

**GLA** Housing and Land

# London Housing Market Report: November 2024

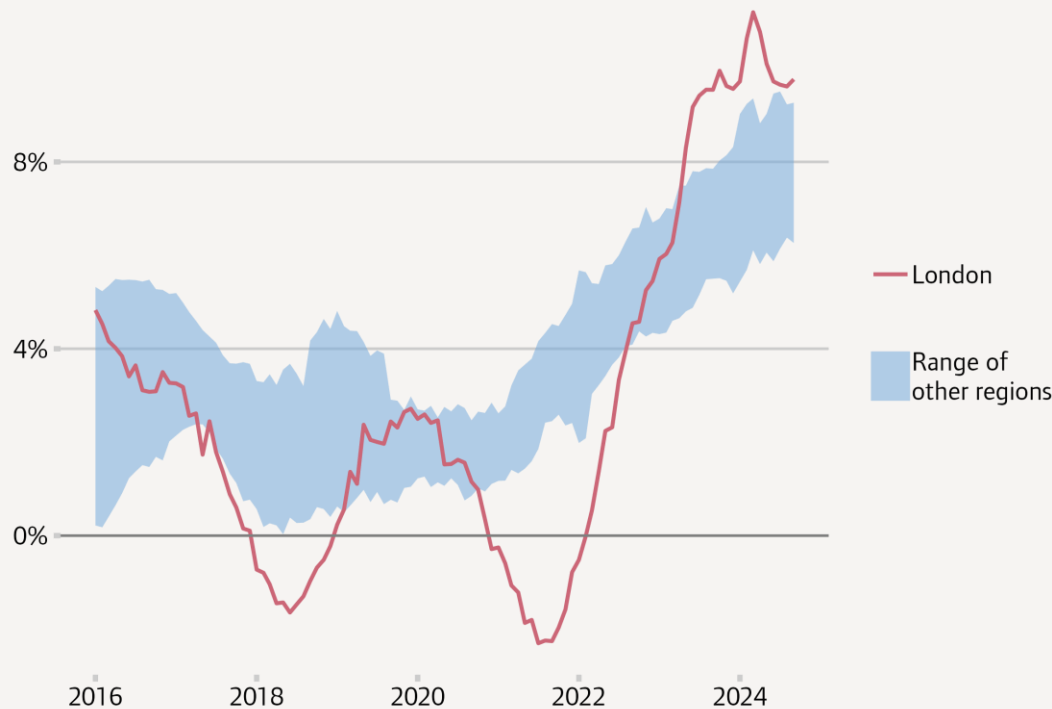
## Summary

1. Growth in average private rents across all tenancies remains very high, but growth in rents for new tenancies has slowed markedly.
2. The number of available rooms advertised for houseshares maintains an overall increase since 2023 while demand for rented rooms fluctuates.
3. The average price of homes sold in London saw its fastest year-on-year increase since April 2023.
4. A changing balance of new buyer enquiries compared to instructions to sell shows increased activity within the market.
5. Prices of construction materials in the UK have been falling gradually since their peak in mid-2022, but remain comparatively stable after very rapid growth in 2021 and 2022.
6. Housebuilding activity in London maintains steady decline since 2022.
7. Housing completions in 2024 are at the lowest rate in the 2020s so far.

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1. Growth in average private rents across all tenancies remains very high, but growth in rents for new tenancies has slowed markedly.

