



propertymark

What happened in housing markets in 2022?

Annual Review of 2022 and Outlook for 2023

KEY FINDINGS:

83%

of agents worry about
buyers achieving
financing for
purchases

71%

of estate agents say sellers
are unrealistic with their
price expectations

78%

of agents are concerned for
tenants rising utility bills

31%

of agents think landlords
should further invest in
portfolios in 2023

SALES

A RETURN TO NORMAL MARKET
CONDITIONS OVER 2022

2022 was a year in transition. With constantly shifting market dynamics during 2020 and 2021, 2022 was the year that saw normal market conditions return. Above all, we saw seasonal peaks and troughs coming back, as well as a return to the buyer's market by the end of the year that is the usual status-quo.

“2022
A YEAR IN
TRANSITION”

DEMAND FROM HOUSE HUNTERS

SEASONAL MARKETS RETURN POST-COVID

While demand from homebuyers has far outstripped the supply of properties being put on the market this year, we have seen a return to the usual peaks and troughs of the season. Specifically, we can clearly see evidence of the spring and autumn market peaks in the graph below.

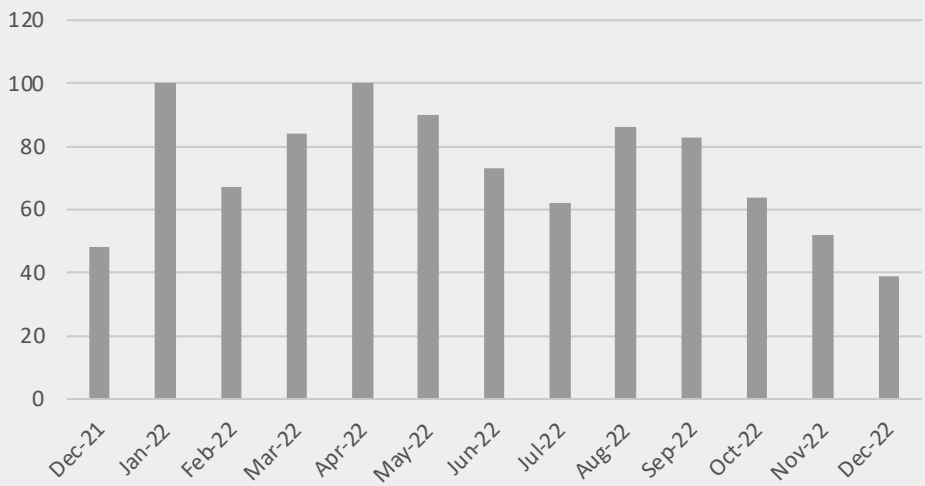


Figure 1. The average number of new prospective buyers registered per member branch.



The average number of viewings per property fell across the year. As one member put it, 'the cappuccino market days are over. We're now in espresso times where only serious buyers are out looking for property'. This is because many have decided upon a wait and see approach to the current economic turmoil. Those currently looking to move are doing so for work or other immediate needs.

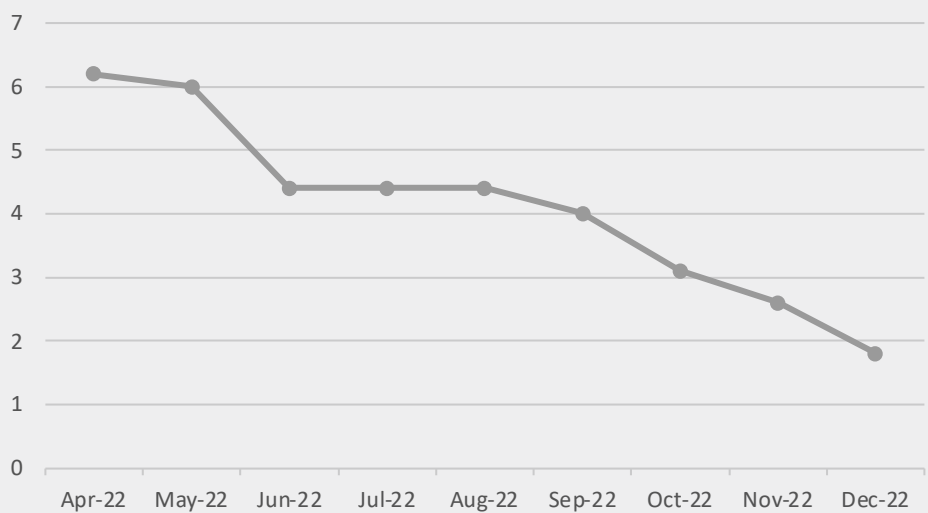


Figure 2. The average number of viewings per property per member branch.

SUPPLY

Member branches have seen a fairly steady stream of new instructions on average over the year, with traditional dips in December (zero per cent change year on year from 2021 to 2022).

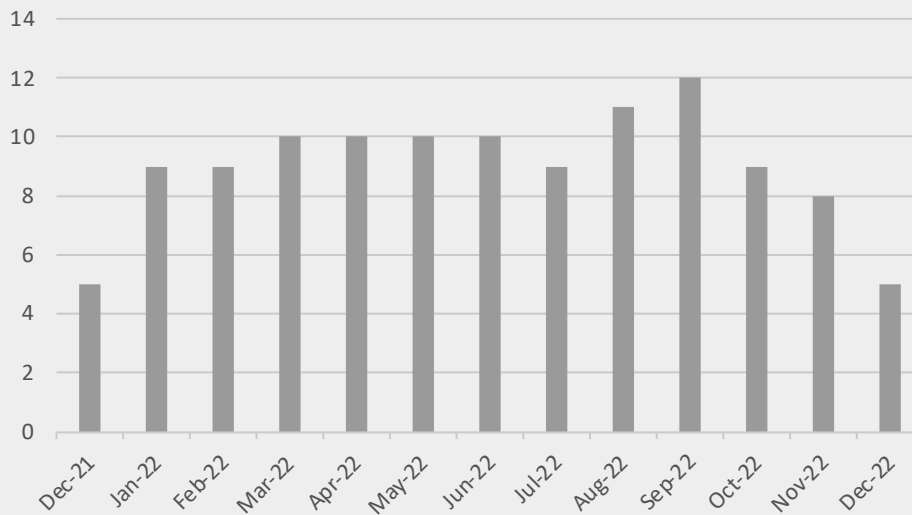


Figure 3. The average number of new instructions per member branch.



