



## **MARKET REPORT**

Quarter One 2024

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## Contents

Introduction.....	3
Estate Agency.....	4-7
Land & New Homes.....	8-9
Residential Lettings.....	10-12
Mortgage Services.....	13-16
Asset Management.....	17-18
Surveys & Valuations.....	19-21
Market Summary.....	22-23
About Connells Group.....	24-26
Key Contacts.....	27



## Methodology

Connells Group analyses detailed data from its estate agency, land & new homes, lettings, mortgage, surveys & valuations and asset management businesses. Individual measures are stated on a like-for-like basis and are subject to restatement following acquisitions.

Each month, the researchers analyse tens of thousands of registrations, instructions, applications, approvals and valuations and use these trends to publish a quarterly report which reflects trends across the entire property spectrum. An index point of January 2019 is used where it is appropriate for figures to be indexed to show trends.



## David Plumtree

Group Chief Executive, Estate Agency

## INTRODUCTION

**Whilst 2023 saw the UK housing market deliver the lowest level of transactions since 2008, Q4 ended on a more positive note. Our branch network of over 1,200 branches experienced a significant pick-up in activity throughout Q1 2024, which has carried into the spring market.**

With mortgage rates falling over H2 of 2023 and the likely next move in base rates being downwards, buyers who have adopted a 'wait and see' approach are now more decisive and looking to commit to a purchase. Equally we're seeing more confidence amongst sellers with supply increasing and thus creating more choice for buyers.

Q1 2024 data from our branch network shows buyer interest increase year on year. Viewings activity was also up in Q1 by 19.4% year on year whilst the number of sales agreed in March were at their highest for 21 months.

Driven by improved levels of confidence, the housing market is also being helped by more active home movers bringing an increased level of second-hand homes on to the market to create more choice for buyers. The number of properties available for sale at the end of Q1 was up by 20.2% on the same period in 2023.

Asking prices on average were down slightly from Q1 2023, but saw a marginal increase from Q4 2023 into Q1 2024. The lower end and mid-market continues to see good demand, whilst the higher end of the market (typically above £1 million) is more subdued.

Our new homes teams have also seen an encouraging start to the year. Whilst supply is constrained by continuing challenges for developers, those developments with available stock are seeing a good level of sales.

We have seen continued appetite from first-time buyers to enter the market and positive movement from buy-to-let investors.

Within our lettings business we see rents remain steady, however tenant affordability is being stretched in some areas. We continue to see no real increases in buy-to-let investors looking to dispose of property at the end of tenancies and instead, are choosing to re-let and hold their asset.

+20%

**increase in properties available for sale March 2024 vs March 2023**

+49%

**increase in buyer demand from Q4 2023 to Q1 2024**

+45%

**increase in first-time buyer activity across mortgage services Q1 2023 to Q1 2024**

+6%

**increase in new instructions for lettings from Q4 2023 to Q1 2024**



**Ian Fry**  
National Managing Director, Estate Agency

ESTATE AGENCY

**+18%**

increase  
in new  
instructions  
vs Q1 2023

**£362,180**

the average  
asking price  
at instruction  
in March 2024

**+19%**

increase  
in buyers  
registering  
vs Q1 2023

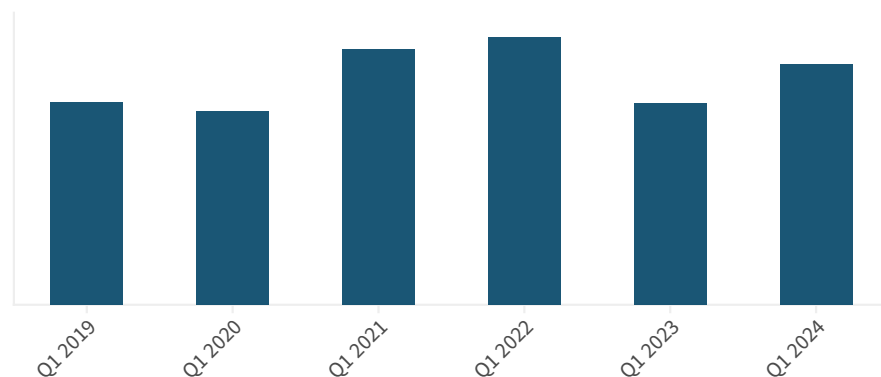
**+18%**

increase  
in sales  
agreed  
vs Q1 2023

The start of the year has been positive, with the busy activity seen in December continuing into Q1.

The numbers of those on the hunt for a property in Q1 shows increasing confidence from consumers with registrations not only up 19.2% year-on-year, but also comfortably above levels seen in Q1 2019 and Q1 2020.

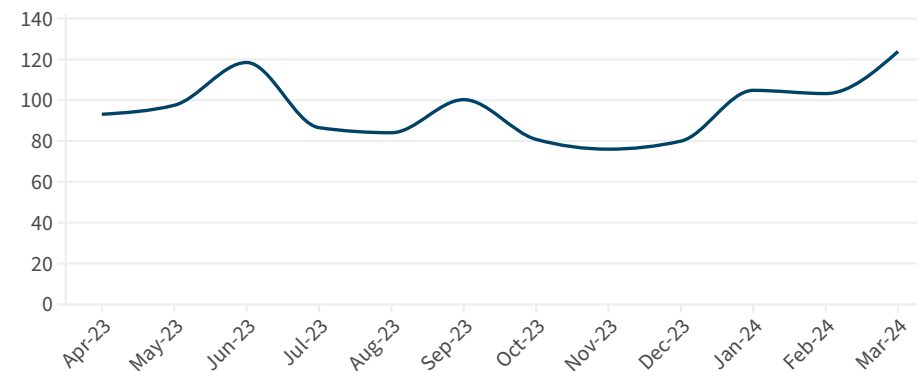
Number of prospective buyers registered



This interest from prospective buyers is converting well into transactions, with the number of sales agreed in Q1 2024 40.2% higher than Q4 2023. Of course, seasonally we would expect the new year to bring a natural uplift, however Q1's figures are also 18.0% higher year on year when looking back to Q1 2023.

Significantly, March ended with sales agreed figures that outperformed any month last year, with levels that haven't been seen since June 2022.

Number of sales agreed



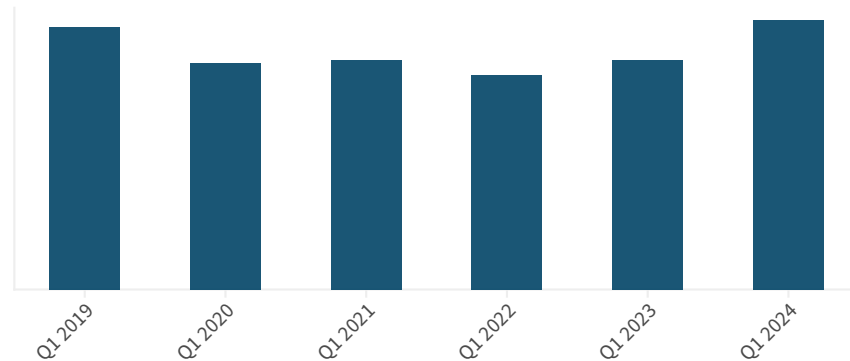
(indexed against January 2019)



The number of properties coming to the market is also encouraging, with the number of new instructions in Q1 at its highest for 6 years over the same period, as was the number of market appraisals carried out.

Year on year, market appraisal activity increased by 18.6% leading to a 17.5% increase in new instructions over the same period.

#### Total number of instructions

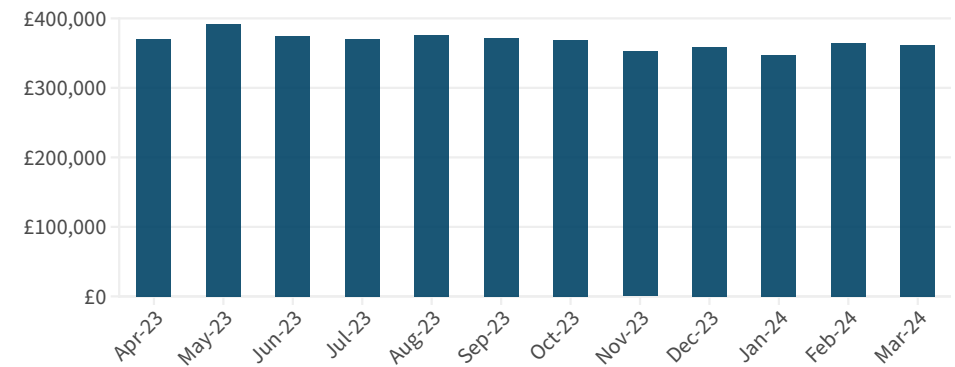


This uplift in stock can also be seen in the number of homes available for sale at the end of the month, which in March 2024 saw a year-on-year increase of 20.2%.

