

reallymoving House Price Forecast

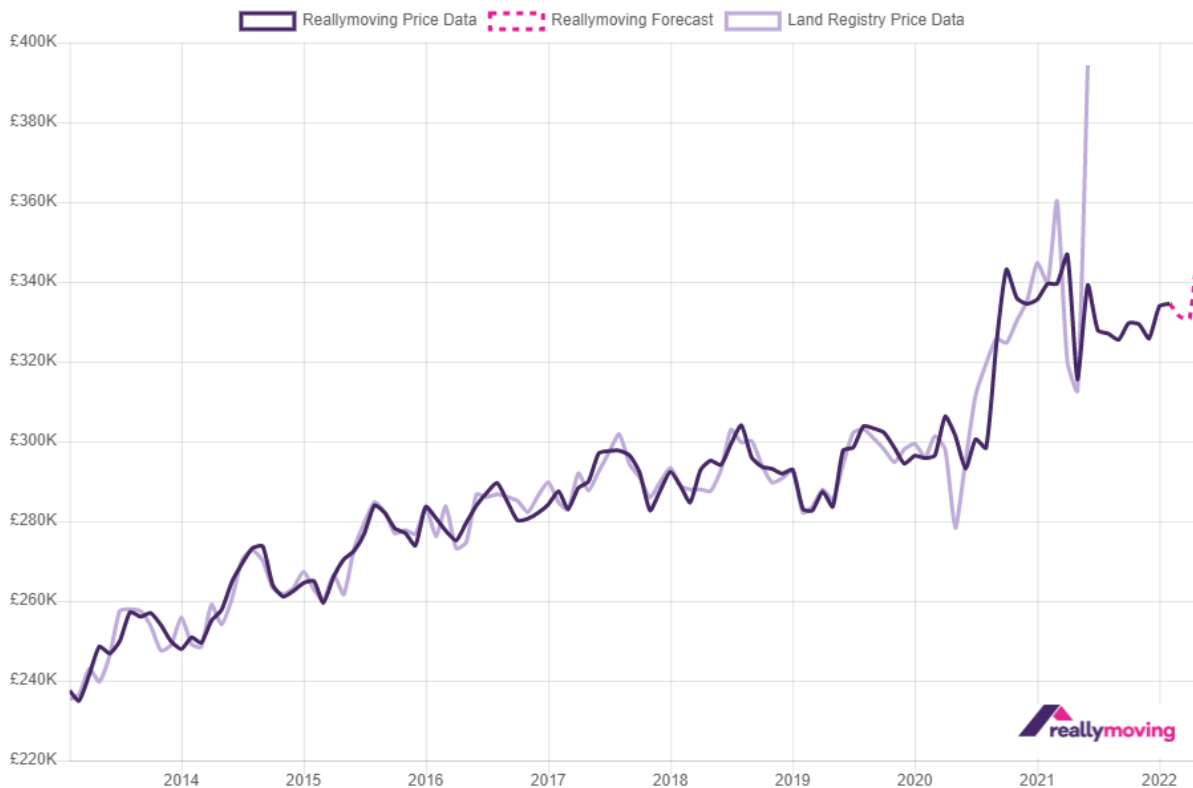
February 2022: Housing market brushes off cost-of-living squeeze to hit new record high

- The average property price is set to rise sharply this spring to new all-time record of £352,984
- A fall of 0.9% in March and 0.2% in April will be wiped out by a 6.7% surge in May
- Stock shortage and fierce buyer competition is forcing prices upwards despite inflationary pressures
- Annually, price growth will hit 11.9% in May, albeit against a notably low average price in May 2021

Month	Average price agreed	Monthly change %	Annual change %
January 2022	£333,884	+2.5%	-0.5%
February 2022	£334,536	+0.2%	-1.5%
March 2022	£331,380	-0.9%	-2.4%
April 2022	£330,772	-0.2%	-4.6%
May 2022	£352,984	+6.7%	+11.9%

The shortage of homes for sale and continued strong demand from buyers will drive house prices up by 5.5% over the next three months (March to May 2022) to a new all-time high of £352,984, according to the reallymoving House Price Forecast February 2022, released today. Despite signs of a slowdown at the start of the year which will result in a fall in registered sale prices in March and April, the strength of demand continues to propel the market upwards with the rising cost of living as yet having little impact on buying decisions. 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 below).

