



RYAN POWLER HOUSE PRICES LEAD STORY NEWS 21/09/2023

UK house price growth slowed in April, average price at £286,000

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April 2023 data from the HM Land Registry (HMLR) indicates that average UK house prices increased by 3.5% in the year to April 2023, down from 4.1% in the previous 12 months, and significantly below the recent peak annual inflation of 14.2% in July 2022.

The average house price in the UK now stands at £286,000, a £9,000 increase from a year ago, but £7,000 lower than the peak recorded in September 2022.

The provisional seasonally adjusted estimate for UK residential transactions in April 2023 was 82,120, a figure that is 25% lower than the revised estimate for April 2022, and 8% lower than the provisional estimate for March 2023.

These figures indicate a slowdown in the housing market since the recent peaks, likely affected by the Covid-19 pandemic.

Regionally, the North East saw the highest annual house price inflation at 5.5%, while London's annual house price inflation was the lowest at 2.4%. Despite the slower growth, London maintains the highest average house prices in the UK at £534,000. The North East has the lowest average house price, standing at £160,000 in April 2023.

In terms of countries within the UK, England saw a 3.7% increase in average house prices to £306,000, Scotland recorded a 2.0% rise to £187,000, and Wales also saw a 2.0% increase, bringing its average house price to £213,000.

Northern Ireland's average house price rose by 5.0% to £172,000, maintaining its position as the most affordable country in the UK to buy a property.

Reaction

Emma Hollingworth, managing director of mortgages at MPowered Mortgages:

"The latest figures from the ONS House Price Index reflect buyers' confidence being hit by the upheaval in mortgage rates over the past few weeks. With inflation remaining persistent, consumers will continue to bear the brunt for the foreseeable future, and this will only heighten fears amongst homeowners struggling to manage higher borrowing costs.

"Despite the market beginning to settle in Spring, the expected rise in interest rates from the BoE tomorrow will ultimately undermine demand, particularly for first-time buyers and those with fixed rate deals coming to an end. However, with unemployment levels close to record lows, we can expect this provide some reassurance to the market.

"At MPowered Mortgages, we are committed to enhancing the mortgage application process for all involved. Using our AI-enabled solutions, we provide brokers more time to advise clients on the most suitable product for their needs giving the consumer greater certainty in a volatile market."

Jamie Elvin, director at Brighton-based Strive Mortgages:

"Following the dire inflation data published on Wednesday, the future for the property market feels very uncertain. Expect the base rate to rise to 5.5% or 5.75% by the end of the year, potentially even higher.

"I fear for the property market, and a house price crash seems inevitable at this point. We have a ticking time bomb where 1.4m borrowers will see an end to their low fixed rates this year, and the impact will be devastating."

Bob Singh of Uxbridge-based mortgage broker, Chess Mortgages:

"This latest house price data shows the ongoing pressure the property market is under, and doesn't even reflect the mortgage market mayhem of the past month or so.

"A base rate increase of 0.5% on Thursday now looks like a nailed-on certainty and this will add to the recent volatility we have been seeing in the mortgage market. It will also likely put downward pressure on the demand for property, and therefore house prices."

Lewis Shaw, founder of Mansfield-based Shaw Financial Services:

"After Wednesday's inflation data, the Bank of England will be under enormous pressure to hike rates tomorrow, almost certainly by 0.50%. The knock-on effect is that mortgage rates will continue to soar and the pain for households will intensify. With mortgage rates already at the most painful level since the 90s, we can expect a slowdown in the property market and house prices are now well and truly in the crosshairs."

Gareth Davies, director at Southampton-based broker, South Coast Mortgage Services:

"With inflation proving more stubborn than first thought, it's nailed-on that the base rate will increase once again on Thursday, which will clearly impact the property market and potentially weaken demand. Mortgage brokers feel like the grim reaper right now. We are constantly having to tell people that their biggest debt is about to jump by hundred of pounds or more a month, and there's little anyone can do about it."

Gary Bush, financial adviser at the Potters Bar-based MortgageShop.com:

"This latest inflation figure is terrible news for us all and sadly will start another mortgage rate crisis for at least the next month. We expect the Bank of England Monetary Policy Committee to increase the base rate at lunchtime tomorrow by at least 0.3%, leading mortgage applicants onto very tricky ground. However, while the market will slow, I don't think house prices are likely to crash with the continued shortage of decent properties on the market."

Graham Cox, founder of the Bristol-based broker, SelfEmployedMortgageHub.com:

"House prices continue to fall and I'm expecting them to fall even more sharply over the coming months.

It's a mathematical certainty now. Monthly drops of 1%-2% will become the norm. Extrapolate that out and we could easily see an annual decrease of 15% between now and next summer, perhaps 25% to summer 2025. And that's nominal prices. Adjusted for inflation, real price falls will be much greater."

Ross McMillan, owner at Glasgow-based [Blue Fish Mortgage Solutions](#):

"As the disappointing data from different sources is now beginning to collide, it feels like the thundery storms we have seen recently weather-wise are now inevitably going to hit the property market as well.

"The hope is that the deluge of negative data will be as similarly short-lived as the summer storms, but it would seem unlikely that they can be avoided over the next couple of months. However, despite the volatility, uncertainty and slight smell of fear that is permeating the UK currently, regional discrepancies and imbalances in performance will persist. With the imbalance between supply and demand still a key factor in the Scottish property market at least, a flatter rather than falling market is the more likely outcome for the remainder of 2023."

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