Examining movement on house prices, the average house price is remaining largely stable.

Comparing March 2023 to March 2024, the average property price at exchange fell by 0.2%, whereas, from the end of Q4 in December 2023 to the end of Q1 in March 2024, the average asking price at instruction increased by 0.9%.

#### Average asking price



Looking forward there are reasons to be optimistic, with a good level of properties on the market and buyer demand confident. There is an anticipation that the year could see interest rates come down. Moving into Q2 family homes traditionally command more demand, meaning the higher end of the market, which has been a little slower, could start to play catch up.



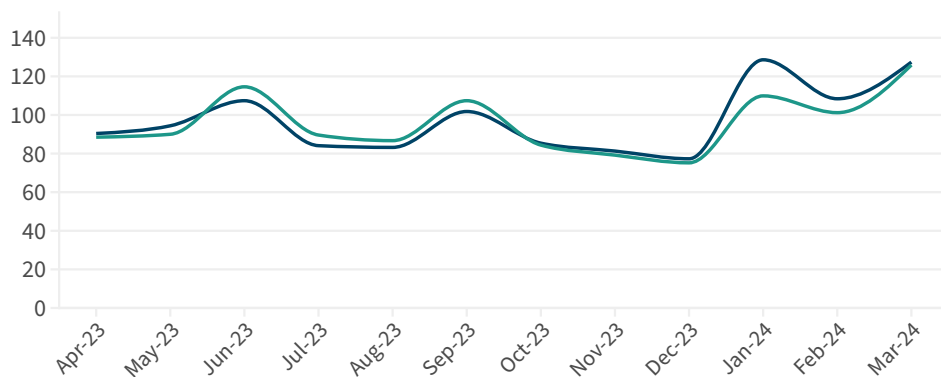


## New buyers and instructions

Market appraisal activity increased during the quarter rising by 49.7% from Q4 2023. Looking back to the start of 2023, levels of appraisals rose by 38.3% from the end of 2022. This positive trend year on year reflects the confident attitude from home sellers. Average prices for new instructions in Q1 saw marginal fall of 0.6% from Q4 2023. Buyer demand saw an uplift of 49.2% in Q1 2024 from Q4 2023, again showing a good sentiment in the market.

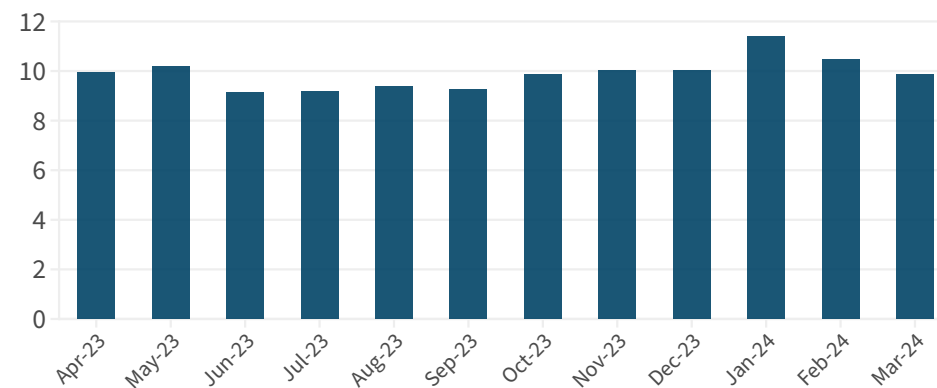
### Number of buyers registered & new instructions

■ Buyers registered ■ New instructions



(indexed against January 2019)

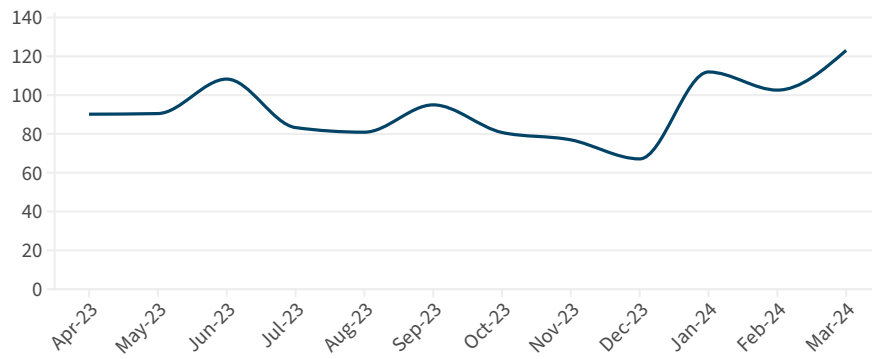
### Buyers registered per new instruction





Viewing activity showed a 50.2% increase between Q4 2023 and Q1 2024. Activity was also 19.4% higher year on year.

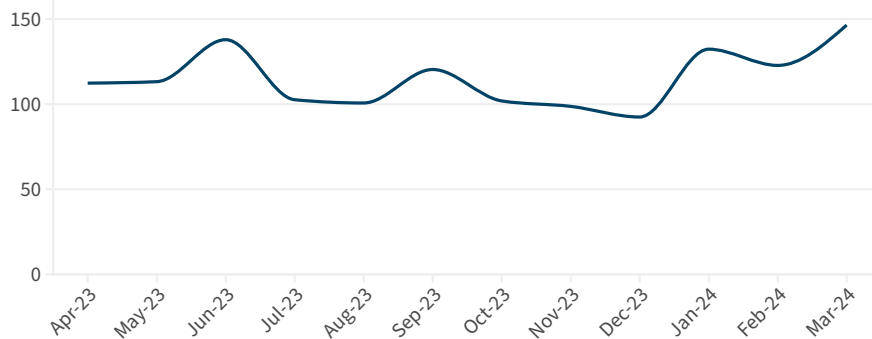
#### Number of buyer viewings



(indexed against January 2019)

The number of buyer offers made during Q1 were 13.3% ahead of the numbers seen in Q1 2023.

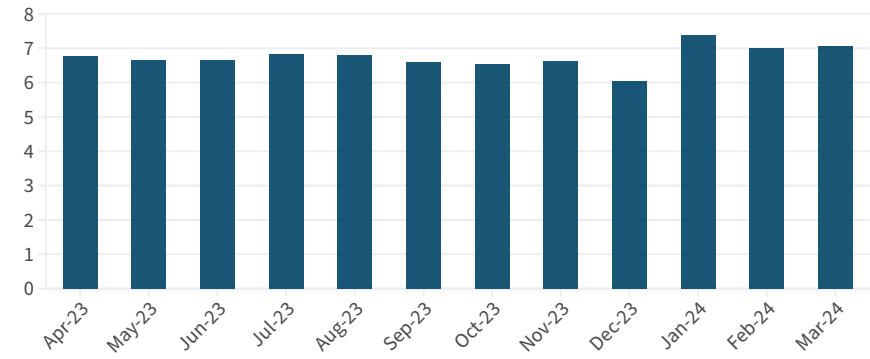
#### Number of buyer offers



(indexed against January 2019)

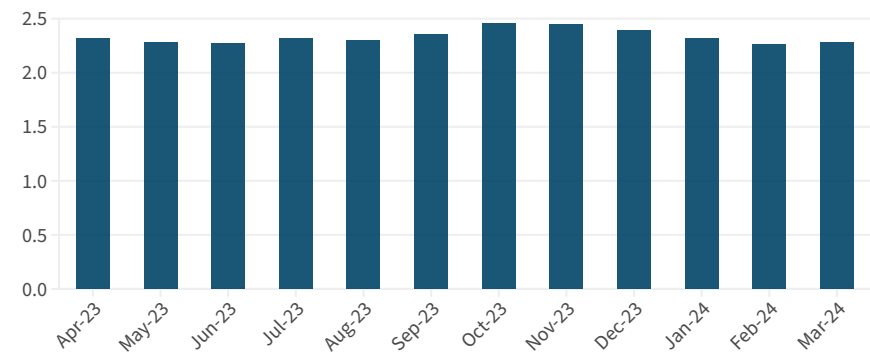
The average level of viewings per offer was 7.1 in Q1, a small increase from Q4 2023.

#### Number of viewings per offer



The average number of offers per sale agreed decreased marginally from 2.4 in Q4 2023 to 2.3 in Q1 2024.

