

Residential Research Update

February

The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, with the 's' in red and the rest in black, set against a yellow square background.

SEARCH PROPERTIES | BOOK A VALUATION | INSIGHT & OPINION

For the astute among you, you'll notice that this month's residential research email has a slightly different look. The content itself remains the same, and as ever, I hope this monthly update proves to be useful in navigating the housing market.

After a fairly turbulent 2023, the housing market seems to have got off to a more positive start in 2024 as buyers have taken confidence from falling levels of inflation and strong competition in the mortgage markets.

Early readings for 2024

The first signs of that came from our **most recent buyer and seller survey**, which elicited 1,400 responses at the beginning of this year. Notably, a net balance of 30% of respondents said they'd become more committed to moving over the next six months, up from 14% in July last year.

With headline rates for 5-year fixed rate mortgages also falling below 4%, the latest data from TwentyCI indicates a pick up in activity across the market in January, building on the improvements that we saw in the final two months of last year.

Across the market as a whole, the number of sales agreed in January were 23% higher than 2023, but perhaps more pertinently, 8% higher than the 2017-2019 average for the month. Even accounting for the fact that fall-through rates continue to be a little higher than normal, the "net" level of activity was 4% above a normal pre-pandemic market.

At the same time, **the Nationwide has reported** that house prices at the end of



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January were only -0.2% below where they were a year previous.

Caution in the optimism

This said, we'll have to wait a little longer to see how much demand has picked up among mortgaged buyers. **The latest figures for mortgage approvals** related to December and only showed a marginal month on month improvement, coming in at just over 50,000. That is still well below a normally functioning market.

And further data from TwentyCI shows that, irrespective of a sense of cautious optimism, realistic pricing remains crucial in current market conditions. The number of properties on the market that were subject to a change in asking price was 16% higher than this time last year, with buyers remaining budget conscious, in light of the wider economic backdrop.

Application to the prime market

If you would like to hear more about how all of this is affecting the top end of the market, you can **listen to our latest podcast** where my colleague, Frances McDonald, is joined by Andrew Perratt head of our residential agency business and Alex Christian, a guru in the prime central London market.

And if that's not enough, you can discover more about what is happening in **other prime housing markets across the globe** from my colleagues in the world research team.

Seasonality returns to the rental market

Meanwhile, in the domestic rental market, there is growing evidence that rents are beginning to hit an affordability ceiling, with the imbalance between supply and demand easing. The most recent **Homelet index** suggests mainstream rents fell marginally in January, while our own analysis of the prime rental market suggests a return to seasonal trends. You can read more about prime rental movements and **key market trends here**.



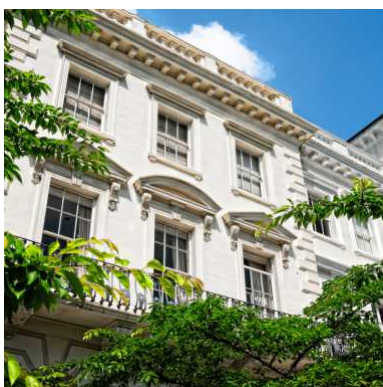
MY TOP PICKS



Real Estate Insights Podcast

Is 2024 a good time to be in the market? Should you go early or wait to see what the spring brings? And what makes prime different from the mainstream?

[Listen now](#)



Number of property millionaires falls from pandemic peak

There are now an estimated 670,100 homes valued at £1 million or more across Great Britain - an annual fall of 8.3% but still up 28% compared to 2019.

[Read more](#)



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