At the same time, the total number of properties for sale has steadily risen over the year. This is due to a divergence between new instructions and numbers sold primarily over the second half of 2022 as can be seen in Figure 5.

We did note a small drop in the total number of properties available for sale in December 2022. This is potentially due to the statistical sampling; however, in a recent poll of 98 estate agents, 65 per cent told PropertyMark that sellers, who have had their property on the market for some time and failed to sell, are reconsidering whether now is the right time to sell, and taking their property off the market.

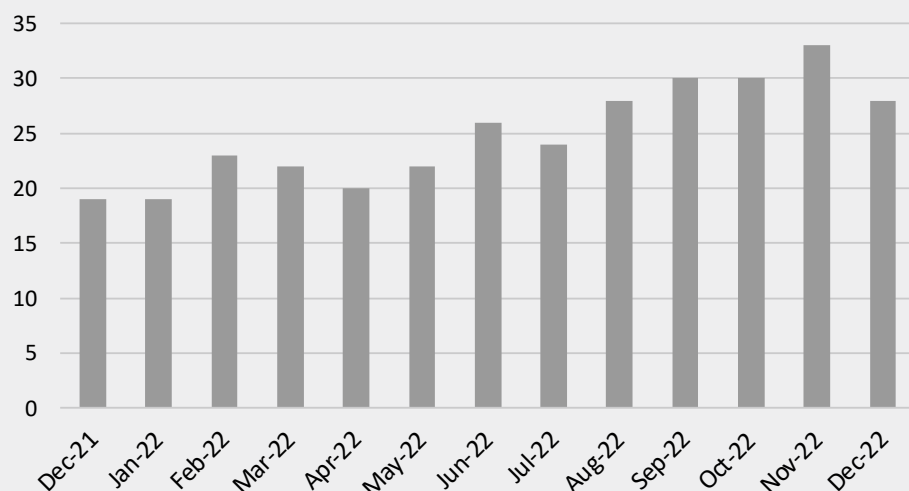


Figure 4. The average number of properties for sale per member branch over the past year.

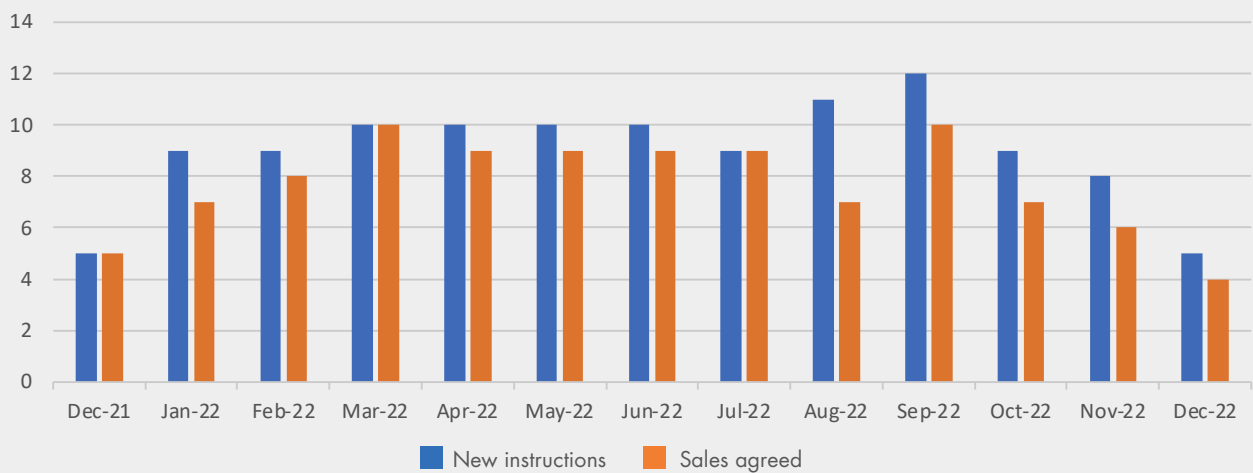


Figure 5. New instructions to sales agreed per member branch

PRICES ACHIEVED

BUYER'S MARKET RETURNS

We saw a seismic shift over 2022 in prices achieved compared to asking. We started out in a seller's market and ended the year back in the normality of a buyer's market. The seller's market seen in 2022 is unprecedented in Propertymark data which stretches back to 2013.

