



# Residential Market Review

OCTOBER 2022



# Key Statistics



Average UK property price  
£292,118



Buyer demand is up 20% on  
pre-pandemic average



Annual UK property prices  
increased 15.5%



Some regions seen 10 years of  
growth within 2 years



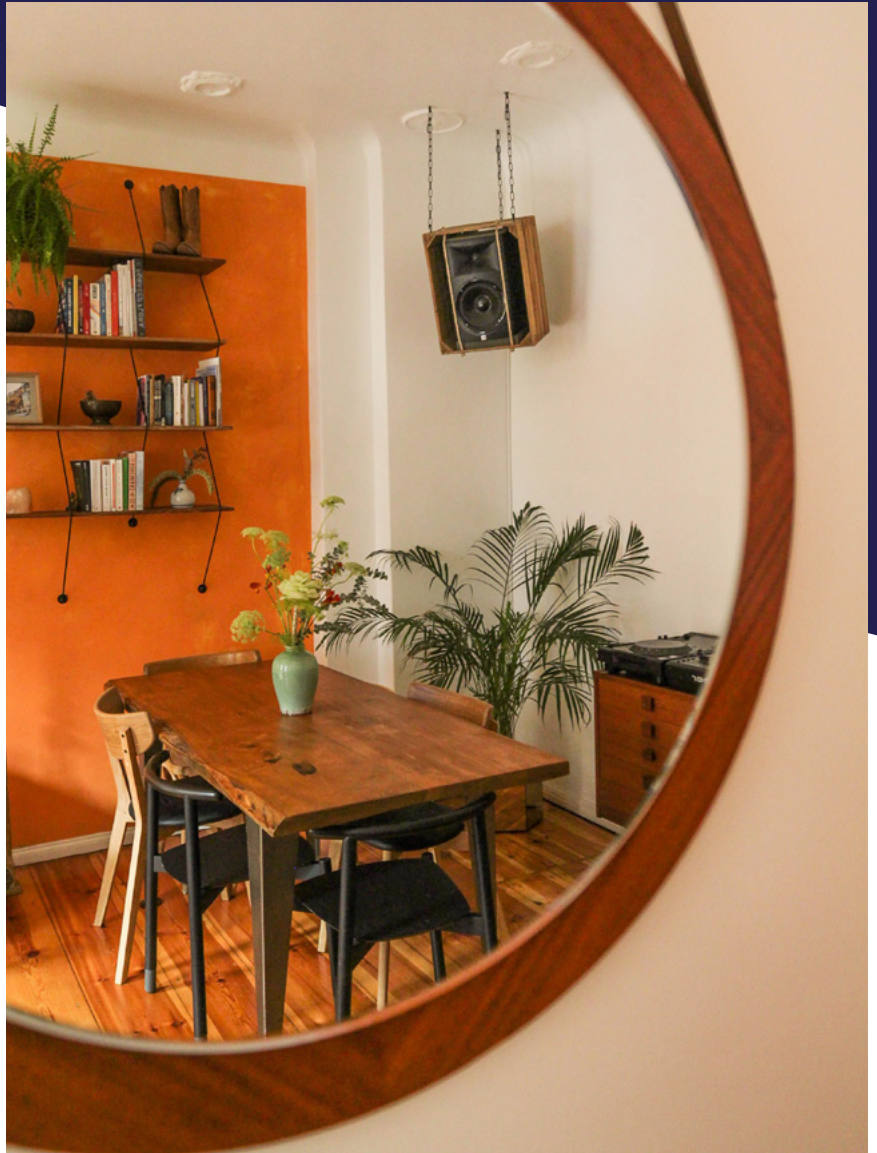
Annual property price in Wales  
increased 16.2%



Buyer enquires are 20% higher  
than 2019



# Residential Market Overview



Despite the middle and high-end property sectors driving price growth, we are beginning to see a transition into a buyer's market, with buyer demand up 20% on the pre-pandemic 5-year average.

The latest stamp duty announcement means that 66% of homes are now exempt from stamp duty for first-time buyers, while 33% are exempt for general buyers. In place to provide additional support, it is anticipated to create a rush of home purchases as buyers aim to complete for the new year.

