

UK House Price Index

+7.8%

Current UK house price growth

+70%

Demand for homes 4 weeks to 27th Feb vs 5-year average

+5%

Flow of new supply of homes 4 weeks to 27th Feb vs 5-year average

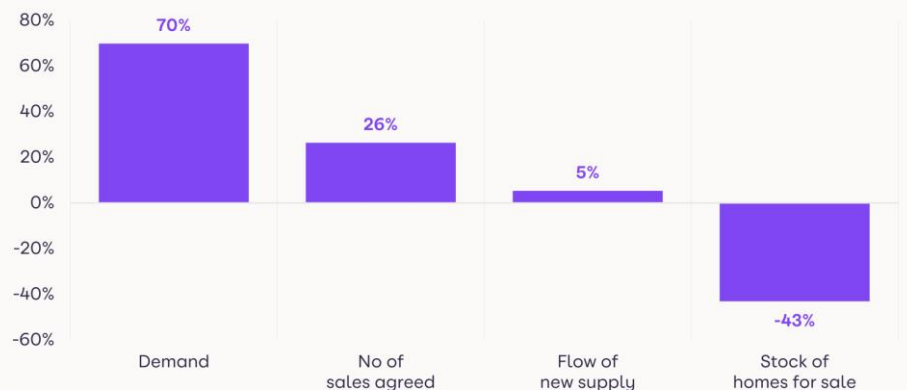
Executive summary

- Average house prices rose by +7.8% in the year to January, taking the average house price to £244,100
- Wales registers highest regional price growth for the 11th month at 11.7%, while London price growth slowest at 3.1%
- The new year surge in buyer demand is starting to ease, albeit at a modest pace
- But there are good signs for future stock levels, with new supply running ahead of 2021 levels in every region
- There has been a particular rise in family homes listed for sale
- We continue to forecast an easing in price growth during 2022

“The new supply of homes has risen above 2021 levels and is approaching the scale of new listings seen at this time of year before the pandemic hit in 2020, signalling that the market is starting to move back towards more normal conditions. However, total supply of stock remains tight, which will continue to put upwards pressure on pricing ”

Gráinne Gilmore
 Head of Research

New supply starting to rise



Source: Zoopla Research

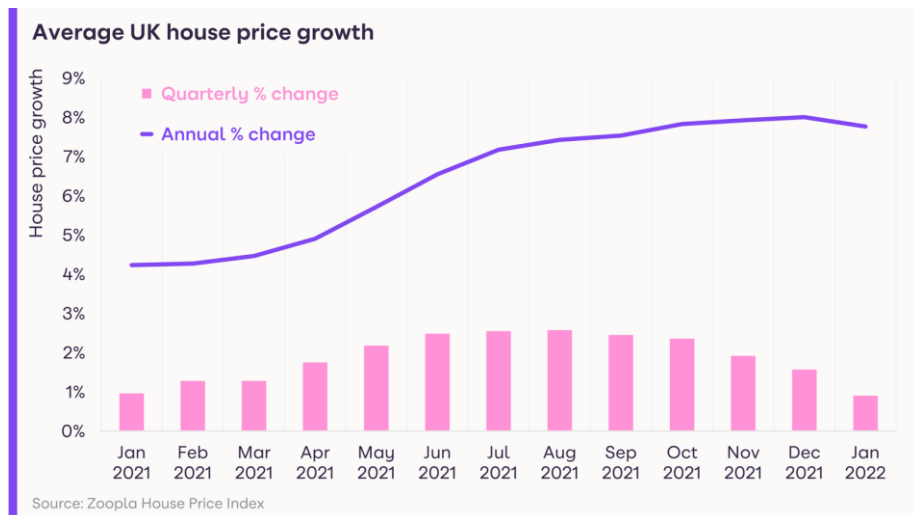
% change - w/e 27 Feb vs 5 year average

+0.9%

UK house price growth, 3m to January 2022

UK house price inflation at +7.8%

Average UK house prices rose by 0.9% in the three months to January, taking the rate of annual growth to 7.8%, down from 8% in December. Price growth gained momentum during most of 2021, after one of the busiest years the market had ever experienced. But with the lowest level of quarterly house price growth since August 2020, there are signs now that price growth is starting to ease, although the path will not be linear.



