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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.

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Last week we released our **latest review** of the UK's prime housing markets. Our client survey reveals the changes in buyer priorities and commitment to move, and we also take a look at how the cost of living has taken some of the heat out of the rental market. Read on for more detail on what's going on in the residential property market.

Key takeaways from our latest research

Alongside a **market overview** and **an in-depth look at price movements** across different parts of the prime market over the past three years, our review also included the results of our **most recent client survey**. This showed an improved commitment to move, despite ongoing pressures



The report also looks at demand and supply at the top end of the central London market, where demand is instead driven by global wealth creation. Here, increasingly restrictive planning policies look set to limit the future supply of new build properties in the highest price brackets. This is **supporting demand** for a number of high profile developments currently reaching completion.

My colleague, Jess Tomlinson, has provided an overview of the state of the prime lettings market, **detailing patterns of rental growth** over the past three years and looking at how tenants are becoming increasingly cost-conscious.

There are parallels with the experience in the mainstream rental market. While **Rightmove suggests** that asking rents rose by 9.4% over the year to March, that figure is likely to moderate substantially as we go forward, given growth of just 2.4% in the past 6 months. This is in spite of the continued disconnect between supply and demand.

Reasons for greater optimism

Recent housing market data releases have provided more grounds for optimism across the wider UK housing market than we have seen for several months.

Firstly the **Nationwide house price index** showed the first monthly increase in the average UK house price since August last year. This was followed by an increase in the number of mortgage approvals for house purchases recorded by the Bank of England, which rose by 18% to just over 52,000 on a seasonally adjusted basis in the month of March.

Furthermore, **Zoopla reported** that while agreed sales were still 14% down on the same period in 2022 in the four weeks to the end of April, they were some 6% above 2019 levels.

All of this is despite the increased prospect of a further rate rise, given that underlying inflation in the wider economy remained in double digit territory in March when measured by the consumer price index.

This is not to say we're entirely out of the woods yet. Data from Twenty indicates that while the number of changes in asking prices of market stock eased back in April, they still remain 19% above the pre pandemic



approvals still remain some way below their pre-pandemic norm.

With this in mind, it will be worth looking out for the results of the next RICS housing market survey, due later this week. This will show the extent to which New Buyer Enquiries, which have been in negative territory since May last year, have improved.

Help to Buy - dead and buried or ready for resurrection?

In other news, much has been made in the press of reports that the Government is considering reviving the Help to Buy scheme that came to an end in October 2022. This is in response to a series of housing policy proposals from the opposition, including the proposed reinstatement of national and local housebuilding targets. Though some way from becoming a reality, this has at least brought the challenges in the housing market to the front pages of newspapers; the hope being that it may prompt a more balanced debate about housing policy.

Many of those challenges reflect the increasing generational divide in housing wealth. In this respect our **recent research** has shown that in 2022 the over 65s held some £2.6 trillion of housing wealth, compared to just over £300bn held by the under 35s.

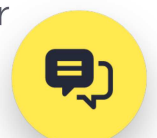
Housing policy in the rental sector

On 4th May, we had confirmation that the **Renters' Reform Bill** is due to be published in the week commencing 8th May. This follows the policy white paper entitled "**A Fairer Private Rented Sector**" that was released in August 2022. Among other things, it proposed:

The abolition of so called "no fault" evictions, which have enabled landlords of properties let on Assured Shorthold Tenancies to serve an incontestable two-month notice to quit

Increased powers for landlords to recover possession where a tenant persistently delays paying rent or where the landlords has an intention to sell

The abolition of fixed or formulaic rental increases, with market rent review provisions on an annual basis. The tenant will have the right to refer "excessive" rental increases to the first tier tribunal.



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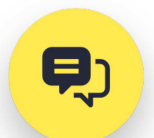
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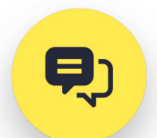
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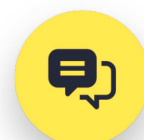
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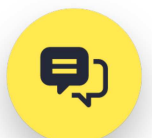
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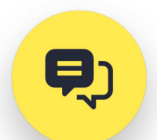
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