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Research and Insight

May 2024

UK House Price Index

-0.1%

Annual UK house price inflation

+13%

Year on year change in sales agreed

+25%

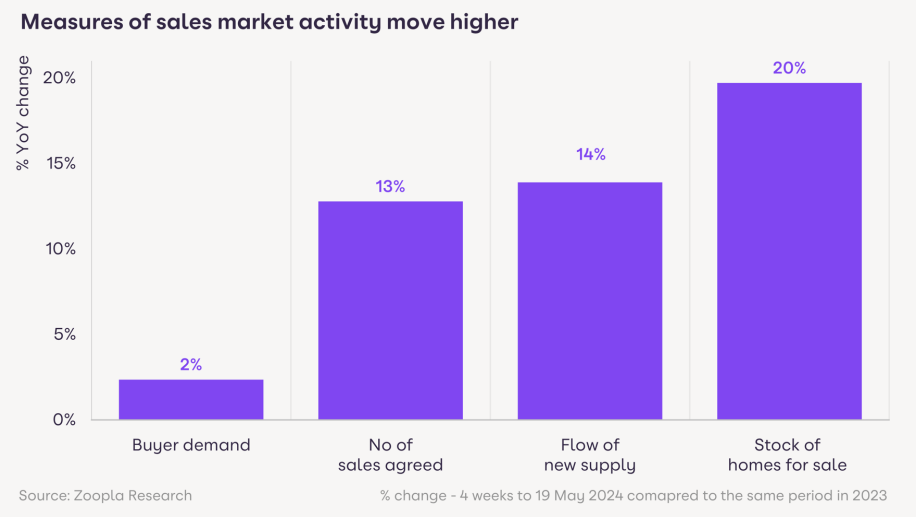
Value of homes for sale versus last year

Executive summary

- Annual UK house price inflation is running at -0.1%
- At a city level, price inflation ranges from -3% in Ipswich to +3.6% in Belfast – southern cities continue to register modest price falls
- Momentum in sales activity continues, with 13% more sales agreed
- There are more homes for sale than at any point in the last 8 years – up 20% year-on-year in number terms and 25% higher in value terms
- More supply boosts choice and will keep price inflation in check in H2
- The north-south divide in house price inflation is set to remain
- The general election is likely to reduce the upward momentum in sales agreed, but committed buyers will continue to secure sales.

"There is a record high supply of homes for sale which shows renewed confidence among sellers, many of whom are also buyers. Greater choice will keep prices in check over 2024. The general election is likely to dampen the number of sales agreed in the run up to summer."

Richard Donnell
Executive Director - Research



£230bn

Value of UK homes for sale in May 2024 – 25% higher than last year

Rising supply to keep house prices in check

The sales market continues to record increasing levels of activity. The number of sales being agreed is higher year-on-year across all regions and countries of the UK. The flow of new supply into the market is growing faster than sales as market confidence improves. House prices are broadly static, falling 0.1% over the last 12 months. They will continue to be kept in check by rising supply.

Most homes for sale in 8 years

There are more homes for sale than at any point in the last eight years, as sellers return to the market in growing numbers. The average agent has 31 homes for sale, up 20% on this time last year[1].

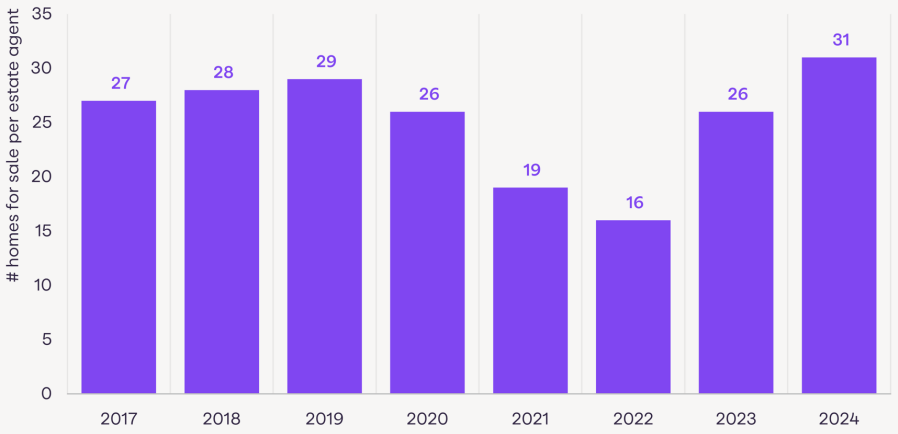
In value terms, there is £230bn of housing for sale, 25% higher than a year ago. The value of homes for sale has grown faster than the number of homes due to a rapid recovery in the supply of 3 and 4-bed family homes, after a chronic shortage over the pandemic.

