



Housing Market Update Summer 2024

UK property market continues to recover as buyer confidence and transactions build

The UK property market is witnessing a steady recovery as buyer demand, transaction levels, and prices all show growth. The sector's positive momentum is being closely monitored, especially with the Bank of England anticipated to cut interest rates during the second half of the year, says Member of The Guild of Property Professionals, Kate Taylor from Taylor & Co in Abergavenny.

Commenting on the economic factors surrounding the market, Kate Taylor says: "Recent data from the Office for National Statistics (ONS) revealed that the UK economy grew by 0.6% between January and March 2024, signalling the end of the recession. Concurrently, inflation has decreased to 2.3% in the 12 months leading to April 2024, nearing the Bank of England's 2% target. As a result, there is widespread expectation for the base rate to be cut imminently, with economists from Capital Economics forecasting a reduction to 4.5% by the end of 2024, beginning with an initial cut in August. This optimistic economic outlook has propelled consumer confidence to its highest level since December 2021 as of May."

Despite borrowing costs being higher compared to the ultra-low rates of previous years, the recent economic stability has reassured homeowners about their mortgage affordability, and they stand to benefit from the expected rate cuts. Nearly two-thirds of estate agents report an improvement in buyer confidence compared to three months ago. According to the Bank of England, mortgage approvals reached 61,140 in April, marking a significant 26% annual increase and the second instance of approvals surpassing 61,000 since August 2022.

Addressing concerns about the potential impact of the upcoming general election on the market, experts suggest that its effect will be minimal. The election, scheduled for 4th July, is not expected to disrupt the usual seasonal transaction patterns, which typically peak in July and August. Zoopla reports that the sales pipeline is already 3%

higher than the same period last year, indicating that ongoing sales are unlikely to be affected by the election. "It is highly likely that the first interest rate drop will have more of an impact on market activity than the upcoming election," adds Kate Taylor.

Transaction levels have continued to rise, reaching their highest point since March 2023 and showing a 9.8% year-on-year increase, according to HMRC. This resurgence indicates a reviving property market, supported by improving economic conditions that are easing household financial pressures. Although mortgage rates have remained elevated longer than expected, the combination of pent-up demand and seasonal activity has led to increased buyer and seller activity. The market is experiencing a sustained uplift in sales, with 13% more agreed than a year ago. The sales pipeline is steadily rebuilding, and the market is on track for close to 1.1 million sales in 2024, a 10% increase on last year. Across Wales, the most active housing markets are currently those of Newport, Conwy and Denbighshire, where close to one in every 36 properties has changed hands in the past year.

Data from Zoopla highlights a significant rise in housing supply, with 20% more homes available compared to the same time last year, marking the highest level of supply in eight years. The average agent outside of London now offers twice as many 4+ bedroom homes as in February 2022, and there are 25% more three-bedroom homes available than a year ago, providing promising options for families looking to upsize. Despite the increased supply, affordability remains a crucial factor influencing buyer budgets.

Kate Taylor notes that property values across the UK are gradually increasing, with the market remaining resilient. The average asking price of homes listed on Rightmove has risen by 0.6% year-on-year, reaching a new high of £375,131. However, the market remains price-sensitive, with 62% of offers being accepted at up to 5% below the asking price, and 20% more than 5% below. In Wales there has been 2.2% year-on-year growth in the average asking price of property in the region.

The UK House Price Index (HPI) indicates that house prices grew by 1.8% in the year to March, the strongest growth since April 2023. Detached homes saw the highest growth at 2.5% year-on-year, followed by semi-detached homes at 2.2%. Growth

was more modest for lower-priced homes, with terraced houses increasing by 1.3% and flats by 1%.

In conclusion, Kate Taylor says: "The current economic conditions and positive buyer sentiment are driving recovery in the UK property market. The anticipated interest rate cuts will further boost confidence and affordability, making it an exciting time for both buyers and sellers. The increase in housing supply provides more options for buyers, especially families looking to upsize, and supports a healthy, balanced market. With the Bank of England's anticipated rate cut and ongoing economic improvements, the UK property market is poised for continued growth and stability throughout the remainder of the year."

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.

Contact us today if you'd like to arrange a market appraisal of your property:



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