#### Number of offers per sale agreed





**Roger Barrett**  
Managing Director, Group Land & New Homes



increase in  
instructions  
from Q1 2023  
to Q1 2024

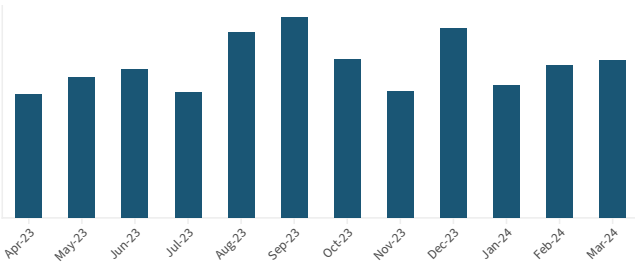


increase in  
new homes sales  
from Q1 2023  
to Q1 2024

Last year ended with a positive movement in activity across the housing sector which has continued into the first quarter of 2024.

In respect of new homes and the second-hand market, we can see consumers are more confident than this time last year and this momentum continues to build. The number of instructions across the Group for new homes has grown by 5.7% year on year.

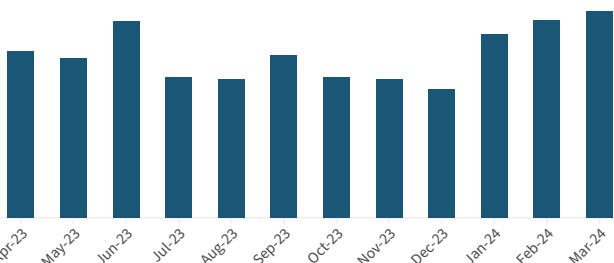
Number of instructions



These instructions are selling well and buyers are more active bringing a 18.7% increase in sales year on year.

Conversations around unique incentives, energy efficiency, cost of living and mortgage affordability are helping to make new homes an attractive way forward for buyers of all demographics. The major challenge in the new homes market continues to be restrictions in supply.

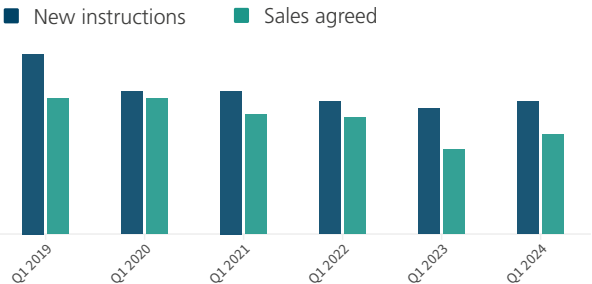
Number of sales agreed



The UK Government is still fumbling to make any progress on the planning system despite mention in the Autumn budget.

This means the supply of new homes is decreasing, but developers should take confidence in the fact that where there are new homes available, we are seeing good levels of interest.

Number of new instructions vs sales agreed







## Roger Barrett

Managing Director, Group Land & New Homes

LAND AND NEW HOMES

The stance on homebuilding from the UK Government is still negative, yet the frustration grows as we see clear demand for new homes to also plug gaps in the rental market via build-to-rent and the private rental sector, for affordable homes such as social rent, single family housing, shared ownership and low cost for sale, as all tenures fall under pressure.

### Key issues to be resolved and considered include

- Reintroducing housing targets and implementation of all “local plan” processes.
- Re-introduction of an effective replacement of “help to buy”.
- Reassessing proposed anti-development reforms to the National Planning Policy Framework (potential drop in supply of 77,000 homes per year).
- Investment in Local Authorities and reform of planning structures.
- Supporting Local Authorities to work together on strategic reviews of greenbelt land.
- Tackling the skills shortage to deliver and maintain the homes of the future.
- Natural England’s nutrient neutrality requirements could cause an additional fall in supply of up to 41,000 homes, and these requirements have already blocked 150,000 homes.



### Housing supply and market activity

Across the UK, there are real concerns regarding future housing supply and its impact on the housebuilding sector. In 2023, Home Builders Federation figures show a total of 10,527 housing projects were granted planning permission - a decline of 16% from 2022, and 23% down from 2021.

There are indicators showing elements of developer restructuring and activity protecting their forward sales’ position by considering portfolio sales. We continue to experience strong demand in regards to medium and longer-term strategic land and the expansion of partnership arrangements between developers, Registered Providers and investors whereby they can more effectively manage their property portfolios and land buying risk profile.

The planning system and delays in securing permissions is the most significant barrier to growth for SME house builders. Only a small percentage of SMEs think the Government’s current approach on housing and planning is positive for first-time buyers.



**Stephen Nation**  
Managing Director, Group Lettings



increase in  
new instructions  
from Q1 2023  
to Q1 2024



UK  
average  
rent for  
Q1 2024

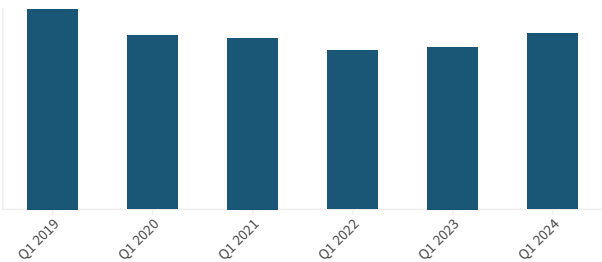


increase in  
tenant demand  
Q4 2023 to  
Q1 2024

The residential lettings market performed well in Q1 2024 with our branch network seeing an 8.1% increase in new instructions year on year when compared to Q1 2023, and a 6.4% increase from Q4 2023.

In March, over 70% of our current investors chose to re-let, and positively we have seen the number of properties available for rent increase by nearly 28.6% year on year.

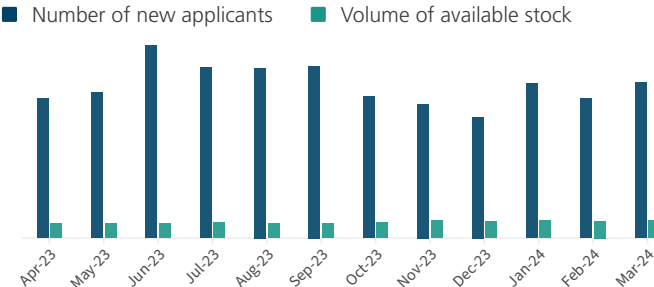
Number of instructions



This continued commitment from investors is needed as whilst demand from tenants might have eased, it is still demonstrably outstripping the supply of homes available to rent.

Q1 saw the number of new prospective tenants registering rise by 13.0% quarter on quarter.

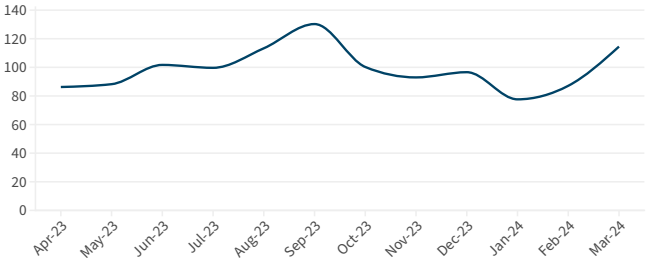
Average applicants per new instruction



This demand for rental housing can give confidence to landlords and investors in the build-to-rent sector alike.

With increased stock levels and positive tenant demand, the number of tenancies agreed in Q1 2024 was also ahead of Q1 2023 by 6.4%.

Number of agreed tenancies



(indexed against January 2019)



**Stephen Nation**  
Managing Director, Group Lettings

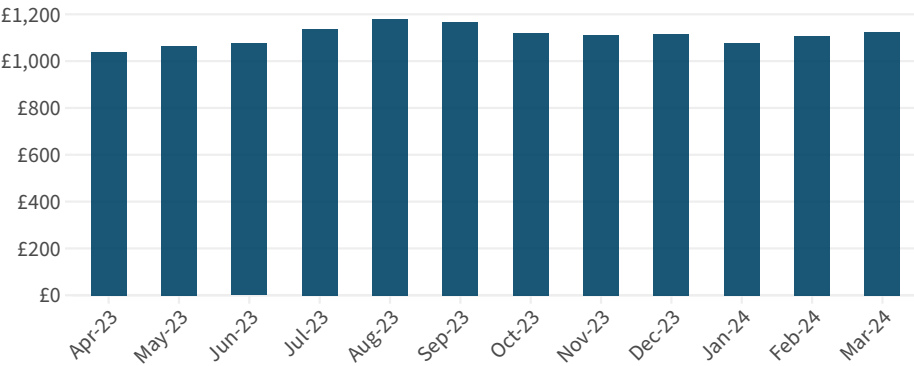


This supply and demand mismatch continues to underpin rental prices, however, tenants’ affordability will curb rental inflation in areas that are reaching a ceiling.

