

THE **PROPERTY MARKET**

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



THAMES VALLEY, BERKSHIRE, OXFORDSHIRE, BUCKINGHAMSHIRE

Analysis by Dataloft | Summer 2023

SUMMER SUN

SALES



↑4.1%

UK House prices

£273,787 March 2022 vs
£285,009 March 2023



↓25.1%

Property sales

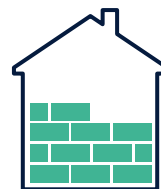
109,640 April 2022 vs
82,120 April 2023



↓26.0%

Mortgage approvals

65,759 April 2022 vs
48,690 April 2023



↓10.4%

New private homes completions

60,894 Q1 2022 vs
54,575 Q1 2023



↓39.9%

Gross mortgage lending

£28.3bn April 2022 vs
£17.0bn April 2023

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

Blue skies and sunshine have put a smile on many faces in recent weeks. Conditions remain challenging, but improved economic forecasts are good news for the housing market.

Market dynamics

Mortgage approvals and sales volumes in April remained subdued as prospective buyers continue to adjust to today's interest rate environment. However, Zoopla report the volume of sales agreed in May was up 11% on the 2018–2022 average. Close to two thirds of sellers are confident they will sell their property within three months and 70% of prospective buyers expect to buy within that time frame (OnTheMarket). Surveyors remain cautious but are their most positive as to the state of play of the market since July 2022. Expectations over the next 12 months point to stable market conditions (RICS).

Consumer confidence

Growth is now predicted for the UK economy in 2023, a significant shift in rhetoric from just a few months ago. While still cautious, consumer confidence continues to rise, registering its strongest level for 15 months in May. An 11-point uptick in consumers' willingness to make expensive purchases is a positive sign for the housing market in future months. The average price of a five-year fixed-rate mortgage is fluctuating just above 5%. Inflation fell to 8.7% in April and falling energy prices are set to lower consumer bills in the coming months.

First-time buyers return

Buyer demand for smaller and second-stepper properties is stronger than in 2019, with property choice perhaps influenced by tighter budgets. As rental prices continue to rise steeply, first-time buyers are returning to the market, helped by higher loan-to-value mortgage deals, and in some cases gifts or loans from family members. The volume of available properties for agents to sell has improved, boosting choice for potential buyers, but still remaining low by historic standards. Well-presented homes in popular areas continue to sell quickly, with sensible and realistically priced properties continuing to be in demand.

LETTINGS



↑10.0%

Average rents
May 2022 vs
May 2023



£1,213

Average monthly
rent across the UK
May 2023

26.5%

Renter affordability:
Proportion of gross
income spent
on rent

Dataloft, ONS, April 2023

Lettings

Demand for property to let continues to outpace supply, resulting in properties letting at or very close to asking price. Legislative and monetary changes in recent years have undoubtedly impacted investor returns; however, indicative gross yields remain attractive, particularly for landlords with a lower loan-to-value (LTV) outstanding on their portfolios.

The long-awaited Renters Reform Bill has been introduced in Parliament. Set to abolish Section 21 no-fault evictions and implement a move to periodic as opposed to fixed-term tenancies, it would provide more security for renters. The bill also outlines changes to strengthen Section 8, covering landlords' rights to possession, and the development of a new online portal for landlords.

Analysis by Dataloft



The housing market and the economy are inextricably linked. There is little evidence of the significant price falls anticipated just a few months ago, but with affordability pressures remaining, buyers and vendors need to be realistic on price.

KRIS MCLEAN
MANAGING DIRECTOR, THE GUILD OF
PROPERTY PROFESSIONALS

A PLACE TO RELAX

Gardens remain popular



14m²

Average size of a UK garden (ONS)

'Garden'

Top five feature in wish lists for both buyers and renters (Rightmove 2022)

88%

Homes in the UK with access to a garden or outside space (ONS)

Green grass

Close to nine in every ten homes in the UK has access to a garden or outside space. 87% of home movers and 72% of renters state a garden is an important feature in a property when choosing a home. With over 40% of the workforce continuing to work from home either full- or part-time, the garden office has proved a popular addition.

