

# Housing Insight Report

propertymark

September 23

## KEY FACTS AND FINDINGS

76%

of properties  
selling for under  
the asking price.

14%

reduction in  
the number  
of properties  
available for sale  
at each member  
branch.

52%<sup>▲</sup>

of member  
branches felt rents  
have risen month  
on month, down  
from 68%.

11

properties  
available to rent  
per member  
branch in  
September, the  
same as July and  
August.

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Uncertainty continues to pervade the UK economy and the housing market in general. Whilst the interest rate hold in September was good news, it offers little respite for those who need to remortgage or those seeking leveraged entry into the housing market. However, despite inflation remaining stubbornly high, it is moving in the right direction for both households and businesses.

In the residential sales sector, there has been a slight reduction in the number of available properties in September 2023. This reflects ongoing market uncertainty, but we expect this trend to level out in the short term. More concerningly, the vast majority of properties continue to sell below asking price pointing to a pricing correction despite average house prices continuing to rise.

As for the lettings market, the picture remains the same. Governments across the UK continue to tinker with legislation and legislative programs, disincentivising landlords along the way. Supply remains tight with far more applicant registrations than properties available.

Pressure on rents continues although there are some signs of restraint in this month's figures compared to last month.



**Nathan Emerson**  
CEO | Propertymark

# RESIDENTIAL SALES

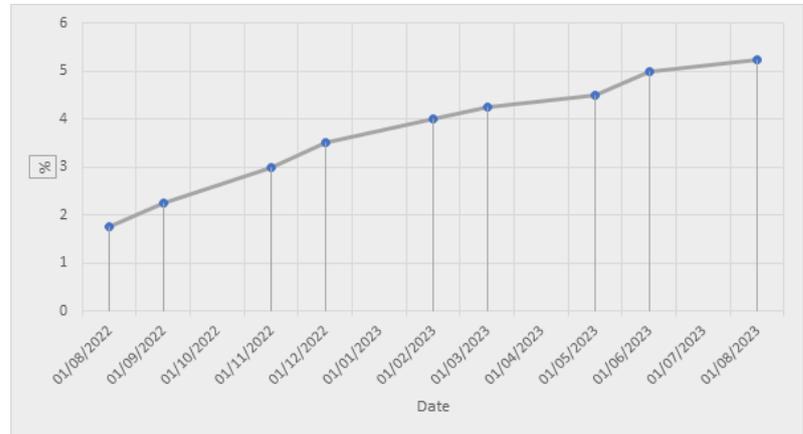
## ECONOMIC OUTLOOK

The UK continues to face a cost-of-living crisis and the ongoing economic uncertainty is causing households and businesses to reduce consumption and investment.

### Base rate remains challenging

Although savers won't be troubled by interest rates being held at 5.25% in September, there was little cheer for those seeking to re-mortgage or take their first steps onto the housing ladder. The rapid rise in the base rate over the last year is illustrated in Figure 1.

FIGURE 1: BANK OF ENGLAND BASE RATE



SOURCE: BANK OF ENGLAND

## Inflation remains stubbornly high

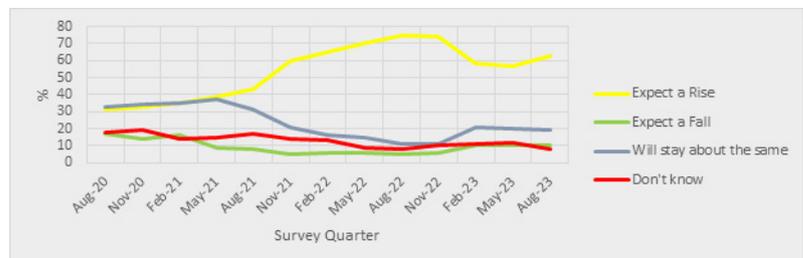
Inflation remains stubbornly high despite the recent downward trend (Figure 2). Public attitudes to inflation are less than optimistic, with an upward trend in the number of people who expect inflation to rise (Figure 3)

FIGURE 2- INFLATION PERCENTAGE CHANGE OVER 12 MONTHS



SOURCE: OFFICE OF NATIONAL STATISTICS

FIGURE 3- PUBLIC ATTITUDES TO INFLATION



SOURCE: BANK OF ENGLAND/IPSOS INFLATION ATTITUDES SURVEY

## RESIDENTIAL SALES

### Prospective buyer numbers down

With inflation and interest rates remaining stubbornly high, market conditions remain challenging within the sector. Although a host of socio-economics factors continue to drive housing, demand our most recent data points to a slight reduction, with the average number of new prospective buyers registered per branch down to 60 in September 2023 from 81 in August 2023 (Figure 4).

