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# **UK 2022 Property Market Predictions**

# Is Now the Right Time to Buy?

**T**he start of a new year offers the chance to reinvent yourself, and while some will be taking on new diets, you may decide that 2022 is finally the year you buy a house.

Whether you're looking to move homes yourself or are thinking of making an investment in property, it's essential to know what will happen to the UK property market to see if now's the perfect time to buy.

And while there is no crystal ball to determine exactly what will happen in the coming 12 months, we can make an informed estimation to see if 2022 is the right year for you.

With this in mind, the following content will take a look at the latest UK 2022 property market predictions.



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## What Happened to the UK Property Market in 2021?

**A** good indicator of how the UK property market will perform in 2022 is by looking at the past 12 months.

With UK life still dominated by the pressures of the Covid-19 pandemic, and the Omicron variant appearing in late 2021, the future is still rife with uncertainty.

As such, by understanding how prices performed in 2021 during similar uncertainty, we can make some

## Average UK House Price 2021 – Land Registry



## 2021: A Record-Breaking Year for Property Prices

Despite both Brexit and Covid-19 dominating the lives of many in 2021, the UK property market experienced a record-breaking year. According to data from Nationwide, the average UK home hit a record high of £254,822 in December 2021, which is over £24,000 higher than in 2020. In fact, over the 12 months in 2021, UK house prices increased by 10% on average, the highest growth in 15 years.

It was a similar story according to Rightmove, which found that the price of new properties coming to market peaked at an all-time high of £344,445 in October 2021.

The Land Registry had equally positive findings, with their data (currently only available up to October 2021) showing that the average UK property is 10.17% higher than a year prior.



## Massive Supply & Demand Imbalance Led to Rising Prices

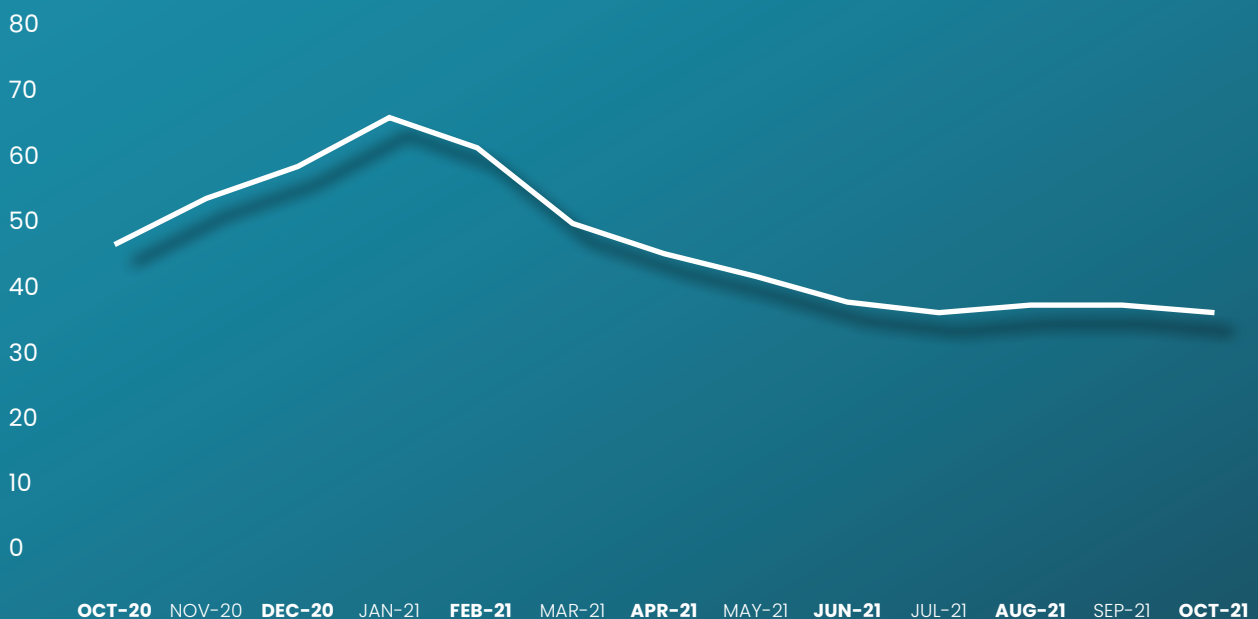
The enormous level of growth seen in house prices in 2021 stemmed from a massive supply and demand imbalance caused by the so-called 'race for space.' With the rise of working from home, the UK saw a house-buying frenzy, with more people than ever looking to relocate.

