

RESIDENTIAL PROPERTY REVIEW

NOVEMBER 2024



Our property market review is intended to provide background to recent developments in property markets as well as to give an indication of how some key issues could impact in the future.

We are not responsible or authorised to provide advice on investment decisions concerning property, only for the provision of mortgage advice. We hope you will find this review to be of interest.

BUDGET CAUSED UNCERTAINTY IN THE MARKET

There was some uncertainty within the housing market ahead of the Autumn Budget at the end of October, which was reflected in muted consumer activity.

House price growth slowed ahead of the first Labour Budget in 14 years according to Savills. Mortgage rates rose slightly at the end of October as lenders repriced their fixed rates around the Chancellor's announcements. However, Knight Frank do still expect house prices to increase by 3% this year.

Rachel Reeves confirmed that the lower Stamp Duty thresholds will be reinstated in April 2025, which is likely to cause a flurry of purchases in Q1 of 2025. Meanwhile, the increase in Stamp Duty on additional residential properties could reduce supply into the private rental sector.

Overall, many experts think that the Budget will cause inflation rates to be higher than initially predicted. This would lead to elevated mortgage rates, with less likelihood of strong house price growth.

HOPE FOR THE RENTAL MARKET?

Conditions could start improving for renters, with Savills commenting that residential rental prices may have reached an 'affordability ceiling.'

Figures from Zoopla show that UK annual rental growth slowed to 4.3% in September – a further decline from 4.6% in August.

Plus, it seems that the Renters' Rights Bill may not have prompted too many landlords to leave the market, with Knight Frank reporting that between January - August this year, there were 6% more new lettings listings in Prime London than the same period in 2023.

This is a welcome relief, as limited supply is already an issue across the rental sector.

Commenting on the Renters' Right Bill, Gary Hall, Head of Lettings at Knight Frank, said, "The new rules are likely to cause some logistical problems for landlords, but we are not expecting an exodus. Those who were on the fence have already left and those who stayed have benefited from strong rental value growth in recent years."

INCREASE IN CHAIN-FREE HOMES FOR SALES

Nearly a third of homes listed on Zoopla are currently chain-free.

From April 2025, homeowners and investors could be charged up to twice the amount of Council Tax on their second homes, which has prompted many to sell. In turn, there has been a 33% increase in buyer enquiries on chain-free properties.

Perhaps unsurprisingly, the UK's second home hotspots have the highest proportion of chain-free homes for sale – the North West (36.5%), Yorkshire and The Humber (35.9%) and the South West (35.9%).

Senior Property Researcher, Izabella Lubowiecka at Zoopla, commented, "Those looking at buying a home before Stamp Duty rates increase in April 2025 should think about buying a chain-free home as they tend to complete much faster. Now is a great time to look for properties, with more chain-free homes available than in previous months."

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HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (SEPTEMBER 2024)	153.1
AVERAGE HOUSE PRICE	£292,000
MONTHLY CHANGE	-0.3%
ANNUAL CHANGE	2.9%

* (Jan 2015 = 100)

- Average house prices in the UK increased by **2.9%** in the year to August 2024
- House prices have fallen by **0.3%** since August 2024 on average
- The average price in London was **£525,586**.

Source: The Land Registry
Release date: 20/11/24
Next data release: 18/12/24

HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	-0.1%	2.5%	£308,782
NORTHERN IRELAND (QUARTER 3 - 2024)	2.8%	6.2%	£190,553
SCOTLAND	-0.9%	5.7%	£198,046
WALES	-2.2%	0.4%	£216,750
EAST MIDLANDS	-0.3%	3.1%	£249,947
EAST OF ENGLAND	-0.3%	1.2%	£342,470
LONDON	-0.8%	-0.5%	£525,586
NORTH EAST	2.4%	6.5%	£170,644
NORTH WEST	0.4%	4.8%	£225,997
SOUTH EAST	-0.4%	1.8%	£383,104
SOUTH WEST	0.1%	1.0%	£319,015
WEST MIDLANDS REGION	0.7%	3.0%	£257,129
YORKSHIRE AND THE HUMBER	-1.7%	4.4%	£215,442

AVERAGE MONTHLY PRICE BY PROPERTY TYPE – SEPTEMBER 2024

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £445,364	2.9%
SEMI-DETACHED £283,767	3.7%
TERRACED £242,428	3.1%
FLAT / MAISONETTE £236,503	1.5%

Source: The Land Registry
Release date: 20/11/24

HOUSING MARKET OUTLOOK

“Despite the affordability challenge, market activity has been improving. The number of new mortgages agreed recently reached its highest level in two years. This aligns with average mortgage rates dropping steadily since spring - now over 160 basis points lower than in summer 2023 – coupled with continued positive income growth. Looking ahead, borrowing constraints remain a challenge for many buyers. Following the Budget, markets expect the Bank of England to cut rates more slowly than previously anticipated, which could keep mortgage costs higher for longer. New policies like higher Stamp Duty for second home buyers and a return to previous thresholds for first-time buyers might also affect demand.”

Amanda Bryden, Head of Mortgages, Halifax
Source: Halifax, November 2024

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All details are correct at the time of writing (20 November 2024)

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