

UK House Price Index

+0.1%

Annual UK house price inflation – June 2024

96.8%

% of asking price achieved (UK average)

+16%

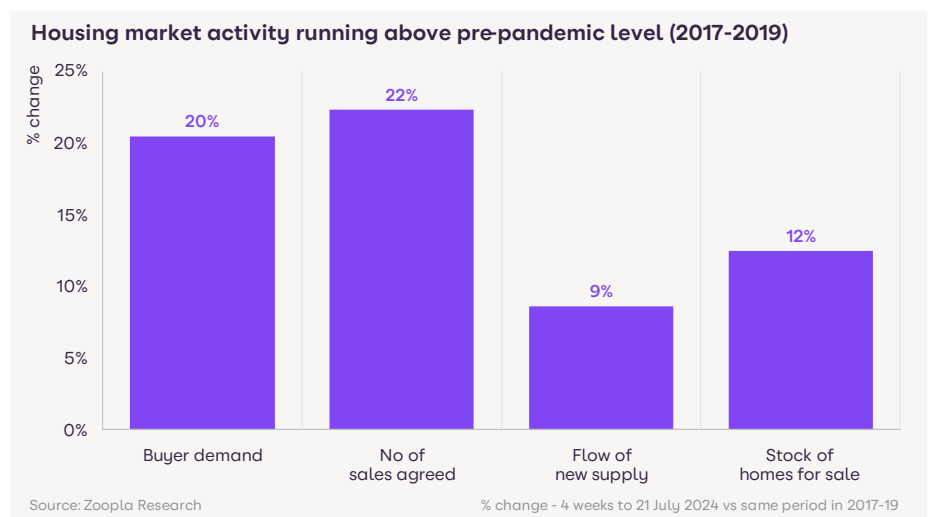
Stock of homes for sale vs a year ago

Executive summary

- The housing market continues to adjust to 4%+ mortgage rates with increased market activity rather than faster price growth
- House prices are broadly flat over the last 12 months, but prices are higher across all regions and countries of the UK over H1 2024
- UK house prices are on track to be up to 2% higher over 2024
- The supply of homes for sale continues to grow and is 16% higher than a year ago – the average estate agent has 33 homes for sale
- More supply and choice is supporting sales growth but will also keep price inflation in check
- Buyers are paying a greater proportion of the asking price (96.8%), which has rebounded the most in London and the South East

“The outlook for the housing market continues to improve with more sales and buyers paying a greater proportion of the asking price. The first base rate cut will boost market sentiment and market activity over H2”

Richard Donnell
Executive Director - Research



+4.5%

Household income growth in 2024 (OBR forecast)

Housing market most balanced in 5 years

The housing market continues to adjust to 4%+ mortgage rates with positive signs of increased activity. More sellers continue to list homes for sale. More sales are being agreed and buyers are paying a greater proportion of the asking price as confidence improves.

House prices are rising slowly across all regions and countries of the UK over H1 2024, reversing the price falls recorded over 2023. Market activity will continue to improve but prices will be kept in check by greater supply and affordability constraints.

House price inflation static, still negative in south

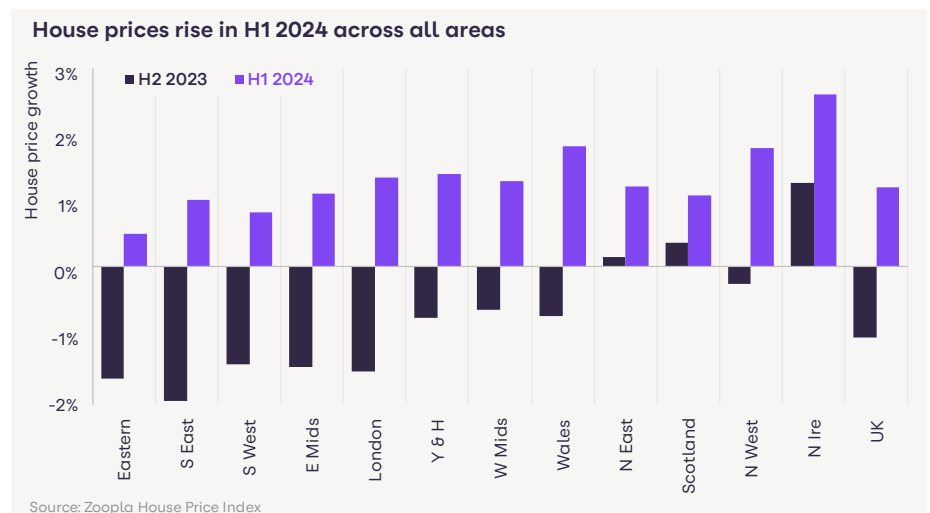
UK house prices edged 0.1% higher over the last 12 months, increasing by just £310 to £265,600. Annual price inflation ranges between -1.2% in the East of England to +3.9% in Northern Ireland.