Growing value

Garden makeovers are one of the most common home improvements. Real grass, a shed and outdoor seating areas are all popular features. On average, a south-facing garden has been found to add a 7% premium to the price of a home (Rightmove), a well-maintained garden 5% to 20% (AXA). 70% of people use gardens for relaxation and 42% as a place to entertain family and friends.

Blooming marvellous

Many addresses feature floral names. On average over 1,000 sales per year take place for streets bearing the names of our national flowers: the English Rose, Scottish Thistle, Welsh Daffodil and Northern Ireland Flax. 'Gardens' is also a popular street suffix with around 20,000 sales each year on residential addresses including 'Gardens'. Over the past year, property on such streets has sold for an average of £457,300.

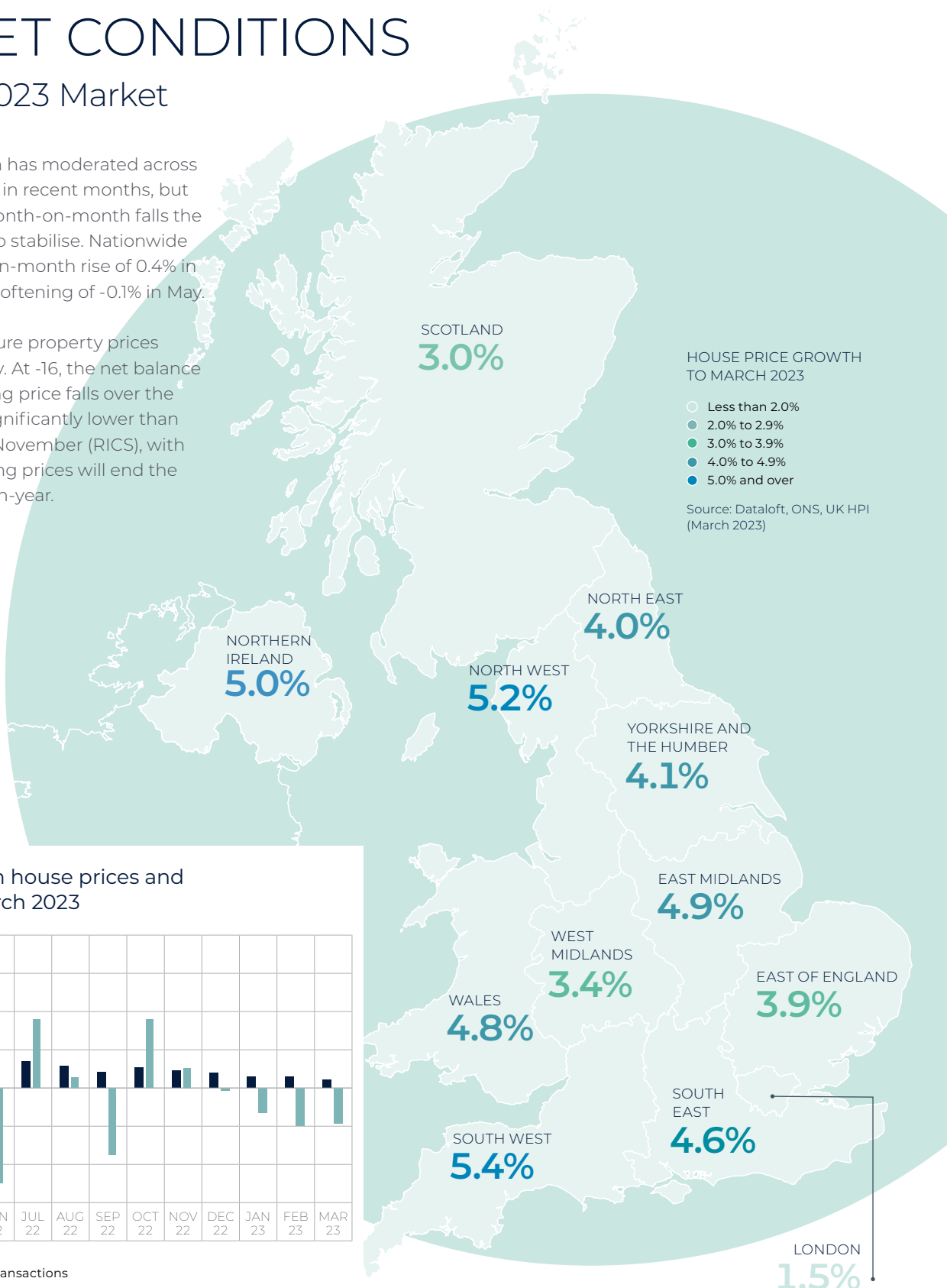
Sources: Dataloft, Property Academy Home Moving and Renter Trends, Rightmove 2022, ONS 2023, Land Registry

