

A photograph of a street in London, likely in the City of Westminster, showing historic brick buildings with ornate balconies and a street with cars. The Benham & Reeves logo is overlaid on the image.

**Benham
& Reeves**
Market Index Review
Q3, 2023

London's lettings & sales agent

The Benham and Reeves Market Index Review, Q3, 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 £306,462 during the third quarter of 2023.

This marked a 0.1% quarterly increase, and the second consecutive quarter of positive house price growth in the UK. However, despite this growing market momentum, the market is yet to bounce back on an annual basis, with the average house price sitting -1.6% lower than it was in Q3 2022.

In London, the current average house price in Q3 2023 was £569,566 having also increased by 0.1% versus the previous quarter. As with the national picture, this is the second consecutive quarter of growth following declines in Q4 2022 (-0.8%) and Q1 2023 (-1.9%). Despite these quarterly gains, London's average house price also remains down on an annual basis, sitting -2.2% below Q3 2022.

The UK



Average UK House Price:

£306,462

Quarterly Change:

0.1%

Annual Change:

-1.6%

London



Average London House Price:

£569,566

Quarterly Change:

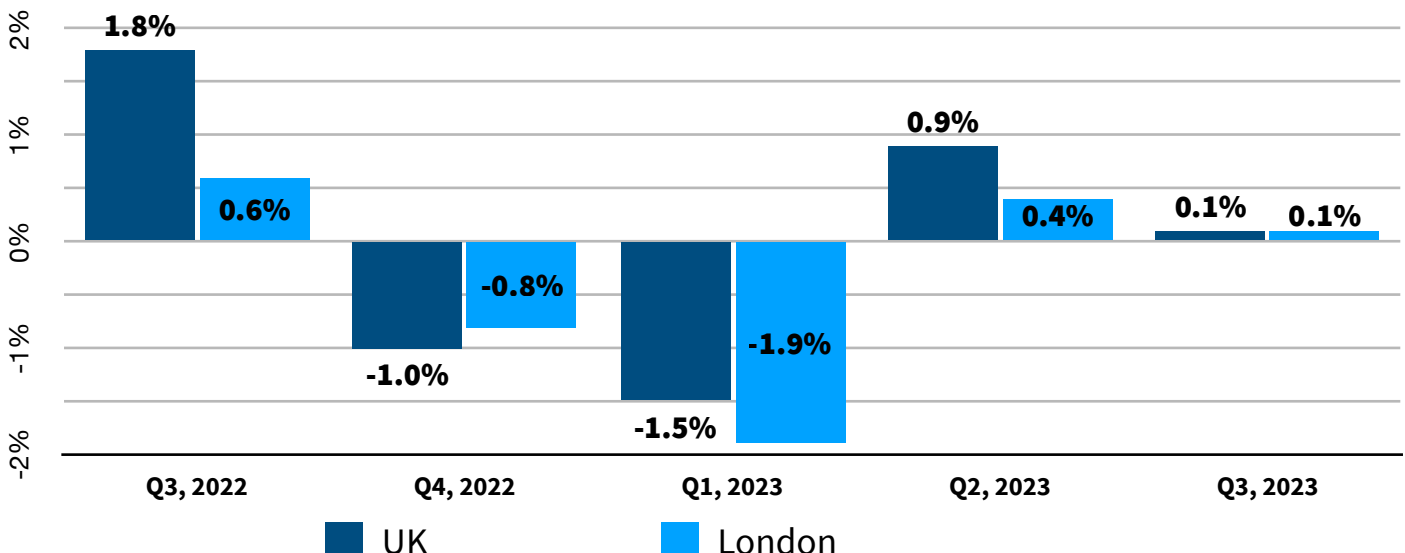
0.1%

Annual Change:

-2.2%

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



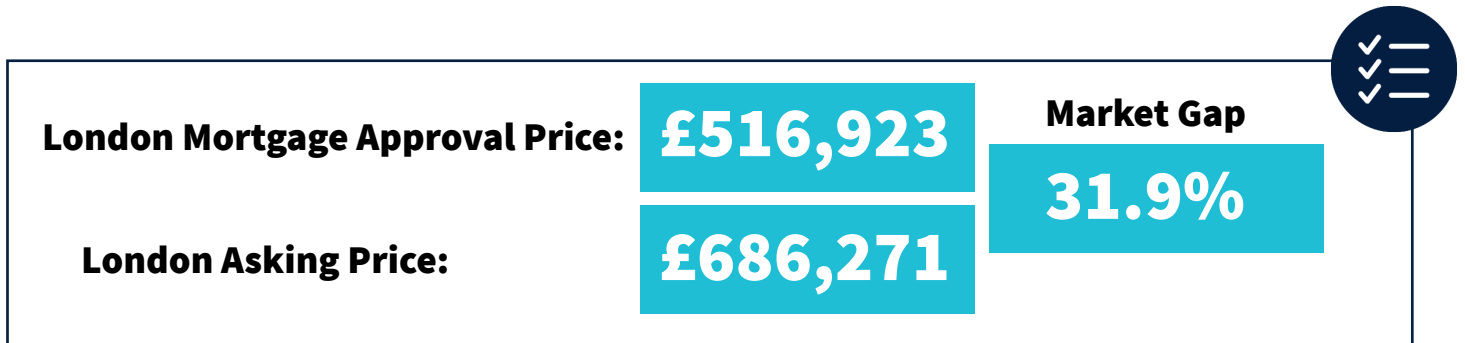
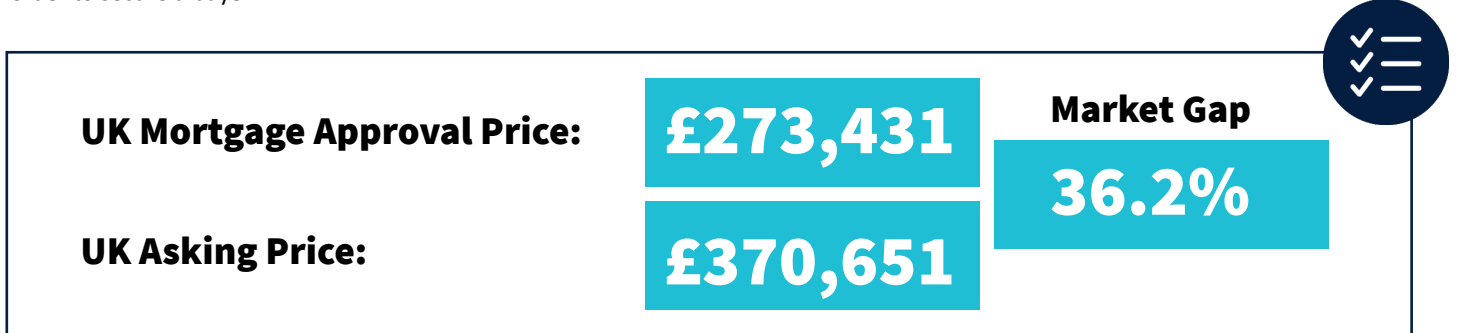
Mortgage Approval Price vs Asking Price

In Q3 2023, the market gap between the average mortgage approved price of a buyer (£270,013) and the asking price expectation of a seller (£367,694) increased to 36.2% across the UK. This is 0.7% higher than the previous quarter, and the largest gap seen since Q3 2020.

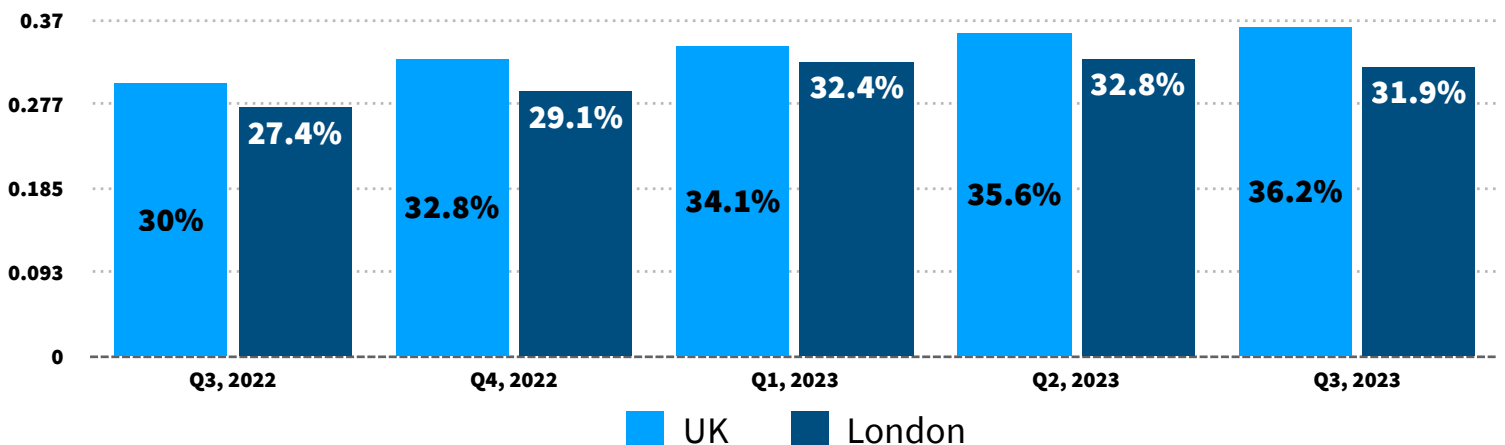
It's also worth noting that this average mortgage approval of £270,013 is the lowest it has been since Q1 2022.