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



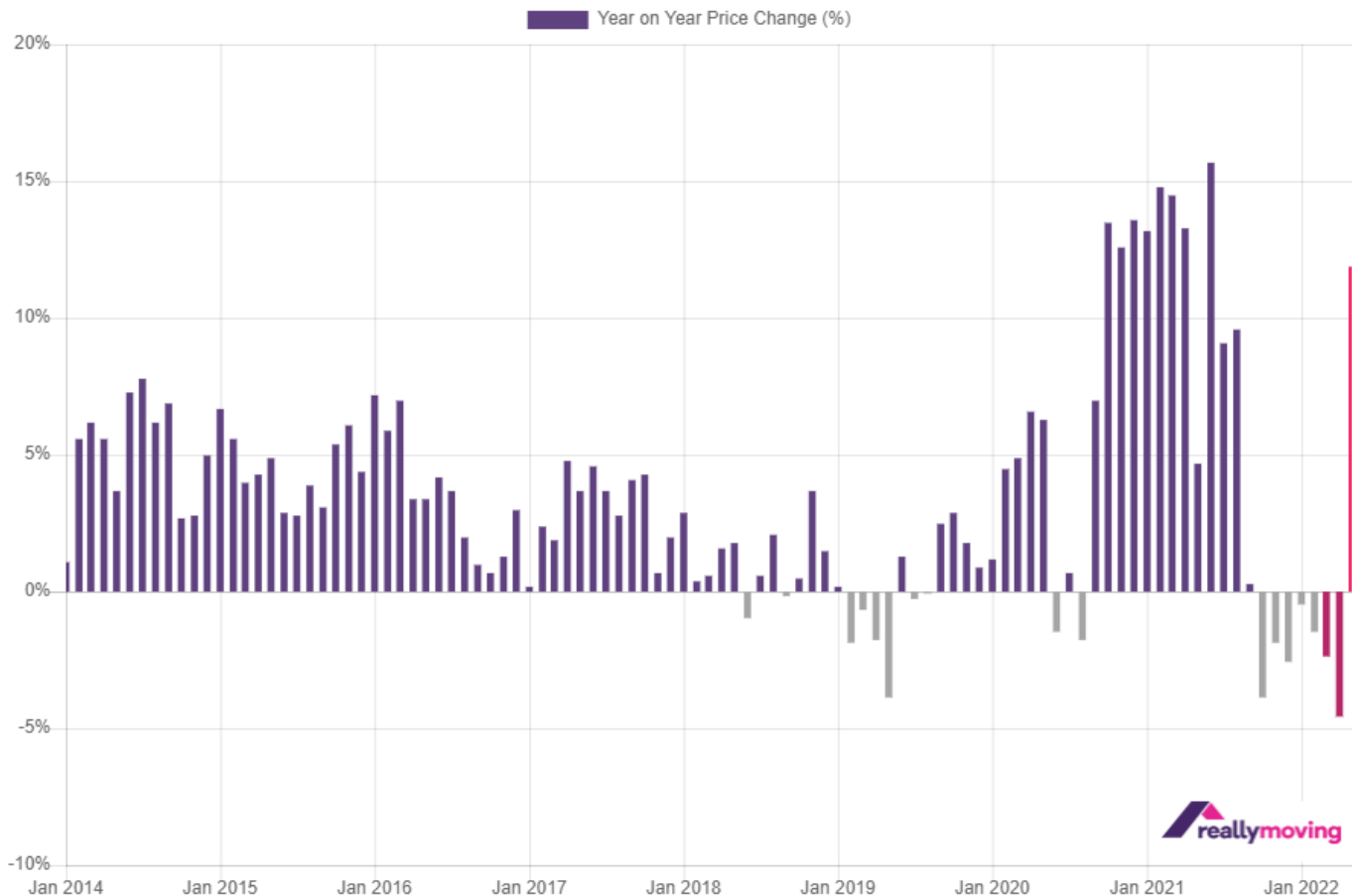
Monthly price changes

Based on deals agreed between buyers and sellers over the last three months, prices will fall by 0.9% in March and 0.2% in April before surging upwards by 6.7% in May – a direct result of buyer competition for a limited supply of homes during February. News in early February of a second base rate rise in three months, taking interest rates to 0.5%, has had little effect on demand, with many home movers keen to do a deal as quickly as possible and lock in a fixed rate deal at the lowest price. Conflict in Ukraine and the impact of sanctions on Russia, particularly on the cost of energy and fuel, is likely to have an impact on affordability and consumer confidence going forward, but so far this has been masked by the stock shortage forcing buyers to compete for homes.

Annual price changes

Annually, the rate of growth has been slowing since October 2021, a sign that the market was entering a calmer period, but activity over the last month will see this trend reverse in May 2022 when those deals complete, with year-on-year growth of 11.9%. This is the highest rate in over a year, albeit against a particularly low average house price in May 2021.

