

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 2024

GROWING MARKET MOMENTUM

SALES



↑2.7%

UK House prices

£280,278 June 2023 vs
£287,924 June 2024



↑6.7%

Property sales

84,960 July 2023 vs
90,630 July 2024



↑26.5%

Mortgage approvals

49,015 July 2023 vs
61,985 July 2024



↓4.9%

New private homes completions

59,315 Q2 2023 vs
56,421 Q2 2024



↑5.3%

Gross mortgage lending

£18.6 bn* July 2023 vs
£19.6 bn* July 2024

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

With a more positive outlook for autumn, confidence should continue to return to the housing market, as inflation remains under control and interest rates are now taking their first steps downwards.

Setting the scene

The property market has remained active, if a little subdued, over the summer. However, the first bank rate cut in four years, along with subsequent accelerated mortgage rate drops, has resulted in a boost to buyer activity, providing a more solid foundation for the potential for stronger sales as we enter the colder months. The number of potential buyers contacting estate agents about homes for sale has increased from 11% year-on-year in July to 19% since the start of August (Rightmove). Increased political certainty and an improved economic outlook has also contributed to improving housing market sentiment.

Solid activity

The housing market has proved resilient and fared better than many expected at the start of the year. Despite the added dynamic of the General Election, consumer confidence remains buoyant. Mortgage approvals for house purchases in the UK reached 62,000 in July, their highest level in almost two years. This represents a 2.3% increase from the previous month and a 26% rise compared to a year ago (Bank of England). With improving sentiment, the latest consensus forecast predicts 2.2% house price change through 2024, up from a 2024 forecast of -2.2% at this time last year (HM Treasury Average of Independent Forecasts).

Transactions building

Stable prices offer welcome increased certainty to buyers and sellers, in this context there is an expectation that transaction activity will increase. Transaction levels in July were 6.7% higher than a year ago (HMRC). Markets are pricing in a further interest rate cut this year, meaning transaction volumes are expected to be stronger than autumn last year. Almost a third (32%) of agents say transaction levels are higher than three months ago (Dataloft by PriceHubble (Poll of Subscribers)). In line with this sentiment, expectations for sales volume for the next three months have reached their most upbeat level since January 2020 (RICS).

LETTINGS



↑5.1%

Average rents
August 2023 vs
August 2024



£1,325

Average monthly
rent across the UK
August 2024

11

Days average
void period in July
From 17 days in June

Goodlord

Rental growth rates moderating

This time of year is typically very busy for the lettings market and competition remains strong. Letting agents are receiving 17 enquiries for every rental property, over double the 8 this time in 2019 (Rightmove). However, affordability is becoming increasingly stretched and rental growth is showing signs of moderating from the unsustainable highs over the last few years. Rents grew 5.2% annually in July, almost halved from 10.3% a year ago (HomeLet).

The government has confirmed plans to require all rented properties in England to have a minimum EPC rating of C by 2030. Over the past 12 months, only 56% of rental properties met this standard, a third of lets were in homes with a D rating, while 10% were E or below (Dataloft Rental Market Analytics, MHCLG).

