

UK House Price Index

+0.5%

Annual UK house price inflation - July 2024

33

Homes for sale per estate agent at a 7-year high

2.6x

How much longer to sell a home if the asking price is cut by 5% or more

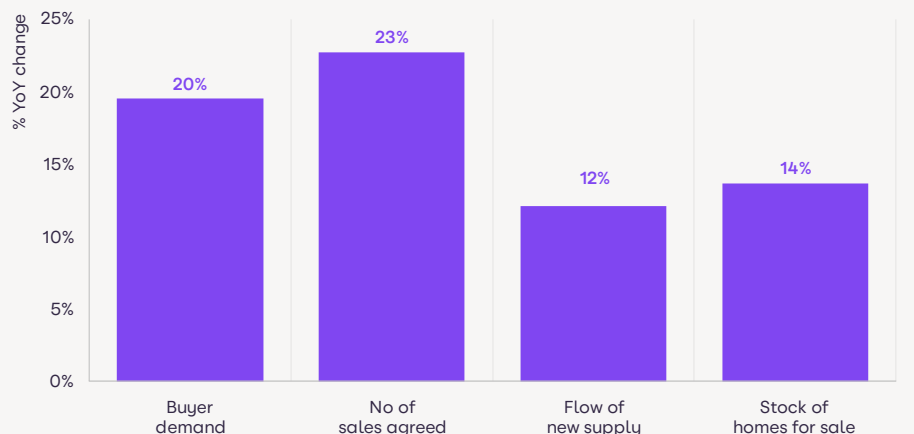
Executive summary

- House prices are 1.4% higher over the first 7 months of 2024 having fallen over the final half of 2023
- All measures of activity are up year-on-year - the long-awaited base rate cut has not had a major impact on market activity so far
- Price inflation has improved across all areas, remaining slightly negative in southern England but with London positive at 0.2%
- 1 in 5 homes has had their asking price cut by 5% or more, an above-average level showing continued price sensitivity amongst buyers
- It takes 28 days to sell a home with no asking price reduction, but 73 days if you overprice and then need to reduce by 5% or more
- House prices on track to be 2.5% higher over 2024 with 1.1m sales

“Market conditions continue to improve as the outlook improves but buyers remain price sensitive. Rising disposable incomes are as important as mortgage rates for the future health of the sales market”

Richard Donnell
Executive Director - Research

Housing market activity levels up year-on-year across the board



Source: Zoopla Research

% change - 4 weeks to 18 Aug 2024 compared to the same period in 2023

33

Number of homes for sale per estate agent on Zoopla

Market activity stronger than last year

All key measures of sales market activity are higher than 2023 supported by economic growth and rising consumer confidence.

Buyer demand for homes is a fifth higher than this time last year¹. New sales agreed are almost a quarter higher, building on the increased momentum in sales from earlier in the year as mortgage rates fall to an average of c4.5% for a 5-year fixed rate at 75% LTV.

Sellers continue to bring homes to market at an above-average rate. Many of these sellers are also buyers, which explains why sales agreed continue to increase.

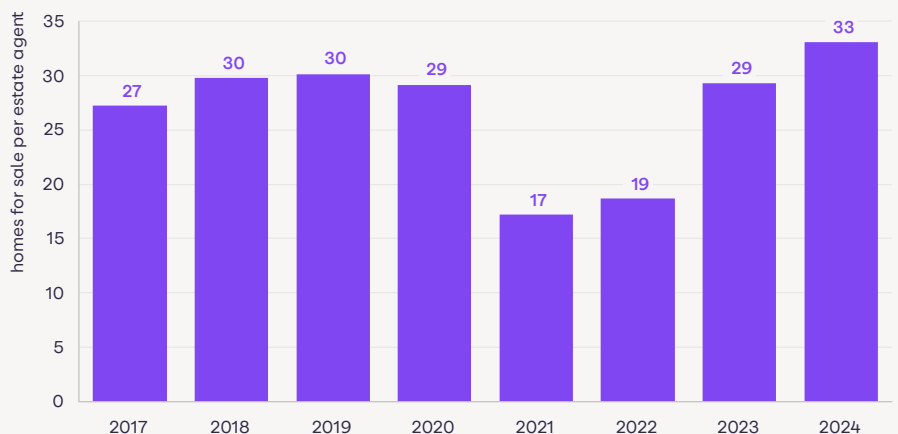
More new supply means the stock of homes for sale continues to increase and now stands at a 7-year high of 33 homes per agent, giving buyers ever more choice. More supply will keep headline price inflation in check over 2024 and into 2025. Serious sellers must price realistically to agree a sale within a reasonable time.

