

THE PROPERTY MARKET

A REVIEW OF THE KEY
TRENDS IN THE NATIONAL
& LOCAL HOUSING MARKET.

WEST OF ENGLAND AND SOUTH WALES

Analysis by Dataloft | Spring 2024



DAVID PLAISTER

PROPERTY AGENTS • SALES & LETTINGS • AUCTIONEERS

GREEN SHOOTS

SALES



↓**1.4%**

UK House prices

£288,744 December 2022 vs
£284,691 December 2023



↓**11.9%**

Property sales

93,080 January 2023 vs
82,000 January 2024



↑**40.2%**

Mortgage approvals

39,382 January 2023 vs
55,227 January 2024



↓**8.7%**

New private homes completions

68,643 Q4 2022 vs
62,688 Q4 2023



↓**25.6%**

Gross mortgage lending

£22.8bn* January 2023 vs
£16.9bn* January 2024

Source: Dataloft, ONS, HMRC, Bank of England, DLUHC, HomeLet
*Figures rounded to nearest £0.1bn

Signs of green shoots are appearing in the property market. More buyers are returning to the market, supported by falling mortgage rates, wage growth outstripping inflation, and a strong labour market.

Economic backdrop

With the Bank of England holding the interest rate at 5.25%, the consensus is that we are at the top of the rate rise cycle. Interest rate expectations in the monthly consensus forecasts have been improving over recent months as the economic outlook brightens (HM Treasury Average of Independent Forecasts). Rates are predicted to start falling in the second half of the year, reaching 4.4% by the end of 2024. With inflation under control and forecast to fall to 2.2% by the end of the year (HM Treasury Average of Independent Forecasts), confidence in the housing market is improving.

First-time buyers

The average value of a first-time buyer purchase is 8% below the market average (Zoopla). Biding their time during 2023, more first-time buyers are expected to enter the market through the year, encouraged by the dual drivers of earnings growth and reduced mortgage rates improving affordability. The average two-year and five-year fixed-rate deals have now been falling for six consecutive months. The availability of deals at the 95% loan-to-value tier has increased to 274 deals, its highest level since 2022, demonstrating that lenders are still keen to support borrowers with smaller deposits (Moneyfacts).

Growing activity

The start of 2024 has seen an upswing of new buyers, with agreed sales in the first six weeks of 2024 16% higher than the same period last year and 3% higher than in 2019 (Rightmove). Average asking prices rose 0.1% year-on-year in February, the first annual increase since August 2023, an indication of growing market momentum. The number of mortgage approvals rose for the fourth consecutive month to 55,227 in January, the highest level since October 2022 (Bank of England). The Chancellor announced in the Spring Budget that property gains tax is to be reduced to 24%, which may encourage landlords to sell, boosting transactions.

LETTINGS



↑7.4%

Average rents
February 2023 vs
February 2024



£1,262

Average monthly
rent across the UK
February 2024

75%

of landlords would not
increase the rent if they
were happy with the
existing renter

Dataloft, Property Academy
Landlord Survey 2023

Slower pace

In the year to February, average rents across the UK rose by 7.4% to £1,262. Average rents increased by 0.2% January to February, with all regions seeing a monthly rise except for the South East, Yorkshire and the Humber, Wales, Northern Ireland and London (HomeLet). Rents are still forecast to rise in 2024 but at a slightly slower pace. However, 75% of landlords say they would maintain a rent level if they were happy with the existing renter, rather than take a new renter who would pay more (Dataloft, Property Academy Landlord Survey 2023). The Chancellor has abolished the furnished holiday lettings tax regime, which should help to level up the buy-to-let sector and unlock more full-time tenancy stock in major cities, tourist hotspots and coastal communities.

Analysis by Dataloft



The property market has started 2024 with more optimism than has been felt in a while. There has been a rise in activity as a wave of prospective buyers who have previously been biding their time start their search for a new home.

IAIN MCKENZIE
CEO, THE GUILD OF PROPERTY
PROFESSIONALS

APPEALING TO BUYERS

Added value



Increase in value:

Up to 5%

A garden room

Up to 10%

Improved kerb appeal

Up to 16%

Increased energy efficiency

Garden rooms

A quality garden room can boost your home's value by up to 5% (The Motley Fool). Most garden rooms can incorporate full insulation, double glazing, electrical and internet connectivity to enable year-round usage, all without requiring planning permission. A small extension could add more value to your home; each square metre of property space is worth, on average, £2,907 (ONS).

