

THE **PROPERTY MARKET**

A REVIEW OF THE KEY TRENDS IN THE
NATIONAL AND LOCAL HOUSING MARKET.



HERTFORDSHIRE, BEDFORDSHIRE AND CAMBRIDGESHIRE

Analysis by Dataloft | Spring 2023

STEPPING INTO SPRING

SALES



↓10.6%

Property sales

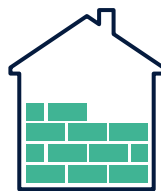
108,080 January 2022 vs
96,650 January 2023



↓46.3%

Mortgage approvals

73,789 January 2022 vs
39,637 January 2023



↑8.9%

New private homes completions

63,042 Q4 2021 vs
68,638 Q4 2022



↓7.2%

Gross mortgage lending

£25.1bn January 2022 vs
£23.3bn January 2023

Source: ONS, HMRC, Bank of England, DLUHC, HomeLet
*Figures rounded to nearest £0.1bn

Despite the brake on house-price growth, the market, as well as economic outlook, is showing tentative green shoots as we head towards spring.

Mortgage matters

There has been a welcome fall in mortgage rates, with rates of below 4% for lower loan-to-value mortgages. Typical costs of a two-year deal and five-year fixed-rate mortgage have fallen back to where they were in October 2022, in spite of the Bank of England Bank Rate rising by 1.75% during this period. There has also been a rise in the number of mortgage products, with over 4,000 different products now available. The number of days a product is available before it is withdrawn has also increased, now at 28 days, up from just 15 days in January, the highest level since March 2022 (Zoopla).

Outlook

The housing market and economy are closely interlinked, and despite the rising cost of living, the rate of inflation has slowed and is expected to fall back over the course of the year. Employment levels remain strong, GDP forecasts are improving and any recession is expected to be less severe than first predicted. Prices are softening but many sellers continue to be over-optimistic on price. With supply returning to more normal levels, up 60% compared to a year ago, there is more choice for prospective purchasers and Zoopla report the average discount to asking price is currently 4.5%.

Consumer confidence

The Bank of England announced that mortgage approvals in January had fallen to their lowest level since May 2020. However, there are more recent signs of improvement. Zoopla report that buyer demand is up 8% on the pre-pandemic years (2017–2019), while the latest survey of UK consumer confidence undertaken by GfK registered a +7 uptick in February. This represents the largest monthly improvement in nearly two years. Although still dented, confidence in the UK's economic outlook and personal finances over the next 12 months registered a month-on-month rise of +11 and +9 points respectively.

LETTINGS



↑10.2%

Average rents
January 2022 vs
January 2023



£1,172

Average monthly
rent across the UK
January 2023

3.88%

Effective
interest rates
on new
mortgages

Bank of England, January 2023

Signs of easing

Price growth in the rental sector is expected to continue in 2023. However, there are tentative indications that competition between renters, which has underpinned the record rental rises, is beginning to relent. Rightmove report that competition between renters for available properties has dropped by 6% compared with the same time last year, and a third compared with September's peak.

However, the imbalance between supply and demand remains high. The number of available homes to rent in the final quarter of 2022 was up 13%, while new-to-the-market properties are up 5% (Rightmove).



After two years of hectic activity, the market is stabilising and pausing for breath. Stock levels and time taken to secure a sale are gradually returning to pre-pandemic levels, and prices are unseasonably stalling as many sellers are breaking tradition and showing a greater realism on price.

KRIS MCLEAN
MANAGING DIRECTOR, THE GUILD OF
PROPERTY PROFESSIONALS

SPRINGING INTO ACTION

Time to sell your house



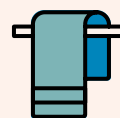
27%

of sales occur in spring¹



44%

of sales complete on a Friday²



1 in 3

home movers say a recently fitted kitchen and/or bathroom is important in a property

Dusting off the cobwebs

More than one in every three home movers consider a recently fitted kitchen and/or bathroom an important requirement when looking for a property to buy. A declutter and deep clean are key; a fresh coat of paint, tidy house and garden, and kerbside appearance can all enhance a property's appeal and value. Research shows that 76% of buyers are put off by cracks, marks and stains.

