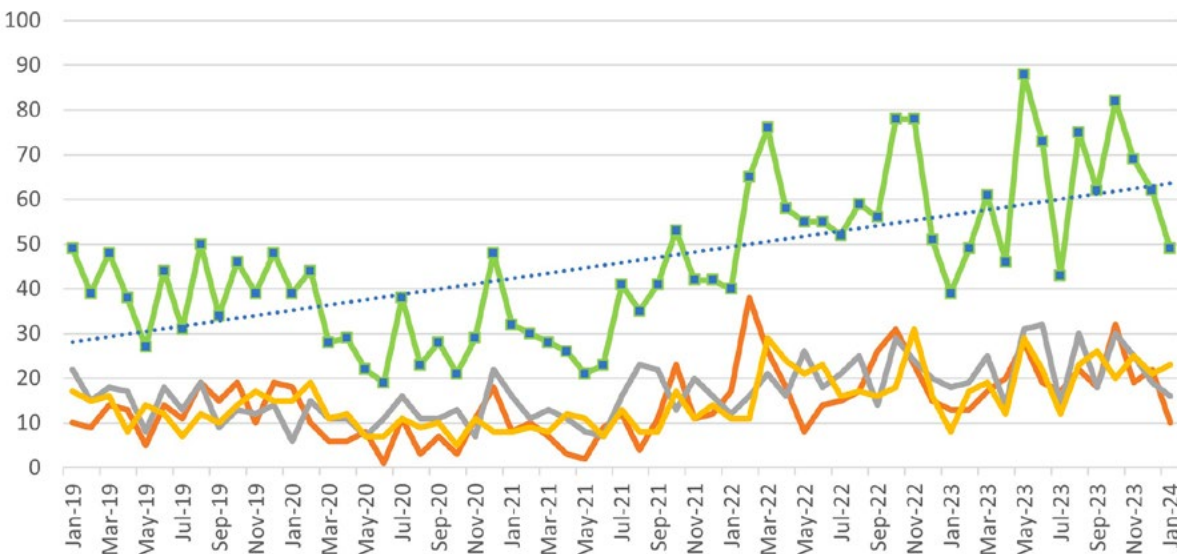
Figure 4: Total number of Registered Company insolvencies in the UK



Source: UK Government (The Insolvency Service): www.gov.uk/government/collections/monthly-insolvency-statistics

● UK combined data ●●● Linear (real estate activities)

Figure 5: Company insolvencies in England and Wales for SIC Code Groups 681, 682 and 683



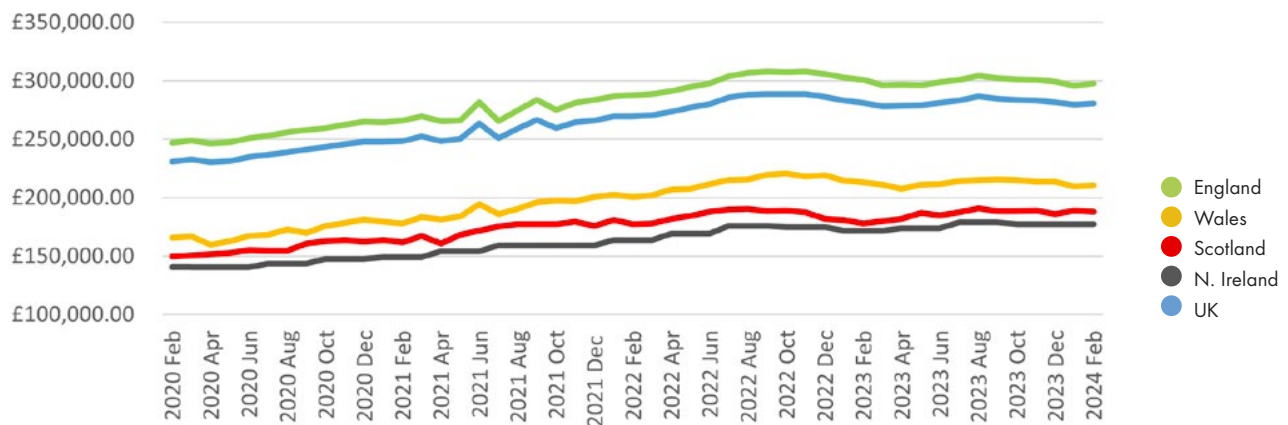
● All real estate activities ● Real estate activities on a fee or contract basis (683)
 ● Buying and selling of own real estate (681) ●●● Linear (real estate activities)
 ● Renting and operating of own leased real estate (682)

Source: UK Government (The Insolvency Service): www.gov.uk/government/collections/monthly-insolvency-statistics

UK house prices increase marginally

The average UK house price, a key economic indicator, increased by £1,216 to £280,660 in February 2024 (latest figures available) (Figure 6). This equates to almost 8 times the average annual gross earnings.*