However, this is likely due to the re-emergence of seasonal trends.

### Viewing numbers remain static

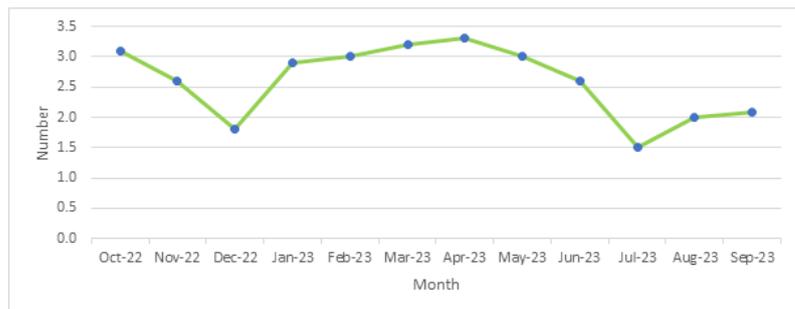
The average number of viewings per property remained static in September 2023 at 2 (Figure 5), which is lower than the 18-month rolling average of 3.

FIGURE 4- AVERAGE NO OF PROSPECTIVE BUYERS REGISTERED PER MEMBER BRANCH



SOURCE: PROPERTYMARK

FIGURE 5: THE AVERAGE NUMBER OF VIEWINGS PER PROPERTY PER MEMBER BRANCH.



SOURCE: PROPERTYMARK

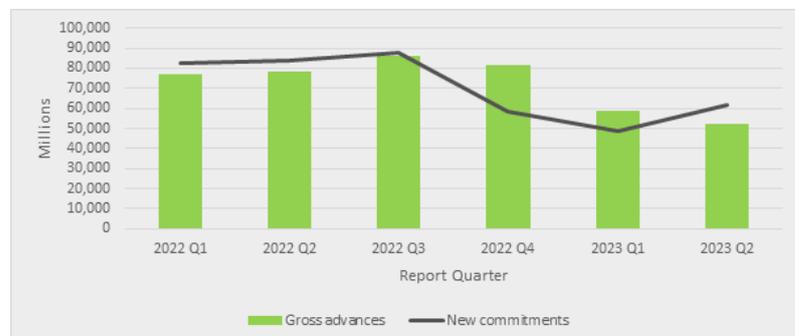
## MORTGAGE INDICATORS

### Mortgage advances down

Gross mortgage advances were down in Q2 2023 (the most recent data available) although commitment to new lending increased from 48,882 to 61,666 cases between Q1 and Q2.

Loan advances to home movers and 1st time buyers increased slightly between Q1 and Q2. However, buy-to-let advances reduced from 9.8% to 8.1% of residential loans suggesting a slow down.

FIGURE 6: GROSS MORTGAGE ADVANCES & NEW MORTGAGE COMMITMENTS



SOURCE: BANK OF ENGLAND

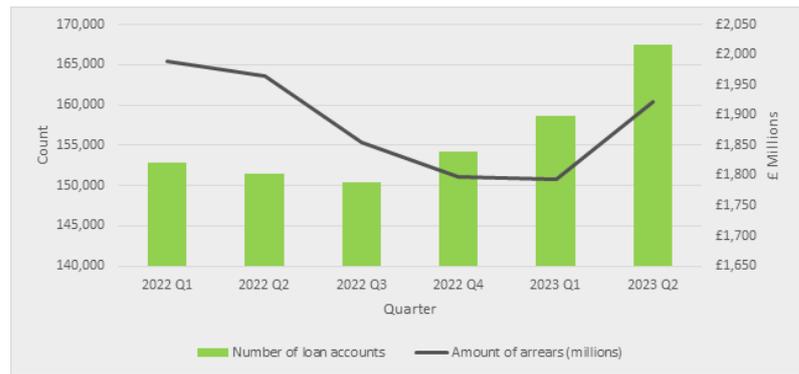
## Mortgage arrears increasing

Concerningly, loan arrears continued their upward trajectory between Q1 and Q2, both in terms of the number of loan accounts and the amount of arrears.