No material impact from August base rate cut

The long-awaited cut in the base rate in August was welcome news for the wider economy and consumer sentiment, but it has had no material impact on levels of buyer demand compared to the underlying trend over recent weeks. The real reason buyer demand for homes is 20% higher than last year is down to a fall in demand over summer 2023 in response to the spike in mortgage rates.

However, our data did register a modest increase in new sales agreed in the days following the base rate reduction as wary buyers waited for a rate cut to agree a sale. The good news is that there is sufficient buyer demand to support rising sales volumes. Sales agreed up 23% is a truer reflection of the health of the sales market which remains on track for 10% more sales than 2023.

Supply of homes for sale at a 7-year high



Source: Zoopla Research

August figures

¹ Comparing 4 weeks to 18 August 2024 vs same period in 2023

1.4%

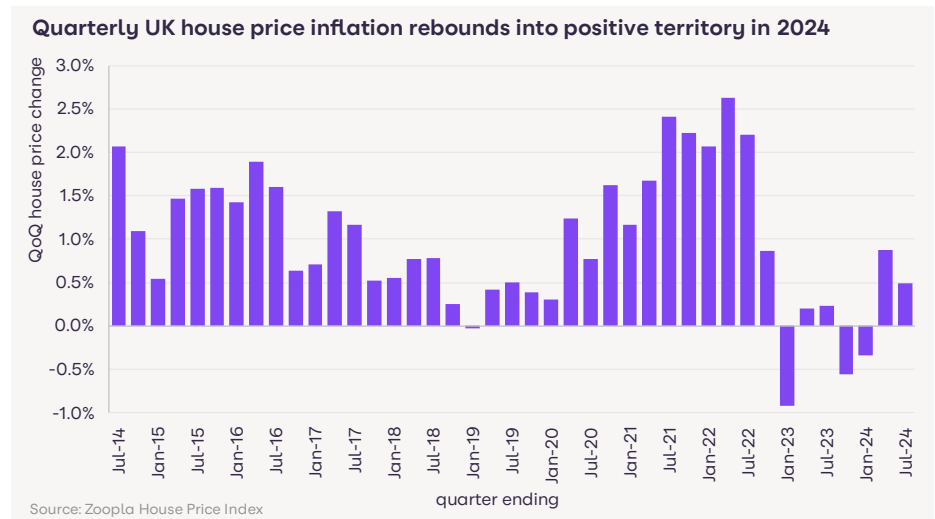
House price inflation over the first seven months of 2024

UK house prices increase 1.4% so far this year

Rising numbers of new sales agreed, plus buyers paying a greater proportion of the asking price, are supporting a modest recovery in house price inflation. Our UK index shows that average UK house price has risen by 1.4% in the seven months to July 2024 and is on track to be 2.5% higher over 2024.

The annual (12-month) rate of inflation in our UK house price index is lower at +0.5% as it includes price falls over the latter part of 2023.

Over the last decade, house price falls have only occurred during three quarters- Q4 2022 and again in H2 2023 in response to higher mortgage rates. 2024 has seen a return to low rates of house price inflation, albeit slowing in the last three months to July 2024.



Overall price trend is upwards but some localised falls

The improvement in house prices over the year to date is being felt across most areas of the country. Annual house price inflation ranges from -0.9% in the Eastern region to +5.1% in Northern Ireland. Price inflation has turned positive in London (+0.2%), while prices are posting small falls in the South East, South West and East Midlands.

There remain pockets of the country where house prices continue to post small falls on both a quarterly and annual basis e.g. Taunton (TA, -2.0%), Dartford (DT, -1.3%), Enfield (EN, -1.1%) and Harrogate (HG, -1%) postal areas². This highlights how house prices are still adjusting to the impact of higher borrowing costs in local areas.

However, house prices are posting above-average annual gains in lower value and more affordable housing markets, often in proximity to larger cities e.g. Wolverhampton (WV, 3%), Oldham (OL, 2.8%), and Wakefield (WF, 2.7%) in England². House prices are rising even faster across the Scottish Borders from Dumfries and Galloway (DG, 4.4%) to Galashiels (TD, 3.1%) as well as in Falkirk postal area (FK, 3.1%) to the north and east of Glasgow².