Many existing homeowners delayed moving decisions in H2 2023, unsure about the impact of higher borrowing costs on house prices and buyer demand. The decline in mortgage rates, together with rising sales volumes and firmer pricing, has brought more sellers back into the market, many of whom are also buyers.

Most homes for sale are new-to-market. However, it is important to note that almost a third of homes currently available for sale (31%) were also listed for sale in 2023 but failed to find a buyer. This is not surprising, as demand for homes fell over the second half of the year as mortgage rates jumped higher.

Two-fifths (43%) of these homes that had been on the market in 2023 have had their asking price cut by more than 5% to attract demand. This highlights the importance of pricing homes correctly at the outset, rather than aiming too high and not attracting buyers.

Record high number of homes for sale per estate agent office



Source: Zoopla Research
May snapshot

1 Comparing a 4 weeks to 19 May 2024 vs same period in 2023

33%

Increase in stock of homes for sale across South West England

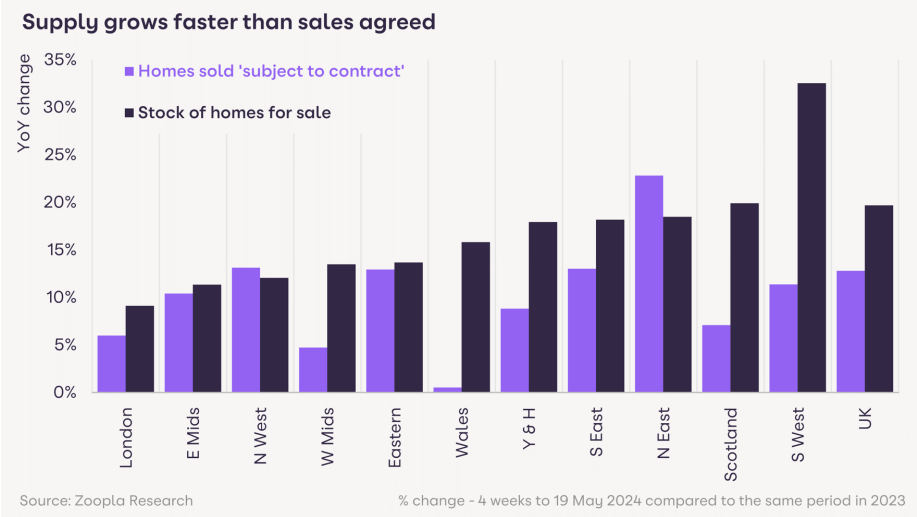
Sales are up but not as much as new supply

More supply means more would-be buyers, as most sellers are also buyers. The number of homes which are having a sale agreed is 13% higher than this time last year. Sales volumes are continuing to recover back towards the long-run average. Sales agreed have grown 22% across the North East but are up by just 1% in Wales.

The other notable trend is that the number of homes for sale has generally grown faster than the increase in sales agreed. This is replenishing the supply of homes for sale and delivering buyers more choice. In most areas supply is growing faster than sales agreed.

The South West of England has recorded a 33% increase in homes for sale compared to last year, with an above-average increase in the expansion in 4-bed homes for sale.

Tax changes for holiday lets and the prospect of double council tax for second homes are likely to be encouraging some owners to sell. This exacerbates the expansion in homes for sale across the South West, which has the highest concentration of holiday homes.



