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Residential Property Review

July 2024



A new Labour government – what next for housing?

Following the Labour Party's landslide election win, what changes might be in store for the UK housing market?

In the Prime Minister's introduction to the King's Speech on 17 July, Sir Keir Starmer stated, *"Too many people currently live with the threat of insecurity and injustice, and so we will make sure everyone can grow up in the secure housing they deserve. We will introduce tough new protections for renters, end no-fault evictions and raise standards to make sure homes are safe for people to live in."*

Several key Bills relevant to the housing market were announced, including:

- Renters' Rights Bill – rent caps and longer-term tenancy agreements to stabilise the rental market
- Planning and Infrastructure Bill – simplified planning procedures and infrastructure funding
- Draft Leasehold and Commonhold Reform Bill – abolishment of ground rent and simplification of leasehold extensions and freehold purchases.

Housing market update

Completions and house prices rose in June, but buyer activity fell as the nation awaits a cut in Bank Rate.

The start of 2024 saw a boost in sales agreed, resulting in positive effects being seen in June, with the highest number of completed transactions since March 2023, according to HMRC.

However, a slight decline in mortgage approvals and sales agreed indicate that buyer activity has waned halfway through 2024. Savills report that supply of homes has continued to increase, thus widening the gap between supply and demand. Buyer confidence should be restored once mortgage affordability improves and is dependent on Bank Rate reducing, which Oxford Economics predict will happen in August.

UK annual rental growth fell to 5.8% in May according to Zoopla – down on the 6.6% recorded in April. Commuter belt regions continue to show the strongest growth, particularly in the north of England.

BTL landlords intend to raise rents

Many buy-to-let (BTL) landlords plan to raise their rents within the next year, according to a survey by Landbay.

Nearly 85% of respondents intend to increase rents over the next 12 months, with 37% of this group planning to put rents up by between 6% and 10%. Meanwhile, 36% said they would raise rents by up to 5% and a further 8% of BTL landlords will put them up by between 11% and 19%. The reasons cited for the increases included higher interest rates and increased operating costs.

According to the survey, half of the landlords raising rents self-manage their properties, 27% use an estate agent and a fifth rely on a professional management company. The survey also found that 42% of landlords have between four and ten properties, while 28% own at least 20 rental properties.

House prices headline statistics

House Price Index (May 2024)	149.6
Average House Price	£285,000
Monthly Change	1.20%
Annual Change	2.20%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **2.2%** in the year to May 2024
- On a non-seasonally adjusted basis, average UK house prices increased by **1.2%** between April 2024 and May 2024
- The average price in London was **£523,376**.

Source: The Land Registry
Release date: 17/07/24
Next data release: 14/08/24

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	1.3%	2.2%	£302,393
Northern Ireland (Quarter 1 - 2024)	0.4%	4.0%	£178,499
Scotland	0.3%	2.5%	£191,435
Wales	2.5%	2.4%	£216,002
East Midlands	1.0%	3.2%	£245,574
East of England	0.6%	1.9%	£337,757
London	3.9%	0.2%	£523,376
North East	1.5%	3.7%	£162,360
North West	0.9%	2.9%	£217,525
South East	0.3%	0.7%	£375,693
South West	0.6%	2.3%	£318,223
West Midlands Region	2.3%	3.0%	£250,787
Yorkshire and The Humber	1.9%	3.9%	£209,055

Average monthly price by property type – May 2024

Property Type	Annual Increase
Detached £439,590	3.5%
Semi-detached £278,793	3.9%
Terraced £234,048	2.0%
Flat / maisonette £231,025	-0.9%

Source: The Land Registry
Release date: 17/07/24

Housing market outlook

“Housing affordability is still stretched. Today, a borrower earning the average UK income buying a typical first-time buyer property with a 20% deposit would have a monthly mortgage payment equivalent to 37% of take-home pay – well above the long run average of 30%.”

Robert Gardner, Chief Economist, Nationwide

Source: Nationwide, July 2024

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All details are correct at the time of writing (18 July 2024)

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