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Property Market
Roundup

2022



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2022

Property Market Roundup



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2022 has been a hectic year for the property market, full of rapid growth in the sector which was great news for investors.

There's been so much going on this year that it can be hard to keep track of and even harder to understand how the UK housing market has changed.

The main storyline of the year has been that the UK housing market has consistently shown signs of positive growth as the country recovers from the COVID-19 pandemic and Brexit. As a result, property continues to be one of the strongest and most stable ways to invest money right now.

In this guide, we break down the main events that affected the property market on a month-by-month basis, so you have an in-depth breakdown of how the market changed throughout 2022.

We will be using data from the UK House Price Index and Homelet's Rental Index to go alongside the roundup of each month, so you have statistics to go along with our breakdown of what happened.

Let's get started.



January

February

March

April

May

June

July

August

September

October

November

December

Average property price:
£274,000

12-month price growth:
9.6%

Average rent PCM:
£1,064

12-month rental growth:
8.5%

Monthly rental growth:
0.4%

January saw the UK property market continue the strong positive growth that 2021 ended on, with a rise in property prices of nearly 10%.

On a regional level, the East Midlands had the largest growth, coming in at an annual rise in prices of 11.6%. London lagged behind the rest of the UK, only recording a growth of 2.2%. This is partially due to the lower affordability of the London property market, as it traditionally lags behind the rest of the country.

"For example, the average price of property in London was £510,000, nearly double the national average. The North East had the lowest average property value, coming in at £150,000."



This growth kicked off 2022 in good fashion, with high demand for housing helping to drive the growth in house prices. Savills reported that demand for all kinds of housing was up 49% in the 4 weeks to mid-January compared to the same period 2018-21.

Partially, this was due to the low supply of housing available on the market at the time, meaning the market was far more competitive as more potential buyers were trying to purchase a smaller number of properties.

The rental market also experienced similar growth, with rents rising slightly from December 2021 as the high demand from renters carried on into the new year. This was exciting for buy-to-let investors, as it set up 2022 to be a prosperous year for the sector.

As more people began working remotely during 2021, where they chose to rent became more important. New build properties with lots of outdoor space and amenities such as gyms, concierges and parking became more popular as a result of this.

"The North-West saw the largest month-on-month rental increase, with rents rising by 1.3%, while the North-East was the cheapest area to rent in, with an average monthly rent of £578."

The UK saw a larger growth in February than the previous month, as the average price of property in the UK rose by £27,000 since February 2021.

According to Savills, annual house price growth was pushed to the second-highest reading since 2004 as high demand and low supply continued to make the housing market extremely competitive.

From a regional perspective, the East and the South-West had the highest annual growth, coming in at 12.5%, much higher than the national average. Same as in January, London lagged, but this time with a growth of 8.1%, much more in line with the national average.

"Of the four countries in the UK, England had the most expensive average property price in February, with an average of £295,888, whilst Northern Ireland had the most affordable prices in the UK, coming in at an average of £159,151."

Average property price:
£277,000

12-month price growth:
10.9%

Average rent PCM:
£1069

12-month rental growth:
8.6%

Monthly rental growth:
0.6%

February

Savills recorded a higher number of sales and mortgage approvals in February as the market became busier, but there were still supply issues that were affecting the price of property both residential and rental.

The rental market also saw similar signs of continued growth, with a slightly higher increase on both a monthly basis and an annual one. This was a sign of continued demand for rental properties across the country, and good news for investors.

Scotland saw the highest monthly (1.7%) and annual (12.1%) rise in rents, with a new average of £760pcm. The East Midlands and London were the only regions to see rents fall, however, these were only drops of 0.1% and 0.2% respectively.

The North-East was once again the cheapest area to rent, with the average rent rising by 0.9% to £583pcm.

