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Residential Property Review

May 2023



Mixed market signals in May

Recent releases from Savills presented mixed signals for the residential market, with the UK Housing Market Update pointing to recovering market activity in May, even as the English Housing Supply Update for Q1 2023 revealed a quarterly drop of 20% in new homes completed.

The number of new sales agreed in April was just -6% below the 2017-19 average for the month, according to TwentyCI. Two further indicators that have remained robust are mortgage approvals and completed sales volumes – the former rose to 85% of the 2017-19 average in March, according to the Bank of England, and the latter to 96% of the pre-pandemic average for March, according to HM Revenue & Customs.

In contrast, after a near-record number of new homes were built in 2022, Q1 2023 saw the number of new homes completed decline by 20% compared to Q4 2022. Only 246,700 new homes were completed in the year to March 2023, 2% below the previous annualised quarter.

Detached homes best performer in past decade

The average price of UK detached homes has increased by 74% in the past decade, according to new research by easyMoney, making it the house type with the largest value increase over that period.

Semi-detached homes now sell for 71.4% more than they did in 2013, while terraced homes have increased by 67.6% and flats by 51%.

Jason Ferrando, CEO of easyMoney commented, "This research demonstrates just how secure property investment is in this country. Flats are, in general, an outlier. While all other property types enjoyed massive price boosts during the pandemic, flats recorded only their third-highest growth of the decade. This is because the pandemic and lockdowns instigated a race for space that flats simply cannot satisfy, and also because of the external cladding issues highlighted by the Grenfell tragedy and which continue to haunt high-rise buildings to this day."

Strongest post-Brexit year for London's super-prime market

London's £10m-plus property market recorded its strongest performance since the 2016 Brexit vote in the year to March 2023.

The lifting of pandemic restrictions and a more stable business environment paved the way for £3.1bn to be spent on 161 super-prime properties in the year to March 2023. This was significantly higher than the £2.5bn and 144 transactions in the previous 12-month period; sales had not been so high since 2015-16.

There were 52 sales at £8m+ outside of London in the 12 months to March 2023, a yearly increase of 16% and the highest total in 15 years. Prime property outside London remains subject to strong competition, thanks to tight supply and resilient demand.

House prices headline statistics

House Price Index (March 2023)	149.5
Average House Price	£285,009
Monthly Change	-1.2%
Annual Change	4.1%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **4.1%** in the year to March 2023
- On a non-seasonally adjusted basis, average UK house prices decreased by **1.2%** between February 2023 and March 2023
- The average price in London was **£532,325**.

Source: The Land Registry
Release date: 24/05/23
Next data release: 21/06/23

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	-1.5%	4.1%	£304,193
Northern Ireland (Quarter 1 - 2023)	-1.8%	5.0%	£172,005
Scotland	0.7%	3.0%	£184,877
Wales	-0.6%	4.8%	£214,174
East Midlands	-1.2%	4.9%	£246,092
East of England	-2.0%	3.9%	£351,898
London	-1.7%	1.5%	£523,325
North East	-1.6%	4.0%	£156,912
North West	-1.3%	5.2%	£211,759
South East	-0.4%	4.6%	£394,543
South West	-0.6%	5.4%	£326,035
West Midlands Region	-4.0%	3.4%	£245,132
Yorkshire and The Humber	-2.1%	4.1%	£203,635

Average monthly price by property type – March 2023

Property Type	Annual Increase
Detached £453,949	5.3%
Semi-detached £277,291	4.8%
Terraced £229,752	3.0%
Flat / maisonette £285,009	3.0%

Source: The Land Registry
Release date: 24/05/23

Housing market outlook

"Cost of living concerns remain real for many households, which will likely continue to weigh on sentiment and activity. Combined with the impact of higher interest rates gradually feeding through to those re-mortgaging their current fixed-rate deals, we should expect some further downward pressure on house prices over course of this year."

Kim Kinnaird, Director, Halifax Mortgages

Source: Halifax, April 2023

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All details are correct at the time of writing (24 May 2023)

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