

# UK House Price Index

**-0.2%**

Annual UK house price inflation

**64%**

Markets registering annual price falls

**+61%**

Increase in mortgage repayments for home buyers since March 2021

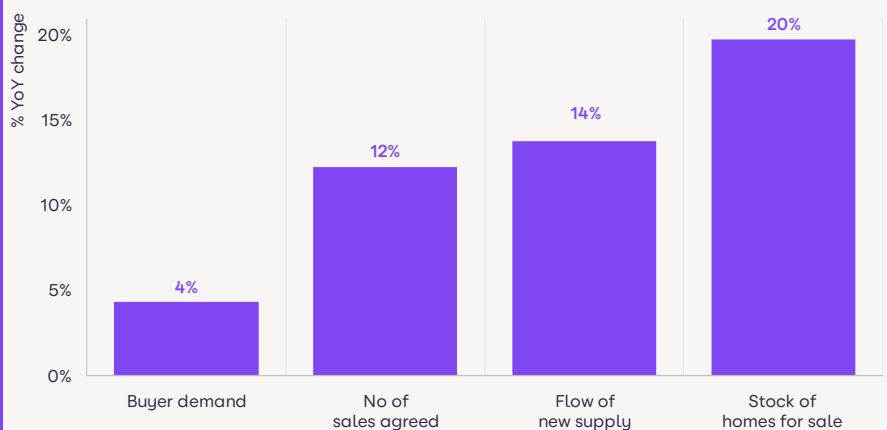
## Executive summary

- Annual house price inflation is -0.2%, unchanged from February
- Prices broadly static but sales volumes are up 12% year-on-year
- 64% of homes in markets with price falls, down from 82% last October
- Higher mortgage rates continue to impact buying power
- Annual mortgage costs for buyers are 61% higher than 3 years ago - two thirds down to higher rates and one third due to higher prices
- Buyers in Southern England face greatest impact, compounded by stamp duty and other costs, which will keep price inflation in check
- Price inflation split between south and rest of the UK to continue
- The market is on track for 1.1m sales in 2024, up 10% on last year

**“The housing market continues to adjust to higher mortgage rates. Sales volumes are rising and house prices are flat. What the market needs most is continued price stability which will create the environment for continued growth in sales.”**

**Richard Donnell**  
Executive Director - Research

Measures of market activity continue to increase



Source: Zoopla Research

% change - 4 weeks to 21 April 2024 compared to the same period in 2023

**+32%**

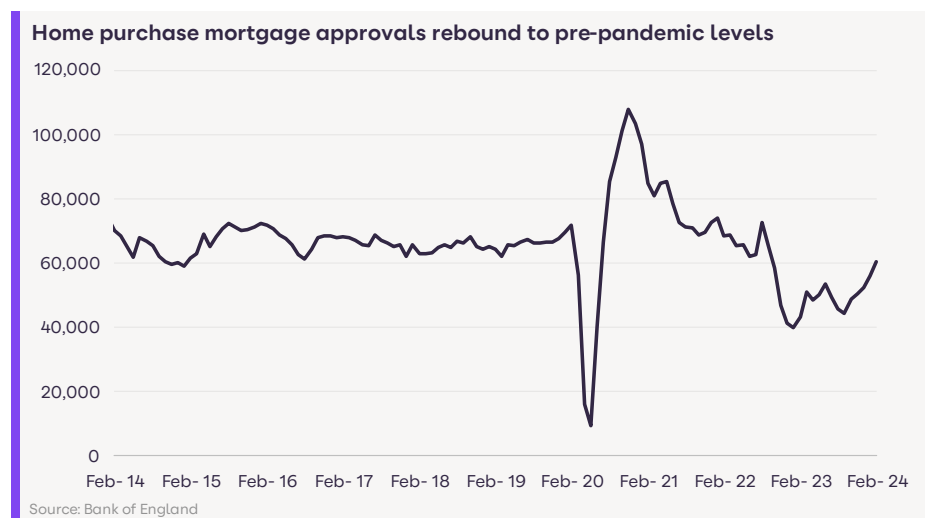
Year-on-year growth in mortgage approvals for home purchase (to Feb-24)

### Rebound in sales volumes more than prices

The housing market continues to register a sustained upturn in new sales while UK house price inflation remains broadly static. The market is more balanced than it has been since before the pandemic. This is positive news and means more people have a chance of moving home in 2024 - so long as sellers remain realistic on pricing - while static prices are not worsening affordability.