Energy efficiency

Energy-efficient features can enhance a home's resale value by up to 16%, potentially adding £40,000 to an average UK home (Rightmove). Additionally, 81% of home movers said that the Energy Performance Certificate (EPC) is important when searching for a home to buy.* Energy-efficient windows, insulation, solar panels, a smart thermostat or a tankless water heater all increase appeal to potential buyers.

Kerb appeal

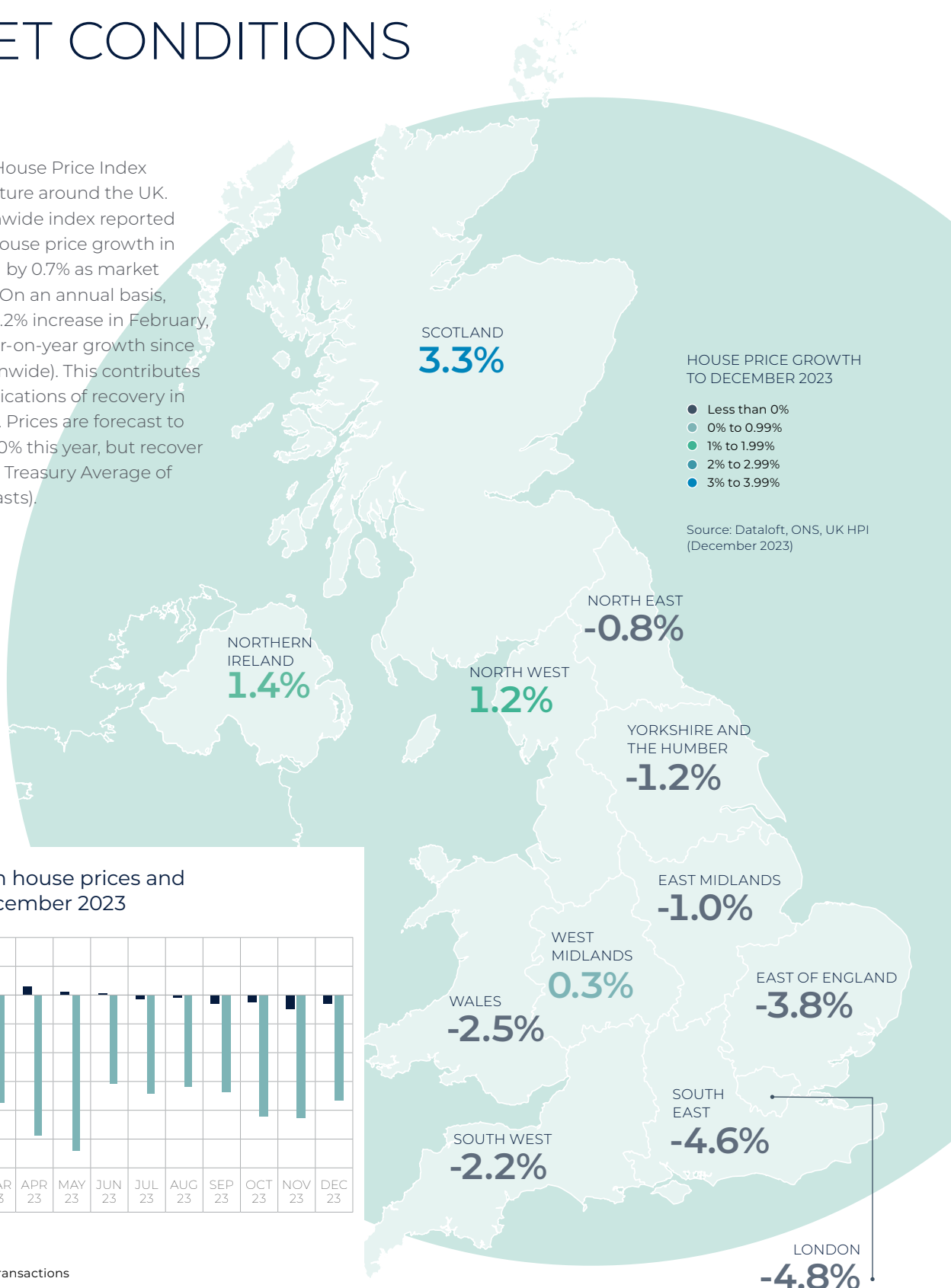
First impressions count when it comes to prospective buyers seeing your home. Improving kerb appeal can increase values by as much as 10%, according to a study by the Royal Institution of Chartered Surveyors (RICS). Simple DIY tasks like applying a fresh coat of paint, planting flowers, replacing outdoor lighting or revitalising the garden can significantly elevate the attractiveness of your property before potential buyers even step inside.

