



Market Index Review **Q1, 2023**

London's lettings & sales agent

The Benham and Reeves Market Index Review, Q1, 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 £305,646 for the first quarter of 2023.

This marked a -1.2% drop on the final quarter of 2022, a second consecutive quarterly drop with prices having fallen by -0.7% between Q3 and Q4 of 2022. The first quarterly declines seen since the final quarter of 2019 before the pandemic market boom began. However, the index from Benham and Reeves shows that house prices remain 3.6% higher on an annual basis.

In London, the current average house price is £569,522, having also fallen for a second quarter in a row, down -1.6% versus Q4, 2022. However, house prices remain 1.8% higher across the capital on an annual basis.

The UK

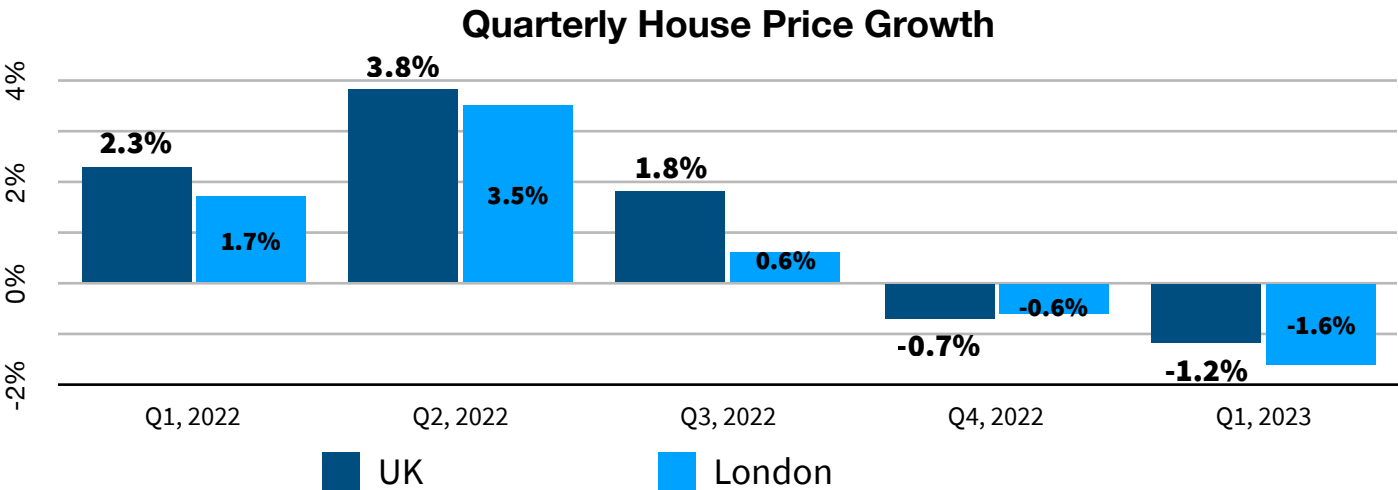


London



The Benham and Reeves Market Index Review is based on data from the top four existing indices. It looks at where the average house price sits overall when taking into account homebuyer house prices from Halifax and Nationwide, seller expectations via the Rightmove House Price Index, and sold prices from the UK House Price Index.

It also highlights how the gap has changed between buyers and seller expectation, as well as asking price and actual sales price, on a quarterly basis across London and the UK.



Mortgage Approval Price vs Asking Price

The market gap between the mortgage approved price of a buyer (£271,098) and the asking price expectations of a seller (£363,416) has increased to 34.1% across the UK, the largest gap seen since the third quarter of 2020.

This suggests that not only are buyers treading with greater caution due to the higher cost of borrowing, but sellers are yet to come to terms with a cooling market when setting their asking price.

In London, the gap between buyer (£511,293) and seller (£676,707) sits 32.4%, the largest gap seen since Q1, 2020.

UK Mortgage Approval Price:

£271,098

UK Asking Price:

£363,416

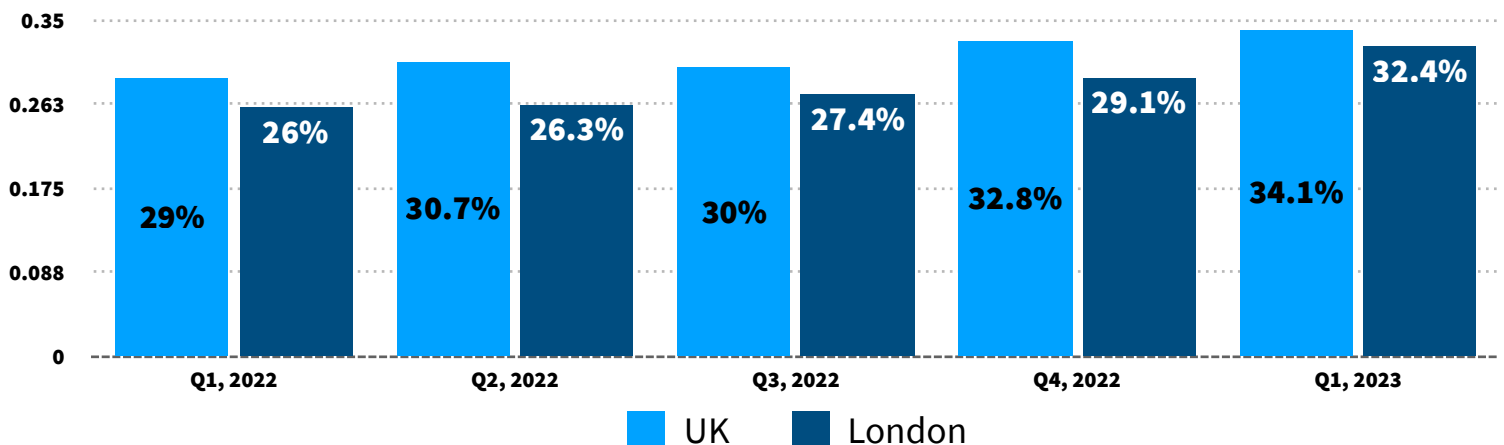
London Mortgage Approval Price:

£511,293

London Asking Price:

£676,707

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



Director, Marc von Grundherr

“Following a prolonged period of unprecedented house price growth, we’ve continued to see a gradual return to normality in 2023, with a second quarterly reduction in the average value of a home across both the UK and London markets.

What’s also clear is that buyers simply aren’t acting with the same intent following a sustained period of interest rate hikes, but we’re yet to see sellers fully accept this change in the landscape, with the gap between buyer purchasing power and seller asking prices at its largest since the third quarter of 2020.”

Asking Price vs Sold Price

This mismatch between seller expectation and the reality of current market conditions is also clear when analysing the gap between the average asking price and the average sold price.

Across the UK, the average sold price of £289,818 currently sits -20.3% below the average asking price of £363,416. This gap has increased on a quarterly basis, up from 19.7% during the final quarter of 2022.

In London, the gap between asking price and sold price sits at -21.1% having also increased over the last two quarters.

UK Asking Price:

UK Sold Price:

✓✓✓

✓✓✓

£363,416

£289,818

London Asking Price:

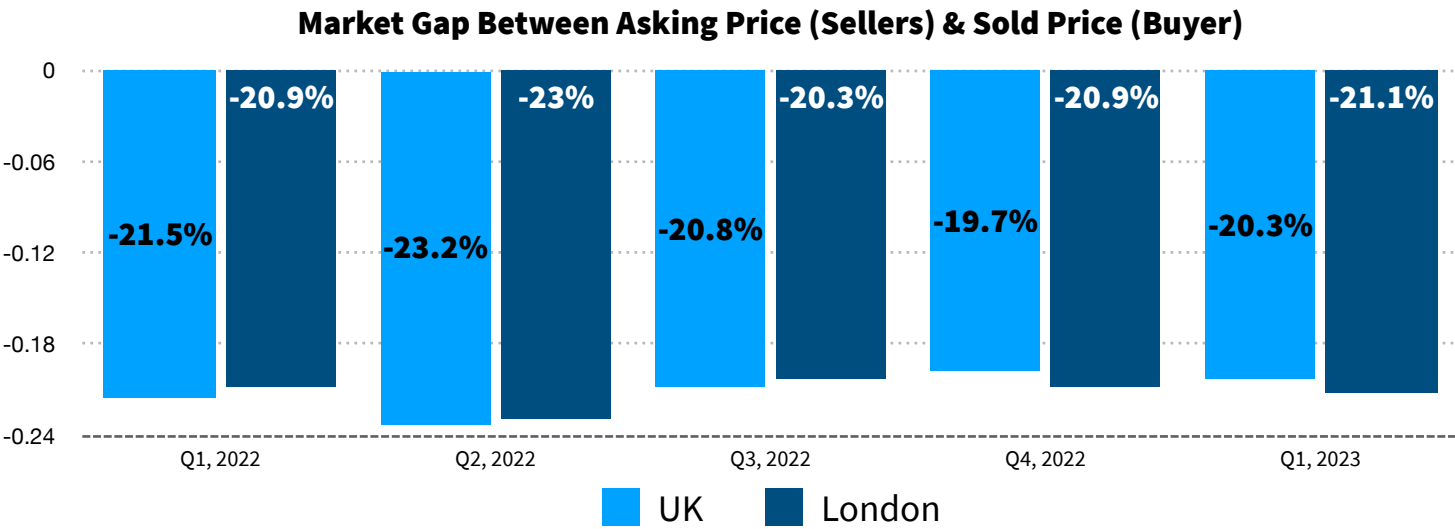
London Sold Price:

✓✓✓

✓✓✓

£676,707

£533,986



Director, Marc von Grundherr

“The result of this current market imbalance is also reflected in the sold price to asking price balance, with this gap widening so far this year as buyers refuse to overstretch to secure their desired property.

While we expect this trend will persist over the course of the year as sellers adjust to the reality of current market conditions, we don’t predict any notable reduction in property values, rather a soft landing.”

Offices

London

| | | |
|----------------|---------------|--------------|
| Canary Wharf | Hampstead | Nine Elms |
| City of London | Highgate | Shoreditch |
| Colindale | Hyde Park | Surrey Quays |
| Dartmouth Park | Kensington | Wapping |
| Ealing | Kew | Wembley |
| Fulham | Knightsbridge | White City |
| Hammersmith | | Woolwich |

International

| | |
|-----------|--------------|
| China | Middle East |
| Hong Kong | Pakistan |
| India | Singapore |
| Israel | South Africa |
| Malaysia | Turkey |