More homes for sale and renewed confidence amongst buyers continues to support sales agreed which are 12%<sup>1</sup> higher year-on-year. The number of sales agreed has been higher than last year for the last 4 months. The housing sales pipeline is now rebuilding after a period of lower sales when mortgage rates spiked higher in 2022 and 2023. Our data shows that the housing market remains on track for 1.1m sales completions in 2024, up 10% on 2023.

The recovery in sales is starting to be reflected in other data such as mortgage approvals for home purchase which were 32% higher in February 2024<sup>2</sup>, returning towards pre-pandemic levels. The 4 to 6+ month time lag between agreeing a sale 'subject to contract' and moving in means sales completion data is yet to register an upturn but this will emerge in the coming months.



### House price inflation broadly flat

Our latest index shows that house prices are firming as market activity improves. Annual house price inflation is largely unchanged since last month and stands at -0.2% at the end of March 2024.

House prices continue to fall, at a slowing rate, across five English regions covering southern England and the East Midlands. Prices are down the most (-1.7%) across East of England. Improving market activity in recent months has resulted in house price inflation turning positive across the three regions of northern England, West Midlands, Wales, Scotland and Northern Ireland. See map for region and country level data.

<sup>1</sup> Comparing a 4 weeks to 21 Apr 2024 vs same period in 2023

<sup>2</sup> Bank of England Bankstats - year-on-year change to February 2024

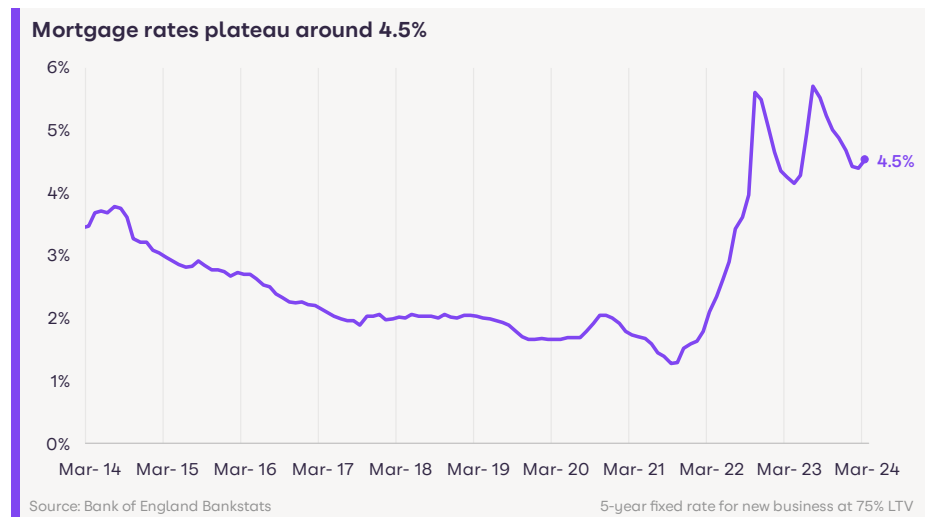
**£4.3k**

Increase in annual mortgage repayments between 2021 and 2024

### Mortgage rates remain 2x higher than recent past

The housing market is continuing to adjust to the ending of ultra low mortgage rates since 2022. Mortgage rates spiked twice in the last two years, at the end of 2022 and over the summer of 2023, as interest rates increased to combat rising inflation. The primary impact on the housing market was a 23% drop in sales over 2023 and modest house price falls, which did very little to help reset housing affordability.

Average mortgage rates for a 5-year fix at 75% loan-to-value have fallen back to 4.5% over recent months. They have started to drift higher in recent weeks on shifting expectations for interest rates cuts later this year. We expect mortgage rates to average 4.5% over 2024, which in our view is consistent with +/-1% house price growth.



### Mortgage costs for home buyers 60% higher than 2021

When mortgage rates started to rise, we reported that the shift from 2% mortgage rates to 5% would deliver a 30% reduction in buying power for mortgaged home buyers, assuming the borrower kept their repayments and deposits the same. Buyers withdrew from the market in the face of higher borrowing costs and general uncertainty over the economic outlook and this drove transactions lower over 2023.