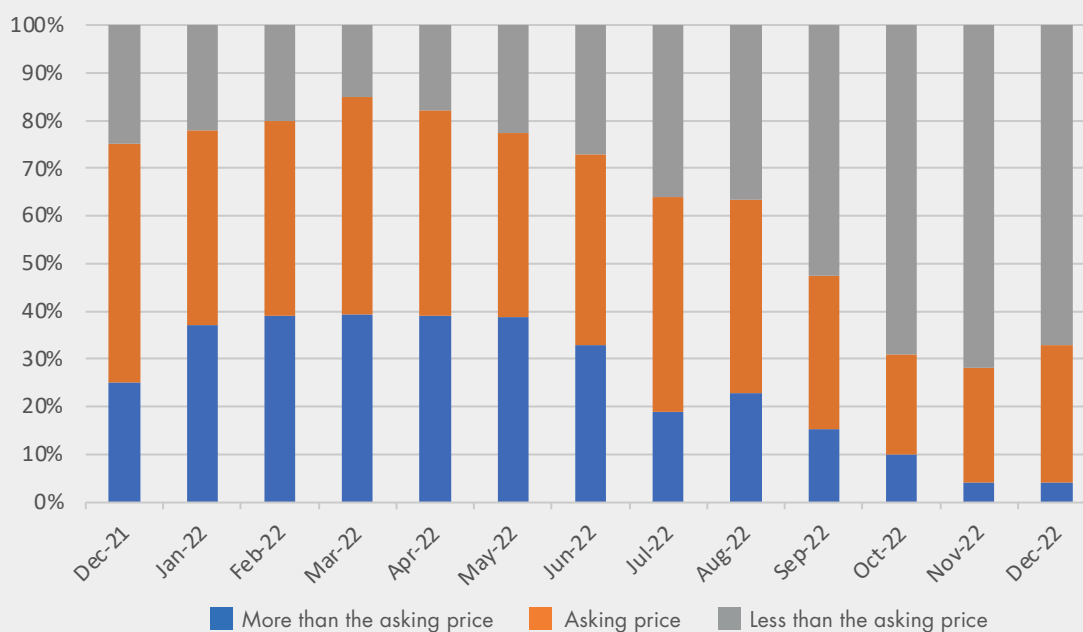


Figure 6. The percentage of members reporting average price agreed compared to asking price for their branch over the past year.

concerns

71%

Unrealistic price expectations

41%

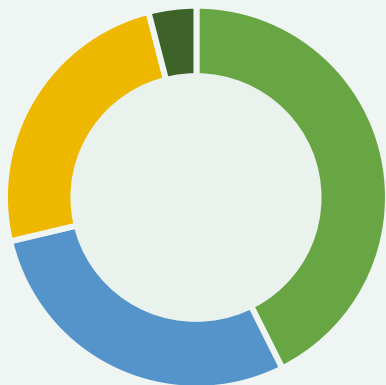
Sales falling through

48%

Conveyancing times

Sales agents' greatest concern for sellers in 2023 was being unrealistic in terms of price achievable (71 per cent). 48 per cent were concerned about conveyancing times and 41 per cent concerned about the impact of sales falling through on their vendors¹. In recent months Propertymark has recorded a small drop in the average time taken from sale agreed to completion reported by member agents.

AGENT'S BIGGEST CONCERNS FOR VENDORS



- Being unrealistic in terms of prices achievable: 71%
- Conveyancing times: 48%
- Sales falling through: 41%
- Other

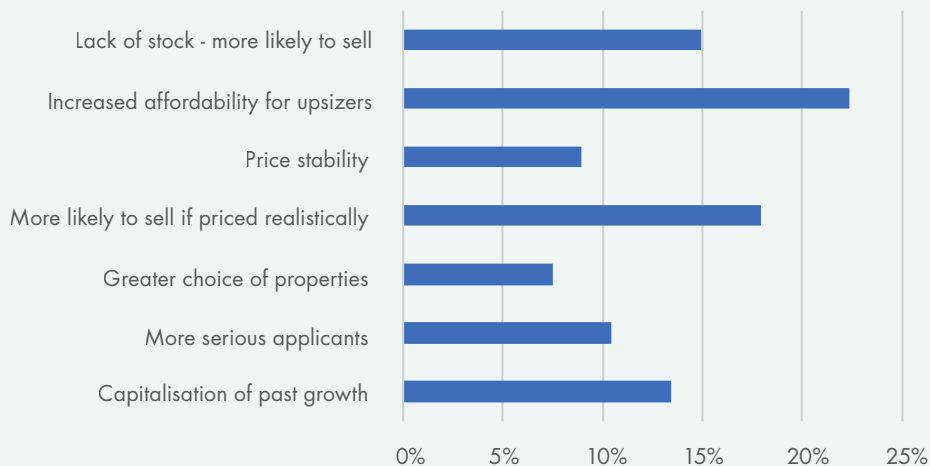


¹ Respondents were able to select more than one answer, so percentages will not always aggregate to 100.

OUTLOOK

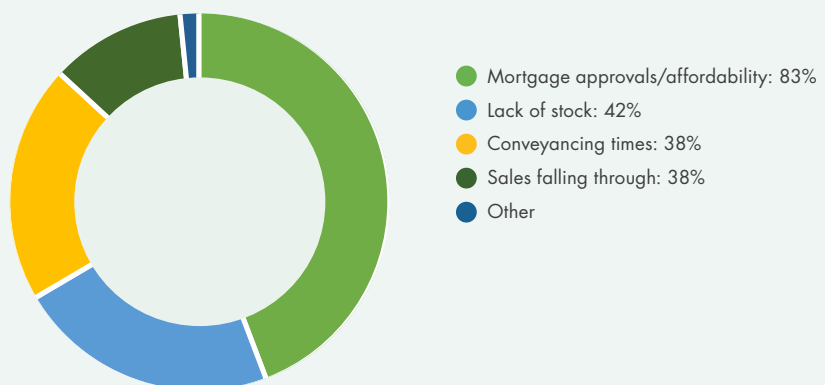
On the flip side, agents were asked about the greatest opportunities for sellers in the year ahead. The most common response was increased affordability for upsizers (22 per cent). This was closely followed by sellers being more likely to sell if they price their properties realistically (18 per cent) and a lack of stock making sales of available property more likely as they are brought to market (15 per cent).

