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Residential Property Review

June 2024



Housing market update

The UK housing market continues to show modest signs of recovery, according to the latest data from Savills.

Despite some house price growth, a significant upturn is considered unlikely until mortgage affordability improves.

Buyer activity continues to improve, as the number of sales agreed in May was 10% higher than the 2017-2019 average, according to TwentyCI.

The rental market remains relatively consistent. Data from Zoopla shows that, in April, annual UK rental growth was 6.6% - slightly lower than the 6.7% recorded in the previous month. The region with the strongest annual growth was the North East (9.5%), followed by Scotland (9.3%). Rental growth is accelerating in locations close to large cities, such as North Tyneside and Midlothian - more evidence that the pandemic's 'race for space' appears to be in reverse.

New homes in the capital – demand outstrips supply

Demand for new builds in the capital is increasing, but supply is limited, largely attributable to high development costs.

Knight Frank data indicates that confidence is picking up amongst London buyers, as the number of offers placed on new homes in April increased by 9% year-on-year, while viewings rose by 17%. Similarly, the number of prospective buyers who registered interest in purchasing a new build was 15 to 20% higher than the previous year for mid-to-upper markets.

Despite this growing demand, the cost of building in the capital has put off some developers. As a result, new starts fell by 20% over a 12-month period and there are currently about 35,000 new homes being delivered per year – over 30% lower than the Mayor of London's target of 52,500.

How will the General Election affect the housing market?

Ahead of the 2024 General Election, new homes are the unanimous focus of the manifestos when it comes to housing.

If the Conservatives remain in government, Rishi Sunak aims to build 1.6 million new homes over the next five years – slightly more than the Labour Party's target of 1.5 million and less than the Liberal Democrat's promise of 380,000 new builds per year. Ed Davey stated that 150,000 of these will be social housing; Keir Starmer would also prioritise building new social rented homes.

The Labour, Liberal Democrat and the Conservative manifestos all pledge to fully abolish Section 21 'no fault' evictions. Davey also pledged to create a national register of licensed landlords and make three-year tenancies the default.

If the Labour Party comes to power, they propose to increase the rate of Stamp Duty for non-UK residents. Meanwhile, the Conservatives would abolish Stamp Duty for first-time buyers (FTBs) on homes up to £425,000. To further support FTBs, Sunak promised a new and improved Help-to-Buy scheme. Similarly, the Labour manifesto pledged a permanent mortgage guarantee scheme.

House prices headline statistics

House Price Index (April 2024)	147.6
Average House Price	£281,000
Monthly Change	0.3%
Annual Change	1.1%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **1.1%** in the year to April 2024
- On a non-seasonally adjusted basis, average UK house prices increased by **0.3%** between March 2024 and April 2024
- The average price in London was **£501,880**.

Source: The Land Registry
Release date: 19/06/24
Next data release: 17/07/24

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	0.3%	0.6%	£298,229
Northern Ireland (Quarter 1 - 2024)	0.4%	4.0%	£178,499
Scotland	1.3%	4.5%	£190,345
Wales	-2.1%	0.4%	£208,184
East Midlands	0.7%	1.1%	£242,132
East of England	-0.7%	0.4%	£335,448
London	-0.2%	-3.9%	£501,880
North East	0.6%	1.0%	£158,133
North West	0.7%	3.8%	£216,714
South East	1.4%	-0.4%	£375,067
South West	1.1%	1.8%	£317,911
West Midlands Region	0.4%	2.0%	£246,292
Yorkshire and The Humber	-1.4%	0.2%	£203,110

Average monthly price by property type – April 2024

Property Type	Annual Increase
Detached £429,081	0.3%
Semi-detached £274,974	2.2%
Terraced £231,942	1.6%
Flat / maisonette £229,488	0.0%

Source: The Land Registry
Release date: 19/06/24

Housing market outlook

"A period of relative stability in both house prices and interest rates should give a degree of confidence to both buyers and sellers. While homebuyers and those remortgaging will continue to respond to changes in borrowing costs, set against a backdrop of a limited supply of available properties, the market is unlikely to see huge fluctuations in the near term."

Amanda Bryden, Head of Mortgages, Halifax

Source: Halifax, June 2024

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All details are correct at the time of writing (19 June 2024)

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