Price growth was spurred during 2021 due to the pandemic ‘reassessment of home’ driving demand among buyers and owners wanting to live elsewhere or in a home with different space. In addition, the stamp duty holiday running from summer of 2020 to autumn last year also boosted demand and eroded supply.

The market is highly localized, however, with price growth ranging from 16.6% in Powys in Wales to -2.2% in the City of London. Affordability, working practices and property type are all factors in the range of value growth over the last two years. Liverpool leads the city growth at 10.3%, with price declines of -0.3% in Aberdeen.



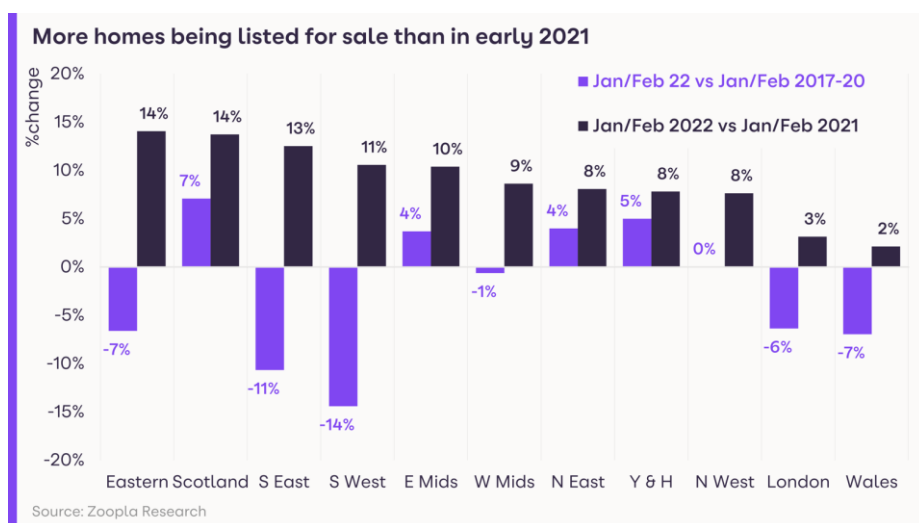
£244,100

Average value of a home, UK, January 2022

New supply of homes for sale gathering momentum

The imbalance between buyer demand and supply is not going to unwind in the near term. As can be seen in the chart on page 1, in late February, buyer demand for homes was 70% above the five-year average, and the total stock of homes available for sale was 43% lower.

However, the recovery in the levels of new supply is gathering momentum. In January and February, new listings were up in every part of the country compared to 2021 as more movers, and landlords, listed their homes for sale.



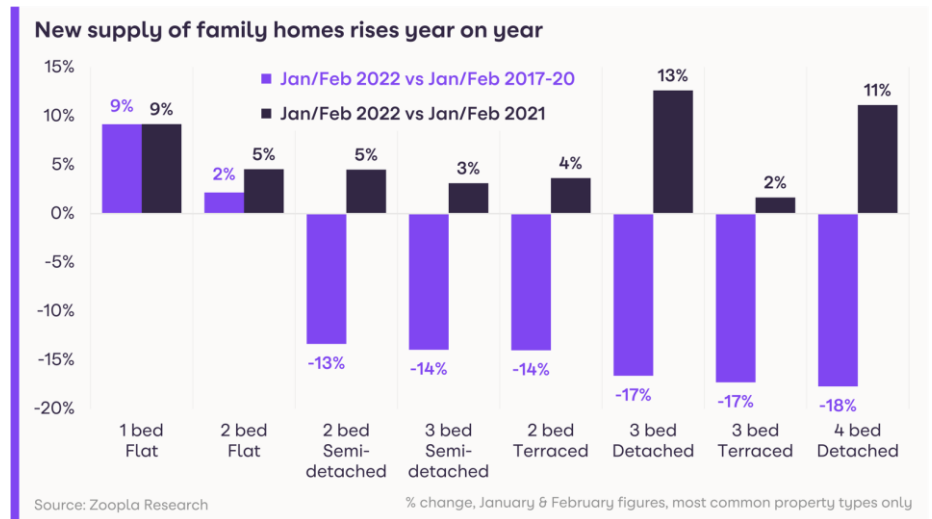
The UK was in lockdown in early 2021, which means the annual comparison is flattering. But what is also telling from the chart above is the relationship between listings early this year and the longer-term trend before the pandemic.