Figure 6: Average house price by country



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

Figure 7: Difference in average house price between February 23 and February 24

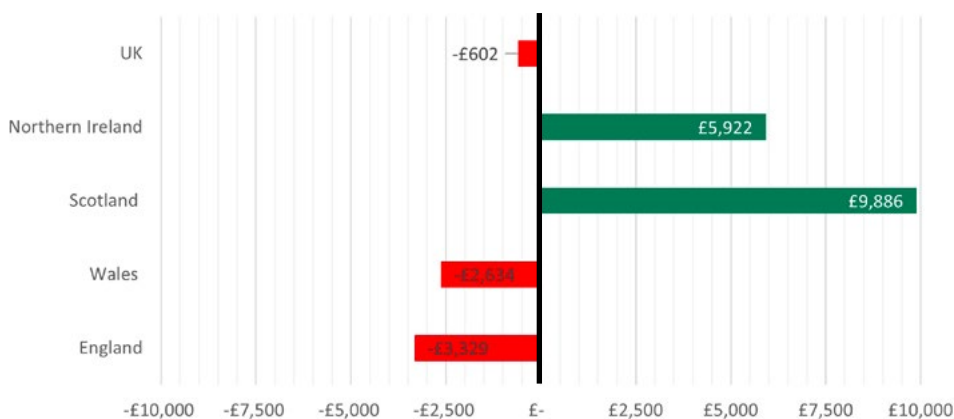


Figure 7 highlights the change in the average house price between February 2023 and February 2024 for each constituent part of the UK. Scotland has seen the largest gain in the period.

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

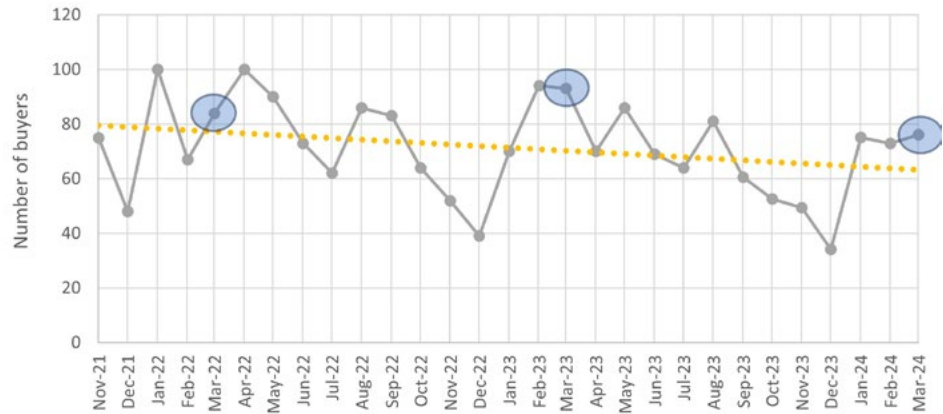
*Calculated using average weekly earnings data available at www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/april2024

Prospective buyer registrations increases

DEMAND

The average number of new prospective buyers registered per branch increased marginally in March 2024 (Figure 8).

Figure 8: Average number of prospective buyers registered per member branch

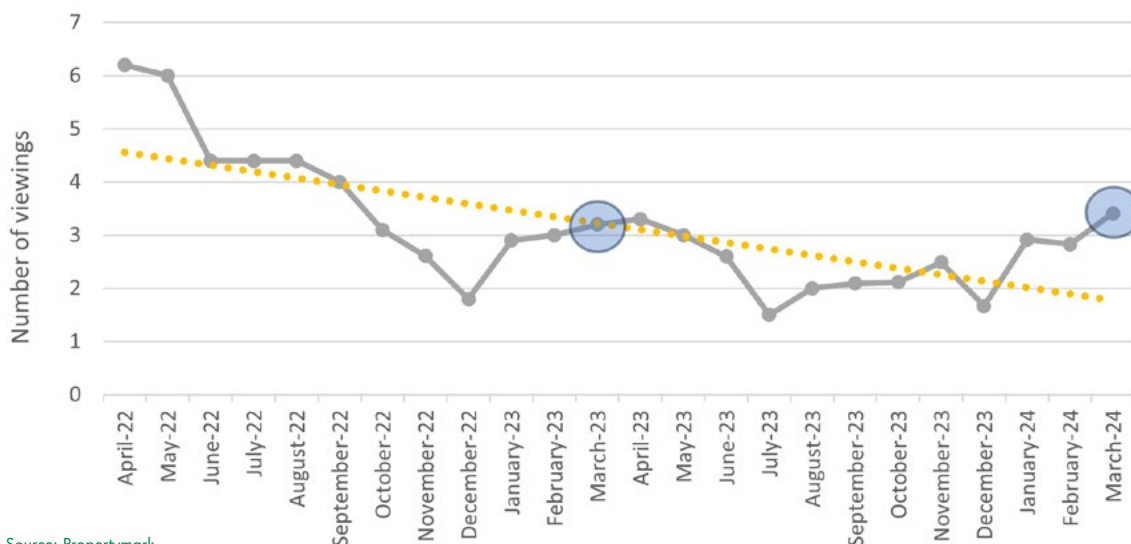


Source: Propertymark

VIEWING NUMBERS INCREASE

Viewing numbers also increased marginally in March 2024, but are broadly in line with the same period in March 2023 (Figure 9- see data points denoted with blue circles).