Spring still popular

Over the past five years (excluding 2020), the proportion of sales that have taken place in spring has been the highest of any of the four seasons; 27% of sales were between March and May, compared to just 24% in autumn. Over the same time period, properties took an average of just 52 days to sell, quicker than the 63-day average in winter (Rightmove).

Friday on my mind

Friday remains the most popular day to complete on a property purchase; 44% of properties change hands on a Friday, significantly higher than any other day. Based on sales in 2022, Thursday proved the second-most popular day, and Saturday and Sunday the least. Moving on a Friday may well mean more competition for removal firms but allows the weekend to unpack and settle in.

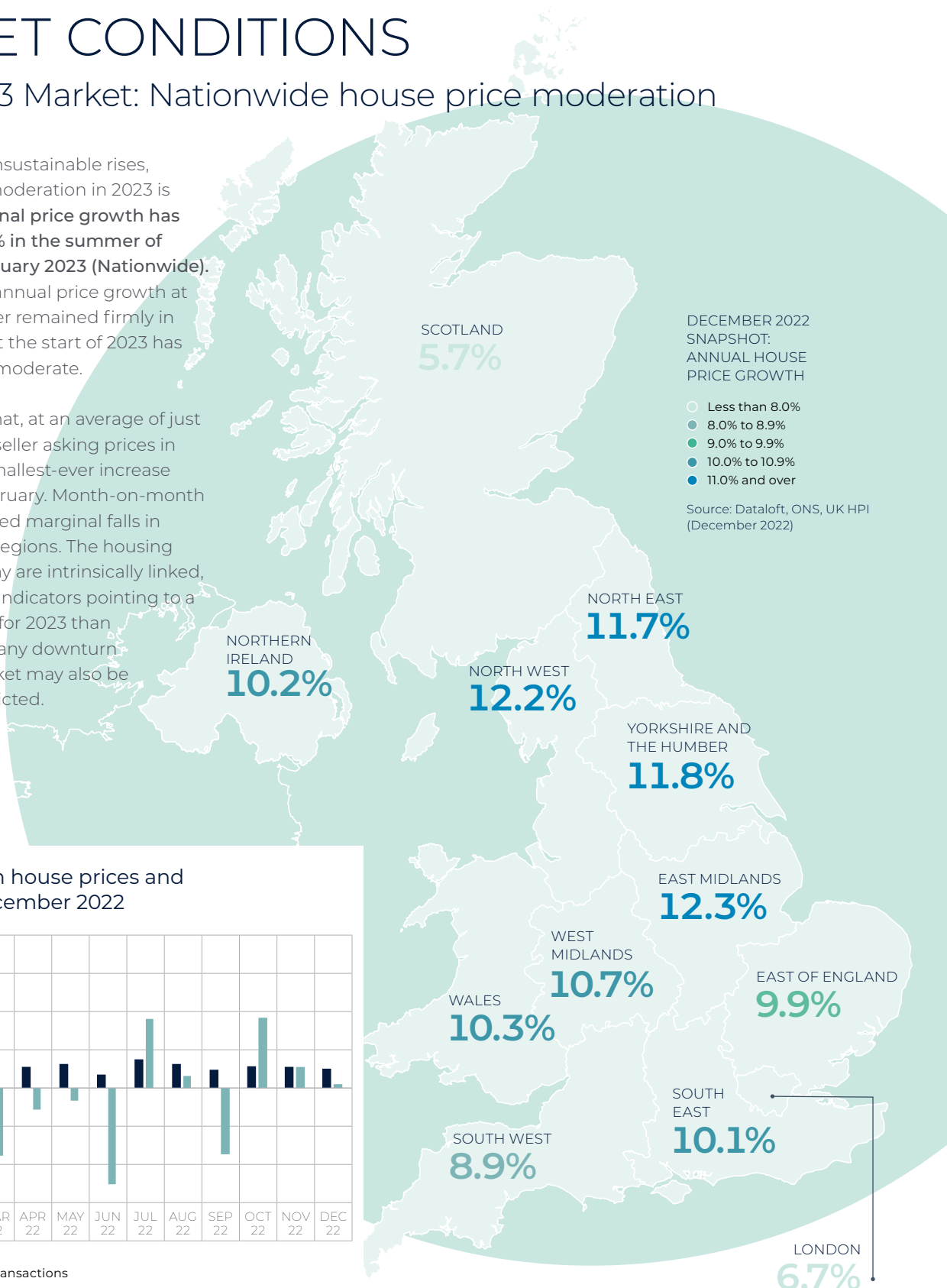
Source: Dataloft, Land Registry, HMRC, Property Academy Home Moving Trends Survey 2022
¹Refers to March, April, May, ²based on 2022 sales