Analysis by Dataloft



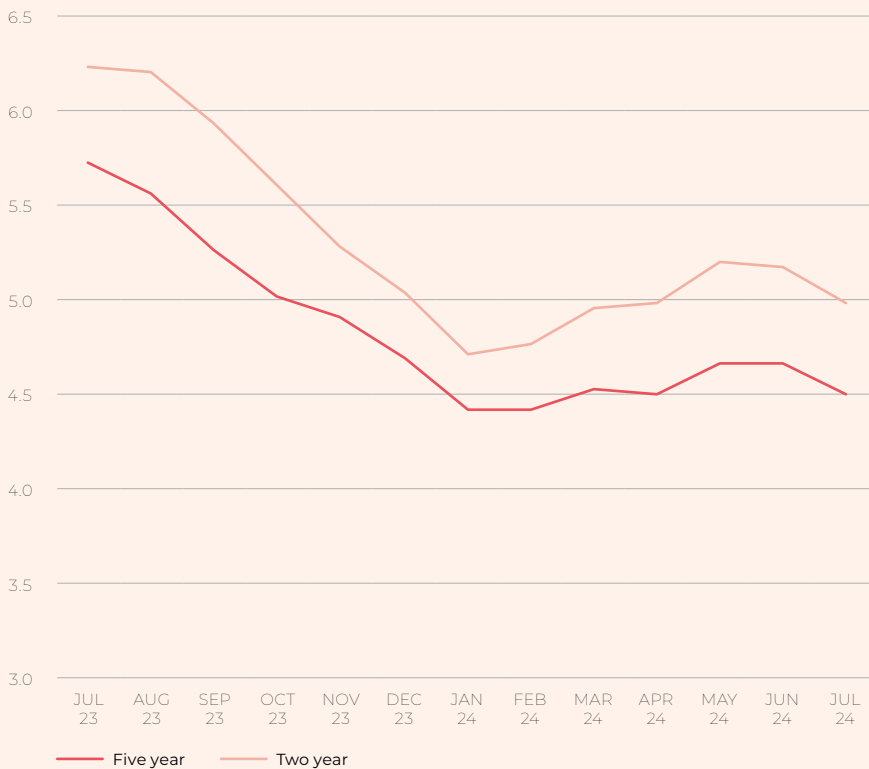
House prices have been tentatively rising over the course of the year, helping reverse 2023's declines. With the recent rate cut and positive inflation data, market activity is expected to improve. However, increases in prices will remain constrained by still stretched affordability.

IAIN MCKENZIE
CEO, THE GUILD OF PROPERTY
PROFESSIONALS

INFLATION AND INTEREST RATES

Behind the headlines

Average mortgage rates (%)



Source: Bank of England, data to end July 2024

2.5%

CPI Inflation forecast to end 2024

4.75%

Interest rate forecast for Q4 2024

4.51%

average five-year fixed mortgage rate

4.99%

average two-year fixed mortgage rate

Inflation under control

Starting the year at 4.0%, inflationary pressures have slowly and thankfully come under control and are close to their 2.0% target (ONS). CPI inflation was 2.2% in July 2024, a slight increase on the month before mainly due to energy prices falling less this year than they did in July 2023 under the Ofgem price cap. Looking ahead, inflation is forecast to remain relatively close to the 2% target, but to end the year at 2.5%¹.

Interest rate

The Bank of England delivered its first interest rate cut in more than four years, taking the rate from 5.25% to 5%. The Governor has emphasised a cautious approach, highlighting that 'we need to make sure inflation stays low and be careful not to cut 'too quickly or by too much'. One, or possibly two cuts are expected before the end of 2024, currently forecast to reach 4.75% by the year end².