² The percentages are the annual rate of inflation as at July 2024

20%

Homes listed for sale with a 5%+ reduction in asking price

1 in 5 homes has asking price cut of more than 5%

While measures of market activity are higher and price inflation positive, it's important that sellers remain realistic on pricing, especially if they are serious about moving home. The continued growth in the supply of homes for sale is boosting choice for buyers. This will keep UK house price inflation in check into 2025.

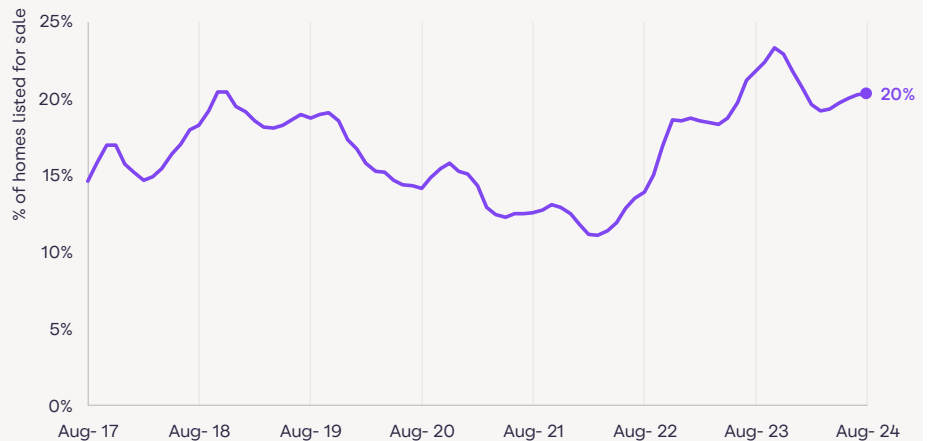
Buyers remain price-sensitive as their purchasing power has been eroded by higher mortgage rates. This is slowly being offset by faster incomes growth but there is further to go to fully repair affordability.

We find that 1 in 5 homes listed for sale in August has had an asking price reduction of 5% or more to attract more buyer interest. This is above average, but lower than the 23% high recorded last autumn, when higher mortgage rates hit demand and house prices fell.

There is no major variation in asking price cuts across different parts of the country, but reductions are more common for 1 and 2-bed flats.

Homes that need an asking price cut take more than twice as long to sell as homes without asking price changes. Our data shows 28 days for no reduction and 73 days with a 5%+ cut in asking price. Getting the asking price right at the outset is essential to secure a timely sale.

Proportion of listings with asking price reduction of 5% or more



Source: Zoopla Research

% of homes listed for sale with asking price reduction of 5% or more (since initial listing)