NATIONAL MARKET CONDITIONS

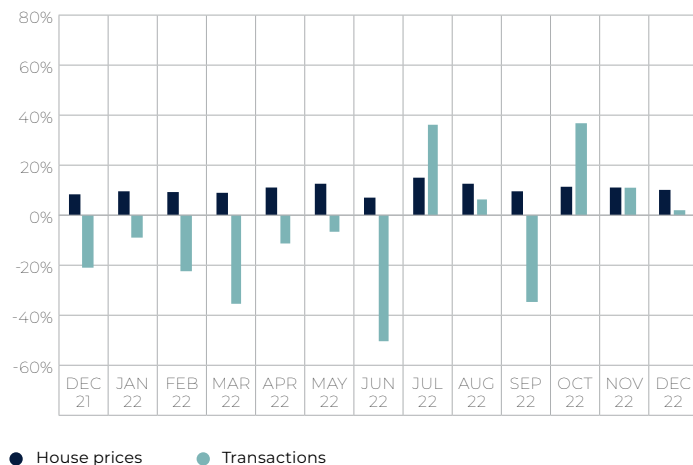
Spring 2023 Market: Nationwide house price moderation

After two years of unsustainable rises, an expected price moderation in 2023 is not a surprise. **National price growth has moderated from 11% in the summer of 2022 to -1.1% in February 2023 (Nationwide).** Across the regions, annual price growth at the end of December remained firmly in positive territory, but the start of 2023 has seen prices start to moderate.

Rightmove report that, at an average of just £14, the rise in new seller asking prices in February was the smallest-ever increase from January to February. Month-on-month asking prices recorded marginal falls in nearly half of all UK regions. The housing market and economy are intrinsically linked, and with economic indicators pointing to a less gloomy picture for 2023 than originally expected, any downturn in the property market may also be shallower than predicted.



Annual change in house prices and transactions, December 2022



Source: Dataloft, HMRC, ONS, UK HPI (Dec 2022)

REGIONAL ACTIVITY

HERTFORDSHIRE, BEDFORDSHIRE AND CAMBRIDGESHIRE

The British are a nation of home lovers and the pursuit of home ownership is one of our main aspirations. Newly released data from the 2021 census reveals that of the 24.8 million households in England and Wales, 15.3 million are in home ownership, the equivalent to 61.6%. For the first time since the collection of mortgage data started, more than half (53.3%) of all owner-occupied homes are owned outright, as opposed to with a mortgage or a loan.

