

UK House Price Index

-0.3%

Annual UK house price inflation

+9%

Year-on-year growth in sales agreed

96.1%

% asking price achieved

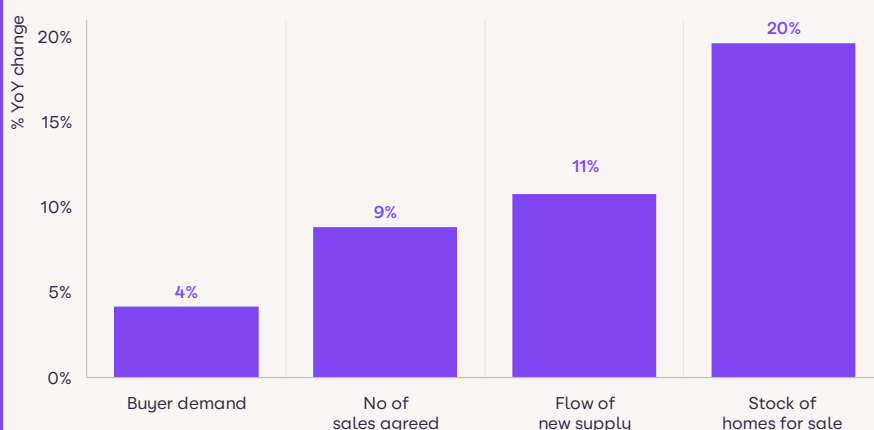
Executive summary

- Annual house price inflation slows to -0.3%, up from -1.4% in Oct 23
- Market activity improves across all key measures led by sales, which are 9% higher than a year ago
- More sellers coming to market and stock of homes for sale up 20%
- House price inflation higher than Q3 2023 across all areas but still negative in southern England
- The percentage of the asking price achieved has narrowed from 95.5% in November 2023 to 96.1% in March 2024
- Sellers accepting a median average discount to the asking price of £10,000, down from £14,250 in Nov 2023
- 2024 is set to be a year of better sales volumes and flat house prices

“Sellers need to remain realistic on where they set the asking price if they are to take advantage of improving market conditions to secure a sale and move home in 2024.”

Richard Donnell
Executive Director - Research

Sellers return to the market as sales volumes grow



Source: Zoopla Research

% change - 4 weeks to 17 march 2024 compared to same period in 2023

+7%

Sales agreed in Q1 2024
versus Q1 2023

Sales market activity continues to improve

All the primary measures of sales market activity continue to show positive, upward momentum. New sales agreed are 9% higher than a year ago, with 7% more home sales agreed over Q1 2024¹ than over Q1 2023. This trend is encouraging more sellers to bring their homes to market. The average agent had 11% more homes on the market in the last 4 weeks than they did this time last year. Overall, there are a fifth more homes for sale than last year.

Improving housing market sentiment is down to faster real wage growth and a healthy jobs market, both of which are boosting consumer confidence. The latest GfK survey finds that consumers' confidence about their personal finances has hit the highest level in more than two years. At the same time, mortgage rates have fallen to 4.4%² for a 75% loan to value 5-year fixed-rate loan, down by over 1 percentage point from a high of 5.8% in June 2023.

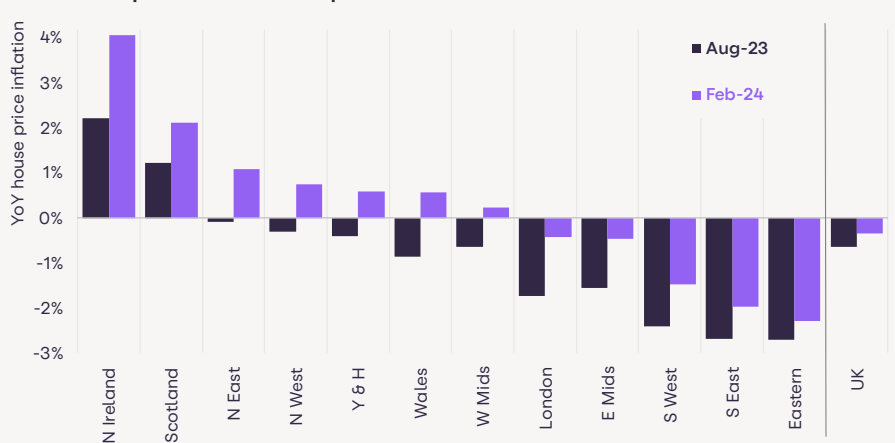
Activity is up across the board with the strongest growth in sales in areas with more affordable house prices, such as Yorkshire and the Humber (11%) and the North West (13%). The strongest growth in new sellers listing homes is in the South West (28%) and North East (26%). The supply of homes for sale in London is only 8% higher, explaining why price inflation is rebounding faster here than other regions.