This stemmed from homebuyers having more money than ever, with a lack of spending opportunities from lockdown leading to British households building up their savings to the second-highest level on record, with the first highest coming in 2020.

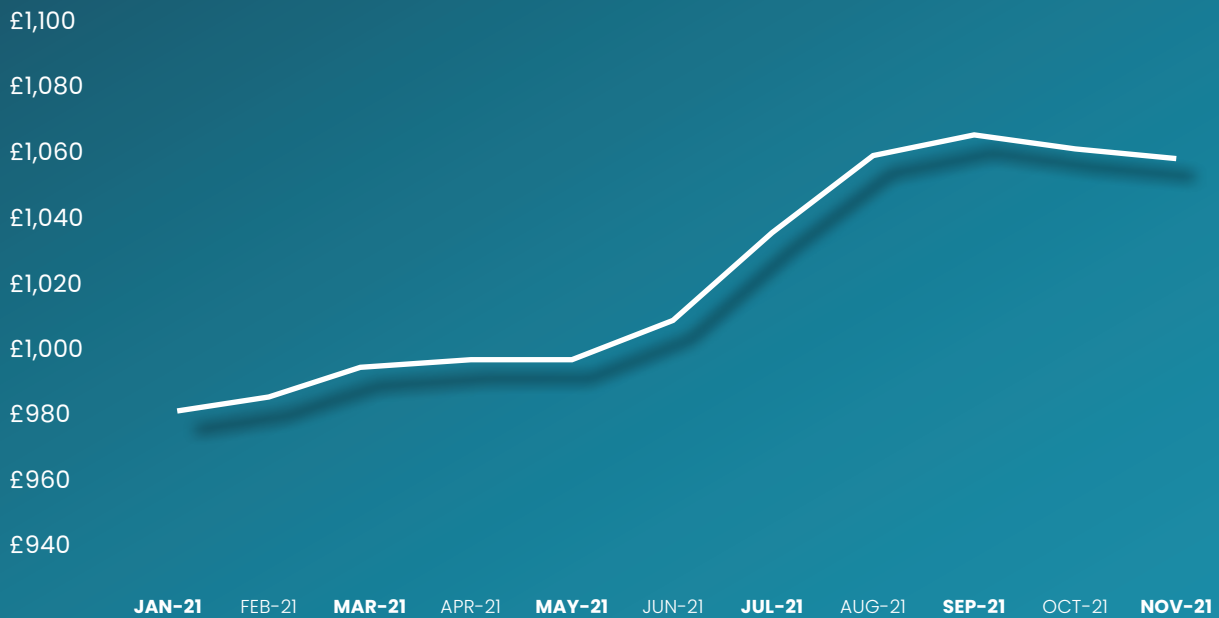
As such, the UK saw the hottest ever competition to buy a home in 2021, with Rightmove reporting that buyer demand was twice as high as pre-pandemic levels in September 2021. This demand is coming from every type of buyer, too, with UK house sales from first-time buyers reaching the highest level for 19 years, according to The Guardian.

Supply is simply unable to keep up with this demand, with a December 2021 report from Rightmove finding that available stock hit a record low.

### Average Time to Secure a Buyer in 2020/21 (No. of Days)



## Average UK Rent 2021



## Huge Rental Demand Causing National Rent Rises

Alongside considerable property price growth, the rental market has also seen a considerable surge. In April 2021, it took just 8.9 days for a rental property to be tenanted, which was down from 31.9 days in April 2019.

This has led to dwindling rental supply across the UK, with popular renting hotspots like Manchester now featuring fewer than 500 available rental properties for the first time ever.