## Average price by property type

Property	June 2022	June 2021	Difference
Detached	£457,552	£390,180	17.3%
Semi-detached	£283,077	£242,338	16.8%
Terraced	£239,906	£205,875	16.5%
Flat or maisonette	£234,000	£214,175	9.3%
All	£292,118	£252,961	15.5%

# Number of Transactions

Month and year	Non-seasonally adjusted	Seasonally adjusted*
August 2013	105,630	91,270
August 2014	114,720	102,040
August 2015	109,480	103,990
August 2016	108,110	97,390
August 2017	112,820	102,280
August 2018	117,600	100,800
August 2019	111,600	97,850
August 2020	85,050	82,110
August 2021	104,310	97,590
August 2022 (Provisional estimates)	114,440	104,980

\*Measures and removes the influence of predictable seasonal patterns



# Regional Overview



## 1. England

Price: £311,583  
Monthly Change: 2.2%  
Annual Change: 16.4%

## 2. Northern Ireland (Quarter 2-2022)

Price: £169,063  
Monthly Change: 3.2%  
Annual Change: 9.6%

## 3. Scotland

Price: £192,966  
Monthly Change: 0.6%  
Annual Change: 9.9%

## 4. Wales

Price: £219,951  
Monthly Change: 2.8%  
Annual Change: 17.6%

## 5. East Midlands

Price: £247,740  
Monthly Change: 0.6%  
Annual Change: 16.8%

## 6. East of England

Price: £358,413  
Monthly Change: 1.2%  
Annual Change: 16.0%

## 7. London

Price: £543,517  
Monthly Change: 1.1%  
Annual Change: 9.2%

## 8. North East

Price: £163,237  
Monthly Change: 3.7%  
Annual Change: 15.5%

## 9. North West

Price: £217,077  
Monthly Change: 2.5%  
Annual Change: 18.1%

## 10. South East

Price: £398,781  
Monthly Change: 2.1%  
Annual Change: 15.8%

## 11. South West

Price: £330,414  
Monthly Change: 2.7%  
Annual Change: 20.7%

## 12. West Midlands Region

Price: £255,876  
Monthly Change: 3.8%  
Annual Change: 18.0%

## 13. Yorkshire and The Humber

Price: £211,960  
Monthly Change: 3.1%  
Annual Change: 17.7%



BLOG

# What does the next few months have in store for the property market?

By Neil Thorpe, Group Managing Director

Did you know that we've just had the busiest July in the UK property market since 2015? According to a recent report by HM Revenue and Customs (HMRC), the number of residential homes that changed hands was an estimated 110,970 last month, that's a 32.9 % increase on last year when it was recorded to be 83,520. The property market is complicated: it's affected by a person's circumstances and impacted by external factors, such as the cost of living crisis. The number of new buyers looking for a property has fallen since May, according to the RICS residential market survey, but what does the next few months have in store for homebuyers?

### Which buyers are driving the market?

It is clear that first-time buyers have been driving the property market. Zoopla House Price Index states that they account for 35%, of all transactions. Yet mortgage rates are certainly going to play their part in the coming months, as high rates will mean increased monthly payments at a time where people are looking to make savings in their monthly budget. Data from The Office of National Statistics' latest spending survey shows that all households have been making adjustments and cutting back on those nonessential areas.

The influence of the pandemic is still prevalent, with homeworking allowing first-time buyers to look further afield into less expensive areas, thus needing a smaller deposit. Richard Donnell, director of research at Zoopla, said: "The housing market has been resilient to the rising cost of living so far. The new energy price cap will add to the pressure facing households, especially those on lower incomes. We see the recent jump in mortgage rates having a greater impact on housing market activity and prices moving ahead."

### Mortgage influence

For the first time since 2013, the average mortgage rate for remortgages and new purchases has overtaken the outstanding mortgage rate which was as low as 1% on a two and five-year fixed mortgage less than a year ago, but now more likely to be between 3 and 4%. When it comes to fixed rate mortgages, around 80 % of us now have the security of such a mortgage, with its set monthly repayments. Although 1.3 million fixed-term mortgages are due to expire this year, according to industry body UK Finance, which could push some homeowners into making tough decisions, we are already seeing some looking to downsize to help with the current financial pressures.

### Are we heading for a crash?

Only a few weeks ago the Bank of England forecast a recession, although measures, such as the stress test, which were put into place after the 2007 financial crisis due to a torrent of reckless lending, are predicted to prevent a crash in the housing market, although prices may fall. "I don't think there are going to be big price falls," says Richard Donnell, research head at Zoopla.

