

# THE **PROPERTY MARKET**

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



**THAMES VALLEY, BERKSHIRE, OXFORDSHIRE, BUCKINGHAMSHIRE**

Analysis by Dataloft | Autumn 2023

# REMARKABLE RESILIENCE

## SALES



↑**1.7%**

UK House prices

£282,777 June 2022 vs  
£287,546 June 2023



↓**16.3%**

Property sales

103,300 July 2022 vs  
86,510 July 2023



↓**21.7%**

Mortgage approvals

63,179 July 2022 vs  
49,444 July 2023



↓**13.5%**

New private homes completions

67,121 Q2 2022 vs  
58,050 Q2 2023



↓**27.8%**

Gross mortgage lending

£25.9bn July 2022 vs  
£18.7bn July 2023

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

Despite challenging economic conditions, the market remains resilient, in part due to motivated buyers still looking for correctly priced homes. Activity amongst first-time buyers is holding up well.

### Summer slowdown

July and August are typically slow months for selling properties. Summer holidays, outdoor activities and children off school mean that our thoughts are elsewhere. In August we have historically seen an average month-on-month fall of 0.9% (Rightmove). This year the figure is higher at 1.9%, an indication of growing realism in the market and keen vendors pricing competitively to attract buyers. Despite the current softening in prices, average house prices in May were down just 2% on last September's high and still over 20% above pre-pandemic levels (Zoopla).

### Mortgages

In light of improving inflation data and more positive forecasts for the UK economy, lenders have been cutting their fixed mortgage rates. The quarterly growth rate of mortgages approved has improved from the start of the year, with lending volumes 6.3% higher over the three months to the end of July than they were for the prior three months. Whilst current levels are higher than at the end of 2022 and early 2023, they are considerably lower than a year ago (Bank of England).

### Demand

Demand continues to be supported by strong employment levels and record annual wage growth. Those serious about moving are still doing so, perhaps adjusting their budget to offset interest rate increases. The number of sales agreed is currently 15% lower than 2019 levels. However, the first-time buyer sector is holding up better, down by 10% and likely driven in part by high rents and lack of rental availability (Rightmove). Despite the economic conditions, transaction numbers have also been relatively resilient. There were 86,500 transactions in July on a seasonally adjusted basis, a modest 0.8% higher than in June, although down 16.3% on July 2022 (HMRC).

# LETTINGS



**↑10.3%**

Average rents  
August 2022 vs  
August 2023

**£1,261**

Average monthly  
rent across the UK  
August 2023

**35%**

Typical mortgage  
cost as % of  
gross income

Dataloft, Halifax, August 2023

## Lettings

Rental growth continues to rise. The average UK rent in August was £1,261, up 10.3% year-on-year and 1.4% from last month (HomeLet). Demand is high, with void periods plunging to just nine days in July, down from 16 days in June (Goodlord). Renters are looking to remain in their properties longer, with the average length for an initial rental contract in Q2 at 12.7 months, up from 10.5 in the second quarter of 2019 (Dataloft Rental Market Analytics).



Against the backdrop of ongoing economic uncertainty, the UK property market continues to display resilience, proving the sceptics wrong. Recent inflation falls have sparked more confidence in the property market; however, buyers remain price sensitive and vendors need to price realistically.

**KRIS MCLEAN**  
MANAGING DIRECTOR, THE GUILD OF  
PROPERTY PROFESSIONALS

# INFLATION AND INTEREST RATES

Where next?

