

reallymoving House Price Forecast

January 2022: House price falls in February and March could signal end of market frenzy

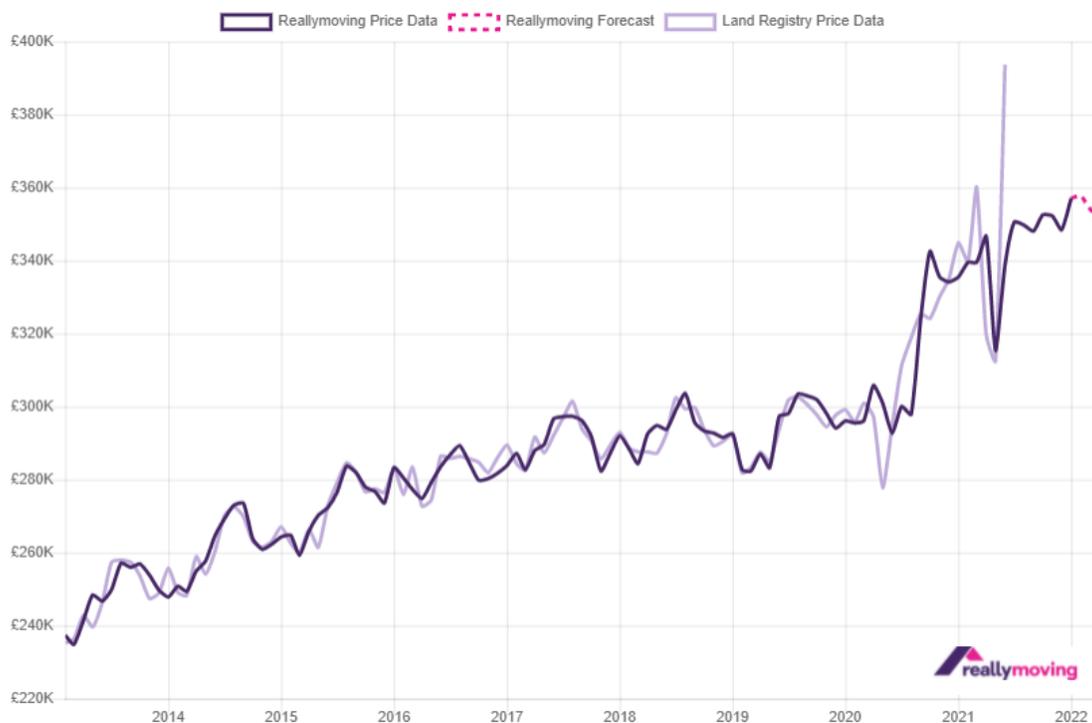
- Average property prices in England and Wales are set to decline by 1.6% over next three months
- A rise of 0.2% in February will be followed by falls of -0.9% in March and -0.8% in April
- Strong New Year buyer demand reported on the portals has not yet translated through to transactions
- Annual growth will remain positive, but will slow to +1.4% in April – the lowest rate in 20 months
- Rising borrowing costs and inflation could already be impacting buyer decision making

Month	Average price agreed	Monthly change %	Annual change %
December 2021	£348,440	-1.1%	+4.3%
January 2022	£357,071	+2.5%	+6.4%
February 2022	£357,768	+0.2%	+5.4%
March 2022	£354,393	-0.9%	+4.4%
April 2022	£351,418	-0.8%	+1.4%

House prices in England and Wales are set to fall in March and April based on deals already agreed between buyers and sellers, indicating that the post-lockdown property market boom may finally be running out of steam, reports the reallymoving House Price Forecast January 2022, released today.

Homebuyer activity at the start of the year has been strong, according to Rightmove and Zoopla, with record numbers of valuation requests and property searches suggesting the pandemic-driven 'race for space' continues to play out, yet it remains to be seen how much of this early home mover activity translates through to sales. Rising interest rates and concerns about inflation and the growing cost of living may already be having an impact on consumer sentiment, resulting in buyers agreeing to pay less for properties.

Graph 1: reallymoving House Price Index (England and Wales) including 3-month price forecast



Reallymoving captures the purchase price buyers have agreed to pay when they search for conveyancing quotes through the comparison site, typically 12 weeks before they complete. This enables reallymoving to provide a three-month house price forecast that historically has closely tracked the Land Registry's Price Paid data, published retrospectively (see graph above).

