



Benham
& Reeves

Market Index Review
Q2, 2023

London's lettings & sales agent

*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.

The Benham and Reeves Market Index Review, Q2, 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 £307,191 for the second quarter of 2023.

This marked a 1% increase on the first quarter of this year and the first quarterly increase seen since Q3 of 2022. However, the index from Benham and Reeves also shows that annual house price growth has slowed to 0.4%, the lowest annual rate since their index began in 2018.

In London, the current average house price is £572,230, also recording the first quarterly increase since Q3 of last year at 0.8%. However, house prices across the capital have fallen -1.1% year on year, the first annual decline seen since the final quarter of 2019.

The UK



Average UK House Price:

£307,191

Quarterly Change:

1.0%

Annual Change:

0.4%

London



Average London House Price:

£572,230

Quarterly Change:

0.8%

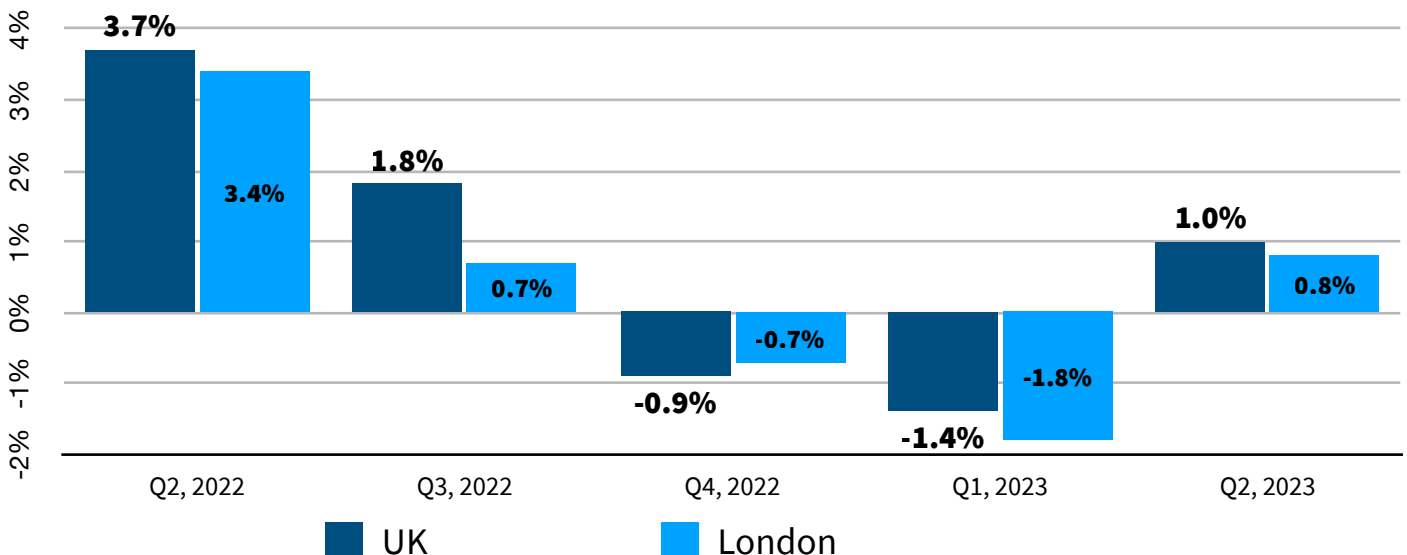
Annual Change:

-1.1%

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.