## Forecasts

**4.4%**

CPI Inflation  
forecast to  
end 2023

**2.6%**

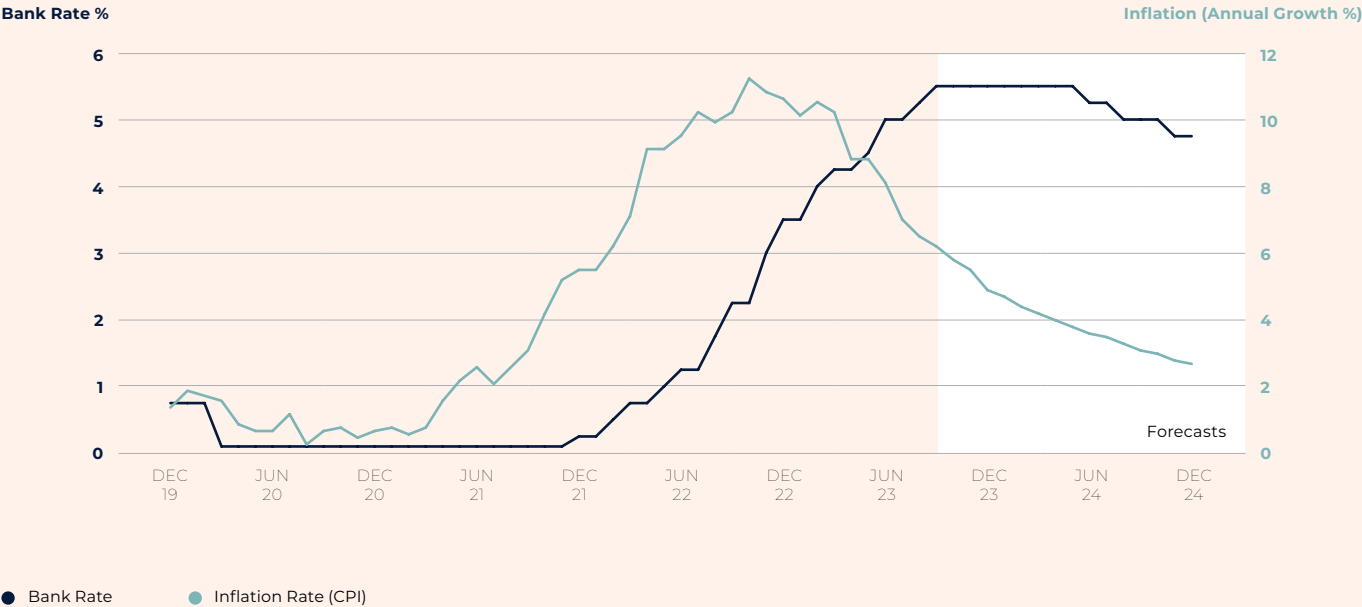
CPI Inflation  
forecast to  
end 2024

**5.6%**

Interest rate  
forecast to  
end 2023

**4.8%**

Interest rate  
forecast to  
end 2024



## Easing

Inflation is showing tentative signs of easing, having fallen to 6.8% in July, its lowest level since February 2022 (ONS). Falling gas and electricity prices were the main contributors. Looking ahead, inflation is forecast to fall below 5% by the end of this year and ease further in 2024 (2.6% by end of year). While this is good news, inflationary pressures remain a concern, recent data showed wages growing at a record pace.

## Interest rates to peak in 2023

Following 14 consecutive interest rate rises, the Bank of England base rate reached 5.25% in August. Easing inflation data will allay concerns over how much further interest rates will have to rise. The latest forecasts suggest interest rates will peak later this year with one more rise anticipated in consensus forecasts (5.6% forecast for year-end 2023). Interest rates are then expected to fall moderately next year to an average 4.8% by the end of 2024.