The average monthly agreed rent in Q1 2024 was £1,103 pcm, ending with a peak in March at £1,125 pcm.

This quarterly average represents all regions and is up by 6.0% year on year but down by a marginal 1.2% from Q4 2023.

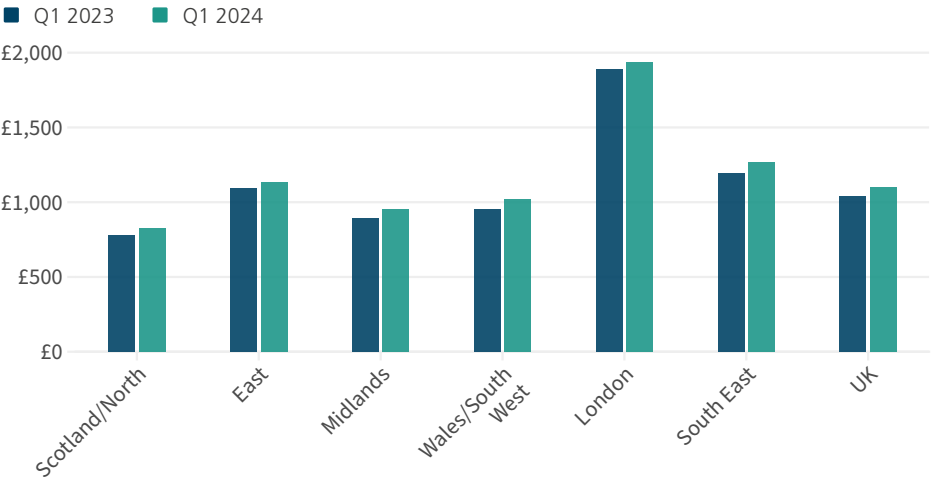
Monthly agreed rents (UK)



Rental price growth is still increasing, albeit at a slightly slower pace than last year. This, in part, may be due to tenant affordability, however, there has been no change in rental arrears.

As stock levels continue to grow and pressure from tenant demand eases slightly, the rate at which prices are rising could start to decelerate.

Average agreed rents (regional)





## Regional rents

The Midlands and Wales / South West had the highest year-on-year increase with 6.9% and 6.7%, followed by the South East with 6.1%, Scotland / North with 5.4% and the East with 3.5% growth in regional average rents.

In Scotland and the North of England, average agreed rents decreased slightly from their peak in December 2023, however, are still 5.4% higher than the same time last year.

Rents in London went up again, after an expected seasonal dip at the end of the year. The average agreed rent is currently £1,937pcm. This is 2.4% above the same time last year.

### Scotland and North

Average agreed rents  
Q1 2023 **£781**  
Q1 2024 **£823**  
Increase **5.4%**

### Midlands

Average agreed rents  
Q1 2023 **£893**  
Q1 2024 **£954**  
Increase **6.9%**

### Wales and South West

Average agreed rents  
Q1 2023 **£953**  
Q1 2024 **£1,017**  
Increase **6.7%**

### UK

Average agreed rents  
Q1 2023 **£1,043**  
Q1 2024 **£1,103**  
Increase **5.7%**

### East

Average agreed rents  
Q1 2023 **£1,096**  
Q1 2024 **£1,134**  
Increase **3.5%**

### London

Average agreed rents  
Q1 2023 **£1,891**  
Q1 2024 **£1,937**  
Increase **2.4%**

### South East

Average agreed rents  
Q1 2023 **£1,197**  
Q1 2024 **£1,270**  
Increase **6.1%**



**Adrian Scott**  
Managing Director, Group Lender Services



**more first-time buyers in Q1 2024 than Q1 2023**



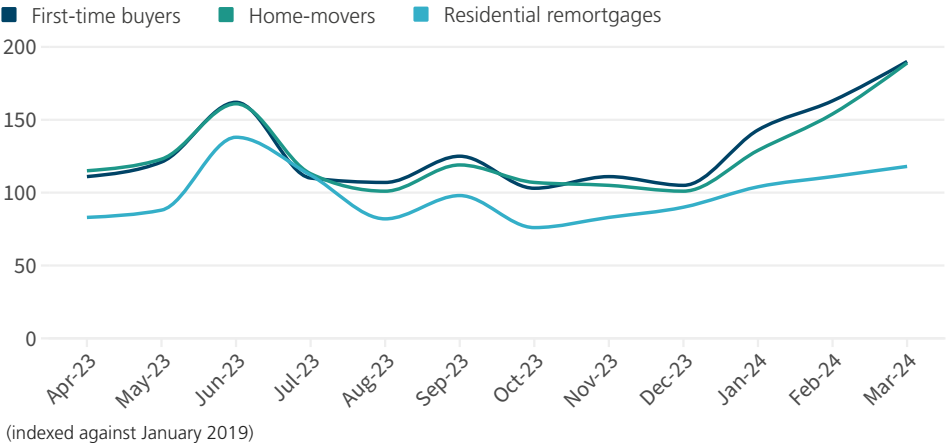
**increase in buy-to-let mortgages from Q1 2023 to Q1 2024**



**the average mortgage term in March 2024**

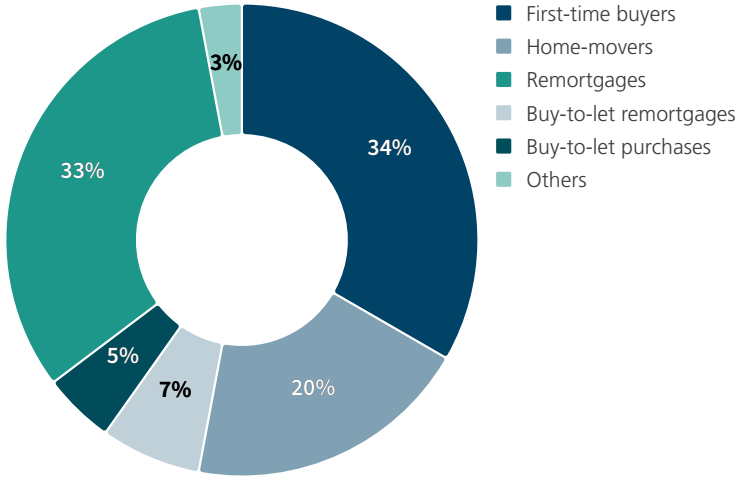
The stability that the Bank of England has offered the property market by keeping interest rates steady is reflected in the increasing confidence of mortgage borrowers in the first quarter of 2024. Even with somewhat fluctuating mortgage rates, an increased number of purchase and remortgage customers have been willing to commit to new or continued property investments. The residential mortgage market in Q1 was up by 46.0%, with increased activity across all three months, when compared to Q4 2023, and up by 33.9% compared to the same time last year. Home-mover activity increased by 51.0% from Q4 2023 and 38.7% year on year, but first-time buyers have again been the leading customer type.

Number of residential mortgages by type



Overall, first-time buyers equated to 33.5% of the total business for Q1 2024, with their activity in Q1 55.4% up from Q4 2023 and 45.2% up from the same period last year. Regionally, the highest number of first-time buyers was seen in the North, but the growth of first-time buyer activity was most evident in East England, where the activity grew by 59.7% on Q1 2023 and 62.4% above Q4 2023.

Percentage of mortgage types Q1 2024







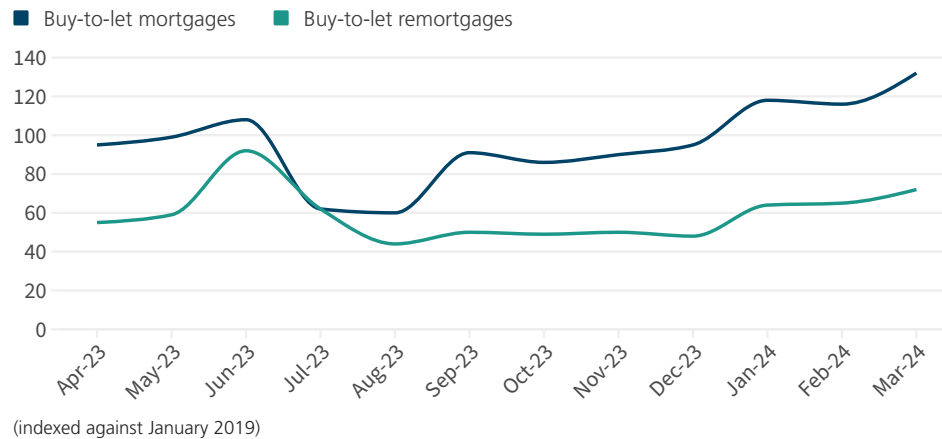
**Adrian Scott**  
Managing Director, Group Lender Services

Overall, buy-to-let activity saw a 35.9% increase quarter on quarter and a 12.9% increase year on year painting a positive picture.