House prices firming rather than set for faster growth

The annual rate of UK house price inflation remains negative at -0.3%, up from a recent low of -1.4% in October 2023. There is a clear divide across the UK as southern regions continue to register annual price falls, led by the Eastern (-2.3%) and South East (-2%) regions. Prices are rising the most in Scotland and Northern Ireland.

All areas are recording higher annual price inflation than six months ago as sales volumes recover and pricing levels firm. We expect the current trends in pricing to continue into H2 2024 as prices continue to adjust to higher mortgage rates and reduced buying power.

Downward pressure on house prices in the South remains



Source: Zoopla House Price Index

¹ Q1 2024 runs to Sunday 24 March 2024 compared to same period in 2023

² Bank of England Bankstats

41%

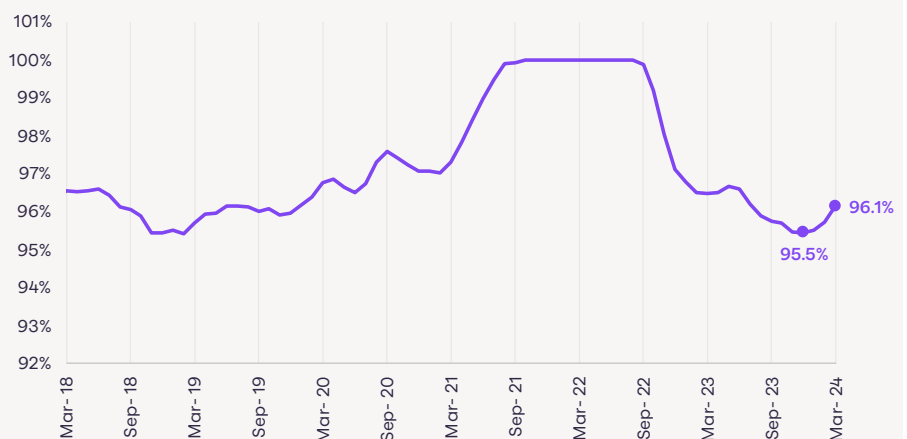
% new sales agreed at sales price >5% below the asking price

Two fifths of sales agreed at >5% below the asking price

The fact that buyers and sellers are agreeing more sales is positive and evidence that house prices don't need to fall further to support the continued recovery in sales. Buyers remain price sensitive, however, and continue to negotiate on price.

Two fifths (41%) of sales agreed in March were at a sales price that was 5% or more below the asking price. This has improved from closer to half of sales in the final quarter of 2023 but remains high by historic standards. It supports our view that also house price inflation will remain broadly static over 2024.

Discount to asking price narrows for new sales



Source: Zoopla Research analysis of Hometrack data

4-weeks rolling average

Discount to asking price narrows in Q1 2024

The recovery in sales we have reported since last November is aligned to a narrowing discount between the asking price and agreed purchase price - further evidence of improving market conditions.

The average (median) discount from the initial asking price to the agreed purchase price has narrowed from 4.5% last November to 3.9% in March 2024 - this is the lowest discount since July 2023 and in line with the pre-pandemic average.

In monetary terms, the average seller is currently agreeing a sale price that is £10,000 below the asking price. This figure was £14,250 last November. This reflects a combination of 1) greater realism by sellers on where to set asking prices, and 2) growing buyer confidence.

This is a national trend but the average discount to asking price remains larger across London and the South East (4.3% or 95.7% of the asking price achieved) where house prices are higher and still posting annual price falls. Across the rest of the country the average discount to the asking price is 3.4% (96.6% of asking price achieved).