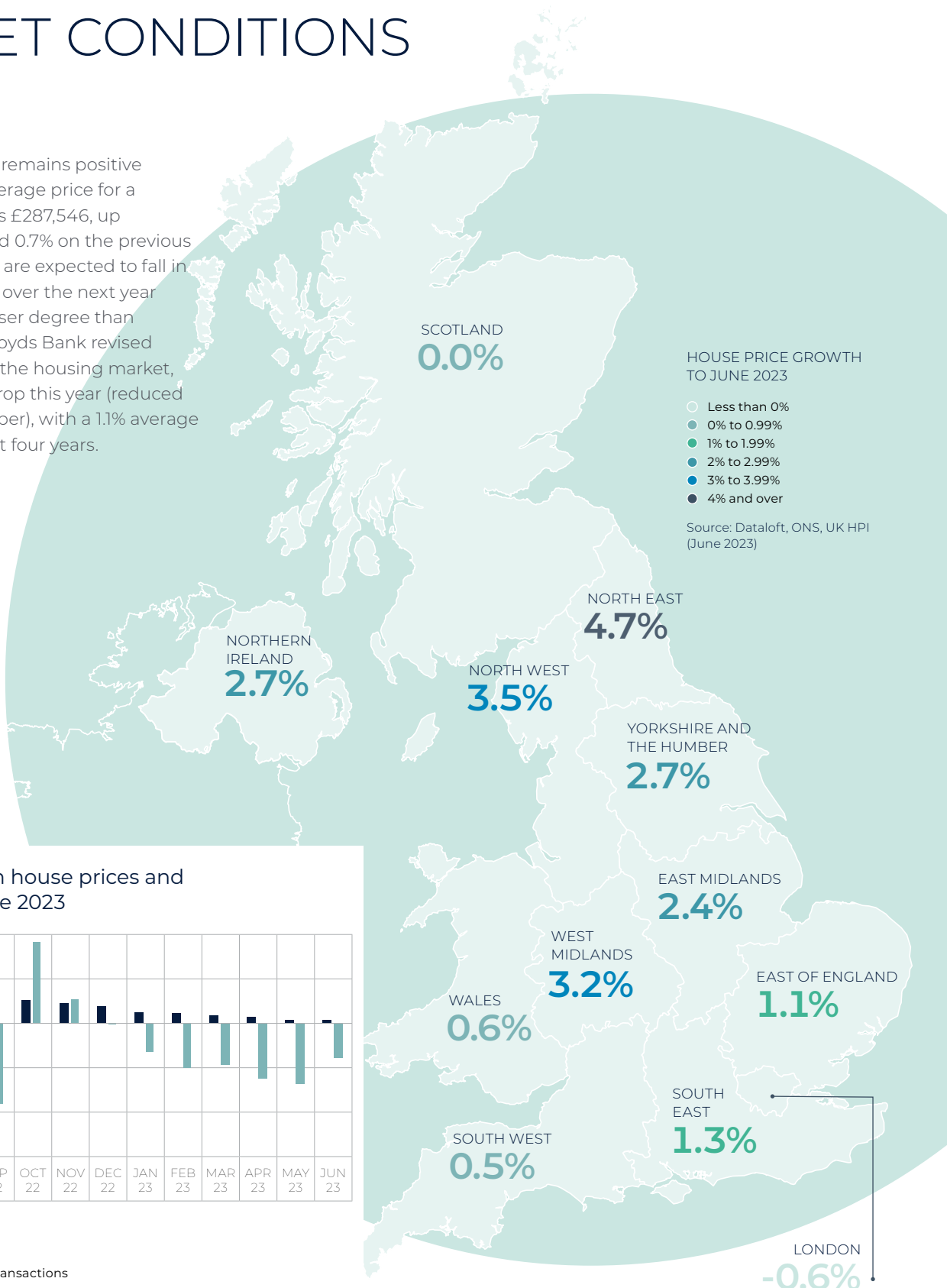
## Mortgages more competitive

Despite the Bank of England lifting interest rates to a 15-year high, fixed mortgage rates have been falling over the past few weeks, prompted by easing inflation and a more optimistic outlook for the long-term path for interest rates. Many mortgage lenders have cut their fixed rates to compete and drive higher business volumes. Expectations that interest rates are close to peaking will help set the base for improved sentiment towards the housing market.

Sources: HM Treasury, survey of independent forecasts August 2023

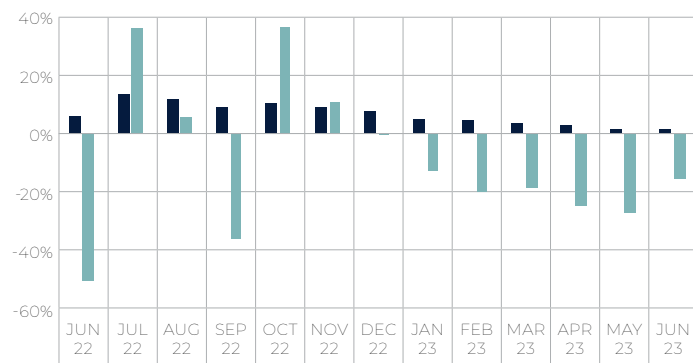
# NATIONAL MARKET CONDITIONS

House price growth remains positive year-on-year. The average price for a property in June was £287,546, up 1.7% year-on-year and 0.7% on the previous month (ONS). Prices are expected to fall in all regions of the UK over the next year (RICS), albeit to a lesser degree than initially predicted. Lloyds Bank revised their predictions for the housing market, forecasting a 5.6% drop this year (reduced from 7.7% in December), with a 1.1% average decline over the next four years.