This is the fourth consecutive quarter to see the gap increase, and suggests that while buyers have reduced the amount they're willing to borrow during a period of high interest rates, sellers aren't reducing their asking price expectations at the same rate.

In London, the gap between buyer (£514,325) and seller (£678,176) is 31.9% which actually marks a quarterly narrowing of the gap by almost -1% following five consecutive quarters of widening. This suggests 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

Our latest market analysis suggests that buyers are still trading with caution and borrowing less in the face of higher interest rates, while sellers aren't quite adjusting their asking price expectations to the same extent.

As a result, the gap between mortgage approved house prices and asking prices has actually widened to its largest since 2020.

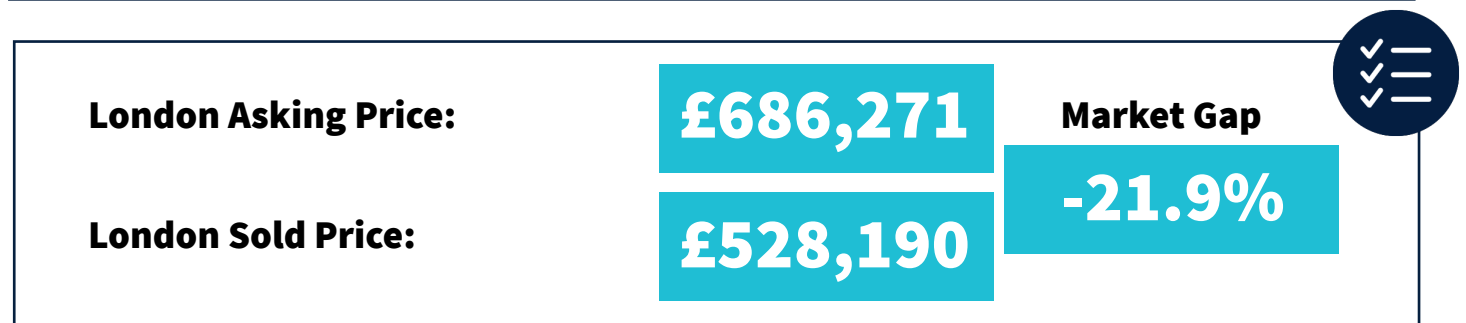
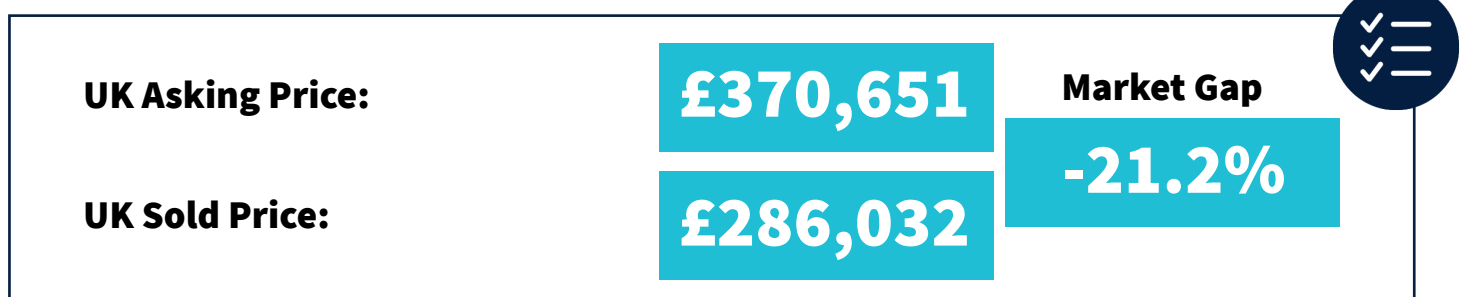
Asking Price vs Sold Price

