

THE PROPERTY MARKET

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



HERTFORDSHIRE, BEDFORDSHIRE AND CAMBRIDGESHIRE

Analysis by Dataloft | Winter 2024

OPTIMISTIC OUTLOOK SALES



↑2.9%

UK House prices

£283,680 September 2023 vs **82,980** October 2023 vs **£291,828** September 2024 **100,410** October 2024



↑21.0%

Property sales

82,980 October 2023 vs **100,410** October 2024



↑41.5%

Mortgage approvals

48,259 October 2023 vs **68,303** October 2024



↓-14.4%

New private homes completions

61,040 Q3 2023 vs **52,249** Q3 2024



↑25.8%

Gross mortgage lending

£16.0 bn* October 2023 vs **£20.2 bn*** October 2024

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

As we wrap up what has been a strong year for the housing market, it has fared better than expected with inflation under control and the bank rate on a downward trend. The improving outlook has provided increased certainty for buyers, resulting in a rebound in market activity and a return to price growth.

Economic round-up

Starting the year at 4.0%, CPI inflation has steadily decreased toward its 2.0% target, and while it was higher than expected at 2.3% in October, it is forecast to remain close to the target in 2025 (ONS). The Bank of England reduced interest rates to 4.75% in November, down from 5%, a welcome optimism boost for the housing market, with consensus forecasts projecting a drop to 4% or lower by the end of 2025¹. Approximately 640,000 mortgage holders on tracker rates will feel an immediate boost to their finances, and an additional 770,000 on standard variable rates should receive at least some of the cut.

Optimism boost

Even though the latest cut did not flow through to fixed mortgage rates, it gave a further boost to sentiment and rates are still lower than a year ago. The average two- and five-year fixed-rate mortgages are currently at 5.08% and 4.85% respectively, showing a year-on-year decrease of -0.47% and -0.28%². The next Bank Rate cut should further boost optimism amongst movers and help to improve affordability through 2025. Mortgage approvals in October reached 68,303, the highest level since August 2022, as market activity builds. This marks a 42% year-on-year increase and a 3% rise compared to October 2019 (Bank of England).

Buyer groups

Sales activity has been given a boost, driven by a mix of first-time buyers and existing homeowners who had delayed their moving decisions until borrowing costs declined and the outlook improved. First-time buyers are on track to be the largest buyer cohort in 2024, making up 36% of all sales (Zoopla). This is followed by existing homeowners with a mortgage (31%), while cash buyers (consisting of mortgage-free homeowners and investors) are on track to make up 27% of sales. Investors using buy-to-let mortgages are expected to make up the balance, their numbers impacted by rising mortgage rates.

¹HM Treasury, Average of Independent Forecasts November 2024, ²Podium, 26 November 2024, ³Savills, Knight Frank, JLL, CBRE, November 2024, DataLoft by PriceHubble, ⁴Foundation Home Loans Q3 2024

LETTINGS



↑2.2%

Average rents
November 2023 vs
November 2024

£1,307

Average monthly
rent across the UK
November 2024

58%

of renters say
an A/B EPC rating
would influence them
to rent longer

Source: Dataloft (PriceHubble),
Property Academy
Renter Survey 2024

Back to the long-term trend

Following the last couple of years of rapid rental growth, the rate of growth is slowing. In November, the average rent was £1,307, a 2.2% year-on-year increase, marking the lowest growth rate since April 2021 (HomeLet). Rental growth is expected to return to its long-term trend after a period of unsustainably high rates of growth. The consensus forecast predicts 3.7% rental growth in 2025 and 3.3% in 2026³.

The government has confirmed that all homes in the private rented sector will have to achieve Energy Performance Certificate 'C' or equivalent by 2030. However, two thirds (67%) of investors currently own at least one property that does not meet the new requirements⁴.



2024 has exceeded expectations, shifting from negative to positive house price growth, despite ongoing affordability challenges. Market metrics remain strong, with optimism for gradual bank rate cuts, lower mortgage rates and continued modest house price growth in 2025.