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

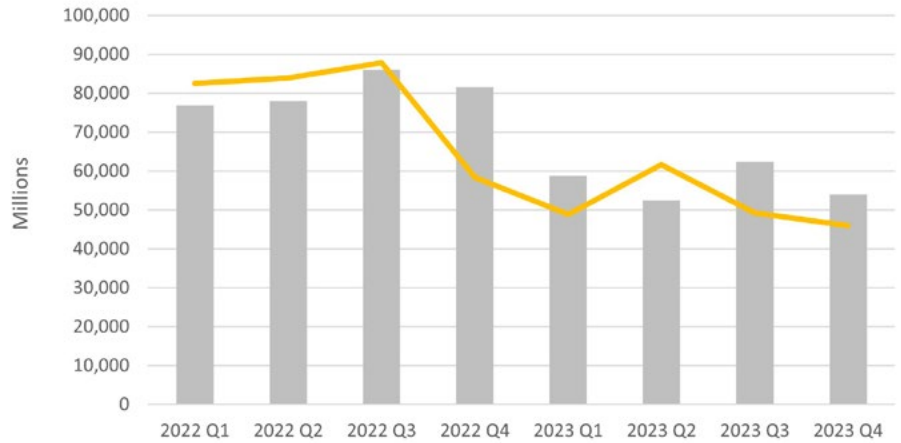


Source: Propertymark

Mortgage advances decrease

The Q4 2023 mortgage stats (latest data available) show a reduction in both gross advances and new commitments (Figure 10).

Figure 10: Gross mortgage advances and new mortgage commitments



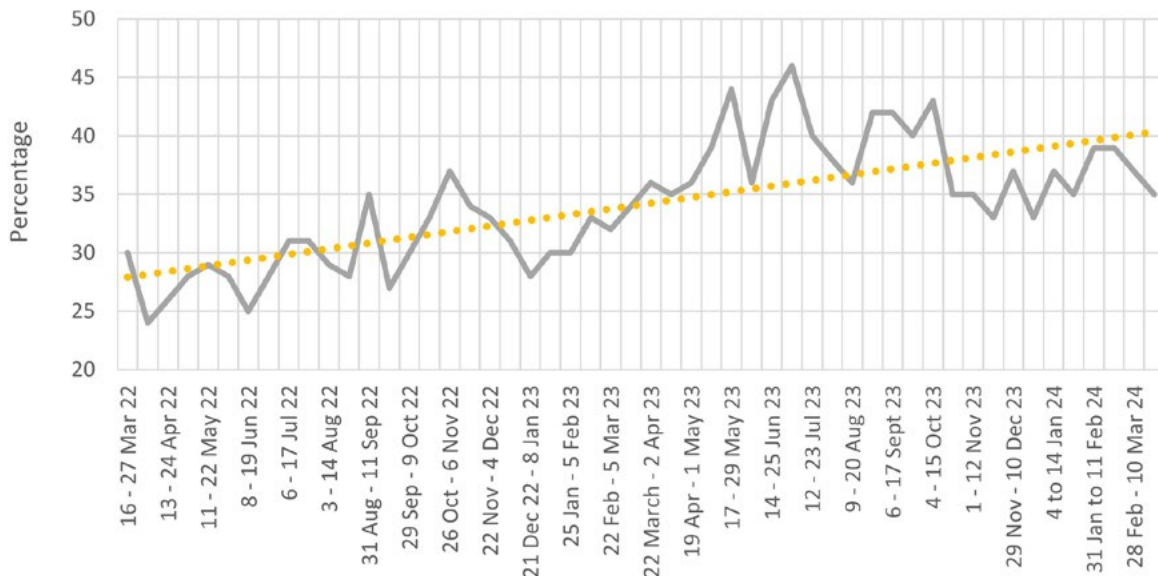
Source: Bank of England: www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2023/2023-q2

● Gross advances
● New commitments

AFFORDABILITY CHALLENGES IMPROVE

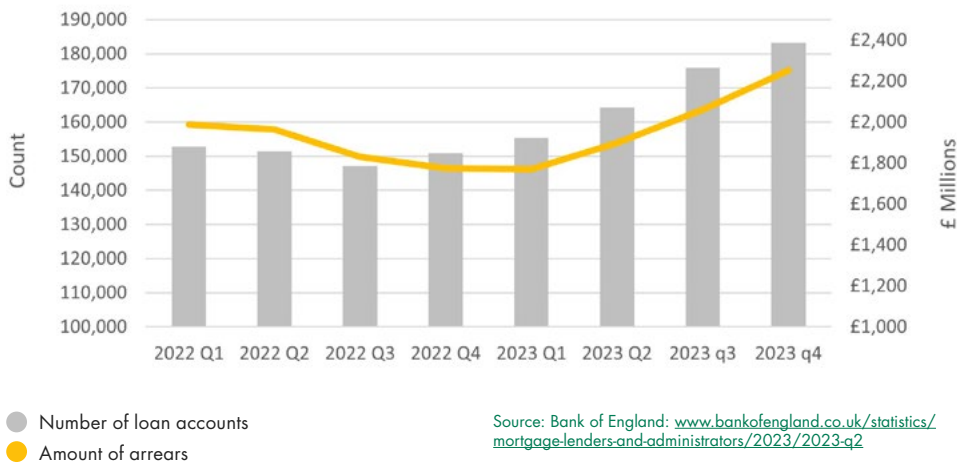
The number of adults finding it 'very or somewhat difficult' to afford their rent or mortgage payments continues to fluctuate with a decrease visible in March 2024 (Figure 11).