While base rates look to have peaked, and consumer confidence is improving, the reality is that the annual mortgage repayments for a typical buyer using a 70% LTV loan for an average priced home are still much higher than 3 years ago. This continues to act as a drag on buying power and levels of house price inflation.

Moving from sub 2% mortgage rates in March 2021 to 4.5% today, the annual mortgage repayments for a home purchase have risen by 61%, from £7,100 to £11,400 at a national level<sup>3</sup>. Two-thirds of this increase is a result of higher mortgage rates. However, one third is down to the fact that average house prices are still 13% higher than March 2021.

<sup>3</sup> Mortgage repayment analysis assumes a home buyer purchases an average priced home (Zoopla index) nationally and by region in March 2021 and March 2024. In both cases we assume a 70% LTV mortgage for a 30-year mortgage term. The mortgage rate is the average for a 5-year fix rate from the Bank of England Bankstats.

**33%**

Home movers open to move out of area to find the home they want

### Higher mortgage rates hit southern England hardest

At a region and country level there has been a 50% to 70% increase in mortgage repayments for a typical buyer between 2021 and 2024. The largest monetary impact is in southern England where house prices are higher.

The annual cost of mortgage repayments for an average priced home is more than £5,000 higher per annum in 2024 than 2021 across the South West, South East and East of England. This rises to a high of an extra £7,500 in London. Across other regions and countries of the UK, the increase is lower, ranging between £2,350 and £3,900 a year.

While underlying household incomes will vary by area, this lower additional cost is one reason that market activity and prices are holding up better in more affordable markets with lower prices.

#### Home buyer annual mortgage repayments 2021 and 2024

Region/country	Annual mortgage repayments March 2021	Annual mortgage repayments March 2024	Difference per annum (£)	Difference (%)
N East	£3,750	£6,090	£2,350	62%
Scotland	£4,390	£7,050	£2,660	61%
N Ireland	£4,310	£7,270	£2,960	69%
Yorks. & Humber	£4,870	£8,040	£3,170	65%
N West	£5,030	£8,420	£3,390	67%
Wales	£5,170	£8,820	£3,650	70%
E Mids	£5,980	£9,820	£3,850	64%
W Mids	£6,020	£9,910	£3,900	65%
S West	£8,240	£13,460	£5,230	63%
Eastern	£9,230	£14,530	£5,300	57%
S East	£10,560	£16,630	£6,070	57%
London	£15,580	£23,110	£7,530	48%
<b>UK</b>	<b>£7,090</b>	<b>£11,410</b>	<b>£4,320</b>	<b>61%</b>

Source: Zoopla Research - assumes 70% LTV loan, 30 year term, 1.8% mortgage rate in 2021, 4.5% today

### Stamp duty adds to buying costs in southern England

It's not just mortgage costs that impact buying decisions. Higher house prices also mean stamp duty costs are much greater across southern England, adding to buying costs. Some 75% of annual stamp duty receipts are from purchases across southern England<sup>4</sup> with these regions accounting for 50% of housing sales.

### Buyers open to look further in search for better value

We do not see any evidence that home buyers are looking to buy smaller homes in response to higher borrowing costs - the profile of what is selling by property type and bedrooms remains largely unchanged. However, some buyers are open to look further afield to get what they need. Our latest consumer research shows a third of households that want to move are looking to move out of their local area to secure the home they require.

<sup>4</sup> 'Southern England' covers London, South East, South West and East of England

