Residential Property Review

October 2024

Our monthly 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.

Improving conditions in the residential market

Activity in the residential property market is picking up as house prices continue to show modest growth, according to Savills.

In August, mortgage approvals were only 3% below pre-pandemic levels. In September, sales agreed and new instructions were 8% and 9% above their respective 2017-2019 averages, highlighting that supply and demand are growing together.

The boost in market activity coincides with a fall in mortgage rates – in August 2023, the average rate for a two-year fixed mortgage with a 75% loan to value (LTV) was 6.2%. In August 2024, this lowered to 4.8%.

Although conditions are improving, house price growth is expected to be limited, due to the increased cost of living over recent years. Plus, general market growth will be dependent on Autumn Budget announcements and any potential reductions to Bank Rate and inflation.

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Rental market update

The latest report from Zoopla has highlighted that rental inflation is slowing but tenant demand remains high.

Over the last year, rents have risen by 5.4%; while this is a significant increase, it is the slowest pace of growth in three years. Rental inflation is not slowing at the same pace as household inflation and earnings because tenant demand continues to outweigh the supply of rental properties. In fact, there are currently 25% fewer rental homes available than in 2019. This is partly due to landlords deciding to sell – a trend which could continue depending on what tax changes the Labour government may have in store.

September data shows that the average rent for new UK lets was £1,245 per month but the cost varies significantly from region to region. According to Rightmove, the cheapest UK city for renters is Carlisle, where the average rent is £791 – 41% below the national average. Following closely behind is Hull (£804), Sunderland (£807) and Stoke-on-Trent (£863).

UK Finance's recommendations for the Autumn Budget

UK Finance has made a series of recommendations to the Labour Party ahead of the Autumn Budget.

To motivate homeowners to upgrade the energy efficiency of their homes, the trade association has suggested that the government should introduce a Stamp Duty rebate scheme. The body also recommended that Stamp Duty bands are raised annually to correlate with increases to the average house price.

The Stamp Duty threshold for first-time buyers is set to be reduced in March 2025, meaning the tax will be payable when purchasing a property worth £300,000 or more. But UK Finance has urged the Labour Party to keep the threshold at the current higher limit of £425,000.

Chief Executive of UK Finance, David Postings, commented, *"We have called on the government to not only introduce measures to bolster growth, but also a range of ideas to help support households and businesses up and down the country."*

Quilter Financial Planning

House prices
Headline statistics

House Price Index (Aug 2024)	153.6
Average House Price	£293,000
Monthly Change	1.5%
Annual Change	2.8%

**(Jan 2015 = 100)*

- Average house prices in the UK increased by *2.8%* in the year to August 2024
- On a non-seasonally adjusted basis, average UK house prices increased by *1.5%* between July 2024 and August 2024
- The average price in London was *£531,212*.

Source: The Land Registry
Release date: 16/10/24
Next data release: 20/11/24

House prices
Price change by region

Region	*Monthly change (%)*	*Annual change (%)*	*Average price (£)*
England	1.6%	2.3%	**£309,572**
Northern Ireland (Quarter 2 - 2024)	3.6%	6.4%	**£185,025**
Scotland	1.2%	5.4%	**£199,971**
Wales	2.6%	3.5%	**£222,925**
East Midlands	1.4%	2.1%	**£250,229**
East of England	1.0%	1.4%	**£344,190**
London	2.2%	1.4%	**£531,212**
North East	1.5%	1.7%	**£166,032**
North West	2.4%	4.6%	**£225,248**
South East	1.4%	1.6%	**£384,804**
South West	-0.3%	0.8%	**£320,774**
West Midlands Region	1.1%	2.6%	**£255,102**
Yorkshire and The Humber	2.7%	4.4%	**£219,433**

Average monthly price by property type – August 2024

Property Type	*Annual Increase*
Detached £443,355	1.7%
Semi-detached £285,310	3.6%
Terraced £243,437	3.0%
Flat / maisonette £239,043	2.6%

Source: The Land Registry
Release date: 16/10/24

Housing market outlook

"Market conditions have steadily improved over the summer and into early autumn. Mortgage affordability has been easing thanks to strong wage growth and falling interest rates. This has boosted confidence among potential buyers, with the number of mortgages agreed up over 40% in the last year and now at their highest level since July 2022. While improved mortgage affordability should continue to support buyer activity – boosted by anticipated further cuts to interest rates – housing costs remain a challenge for many. As a result, we expect property price growth over the rest of this year and into next to remain modest."

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

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All details are correct at the time of writing (16 October 2024)

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