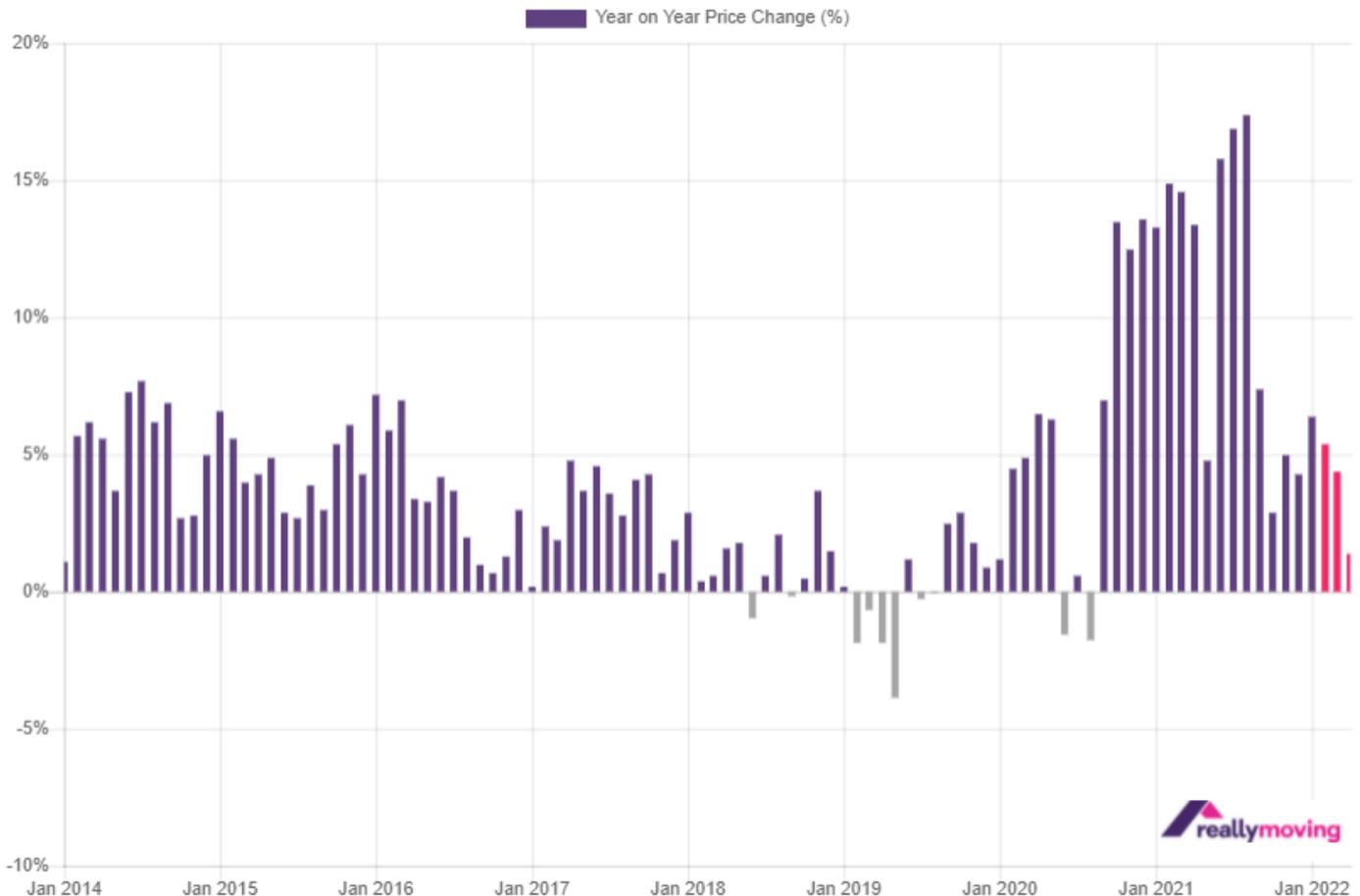
Monthly price changes

Based on deals agreed between buyers and sellers in the run up to Christmas and over the new year period, house prices will rise by 0.2% in February before falling 0.9% in March and a further 0.8% in April. Following news in early February of the second base rise in three months, taking interest rates to 0.5%, and growing concern over rising inflation and the cost of living, a decline in consumer confidence could put further downward pressure on house prices heading into the traditionally busy spring market.

