



Benham
& Reeves

Market Index Review
Q4, 2023

London's lettings & sales agent

The Benham and Reeves Market Index Review, Q4, 2023

Based on a geometric mean of all four existing data sets, the index from Benham and Reeves shows the average UK house price sat at £302,912 during the fourth quarter of 2023.

This marked a -0.6% quarterly decline, and the second consecutive quarter of negative house price growth in the UK. On an annual basis, the average UK house price also sat -1.4% lower in Q4 2023 versus Q4 2022.

In London, the current average house price in Q3 2023 was £563,459 having also declined by -0.9% versus the previous quarter.

As with the national picture, this is the second consecutive quarter of negative growth following a -0.2% reduction during Q3 2023, with London house prices also down -2.5% annually.

The UK



Average UK House Price:

£302,912

Quarterly Change:

-0.6%

Annual Change:

-1.4%

London



Average London House Price:

£563,459

Quarterly Change:

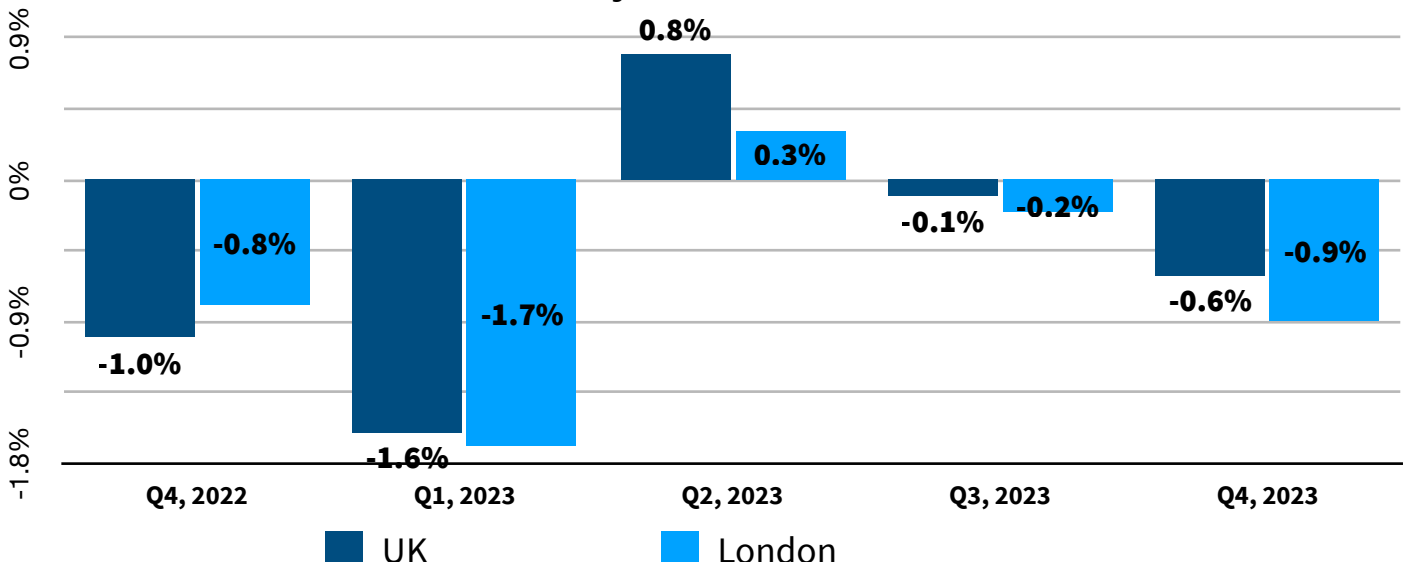
-0.9%

Annual Change:

-2.5%

The Benham and Reeves Property Market Index Review is a quarterly accumulation of house price data from the top four existing indices, providing the most comprehensive view of UK and London house price performance. It looks at where the average house price sits overall when taking into account mortgage approved house prices from Halifax and Nationwide, seller expectations via the Rightmove House Price Index, and sold prices from the UK House Price Index.