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

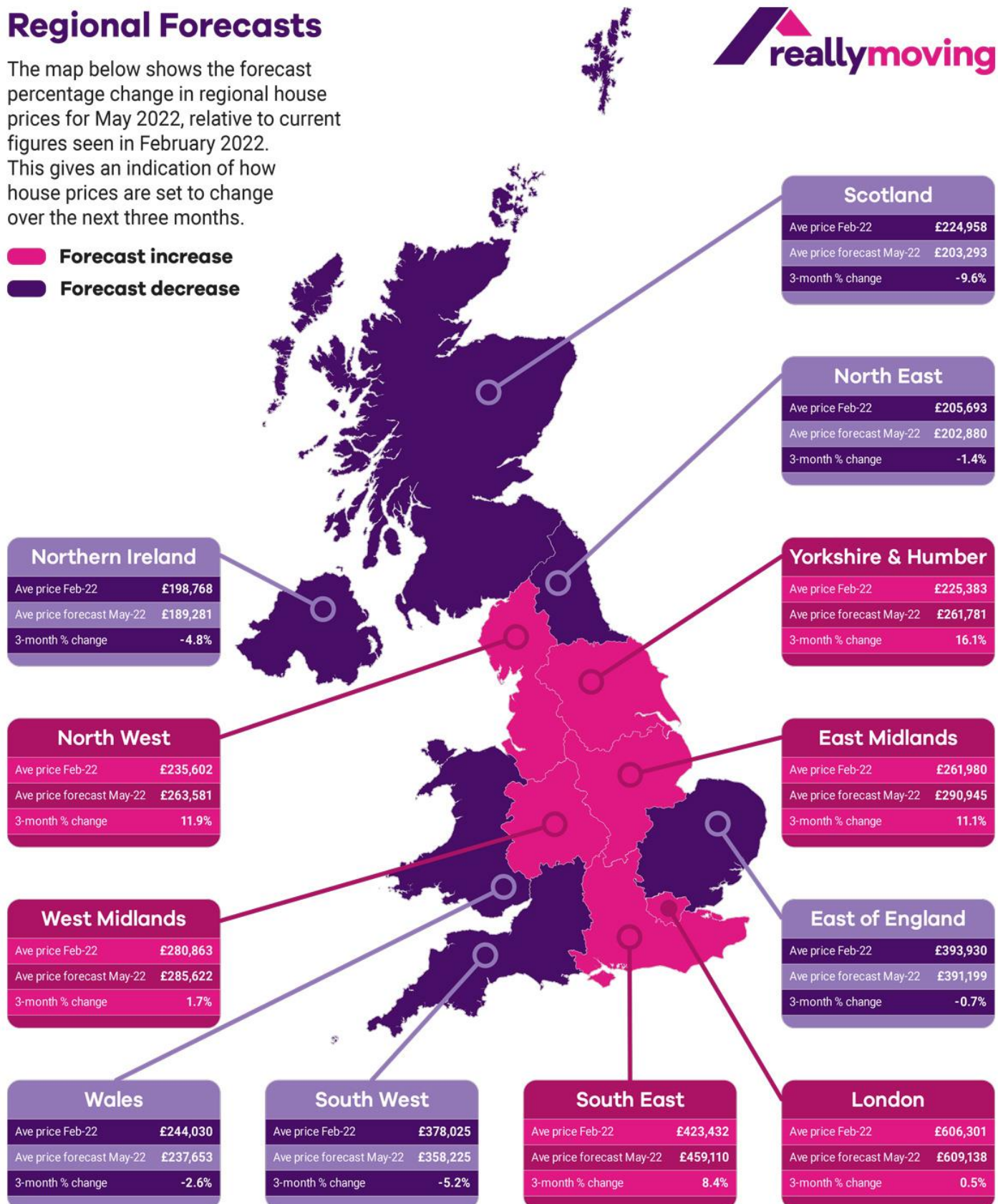


Regional Forecasts

The map below shows the forecast percentage change in regional house prices for May 2022, relative to current figures seen in February 2022. This gives an indication of how house prices are set to change over the next three months.