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



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

Figure 12: Loan arrears at the end of the quarter ((Residential loans to individuals (unsecuritised and securitised))



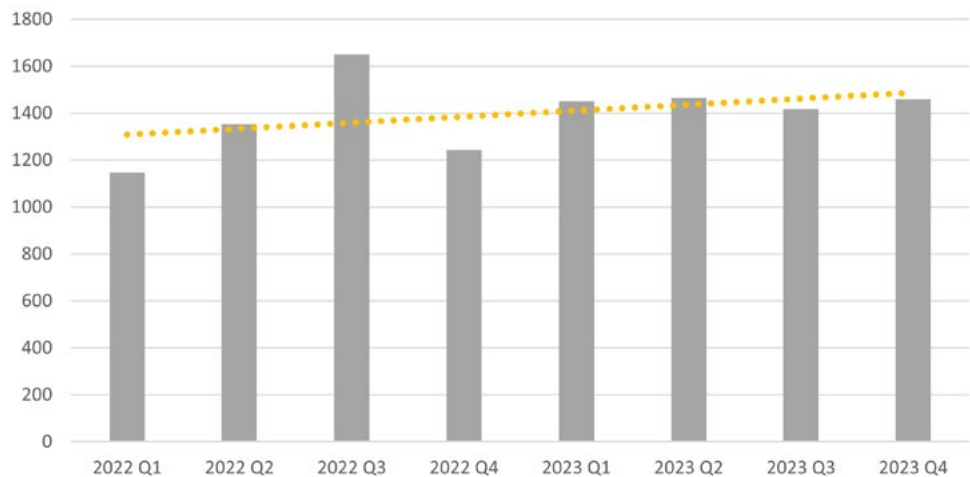
MORTGAGE ARREARS INCREASED IN Q4

The number of loan accounts in arrears and the amount of arrears continued to increase in Q4 2023 (latest data available) (Figure 12).

POSSESSIONS REMAIN STATIC

There was little change in new possession case numbers in Q4 2023 (latest data available) (Figure 13).

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

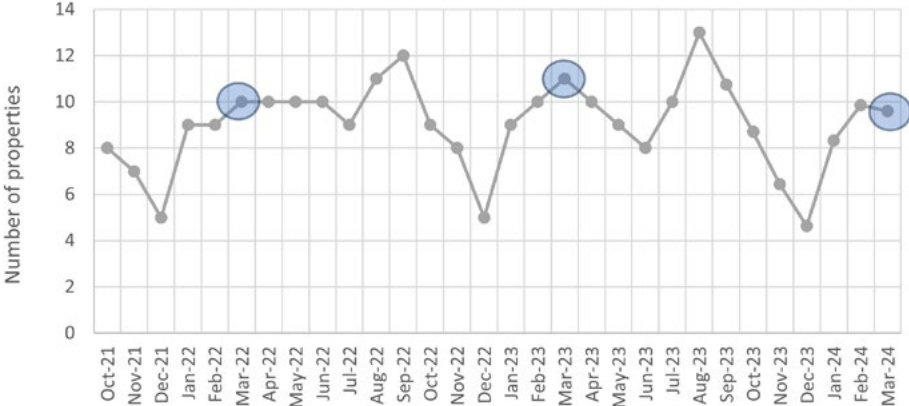


Source: Bank of England: www.bankofengland.co.uk/statistics/mortgage-lenders-and-administrators/2023/2023-q2

New supply decreases slightly

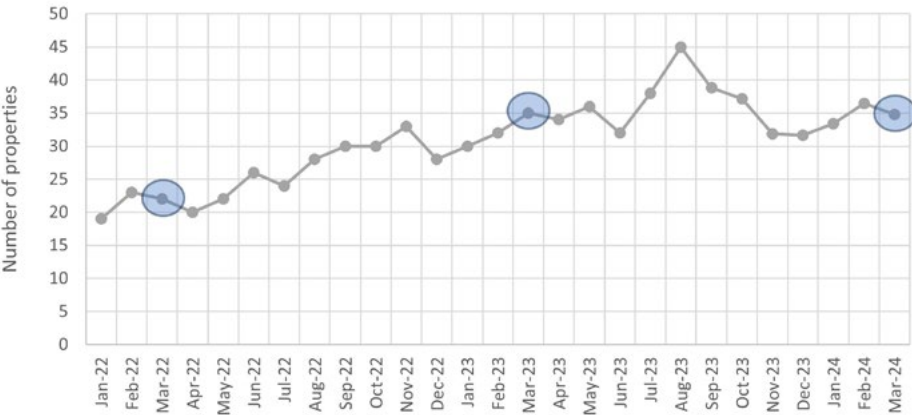
New supply, as measured by new sales instructions, has decreased slightly on the previous month. On average, around 10 homes were placed for sale per member branch in March 2024.

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



Source: Propertymark

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



Source: Propertymark

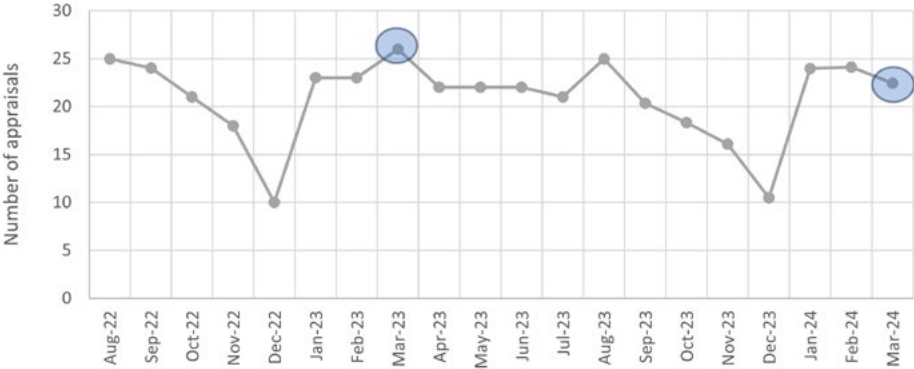
STOCK LEVELS DECREASE

Stock levels reflect the average number of properties that are available for sale at each member branch. In March 2024, stock levels decreased marginally over the previous month (Figure 15).

