Housing Market Update Spring 2024

Green shoots appearing in the property market

Signs of green shoots are appearing in the property market, says Member of The Guild of Property Professionals, Kate Taylor of Taylor & Co in Abergavenny, adding that buyers are returning to the market, supported by falling mortgage rates, wage growth outstripping inflation, and a strong labour market.

She notes that with the Bank of England holding the interest rate at 5.25%, the consensus is that we are at the top of the rate rise cycle. "Interest rate expectations in the monthly consensus forecasts have been improving over recent months as the economic outlook brightens. Rates are predicted to start falling in the second half of the year, reaching 4.4% by the end of 2024. With inflation under control and forecast to fall to 2.2% by the end of the year, confidence in the housing market is improving," adds Kate Taylor.

First-time buyers were biding their time during 2023, however, it is expected that more first-time buyers will enter the market throughout the year, encouraged by the dual drivers of earnings growth and reduced mortgage rates improving affordability. According to Moneyfacts, the average two-year and five-year fixed-rate deals have now been falling for six consecutive months. The availability of deals at the 95% loan-to-value tier has increased to 274 deals, its highest level since 2022, demonstrating that lenders are still keen to support borrowers with smaller deposits.

According to Kate Taylor, the start of 2024 has seen an upswing of new buyers, with agreed sales in the first six weeks of 2024 16% higher than the same period last year and 3% higher than in 2019 according to Rightmove. Average asking prices rose 0.1% year-on-year in February, the first annual increase since August 2023, an indication of growing market momentum. Bank of England revealed that the number of mortgage approvals rose for the fourth consecutive month to 55,227 in

January, the highest level since October 2022. The Chancellor announced in the Spring Budget that property gains tax is to be reduced to 24%, which may encourage landlords to sell, boosting transactions.

Kate Taylor says that the December UK House Price Index showed a mixed picture around the UK. However, the Nationwide index reported month-on-month house price growth in February, increasing by 0.7% as market momentum grows. "On an annual basis, house prices saw a 1.2% increase in February, the first positive year-on-year growth since January 2023 according to Nationwide. This contributes to the emerging indications of recovery in the housing market. According to the HM Treasury Average of Independent Forecasts, prices are forecast to soften slightly, by -1.0% this year, but recover by 0.8% in 2025," she adds.

Early signs for the market in 2024 are increasingly positive, with metrics for buyer demand, sales and new instructions all turning positive. Choice for buyers is on the rise, with Zoopla reporting that available homes for sale are 20% higher than a year ago. Improved market conditions are boosting the chances of a sale, although sellers must continue to present their property well and at a reasonable price if they are serious about moving in 2024. Half of agents say offers are currently being accepted up to 5% below initial asking price; however, 15% report this level or higher.

"Looking specifically at Wales, the average property values are 28% above 2019 levels, equivalent to a rise of £47,383. Price growth since the pandemic is strongest in Vale of Glamorgan and Blaenau Gwent. In terms of activity the most active areas across the region are Newport, Denbighshire and Cardiff," says Kate Taylor.

Looking at housebuilding figures, just shy of 240,000 new builds were completed in 2023, the numbers holding up relatively well in a slower sales market, but still short of the government's 300,000-per-year target. In most UK regions there were fewer completions in 2023 than 2022, overall, down by -8.6%. This may be underpinning house prices in many areas of the UK. There were 7,851newbuilds completed in Wales in 2023.

In conclusion, Kate Taylor says that the average time to sell in the UK has slowed compared to the same time last year. However, with brighter days beckoning, momentum is likely to be injected into the market. Over the last five years, with the exception of the Covid year of 2020, properties have taken 10 days less to sell in spring than winter, meaning this could be an ideal time to put your home on the market.

You can pick up a copy of Taylor & Co's latest housing market report from the showroom in Abergavenny. Get in touch with the team now for best advice on what your property is worth and what the latest data means for the sale of your home.