In several regions, including Scotland, the East Midlands, the North East and Yorkshire and the Humber, new listings over the last two months exceeded levels seen in 2017-2020 over the same period, signalling a turnaround in supply. New listings were broadly in line with longer-term trends in the North West and the West Midlands.

In the South West and Wales, where there are larger disparities in listings numbers in January and February compared to before the pandemic, home values are seeing the biggest annual rises, with higher levels of demand and that lack of supply pushing up pricing.

When it comes to the type of properties being listed, there will be welcome news for markets with high concentrations of families moving, as there has been an annual rise of more than 10% in new listings for larger three and four-bed detached homes.

In fact new supply across all of the most common property types have risen year on year, meaning more listings in the last two months than in the same period in 2021.



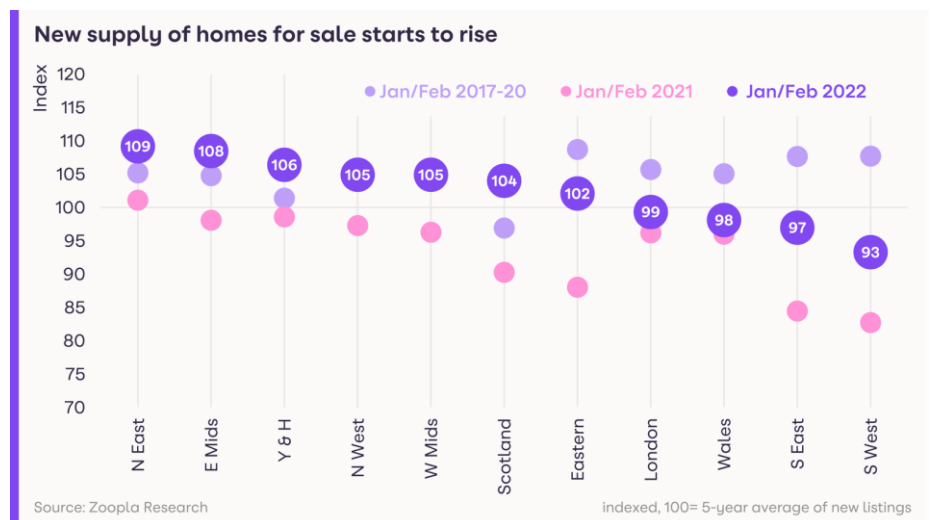
The picture becomes more nuanced however when we look at supply by property type compared to pre-pandemic levels.

While new listings for flats is higher, there is still a shortfall in new listings for terraced, semi-detached and detached homes compared to longer-term norms, and signals that the dent in total stock levels for these homes will take longer to unwind.

Meanwhile the disparity between the demand and supply of these types of homes is having two main effects. First, on the speed at which stock is moving, and second, prices growth.

Family homes continue to sell very quickly, with 3-bed houses across the UK (excl London) reaching sale agreed an average of 23 days after being listed. This compares to a one-bed flat in London which takes on average 53 days from listing to sale agreed.

This slower moving flats market means the average price of a flat across the UK rose by 2.6% in the year to the end of January. This is the highest level of growth for flats since 2017, but it still trails price growth for houses – with the average value of a semi-detached home in the UK rising by 9.1% over the same time frame.



23days

Average time to sell a
3-bed house, UK excl
London
(listing to sale agreed)

Outlook

While new supply is starting to turn, the speed at which the market is moving means that in January, around a half of properties that sold progressed from listing to sale agreed within three weeks. In comparison, last year, around a third of properties progressed this quickly through the purchase process.

This underlines that it will take time to start to rebuild the total stock of homes in the market.

Last year, some 1.5 million home sales were secured, even as stock levels declined, as willing sellers and buyers were able to agree purchases. The market moves more smoothly when there is choice for buyers, so the rebuilding of pipelines is positive as movers are more willing to list homes when they can find a property to move to.