LITTLE CHANGE IN MARKET APPRAISAL VOLUMES

Market appraisal volumes provide an indicator of future supply. The number of market appraisals conducted per member branch reduced from 24 in February 2024 to 22 in March 2024 (Figure 16).

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

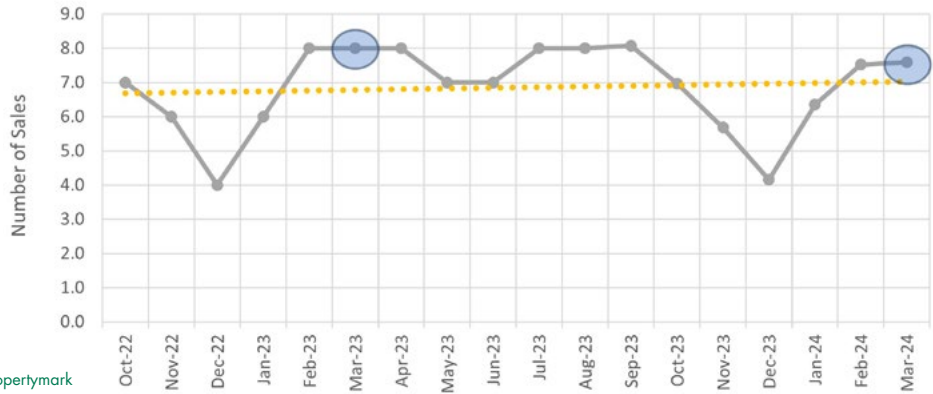


Source: Propertymark

Number of sales agreed remains static

The average number of sales agreed per member branch remained largely static in March 2024 and is broadly in line with performance in March 2023 (Figure 17, see data points denoted with blue circles).

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

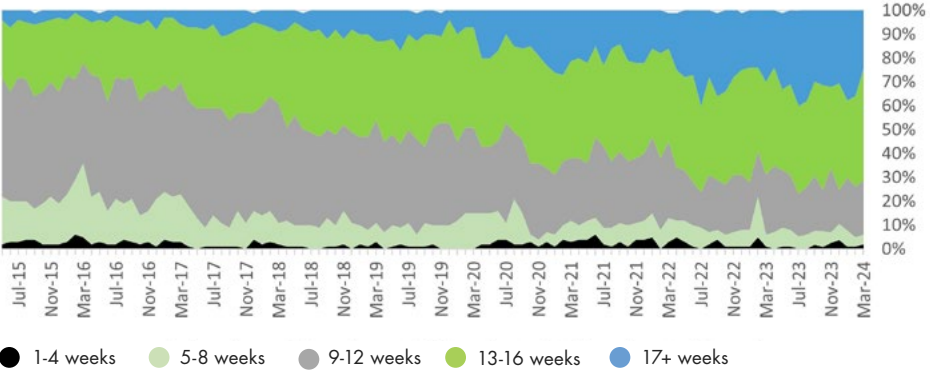
The gap between asking prices and market expectations has narrowed slightly but remains significant. Buyers remain in the driving seat (Figure 18).

Source: Propertymark

TIME TO EXCHANGE REMAINS LENGTHY

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

Figure 19: Average time from offer acceptance to exchanging contracts



Source: Propertymark

MEMBER COMMENTS:

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



"There is still a large amount of uncertainty within the market, there are still many buyers unsure of whether or not to buy now or wait, news headline grabbers can confuse the consumer and skew what's happening in the market. Ultimately, if you need to move, then move, but the importance of a regulated agent in today's property world has never been so important. Standards are still incredibly low and the consumer must make the correct choice in agent."

David Votta, Founder & Owner
Votta Sales & Lettings Ltd

ARLA Propertymark,
Immediate past president

"The North Lincolnshire market shows signs of recovery. Instructed properties are roughly tracking at the same pace as 2023. However, sales are somewhat 30% higher year over year in the same period. Buyers are feeling reassured by stabilising mortgage rates and sellers that are being sensible, and realistic with pricing, are achieving good results within reasonable timescales."

David Gardner, Managing Director
DDM residential

NAEA Propertymark
Regional Executive
for East Midlands



"These clients seem to be trying to understand what they can get for their money before deciding if moving is something they definitely want to do, which means as agents, we are fairly busy but it does feel rather unproductive in many cases."

Anneke Babber, Area Partner
Arden Estate Agents

NAEA Propertymark
Regional Executive
for West Midlands



Northern Ireland

"The market in Northern Ireland is vibrant and very busy. Transaction levels are good with a good supply of property to the market. New Homes continue to outperform and are the prominent choice for first time buyers. Mortgage acceptance levels remain strong."

North Wales

"The North Wales property market is currently experiencing a period of caution. Overpriced properties are slowing market momentum, with some sellers holding unrealistic expectations. Buyers, on the other hand, are becoming more discerning, carefully selecting properties that offer good value. However, when a property is perceived as well-priced, it quickly gathers attention, indicating that buyer interest remains strong. Despite the current slowdown, confidence is expected to gradually return over the year. As we navigate this transitional phase, it's crucial for both buyers and sellers to remain patient and realistic in their property ventures."

Devon

"The market continues to be a mixed one in that many buyers now emerging seem cautious and reluctant to place their own properties on the market, and instead are seeking to find their next dream home before marketing their own, which is causing the sale time to extend. The market appears to be at drift with a lack of urgency from buyers against a backdrop of increased supply and competition."