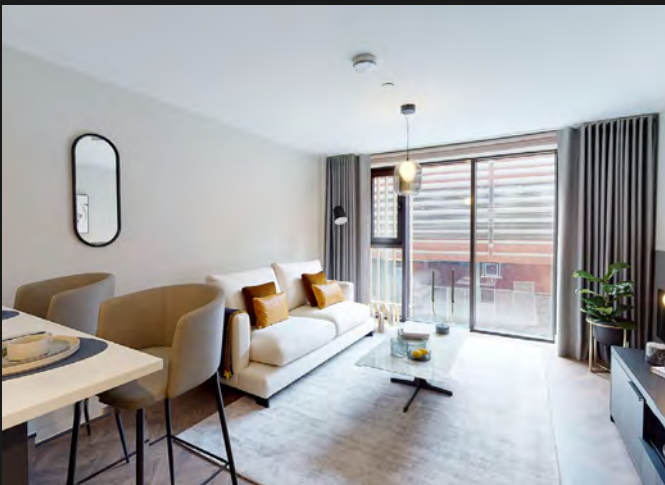




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Average property price:

£278,000

12-month price growth:

9.8%

Average rent PCM:

£1078

12-month rental growth:

8.7%

Monthly rental growth:

0.8%

Once again, March continued to show strong growth in house prices as the market remained hot despite low levels of supply.

Savills reported that March was the strongest monthly house price growth in 18 years at 1.1%, but that the low supply of houses on the market would mean that house prices would continue to rise.

However, there were signs that more properties were on the way, as surveyors reported an increase in the number of instructions, but this would not have any real effect on the market for several months at an optimistic outlook.

On a regional basis, Wales saw the strongest house price growth in the UK, as prices rose by 11.7% annually. Scotland had the slowest annual growth of any country, but even that was high at 8%.

Once again, the East Midlands had the highest regional growth of 12.4%, while London lagged at 4.8%.

For the rental market, there was similarly strong growth. Rental value grew by 10.4% according to Savills, a sign of the massive demand for rental properties.



"The South West saw the greatest month-on-month increase out of any region, with rents rising 1.8% since February."

Despite this growth caused by a lack of supply, issues about energy prices and the cost of living began to emerge. While the high demand for rental properties would mean rents continued to rise going into Spring, these cost of living concerns would cause more issues for the property market as 2022 progressed.

April saw a stronger level of growth than we had previously seen in 2022 across both the overall property market and the rental market as the sector heated up as Spring came around.

"The average property price rose by the largest amount since February across the UK, as the annual growth of prices had the highest growth yet seen in 2022."

While demand was still high, TwentyCi reported that there was an increase in supply. However, it was still 44% below pre-pandemic levels, so this would take time to affect the market. Nevertheless, it was good news to see the supply of housing increasing as this would help to make the market healthier.

Scotland bounced back in a big way, matching Wales for the largest regional growth of the month. Both countries rode high with a 16.2% annual increase from 2021, while Northern Ireland had the slowest rate of growth with a rate of only 10.4%.

In England, the South West had the fastest annual growth of 14.1% once again, while outside of London (a healthier 7.9% growth), the North-East had the slowest price increases in April, only having an annual rise of 10.7%.

Average property price:
£281,000

12-month price growth:
12.4%

Average rent PCM:
£1091

12-month rental growth:
9.5%

Monthly rental growth:
1.2%

There was also year-high growth for the rental market, as April saw the largest month-on-month growth in rental prices for 2022 so far.

In fact, according to Zoopla, this was the strongest increase in rental prices since 2011.

"Outside of London, the South-East had the most expensive monthly rent in April, with an average rent of £1164. In contrast, the North-East had the cheapest average rent at £594."



Average property price:
£283,000

12-month price growth:
12.8%

Average rent PCM:
£1103

12-month rental growth:
10.6%

Monthly rental growth:
1.1%

While not quite as high as April, May continued the strong trends of growth 2022 had seen thus far. Despite the positive growth, this was the first sign that the rapid growth that the UK property market had seen until this point was cooling off.