**Annual change in rental price in London and other regions**

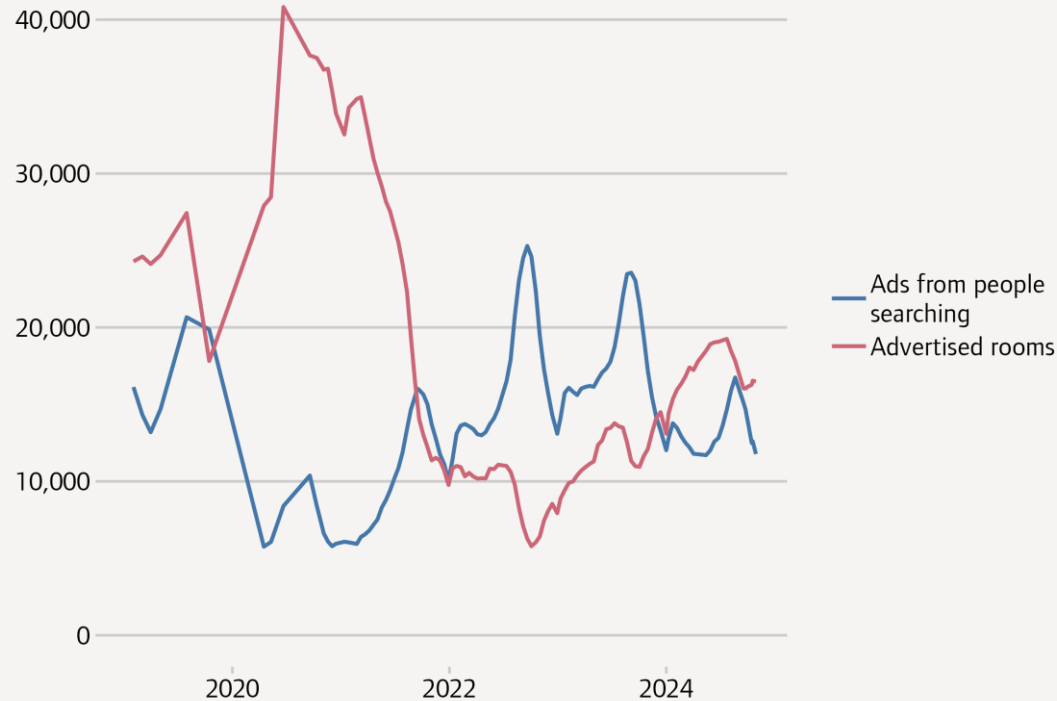


Source: ONS Price Index of Private Rents.

- According to the new [ONS Price Index of Private Rents](#), which covers both new and existing tenancies, the average monthly private rent in London reached £2,145 in September 2024, up 9.8% in the last year, but was below the record-high annual rise of 11.2% in March 2024. London continues to have the greatest year-on-year rent inflation of all English regions, with the North West following closely with a 9.3% annual rise in September 2024.
- [Rightmove](#) reports that average asking rents for new tenancies in London reached £2,694 a month in Q3 2024, with the annual growth in rent prices slowing to 2.5%, the lowest rate since 2021. The rate of growth in asking rents for the rest of Britain (5.2%) has surpassed London for a year.
- Monthly [HomeLet](#) figures on rents for new tenancies in London saw a 0.9% increase in the year to October, significantly lower than the annual rise seen in October 2023 at 10.2%. HomeLet data also shows a worsening in affordability in the last two years as rents outpaced earnings growth. Londoners starting new tenancies in October were spending 39% of their income on rent, down slightly from the peak of 40% in February.

2. The number of available rooms advertised for houseshares has increased since 2023 while demand for rented rooms has fallen.

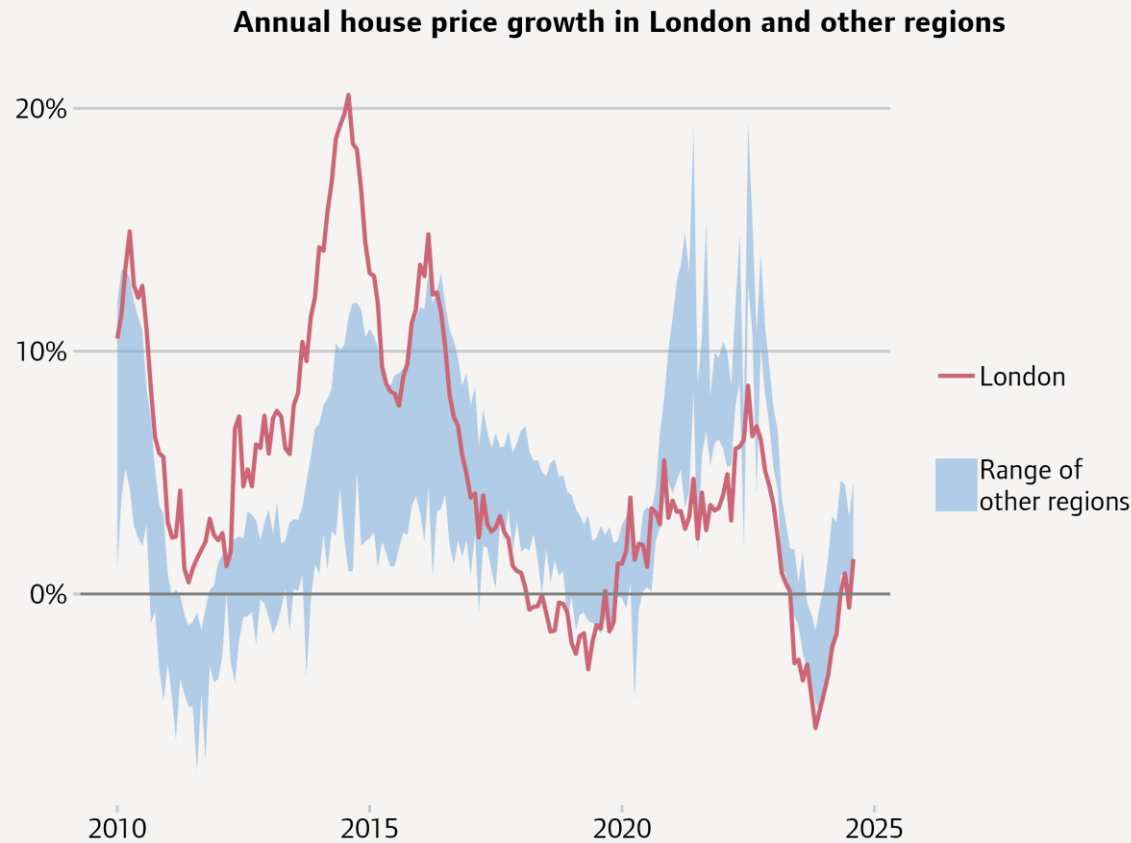
**Supply of and demand for rooms in London flatshares (SpareRoom data)**



Source: Data gathered from [SpareRoom](#). The number of people searching is measured as the number who have placed a 'room wanted' ad, which is lower than the number of people searching for rooms on the site.