### What will the coming months bring?

There are storms ahead but measures put into place after the last crisis mean that the housing market is in a better place to handle what is to come. The pressures of the economy on our household budgets are expected to slow the rate of price growth in the second half of the year. Zoopla predict that there could be zero house price growth in the year ahead should mortgage rates rise above 4%. Should mortgage rates increase higher than 5% they anticipate that localised house prices will fall.

What we do know is that for buyers the market is about to cool from the frenzied period that we have recently gone through. First-time buyers are still going to feel the pressure of raising the funds for a deposit especially with the cost of living pulling at all areas of their household budget. Space that has often been longed for is now being reassessed, as the price of heating a property is being considered by buyers when viewing a home. There are more considerations for homebuyers than ever before, and we are here to help you find that ideal home for now and the years to come.

If you are looking for a new home and wish to understand how the local property market is looking from a local estate agent, then please give our team a call today.



BLOG

# Key things affecting home buyers right now

By Neil Thorpe, Group Managing Director





Within the space of just a few days, confusion has gripped the property market, but changes to stamp duty could be positive for those looking to buy a new home. It is suggested that the mini-Budget was the catalyst for the pound to fall dramatically on the stock market resulting in mortgage lenders withdrawing mortgage products from their portfolios. Yet the number of properties coming onto the market is increasing, and there are still no signs that anything is slowing down. If you are thinking of a move before Christmas, here are the key things affecting homebuyers right now.

### Stamp Duty

In the mini-Budget Chancellor Kwasi Kwarteng announced that there would be a permanent stamp duty cut, which raised the stamp duty threshold from £125,000 to £250,000.

Before this announcement, buyers would not pay tax on the first £125,000, then 2% of the value of a property from £125,001 to £250,000 and then 5% on the portion that fell between £250,001 and £925,000.

Now buyers are exempt from paying stamp duty on properties up to the value of £250,000, but the percentage paid over the remaining proportions remains the same. Buyers will be taxed at 5% of the value of the home from £250,001 to £925,000 and 10% for the portion between £925,001 and £1.5m.

If you are a first-time buyer, the level at which you will have to pay stamp duty rises from £300,000 to £425,000; it is hoped this change will increase home ownership.

Tim Bannister, Rightmove's housing expert, said while it could lead to some "unseasonal price rises over the next few months", the permanent change may mean the increase in demand is slower than the temporary cut in 2020. "Plus, buyers could save up to £15,000 during the temporary stamp duty holiday, while the savings are lower with this change."

### Home buying schemes

The housing market over the last couple of years had made it harder for first-time buyers to get into the market, especially when you realise that the average price of a property is up by 15.5% since this time last year. But there are a small number of home-buying schemes that could help you take that all-important step onto the ladder.

### Mortgage Guarantee Scheme

Introduced in the 2021 budget, the mortgage guarantee scheme is also known as the 5% deposit mortgages government scheme. Only available on properties with a purchase price of up to £600,000, buyers can secure a mortgage with a loan-to-value of 95%, as the scheme sees the government backing lenders to offer more mortgages at a small deposit. You need to be looking now, as the deadline for the mortgage guarantee scheme is 31 December this year.

### Help to Build

This is the perfect scheme for those looking to build their own home, thanks to an equity loan which the Help to Build scheme offers. The loan offered to you by the government is based on the estimated costs of buying the plot of land and building your home, or doing your own renovation project by buying a previously commercial building and converting it into a home.

You typically need at least 5% deposit, and the loan can be between 5% and 20% of the total estimated project costs.

Two other schemes to look into are Right to Buy and The First Homes Scheme.

### Interest Rates

It is predicted that the cost of borrowing to buy a home could rise due to the Bank of England's recent interest base rate hikes and warnings it could increase these more in the future as a way of tackling inflation. Even if your mortgage is coming to an end, don't panic! We would strongly advise that you speak to an independent mortgage broker who can look at multiple options to find you the best way forward: contact us today for trusted recommendations.

This could mean remortgaging early to extend your loan and secure a fixed rate, seeing if your current lender has products you could transfer to, or even switching lenders altogether. Although you can do this alone, brokers can find deals that you probably won't, and are able to access rates that may only be available for a short window of time.

### Locally

There are always unique trends within the property market, and therefore, if you are new to the area or looking for a home in a niche location, we are here to help. You can call our team today.

NEXA

[nexaproperties.com](https://nexaproperties.com)