This was no cause for alarm, however, as the housing market was reaching a natural peak in prices which would be healthier for the sector in the long run, as otherwise, housing would become unaffordable for the majority of the population.

"Despite the first signs of a cooling-off period, May still showed that there was greater demand for housing than could be kept up with, stimulating further growth."



There was more confidence for first-time buyers, as UK Finance reported a 16% rise in mortgages given to first-time homeowners compared to pre-pandemic levels.

The East Midlands had a staggering 15.2% annual growth, whilst once again, London was the most sluggish market in the UK, only showing a growth of 8.2%. Wales had the largest annual price increase of 14.4%, while the average house price in England surpassed £300,000.

Homelet recorded the highest-ever annual growth for rents in its index for May 2022, as the rental market's growth hit double digits. Some areas of the UK had even higher rises, such as Greater London (15.7%) and the North-West (11.3%).

"However, there again were signs that this unparalleled growth was not sustainable, as the three-month rental increase had slowed down from 3.8% in November to 2.2% in May, and some areas like London had seen even slower three-month increases."

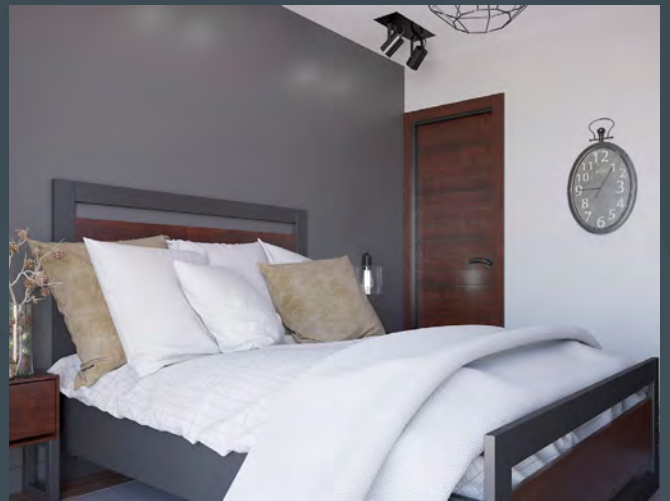
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As we came into Summer, June saw a deceleration of the rapid growth we had seen from the property market so far in 2022, though prices did continue to rise.

"As you can see above, the annual price growth from May to June fell sharply by 5%. This would kickstart a cooling period that continued through the rest of the year as the cost of living crisis began to make rising house prices unaffordable."

While there was still a low supply of housing, there was less demand than in previous months as many chose to go on summer holidays or make other expensive purchases rather than buying property.

Scotland saw the largest growth on both a monthly and annual basis, with prices rising by 2.2% and 11.6% respectively. June was the first month where a region of the UK saw prices fall, with Yorkshire and the Humber seeing prices fall by 0.4% from May.

Average property price:
£286,000

12-month price growth:
7.8%

Average rent PCM:
£1113

12-month rental growth:
10.5%

Monthly rental growth:
0.9%



For the rental market, there were still signs of strong growth that was unaffected by the overall deceleration of the housing market.

"The annual growth of rental prices only fell by 0.1%, a far shallower drop than we saw in house price growth."

Greater London had the largest annual increase in rental prices again, with a rise of 14.9%, while the East of England had the smallest amount of growth at only 6.6%.

The most affordable area of the UK to rent in was the North-East, which had an average monthly rent of only £588, while outside of London, the South-East had the most expensive, with an eye-watering £1190 per calendar month.

Despite June's downward trends, July saw the housing market rally to bounce back as house price growth rose to the highest rates we had seen in 2022. This was the highest annual inflation rate we have seen since 2003.

However, the numbers do not tell the whole picture, as this astronomical rate of growth is mostly due to the lower prices the housing market saw last year as a result of the stamp duty holiday. Were it not for this preventative measure to encourage spending after the COVID-19 pandemic, it is unlikely we would see such a large rise in prices.