Quarterly House Price Growth



Mortgage Approval Price vs Asking Price

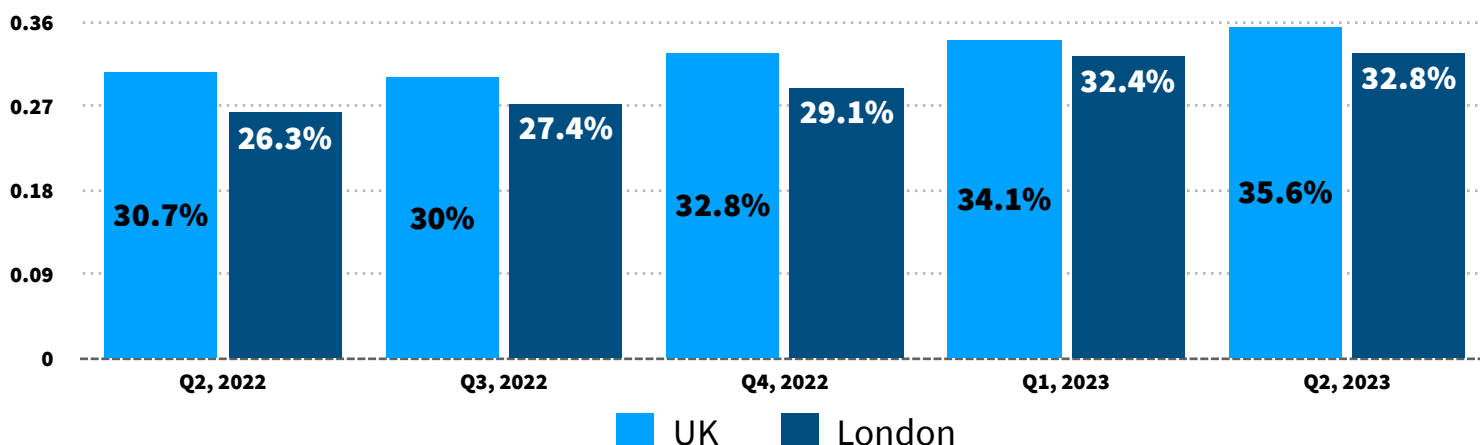
The market gap between the mortgage approved price of a buyer (£271,431) and the asking price of a seller (£370,651) has increased to 35.6% across the UK during the second quarter of this year, the largest gap seen since the third quarter of 2020.

This suggests that not only have buyers reduced the sums they are borrowing in the face of increasing interest rates, but sellers are also yet to budge when it comes to their price expectations in the current market.

In London, the gap between buyer (£516,923) and seller (£686,271) sits at 32.8%, the largest gap seen since Q1, 2020.



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



Director, Marc von Grundherr

“It seems we have a market of cautious buyers coming up against optimistic sellers, and the gap in their expectations is widening.

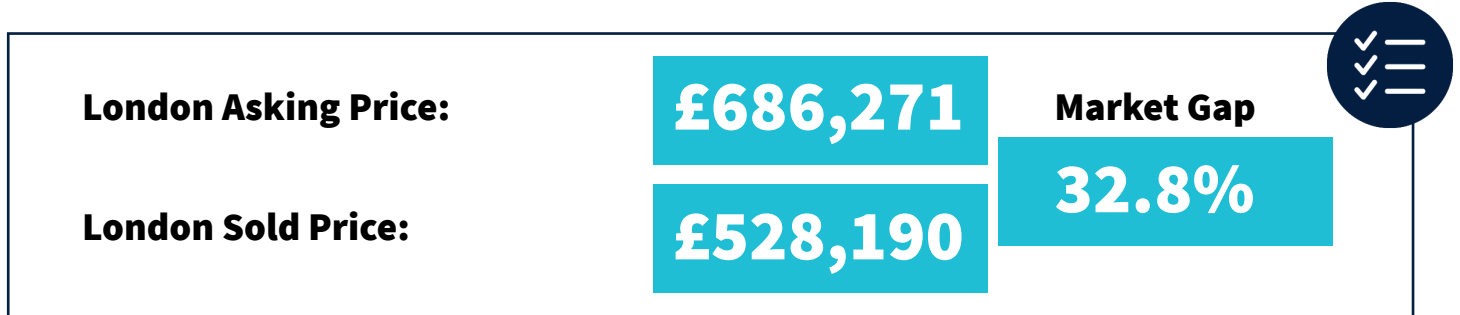
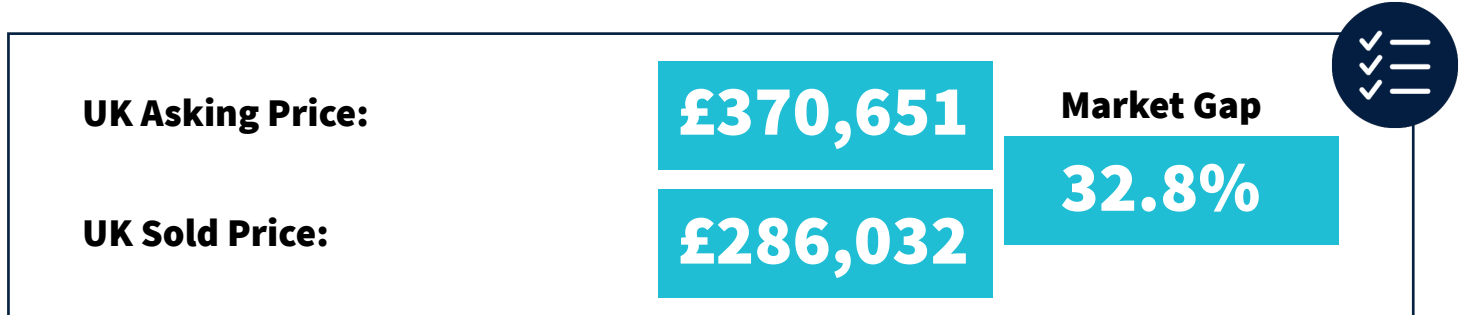
But it’s by no means unusual for sellers to want more than buyers are willing to give, so none of this is unexpected, especially while the cost of living and borrowing is so high.”

