## Benham Reeves Market Index Review Q4, 2019

London's lettings & sales agent

#### The Benham and Reeves Market Index Review, Q4 2019

The Benham and Reeves Market Index Review is based on data from the top four existing indices, looking at where the average house price sits and how the gap has changed between buyers and seller expectation and asking price and actual sales price, on a quarterly basis across London and the UK.



Based on a geometric mean of all four existing data sets, Benham and Reeves puts the current average UK house price at £251,912 for the fourth quarter of 2019, down -0.2% on the previous quarter and up 1.4% annually. In London, the current average is £511,166 with a decline in the rate of growth across the capital, although has slowed.



#### **Quarterly House Price Growth**

#### **Mortgage Approval Price vs Asking Price**

While slower market conditions have caused sellers to reduce their asking price expectations, there is still a notable difference between the average price approved via the big mortgage lenders and the asking price of properties for sale on the market.



The jump between the average mortgage approval price and the average asking price is now at 35%, the smallest gap since the start of 2018. While sellers have reduced asking prices by a further 1% when compared to the previous quarter, the average mortgage approval price has also increased by 0.3% during the same time frame, helping to close the gap in expectation between buyer and seller.



#### Percentage Difference Between Mortgage Approval & Asking Price (%)



Director, Marc von Grundherr It's only natural that asking prices will remain at a higher level than the average mortgage approval or sold price but it's interesting to see that months of Brexit uncertainty had started to bring this difference in buyer and seller expectations closer together.

As buyers committed to slightly more in the way of a mortgage approval price to take advantage of lower market values and lower interest rates, sellers realised they had to lower asking expectations to secure a deal in tough market conditions.

#### **Asking Price vs Sold Price**

An uplift in sold prices following December's election bounce has also helped close the gap between seller expectation and reality, albeit marginally.



As a result, the average UK sold price is now -22.8% lower than the average asking price and -21.5% lower in the capital. Although still a notable difference, this is again the smallest gap registered so far this year at both national level and in London. However, with such an explosion of market activity following returning political stability, an increase in demand is likely to push asking prices up over the coming year. While sold prices should also benefit as a result, it is likely the asking price expectation gap will once again increase.



Percentage Difference Between Asking Price & Sold Price (%)



Tough market conditions have seen the gap close between the asking price expected and the sold price accepted.

However, with a huge spike in activity following December's election, we will no doubt see asking prices start to lift once again, as UK sellers look to take advantage of returning buyer demand.

Director, Marc von Grundherr

While this asking price expectation will always be higher than the reality of the average sold price, an optimistic increase in a stronger market places sellers in a better position to negotiate a stronger sale price before accepting an offer.

Benham and Reeves House Price Index UK								
2018	Q1	£245,074	-					
	Q2	£248,245	1.3%					
	Q3	£250,244	0.8%					
	Q4	£248,513	-0.7%					
2019	Q1	£247,463	-0.4%	1.0%				
	Q2	£251,682	1.7%	1.4%				
	Q3	£252,487	0.3%	0.9%				
	Q4	£251,912	-0.2%	1.4%				
		London						
Year Quarter		Average House Price	Quarterly Change	Annual Change				
2018	Q1	£519,238	-					
	Q2	£520,412	0.2%					
	Q3	£517,059	-0.6%					
	Q4	£514,976	-0.4%					
2019	Q1	£504,731	-2.0%	-2.8%				
	Q2	£512,193	1.5%	-1.6%				
	Q3	£513,180	0.2%	-0.8%				
	Q4	£511,166	-0.4%	-0.7%				

	UK							
Year	Quarter	Mortgage Approvals	< Difference >	Asking Price	< Difference >	Sold Price		
2018	Q1	£218,231	37.8%	£300,684	-25.4%	£224,319		
2018	Q2	£219,116	40.4%	£307,745	-26.3%	£226,869		
2018	Q3	£221,959	37.4%	£305,060	-24.1%	£231,438		
2018	Q4	£220,522	37.1%	£302,239	-23.8%	£230,274		
2019	Q1	£221,578	35.6%	£300,481	-24.3%	£227,608		
2019	Q2	£225,987	36.2%	£307,691	-25.5%	£229,276		
2019	Q3	£224,490	36.5%	£306,321	-23.6%	£234,074		
2019	Q4	£225,188	34.6%	£303,182	-22.8%	£234,167		
	London							
Year	Quarter	Mortgage Approvals	< Difference >	Asking Price	< Difference >	Sold Price		
2018	Q1	£473,776	30.8%	£619,905	-23.1%	£476,653		
2018	Q2	£468,845	34.0%	£628,174	-23.8%	£478,555		
2018	Q3	£468,544	31.2%	£614,537	-21.9%	£480,090		
2018	Q4	£466,988	31.5%	£614,044	-22.4%	£476,273		
2019	Q1	£455,594	32.8%	£605,178	-22.9%	£466,356		
2019	Q2	£465,722	32.7%	£618,232	-24.5%	£466,683		
2019	Q3	£460,686	33.1%	£612,967	-21.9%	£478,594		
2019	Q4	£458,363	32.9%	£609,315	-21.5%	£478,227		

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