Annual price changes

Annually, prices growth has remained positive since August 2020, a run of twenty months, with year on year increases of +5.4%, +4.4% and +1.4% forecast for February, March and April. Yet it's clear that the rate of growth is slowing, indicating the post-pandemic housing market rush could be coming to an end as the market enters a calmer period.

Graph 2: Year on Year average price changes (England and Wales) including 3-month forecast



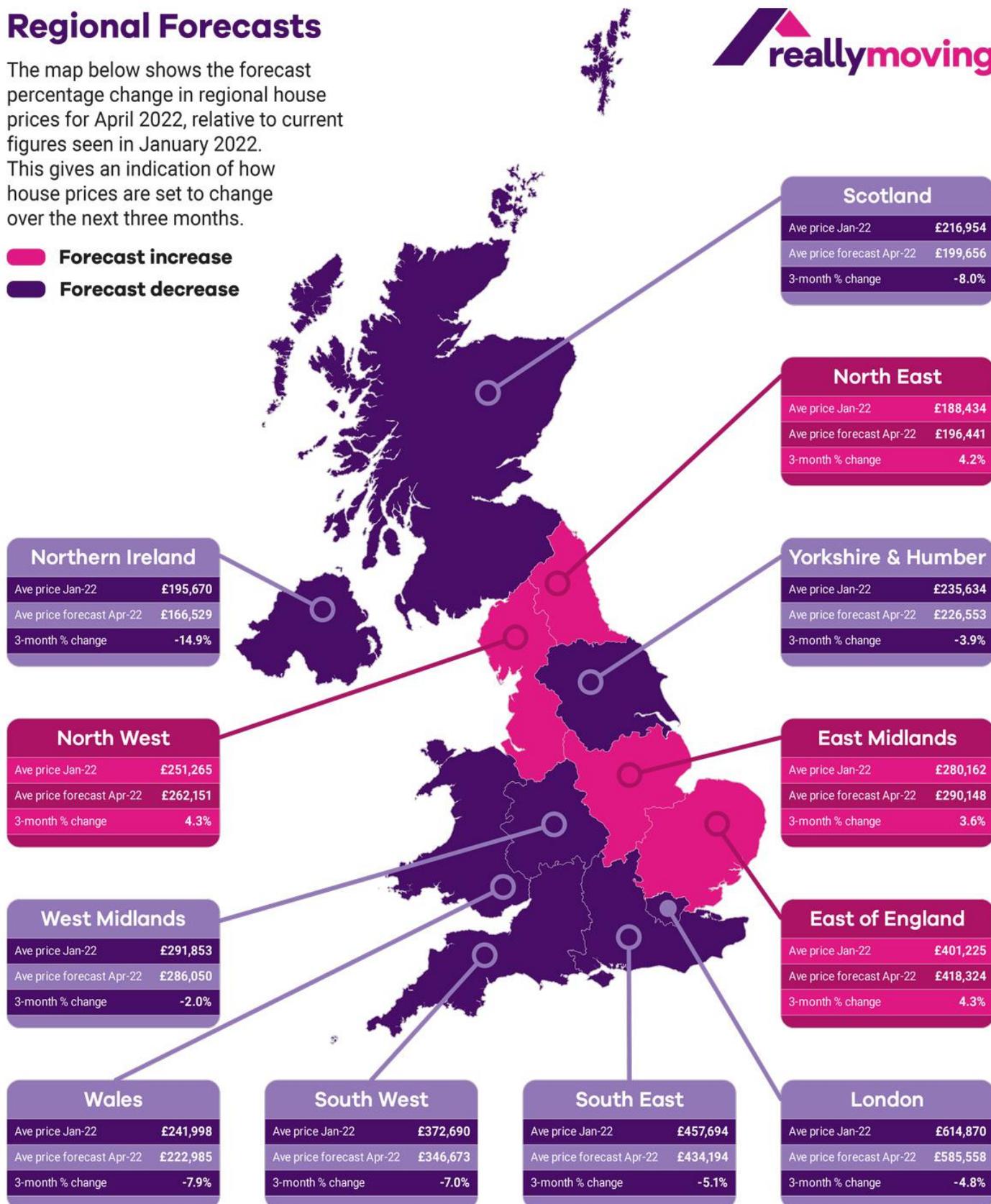
Regional Forecasts



The map below shows the forecast percentage change in regional house prices for April 2022, relative to current figures seen in January 2022.

