

IN FOCUS

CHARTERS PROPERTY MARKET REPORT




MARKET PERSPECTIVE

“Activity in the residential housing market in our region has remained robust in 2022 - the story of the year concerning the shortage of housing stock continues unabated, the message remains that there is still an appetite for moving home and competitively priced properties are selling. Whilst there should be caution around the cost of living and interest rate rises, our prediction for the remainder of 2022 is one of optimism. Our database of ready-to-go buyers means we can match people and properties fast.”



ELLIOTT TRODD,
SALES MANAGING DIRECTOR, CHARTERS

- » The UK has dealt with historic temperatures this week, and although the scorching heat of the housing market is showing some signs of moderating as month-on-month price rises soften, it remains sunny for those looking to buy and sell.
- » Rightmove report that buyer demand, while down year on year, is 26% stronger than in pre-pandemic June 2019, with the volume of new sellers to the market up 13% compared to this time last year. At 47, average stock levels per agent have improved since the start of the year.
- » With the volume of new instructions still failing to keep track with demand, properties continue to sell (SSTC) in just 32 days. This is 6 days faster than a year ago, and over three weeks quicker than the pre-pandemic June average.
- » The cost of living crisis is likely to dampen the market over the second half of 2022, but a net balance of agents still anticipate price growth over the next 12 months (RICS). Source: Dataloft, DLUHC, Land Registry.




Time to sell


32

DAYS


Hot property

Sunny spells
for buyers
and sellers

Buyer demand  **26%**
VS JUNE 2019 **STRONGER**

New instructions  **13%**
VS JUNE 2021 **HIGHER**

Source: Dataloft, Rightmove



KEY HOUSING MARKET INDICATORS	LATEST DATA	QUARTERLY CHANGE	ANNUAL CHANGE
MORTGAGE APPROVALS (MAY)	66,163	-5.6%	-23.4%
RESIDENTIAL TRANSACTIONS (MAY)	109,210	4.2%	-5.1%
GROSS MORTGAGE LENDING (MAY)	£28.4bn	13.3%	22.5%
NEW HOMES BUILT (Q1 22)	59,524	-5.6%	-8.6%
NEW HOMES BUILT (ANNUAL)	247,393	-	8.2%

Source: Bank of England, HMRC, ONS, DLUHC

KEY HOUSING MARKET INDICES	AVERAGE HOUSE PRICE	MONTHLY GROWTH	ANNUAL GROWTH
NATIONWIDE (JUNE)	£271,613	0.3%	10.7%
UK HPI, ONS (MAY)	£283,496	1.2%	12.8%
HALIFAX (JUNE)	£294,845	1.8%	13.0%
HOMETRACK (MAY)	£251,550	0.1%	8.4%

Source: Various

MARKET TRENDS



12.8%
UK house price growth, year to May 2022
(Source: Office for National Statistics)



2.08%
Average mortgage rate, May 2022
(Source Bank of England)



190,210 transactions in May
12% higher than 5-year pre-pandemic average
(Source: HMRC)

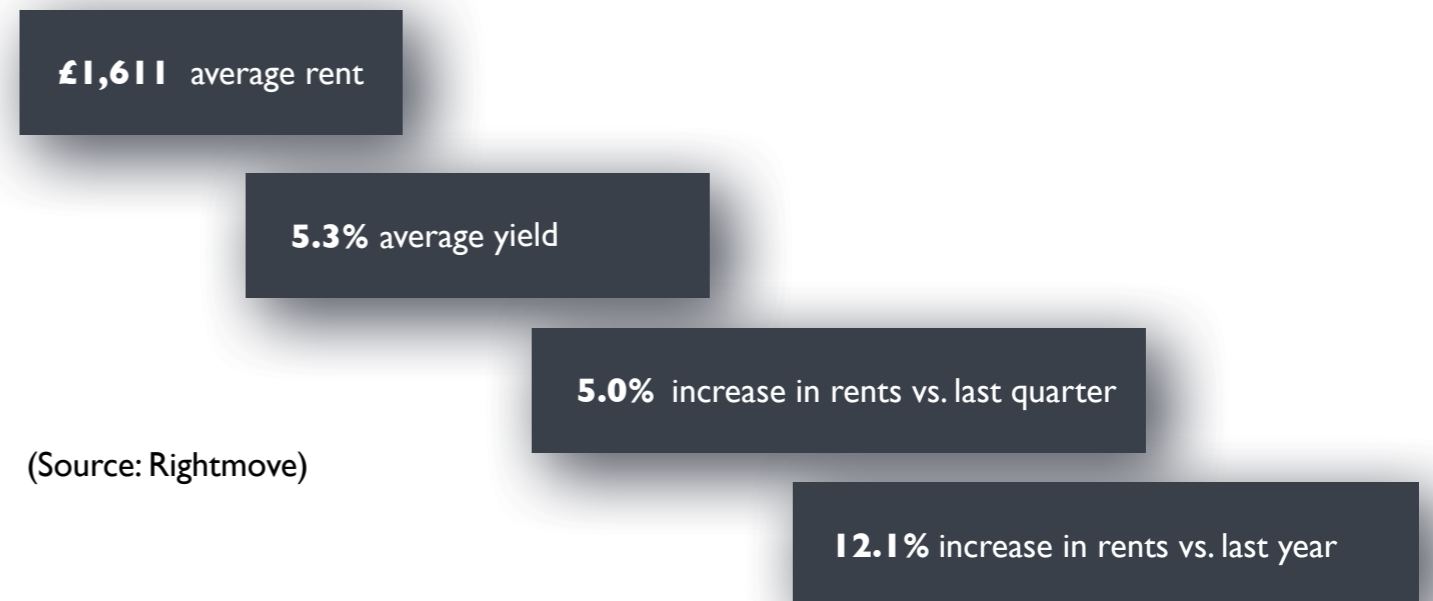
“The residential lettings market remains extremely buoyant with asking prices continuing to increase at record levels. Average asking rents in the South East of England are now at £1,611pcm, an increase of 12.1% since last year however high-quality family homes within our area are at times seeing growth of up to 25%.