IAIN MCKENZIE
CEO, THE GUILD OF PROPERTY
PROFESSIONALS

GROWTH AGENDA

Building for the future



1.5 million
new homes targeted
over the next
parliament

Just over
230,000
units granted planning
permission in the
last 12 months

Source: Home Builders Federation,
Housing Pipeline Report

53%
of home movers would
consider buying a
brand new home

Source: Dataloft by PriceHubble, Property
Academy Home Moving Trends Survey 2024

Housebuilding targets

Housing delivery is at the heart of the government's growth agenda. An overhaul of the planning system has been announced to pave the way for 1.5 million new homes over the next five years, to tackle the housing crisis and grow delivery. Mandatory housing targets will be restored, increasing the annual target from 300,000 to 370,000 homes and £5 billion was allocated for housing in the Autumn Budget, guaranteeing to increase housing supply¹.

Significant challenge

Despite plans to increase housing supply, the new Government is facing significant challenges. Just under 230,000 new homes were built in the year to the end of Q3 2024, a drop of -6.5% year-on-year*. The number of units and sites gaining planning approval have continued to decline for yet another quarter. Just over 230,000 units were granted planning permission over the last 12 months, the lowest figure in the last decade².

New build appeal

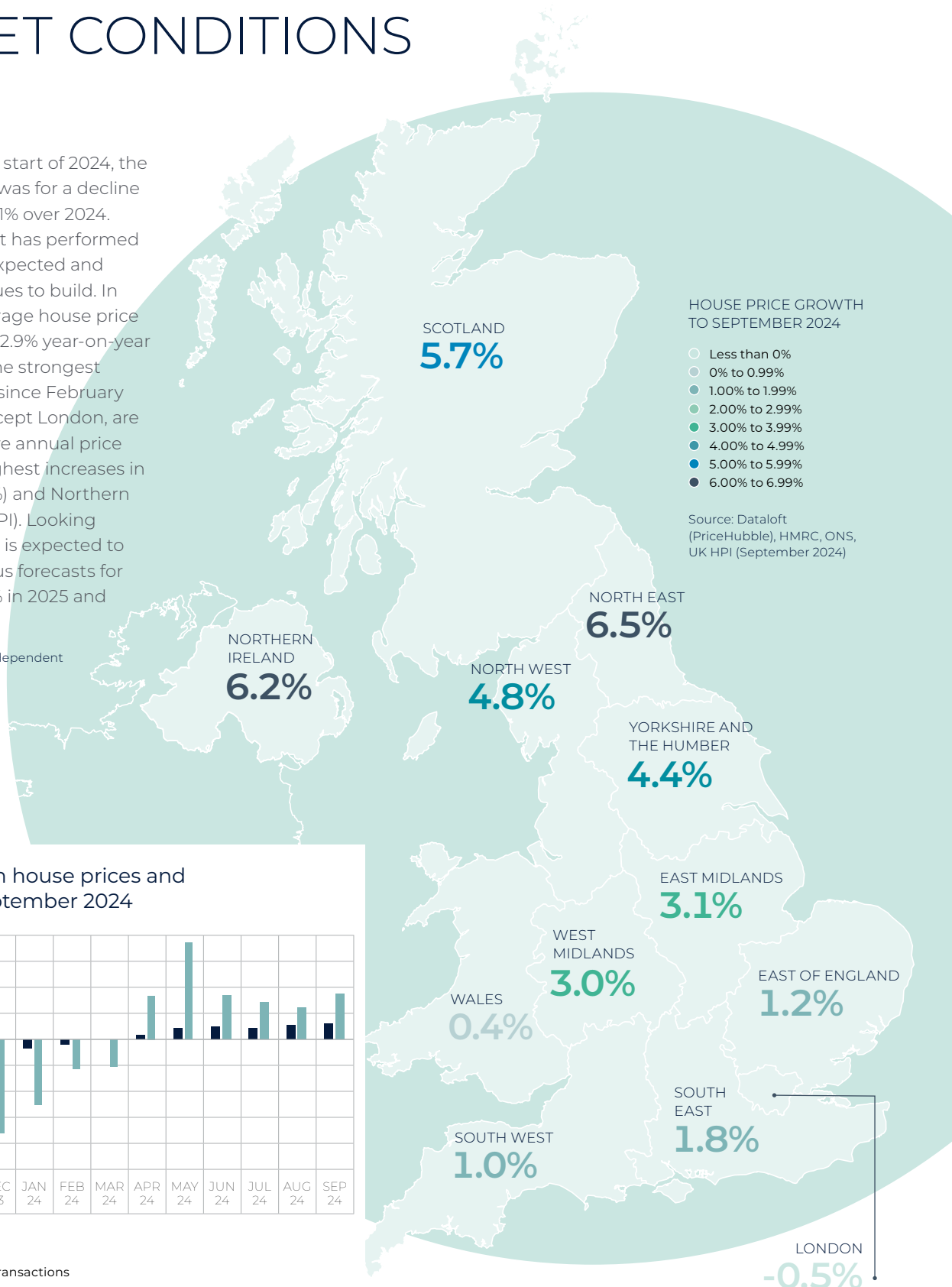
Acceptance of new homes seems to be growing. In a survey, over half of home movers said they would consider buying a brand-new home³. This is consistent across all ages suggesting that new-build appeal goes beyond first-time buyers and low-maintenance seekers. The top reasons given to consider a new home were energy efficiency and low maintenance. The main concerns on the other hand, were build-quality followed by room size.