East Midlands

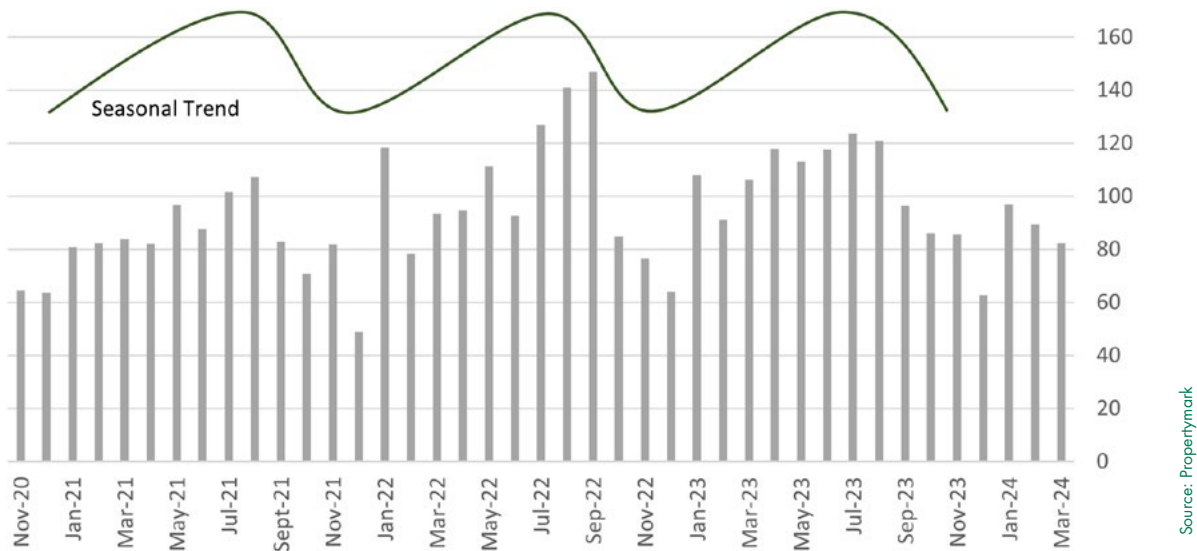
"The market has picked up considerably since the interest rises over the previous year. Confidence seems to have improved as buyers feel confident that interest rates are not going to rise more than expected, which was the problem last year."

Tenant demand decreases

The average number of new prospective tenants registered per member branch provides an indication of market demand. Registrations decreased from 89 in February 2024 to 82 in March 2024 (Figure 20)

suggesting that demand is slowing. It is possible that ongoing legislative uncertainty and relatively high rents are contributing factors.

Figure 20: 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. Stock levels tends to fluctuate month on month, and although they increased in March 2024, they remain within established parameters (Figure 21).

Figure 21: Average number of properties available to rent per member branch



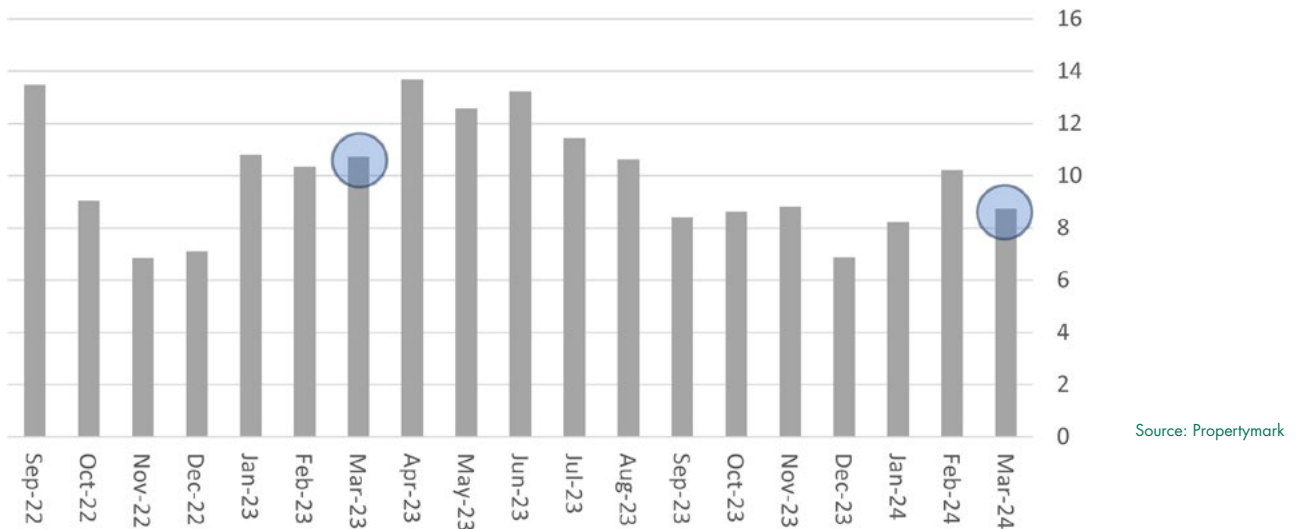
Source: Propertymark

DEMAND WEAKENS BUT 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. The average number of new applicants registered per member branch decreased in March 2024 (Figure 20) and stock levels increased marginally (Figure 21).

However, despite being slightly weakened, demand continues to outstrip supply, with around 9 new applicants registered for each available property in March 2024 (Figure 22).

