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Lucian Cook, head of residential research, shares insight and analysis into the data and trends currently shaping the UK property market.

Received wisdom is that an impending General Election leads to inertia in the housing market as buyers and sellers sit on their hands. But statistically that is difficult to prove, given a whole host of other factors affecting the housing market at any given point in time.

Indeed a whopping 79% of respondents to our March **buyer and seller survey** said that a general election would have no impact on their commitment to move in 2024. Read on to find out where the election will have an impact, and what this means for the rental markets too.

### Where the election will have an impact

As discussed in my **recent blog** there are some parts of the market that will be affected by the electorate going to the ballot box.

Certain buyers in central London will need time to work out what prospective changes in non-doms taxation will mean for them. Equally, buy-to-let investors will now have to wait and see what happens to the shape that rental reform takes under a new government, given the Renters (Reform) Bill hit the cutting room floor during the parliamentary wash-up process.

But across the rest of the market the path of interest rates is likely to play a much bigger role in determining price movements and activity levels over the remainder of the year.



With that in mind, the economists are increasingly anticipating the first cut in Bank base rate in August, with the **headline rate of inflation falling to 2.3% in April**.

In the meantime, the Nationwide reported that **annual house price growth rose slightly to +1.3%** at the end of May. This sits against the context of our expectation that **mainstream house prices will rise by 2.5% over 2024** as a whole.

At the same time, the Bank of England reported that mortgage approvals remained a little above 60,000 in April, broadly in line with the two preceding months.

### **More competition for the attention of buyers**

Perhaps more pertinently, data from TwentyCi tells us that market activity in May was 16% above the previous year across the market as a whole and up by 21% in the market over £1mil. However this has required 35% more sellers to adjust their asking price than in a normal market, in what remains a price sensitive market.

That reflects more competition for the attention of buyers, with Zoopla reporting a **year-on-year increase of 20% in the levels of stock** on the market.

### **Rental markets**

Many landlords will be watching the path of interest rates and the political rhetoric around the future of the private rented sector very closely. The simple fact of the matter is that tenants continue to need a roof over their heads.

While the RICS survey suggests increases in tenant demand have eased, there remains an imbalance between the surveyors who are seeing that rise (a net balance of 12%) and those who are seeing supply contract (a net balance of -13%). And so, **annual rental growth continues to stand at +6.9%** according to Homelet, albeit down from 10.0% this time last year.

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## Authors



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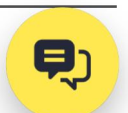
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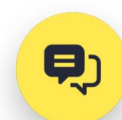
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