Quarterly House Price Growth

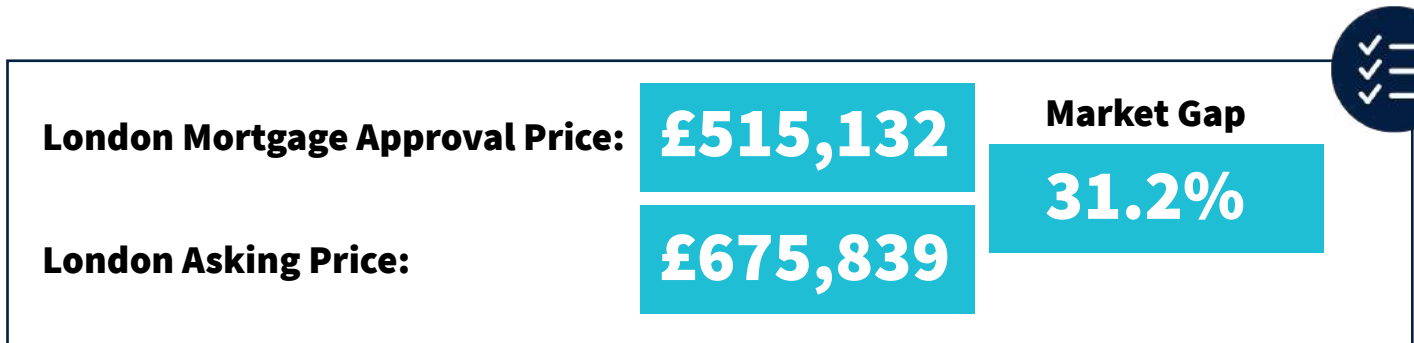
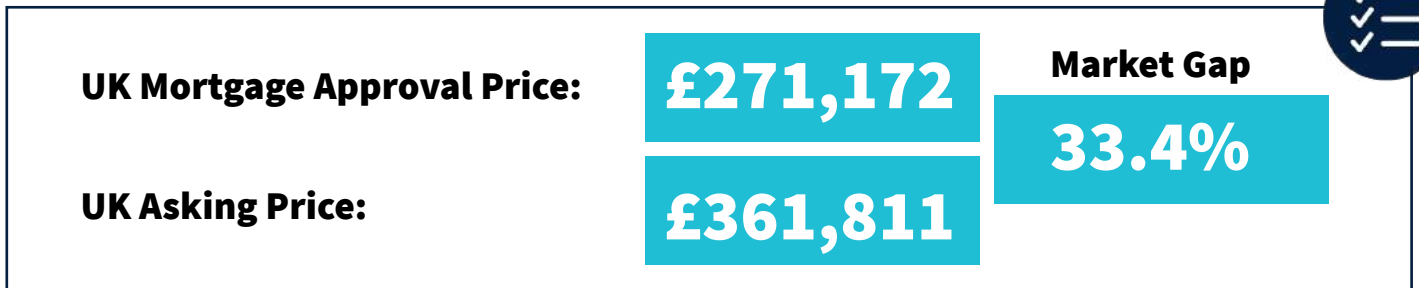


Mortgage Approval Price vs Asking Price

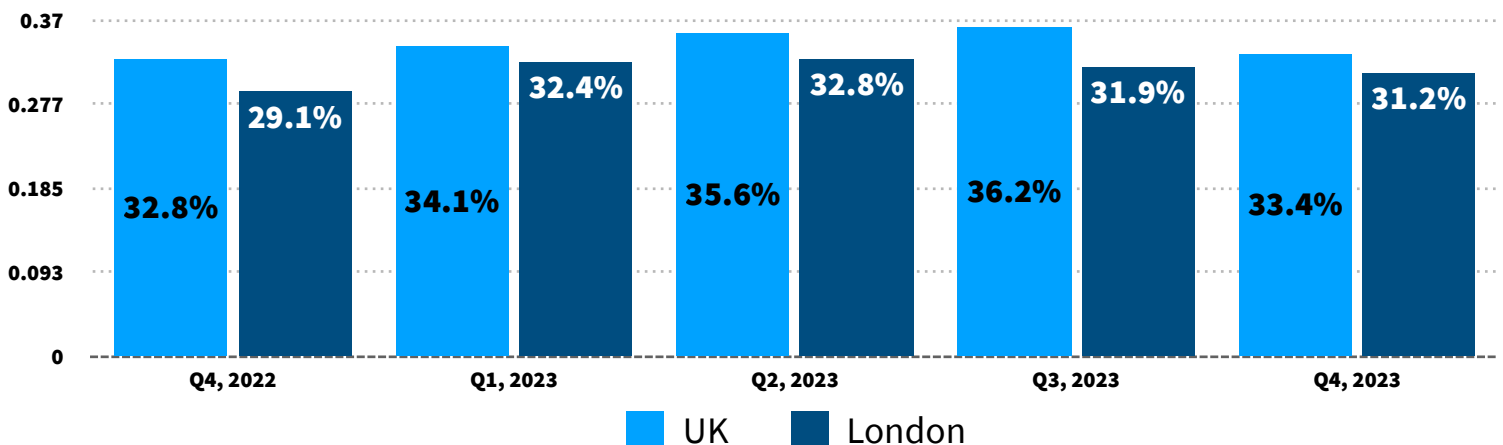
In Q4 2023, the market gap between the average mortgage approved price of a buyer (£271,172) and the asking price expectation of a seller (£361,811) fell to 33.4% across the UK.