Figure 22: Average number of new prospective tenants registering per the number of properties available



The number of tenancies agreed increases

PERFORMANCE

The average number of new tenancies agreed, marginally increased in March 2024 but remains subdued compared to the same period last year (Figure 23). As noted earlier, uncertainty appears to be slowing the market.

Figure 23: Average number of new tenancies agreed in the month per member branch

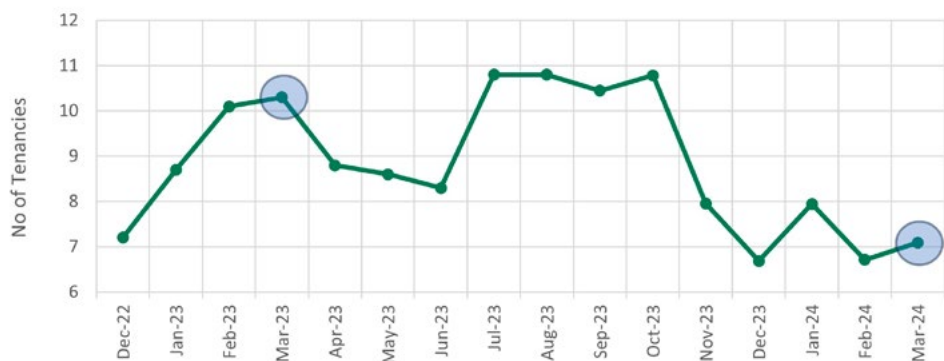
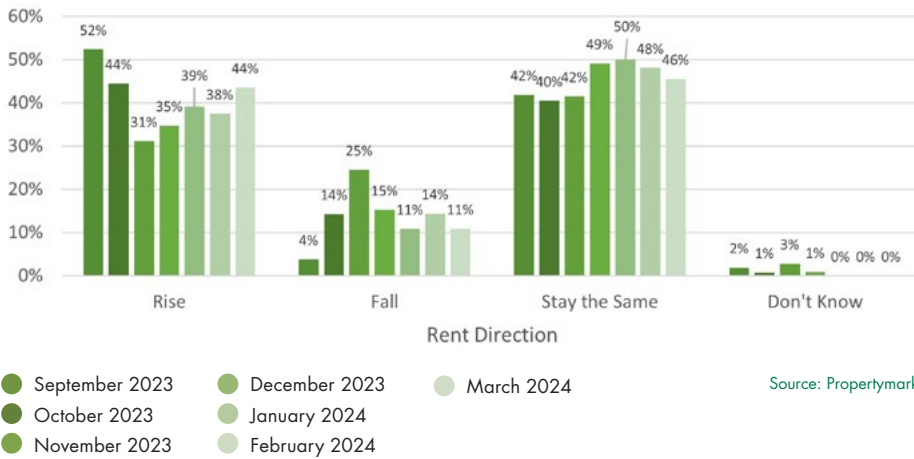


Figure 24: Percentage of members who reported that rents have risen, fallen or stayed the same



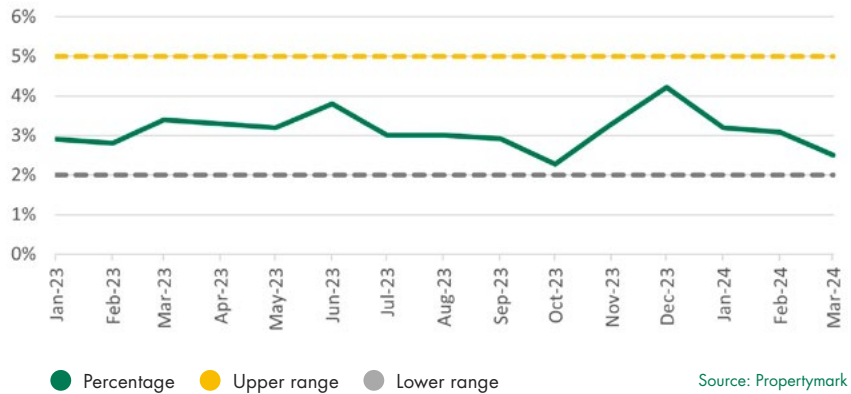
RENTAL PRICES CONTINUE TO FLUCTUATE

A small majority of members have reported that rents have remained the same in each month over the last five months. However, in the same period, a larger proportion of agents have reported seeing rents rise than fall (Figure 24).

RENTAL ARREARS CONTINUE RECENT DOWNWARD TREND

Rental arrears reduced in March 2024 with members reporting that around 2.5% of fully managed and rent collect/rent management properties are in arrears (Figure 25).

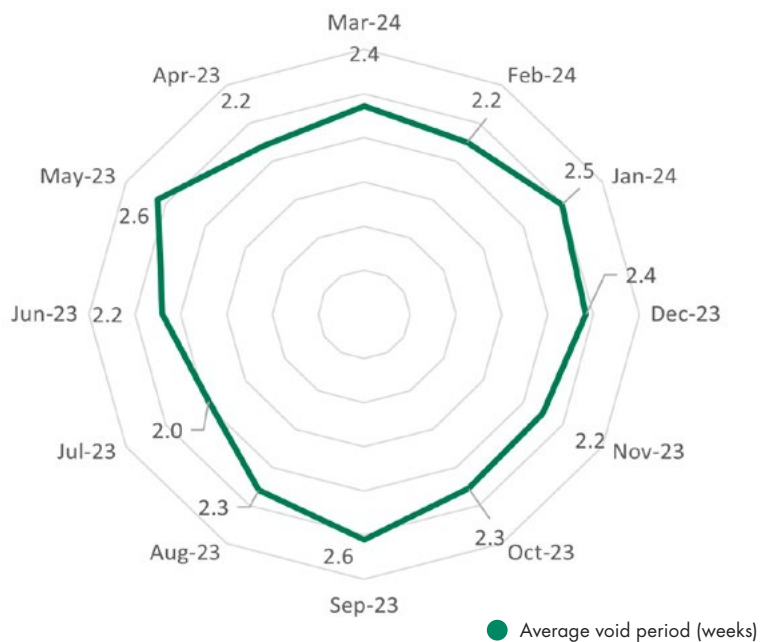
Figure 25: Average number of properties in rental arrears per member branch