GREATEST OPPORTUNITY FOR VENDORS



Agents' greatest concern for homebuyers was being able to obtain financing and meeting affordability checks to purchase their desired property (83 per cent). Fewer agents were concerned for buyers regarding a lack of properties available to buy (42 per cent), and conveyancing times causing extended delays in moving, potentially causing mortgage offer to expire and chains to fall through (38 per cent).

AGENTS' BIGGEST CONCERNS FOR HOMEBUYERS

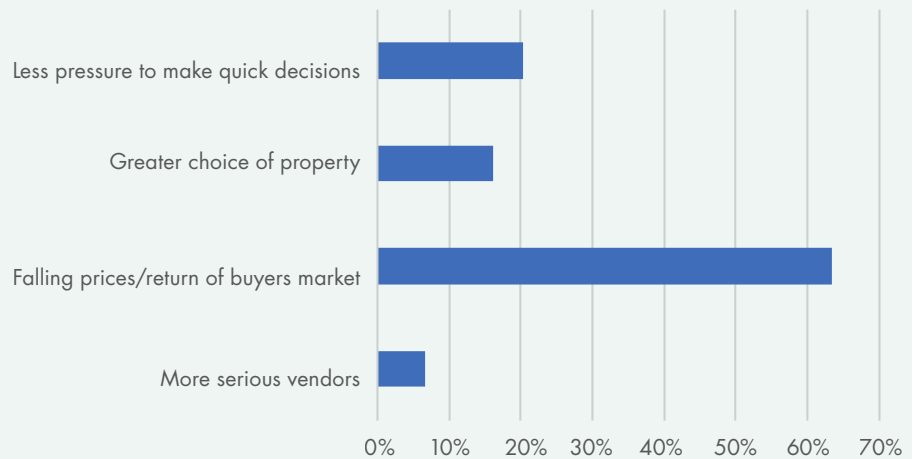


OUTLOOK

On the other side of the coin, agents broadly expect the largest opportunity for homebuyers to be found in falling house prices and the return of the buyer's market – where the balance of power is now in the buyer's hands when it comes to negotiating on price (64 per cent). Agents also noted how a less feverish market would allow buyers to take a little more time to make decisions and feel less pressured (20 per cent). They should also benefit from an increased choice of property as supply picks up compared to 2022 (16 per cent). They should also benefit from an increased choice of property as supply picks up compared to 2022 (16 per cent).

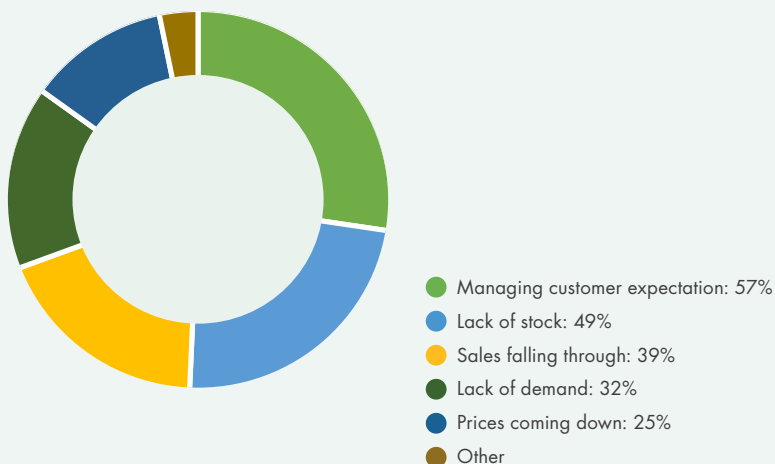


GREATEST OPPORTUNITY FOR HOMEBUYERS



When it came to concerns for agents' own businesses and staff in the year ahead, opinions were rather more mixed. Being able to manage customer expectations was the most common concern for the year ahead (57 per cent). This was followed by a lack of stock (49 per cent), chains and sales falling through (39 per cent), a lack of demand from purchasers (32 per cent), and falling prices putting both buyers and sellers off purchasing property (25 per cent).

AGENTS' BIGGEST CONCERNS FOR THEIR BUSINESS

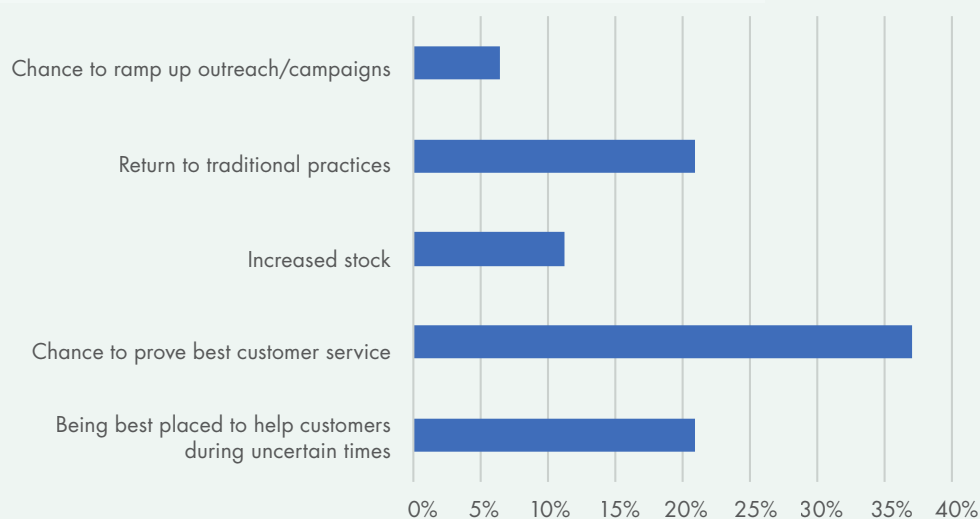


OUTLOOK



The largest opportunity for agents' businesses and their staff in the year ahead will be to prove that they have the best customer service (37 per cent) and to show their worth, being best placed to advise customers in shifting market conditions (21 per cent). Other opportunities highlighted the return to traditional practices (21 per cent), increased stock levels (11 per cent), and the chance to ramp up outreach and marketing/social media campaigns (6 per cent).