Buy-to-let mortgage purchases lead the way, increasing by 27.3% versus Q1 last year and 35.3% up on Q4 2023.

Buy-to-let remortgages saw a very slight uptick when compared to the same time last year, increasing by 4.9% year on year and 36.2% from Q4 2023.

#### Number of buy-to-let mortgages by type



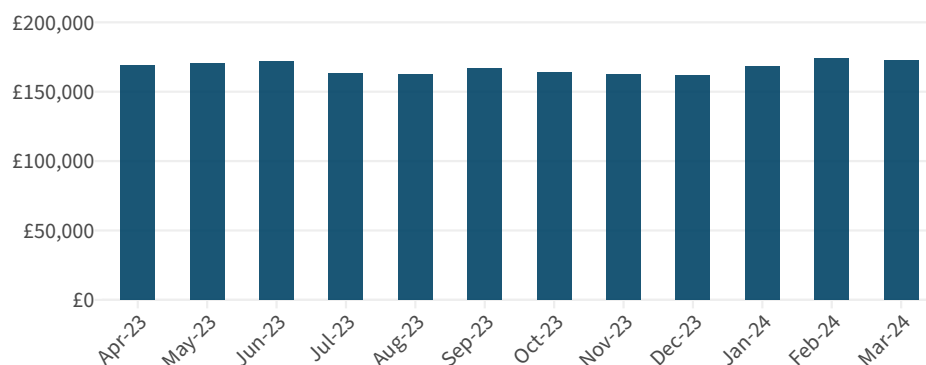




## Mortgage values

The average mortgage value at the end of the quarter was £172,722, with a Q1 average of £171,785, which is 4.8% higher than the same quarter last year.

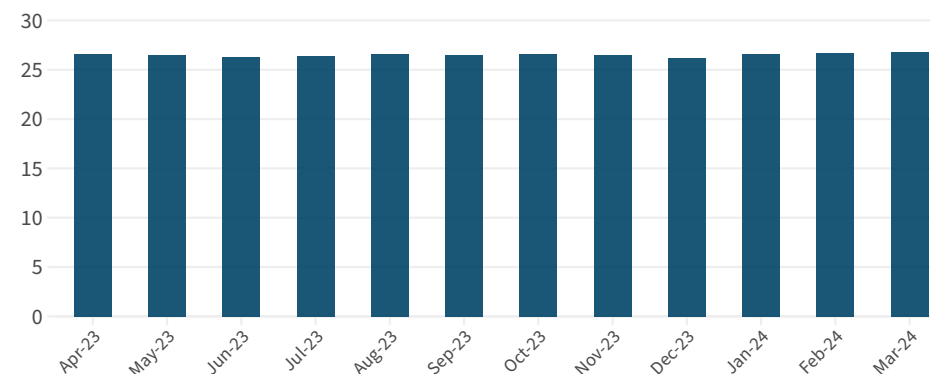
Average mortgage value (£)



## Mortgage terms

The average mortgage term has slightly increased, standing at 26.8 years at the end of Q1 2024, up from 26.2 from Q4 2023.

Average mortgage term (years)





## Adrian Scott

Managing Director, Group Lender Services

## MORTGAGE SERVICES

### Regional overview

First-time buyers in Scotland / North and Wales / South West accounted for the largest share of mortgage purchases, at 35.4% and 35%.

In the East and South East regions, remortgage activity was the busiest and accounted for 34.6% and 37.1%, respectively.

In London, first-time buyers made up 32.2% of Q1 mortgages and remortgage customers made up 31.8%.

In the Midlands, first-time buyers made up 32.7% of customers, whilst remortgage customers made up 33.4%. This is followed by home-movers at 18.1%.

#### Scotland and North

First-time buyers **35.4%**  
Home-movers **21.0%**  
Buy-to-let remortgages **5.8%**  
Buy-to-let purchases **4.7%**  
Remortgages **29.8%**  
Others **3.3%**

#### Midlands

First-time buyers **32.7%**  
Home-movers **18.1%**  
Buy-to-let remortgages **7.6%**  
Buy-to-let purchases **5.8%**  
Remortgages **33.4%**  
Others **2.4%**

#### Wales and South West

First-time buyers **35.0%**  
Home-movers **21.1%**  
Buy-to-let remortgages **5.5%**  
Buy-to-let purchases **4.5%**  
Remortgages **31.9%**  
Others **2.0%**

#### East

First-time buyers **31.7%**  
Home-movers **19.5%**  
Buy-to-let remortgages **8.1%**  
Buy-to-let purchases **4.0%**  
Remortgages **34.6%**  
Others **2.2%**

#### London

First-time buyers **32.3%**  
Home-movers **14.1%**  
Buy-to-let remortgages **13.7%**  
Buy-to-let purchases **5.4%**  
Remortgages **31.8%**  
Others **2.8%**

#### South East

First-time buyers **31.6%**  
Home-movers **18.7%**  
Buy-to-let remortgages **6.8%**  
Buy-to-let purchases **3.6%**  
Remortgages **37.1%**  
Others **1.3%**



**Simon Matthews**

Managing Director, AMG

ASSET MANAGEMENT

**+5%**

**increase in number  
of mortgages  
with 10%  
arrears or more**

**1,040**

**total  
number of  
possessions  
in Q4 2023**

The most recent possession figures released by UK Finance provide details of market activity during the fourth quarter of 2023 as we saw the UK base rate remain held at 5.25%.

Driven by the reduction in owner-occupied possessions, we saw a 3.7% reduction in the total number of possessions completed during Q4 when compared to Q3 2023.

Lenders are continuing to offer support measures to those homeowners facing increased mortgage costs and when compared to Q4 2022 the total number of possessions increased by 16.9%, influenced by an increase in buy-to-let possessions.

In Q4 2023, the total number of mortgages with arrears representing 10% or more of the balance outstanding showed a 4.7% increase when compared to Q3 2023.



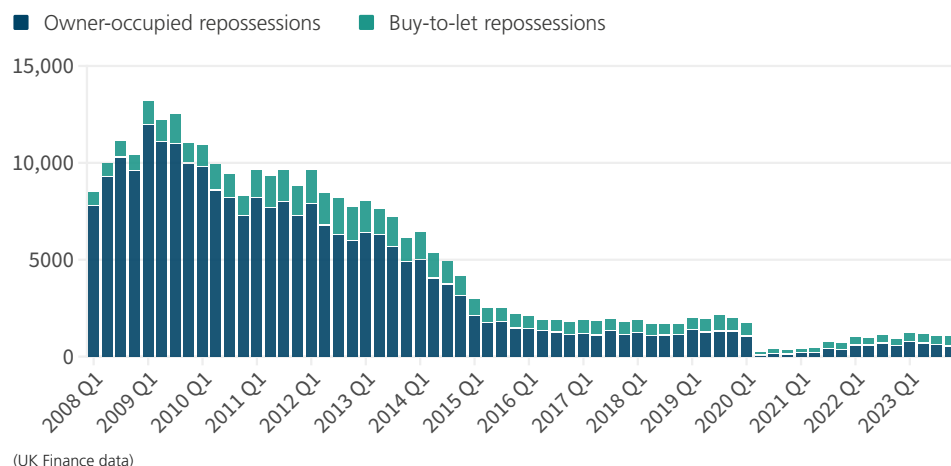


**Simon Matthews**  
Managing Director, AMG

At 1,040, the total number of possessions from Q3 2023 to Q4 2023 showed a 3.7% decrease. Within this, owner-occupier possessions decreased by 14.3% whilst buy-to-let possessions increased by 11.1%. When compared year on year, the total number of possessions completed in Q4 2023 reflect a 16.9% increase in activity.

The percentage of possessions accounted for by the buy-to-let sector stood at 40.8% in Q4 2023, an increase on the 38.0% share seen in Q3 2023.

