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Residential Property Review

March 2022



Sales up as demand stays strong

2022 has picked up where 2021 left off, with near-record demand leading to the busiest January and February since 2016, according to Zoopla.

Sales agreed in February were 31% above the 2017-19 average for the month, according to Twenty24, matching levels last seen at the start of 2021. Meanwhile, mortgage approvals in January were at their highest point since July 2021, 12% above the 2017-19 average for the month, according to the Bank of England.

The mismatch endures, however, between supply and demand. The number of prospective buyers is 70% higher than the five-year average, while the total number of homes for sale is 43% lower. The result of this imbalance is fierce competition for available stock; Zoopla figures show that half of all sold properties were purchased after less than three weeks on the market.

Soaring rents are here to stay

Private rents are rising nationwide at the fastest rate in five years, according to figures from the Office for National Statistics (ONS), with the average rent up by 2% in the year to January 2022.

This was a slight rise on the 1.8% growth recorded in the year to December 2021. The East Midlands was the region with the biggest increase in average rental prices (3.6%), while London had the smallest (0.1%).

With office workers and students returning to cities, the net balance of contributors noting an increase in demand rose to +55% in the Royal Institution of Chartered Surveyors' (RICS) February survey.

Meanwhile, supply remains problematic; the RICS survey noted a decline in landlord instructions to a net balance of -21%. Respondents expect this trend to continue, anticipating

that rents will increase annually by an average rate of 5% over the next five years.

Bedrooms lost as homeowners adapted to pandemic

Nine million bedrooms were 'lost' during the pandemic, as versatile Brits repurposed existing space to meet their work and leisure needs.

A study by Zoopla found that two in five homeowners adapted their home during the pandemic, of whom more than half completely repurposed at least one bedroom. One in five households changed multiple bedrooms. With remote and hybrid working now on the agenda for many, almost half (46%) of those who have made changes created a home office.

The result was the creation of nearly five million home offices, 1.3 million home gyms, and a combined two million home bars, cinemas and music rooms. UK households spent, on average, £3,714 making these adaptations – a national total of around £36.5bn.

However, the study suggests that homeowners who have repurposed rooms may now feel less happy with the space they have. Of those who had to repurpose rooms, more than half said this meant having to compromise on their space at home, a figure that rose to 83% of homeowners under 25.

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House prices headline statistics

House Price Index (Jan 2022)*	143.6*
Average House Price	£273,752
Monthly Change	0.4%
Annual Change	9.6%

*(Jan 2015 = 100)

- Average house prices in the UK increased by **9.6%** in the year to December 2021
- On a non-seasonally adjusted basis, average house prices in the UK increased by **0.4%** between December 2021 and January 2022
- House price growth was strongest in Wales where prices increased by **13.9%** in the year to January 2022.

Source: The Land Registry
Release date: 23/03/22
Next data release: 13/04/22

House prices Price change by region

Region	Monthly change (%)	Annual change (%)	Average price (£)
England	0.1%	9.4%	£291,560
Northern Ireland (Quarter 4 - 2021)	0.1%	7.9%	£159,151
Scotland	2.2%	10.8%	£182,786
Wales	1.3%	13.9%	£206,251
East Midlands	1.8%	11.6%	£235,503
East of England	1.4%	11.5%	£341,629
London	-1.8%	2.2%	£510,102
North East	1.7%	8.3%	£150,787
North West	-0.3%	9.6%	£199,791
South East	0.5%	11.1%	£378,311
South West	-1.1%	10.9%	£307,468
West Midlands Region	-0.1%	10.3%	£235,809
Yorkshire and The Humber	-0.2%	7.3%	£194,525

Average monthly price by property type – January 2022

Property Type	Annual Increase
Detached £431,680	12.6%
Semi-detached £263,812	10.5%
Terraced £221,680	9.0%
Flat / maisonette £224,186	5.1%

Source: The Land Registry
Release date: 23/03/22

Housing market outlook

"The sheer level of activity in the market in recent years eroded the stock of homes for sale. But the data indicates that more homes are now coming to the market, as movers and other owners list their properties - and this will create more choice for the many buyers active in the market. However, the imbalance between high demand and supply will take much longer to unwind, and this imbalance will continue to underpin pricing in the coming year. Even so, the rate at which house prices are rising is expected to ease during 2022 due to economic headwinds, including increases to mortgage rates and the rising cost of living."

Gráinne Gilmore, Head of Research at Zoopla

Source: Zoopla March 2022

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All details are correct at the time of writing (23 March 2022)

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