Asking Price vs Sold Price

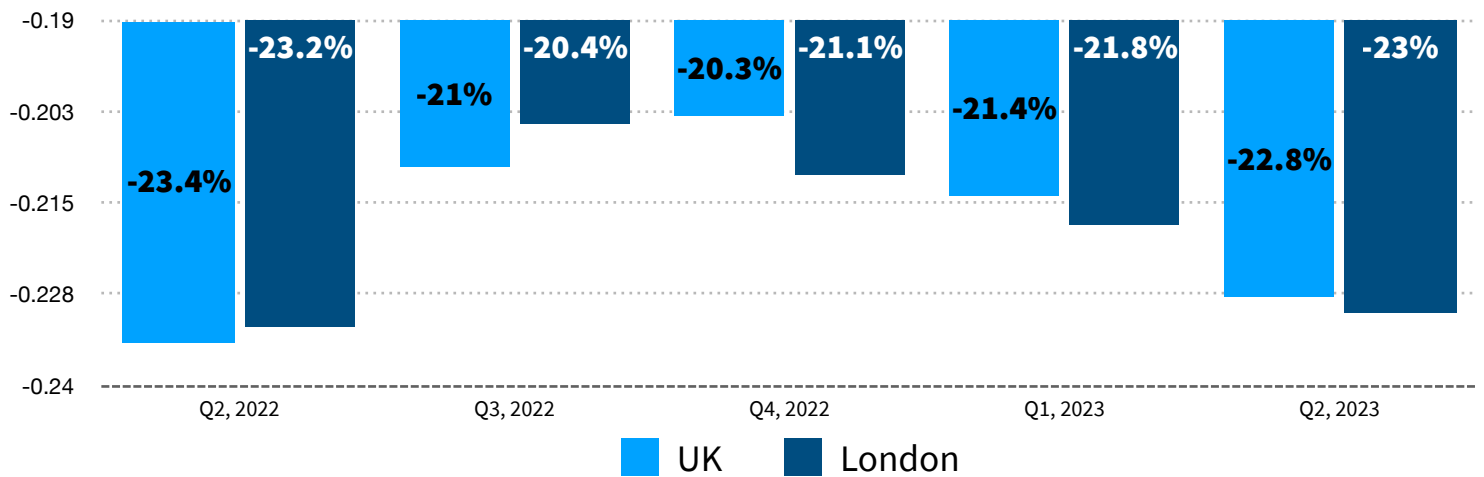
This mismatch between seller expectation and the reality of current market conditions remains clear when analysing the gap between the average asking price and the average sold price.

Across the UK, the average sold price of £286,032 currently sits -22.8% below the average asking price of £370,651. This gap has increased on a quarterly basis, up from 21.4% during previous quarter, and is the largest seen since this time last year.

In London, the gap between asking price and sold price sits at -23% having also increased every quarter since Q3 of last year.



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



Director, Marc von Grundherr

With interest rates climbing, buyers will continue to demonstrate a reluctance to overstretch and, as a result, the gap between seller expectation and market reality is likely to widen further.

However, the house price crash predicted by many experts following the disastrous mini-budget simply hasn't materialised and we expect the market to stand firm over the mid to long-term."

Offices

London

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

International

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