



Residential Market Report JANUARY 2022

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KEY STATISTICS

UNITED KINGDOM



Average UK property price
£268,349



Average UK property price
decreased **1.1%**



Wales had the biggest monthly
price increase of **2.6%**



Number of sales over £1 million
reached **18,183** in 2021



16% increase in
demand for homes



Stock of homes
for sale - **9.5%**



RESIDENTIAL MARKET OVERVIEW



2021 was a year to remember for the property market with an incredible demand for homes across the UK and supply that continued to drop that created a significant increase in property prices.

It is predicted over the next 12-months we will see the residential market slowly return to norms such as seasonal fall in the price of properties coming to market. Similarly, as buyers prepare for their New Year moves, there will likely be a decrease in seller's pricing power that will slow the increase in property prices overall.

Property type	October 2021	October 2020	Difference
Detached	£425,121	£372,931	14.0%
Semi-detached	£256,537	£232,383	10.4%
Terraced	£216,481	£198,997	8.8%
Flat or maisonette	£222,318	£208,547	6.6%
All	£268,349	£243,576	10.2%



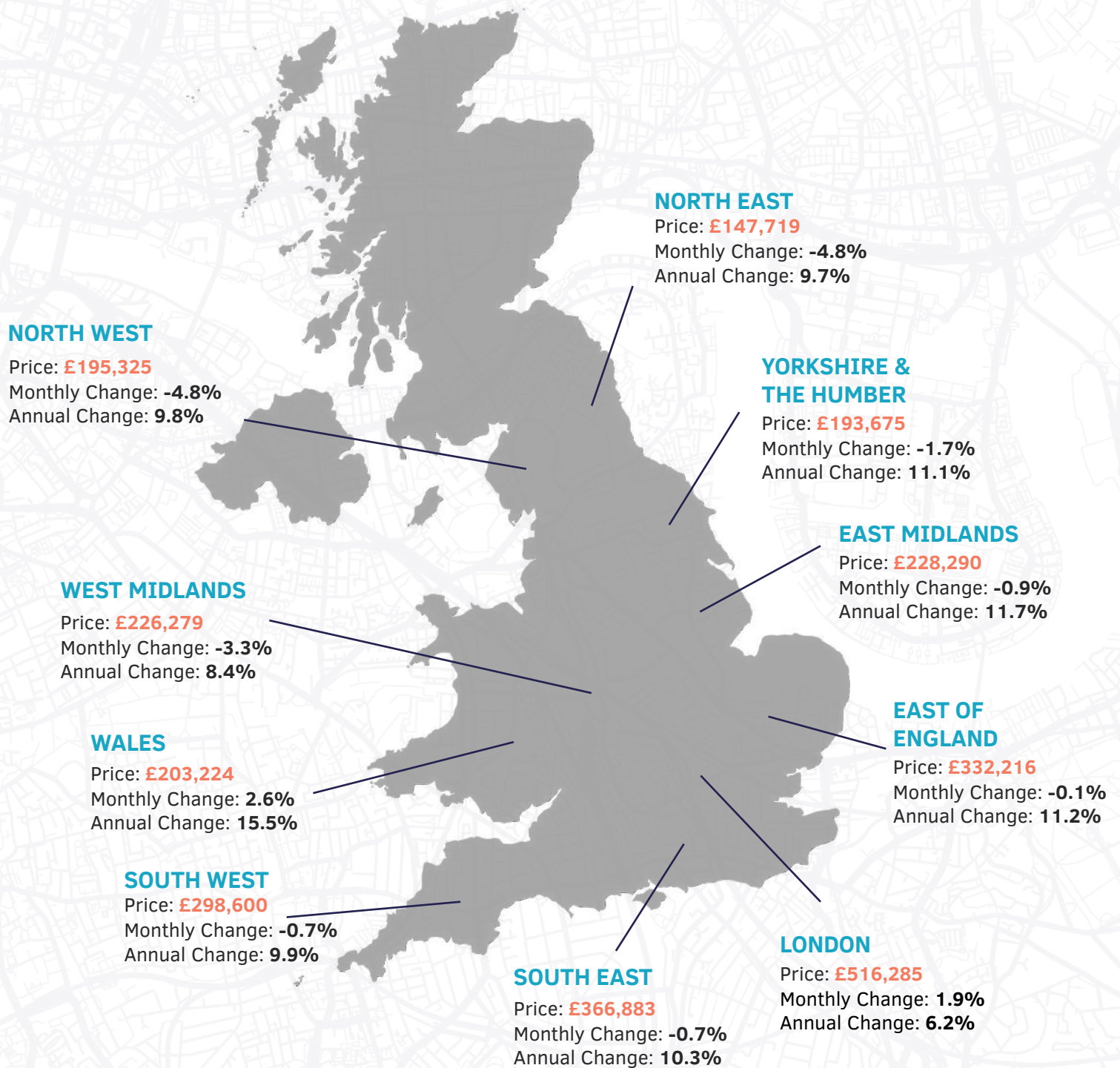
TRANSACTIONS



Month and year	Non-seasonally adjusted	Seasonally adjusted
November 2012	89,450	78,620
November 2013	109,670	99,030
November 2014	99,010	98,660
November 2015	109,370	105,620
November 2016	102,440	96,200
November 2017	106,820	100,650
November 2018	115,790	100,900
November 2019	110,210	98,200
November 2020	121,180	115,240
November 2021 (Provisional)	104,980	96,290



REGIONAL OVERVIEW





What will happen to house prices in 2022?