There is also an upward trend in the number of adults reporting difficulty in paying their rent or mortgage

It is suspected that this trend will persist in light of prevailing economic conditions.

FIGURE 7: LOAN ARREARS AT THE END OF THE QUARTER



SOURCE: BANK OF ENGLAND

FIGURE 8: ADULTS REPORTING IT VERY/SOMEWHAT DIFFICULT TO PAY THEIR RENT/MORTGAGE



SOURCE: BANK OF ENGLAND

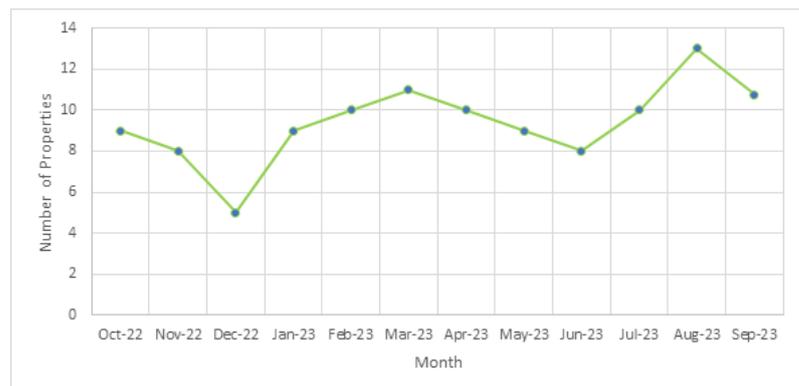
## SUPPLY

### Month on month new supply marginally down

The number of new homes placed for sale per member branch has decreased with the transition into autumn (Figure 9).

However, supply (an average of 11 per branch) remains above the 12-month rolling average (9 per branch).

FIGURE 9: AVERAGE NUMBER OF NEW SALES INSTRUCTIONS PER MEMBER BRANCH



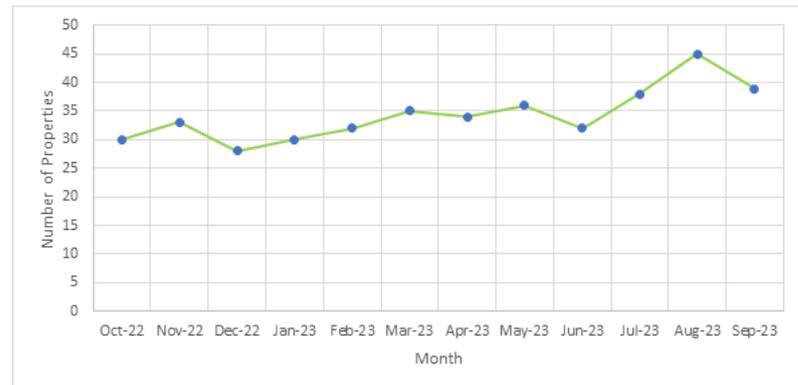
SOURCE: PROPERTYMARK

## Stock level decrease

The average stock of properties available for sale per member branch decreased from 45 in August 2023 to 39 in September 2023 (Figure 10).

Again, this figure is ahead of the 12-month rolling average during which stock levels have ranged from a low of 28 properties per branch to a high of 45.

FIGURE 10: AVERAGE NUMBER OF PROPERTIES AVAILABLE FOR SALE PER BRANCH

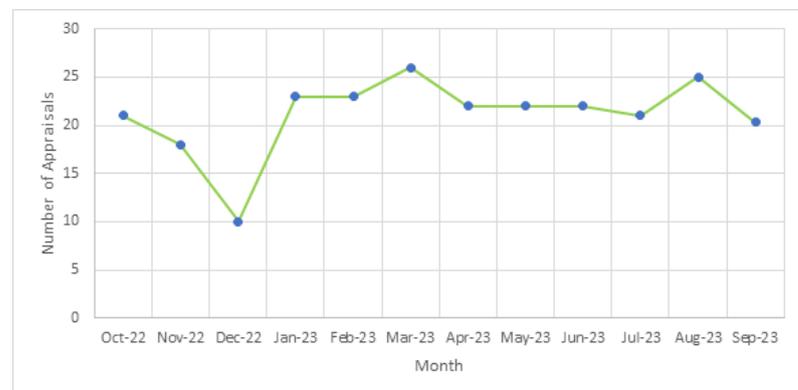


SOURCE: PROPERTYMARK

## Market appraisal volume decrease

Looking at opportunities moving forward, the average number of market appraisals conducted per member branch decreased from 25 in August 2023 to 20 in September 2023 (Figure 11).