The latest index by Benham and Reeves shows that the gap between the average UK asking price and the average sold price is, perhaps surprisingly, starting to close.

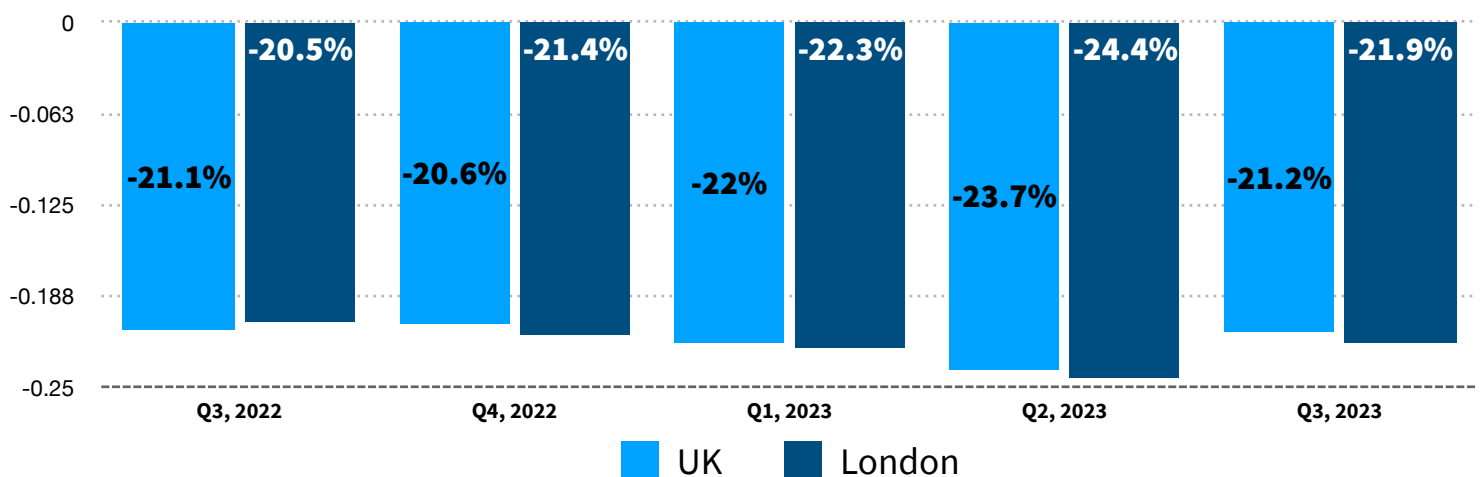
Across the UK, the average sold price in Q3 2023 stood at £289,907, -21.2% below the average asking price of £367,694. While this remains a significant gap, it is the first time the gap has narrowed rather than expanded since Q4 2022.

In London, the gap between asking price and sold price sits at -21.9% having also narrowed for the first time in a year.

This suggests that while buyers may be initially borrowing less, they are willing to improve their offer for the right home, while stubborn sellers are having to stomach a smaller reduction in asking price when they do find a buyer in a proceedable position.



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



Director, Marc von Grundherr

Those buyers who are committing to a purchase are still paying a good price for their desired homes. In fact, across both London and the wider UK market, the gap between asking prices and sold prices narrowed for the first time during the third quarter, demonstrating that while patience is certainly a virtue, it remains a great time to sell.

With interest rates expected to ease off in 2024, we should see buyers gaining more confidence and coming to market with slightly deeper pockets which should go some way to closing the gap even further.

Once again, the house price crash that so many experts said was an inevitability appears to have been averted and we fully expect the market to go from strength to strength as we move into 2024.

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

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Hong Kong
India
Israel
Malaysia
Middle East
Pakistan
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