NATIONAL MARKET CONDITIONS

Summer 2023 Market

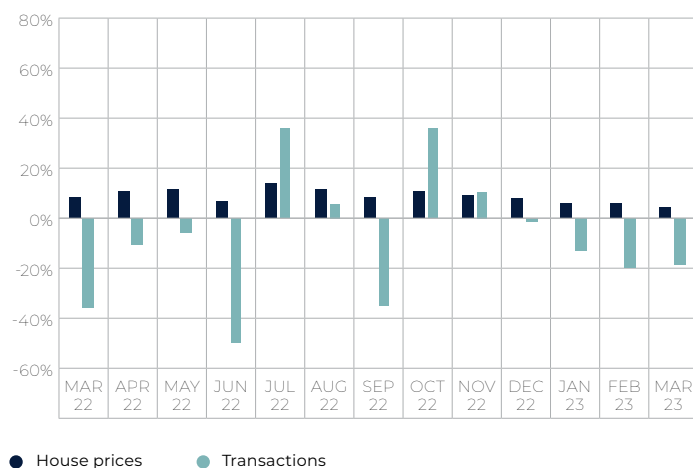
Annual price growth has moderated across all regions of the UK in recent months, but despite marginal month-on-month falls the market has begun to stabilise. Nationwide reported a month-on-month rise of 0.4% in April, followed by a softening of -0.1% in May.

Expectations for future property prices have improved lately. At -16, the net balance of agents anticipating price falls over the next 12 months is significantly lower than the -61 recorded in November (RICS), with Hometrack predicting prices will end the year 1% lower year-on-year.



Source: Dataloft, ONS, UK HPI (March 2023)

Annual change in house prices and transactions, March 2023



Source: Dataloft, HMRC, ONS, UK HPI (March 2023)

REGIONAL ACTIVITY

THAMES VALLEY, BERKSHIRE, OXFORDSHIRE, BUCKINGHAMSHIRE

At 270,000, sales volumes in the first four months of 2023 are significantly lower than the frenetic markets of 2021 and 2022. Given the economic challenges prospective home buyers have faced, this is hardly surprising but, as it has time and time again, the housing market is proving resilient. Despite rises in the base rate of interest, mortgage rates remain lower than six months ago and Rightmove report the number of sales agreed in the first four months of this year is just 3% lower than for