Naturally, this surging rental demand has led to an increase in rental prices, with the HomeLet rental index finding that rent prices reached an all-time high in September 2021, hitting a monthly rate of £1,061 on average.





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## 2022 Property Market Predictions: UK House Price Growth Returning to Normal Levels

**A**fter an exceptionally busy 2021, which saw the highest level of completed home sales and the strongest year for mortgage lending since 2007, house prices are set to stabilise in 2022.

According to Rightmove, house prices will increase by around 5% in 2022, with Savills offering a more conservative estimate of 3.5% over the next 12 months.

### Five-Year House Price Forecast From Savills **2022 to 2026**

	<b>2022</b>	2023	<b>2024</b>	2025	<b>2026</b>
UK House Price Growth	<b>3.5%</b>	3.0%	<b>2.5%</b>	2.0%	<b>1.5%</b>





## 2022 – A Cooldown in Market Activity

Rightmove's Director of Property Data, Tim Bannister, believes that 2022 will see a cooldown in market activity thanks to a rising housing supply and higher interest rates curbing market activity.

In a press release, he said:

“

While the pandemic is still having an ever-changing impact on society as we head into the new year, we expect a housing market moving closer to normal during 2022.

A return to a less frenetic market due to more choice, and forecast slightly higher interest rates, will suit many movers who have held back during the last 18 hectic months.

With a jump in the number of owners requesting valuations from agents with a view to marketing their homes, it looks like many of this group are now gearing up to make it a new year resolution to move, so more buyer choice could now be on the cards.

Buyer demand and market momentum remain strong going into 2022, with November showing buyer numbers 41% up on the election-subdued 2019, and still 3% up on booming 2020.





## Race for Space Set to Stabilise in 2022

Industry experts believe the so-called race for space will stabilise in 2022, which may be the perfect opportunity for property investors.

In 2021, lifestyle changes amongst home buyers caused by lockdown led to an increased demand for rural homes, leading to a huge surge in property sales supported by massive tax savings from the stamp duty holiday. However, Halifax has found that this trend is started to decrease, with the growth in the price of flats now outpacing the price of detached homes.

In fact, Halifax has reported that in November 2021, the average price of UK flats were 10.8% higher than 12 months prior, while detached homes were only 6.6% higher. This has resulted from many workers returning to offices after working from home.

This data is likely great news for those looking to make a property investment, with clear signs that apartments and flats are coming back into fashion.



## Uncertainty Still Dominates From Omicron

While there are tell-tale signs that the housing market could see a more normal year in 2022, the looming threat of Omicron and additional lockdowns is leading to strong uncertainty over the coming months.

Although Omicron will likely not lead to any damage to the UK property market (read our blog on Omicron to see why), it could mean that the market could see even higher growth than expected.

After all, most predictions for the property market are centred around the fact that buyer demand will settle in 2022. However, if Omicron leads to additional lockdowns, it's possible we could see a repeat of 2020 and 2021, which saw house prices rise to extraordinary heights.

The bottom line is there is simply no way to accurately anticipate what will happen in the next 12 months. As such, while looking at property price predictions is a good indicator, you shouldn't make decisions solely based on upcoming estimations that can often be proved wrong.

Often, the best (and cheapest) time to buy property is now, with prices always on the rise.







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## Frequently Asked Questions

### Will Houses Get Cheaper in 2022?

While there will be some price drops in house prices in 2022, it's unlikely that house prices will overall get cheaper in 2022. Over the past 12 months, property prices have increased by over 10%, and this is likely to continue in 2022.

### Will House Prices Go Up in 2022?

Yes, it's highly likely that UK house prices will increase in 2022. Rightmove predicts a 5% rise in the average property price in 2022, with Savills estimating a 3.5% increase.

### Will the Housing Market Crash in 2022 UK?

It's unlikely that the housing market will crash in 2022. While sales are likely to decrease compared to 2021, Rightmove predicts that house prices will increase by 5% in 2022.

### Is Property a Good Investment UK 2022?

Yes, property is a great investment in UK 2022. With house prices set to increase by an additional 5% in the next 12 months, and rental prices expected to rise by 5.5% according to Savills, UK investors can expect huge returns in the coming years.