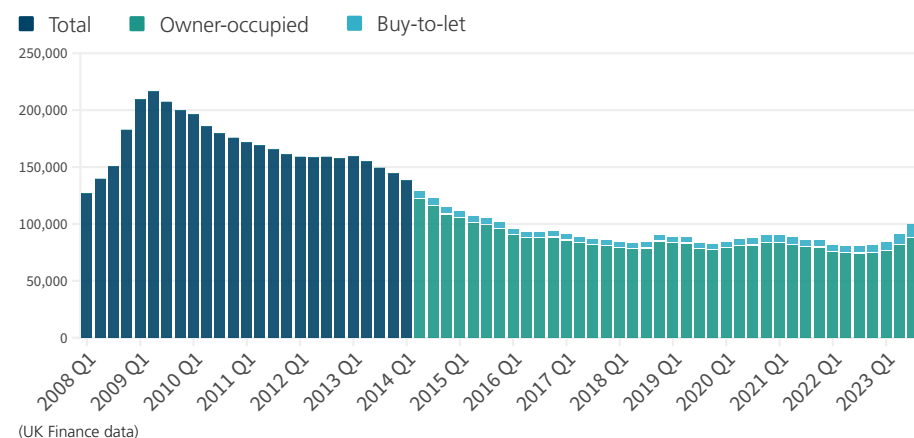
#### Number of possessions, buy-to-let and owner occupied



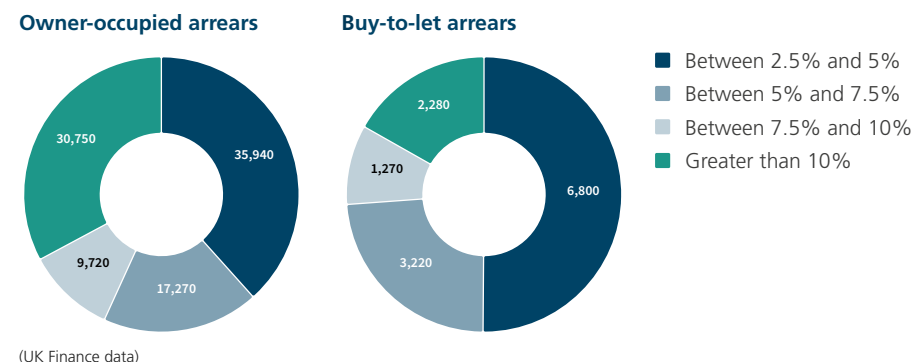
When looking at possession sales, the average sale price in Q4 2023 was £157,128, an 8% decrease on the average price in Q3 2023. Houses accounted for 55% of completions during Q4 2023, down from 63% in Q3 2023.

Owner-occupiers, with arrears of 2.5% or more of the total balance remaining, totalled 93,680 in Q4 2023, 6.5% ahead of the previous quarter. At 13,570, arrears of 2.5% or more of the total balance within the buy-to-let sector in Q4 2023 were 17.6% higher than in Q3 2023. The total number of mortgages with arrears of 10% or more of the balance in Q4 2023 was 4.7% higher than Q3 2023.

#### Arrears on mortgages, 2.5% or more balance outstanding



#### Arrears by the bands as a proportion of total balance





## Ross Bowen

Managing Director  
Connells Survey & Valuation

“In parallel to the improved trading landscape, it is evident that some valuation suppliers are re-starting investment into recruitment and infrastructure development. This is vital for the long-term health of the sector and to meet the evolving needs of the home buying public and mortgage lenders.

It is encouraging to see the growth in demand for private surveys is outstripping the overall increase in home buying, however with such a small proportion of individuals seeking RICS survey reports, more work is needed throughout the sector to promote private survey benefits to consumers.”

97%

service quality,  
13% ahead of  
the market  
over Q1 2024

3.2  
days

average servicing  
speed over Q1  
2024, 1.2 days  
faster than  
the market



## Matthew Cumber

Managing Director  
Countrywide Surveying Services

“Countrywide clients remained active keeping levels of activity consistent. Demand for surveys remained strong and customers continued to see the benefits of contracting with RICS Chartered Surveyors. In what has been a challenging environment for surveying businesses, Countrywide has continued its long-term investment in both technology and people.

We have enhanced our offering to clients by the use of industry leading technology coupled with a risk based approach to support their ambitions in the market, whilst our leading Graduate Training Academy continues to bring new talent into the industry.

This, supplemented by key appointments, ensures the overall offering to clients and customers remains as strong as ever.”

£351,918

average  
valuation  
price in  
Q1 2024

17%

of all  
valuations  
were  
buy-to-let

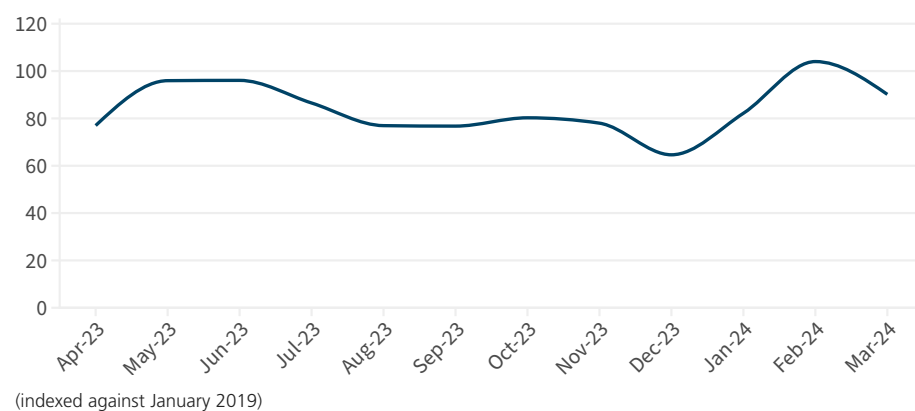




Taking analysis of the market across both Connells Survey & Valuation and Countrywide Surveying Services, we have seen a strong start to the year with both valuations and surveys outperforming last year's numbers. January and February in particular saw a better than expected market with a strong trading position.

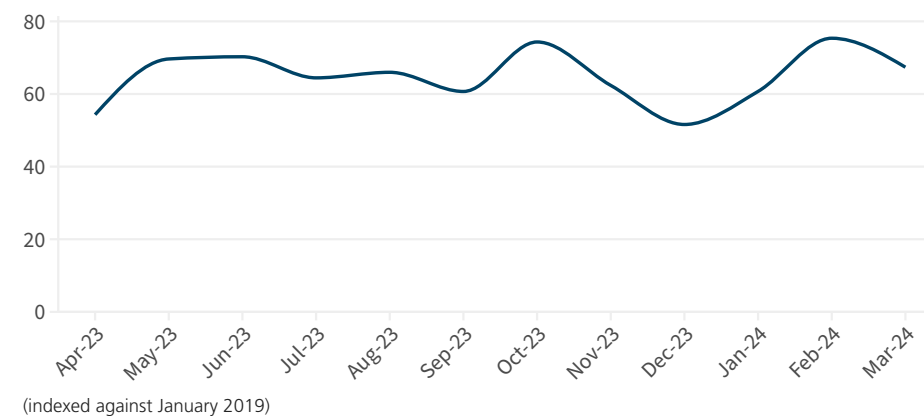
Whilst base rates were held by the Bank of England in December, February and March, falls in some mortgage rates acted as a catalyst to improve buyer activity into the new year.

#### Number of mortgage valuations



Coming into Q1, both survey and valuation instructions rose, supported by a strong start to the year from buyers. In February, both survey and valuation levels outperformed those over the last 12 months.

#### Number of surveys



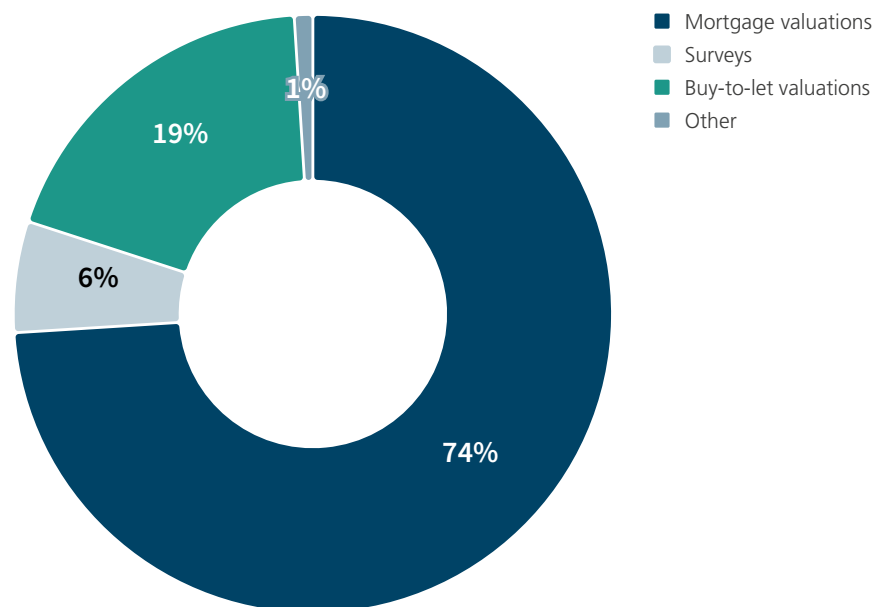


Mortgage valuations accounted for 74.2% of the total business for Q1, lower than the 75.0% seen in Q4.