75%

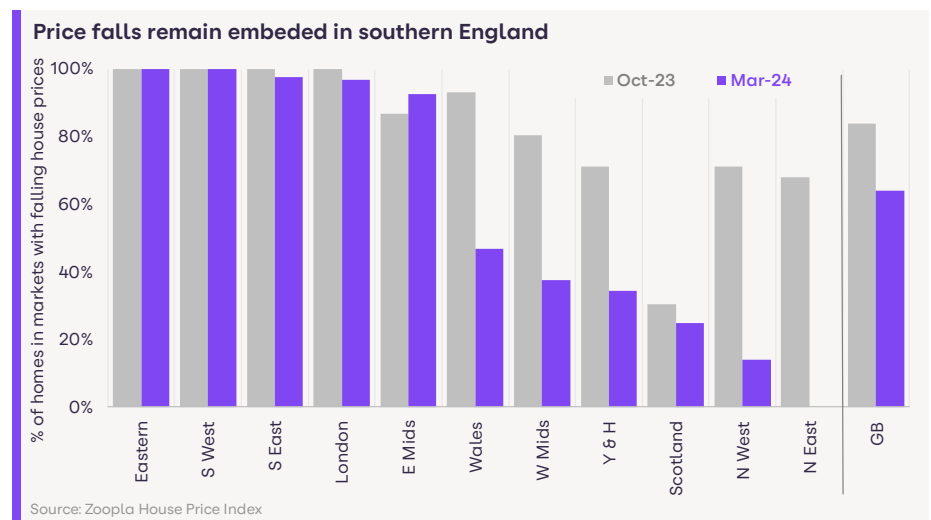
Share of stamp duty receipts from the 4 regions of southern England

### 6 in 10 homes in markets registering annual price falls

The squeeze on housing affordability from higher mortgage rates, lower incomes growth and rising living costs are keeping house prices under steady downward pressure across southern England. Analysis of our granular local authority house price indices reveals that 64% of homes are in markets still registering annual price falls. This is lower than the 82% recorded last October. The scale of these price falls is relatively modest, in most cases between 0% and -3%.

At a region and country level, the coverage of homes in markets with price falls is greatest across southern England where 95-100% of homes are now in local markets with annual price falls. East Midlands also has a high proportion of markets with price falls at 93%.

Across the rest of Great Britain, there are signs of improvement in pricing, with a decline in the proportion of homes in local markets with annual price falls across six regions. Scotland has pockets of lower prices but at a national level prices haven't fallen year-on-year. As the UK's most affordable region, with an average price of £142,000, the North East now has no areas with annual price falls.



### No signs of an immediate uptick in house price inflation

We expect UK house prices to continue to firm over 2024 but we don't expect house price inflation to start accelerating. The current trends in price inflation, and divergence between the south and the rest of the UK are expected to continue over the coming months.

Much depends on the outlook for interest rates and how this influences mortgage rates. Fixed rate mortgages today already reflect expectations for interest rate reductions in the future and we don't expect any major changes in average mortgage rates over the rest of the year.

What the housing market needs most is continued price stability which will create the right environment for continued growth in sales.

## House Price Index - Country, region and city summary

Note: The Zoopla house price index is a 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.