Rising supply to keep house price inflation in check

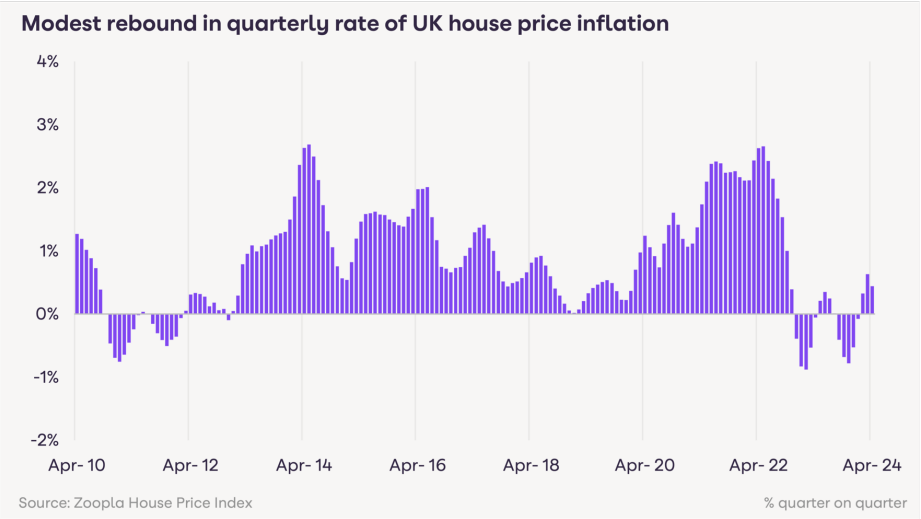
The growth in available supply is welcome news, after several years where scarcity of supply limited sales volumes and pushed up house prices. A return to greater availability will support the growth in sales.

However, we expect this expansion in supply to keep house price inflation in check over the remainder of 2024.

Our latest index finds that annual UK house price inflation remains slightly negative at -0.1%. There has been an increase in house price inflation over the last quarter (+0.4%) in response to more sales and firmer pricing, but this quarterly growth rate has slowed over the last month. We expect UK house price inflation to be flat over 2024.

+0.4%

Quarterly house price inflation to April 2024



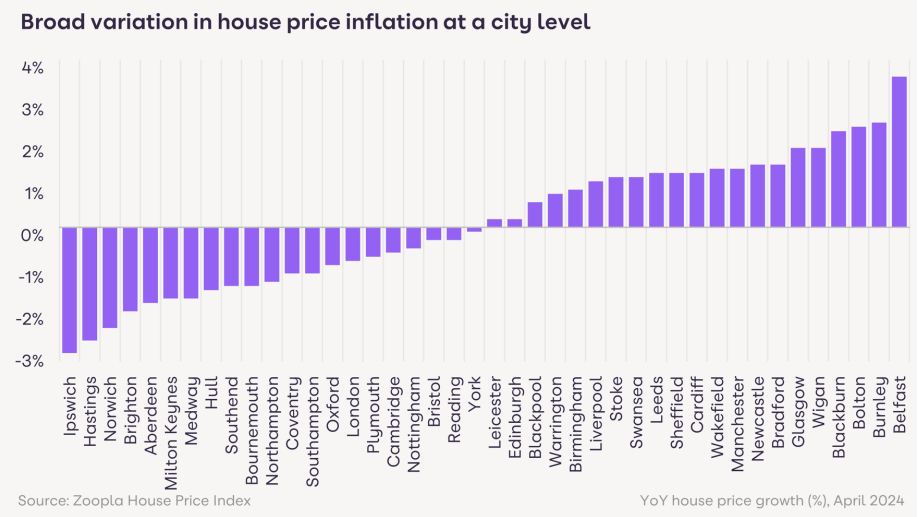
House prices continue to fall across southern England

The pace of annual price inflation has improved modestly over the last 3 months. There remains a clear divide between continued small annual price falls across southern England and the rest of the UK, where house prices are posting modest gains.

This is best demonstrated through a city-level view on annual house price inflation, which ranges from a low of -3% in Ipswich to a high of 3% in Belfast. There is a broadly equal split between cities with rising and falling house prices.

This variation is down to the absolute level of house prices and levels of affordability in the face of higher mortgage rates. Cities in coastal areas – and those that attracted an inflow of demand over the pandemic in the 'race for space' – are registering above-average price falls, as demand weakens, and these one-off pandemic factors fade.

We expect the current variation in house price inflation to continue over 2024 as incomes and house prices realign with the greatest adjustment across London and southern England.



