



# COMPASS

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## RESIDENTIAL PROPERTY REVIEW

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### SLOWING ACTIVITY BUT DEMAND REMAINS HIGH

**New buyer enquiries rose slightly in the Royal Institution of Chartered Surveyors' (RICS) November survey, with a net balance of +13%, while new instructions fell for the eighth successive month to -18%.**

The end of the Stamp Duty holiday, among other factors, has contributed to a dip in housing market activity, with Q3 recording a 26% fall in purchases compared to the previous quarter, according to UK Finance data. Despite this, Q3 purchases remained 10% higher than their 2019 equivalent.

The largest growth in the recent data came in the rental market, with rent increases at a 13-year high. Average rent, excluding London, now stands at £809 per month, according to Zoopla's latest Rental Market Report.

Tenant demand returned a net balance of +48% in November and RICS foresees further upward movement in rent prices because of this demand and a shortage of rental properties. The rental market is currently strongest in the central zones of major cities, where demand is twice as high as in outer zones.

### RACE FOR SPACE? THAT'S SO 2020

**Growth in the price of flats is now outpacing growth in the price of detached houses, Halifax's latest House Price Index has revealed, a sign that the 'race for space' that characterised the 2020 housing market could be fizzling out.**

At the height of the lockdowns in 2020, demand for space soared as people worked from home and the government introduced the Stamp Duty holiday. Now, however, this trend seems to be reversing, as city centres become more appealing again - in November, flats were selling 10.8% higher year-on-year, compared to the 6.6% average rise in the price of detached houses.

Tim Bannister of Rightmove commented, "A shift in demand from bigger houses to flats has emerged as more of society has opened up again and people have assessed where they will work throughout the week, with many now considering a move closer to a city than further out."

### UNRELENTING DEMAND AND UNCERTAINTY FOR THE YEAR AHEAD

**House prices will soar ever higher in 2022, according to Rightmove, as sustained buyer demand and historically low levels of available property endure.**

Several uncertainties continue to loom over the housing market, including the threat posed by the Omicron variant, which could have a significant impact on supply and demand, as well as playing a role in any possible rise to the Bank of England's base rate.

Even so, the latest analysis from Rightmove predicts that house prices will rise nationwide in 2022 by 5%. Despite an expected increase in listings next year, these will likely still struggle to keep pace with persistent demand.

According to Rightmove's Tim Bannister the "imbalance between supply and demand has resulted in buyer demand per available property being at near-record highs, suggesting that the 2021 scenario of multiple buyer bids on a high proportion of properties when they come to market is set to continue in the new year."

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## HOUSE PRICES HEADLINE STATISTICS

HOUSE PRICE INDEX (OCT 2021)*	140.7*
AVERAGE HOUSE PRICE	£268,349
MONTHLY CHANGE	-1.1%
ANNUAL CHANGE	10.2%

\*(Jan 2015 = 100)

- Average house prices in the UK increased by **10.2%** in the year to October 2021
- On a non-seasonally adjusted basis, average house prices in the UK decreased by **1.1%** between September and October 2021
- House price growth was strongest in **Wales** where prices increased by **15.5%** in the year to October 2021.

Source: The Land Registry  
Release date: 15/12/21  
Next data release: 19/01/22

## HOUSE PRICES PRICE CHANGE BY REGION

REGION	MONTHLY CHANGE (%)	ANNUAL CHANGE (%)	AVERAGE PRICE (£)
ENGLAND	-1.5%	9.8%	£285,113
NORTHERN IRELAND (QUARTER 2 - 2021)	3.0%	10.7%	£159,109
SCOTLAND	0.4%	11.3%	£181,391
WALES	2.6%	15.5%	£203,224
EAST MIDLANDS	-0.9%	11.7%	£228,290
EAST OF ENGLAND	-0.1%	11.2%	£332,216
LONDON	1.9%	6.2%	£516,285
NORTH EAST	-4.8%	9.7%	£147,719
NORTH WEST	-4.8%	9.8%	£195,325
SOUTH EAST	-0.7%	10.3%	£366,883
SOUTH WEST	-0.7%	9.9%	£298,600
WEST MIDLANDS REGION	-3.3%	8.4%	£226,279
YORKSHIRE AND THE HUMBER	-1.7%	11.1%	£193,675

## AVERAGE MONTHLY PRICE BY PROPERTY TYPE – OCT 2021

PROPERTY TYPE	ANNUAL INCREASE
DETACHED £425,121	14.0%
SEMI-DETACHED £256,537	10.4%
TERRACED £216,481	8.8%
FLAT / MAISONETTE £222,381	6.6%

Source: The Land Registry  
Release date: 15/12/21

## HOUSING MARKET OUTLOOK

*“Looking ahead, there is now greater uncertainty than has been the case for quite some time, with interest rates expected to rise to guard against further increases in inflation. Economic confidence may also be dented by the emergence of the new Omicron virus variant, though it remains far too early to speculate on any long-term impact, given insufficient data at this stage, not to mention the resilience the housing market has already shown in challenging circumstances.”*

Russell Galley, Managing Director at Halifax

Source: Halifax December 2021

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**All details are correct at the time of writing (15 December 2021)**

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