This is the first time that this gap has narrowed since Q3 of 2022, suggesting that sellers are coming to terms with the reduced purchasing power of buyers in the face of higher mortgage rates and adjusting their own price expectations to secure a buyer.

In London, the gap between buyer (£515,132) and seller (£675,839) is 31.2% which also marks a quarterly narrowing. This is the second consecutive quarter that this gap has narrowed, again suggesting that London sellers are more willing to meet in the middle in order to secure a buyer.



Market Gap Between Mortgage Approval Price (Buyers) & Asking Price (Sellers)



Director, Marc von Grundherr

A further marginal cooling in house prices during the closing stages of last year was only to be expected given the ongoing headwinds of higher mortgage rates which continued to dampen market activity on the buyer side of the market.

The good news, it looks as though buyers and sellers are coming to terms with this new normal of higher borrowing costs, with both parties seemingly more willing to meet in the middle in order to progress with their plans to move.

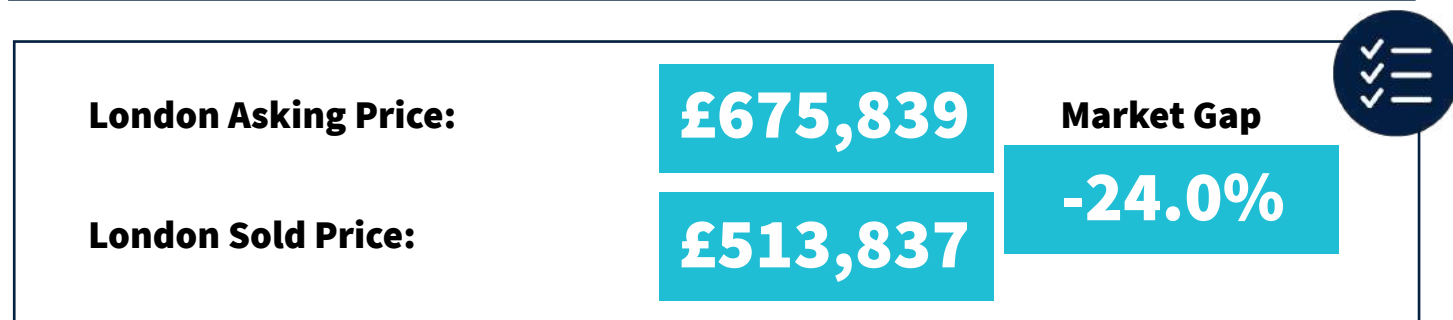
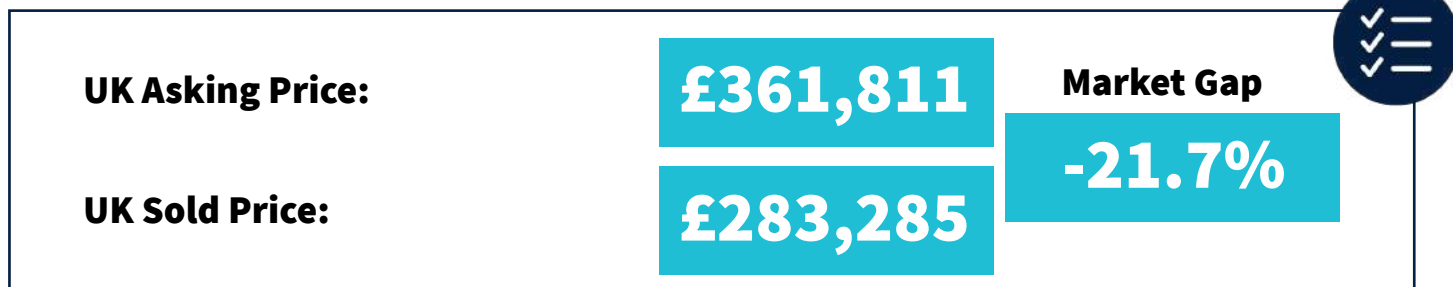
Asking Price vs Sold Price

The latest index by Benham and Reeves shows that the gap between the average UK asking price and the average sold price has continued to close.