GREATEST OPPORTUNITY FOR AGENTS



LETTINGS

MORE PEOPLE THAN EVER LOOKING TO LIVE IN THE PRIVATE RENTED SECTOR

A rising population and a lack of adequate housing construction has led us to a peak of demand from home hunters looking to rent in 2022.

DEMAND - NEW TENANTS REGISTERED

2022 saw peak numbers of prospective tenants registering. A new monthly record was set in September at 147 new prospective tenants per member branch. Demand for rental property has grown every year since 2018, when Propertymark records began. At the same time, there has been no growth in the size of the private rented sector (PRS) to house these tenants². With such a mismatch in demand and supply, it is no surprise that rents have risen most keenly in 2022. 2 See English Housing Survey, StatsWales, Scottish Household Survey, Northern Ireland housing Statistics, England and Wales Census 2020

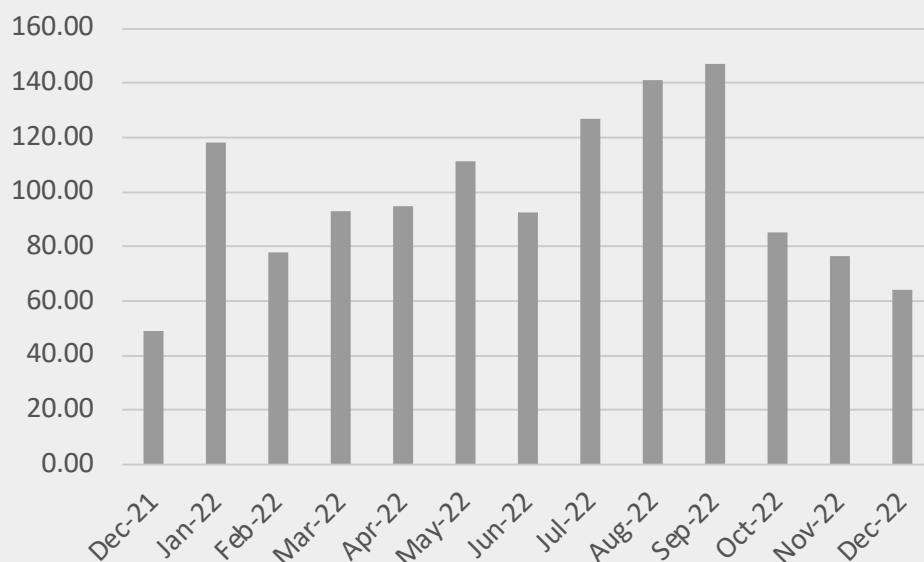


Figure 7. Number of new applicants registered per member branch (2022)

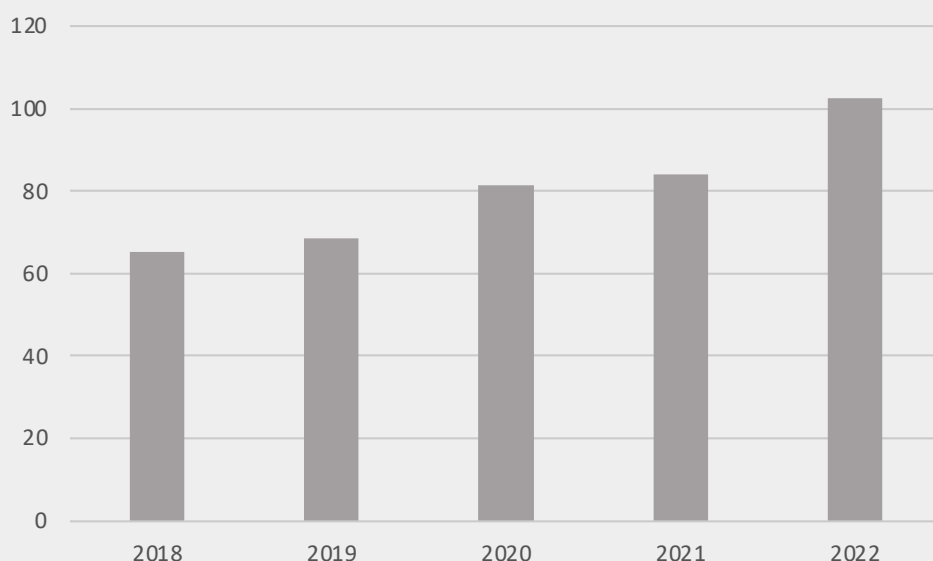


Figure 8. Number of new applicants registered per member branch (2018-2022)



SUPPLY - WHAT DOES STOCK LOOK LIKE?

2022 – A MISMATCH OF SUPPLY AND DEMAND

The number of properties available to rent dipped at the start of the year but soon recovered to a steady state around 10 properties per branch.