*DataLoft, Property Academy Home Moving Trends Survey 2023

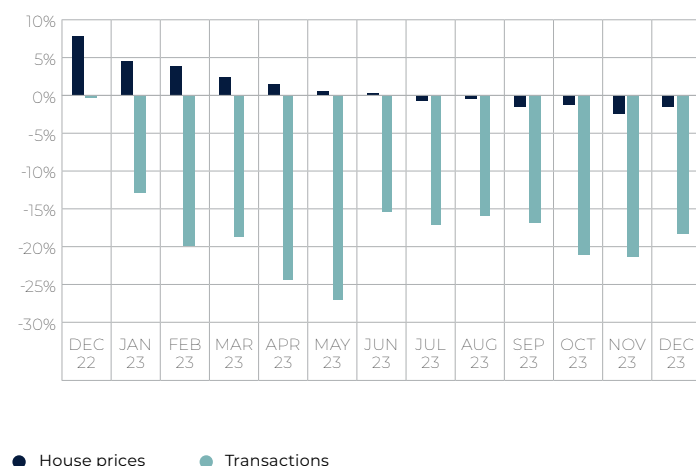
NATIONAL

MARKET CONDITIONS

The December UK House Price Index showed a mixed picture around the UK. However, the Nationwide index reported month-on-month house price growth in February, increasing by 0.7% as market momentum grows. On an annual basis, house prices saw a 1.2% increase in February, the first positive year-on-year growth since January 2023 (Nationwide). This contributes to the emerging indications of recovery in the housing market. Prices are forecast to soften slightly, by -1.0% this year, but recover by 0.8% in 2025 (HM Treasury Average of Independent Forecasts).



Annual change in house prices and transactions, December 2023



Source: Dataloft, HMRC, ONS, UK HPI (December 2023)