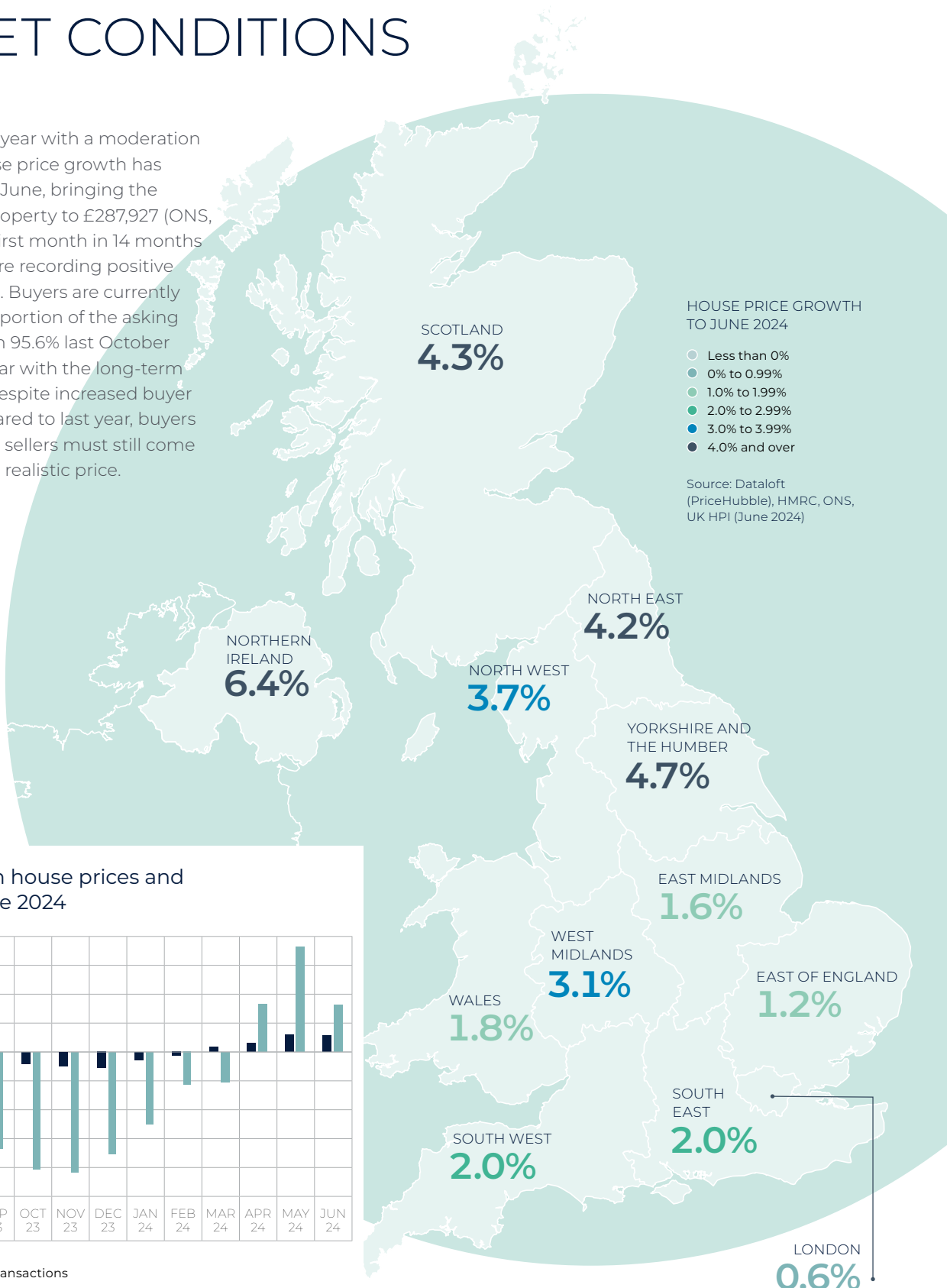
Mortgage rates falling

Mortgage rates, which were already declining in the weeks leading up to the Bank Rate cut, have recently dropped even further. Mortgage rates now have fallen for three consecutive months³ and are expected to decrease further throughout 2024. Major lenders are now offering deals with rates below 4%. It will take some more cuts to the Bank Rate before affordability for home movers is notably improved, but sentiment and optimism is heightened, setting up a positive autumn market.

¹HM Treasury Consensus of Independent Forecasts, ²HM Treasury Average of Independent Forecasts, ³Bank of England

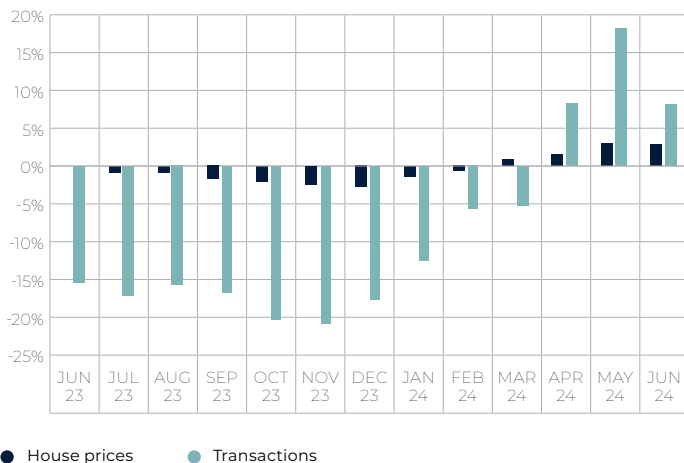
NATIONAL MARKET CONDITIONS

After beginning the year with a moderation of -1.7%, annual house price growth has recovered to 2.7% in June, bringing the average price of a property to £287,927 (ONS, UK HPI). This is the first month in 14 months that all UK regions are recording positive annual price growth. Buyers are currently paying a greater proportion of the asking price, 96.8%, up from 95.6% last October (Zoopla). This is on par with the long-term average. However, despite increased buyer activity levels compared to last year, buyers are still stretched, so sellers must still come to the market with a realistic price.