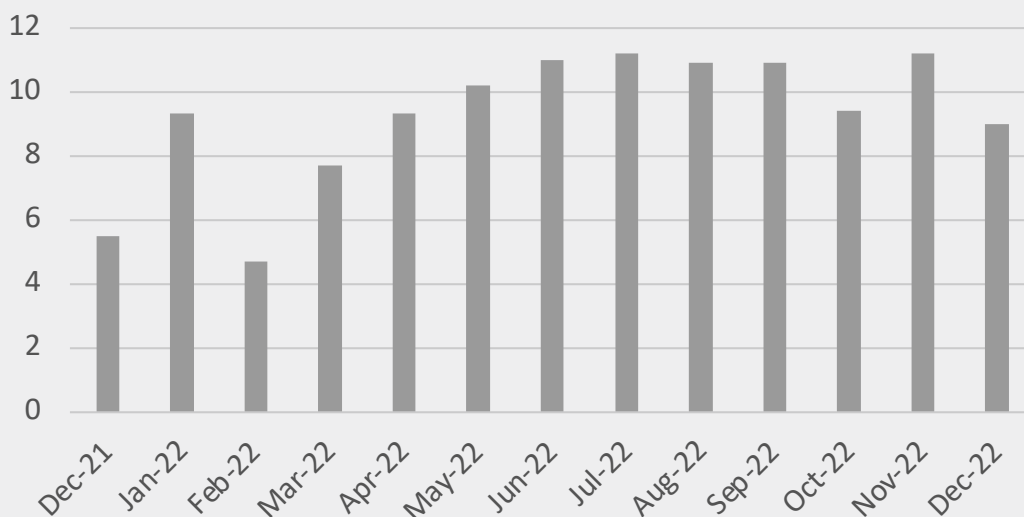


Figure 9. Properties available to rent per member branch



However, the steady state of supply has not been enough to match demand. With an average of 11 prospective tenants registering for every available property across 2022. Two clear peaks can be seen in the mismatch between supply and demand in Figure 10. The start of the year and the summer months were particularly strained.

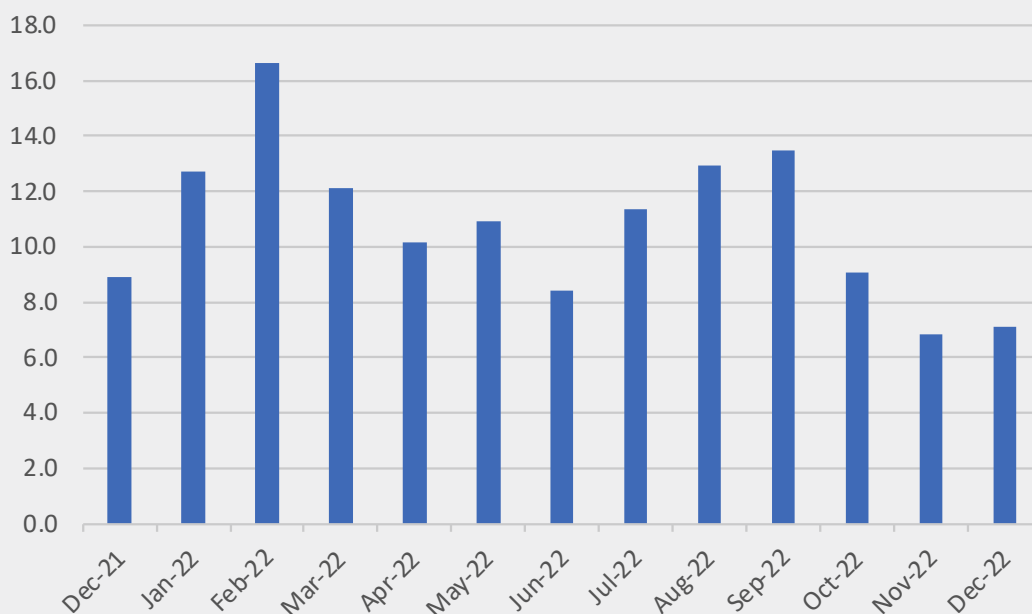


Figure 10. Number of new prospective tenants registering per available property to rent

RENTS

MISMATCH IN SUPPLY AND DEMAND MEANS A YEAR OF RENT INCREASES

Over the year, rent increases were the norm in many areas of the UK. The percentage of member agents seeing rent rises in their areas has risen dramatically over the last five years as pressure on the sector to house the UK public has risen with no change in the number of homes provided in the PRS.

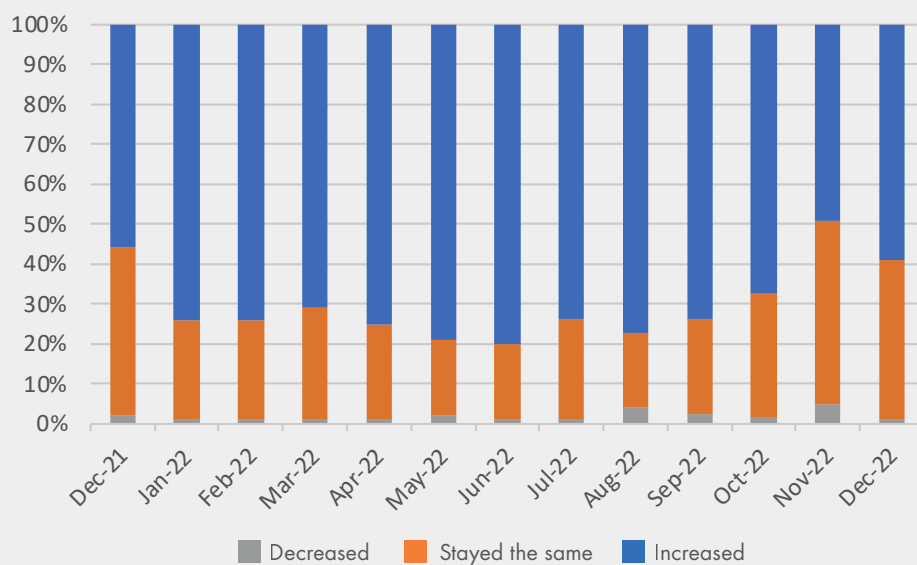


Figure 11. Member branches reporting month-on-month changes in rents (2022)