32%

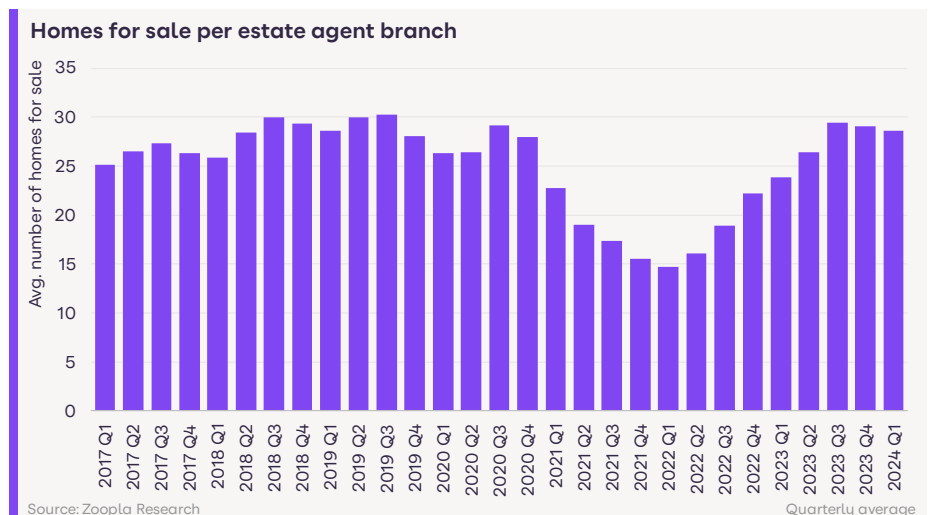
Homes listed for sale
for > 3 months
& still listed at same
asking price

Greater choice for buyers keeps pricing in check

Our view is that a greater availability of homes for sale will also keep price rises in check. In Q1 2024, the average estate agent had almost 30 homes for sale, a return to the pre-pandemic average. This means buyers have more choice and room to negotiate, especially where homes are failing to attract buyer interest in a timely manner.

We find that a third of homes for sale have been on the market for more than 3 months and are still listed at the initial asking price. These are potential candidates for a possible reduction in the asking price to attract more buyer interest. This is purely at the discretion of the seller and the sales price they require to unlock their next home move.

It's evidence that sellers need to remain realistic on where they set the asking price if they are to take advantage of improving market conditions to secure a sale and move home in 2024.



What impact will lower interest rates have in H2 2024?

