



# compass financial

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## Residential Property Review

### September 2024

*Our monthly property market review is intended to provide background to recent developments in property markets as well as to give an indication of how some key issues could impact in the future.*

*We are not responsible or authorised to provide advice on investment decisions concerning property, only for the provision of mortgage advice. We hope you will find this review to be of interest.*



### Recovery in the residential market

*Recent data indicates that the residential property market is continuing to recover.*

According to TwentyCi, in the period from June to August 2024, sales agreed were only 1% lower than pre-pandemic levels. Promisingly, the number of new property listings was up 3%, indicating growing confidence among sellers. Meanwhile, Bank of England data shows that there were 62,000 mortgage approvals in July. While this is only a marginal increase, it is the highest number seen since September 2022.

Although inflation rose by 2.2% in the 12 months to August, core inflation continues to moderate and experts expect further cuts to Bank Rate in the coming months, which would make the future a little brighter for borrowers. Affordability is already starting to improve, according to Savills, who stated that the headline quoted cost of a five-year fixed mortgage with Nationwide had decreased to 3.94% at the end of August, having been 4.5% at the end of June.

### Rents starting to fall

*The UK has passed peak rental inflation, according to data from Zoopla.*

For the past three years, rents have been increasing at a faster pace than earnings. Renters will be relieved to learn that, in the last six months, rents increased by only 1.6% – the lowest rise since 2021. It is predicted that, by the end of 2024, rents for new lets will have gone up by 3 to 4%. So, while tenants may still be feeling the pinch, it is a significant improvement on previous years, as 2023 and 2022 saw rents go up by 8% and 11% respectively.

Demand for rental properties has decreased by 39% over the last 12 months, while supply has risen by 17%. The boost in supply is likely due to corporate landlords buying more properties. Plus, lower mortgage rates are likely to have given first-time buyers more confidence to leave the rental market. Despite this improvement, it is still a challenging market – there are 17 hopeful tenants pursuing every rental property available.

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### Landlords concerned about rumoured rise in CGT

*There is speculation that the Chancellor's Autumn Budget will include an increase in Capital Gains Tax (CGT) which could affect private landlords selling properties and having to pay higher tax on any profits made.*

These rumours have caused a flurry of homes being put up for sale – Knight Frank data indicates that, in August, the number of market valuation appraisals was 25% higher than the five-year average.

With landlords considering leaving the private rental sector, supply is at risk of reducing. Tim Bannister, Rightmove's Property Expert, commented, "We've seen over the last few years how the supply and demand imbalance can contribute to rising rents, so there is a worry that without encouragement for landlords to stay in rather than leave the rental sector, it is tenants who will pay the price."

## House prices Headline statistics

House Price Index (July 2024)	152.0
Average House Price	£290,000
Monthly Change	0.60%
Annual Change	2.20%

\*(Jan 2015 = 100)

– Average house prices in the UK increased by **2.2%** in the year to July 2024

– On a non-seasonally adjusted basis, average UK house prices increased by **0.6%** between June 2024 and July 2024

– The average price in London was **£520,747**.

Source: The Land Registry  
Release date: 18/09/24  
Next data release: 16/10/24

## House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	0.2%	1.6%	<b>£305,879</b>
Northern Ireland (Quarter 2 - 2024)	3.6%	6.4%	<b>£185,025</b>
Scotland	3.1%	6.0%	<b>£199,398</b>
Wales	1.1%	2.0%	<b>£218,184</b>
East Midlands	1.3%	2.5%	<b>£248,817</b>
East of England	0.7%	0.3%	<b>£341,160</b>
London	-0.3%	-0.4%	<b>£520,747</b>
North East	0.1%	3.8%	<b>£164,555</b>
North West	0.0%	2.8%	<b>£219,887</b>
South East	0.1%	0.5%	<b>£381,188</b>
South West	0.5%	1.0%	<b>£320,415</b>
West Midlands Region	0.0%	2.2%	<b>£253,707</b>
Yorkshire and The Humber	-0.5%	3.7%	<b>£214,918</b>

## Average monthly price by property type – July 2024

Property Type	Annual Increase
Detached £443,180	2.3%
Semi-detached £281,907	2.6%
Terraced £239,524	2.3%
Flat / maisonette £289,723	1.4%

Source: The Land Registry  
Release date: 18/09/24

## Housing market outlook

*“The housing market is more balanced now than it’s been at any time over the last 5 years. Lower mortgage rates and an improving economic outlook has brought more sellers and buyers into the market, supporting sales volumes and business plans for builders, estate agents and lenders. How much lower mortgage rates will move depends on expectations for base rates.*”

*Our view is that average mortgage rates will remain above 4%, which is sufficient to support more home moves and sales. Healthy growth in household incomes remains as important as borrowing costs for the overall health of the housing market as we look ahead into 2025.”*

Richard Donnell, Executive Director, Rightmove  
Source: Rightmove, August 2024

**All details are correct at the time of writing (18 September 2024)**

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored investment advice and is for guidance only. Some rules may vary in different parts of the UK.