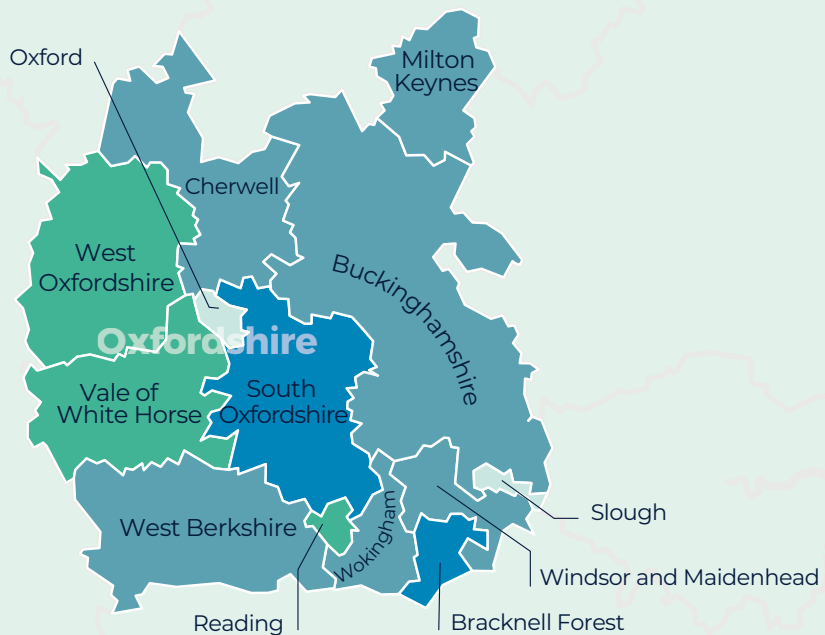
the same period during the last so-called normal market of 2019.

Across the Thames Valley, Berkshire, Oxfordshire and Buckinghamshire, the most active housing markets are currently those in Bracknell Forest and South Oxfordshire, where close to one in every 25 properties has changed hands in the past year.

% OF PRIVATE STOCK TURNOVER

- Less than 2.8%
- 2.8%–3.09%
- 3.1%–3.49%
- 3.5%–3.79%
- 3.8% and over

Source: Dataloft, DLUHC, MHCLG, ONS, UK HPI (March 2023)
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Agreed sales volumes just 3% lower than in 2019 (Rightmove)

9.1%

Wokingham

Current annual rate of house price change (%)

Source: Dataloft, ONS, UK HPI March 2023

Current annual rate of house price change (%)

RANK		CURRENT ANNUAL RATE OF PRICE CHANGE (%)	AVERAGE HOUSE PRICE
1	WOKINGHAM	9.1	£527,172
2	WEST BERKSHIRE	8.2	£423,093
3	WEST OXFORDSHIRE	7.2	£409,851
4	SOUTH OXFORDSHIRE	7.1	£529,205
5	BRACKNELL FOREST	6.4	£403,999
6	READING	6.0	£326,373
7	CHERWELL	5.7	£372,286
8	SLOUGH	5.6	£320,969
9	BUCKINGHAMSHIRE	4.5	£479,706
10	VALE OF WHITE HORSE	3.8	£428,341
11	MILTON KEYNES	3.8	£316,705
12	WINDSOR AND MAIDENHEAD	0.8	£543,986
13	OXFORD	-0.9	£465,525

Source: Dataloft, ONS, UK HPI March 2023.

Price dynamics

Annual price growth has slowed considerably against the backdrop of the huge increases of last year as modest repricing continues. The average price of a property across the UK softened slightly in May, at £260,736, with a 0.1% month-on-month fall, following a 0.4% rise in April (Nationwide, not seasonally adjusted). However, Rightmove recorded that the average asking price of a property in May compared to April rose in all but one region of the UK.

£494,471

Average price of a newly listed property in the South East

Source: Rightmove, May 2023

Improving choice

The demand/supply imbalance that epitomised the market in the immediate aftermath of the pandemic is realigning. Zoopla report the flow of new supply was up 16% in May and the stock of homes for sale up 10% compared to the same period between 2018 and 2022. With more choice for buyers, realistic pricing is crucial. At present, price reductions of up to 5% are common, while around one in five properties listed have had the asking price reduced by 5% or more (Zoopla, Dataloft Inform poll of subscribers).

8 weeks

Most common time for a price reduction post-listing

Source: Hometrack/Zoopla



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Analysis by Dataloft

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