"Prices rose by an average of £6000 from June, but there were still signs that the market was slowing down. Savills reported that there were 13% fewer transactions in July than compared to pre-pandemic levels."

Scotland saw a rise of 17.6%, the highest out of any UK country once again. Northern Ireland lagged behind the rest of the UK, only seeing a growth of 9.6%.

Average property price:

£292,000

12-month price growth:

15.5%

Average rent PCM:

£1127

12-month rental growth:

9.5%

Monthly rental growth:

1.3%

"From a regional perspective, the South-East had a drastic level of growth, hitting 20.7%! Other investment hotspots like the North-West also saw high levels of growth, with an annual rise of 18.1%."

The rental market also had a strong month, with the largest month-on-month increase in rents we saw until this point in 2022.

Savills reported that the rate at which rents were growing was almost six times pre-pandemic levels, with the fastest-growing rental markets being Greater London, the North-West and West Midlands.

While the housing market was fluctuating between hot and cold, the rental market proved to be stable and strong throughout the first half of 2022. For investors, this is a sign of reassurance, as it means investing in buy-to-let property continues to be a safer method of investing.



Traditionally one of the weakest months for the property market, August continued this trend as the rapid growth we saw in July slowed down again.

Although the average house price rose from July, changes to the stamp duty holiday in August 2021 caused prices to rise on an annual level quicker, meaning there was less inflation in August than in previous months.

"The rising cost of living and reduced demand for housing will also have contributed to the softening growth, as fewer people had the required disposable income to afford to buy property."

Average property price:
£296,000

12-month price growth:
13.6%

Average rent PCM:
£1143

12-month rental growth:
8.5%

Monthly rental growth:
1.4%

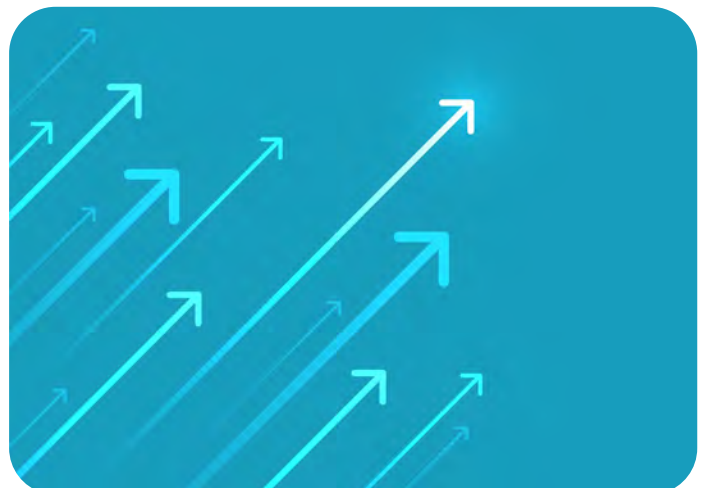
August

"Outside of London, which lagged in growth as always, the West Midlands and Yorkshire and the Humber had the smallest regional growth of 13.9%, while the South-West had the largest at 17%."



The rental market also saw a slower level of growth as we headed into Autumn, as the annual growth slowed down slightly compared to previous months.

However, the month-on-month growth remained strong as high demand for rental properties continued throughout 2022, and popular investment areas like Greater London (10.8%) and the North-West (9.9%) continued to have higher levels of growth.





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With a lower demand for housing due to the cost of living crisis combined with the tumultuous political situation coming from Kwasi Kwarteng's mini-budget and the death of Queen Elizabeth II, it is understandable why September did not perform as well as previous months.

"On a month-by-month basis, the average house price fell in real-money terms from August despite showing growth from 2021. This is a reflection of the lack of confidence many had in the UK's economy, as the value of the GBP nosedived to its lowest-ever values in September."

