



WEALDEN WEALTH A D V I S O R Y

13A Broadwater Down, Tunbridge Wells, Kent, TN2 5NJ
E. info@wealdenwealth.co.uk | T. 01892 525584 | M. 07764 290951

Residential Property Review

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Upcoming election has not discouraged potential movers

A survey by Savills has found that the prospect of the UK General Election has not put off the majority of home movers.

According to the report, 79% of respondents have not changed their intentions to move because of the UK election; in fact, 13% said that they were even more intent on moving. Just a small percentage (8%) were less sure about moving because of political uncertainty. Interestingly, the respondents most committed to their plans were those who plan to downsize or to relocate. Meanwhile, investors and those looking to secure a second home are more likely to hold off purchasing until the possible change in government.

Head of Residential Research at Savills, Lucian Cook, commented, *"Despite a General Election nearing, the short odds on a change in government mean that political change is already largely priced into the market, and for the most part, buyers will remain undeterred about pressing ahead with moving decisions."*

A glimmer of hope for residential development?

There are signs that residential development activity is getting back on track, albeit cautiously.

A survey from the Home Builders Federation suggests that demand for new builds is increasing. In January of this year, the net reservation balance was positive for the first time since February 2022. Build cost inflation is also expected to further stabilise in 2024, having fallen from 15.5% to 3.1% in 2022-23 according to the Building Cost Information Service (BCIS).

Additionally, the cost of labour and materials are predicted to reduce due to poor construction activity in the past year.

While these signs of improvement are encouraging, housing development activity has still seen better days. Research from Knight Frank highlights that in 2023, housing starts in London were down 64% when compared with their peak point in 2015.

A boost in homeowners putting their property on the market

Spring got off to a promising start, as the Thursday before the Easter weekend was the busiest day of the year so far for new property listings.

According to Rightmove, on 28 March there were 45% more new homes listed than the previous Thursday. Since August 2020, there have only been two days which have seen a higher number of listings recorded – Boxing Day 2022 and 2023.

Tim Bannister, Rightmove's property expert, advised that *"while the uptick in activity we've seen over the past few months is a positive sign, sellers still need to heed the advice from their agent on pricing competitively to help secure a successful sale."*

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House prices headline statistics

House Price Index (February 2024)	147.2
Average House Price	£281,000
Monthly Change	0.4%
Annual Change	-0.2%

*(Jan 2015 = 100)

- Average house prices in the UK decreased by **0.2%** in the year to February 2024
- On a non-seasonally adjusted basis, average UK house prices increased by **0.4%** between January 2024 and February 2024
- The average price in London was **£502,690**.

Source: The Land Registry
Release date: 17/04/24
Next data release: 22/05/24

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	0.6%	-1.1%	£297,735
Northern Ireland (Quarter 4 - 2023)	-0.9%	1.4%	£177,611
Scotland	-0.6%	5.6%	£187,807
Wales	0.4%	-1.2%	£210,717
East Midlands	1.4%	-0.4%	£241,950
East of England	1.7%	-1.6%	£339,144
London	-0.7%	-4.8%	£502,690
North East	3.2%	2.9%	£160,406
North West	-0.2%	1.4%	£213,890
South East	1.1%	-2.1%	£373,018
South West	0.5%	-0.4%	£316,834
West Midlands Region	-1.2%	-2.9%	£242,429
Yorkshire and The Humber	0.9%	0.2%	£204,754

Average monthly price by property type – February 2024

Property Type	Annual Increase
Detached £435,398	0.5%
Semi-detached £274,252	0.7%
Terraced £229,443	-1.0%
Flat / maisonette £227,188	-1.0%

Source: The Land Registry
Release date: 17/04/24

Housing market outlook

“With cost-of-living pressures easing as inflation moves back towards target, consumer sentiment is improving. Indeed, surveyors report a pickup in new buyer enquiries and new instructions to sell in recent months. Moreover, with income growth continuing to outpace house price growth by a healthy margin, housing affordability is improving, albeit gradually. If these trends are maintained, activity is likely to gain momentum, though the pace of the recovery is still likely to be heavily influenced by the trajectory of interest rates.”

Robert Gardner, Chief Economist, Nationwide

Source: Nationwide, March 2024

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All details are correct at the time of writing (17 April 2024)

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