Forecast increase
Forecast decrease

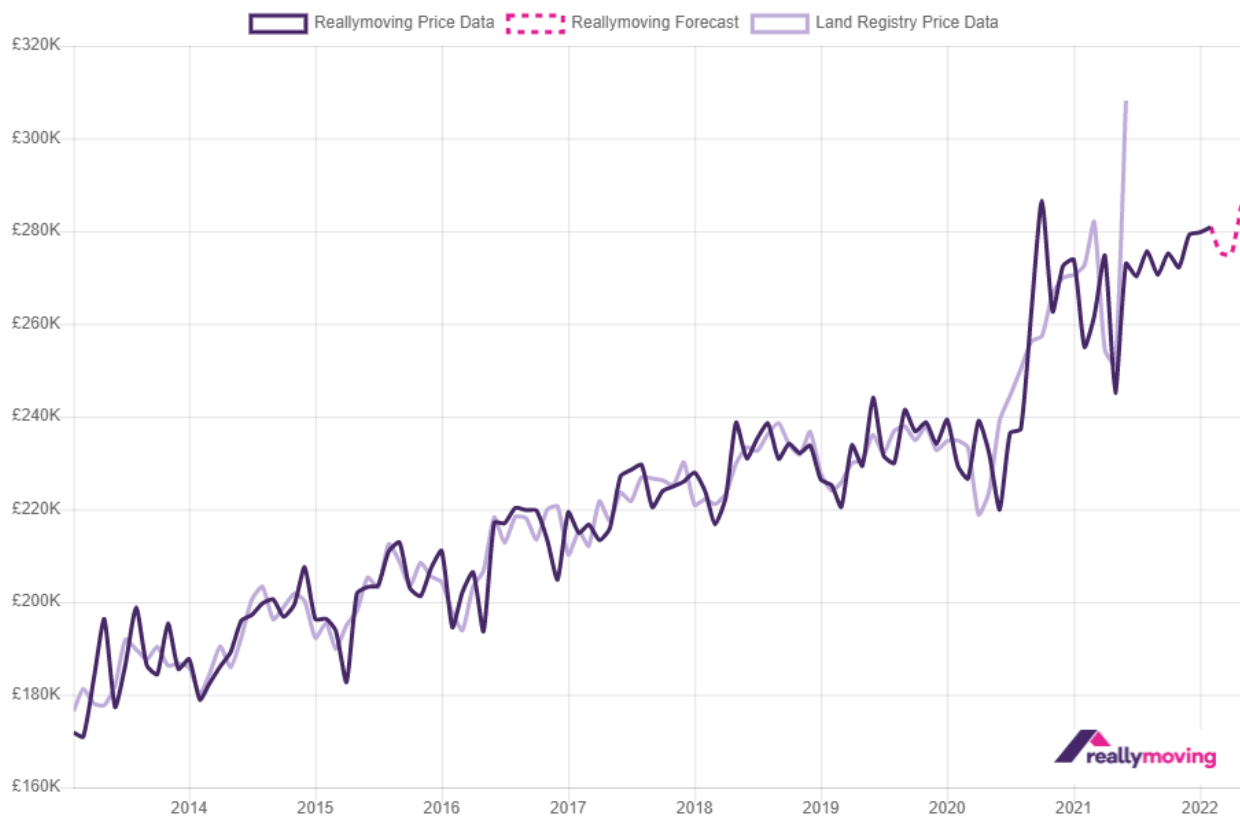


Regional 3-month price forecasts

The proportion of regions set to see prices decline over the next three months has decreased from two thirds to half. The East of England, North East, South West and Wales will all see prices fall, while significant gains will be seen in the South East, East Midlands and Yorkshire & Humber. In line with the national trends, every region apart from the East will see a significant jump in the average house price in May, based on deals agreed between buyers and sellers in February.

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 West Midlands this month, average prices are set to fall by 2% in March and 0.1% in April before increasing by 3.9% in May to £285,622.

Graph 3: reallymoving House Price Index (West Midlands) including 3-month price forecast



Analysis and Commentary

What does this mean for First Time Buyers?

The rising cost of living, which is already being felt across the board in the shops, at the petrol pump and paying for goods and services, will impact those trying to save for a deposit particularly hard. Incomes are rising too but not enough to keep up and less disposable income means less money to put away at the end of each month, while rents are at record highs. Those who have managed to save a deposit or benefit from the help of the Bank of Mum and Dad will be keeping an eye out for signs of the market running out of steam, but with mortgage costs also rising now could be a good time to lock in a low fixed rate deal ensuring mortgage repayments are cheaper for longer.

What about second steppers?



Finding a property to buy remains the big challenge for second steppers. Those with a good level of equity will be in a better position to absorb rising prices and borrowing costs, as well as the higher costs of running a larger home. Many families are starting to feel the pinch and with a significant amount of uncertainty about the war in Ukraine, how long the conflict could last and the longer-term impact on the UK, we could see demand from second steppers begin to fall in the next few months, but we're seeing little indication of this yet.