Source: Dataloft (PriceHubble), HMRC, ONS, UK HPI (June 2024)

Annual change in house prices and transactions, June 2024



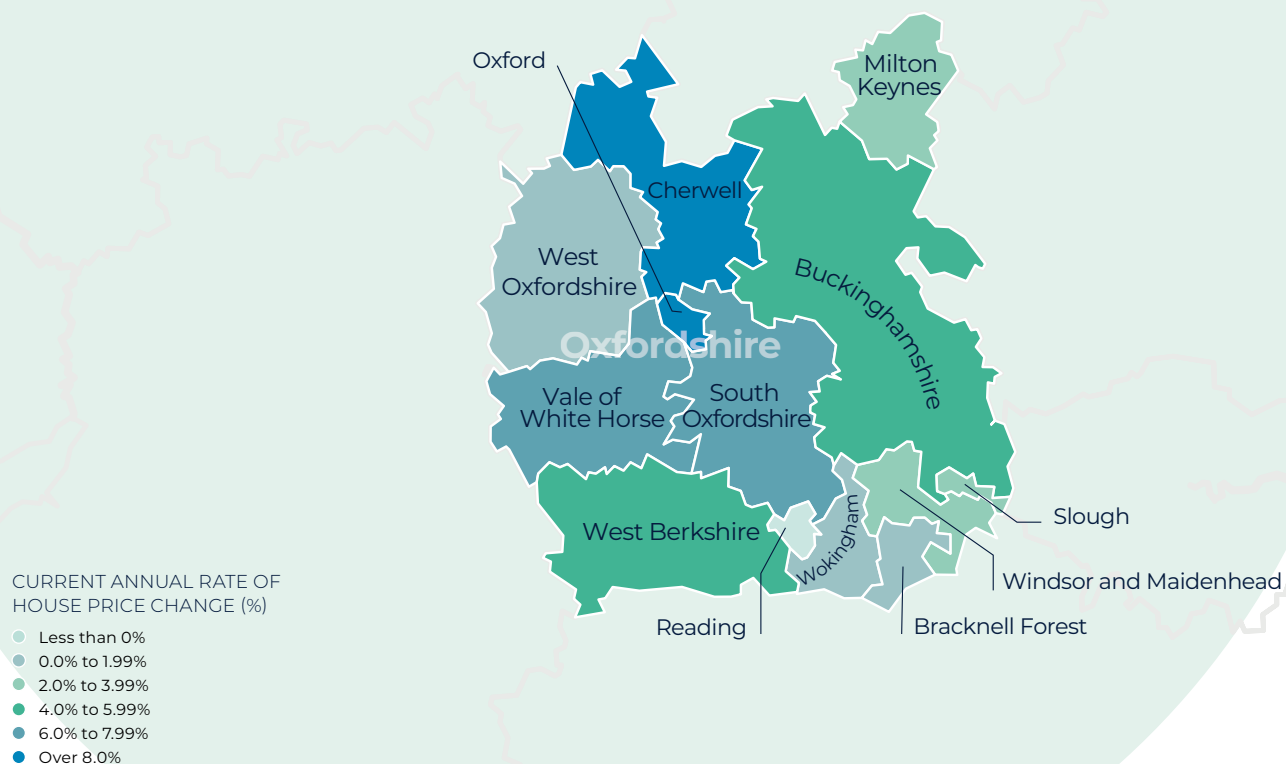
Source: Dataloft (PriceHubble), HMRC, ONS, UK HPI (June 2024)