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

Annual change in house prices and transactions, June 2023



● House prices ● Transactions

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

# REGIONAL ACTIVITY

## THAMES VALLEY, BERKSHIRE, OXFORDSHIRE, BUCKINGHAMSHIRE

At 1.3%, annual property price growth in the South East has moderated from 5.7% at the start of the year. However, it remains in positive territory. Price growth is currently strongest in West Oxfordshire, Milton Keynes and Cherwell.

The supply of properties is constrained, with the number of available properties 10% lower than the same time in 2019, in part preventing more significant price falls so far this year (Rightmove).

Homes are selling more quickly, with the average time to secure a buyer standing at 55 days compared to 61 days in 2019 (Rightmove).

With 6.5% of homes for sale seeing cuts of over 5% to asking prices, a level that is 60% above the five-year average (Zoopla), buyers are becoming more price sensitive and the importance of pricing right the first time is paramount. Realistically priced homes are still seeing multiple prospective buyers.

### CURRENT ANNUAL RATE OF HOUSE PRICE CHANGE (%)

- Less than 0%
- 0% to 1.99%
- 2.0% to 3.99%
- 4.0% to 5.99%
- 6.0 to 7.99%
- Over 8.0%

Source: DataLoft, ONS, UK HPI June 2023  
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Slowing pace of price growth

# 3.6%

Bracknell Forest

% of private stock turnover

Source: Dataloft, DLUHC, ONS, UK HPI (June 2023)

## Most active housing markets across the region

RANK		% OF PRIVATE STOCK TURNOVER	AVERAGE HOUSE PRICE
1	BRACKNELL FOREST	3.6%	£395,710
2	CHERWELL	3.5%	£362,891
3	SOUTH OXFORDSHIRE	3.5%	£493,579
4	WEST BERKSHIRE	3.5%	£406,022
5	WOKINGHAM	3.4%	£509,524
6	VALE OF WHITE HORSE	3.3%	£426,764
7	WINDSOR AND MAIDENHEAD	3.3%	£543,650
8	READING	3.3%	£332,019
9	BUCKINGHAMSHIRE	3.3%	£469,077
10	MILTON KEYNES	3.3%	£322,121
11	WEST OXFORDSHIRE	3.1%	£421,096
12	OXFORD	2.6%	£482,715
13	SLOUGH	2.3%	£317,374

Source: Dataloft, DLUHC, ONS, UK HPI (June 2023)

## Price dynamics

The sales market is proving resilient despite high mortgage rates and cost-of-living pressures. Average asking prices across the UK in Q2 2023 are higher than Q1, and up by 24% on 2019, with the gap between initial asking and exchanged prices similar to pre-pandemic levels (TwentyCi). The market has shifted in favour of buyers, with 70% of agents surveyed saying it is a buyer's market and just 3% saying sellers are more in control (Dataloft Inform Poll of Subscribers).

# -0.7%

Change in asking price Q2 2023 vs Q1 2023 in the South East

Source: TwentyCi

## Value homes

In light of higher mortgage rates and high living costs, sales volumes have taken a hit, with some people delaying moving or looking for smaller, more affordable homes. This means there continues to be different patterns across different parts of the market and different property types. There was stronger performance in more affordable markets such as Scotland and the North West, compared with more expensive areas such as London and the South East.

# 23%

lower sales volume expected over 2023 than 2022

Source: Hometrack/Zoopla



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Analysis by Dataloft

## dataloft

Dataloft is an established property market intelligence company with a long track record of analysing and reporting on the housing market. We are committed to stripping away the mystique of complex data analysis and adding value for clients through interpretation, insight and creativity.

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