### Will Rent Go Down in 2022?

It's likely rental values will continue to rise in the UK, with Savills estimating a 5.5% rise in rent in 2022. This number is set to keep increasing, with an overall rise of 19.9% over the next five years.





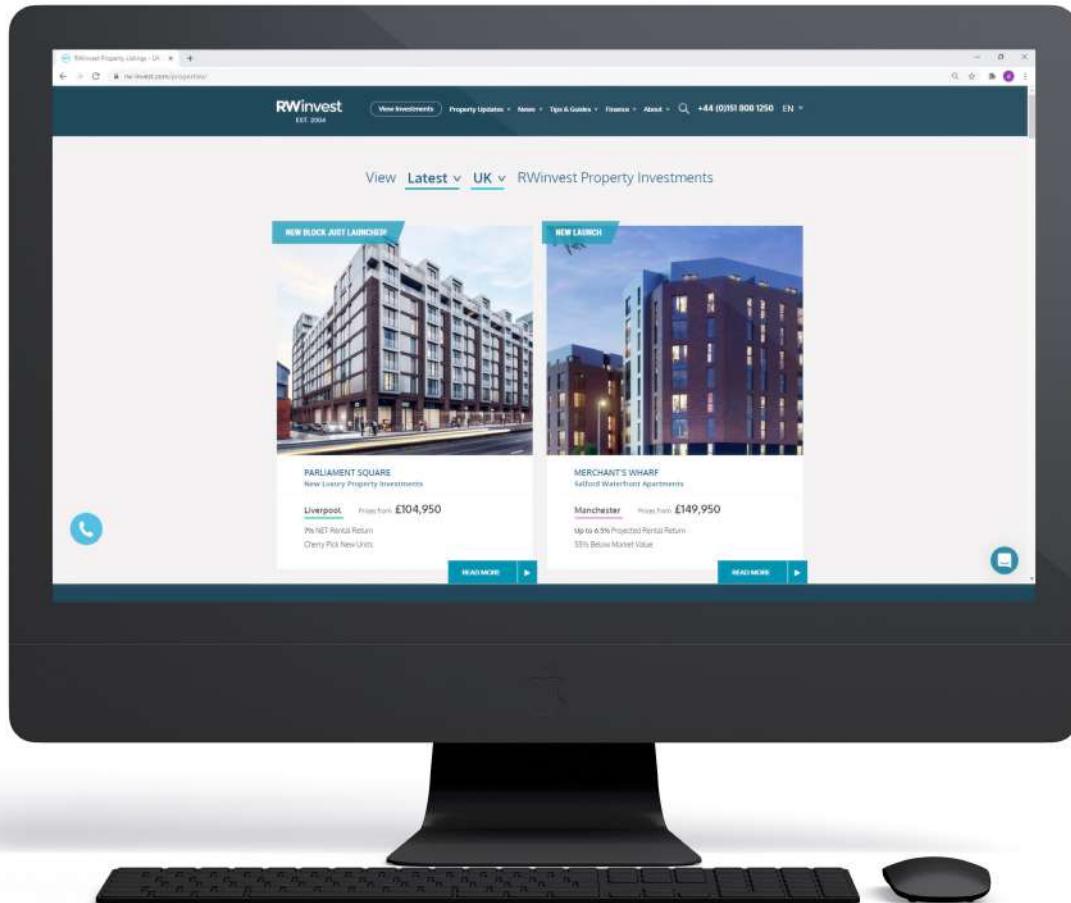
## Make a UK Property Investment With RWinvest

**W**e hope you've enjoyed our guide about the latest UK 2022 property market predictions. If you feel confident about buying a new property in 2022 and want to make an investment, be sure to contact RWinvest today and speak to a trained property specialist to look at the latest options in 2022.

RWinvest is an award-winning property investment company with over 17 years of experience in residential and student property. With over 75,000 investors, we can help your investment dreams become a reality. Just chat to an agent and start your UK property investment journey with us today.



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