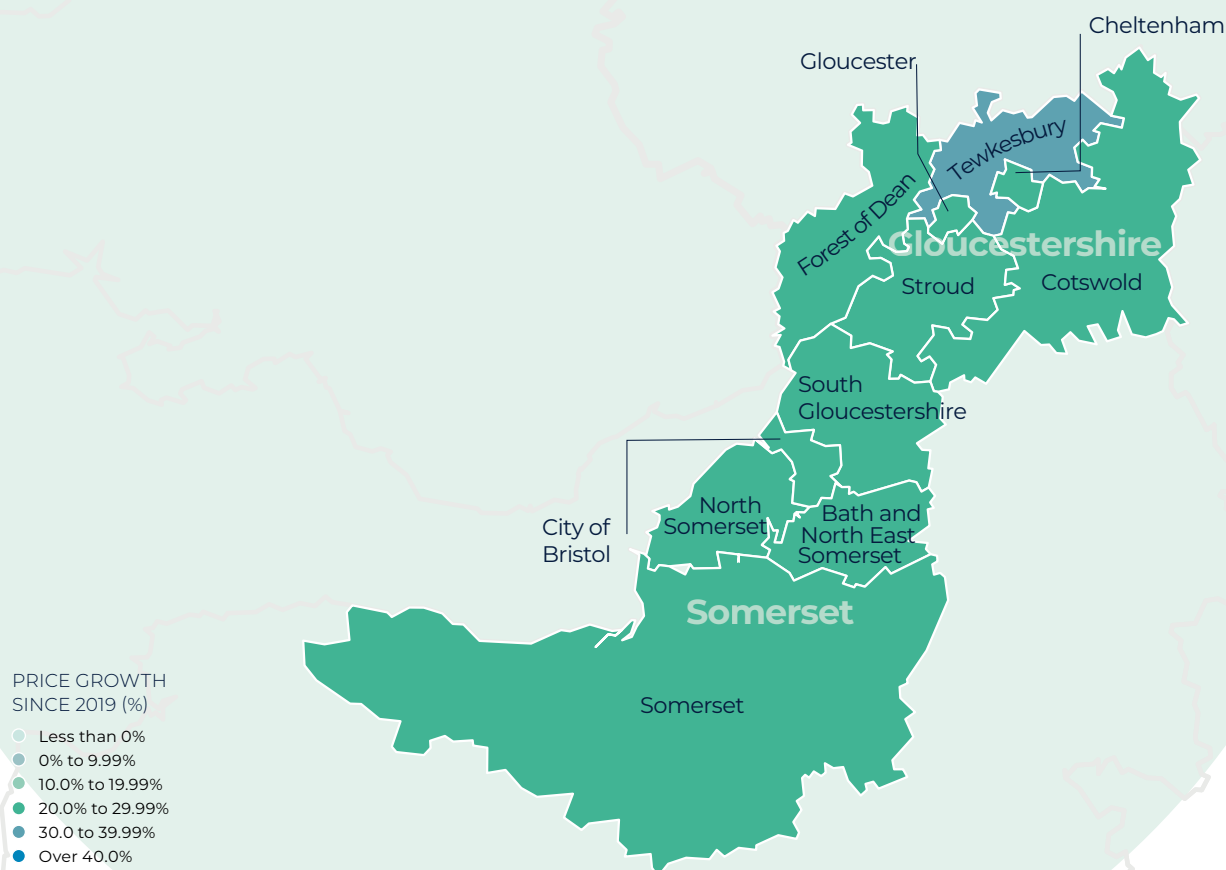
REGIONAL ACTIVITY

WEST OF ENGLAND

Early signs for the market in 2024 are increasingly positive, with metrics for buyer demand, sales and new instructions all turning positive (RICS). Choice for buyers is on the rise, with available homes for sale 20% higher than a year ago (Zoopla). Improved market conditions are boosting the chances of a sale, although sellers must continue to present their property well and at a reasonable price if they are serious about moving in 2024. Half of agents

say offers are currently being accepted up to 5% below initial asking price; however, 15% report this level or higher (Dataloft Inform Poll of Subscribers).

Average property values in the South West are 24% above 2019 levels, equivalent to a rise of £62,617 (UK HPI December 2023). Price growth since before the pandemic is strongest in Tewkesbury and Somerset.



Dataloft, ONS, UK HPI
(December 2023 v December 2019)
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Post-Covid growth

3.1%

Gloucester

% of private
stock turnover

Source: Dataloft,
DLUHC, ONS, UK HPI
(December 2023)

Most active housing markets across the region

RANK		% OF PRIVATE STOCK TURNOVER	AVERAGE HOUSE PRICE
1	GLOUCESTER	3.1%	£250,247
2	CHELTENHAM	3.1%	£328,312
3	CITY OF BRISTOL	3.0%	£363,799
4	NORTH SOMERSET	3.0%	£342,082
5	TEWKESBURY	3.0%	£358,630
6	SOMERSET	2.9%	£305,945
7	COTSWOLD	2.9%	£486,468
8	BATH AND NORTH EAST SOMERSET	2.8%	£423,358
9	SOUTH GLOUCESTERSHIRE	2.8%	£351,494
10	STROUD	2.8%	£343,244
11	FOREST OF DEAN	2.6%	£289,932

Housebuilding

Just shy of 240,000 new builds were completed in 2023, the numbers holding up relatively well in a slower sales market, but still short of the government's 300,000-per-year target. In most UK regions there were fewer completions in 2023 than 2022, overall down by -8.6%. This may be underpinning house prices in many areas of the UK. Completions varied, with the East Midlands maintaining its 2022 level while rising in Yorkshire and the Humber (Dataloft, DLUHC, Energy Performance Certificates for Buildings Register for England and Wales).

22,829

New builds were completed in
the South West in 2023

Source: Dataloft, DLUHC, Energy Performance
Certificates for Buildings Register for England
and Wales

Time on the market

The average time to sell in the UK has slowed compared to the same time last year (Rightmove). However, with brighter days beckoning, momentum is likely to be injected into the market. Over the last five years (excluding the Covid year of 2020), properties have taken 10 days less to sell in spring than winter, meaning this could be an ideal time to put your home on the market (Dataloft, Rightmove).

51 days

Average time to sell in spring over the
last five years (excluding 2020 due to
Covid), 10 days less than winter

Source: Dataloft, Rightmove, spring defined as
March, April, May

Source: Dataloft, DLUHC, ONS, UK HPI (December 2023)



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Analysis by Dataloft

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