Remortgage activity continues to drive a significant share of valuation activity.

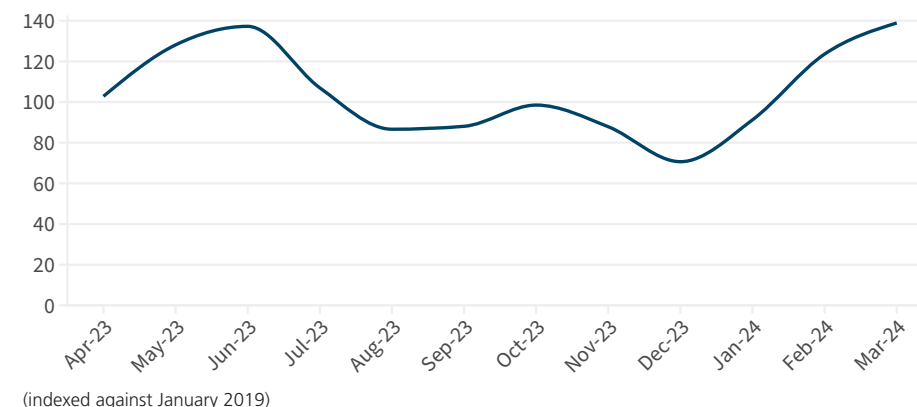
Across the Group's mortgage businesses, remortgage activity accounted for 32.6% of transactions.

#### Surveys and valuations mix



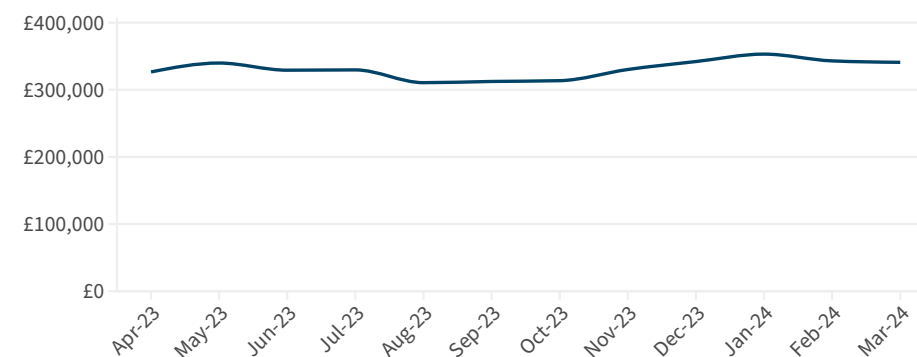
Buy-to-let activity picked up considerably in Q1 with March seeing numbers that were marginally higher than any month for the past 12 months. Activity within the buy-to-let sector accounted for 18.7% of all activity during Q1.

#### Number of buy-to-let valuations



The average valuation price increased during Q1, with the average in March sitting at £340,895.

#### Average valuation price



## Regional average house prices at completion Q1 2024

£185,563

Scotland / North  
0.8% down from Q1 2023

£295,967

East  
5.3% down from Q1 2023

£220,026

Midlands  
1.3% down from Q1 2023

£688,772

London  
5.2% up from Q1 2023

£249,740

Wales / South West  
4.0% down from Q1 2023

£383,153

South East  
4.2% down from Q1 2023UK average house price  
at completion Q1 2024

£283,660

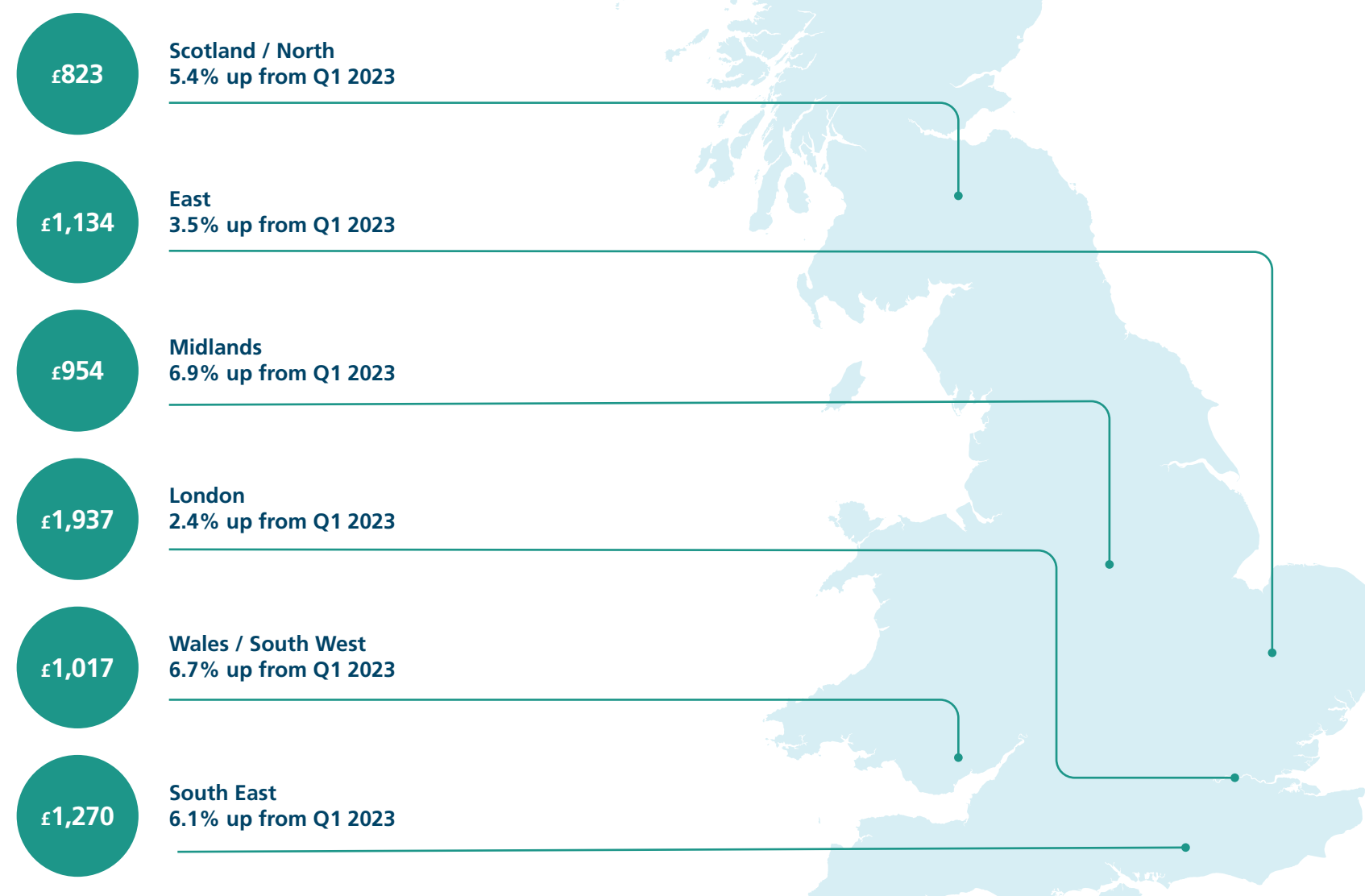
down

1.9%

from Q1 2023  
£289,251UK average mortgage  
value Q1 2024

£171,785

## Regional average rent Q1 2024



UK average rent  
Q1 2024  
**£1,103pcm**

up  
**5.7%**  
from Q1 2023  
(£1,043pcm)

Connells Group is the largest and most successful estate agency and property services provider in the UK.

