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Residential Property Review March 2024

RICS responds to the Spring Budget

The Royal Institution of Chartered Surveyors (RICS) has released a statement in response to the Spring Budget.

On 6 March, the Chancellor announced that twenty more towns will join the Long-Term Plan for Towns, each receiving £20m. RICS was supportive of this investment, as well as the government's deeper devolution deal with the North East Combined Authority.

However, from RICS' perspective there was still room for improvement. The leading professional body expressed that, with housing still an issue in the UK, they had hoped for a more detailed plan regarding the delivery of new and better homes.

Justin Young, Chief Executive Officer at RICS, commented, *"We look forward to hearing more on specifics such as placemaking and supply side measures, alongside supporting our high streets and net zero targets, ahead of any election."*

Majority of sellers made a profit in 2023

Data from Zoopla has found that, despite house prices falling last year, 93% of UK house sellers made a profit in 2023.

While the average profit on a UK home was £74,000, the specific amount of capital gains made varied depending on location. The average sold price was highest in London (£517,000), with the average seller in the capital making £15,100 per year of home ownership. Meanwhile, those in the North East gained £4,250 each year as they sold their home for a lower average price of £151,000.

The time spent in the property also dictates the amount of profit made. The general expectation is the longer you have owned the home, the more you are likely to make. However, as Izabella Lubowiecka, Senior Property Researcher at Zoopla explained, *"those who bought when property prices last peaked, just before the 2007 financial crisis, saw more modest gains compared to those who bought after, when house prices dipped."*

Improved market activity expected to boost property transactions in 2024

Buyer and seller activity showed signs of improvement in February as the residential property market appears to be slowly bouncing back.

Last month, buyer demand was up 11% year-on-year according to Zoopla. This is likely due to the lower cost of borrowing since there has been no increase to Bank Rate since August 2023.

The number of sales agreed also saw a boost of 15% when compared with February 2023, with the North East of England and London experiencing the most noticeable rise in sales.

Richard Donnell, Executive Director of Research at Zoopla, reflected, *"Momentum in the sales market has been building over the last five months. I believe the housing market is on track for 10% more sales in 2024 than in 2023, totalling 1.1 million, as greater supply boosts the potential for more sales."*

While the average profit on a UK home was £74,000, the specific amount of capital gains made varied depending on location

House prices headline statistics

House Price Index (January 2024)	147.9
Average House Price	£281,913
Monthly Change	0.5%
Annual Change	-0.6%

*(Jan 2015 = 100)

- Average house prices in the UK decreased by **0.6%** in the year to January 2024
- On a non-seasonally adjusted basis, average UK house prices increased by **0.5%** between December 2023 and January 2024
- The average price in London was **£517,726**.

Source: The Land Registry
Release date: 20/03/24
Next data release: 17/04/24

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	0.4%	-1.5%	£298,575
Northern Ireland (Quarter 4 - 2023)	-0.9%	1.4%	£177,611
Scotland	1.3%	4.8%	£190,328
Wales	-0.1%	-0.8%	£213,063
East Midlands	-1.4%	-1.9%	£240,427
East of England	1.2%	-2.2%	£336,502
London	2.5%	-3.9%	£517,726
North East	-1.7%	-3.1%	£154,948
North West	-0.6%	1.0%	£215,082
South East	0.6%	-3.1%	£373,177
South West	1.5%	-0.6%	£316,879
West Midlands Region	0.6%	0.6%	£248,758
Yorkshire and The Humber	-0.7%	-0.7%	£203,571

Average monthly price by property type – January 2024

Property Type	Annual Increase
Detached £438,088	0.4%
Semi-detached £274,203	0.0%
Terraced £230,628	-1.2%
Flat / maisonette £228,811	-1.7%

Source: The Land Registry
Release date: 20/03/24

Housing market outlook

"While the squeeze on household budgets is easing, with wage growth now outstripping inflation by a healthy margin, it will take time to make up for the ground lost over the past few years, especially given consumer confidence remains fragile."

Robert Gardner, Chief Economist, Nationwide

Source: Nationwide, February 2024

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All details are correct at the time of writing (20 March 2024)

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