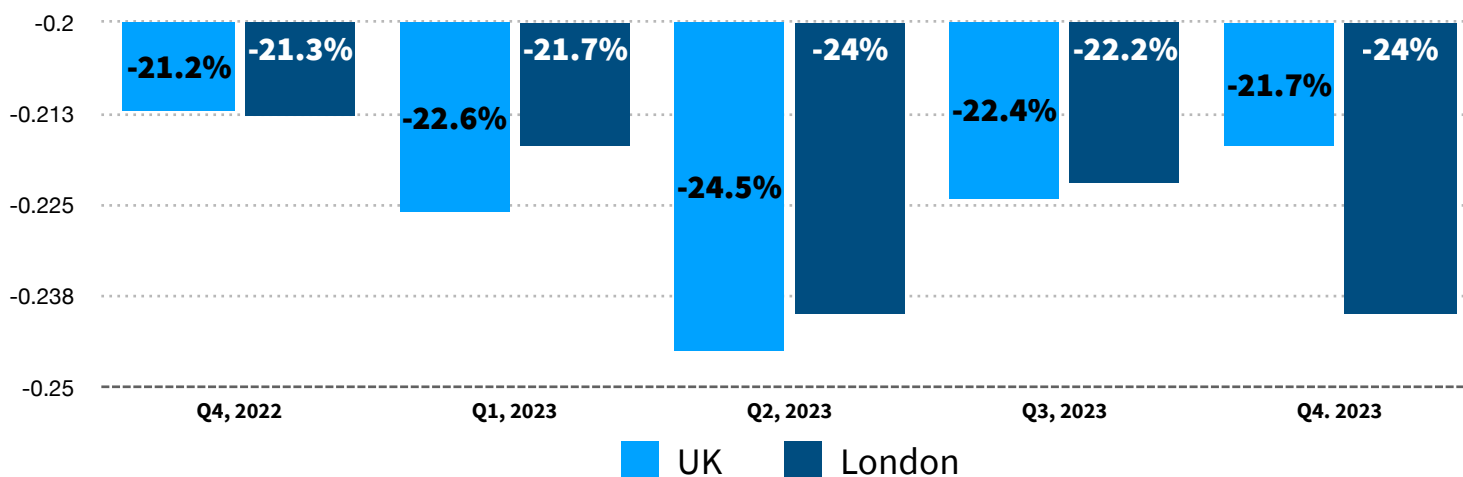
Across the UK, the average sold price in Q4 2023 stood at £283,285, -21.7% below the average asking price of £361,811. This is the second consecutive quarter that the gap has narrowed rather than expanded since Q4 2022.

In London, the gap between asking price and sold price sits at -24% having expanded on the previous quarter when it narrowed for the first time Q3 2022.

This suggests that London's sellers are more reluctant to reduce their asking price expectations in order to secure a buyer, instead opting to wait it out for a suitable offer.



Market Gap Between Asking Price (Sellers) & Sold Price (Buyer)



Director, Marc von Grundherr

Interestingly, London's sellers have been less willing to adjust their expectations and while this may have resulted in a reduction in overall market activity across the capital, those who do secure a buyer are doing so at a higher percentage of asking price.

It will be interesting to see how the market performs over the year ahead, with mortgage market activity and house prices already starting to regain momentum. Such early signs of returning market health suggest that the gap between asking prices and sold prices could soon start to climb once again, as more buyers look to out bid each other for what stock is available on the market.

London

Canary Wharf
City
Colindale
Dartmouth Park
Ealing
Fulham
Hammersmith
Hampstead
Highgate
Hyde Park
Kensington
Kew

Knightsbridge
Nine Elms
Shoreditch
Southall
Surrey Quays
Wapping
Wembley
White City
Woolwich

International

China
Hong Kong
India
Israel
Malaysia
Middle East
Pakistan
Qatar
Singapore
South Africa
Thailand
Turkey

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**Latest data may differ when compared to previous index versions. This is the result of revisions and changes to historic prices. For example, data has been revised accordingly to reflect revisions to the UK HPI which arise as the given index is re-calculated to incorporate additional transactions over time.*