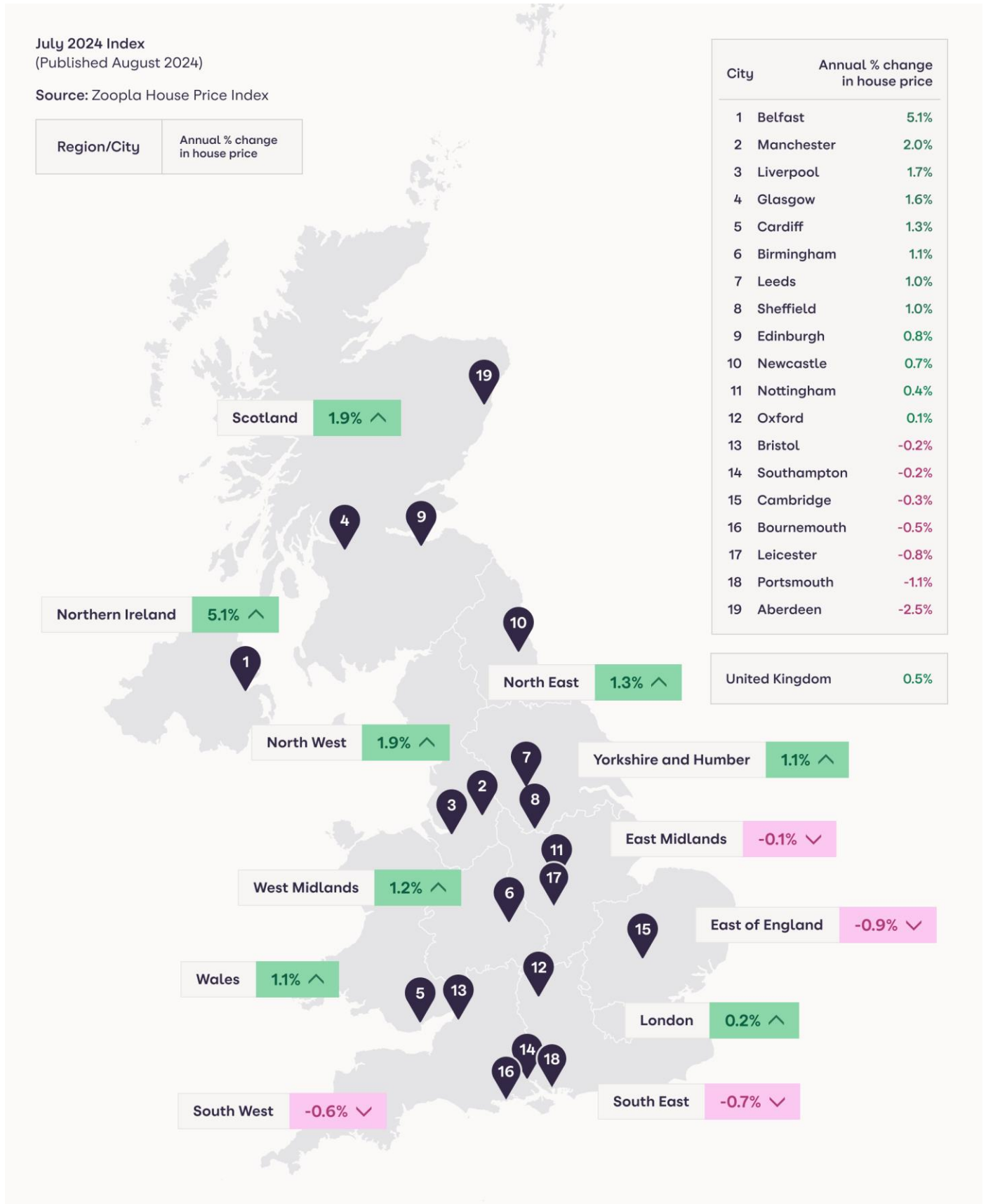
Outlook

The housing market is more balanced than at any time in the last 5 years. Lower mortgage rates and an improving economic outlook have bought more sellers and buyers into the market supporting sales volumes and business plans for builders, estate agents and lenders.

How much lower mortgage rates will move depends on expectations for base rates. Our view is average mortgage rates will remain above 4%, which is sufficient to support more home moves and sales. Healthy growth in household incomes (post-tax) remains as important as borrowing costs for the overall health of the housing market looking ahead into 2025.

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.



Zoopla House Price Index, city summary, July 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 Jul-24	% YoY Jul-23	Monthly trend	Annual trend
United Kingdom	£266,400	0.5%	0.4%		
20 City Composite	£306,400	0.4%	0.5%		
Belfast	£176,700	5.1%	0.5%		
Manchester	£226,600	2.0%	1.5%		
Liverpool	£159,600	1.7%	1.2%		
Glasgow	£149,400	1.6%	2.4%		
Cardiff	£256,200	1.3%	0.5%		
Barnsley	£160,600	1.1%	2.8%		
Leeds	£209,800	1.0%	1.4%		
Sheffield	£173,000	1.0%	1.8%		
Edinburgh	£273,400	0.8%	2.5%		
Newcastle	£154,900	0.7%	2.3%		
Nottingham	£203,100	0.4%	1.7%		
London	£536,300	0.2%	-0.9%		
Oxford	£452,100	0.1%	0.2%		
Southampton	£258,300	-0.2%	-0.1%		
Bristol	£339,100	-0.2%	0.5%		
Cambridge	£469,800	-0.3%	0.0%		
Bournemouth	£333,400	-0.5%	-1.3%		
Leicester	£225,600	-0.8%	0.9%		
Portsmouth	£279,100	-1.1%	-0.1%		
Aberdeen	£136,100	-2.5%	-2.3%		

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.

Contacts

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