392k

Housing sales currently in the pipeline to complete in 2024

General Election impact?

The announcement of the general election on 4th July 2024 has come earlier than many expected. Elections normally lead to increased uncertainty and some stalling in market activity.

There are currently 392,000 homes in the sales pipeline working their way through to completion over 2024. This is 3% higher than this time last year and we don't expect to see buyers already in the process of progressing to sales completions pulling out.

The impetus to move remains for many households. In particular, first-time buyers are looking to escape the rapid growth in rents in the private rented sector. Similar is true of upsizers, many of whom delayed moving last year when mortgage rates moved higher.

The election announcement is likely to stall the pace at which new sales are being agreed in the coming weeks, as we run up to the start of the summer slowdown.

Most buyers well into the home buying process close to agreeing a sale will ideally want to push through and agree sales now. Those who are earlier in the process may look to delay decisions until the autumn after the election is over.

Overall, we don't see the election having as big an impact as in previous years, particularly as there is not a huge divide in policy between the two main parties.

There are also few specifics on housing, other than a focus on reforming the private rental sector and boosting housing supply. However, sales completions over 2024 may now fall slightly short of the 1.1m we expected for 2024.

What businesses and landlords will want to see from all political parties are concrete plans for how we can boost housing supply across all tenures, while getting the right reforms into the private rented sector to ensure we maintain supply while giving renters more protections.

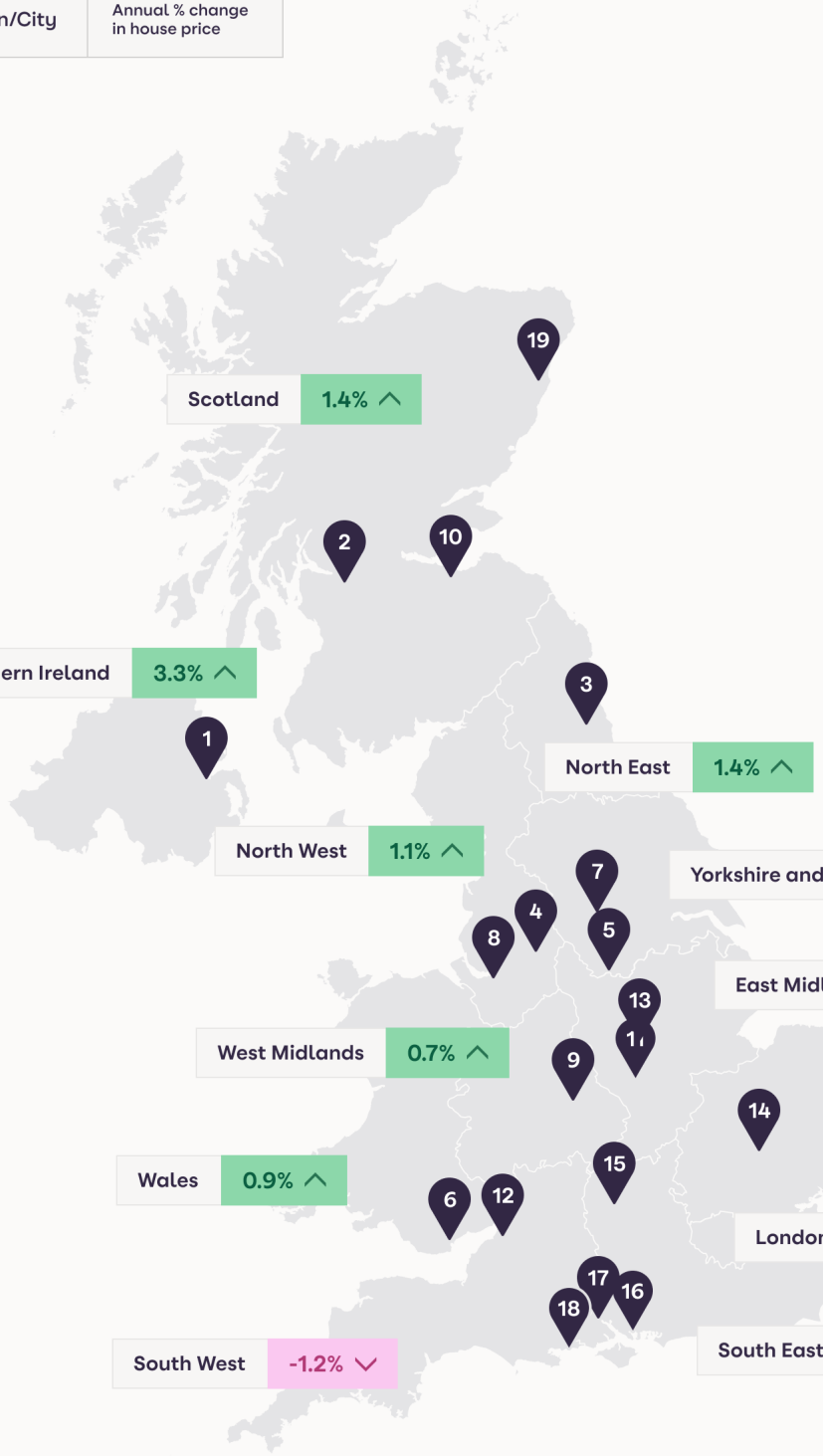
House Price Index - Country, region and city summary

