

# -1.1%

London annual house  
price inflation

## Don't get carried away - it remains a buyers' market

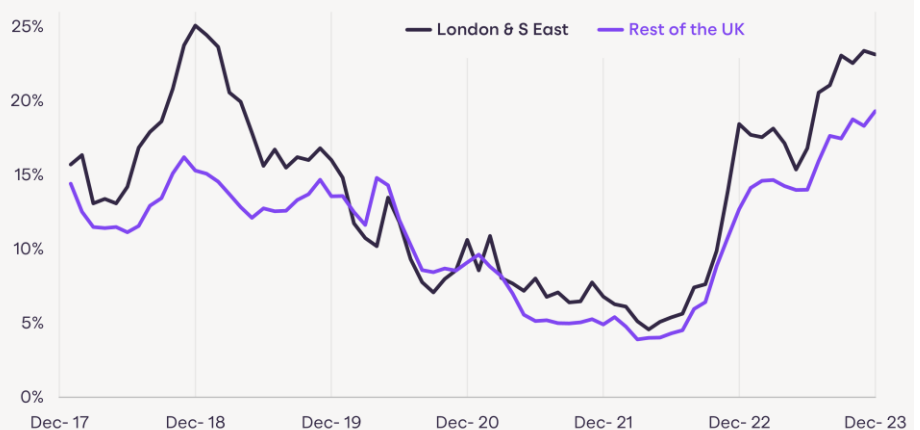
The rebound in activity in the first weeks of 2024 is positive news but it's important not to over-interpret what this might mean for 2024. Mortgage rates fell to 4.2% over Q1 2023, which supported sales volumes and led to firmer pricing and modest price falls over 2023. We expect lower mortgage rates to do the same in 2024 - supporting sales volumes rather than having any impact on prices.

We believe that house prices will be kept in check by several factors. Firstly, a greater supply of homes for sale will provide buyers with more choice, especially for larger family homes. Secondly, half of those with a mortgage are yet to refinance onto higher rates. This is important as many would-be buyers are upsizers who will need a larger mortgage to move to a bigger home. Higher repayments will ensure buyers remain price sensitive and focused on value for money.

Thirdly, our data shows we are still in a buyers' market. A small but not insignificant number of sellers continue to cut asking prices to make sure homes attract buyer interest, continuing the trend from 2023. Furthermore, over 1 in 5 sellers are still having to accept more than 10% off the asking price to agree a sale. This is close to 1 in 4 across London and the South-East and rising across the rest of the UK.

Sellers must continue to price realistically if they are serious about moving in 2024. Improved market conditions will boost the chances of a sale, but sellers shouldn't expect to list at a higher asking price.

% homes selling for more than 10% below the asking price



Source: Zoopla Research analysis of Hometrack data

## Outlook

The adjustment to higher mortgage rates was always going to take longer than a year, especially given the modest fall in house prices over 2023. Lower mortgage rates are welcome news, but it seems unlikely rates will fall much further in the near term, remaining in the 4-5% range with the best deals for those with big deposits. This will support more sales rather than price rises in 2024m something businesses should welcome as volumes need to recover from the lows of 2023.