Traditionally, if you had not sold your home by the first week in November, you would normally have to wait for the house sellers to return in the famous Boxing Day rush on the portals (Rightmove, Zoopla etc) to get potential buyers interested.

Yet matters have been different this year as the various lockdowns have caused a surge in house buying right up until when the Christmas edition of the Radio Times goes on sale.

So, the question is, how will 2022 look regarding the property market?

The last couple of years in the property market have been different in many ways. So much so, many homeowners are presently deliberating whether they should put their home on the market in January or wait until later in the summer.

Speaking to many buyers and sellers, (and in fact buy-to-let landlords) in the last couple of weeks in the run-up to Christmas, many were asking the very same question.


What is going to happen to house prices in 2022?

Some people asking this question are buyers troubling themselves that they are about to buy their home just before a potential property crash, yet others are homeowners wanting to know where the top of the market is before they sell. Even a handful of landlords unable to either start buying or start selling some of their rental portfolio.

Therefore, let's see what has happened in 2021 to make a better judgement of what should happen in 2022.

Nobody has a crystal ball that can tell what 2022 holds, however most property experts are not forecasting doom and gloom for the British property market.

Whilst the final numbers won't be known until Easter 2022, it is estimated that in 2021 one in fifteen privately owned homes in the UK are expected to have changed hands, being the busiest year in the last 14 years.



The pandemic made many families re-evaluate what they wanted from their home, with many wanting bigger rooms (and more of them). Many in the press dubbed this ‘the race for space’, meaning the property market was flooded with home buyers, most bringing forward the home move they had planned between now and 2025.

The issue was, there weren’t enough properties on the market to satisfy every buyer, meaning house prices have unsurprisingly been driven up.

The average price of a home today is over £250,000

Although it is still premature to say what will happen in 2022, most property commentators seem assured that we are not heading towards a house price crash, mainly due to one reason.

There aren’t enough properties on the market in. Simply supply and demand economics! The property crash in 2008 was caused by everyone dumping their property on the market.

In 2007, mortgage interest rates were 6.5% to 7.5%, so when the economy started to falter, everyone looked to sell their homes to reduce their outgoings as unemployment rose by over 60% in just a couple of years. This time round most people have mortgage rates of around 2% to 2.5% and unemployment is dropping, meaning they don’t need to sell their home.

Now of course the stamp duty tax holiday came to an end months ago, and Bank of England base interest rates are expected to rise moderately in the coming year, yet not to the level they were in 2007 (5.75%).

Nonetheless, demand for homes will still be there. We have even read some reports suggesting that more than 20% of British households are seriously thinking of moving between now and the summer of 2023, and this will support house prices whilst demand continues to exceed supply.

House prices will be 2.4% higher by the end of 2022

Another reason why we believe that will be the case is the return to home working. If, as a country, we will need to work from home each winter for the foreseeable future because of new variants, then this will cement the need for people wanting to move home for remote working.



It might be that buyers are looking for a dedicated office at home or that they feel they now no longer need to be in large built-up areas that are near to their work.

This increase in house prices is expected to entice even more house sellers onto the market, which will steady house prices slightly (as supply increases), yet we still believe there won't be enough properties coming onto the market to satisfy the colossal demand.

What about the rental market?

Rents tend to grow in line with tenants' wages. So, with many people getting decent pay rises and not enough properties being built, many economists are suggesting rents will be 14% to 19% higher by 2027. Even with the house price growth, the numbers for rental investments still look rosy.

Is it the right time to buy your first property in?

This rise in house prices has had many people asking whether 2022 is the right time to buy their first home? Should they buy now before prices rocket even further or delay in the hope that house prices come back down?

As with any important decision in life, this will mainly depend on your own personal life and your motives for wanting to move.

If the home that you want to buy is on the market, available and you can afford the mortgage, then delaying could be detrimental. It's like holding off for the 'next generation TV', it then coming out; then just as you are about to buy the TV, the next 'next generation TV' gets announced for six months' time and the cycle is constantly in motion – so you end up never buying a TV... just like you will never buy your own home!

Buying property is a long-term game

Sometimes you just have to make your decision, get something bought and start the journey of the next 25 to 35 years of living in your family home whilst paying off your mortgage.



The present low-interest rates for first-time buyers mean that there are some very low mortgage deals available for those with a decent deposit, making it a good time to buy a property, especially if you fix the interest rate.

If your deposit is humbler, the Government's 5% deposit mortgage guarantee scheme will still enable you to buy a property, albeit at a slightly higher interest rate.

Looking at the bigger picture, these are only my opinions. If inflation doesn't get too out of hand and interest rates don't go above 2% to 3%, it looks like house prices will, for 2022 and a few years beyond, continue upwards albeit with a slower trajectory than 2020/21 and probably with a few short, sharp up and down spikes on the way.

The bottom line is, ensure that any house move that you intend to make is something that you can afford, allow for future rises in interest rates and make plans for as many eventualities as possible. Do that, and you should be just fine.



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