FIGURE 11: THE AVERAGE NUMBER OF APPRAISALS CONDUCTED PER MEMBER BRANCH



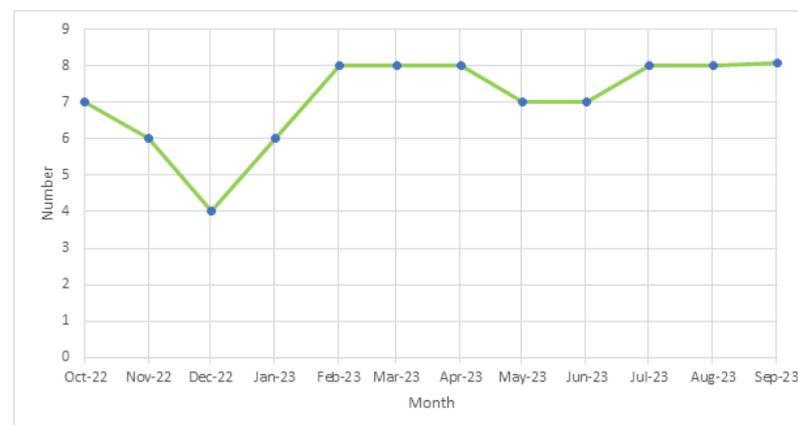
SOURCE: PROPERTYMARK

## PERFORMANCE

### Sales agreed levels remain static

Performance figures are mixed. As can be seen in Figure 12, there has been little change in the number of sales agreed per member branch over the last three months, suggesting some stability.

FIGURE 12: AVERAGE NUMBER OF SALES AGREED PER MEMBER BRANCH



SOURCE: PROPERTYMARK

## Asking prices remain high

In comparison to July and August 2023, September sees a decrease in the percentage of properties that sold for above the asking price (Figure 13). A clear downward trend has emerged in this key metric over the last 12 months suggesting that valuations are not currently in line with market expectations.

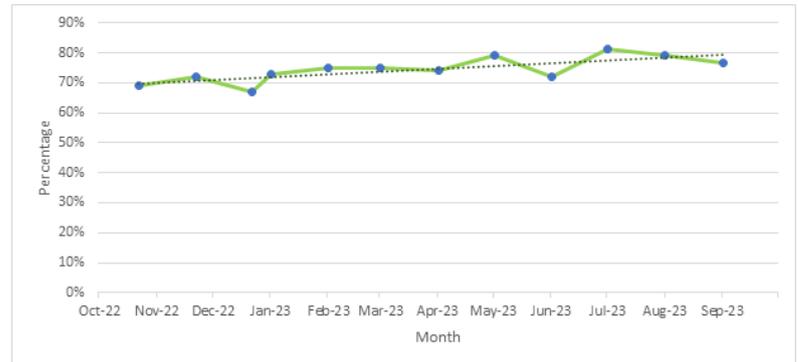
As can be seen in Figure 14, the vast majority of properties are selling below asking the asking price

FIGURE 13: % OF PROPERTIES ACHIEVING ABOVE ASKING



SOURCE: PROPERTYMARK

FIGURE 14: % OF PROPERTIES ACHIEVING BELOW ASKING



SOURCE: PROPERTYMARK

## Contract exchange taking longer

The time taken to exchange contracts is elongating with agents reporting an increasing number of properties taking 17+ weeks for exchange to take place.

Once possible explanation is the continued presence of legal and financial log jams within the system.

FIGURE 15: AVERAGE TIME FROM OFFER ACCEPTANCE TO EXCHANGING CONTRACTS



SOURCE: PROPERTYMARK

# RESIDENTIAL LETTINGS

## DEMAND

### Prospective tenant numbers decrease

The number of new prospective tenants registered per member branch dropped to 96 in September 2023 from 121 in August 2023, which is likely due to seasonal fluctuations in demand (Figure 16).