Rob Houghton, CEO of reallymoving, comments: *“Last month we saw some early signs that the market may be beginning to slow but the latest data shows prices rising sharply in May based on activity in February, suggesting that for now the housing market will continue to defy expectations. We’re seeing a clash of post-pandemic driven buyer demand and a cost-of-living crisis which is only now really beginning to bite, and as yet it remains a seller’s market and the supply/demand imbalance is continuing to push up prices. It’s too early to assess the impact on consumer sentiment from the war in Ukraine and if uncertainty grows and prices rises become more painful, I expect we’ll see the tables begin to turn.*

“First Time Buyers are stuck between a rock and a hard place, watching prices go up along with mortgage rates, while facing the challenge of trying to save while paying record high rents – and a shortage of homes to buy. Many will be tempted to hold out for price falls but our advice would always be to move when you have all your ducks in a row in terms of raising a deposit, securing a mortgage and finding the right home to buy at a price you can afford. Buying with a long-term view – at least 3 to 5 years - will help you to ride out any short-term fluctuations, rather than trying to call the market.”

-- 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 March to May 2022 is based on registrations from December 2021 to February 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 December 2021 and February 2022, reallymoving analysed data from 15,000 completed conveyancing quote forms to form the basis of its average property price projections for March to May 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.

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

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