

INVEST SOUTHWEST

12 Hammet Street, Taunton TA1 1RZ

T: 01823 353970

E: info@investsouthwest.co.uk

W: www.investsouthwest.co.uk



INDEPENDENT FINANCIAL ADVISERS

Residential Property Review

March 2023



Spring Budget - 'trailblazer' deals announced

In the Spring Budget on 15 March, as part of the Levelling Up White Paper, Chancellor Jeremy Hunt announced 'trailblazer' deals giving new and deeper devolution powers to local leaders in the Greater Manchester and West Midlands Combined Authorities.

For the first time outside of London, local leaders will now be able to set the strategic direction over the Affordable Housing Programme (AHP) in their areas. These two combined authorities will receive powers in a two-staged approach, initially having partial powers which will ensure the current 2021-26 AHP, which is overseen by Homes England, can be delivered.

After 2026, for any new AHP funding, these combined authorities will gain more powers, including directing Homes England to identify and bring forward sites for housing and to partner with providers. Homes England will still play a role in administering the programme, unlike in London.

Cautious boost for buyer enquiries

A more stable picture is emerging for the rest of 2023, according to the latest UK Residential Survey from the Royal Institute of Chartered Surveyors (RICS), despite a generally downbeat overall trend last month.

The headline reading for new buyer enquiries rebounded to a net balance of -29% (on a seasonally adjusted basis), a significant leap from -45% in January. Although this is a tenth consecutive negative monthly reading, it is also the least negative result since July 2022.

The new sales indicator was also less negative in February (-26%) than it had been a month earlier (-36%). In contrast, the average time taken to complete sales rose again to almost 19 weeks.

Commenting on the latest survey, Tarrant Parsons, Senior Economist at RICS, said, *"The housing market continues to adjust to the tighter lending climate, with stretched mortgage affordability still weighing heavily on activity. Going forward... the latest survey feedback shows tentative signs that the ongoing decline in buyer enquiries is now moderating."*

Soaring rents push people out of London

The flight of workers from London will cause businesses to suffer, industry bodies have warned, as soaring rents continue to drive people out of the capital.

Strong rental demand has pushed London rents 20% higher in the last year, according to Foxtons, with the lack of options in the capital now forcing renters to move further out of the city in order to find a suitable place to live. In the same period, average house prices have fallen by 0.9%, according to Halifax, highlighting the difficulties renters have faced.

In trying economic conditions, more than half of landlords still plan to raise rents further to absorb extra costs. Some 63% of renters expressed concern or strong concern about how rising interest rates could affect their monthly rental payments in a recent survey by Finbri.

House prices headline statistics

House Price Index (January 2023)	152
Average House Price	£289,819
Monthly Change	-1.1%
Annual Change	6.3%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **6.3%** in the year to January 2023
- On a non-seasonally adjusted basis, average UK house prices decreased by **1.1%** between December 2022 and January 2023
- The average price in London was **£533,986** in January 2023.

Source: The Land Registry
Release date: 22/03/23
Next data release: 19/04/23

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	-1.2%	6.9%	£310,159
Northern Ireland (Quarter 4 - 2022)	-0.5%	10.2%	£175,234
Scotland	-0.5%	1.0%	£185,016
Wales	-2.3%	5.8%	£216,871
East Midlands	-1.7%	8.6%	£251,177
East of England	-1.1%	6.8%	£358,114
London	-1.0%	3.2%	£533,986
North East	0.6%	10.0%	£163,371
North West	-2.4%	7.2%	£214,431
South East	-1.2%	6.3%	£398,368
South West	-0.4%	7.1%	£329,691
West Midlands Region	0.2%	9.9%	£256,694
Yorkshire and The Humber	-2.5%	6.5%	£207,635

Average monthly price by property type – January 2023

Property Type	Annual Increase
Detached £458,066	6.8%
Semi-detached £282,643	7.5%
Terraced £237,057	7.0%
Flat / maisonette £227,951	6.3%

Source: The Land Registry
Release date: 22/03/23

Housing market outlook

“The recent run of weak house price data began with the financial market turbulence in response to the mini-Budget at the end of September last year. While financial market conditions normalised some time ago, housing market activity has remained subdued. Inflation has continued to outpace wage growth and mortgage rates remain significantly higher than the lows recorded in 2021. Even though consumer sentiment has improved in recent months, it is still languishing at levels prevailing during the depths of the financial crisis.”

Robert Gardner, Nationwide's Chief Economist

Source: Nationwide, February 2023

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All details are correct at the time of writing (22 March 2023)

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