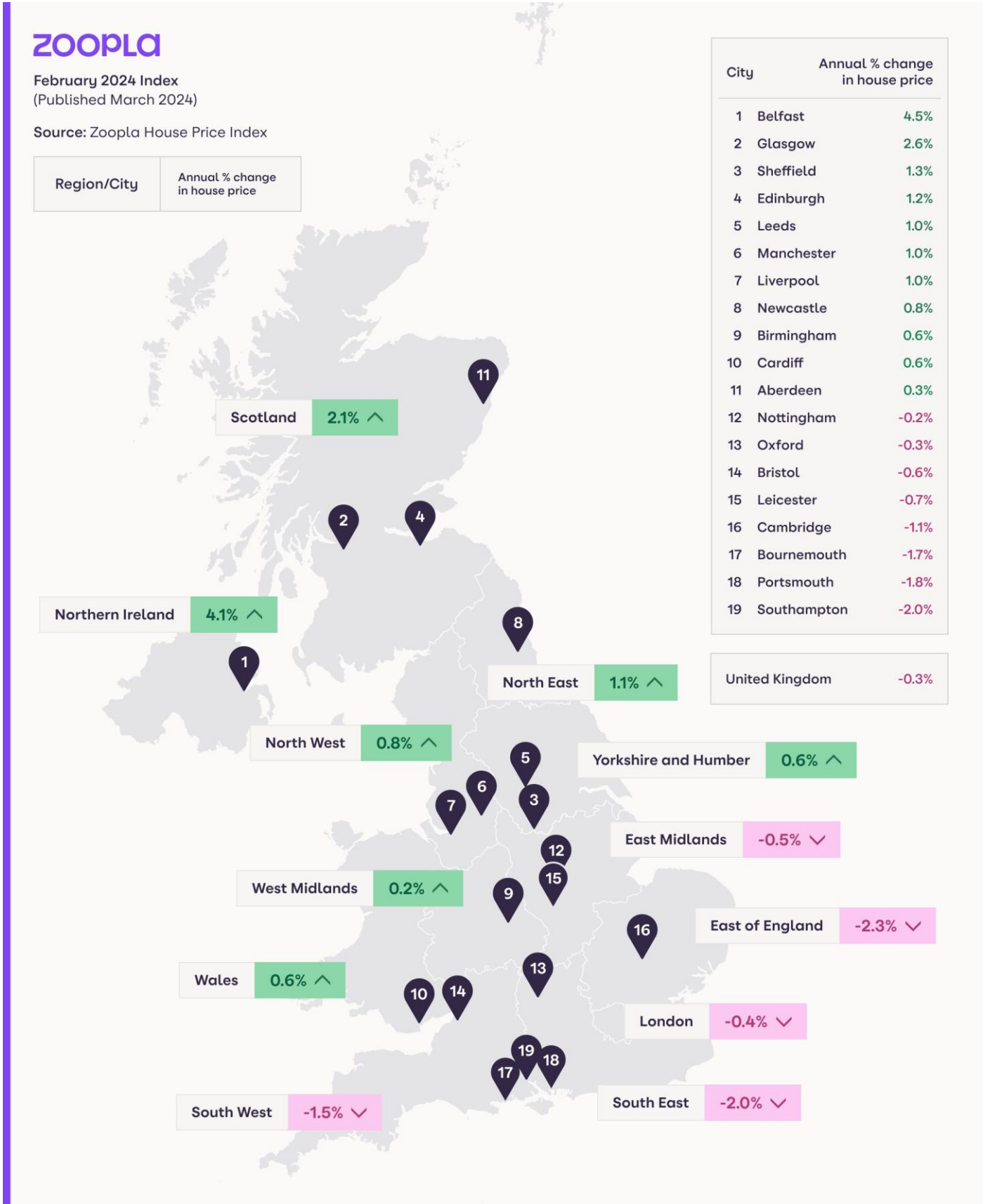
Rising household disposable incomes are expected to be the primary driver of improved housing affordability over 2024. Disposable incomes are projected to increase by 3.5% over 2024, while house prices look set to remain broadly flat over the year.

The timing and scale of interest rate reductions expected in H2 is the other key factor that could boost market sentiment and reduce mortgage rates. Expectations of lower interest rates are already priced into fixed rate mortgages today. Lower interest rates would likely result in further modest declines in mortgage rates but how far depends on how low money markets see base rates falling.

Economists currently expect base rates to fall to 3.5% by the end of 2025, which would imply mortgage rates remaining in and around the 4%+ range. This would support sales volumes but would require incomes to continue to rise faster than house prices to help reset housing affordability, especially in southern England.

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, February 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 Feb-24	%YoY Feb-23	Monthly trend	Annual trend
United Kingdom	£263,600	-0.5%	5.0%		
20 City Composite	£303,700	-0.3%	4.4%		
Belfast	£170,000	4.5%	2.3%		
Glasgow	£148,900	2.6%	2.2%		
Sheffield	£171,900	1.3%	4.8%		
Edinburgh	£271,100	1.2%	2.9%		
Manchester	£223,500	1.0%	5.3%		
Liverpool	£156,700	1.0%	5.5%		
Leeds	£207,400	1.0%	4.5%		
Newcastle	£152,600	0.8%	5.5%		
Birmingham	£208,200	0.6%	5.8%		
Cardiff	£253,100	0.6%	4.3%		
Aberdeen	£136,800	0.3%	-3.8%		
Nottingham	£201,200	-0.2%	6.8%		
Oxford	£446,700	-0.3%	1.1%		
London	£534,800	-0.4%	1.1%		
Bristol	£336,200	-0.6%	4.1%		
Leicester	£226,800	-0.7%	5.6%		
Cambridge	£467,500	-1.1%	2.2%		
Bournemouth	£328,600	-1.7%	3.8%		
Portsmouth	£278,600	-1.8%	4.8%		
Southampton	£255,200	-2.0%	4.2%		

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.

House price index
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