FIGURE 16: AVERAGE NUMBER OF NEW APPLICANTS REGISTERED PER MEMBER BRANCH



SOURCE: PROPERTYMARK

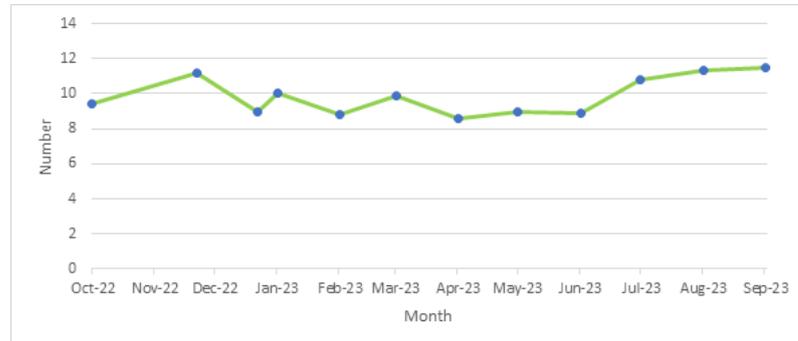
## SUPPLY

### Stock levels remain challenging

The average number of properties available to rent per member branch in September remained broadly the same as in August at 11 properties (Figure 17). It should be noted that there has been little fluctuation in supply levels over the last 12 months.

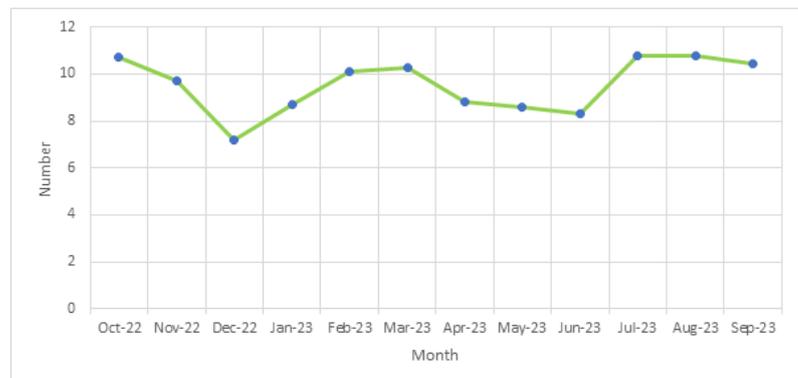
However, this level of supply remains drastically below the current level of new applicants registered (Figure 16). Figure 18 explores the relationship between supply and demand more closely by detailing the average number of prospective tenants registering at each branch per available property. Although there has been a downward trend over the last few months, it is clear that demand (in the form of registrations) continues to outpace supply.

FIGURE 17: AVERAGE NUMBER OF PROPERTIES AVAILABLE TO RENT PER MEMBER BRANCH



SOURCE: PROPERTYMARK

FIGURE 18: AVERAGE NUMBER OF NEW PROSPECTIVE TENANTS REGISTERING PER THE NUMBER OF PROPERTIES AVAILABLE



SOURCE: PROPERTYMARK

### Average tenancy numbers are static

The average number of new tenancies agreed per member branch is little changed across July, August and September 2023, due to ongoing restrictions in supply (Figure 19).

FIGURE 19: AVERAGE NUMBER OF NEW TENANCIES AGREED IN THE MONTH PER BRANCH

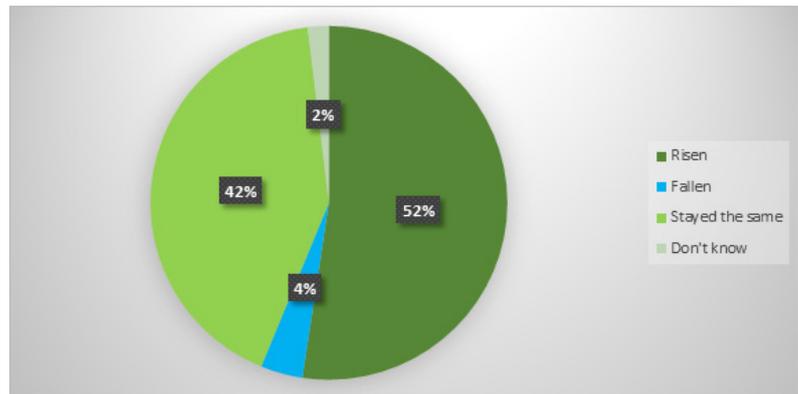


SOURCE: PROPERTYMARK

### Pressure on rents continues

The supply and demand imbalance continues to effect rents, with 52% of our surveyed members reporting that rents had risen in their branch during September 2023 (Figure 20).