¹Dataloft by PriceHubble, UK Government, Office for Budget Responsibility, October 2024, ²MHCLG, Home Builders Federation's Housing Pipeline Report 2024, ³Dataloft by PriceHubble, Property Academy Home Moving Trends Survey 2024

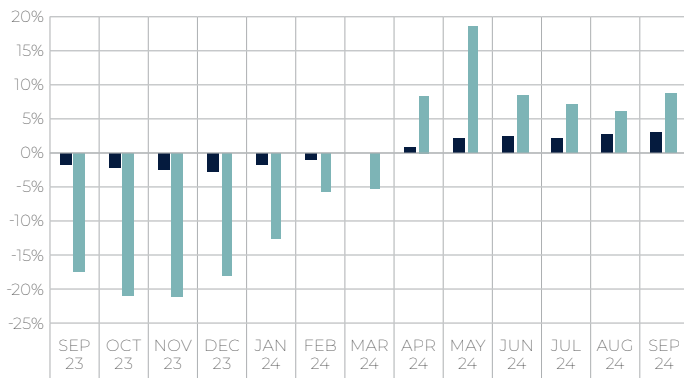
NATIONAL MARKET CONDITIONS

Looking back to the start of 2024, the consensus forecast was for a decline in house prices of -1.1% over 2024. However, the market has performed much better than expected and momentum continues to build. In September, the average house price reached £291,828, a 2.9% year-on-year increase, marking the strongest annual growth rate since February 2023. All regions, except London, are experiencing positive annual price growth, with the highest increases in the North East (6.5%) and Northern Ireland (6.2%) (UK HPI). Looking ahead, price growth is expected to build, with consensus forecasts for price growth at 3.4% in 2025 and 4% in 2026¹.

¹HM Treasury Average of Independent Forecasts, November 2024



Annual change in house prices and transactions, September 2024



● House prices ● Transactions

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

REGIONAL ACTIVITY

HERTFORDSHIRE, BEDFORDSHIRE AND CAMBRIDGESHIRE

Transaction activity continues to build, with 100,410 transactions in October, the highest level since November 2022 (HMRC). Across Herts, Beds and Cambridgeshire, the most active housing markets are currently those of North Hertfordshire, Central Bedfordshire and St Albans, where close to one in every 32 properties has changed hands in the past year.