LITTLE CHANGE IN VOID PERIODS

The average void period increased slightly in March 2024 but remains within long-run parameters (Figure 26).

Source: Propertymark
Figure 26: Average void period between tenancies in weeks



MEMBER COMMENTS:

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



"This month we have found that although it is still very much a landlords market, tenants are finding affordability is a stumbling block. We have seen rent reductions this month, the first time in a long while, and we are finding rents are stabilising although still higher than this time last year. We have found that stock slowed down in March with landlords uncertain in the current market. However, the announcement of the tax changes for short term lets in the recent budget may see some stock come back to the long-term market as landlords reassess their options."

Sophie Lang, Director/Owner
Lang Llewellyn & Co

ARLA PropertyMark
Regional Executive
for Cornwall



"The supply of available rental properties is much lower than we would expect for this time of year. This is in part due to a strong uptick in demand for rental properties in March, but also due

to fewer properties coming on the market across the board. Even though inflation is coming down, monthly rental prices are staying strong."

Hilary Breeze, Partner
Helen Breeze Property Management LLP
(Sevenoaks, Kent)



"The continuing rising costs associated with owning leasehold properties is causing landlords financial pressures that are inevitably passed onto the tenants. Continuously climbing rents are not

sustainable for many tenants and month on month losses for many landlords, along with prospect of increased landlord regulation and compliance challenges are driving many landlords to leave the sector... less landlords, more tenants, higher rents and so the circle continues."

Chris Anderson, Director
Anderson's Lettings Agency Ltd
(Leicester)



“The rentals market in the outer suburbs of London is performing well. As the hybrid working model has now been adopted by many employers, commuter towns in the outer suburbs are experiencing high tenant demand, with overall performance better than the inner London

locations. The balance of what suburban neighbourhoods offer with good transport links are the catalyst to this trend. Rents are expected to outpace inflation this year with rises of 3.5 to 5% expected overall. New tenancies are now on average achieving 5-6% higher rents as are tenancy renewals.”

Chris Christodoulou, Director

Ashmore Residential

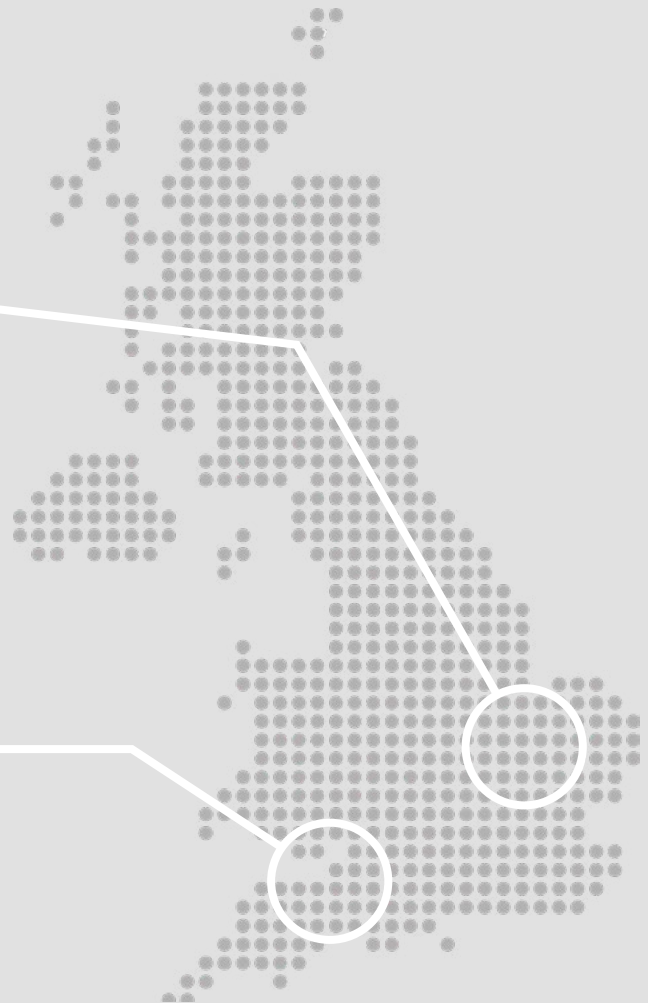
(Oakwood, Southgate and Winchmore Hill)

East of England

“Rents increased but have stabilised. Enquiries far outstrip availability. A marked increase in ‘economy of the truth’ when it comes to salaries and credit history! This seems to reflect applicants’ desperation to be seen to demonstrate affordability with their application which inevitably is discovered at referencing.”

South West

“We are still suffering with losing properties to sales as Landlords look to cash out. Landlords are still showing big concerns about the future of the legislation and anti-landlord talk from all parties.”



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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