FIGURE 20: % OF MEMBERS WHO REPORTED THAT RENTS HAS RISEN, FALLEN, OR STAYED THE SAME DURING SEPTEMBER 2023



SOURCE: PROPERTYMARK

However, as can be seen in Figure 21, fewer agents reported that rents have risen in September 2023 than in either July or August (71% and 68% respectively) (Figure 21). Whilst time will tell if this downward trend will persist, the data points to short term restraint in rental growth.

FIGURE 21: % OF MEMBERS WHO REPORTED THAT RENTS HAS RISEN DURING SEPTEMBER 2023

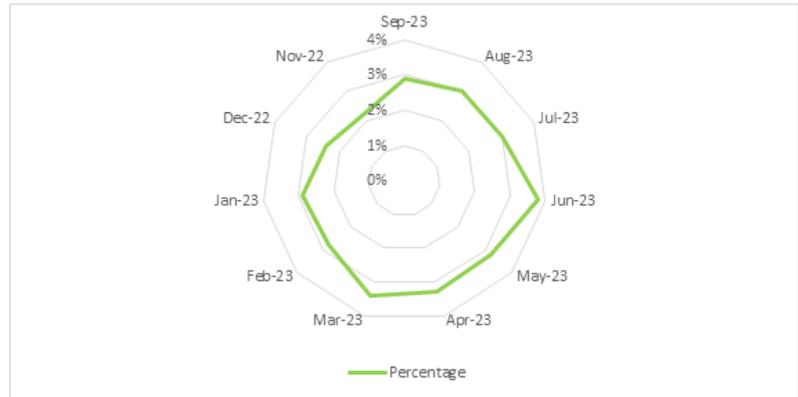


SOURCE: PROPERTYMARK

## Rental arrears are static

The level of rental arrears has fluctuated between 2 and 4% over the last 12 months and is currently sitting at 3% (Figure 22). Ongoing diligent management of rent flows will be required to maintain or reduce these levels as winter holidays approach.

FIGURE 22: AVERAGE NUMBER OF PROPERTIES IN RENTAL ARREARS PER MEMBER BRANCH

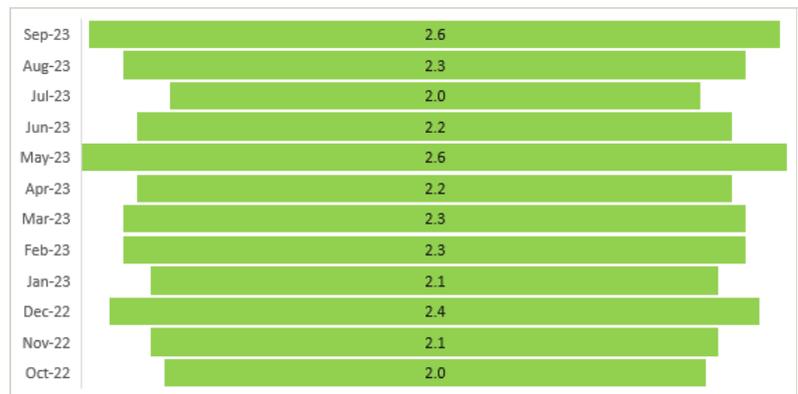


SOURCE: PROPERTYMARK

## Void periods increase

The average void period between tenancies has increased marginally this month to 2.6 weeks (Figure 23). However, this is in line with the 5-year average, suggesting that the movement is within normal parameters.

FIGURE 23: AVERAGE VOID PERIOD BETWEEN TENANCIES IN WEEKS



SOURCE: PROPERTYMARK

### HOW CAN WE HELP?



Press



Online



Radio



Television

Should you need further information or potential comment please contact [mediaenquiries@propertymark.co.uk](mailto:mediaenquiries@propertymark.co.uk)

Our media team can connect you with expert property professionals, data and insight to create media content that better engages with audiences.

### ABOUT PROPERTYMARK

Our unique position enables us to deliver focused insight based on market conditions, government policies/ambitions, mortgage/interest rates, sales, lettings, property auctioneering and cost of living issues related to property.

With almost 18,000 members, we strive for the very highest possible professional standards across the property sector and regulate member activity according to a code of conduct which far exceeds what is currently expected within law.

### ABOUT THIS REPORT

This report is based on responses to a survey of Propertymark member agents conducted between 1 October 2023 and 14 October 2023. Analysis is based on data provided by around 100 sales and 100 letting agents across the UK. The reports also contain a variety of third-party data including data from the Bank of England data and the Office for National Statistics, which is referenced where used. The report also includes HM Land Registry data, which is licensed under the Open Government Licence v3.0.

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