While for many this would be cause for worry, for foreign investors, this presented an exciting opportunity. With the GBP's value so low, they could invest in UK property for cheaper amounts and get more value for their money.

"On a regional front, the South-West had the largest annual growth at 11.9%, while the North-East lagged at only 5.8%."

Despite the rocky month that the housing market was experiencing, the rental sector continued to maintain steady growth in September.

Rents across the country continued to rise, with Greater London experiencing the highest monthly growth at a massive 2.5%.

However, interest rates rose as a measure to combat inflation, which made borrowing buy-to-let mortgages harder and harder for investors. With BTL mortgages already having higher interest rates than standard, this would become a less valid way of investing in property as 2022 came to a close.

Therefore off-plan property became a more popular way of investing, as the lower prices and flexible payment plans help avoid the need for a BTL mortgage in the first place.

Average property price:
£295,000

12-month price growth:
9.5%

Average rent PCM:
£1159

12-month rental growth:
9.2%

Monthly rental growth:
1.4%

Average property price:
£296,000

12-month price growth:
12.6%

Average rent PCM:
£1171

12-month rental growth:
10.6%

Monthly rental growth:
1%

While there was little real-term growth for the housing market in October, the main headlines were about stabilising the economy after the tumultuous events of September to try and prevent inflation.

The government reversed many aspects of the mini-budget after their disastrous effects on the economy, but one thing that remained was the reduced rates of Stamp Duty Land Tax. This was a popular implementation that was good news for property investors and would remain going into 2023.

"The average house price was £33,000 higher than in October 2021 but did not grow from September on a real-money basis. The cost of living crisis combined with the unstable economy were providing a natural cap on house prices in the UK now that would remain for the rest of 2022."



"In terms of annual growth, the North-East had the largest jump at 17.3%, followed closely by the North-West at 16.1%. London again finished last at only 6.7%."

The rental market remained strong, however, despite the increased issues with buy-to-let mortgages due to rising mortgage rates.

Greater London saw rents rise to nearly £2000 per month, while the rest of the UK had an average rent of £976 per month.

The largest annual growth came from Scotland at 15.2%, which ironically was also one of the only areas in which rents fell on a monthly basis, being 1.4% lower than in September. Greater London and the North-East saw the largest monthly increase, with both seeing rents rise by 2.3% from September.

November continued the trend of calming growth that we had seen in the rest of Autumn 2022, as reports indicated house prices reached a natural peak that would begin to fall going into 2023.

Savills reported that house prices fell by -0.9%, the largest drop in house prices since June 2020. This took house prices back to the same level as in April 2022, as the cost of living crisis tightened its grip to make housing more unaffordable for many.

The market activity also began to reduce, as mortgage approval levels fell to pre-pandemic levels according to the Bank of England. The rising rates may have reached a peak, however, as the Bank of England raised mortgage rates for the third time in November.

This did calm slightly towards the end of the month, as Bloomberg reported that mortgage rates fell below 6% for the first time since October at the end of November.

"November also saw the end of Help to Buy, which ended on 31st October. This affected the number of first-time buyers who could afford property, which would also be a cause for the falling house prices."

Average property price:

(data not available at time of writing)

12-month price growth:

(data not available at time of writing)

Average rent PCM:

£1175

12-month rental growth:

11.1%

Monthly rental growth:

0.3%



In terms of the rental market, there remained a steady level of annual growth but a month-on-month growth that was reduced from what we had seen earlier in 2022.

"With rents across the UK only rising by 0.3%, this is likely another reflection of the cost of living crisis meaning rental fees are reaching a natural limit alongside house prices."

The North-West saw the highest monthly growth in rents, rising by 1.2% since October. Regeneration areas in cities like Liverpool and Manchester helped to keep the North-West competitive throughout 2022 as one of the best areas for buy-to-let investors.

Several areas saw rents fall slightly in the UK, including Northern Ireland (-2.1%), Scotland (-1.1%), the South-East (-0.2%) and the East Midlands and South West (both at -0.1%), suggesting rents reached a natural peak across the UK.