Tenant demand is also up on last year but with available properties down by 26% this often results in multiple offers per property and many have lets agreed the day they go live. Applicants are having to act quickly and be extremely proactive to secure a new property. We forecast that despite the cost of living increases, the strong demand will mean that rental values will continue to rise and landlords will benefit from seeing a far greater return on their investment and voids will be kept to a minimum.”



SUZANNE DIAMOND,
LETTINGS DIRECTOR, CHARTERS

LETTINGS – SOUTH EAST



(Source: Rightmove)

NEW HOMES MARKET UPDATE

“The New Homes market is continuing at a pace with many strong sale performances from our branch network of 9 offices. We have recently won many prestigious new homes instructions, and Charters are predicting a busy outlook going forward. Although interest rates are increasing, they are still at historical lows and you will see a plethora of new deals from lenders, geared towards the property market which will cater for the end of the Help to Buy Scheme. Incentives will be a key part of the new homes market going forward, especially when it comes to Stamp Duty, and with low levels of stock, we expect a keen appetite from buyers.”



GEORGE LONG,
NEW HOMES MANAGING DIRECTOR, CHARTERS

ANALYSIS & UPDATE

ECONOMY

- » Inflation, the rate at which prices rise, hit 9.4% in the year to June driven by petrol and food costs. There is speculation the Bank of England will raise interest rates by an additional 0.5% at their meeting in August.
- » Between March and May pay in the private sector was 7.2% higher year-on-year, for the public sector the rise was just 1.5%. However, adjusting for inflation, regular pay (excluding bonuses) fell by 2.8%. Job vacancy rates remain high.
- » Both domestic issues and the effects of the Ukraine war are pushing inflation higher. The high number of job vacancies means employers are needing to increase pay to maintain staff and recruit.

PRICES

- » At £283,496 the average price of property in the UK is 12.8% higher than a year ago. In monetary terms this is equivalent to a rise of over £32,000 (UKHPI).
- » At 0.1% month-on-month property price growth across the UK fell to just 0.1% in May, the lowest rate since December 2019 according to Zoopla. With mortgage rates rising buyers are likely to become more price sensitive as the year progresses.
- » 12 month price expectations are moderating. In June a net balance of +37% of surveyors anticipate prices continuing to rise over the next 12 months. This compares to +78% in February (RICS).

TRANSACTIONS

- » Over 109,000 sales took place in May, 12% higher than the pre-Covid average (2016-2020). To date in 2022 over 540,000 sales have taken place and market activity remains well above pre-Covid levels.
- » Over 340,000 property sales were agreed in the first quarter of 2022 according to new data released by TwentyCi, volumes on track for 1.2 million transactions over the course of the year.
- » Properties are currently selling 20 days quicker than the long term average (Rightmove), with a significant proportion selling above initial asking price (Dataloft poll of subscribers). Needs-based buyers are the most active in the market place at the current time.

DEMAND

- » Just over 66,000 mortgages were approved in May, on par with the longer term pre-pandemic average in a sign that the market is beginning to re-set. At £28.4 billion mortgage lending was at its strongest in 2022 to date, no doubt as many sought to lock in deals prior to the base rate rise.
- » There are signs demand pressures are starting to ease. A net balance of agents reported a fall in new buyer enquiries across many regions of the UK in June (RICS).
- » While demand levels for available property remains higher than last year, buyer demand per property available fell 8% compared to May according to Rightmove. However, they assert there are more than 500,000 homes currently SSTC, 44% higher than in 2019.

DEVELOPMENT/NEW BUILD

- » Greg Clark has been appointed the new Secretary of State for Levelling Up, Housing and Communities on 7th July.
- » Just over 59,500 new homes were constructed across England and Wales during the first quarter of 2022, on par with the average for January-March (DLUHC). House building continues to fall short of demand, the Government confirming its target to build 300,000 homes per year has been abandoned.
- » The new National Infrastructure Levy will be mandatory and will be charged as a percentage of gross development value and local councils will set the threshold for implementation according to the draft Levelling Up and Regeneration Bill. Section 106 agreements will be implemented only for larger applications.

If you would like a **FREE** valuation for your home,
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