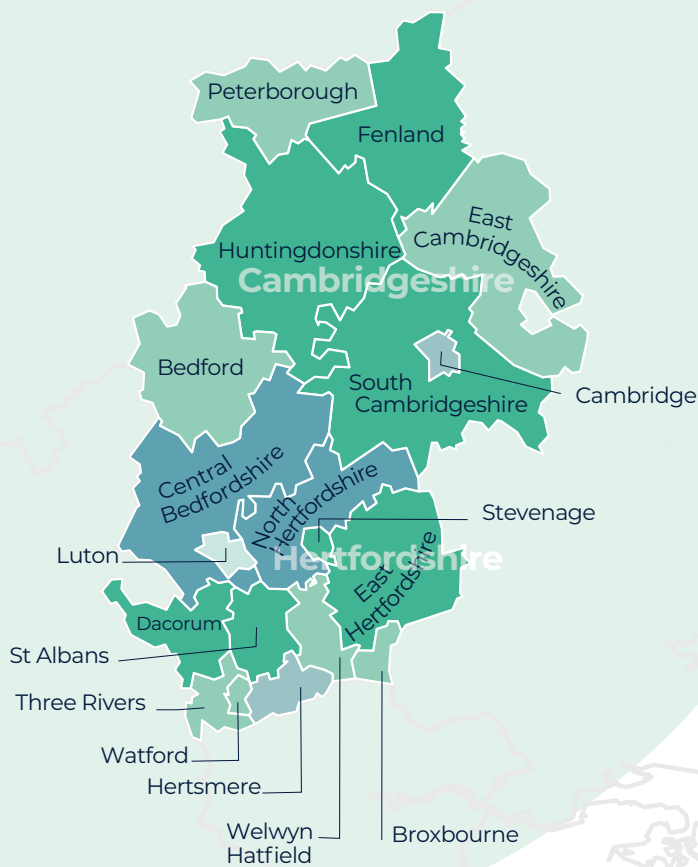
In the autumn Budget it was confirmed that stamp duty

thresholds in England would return to previous levels from 1 April 2025, meaning the exemption limit for first time buyers drops from £425,000 to £300,000. That will mean only around 8% of the homes for sale in London would be stamp-duty free for first-time buyers, 24% in the South East and 32% in the East of England. Rightmove data shows an uptick in first-time buyer demand in higher-priced areas of the country, as they rush to beat the April deadline.

% PRIVATE STOCK TURNOVER

- Less than 2%
- 2.0% to 2.29%
- 2.3% to 2.59%
- 2.6% to 2.99%
- 3.0% to 3.29%
- Over 3.3%

Dataloft (PriceHubble), DLUHC, ONS, UK HPI (September 2024)
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Active market

5.7%

Cambridge

Current annual rate of price change (%)

Source: Dataloft (PriceHubble), ONS, UK HPI (September 2024)

Current annual rate of price change (%)

RANK		CURRENT ANNUAL RATE OF PRICE CHANGE (%)	AVERAGE HOUSE PRICE
1	CAMBRIDGE	5.7	£496,824
2	CENTRAL BEDFORDSHIRE	5.5	£362,354
3	BROXBOURNE	4.7	£394,985
4	NORTH HERTFORDSHIRE	4.2	£395,589
5	ST ALBANS	4.2	£591,353
6	SOUTH CAMBRIDGESHIRE	3.9	£444,308
7	EAST HERTFORDSHIRE	3.9	£443,443
8	EAST CAMBRIDGESHIRE	3.7	£341,705
9	THREE RIVERS	2.7	£582,243
10	BEDFORD	2.1	£348,337
11	WATFORD	0.6	£397,442
12	DACORUM	0.4	£464,126
13	STEVENAGE	-0.3	£334,663
14	LUTON	-0.4	£273,694
15	CITY OF PETERBOROUGH	-0.7	£239,580
16	FENLAND	-0.7	£233,907
17	HUNTINGDONSHIRE	-1.2	£305,935
18	HERTSMERE	-1.6	£502,211
19	WELWYN HATFIELD	-3.1	£424,606

Source: Dataloft (PriceHubble), ONS, UK HPI (September 2024)

Resurgence of momentum

An improving economic outlook and greater buyer certainty have contributed to a healthy level of demand, with the number of people contacting agents about homes for sale 17% higher compared to the same time last year (Rightmove). Sales activity has bounced back from the lows of last year and continued an upward trajectory, with sales agreed surpassing both 2023 and 2019 levels (TwentyCi).

28%

uplift in sales agreed in the East of England Q3 2024 vs Q3 2023

Source: TwentyCi

Rising supply

Despite strong demand, the market remains price-sensitive because the number of homes for sale per agent has reached its highest level since 2014. In fact, both the number of new properties being listed and the time they take to sell are increasing, contributing to the rise in available homes for sale. This makes it a buyers' market and sellers need to offer well-presented, competitively priced homes to attract buyers who have plenty of options (Rightmove).

Highest level since 2014

The number of homes for sale

Source: Rightmove



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