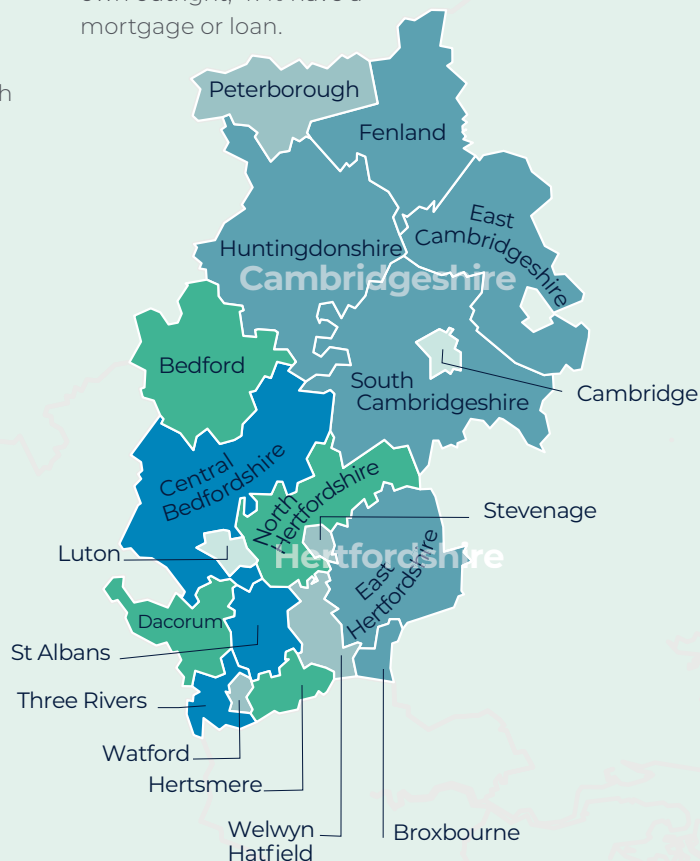
Private rented property is however still in demand, with over one million more households living in the private rental sector than ten years ago.

In the East of England 67.2% of households are in home ownership, above the average for England and Wales. Just over 53% of homeowners own outright, 47% have a mortgage or loan.

PROPORTION OF HOUSEHOLDS IN HOME OWNERSHIP

- Less than 55%
- 55%–59.9%
- 60%–64.9%
- 65%–69.9%
- 70% and over

Source: Dataloft, ONS, Census 2021.
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Home ownership remains the main tenure type

3.9%

Fenland

% of private stock turnover

Source: Dataloft, DLUHC, MHCLG, ONS, UK HPI

Most active housing markets across the region

RANK		% OF PRIVATE STOCK TURNOVER	AVERAGE HOUSE PRICE
1	FENLAND	3.9%	£249,224
2	DACORUM	3.8%	£482,262
3	HUNTINGDONSHIRE	3.8%	£328,685
4	CENTRAL BEDFORDSHIRE	3.8%	£392,373
5	ST ALBANS	3.8%	£615,334
6	EAST HERTFORDSHIRE	3.7%	£459,308
7	NORTH HERTFORDSHIRE	3.7%	£399,478
8	EAST CAMBRIDGESHIRE	3.5%	£356,671
9	BROXBOURNE	3.4%	£401,415
10	CITY OF PETERBOROUGH	3.4%	£255,191
11	STEVENAGE	3.4%	£346,279
12	WELWYN HATFIELD	3.3%	£444,537
13	THREE RIVERS	3.2%	£607,780
14	SOUTH CAMBRIDGESHIRE	3.2%	£462,297
15	BEDFORD	3.2%	£366,375
16	WATFORD	3.1%	£415,406
17	HERTSMERE	3.0%	£545,307
18	LUTON	2.9%	£282,934
19	CAMBRIDGE	2.8%	£547,031

Source: Dataloft, DLUHC, MHCLG, ONS, UK HPI

Market dynamics

The pendulum is swinging back in favour of the buyer as 2023 unfurls. Although the number of properties available to sell remains lower than the last so-called normal market of 2019, the supply of new stock to the market is higher than a year ago, offering buyers more choice. The time taken to sell a property is edging upwards and sellers need to be sensible when pricing their property to reflect market conditions. Across 2023, sales volumes are expected to pare back to pre-pandemic levels of around 1 million.

59 days

Average time taken to sell a property¹ in the East of England

Source: Rightmove, ¹Sold Subject to Contract

Houses versus flats

Houses remain the most sought-after property choice for new buyers across the market, but the proportion of prospective purchasers seeking an apartment has risen. Although 39% of new buyers are looking for a three-bed house, the most in-demand property type, Hometrack report that more than three in ten buyers are now looking to purchase an apartment. Of sales recorded in the East of England in 2022, one in every six was an apartment.

16.7%

Apartments as a proportion of all property sales in 2022

Source: Dataloft, Land Registry, 2022



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The Guild of Property Professionals
121 Park Lane, Mayfair, London W1K 7AG
020 7629 4141 | parklane@guildproperty.co.uk | guildproperty.co.uk



Analysis by Dataloft

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