House prices have increased across all regions and countries of the UK over the first half of 2024. We expect house prices to continue to increase slowly over the second half of 2024.

This means the annual rate of UK house price inflation will increase towards +2% by the end of the year as price decreases over H2 2023 fall out of the annual growth rate calculation.

Modest price rises help motivate sellers to list their home for sale but a return to faster house price inflation would be unwelcome. Affordability remains a major constraint on market activity, especially in southern England.

The housing market requires a 12-24 month window where incomes rise faster than house prices to help reset affordability. Incomes are set to rise 4.5% in 2024 and we would also expect incomes to rise faster than house prices in 2025.



33

Number of homes available for sale per estate agent

Supply of homes for sale continues to grow

One important feature of the housing market at present is that there are more homes for sale than at any point in the last six years. This is improving choice for home buyers and supporting more sales.

The average agent has 33 homes for sale, 16% higher than a year ago¹ and above the longer run average of 25.

More supply means more sellers, most of whom are also buyers, motivated to move by a range of reasons. Many would-be movers are upsizers who are looking further afield to get the home and features they are looking for, while also seeking value for money.

1 in 10 homes for sale a formerly rented home

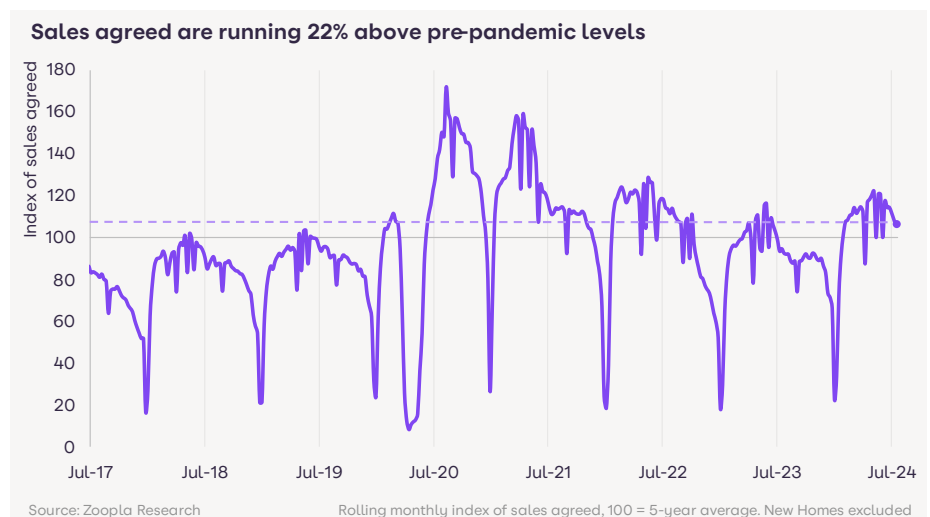
Over 1 in 10 (12%) homes for sale were previously rented, a proportion that has held broadly steady over the last 3 years. Tax changes introduced in 2016, greater regulation of rented property and higher mortgage rates have led to more landlords selling.

Not all these homes are sold to home buyers and leave the rented market. We find 40% remain in the rental sector - bought by a new landlord or let out by the current landlord who decides not to sell.

Sales agreed up 16% year-on-year

A greater supply of homes for sale and more buyers has resulted in the number of sales being agreed is 16% higher than a year ago¹. A long-run index of weekly sales shows how sales in the first half of 2024 have been stronger than in 2023 and the pre-pandemic years.

This is positive and reveals a more balanced housing market with sales volumes increasing but with greater stability in price inflation. Sales are up across all regions and countries of the UK.