REGIONAL ACTIVITY

THAMES VALLEY, BERKSHIRE, OXFORDSHIRE, BUCKINGHAMSHIRE

The average estate agent has 33 homes for sale, 16% higher than a year ago (Zoopla). Improved supply and more buyers in the market has resulted in a more balanced housing market, with higher sales volumes but more stable price inflation. Two thirds of agents report that there are three or more prospective buyers for each of their properties currently available, compared to 55% when the same question was asked the

previous quarter (Dataloft by PriceHubble (poll of subscribers)). At 2%, annual property price growth in the South East has improved from -4% at the start of the year (UK HPI). Looking ahead, continued modest house price growth is expected for the remainder of the year, with stronger increases possible outside of expensive regions like the South East due to lower affordability pressures.



CURRENT ANNUAL RATE OF HOUSE PRICE CHANGE (%)

- Less than 0%
- 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 (PriceHubble), ONS, UK HPI June 2024
Contains OS data © Crown copyright and database right 2016.

Increasing balance

3.2%

Bracknell Forest

% of private stock turnover

Source: Dataloft (PriceHubble), DLUHC, ONS, UK HPI (June 2024)

Most active housing markets across the region

RANK		% OF PRIVATE STOCK TURNOVER	AVERAGE HOUSE PRICE
1	BRACKNELL FOREST	3.2%	£385,322
2	WEST OXFORDSHIRE	2.8%	£376,719
3	SOUTH OXFORDSHIRE	2.7%	£504,109
4	WOKINGHAM	2.7%	£477,074
5	VALE OF WHITE HORSE	2.7%	£416,306
6	MILTON KEYNES	2.7%	£313,892
7	CHERWELL	2.6%	£363,747
8	READING	2.6%	£323,920
9	WEST BERKSHIRE	2.6%	£416,920
10	BUCKINGHAMSHIRE	2.5%	£463,216
11	WINDSOR AND MAIDENHEAD	2.5%	£570,328
12	OXFORD	2.1%	£469,953
13	SLOUGH	1.6%	£327,034

Source: Dataloft (PriceHubble), DLUHC, ONS, UK HPI (June 2024)

Location, location, location

Three years after the final lockdown restrictions were lifted, house hunters are once again prioritizing location over space, a shift from the previously well-documented 'race for space'. Transport links were rated as the sixth most important factor when choosing a property, rising eight places from 2021 and ranked important by 74% of buyers. Buyers now value transport links more than square footage, which has dropped to seventh place, down from second in 2021 (Market Financial Solutions).

6th

Transport links sixth most important factor in choosing a property

Up from 14th place in 2021

Source: Market Financial Solutions 2024

Properties selling faster

As more buyers enter the market and stock levels improve, the average time to sell has been getting shorter, reaching an average of 59 days in July (Rightmove). According to Zoopla, two-bedroom terraced homes are selling the fastest, with 60% of sales for this property type being agreed within 30 days of listing. Their limited availability, making up just 7% of listings in the past three months, adds to their appeal and drives competition among buyers.

63 days

Average time to sell in the South East

Down from 75 in January

Source: Rightmove, July 2024



ABOUT THE

GUILD OF PROPERTY PROFESSIONALS

The Guild is a UK-wide network of independent estate and letting agents. Each of our Members has been carefully chosen by us, all agents adhering to our Code of Conduct.

If you want independent guidance on moving home or are looking for the best agent in your area, visit guildproperty.co.uk

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

dataloft

A PriceHubble company

Dataloft provides data-driven analytics and insights on housing markets as part of PriceHubble, a global data and technology business. Our team of analysts and data scientists produce the evidence needed by clients for marketing strategies, investment decisions and planning submissions.

dataloft.co.uk

Disclaimer: This report is produced for general information only. While every effort has been made to ensure the accuracy of this publication, Dataloft Ltd accepts no liability for any loss or damage of any nature arising from its use. At all times the content remains the property of Dataloft Ltd under copyright, and reproduction of all or part of it in any form is prohibited without written permission from Dataloft Ltd.

Date of publication: August 2024
Analysis, editorial, design, graphics and charts by Dataloft.