December

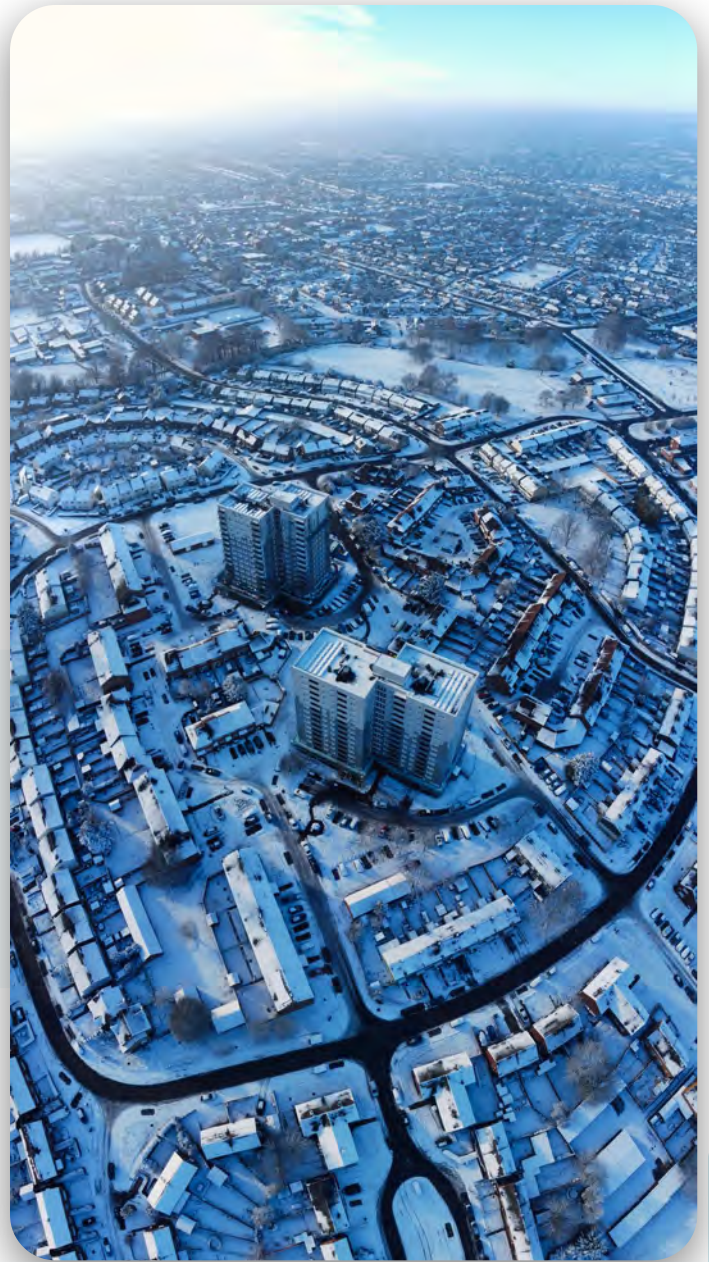
As 2022 comes to a close, December is expected to show similarly slowing levels of growth when it comes to house prices as the market cools down.

According to Savills, house price growth fell by nearly 3% from October to November, while house prices continued to slowly fall as the political and economic events of the past few months tightened their grip on people's wallets.

Mortgage acceptance rates fell by 11%, but mortgage rates themselves began to slowly fall meaning this drop in mortgages is not likely to be permanent or long-lasting. Therefore investors should still consider investing off-plan over using a buy-to-let mortgage, but this may change in the future.

While there remains a low level of supply on the rental market, restricted budgets mean rents have likely reached a natural limit.

However, experts have predicted rental prices, as well as property prices, will increase further in 2023. Be sure to read our 2023 predictions guide for more information on the property market forecast for 2023!



2023



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