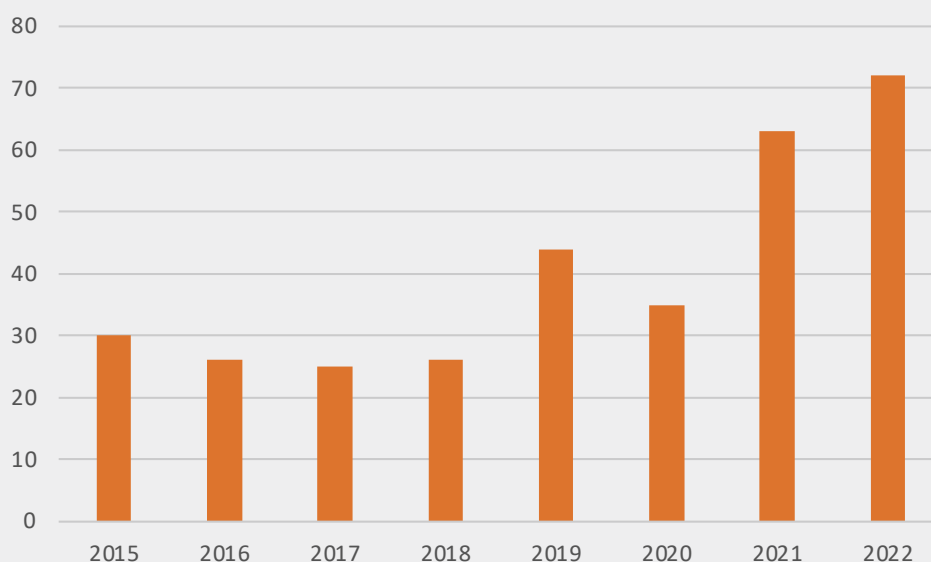
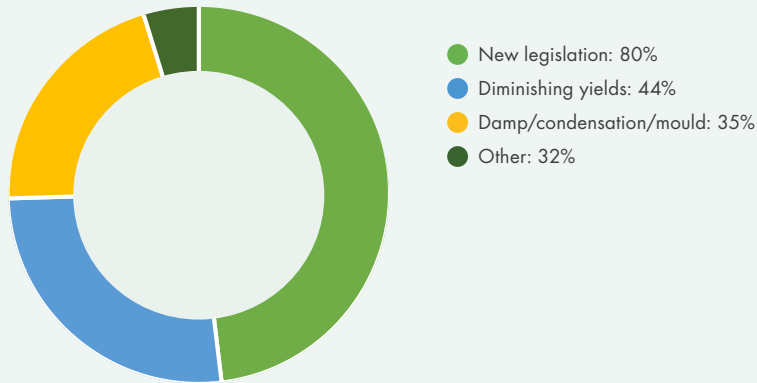


Figure 12. Member branches reporting month-on-month changes in rents (2015-2022)

OUTLOOK

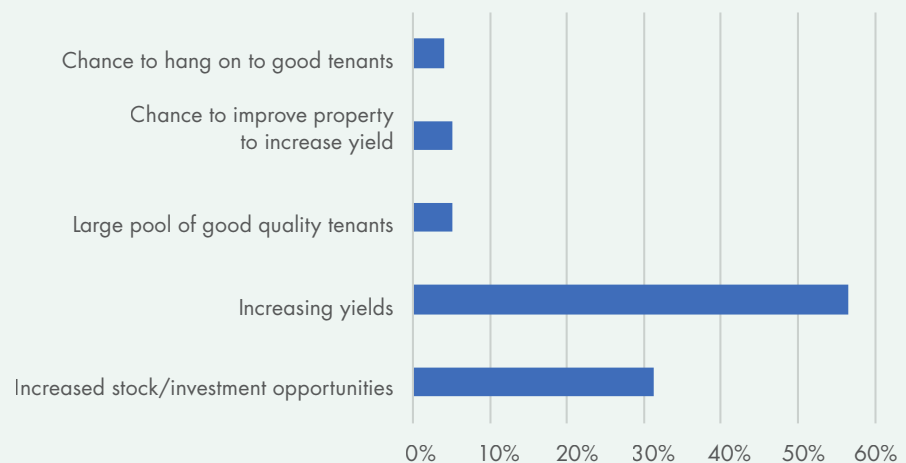
Letting agents' greatest concern for landlords in the year ahead was the impact of incoming legislation (80 per cent). This was followed by diminishing yields (44 per cent) and issues with damp, condensation, and mould (35 per cent).

AGENTS' BIGGEST CONCERNS FOR LANDLORDS



At the same time, agents also saw the potential for increasing yields as being a great opportunity for landlords in 2023 (57 per cent). This can be explained by contrasting concern for landlords with mortgages and those without. Landlords with buy-to-let financing and fixed-terms coming to an end this year will see their costs increase significantly due to rising interest rates. Those without mortgages on their let property should see yields rise as house prices drop and rents rise. The next major opportunity in the year ahead will be a chance for further portfolio investment as the price of property comes down (31 per cent).

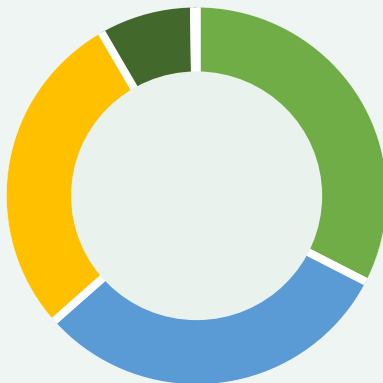
GREATEST OPPORTUNITY FOR LANDLORDS



OUTLOOK

The largest concerns agents have for tenants in 2023 is rising utility costs (78 per cent). This is closely followed by a lack of available properties (74 per cent) and rising rents (68 per cent). Over the last year properties available to rent have been far outstripped by prospective tenants looking for somewhere to live. This has driven up rents; however, we are starting to see supply and demand rebalance, and pressure on rents coming down in recent months (as previously discussed).