¹ Comparing 4 weeks to 21 July 2024 vs same period in 2023

96.3%
 Proportion of the asking price achieved in London & the South East

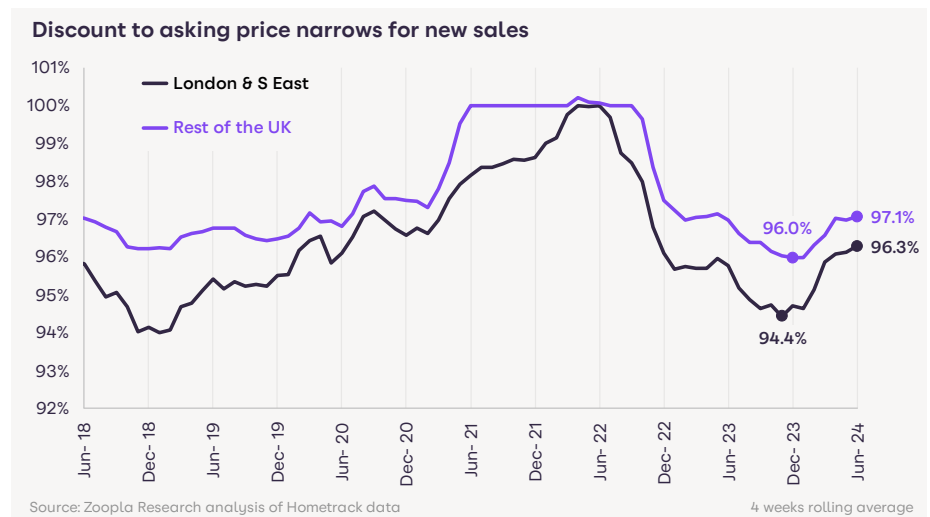
Buyers paying a greater % of the asking price

Buyers are paying a greater proportion of the asking price than they were last year when higher mortgage rates hit demand.

UK buyers are currently paying 96.8% of the asking price, up from 95.4% last November. This is on par with the long-run average and points to continued house price inflation. In value terms, this averages £16,600 below the asking price for sales agreed in June 2024, compared to £23,000 below the asking price in October 2023.

Higher mortgage rates have hit demand and buying power hardest in southern England, where prices have posted larger falls. Buyers were paying less than 95% of the asking price last year, but this has recovered to 96.3%.

The impact of higher mortgage rates was less pronounced across the rest of the UK, which explains why the proportion of the asking price achieved declined by a smaller amount and has stabilised at 97.1%.



Outlook for H2

We expect continued modest growth in house prices, which will be greater outside the south of England where affordability is less of a constraint on price inflation. Sales remain on track for 1.1m in 2024, still 10% lower than the 20-year average.

The timing of the first base rate cut is important. It will deliver a boost to consumer confidence and market activity rather than leading to any major reduction in mortgage rates for new home buyers.

Nothing in the King’s Speech or the new Government’s plans has any material impact on the outlook for the market in the next 12-18 months. Economic growth and increasing home building will benefit homebuyers and renters in the long run. However, affordability and access to home ownership and rented housing remain challenges for a significant proportion of households on lower incomes.

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.