This gives an indication of how house prices are set to change over the next three months.

- Forecast increase
- Forecast decrease

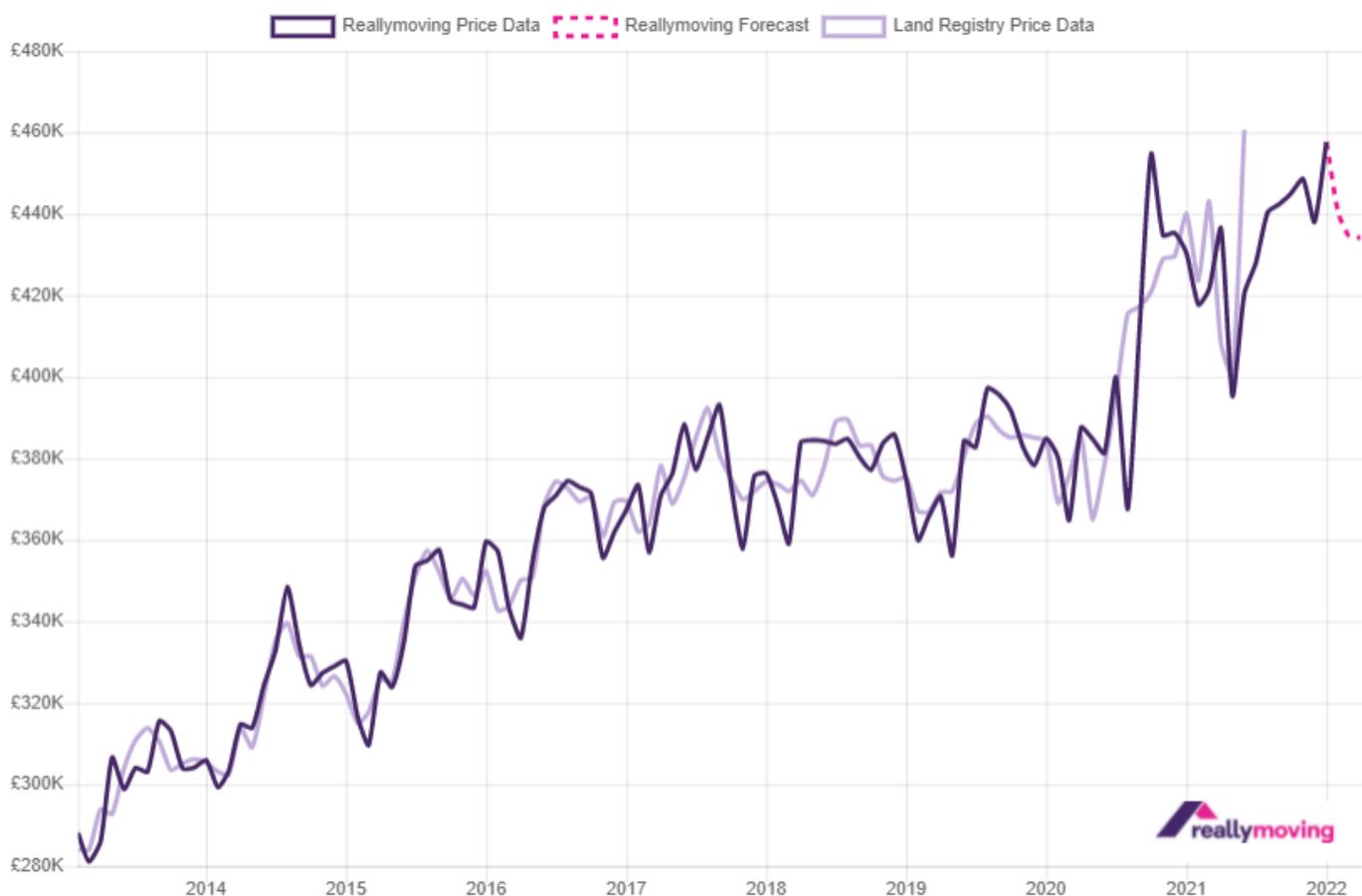


Regional 3-month price forecasts

The regional outlook presents a mixed picture over the next three months, with eight out of twelve regions expected to see a decline in average property prices. Significant falls are forecast in Scotland (-8%), Wales (-7.9%), the South West (-7%) and South East (-5.1%), all areas that have performed strongly throughout the pandemic. Conversely, the North West, North East, East of England and East Midlands are all set to see further price growth.

Reallymoving's online [House Price Forecast](#) is an interactive tool providing house price information and forecasts for every region of the UK alongside Land Registry Price Paid data. Highlighting the South East this month, average prices are set to fall by 3.8% in February, 1.3% in March and -0.1% in April, taking the average house price in the region from £457,694 to £434,194.

Graph 3: reallymoving House Price Index (South East) including 3-month price forecast



Analysis and Commentary

What does this mean for First Time Buyers?

Raising a deposit is as challenging as ever and any readjustment of the market this spring is unlikely to make affordability much less of a barrier in real terms. First Time Buyers numbers have been increasing recently, but they will be concerned about rising interest rates and the cost of living crisis on already stretched finances and the threat of tightening borrowing criteria by lenders. At the same time, rents are rising again, making it harder to save.

On the plus side, most First Time Buyers still benefit from paying no stamp duty and have exclusive access to the Help to Buy scheme, which has a further year to run. Those who have managed to save throughout the pandemic will be in a good position to move and lock in a cheap fixed-rate deal while they still can.

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Rob Houghton, CEO of reallymoving, comments: *“Falls in the average house price in March and April could indicate the beginning of a slowdown in the property market, but the rate of growth we’ve seen since the summer of 2020 couldn’t continue indefinitely and a return to a more stable footing would be good news for First Time Buyers in particular.*

