



What's Going To Happen To House Prices in 2023?

The pandemic failed to halt the surge in house prices, and so far, soaring inflation hasn't done so either. In fact, figures from Rightmove indicate there was a 0.9 per cent increase in average property values in October 2022, taking prices up to a record £371,158.

But nevertheless, there are genuine fears among some that a big drop in the market is coming, as the cost-of-living crisis bites and problems in the mortgage market continue to mount.



Joe Garner, managing director at property strategists NewPlace, for instance, believes a house price crash is "a fait accompli", with the only question being how hard and how fast it will be.

"Only a few weeks ago, I was fairly confident the crash would be minimal, but then Liz Truss and Kwasi Kwarteng blew the mortgage, property and bond markets apart," he commented.

"We will now be lucky if we manage to get away with a ten per cent drop in prices. With inflation back in double digits, confidence among buyers has been shattered."

Lloyds Banking Group, meanwhile, has estimated that house prices will fall by eight per cent in 2023 and then stay almost stagnant for the next four years. In addition, it believes interest rates are likely to peak at around four per cent in 2024, which could further dent buyer activity.

However, Anthony Codling of property platform Twindig believes the situation may not be as bad as Lloyds in particular has predicted.

Speaking to the Property Industry Eye, he said: "Lloyds Bank's recent house price forecasts have tended to be too low, house price inflation has exceeded their forecasts in both 2020 and 2021, and this past performance plays into our theory that their modelling is conservative rather than hopeful."

Furthermore, he noted that Lloyds has issued its forecast before the new Chancellor Jeremy Hunt has announced his economic plan, following a string of u-turns on his predecessor's Mini Budget in September.

"It is a brave person who makes short and near-term economic forecasts before the chancellor has had his say," Mr Codling said.

With mortgage rates now being much higher than they were just a few short months ago, many people will find their ability to buy has gone, or at the very least, that their buying power is much weaker.

That's why it's so important for anyone in this situation to speak to a professional, regulated financial adviser.

If you have any questions about the options open to you, please don't hesitate to get in touch with us, and we'll be happy to answer any questions you may have.