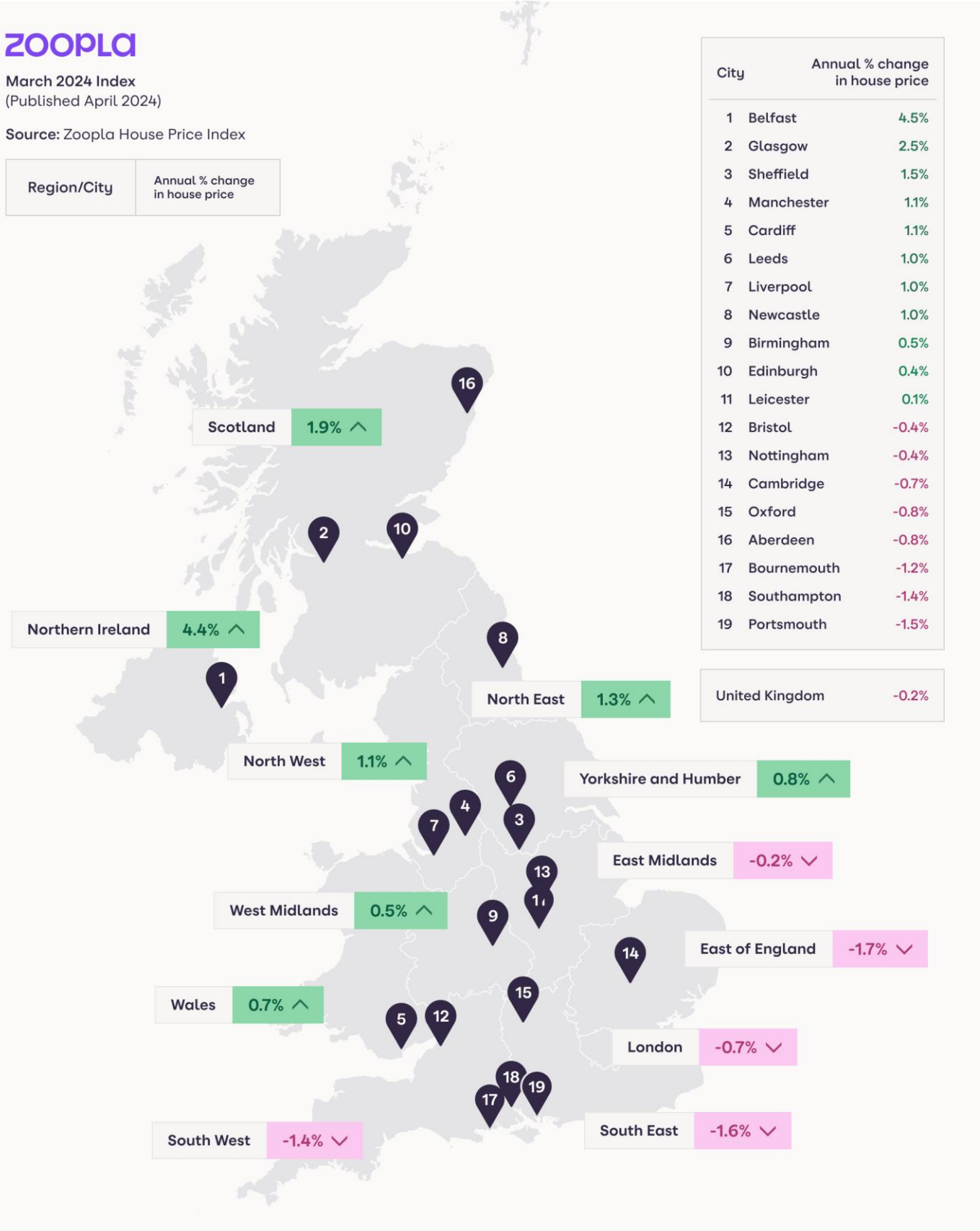


March 2024 Index  
(Published April 2024)

Source: Zoopla House Price Index

Region/City	Annual % change in house price
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City	Annual % change in house price
1 Belfast	4.5%
2 Glasgow	2.5%
3 Sheffield	1.5%
4 Manchester	1.1%
5 Cardiff	1.1%
6 Leeds	1.0%
7 Liverpool	1.0%
8 Newcastle	1.0%
9 Birmingham	0.5%
10 Edinburgh	0.4%
11 Leicester	0.1%
12 Bristol	-0.4%
13 Nottingham	-0.4%
14 Cambridge	-0.7%
15 Oxford	-0.8%
16 Aberdeen	-0.8%
17 Bournemouth	-1.2%
18 Southampton	-1.4%
19 Portsmouth	-1.5%
United Kingdom	-0.2%



### Zoopla House Price Index, city summary, April 2024

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 Mar-24	% YoY Mar-23	Monthly trend	Annual trend
United Kingdom	£264,500	-0.2%	3.1%		
20 City Composite	£304,600	0.0%	2.8%		
Belfast	£170,800	4.5%	1.8%		
Glasgow	£149,200	2.5%	2.1%		
Sheffield	£172,200	1.5%	4.1%		
Manchester	£224,200	1.1%	4.4%		
Cardiff	£254,300	1.1%	3.7%		
Liverpool	£157,300	1.0%	4.4%		
Leeds	£207,900	1.0%	3.9%		
Newcastle	£153,000	1.0%	4.8%		
Birmingham	£208,600	0.5%	5.3%		
Edinburgh	£270,900	0.4%	3.8%		
Leicester	£227,100	0.1%	3.7%		
Nottingham	£201,500	-0.4%	6.0%		
Bristol	£336,600	-0.4%	3.2%		
Cambridge	£469,000	-0.7%	1.6%		
London	£535,700	-0.7%	1.0%		
Oxford	£447,600	-0.8%	0.9%		
Aberdeen	£136,500	-0.8%	-3.6%		
Bournemouth	£328,800	-1.2%	2.4%		
Southampton	£255,800	-1.4%	3.2%		
Portsmouth	£278,900	-1.5%	3.5%		

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.

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