Changing sentiment in the market as a result of the evolving economic conditions, outlined in more detail below, would cause another slowdown in listings as potential movers, sellers, adopt a 'wait and see' approach. But in the face of such high demand, including from first-time buyers who do not need to sell, there will still be the opportunity to secure transactions.

This year, rising economic headwinds, including the increasing cost of living and rising mortgage rates will start to put the brakes on house price growth. The global uncertainty and volatility resulting from the invasion of Ukraine will have economic impacts around the world, including the UK.

We continue to expect 1.2 million home sales this year, down from 1.5 million in 2021, and that average house price growth will be between +2% and +4% at the end of the year.

House Price Index – Country, region and city summary

Note: The Zoopla house price index is repeat sales-based price index using sold prices, mortgage valuations and data for agreed sales. The index uses more input data than any other and is designed to accurately track the change in pricing for UK housing.

January Index 2022
(Published March 2022)

Source: Zoopla House Price Index

| Region/City | Annual % change in house price |
|-------------|--------------------------------|
|-------------|--------------------------------|

| City | Annual % change in house price |
|-----------------|--------------------------------|
| 1. Liverpool | 10.3% ^ |
| 2. Nottingham | 9.1% ^ |
| 3. Manchester | 8.8% ^ |
| 4. Sheffield | 8.7% ^ |
| 5. Belfast | 8.3% ^ |
| 6. Leicester | 8.3% ^ |
| 7. Leeds | 8.2% ^ |
| 8. Bournemouth | 7.9% ^ |
| 9. Cardiff | 7.9% ^ |
| 10. Portsmouth | 7.8% ^ |
| 11. Birmingham | 7.7% ^ |
| 12. Oxford | 7.0% ^ |
| 13. Bristol | 6.8% ^ |
| 14. Southampton | 6.6% ^ |
| 15. Glasgow | 5.7% ^ |
| 16. Cambridge | 5.6% ^ |
| 17. Newcastle | 5.4% ^ |
| 18. Edinburgh | 4.2% ^ |
| 19. Aberdeen | -0.3% v |
| United Kingdom | 7.8% ^ |



Zoopla House Price Index, city summary, Jan 2022

Source: Zoopla House Price Index. Sparklines show last 12 months trend in annual and monthly growth rates – red bars are a negative value – each series has its own axis settings providing a more granular view on price development.

| | Average price | %yoy Jan-22 | %yoy Jan-21 | Monthly trend | Annual trend |
|---------------|---------------|-------------|-------------|---------------|--------------|
| UK | £244,100 | 7.8% | 4.2% | | |
| 20 city index | £279,400 | 5.8% | 4.1% | | |
| Liverpool | £142,900 | 10.3% | 7.3% | | |
| Nottingham | £183,400 | 9.1% | 6.0% | | |
| Manchester | £201,200 | 8.8% | 6.7% | | |
| Sheffield | £158,900 | 8.7% | 5.4% | | |
| Belfast | £157,700 | 8.3% | 5.0% | | |
| Leicester | £210,000 | 8.3% | 5.5% | | |
| Leeds | £192,200 | 8.2% | 6.0% | | |
| Bournemouth | £321,600 | 7.9% | 4.3% | | |
| Cardiff | £235,600 | 7.9% | 4.2% | | |
| Portsmouth | £267,300 | 7.8% | 3.8% | | |
| Birmingham | £189,900 | 7.7% | 4.5% | | |
| Oxford | £432,500 | 7.0% | 2.1% | | |
| Bristol | £313,400 | 6.8% | 4.7% | | |
| Southampton | £247,400 | 6.6% | 2.7% | | |
| Glasgow | £134,700 | 5.7% | 4.2% | | |
| Cambridge | £445,700 | 5.6% | 2.8% | | |
| Newcastle | £141,600 | 5.4% | 4.5% | | |
| Edinburgh | £253,500 | 4.2% | 3.0% | | |
| London | £507,100 | 3.1% | 2.5% | | |
| Aberdeen | £141,100 | -0.3% | -2.1% | | |

Source: Zoopla House Price Index. Sparklines show last 12 months trend in annual and monthly growth rates – red bars are a negative value – each series has its own axis settings providing a more granular view on price development.

Contacts

If you have any questions please do get in touch

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