“While growth in earnings fails to keep pace with the cost of living, worries about the inevitable squeeze on household finances will make some people think twice about moving and reluctant to take on more debt, which is why the shortage of homes for sale across the board could be an ongoing problem in 2022 – especially considering many of the people who would have sold this year brought their move forward to benefit from the stamp duty saving. Much will depend on the volume of new listings we see hitting the market this spring and the speed at which lenders push up the cost of fixed rate deals.”

-- ENDS --

Notes to Editors

About the reallymoving House Price Forecast

The Index, which launched in May 2019, uses average house prices calculated from data submitted on conveyancing quote forms at reallymoving.com. Registrations for conveyancing quotes are completed typically three months prior to the transaction date, giving reallymoving a unique perspective and forecast of house prices. As such, forecasted data for February to April 2022 is based on registrations from November 2021 to January 2022 respectively.

The data is mix adjusted but not seasonally adjusted. Seasonally adjusted data is available on request.

Reallymoving recognises that, as a price comparison site, its average user profile is skewed towards the lower end of the market. Therefore, forecast values are lifted by the average difference seen between reallymoving and Land Registry Price Paid data during the previous quarter. The difference is fairly constant in percentage terms.

Only non-commercial properties between £40,000 and £2,000,000 are included in the calculation, to account for errors in submitting the quote form.

Between November 2021 and January 2022, reallymoving analysed data from 15,000 completed conveyancing quote forms to form the basis of its average property price projections for February to April 2022.

About reallymoving

Launched in 1999, reallymoving has become the UK's leading provider of free instant quotes for home-moving services, serving over 2 million customers since its inception. It is an independent and privately financed company, majority owned by its management and directors.

During 2020 reallymoving received 280,000 registrations and generated almost a million quotes on behalf of its UK-wide network of partners, representing approximately £220 million worth of work in 12 months. Reallymoving believes approximately 9% of the UK's home movers receive quotes from the site.

Reallymoving provides instant quotes for Conveyancing, Surveys, Removals, Valuations, Home Reports (in Scotland) and Energy Performance Certificates.

Reallymoving also owns The Law Superstore, the comparison site for legal services.

www.reallymoving.com

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