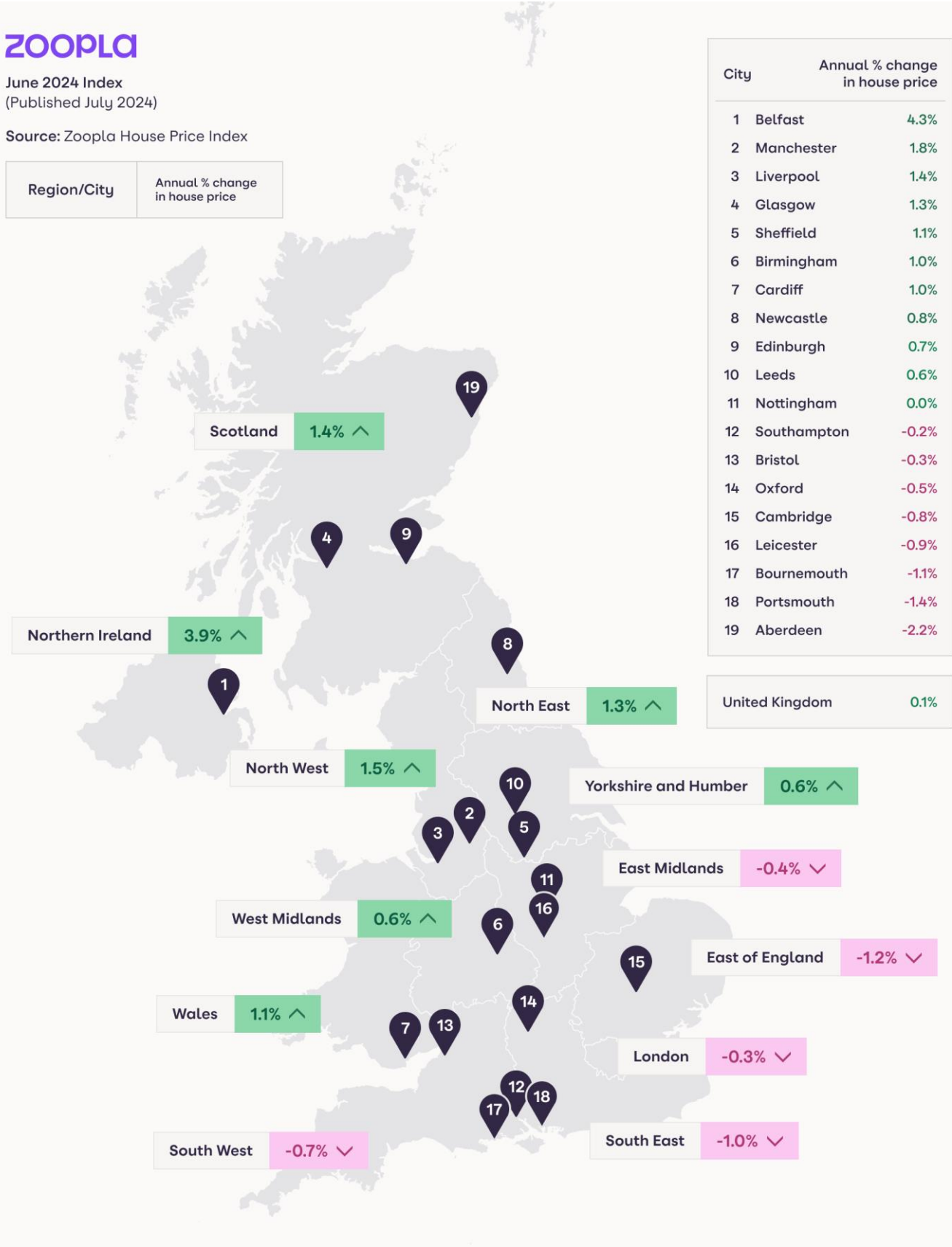


June 2024 Index
(Published July 2024)

Source: Zoopla House Price Index

Region/City	Annual % change in house price
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City	Annual % change in house price
1 Belfast	4.3%
2 Manchester	1.8%
3 Liverpool	1.4%
4 Glasgow	1.3%
5 Sheffield	1.1%
6 Birmingham	1.0%
7 Cardiff	1.0%
8 Newcastle	0.8%
9 Edinburgh	0.7%
10 Leeds	0.6%
11 Nottingham	0.0%
12 Southampton	-0.2%
13 Bristol	-0.3%
14 Oxford	-0.5%
15 Cambridge	-0.8%
16 Leicester	-0.9%
17 Bournemouth	-1.1%
18 Portsmouth	-1.4%
19 Aberdeen	-2.2%



Zoopla House Price Index, city summary, June 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 Jun-24	% YoY Jun-23	Monthly trend	Annual trend
United Kingdom	£265,600	0.1%	1.1%		
20 City Composite	£305,700	0.2%	0.9%		
Belfast	£175,200	4.3%	0.6%		
Manchester	£225,300	1.8%	2.1%		
Liverpool	£159,200	1.4%	1.9%		
Glasgow	£148,700	1.3%	2.1%		
Sheffield	£172,500	1.1%	2.1%		
Birmingham	£209,900	1.0%	2.5%		
Cardiff	£255,600	1.0%	1.8%		
Newcastle	£154,400	0.8%	2.6%		
Edinburgh	£273,100	0.7%	2.8%		
Leeds	£209,000	0.6%	1.9%		
Nottingham	£202,000	0.0%	2.5%		
Southampton	£258,100	-0.2%	0.6%		
Bristol	£338,000	-0.3%	1.0%		
London	£536,500	-0.3%	-0.1%		
Oxford	£449,900	-0.5%	0.3%		
Cambridge	£468,000	-0.8%	0.7%		
Leicester	£225,100	-0.9%	1.7%		
Bournemouth	£332,300	-1.1%	0.1%		
Portsmouth	£279,300	-1.4%	0.6%		
Aberdeen	£137,300	-2.2%	-1.6%		

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.

House price index report produced by

Richard Donnell

Executive Director - Research
richard.donnell@zoopla.co.uk

Izabella Lubowiecka

Senior Property Researcher

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