Note: The Zoopla house price index is a repeat sales-based price index, using sold prices, mortgage valuations and data for agreed sales. The index uses more input data than any other and is designed to accurately track the change in pricing for UK housing.

April 2024 Index
(Published May 2024)

Source: Zoopla House Price Index

Region/City	Annual % change in house price
Scotland	1.4% ^
Northern Ireland	3.3% ^
North East	1.4% ^
North West	1.1% ^
Yorkshire and Humber	0.8% ^
East Midlands	-0.4% v
West Midlands	0.7% ^
East of England	-1.6% v
Wales	0.9% ^
London	-0.5% v
South West	-1.2% v
South East	-1.3% v



	City	Annual % change in house price
1	Belfast	3.6%
2	Glasgow	1.9%
3	Newcastle	1.5%
4	Manchester	1.4%
5	Sheffield	1.3%
6	Cardiff	1.3%
7	Leeds	1.3%
8	Liverpool	1.1%
9	Birmingham	0.9%
10	Edinburgh	0.2%
11	Leicester	0.2%
12	Bristol	-0.3%
13	Nottingham	-0.5%
14	Cambridge	-0.6%
15	Oxford	-0.9%
16	Portsmouth	-0.9%
17	Southampton	-1.1%
18	Bournemouth	-1.4%
19	Aberdeen	-1.8%

United Kingdom	-0.1%

Zoopla House Price Index, city summary, April 2024

Source: Zoopla House Price Index. Sparklines show last 12 months trend in annual and monthly growth rates - red bars are a negative value - each series has its own axis settings providing a more granular view on price development.

	Average price	% YoY Apr-24	% YoY Apr-23	Monthly trend	Annual trend
United Kingdom	**£264,300**	**-0.1%**	**2.2%**		
20 City Composite	**£304,600**	**0.1%**	**2.1%**		
Belfast	£173,300	3.6%	1.4%		
Glasgow	£148,000	1.9%	2.0%		
Newcastle	£153,800	1.5%	3.6%		
Manchester	£223,800	1.4%	3.5%		
Cardiff	£254,500	1.3%	3.0%		
Leeds	£208,400	1.3%	2.9%		
Sheffield	£172,100	1.3%	3.4%		
Liverpool	£158,600	1.1%	3.4%		
Birmingham	£209,000	0.9%	4.1%		
Leicester	£224,900	0.2%	2.4%		
Edinburgh	£271,800	0.2%	3.6%		
Bristol	£336,700	-0.3%	2.3%		
Nottingham	£201,200	-0.5%	4.9%		
Cambridge	£467,300	-0.6%	1.3%		
London	£526,100	-0.8%	0.7%		
Oxford	£447,500	-0.9%	0.9%		
Portsmouth	£278,900	-0.9%	1.7%		
Southampton	£257,100	-1.1%	2.3%		
Bournemouth	£331,100	-1.4%	1.5%		
Aberdeen	£137,200	-1.8%	-2.7%		

Source: Zoopla House Price Index. Sparklines show last 12 months trend in annual and monthly growth rates – red bars are a negative value – each series has its own axis settings providing a more granular view on price development.

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