



COURTNEY HAVERS LLP

Independent Financial Advisers

Unit 5A Valley Industries, Cuckoo Lane, Tonbridge, Kent. TN11 0AG
T: 01892 544 233 F: 01892 542 046 E: advice@courtneyhavers.co.uk
www.courtneyhavers.co.uk

Residential Property Review

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Supply shortages fail to blunt sales

Low availability is once again the key trend in the UK housing market, even as stock levels edge upwards and sales remain strong.

In March, estate agents reported a 3.5% monthly rise in the level of stock on their books, according to Zoopla. Moreover, the number of homes coming to market has exceeded new sales since January, according to TwentyCi.

The low availability of stock has not managed to stem the flow of sales; Savills report that completions in February were 17% above the 2017-19 average. Looking ahead, the number of sales agreed is also strong, about 15% higher than the 2017-19 average.

However, the imbalance between supply and demand, which has characterised the market since the pandemic, has not yet steadied, with warnings that the faint signs of new supply are unlikely to meet the required high levels of demand any time soon.

Soaring rents as Scotland catches up

Rents in Scotland rose year-on-year by 2.6% in February 2022, higher than the corresponding figures for England (2.1%) and Wales (1.4%), new market analysis by DJ Alexander Ltd has revealed.

After years of slower growth, the Scottish annual rate has outpaced the English and Welsh rises every month since July 2021. Longer term, however, Scotland still lags its UK counterparts since 2015.

A separate survey corroborates the trend. Scotland recorded the largest annual variance in the year to March 2022, according to market analysis from HomeLet. The rise of 12.9% pushed the average rent in Scotland up to £770 per month.

David Alexander, chief executive officer of DJ Alexander Scotland, commented, *"The current increases in rents across Scotland reflects growing demand but is also a sign that the market is correcting itself... current increases are simply a sign of Scotland catching up."*

Housing hotspots create fierce competition

With demand still outpacing supply, many buyers are facing fierce competition in their hunt for the ideal home.

Some in-demand locations are seeing more than twice as many buyer enquiries for every property than this time last year, according to Rightmove.

Hotspots include Shirley in Solihull, where the number of enquiries about each home for sale is 143% higher than the same period last year. The town appeals to buyers owing to a high number of outstanding schools and its road links to Birmingham and Stratford.

Good transport links and excellent schools are common features across the hotspots. Jesmond, a suburb of Newcastle-Upon-Tyne, combines both, as well as many properties in conservation areas and has seen buyer enquiries shoot up by 141% compared to 2021.

Chorlton-cum-Hardy in Greater Manchester (+138%) and Balham in London (+113%) are two more hotspots with surging demand. On average, Rightmove estimates that this competition has pushed asking prices in the hotspots up by 11% in a year.

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House prices headline statistics

House Price Index (Feb 2022)*	145.2*
Average House Price	£276,755
Monthly Change	0.5%
Annual Change	10.9%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **10.9%** in the year to February 2022
- On a non-seasonally adjusted basis, average house prices in the UK increased by **0.5%** between January and February 2022
- House price growth was strongest in Wales where prices increased by **14.2%** in the year to February 2022.

Source: The Land Registry
Release date: 13/04/22
Next data release: 18/5/22

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	0.9%	10.7%	£295,888
Northern Ireland (Quarter 4 - 2021)	0.1%	7.9%	£159,151
Scotland	-1.7%	11.7%	£180,822
Wales	-0.7%	14.2%	£205,114
East Midlands	-0.4%	10.9%	£235,993
East of England	1.3%	12.5%	£345,652
London	2.2%	8.1%	£529,882
North East	1.2%	9.4%	£152,551
North West	1.6%	10.2%	£203,538
South East	-0.3%	12.0%	£380,528
South West	1.2%	12.5%	£312,697
West Midlands Region	0.3%	10.0%	£237,757
Yorkshire and The Humber	1.2%	9.5%	£198,599

Average monthly price by property type – February 2022

Property Type	Annual Increase
Detached £438,523	14.4%
Semi-detached £265,915	11.4%
Terraced £222,930	9.0%
Flat / maisonette £228,003	8.1%

Source: The Land Registry
Release date: 13/4/22

Housing market outlook

"The squeeze on household incomes is set to intensify, with inflation expected to rise further, perhaps reaching double digits in the quarters ahead if global energy prices remain high. Moreover, assuming that labour market conditions remain strong, the Bank of England is likely to raise interest rates further, which will also exert a drag on the market if this feeds through to mortgage rates."

Robert Gardner, Chief Economist at Nationwide

Source: Nationwide March 2022

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All details are correct at the time of writing (13/04/2022)

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