AGENTS' BIGGEST CONCERNS FOR TENANTS

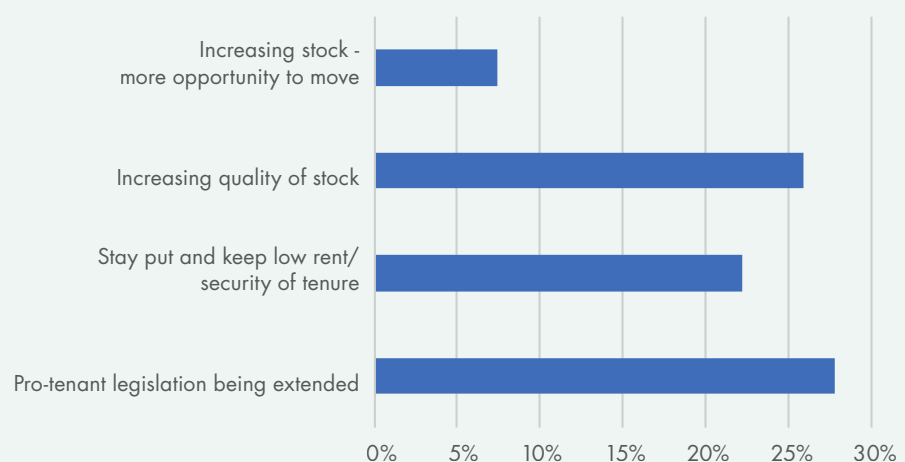


- Rising utility costs: 78%
- Lack of available properties: 74%
- Rising rents: 68%
- Damp/condensation/mould health related issues: 32%



Agents see the biggest opportunities for tenants to be the extension of pro-tenant legislation in all nations of the UK (28 per cent), increasing quality of stock following investment by landlords (26 per cent), and remaining in their current home and benefitting from renewing their tenancy on a below-market rate (22 per cent).

GREATEST OPPORTUNITY FOR TENANTS

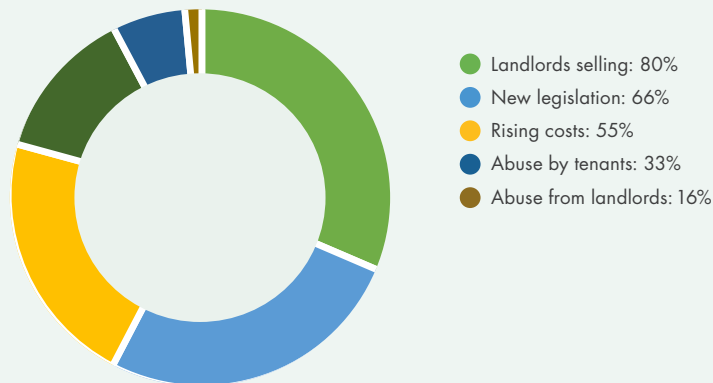


OUTLOOK

The most significant joint concern of agents for their businesses and staff related to landlords selling up because they can no-longer afford to let property (80 per cent). 66 per cent of responding agents were concerned about the impact of new legislation, 55 per cent were concerned about rising costs, 33 per cent were concerned about abuse by tenants and 16 per cent were concerned about abuse from landlords. Propertymark is aware anecdotally that cases of abuse have been on the rise over the past year.

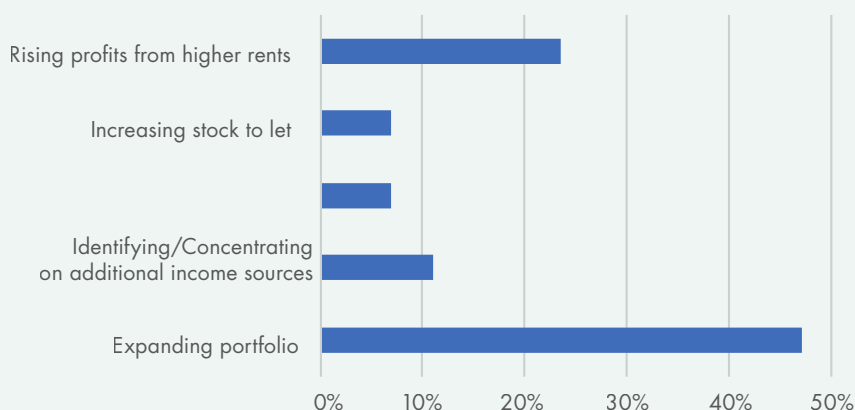


AGENTS' BIGGEST CONCERNS FOR THEIR BUSINESS/STAFF



The biggest opportunity for agent's businesses and their staff in 2023 is seen as the chance to expand their portfolios as they encourage more landlords to turn to full management and by taking over the portfolios of competitors, who have not survived the economic downturn.

GREATEST OPPORTUNITY FOR LETTING AGENTS



ABOUT THIS REPORT

The historic figures presented in this report are based on responses to a survey of Propertymark member agents conducted monthly between February 2022 and January 2023. The outlook sections are based on 188 lettings responses and 134 sales responses to a Propertymark survey open between 28 December 2022 and 6 January 2023.

ABOUT PROPERTYMARK

Propertymark is the leading professional body for estate and letting agents, commercial agents, auctioneers, valuers, and inventory providers comprising nearly 18,000 members. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry leading training programme and mandatory Continuing Professional Development.

EDITOR NOTES

For further information contact:
 Propertymark Press Office
 Tel: 01926 496 800
 Mob: 07595 214 302
 Email:
mediaenquiries@propertymark.co.uk

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