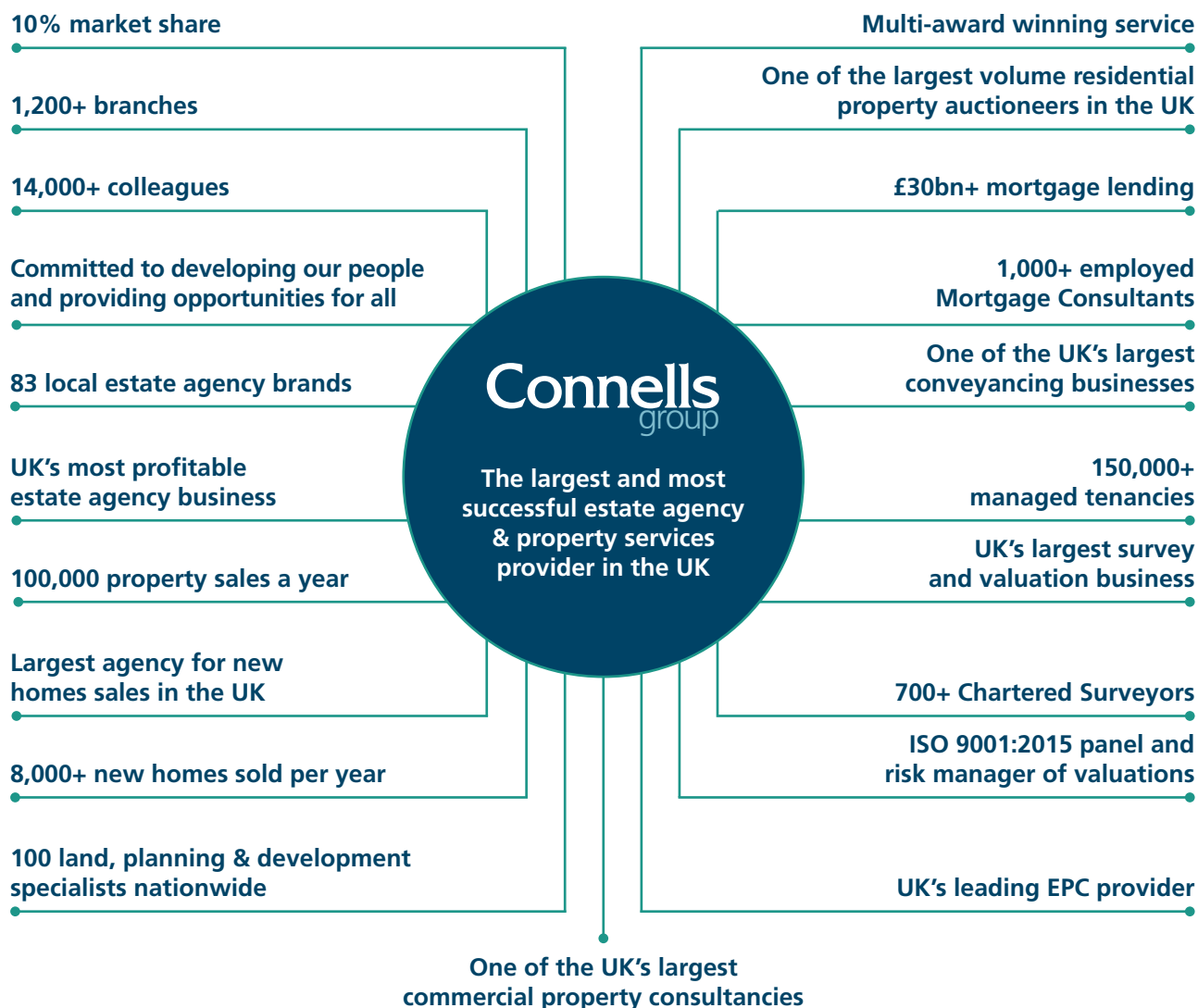
Founded in 1936 and with a network of over 1,200 branches nationwide, the Group combines residential sales and lettings expertise with a range of consumer and corporate services. This includes new homes, mortgage services, conveyancing, EPC provision, surveying, corporate lettings, PRS, Build to Rent, asset management, land and planning, LPA receivers, commercial real estate and auctions.

Alongside the Connells estate agency brand, the Group trades under well known and trusted local names.

Corporate clients benefit from Connells Group's broad range of award-winning services and depth of experience and expertise.

We work with some of the UK's leading organisations and institutions on property and land acquisition and disposal, asset management, mortgage sales and distribution, corporate lettings, auctions, conveyancing and surveying, to name a few.

Connells Group is a subsidiary of the Skipton Building Society, one of the UK's largest providers of financial services and products.



Figures quoted for full year 2023 or correct as at February 2024, based on internal data. Issue 12, CG February 2024.

## Land, New Homes & Planning



## Commercial Property



## Property Auctions



## Asset Management



## Strategic Investments



## EPCs & Inventories



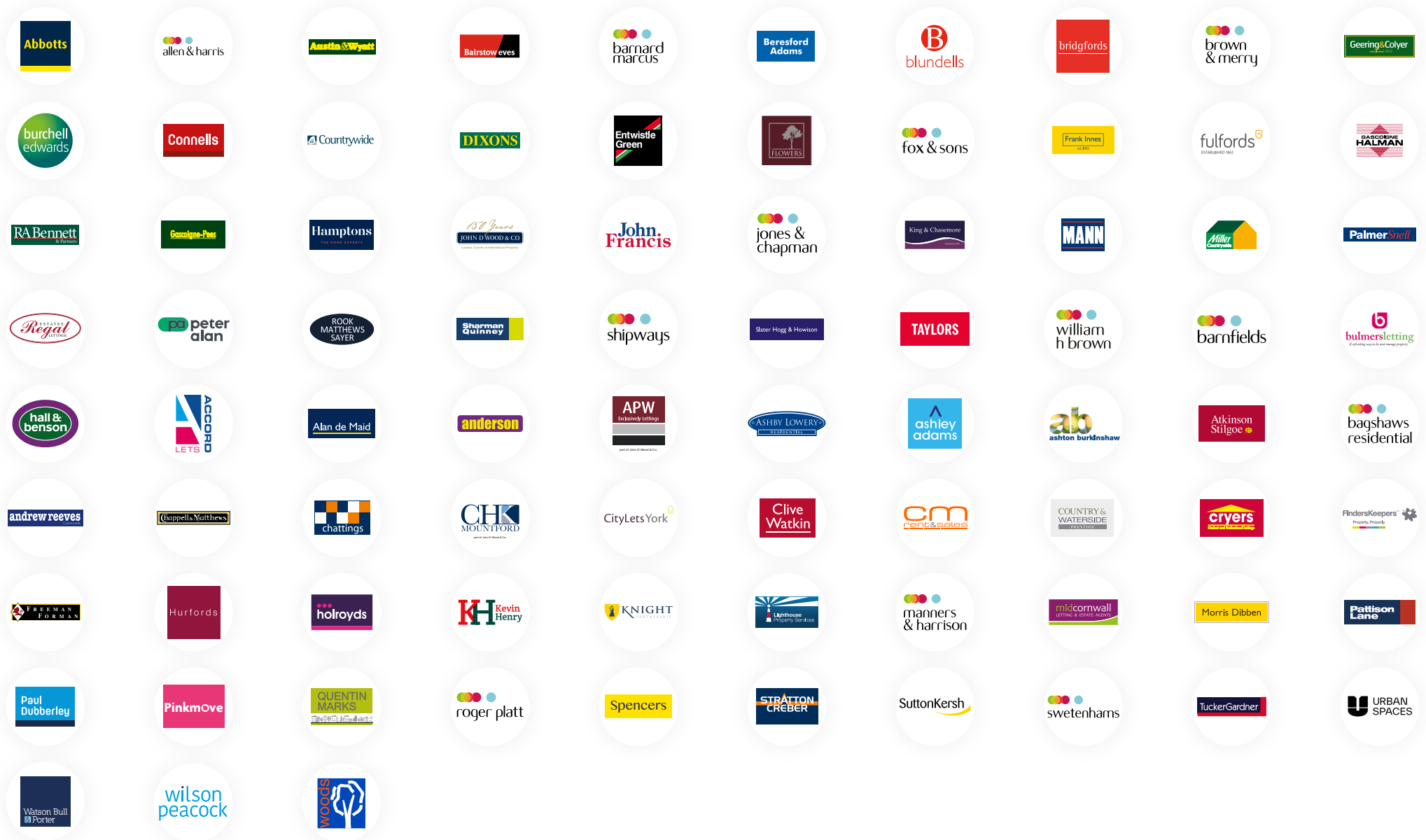
## Legal Services



## Surveys & Valuations



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