- Figures gathered from SpareRoom.com show the number of advertised available rooms to rent in London flatshares was 16,485 at the end of October, 36% more than October 2023, while the number of advertisements placed by people searching for rooms fell by a third. There were 1.4 rooms available per searcher, twice as high as the same time last year and back to pre-pandemic proportions.
- Data gathered from Zoopla show that the number of one-bedroom homes available to rent in London below £1,500 per month increased by 20% to 1,387 in the year to October. The supply of two-bedroom homes under £1,750 and three-bedroom homes under £2,500 saw moderate year-on-year increases, with availability rising by 7% and 10% respectively.
- The October [RICS market survey](#) saw tenant demand further strengthened in the last quarter, however it remains modest relative to the average reading seen throughout 2023. The decline in landlord instruction to let shows little signs of slowing, with the number of instructions decreasing further in September. As a result of this imbalance between supply and demand, 39% of respondents expect rental prices to increase in the next quarter.

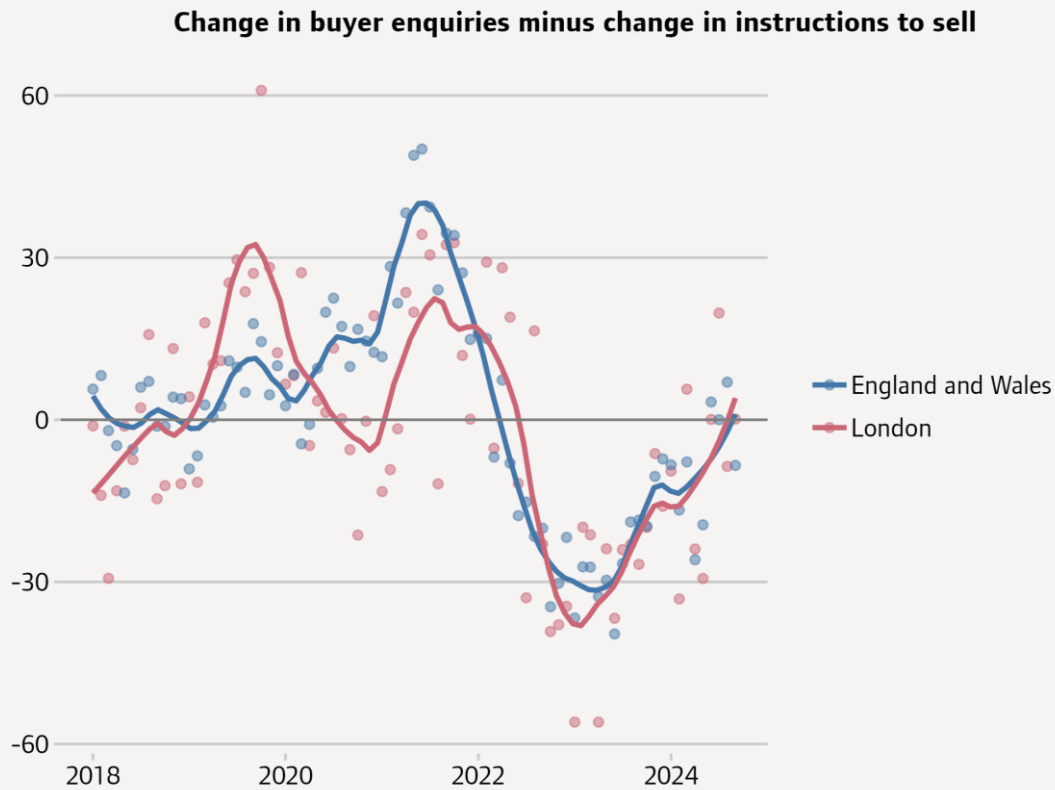
3. The average price of homes sold in London saw its fastest year-on-year increase since April 2023.



Source: ONS, UK House Price Index

- According to the ONS [House Price Index](#), the average house price from completed sales in London rose from £499,670 in March, the lowest house price seen since mid-2021, to £531,212 in August 2024, the highest growth rate in the last two years after a period price deflation.
- More recent data from Rightmove shows that the average price of London homes coming to market increased by 1.7% in the year to October. The average asking price in London (not adjusted to account for the mix of homes sold as per ONS figures) in October was £694,906.
- At the borough level, the ONS reported the annual growth in house prices was highest in Newham (6.3%), Havering (5.2%) and Harrow (4.4%). The biggest falls were in Kensington and Chelsea (15.8%), Westminster (6.5%) and Camden (5.4

4. A changing balance of new buyer enquiries compared to instructions to sell shows increased activity within the market.

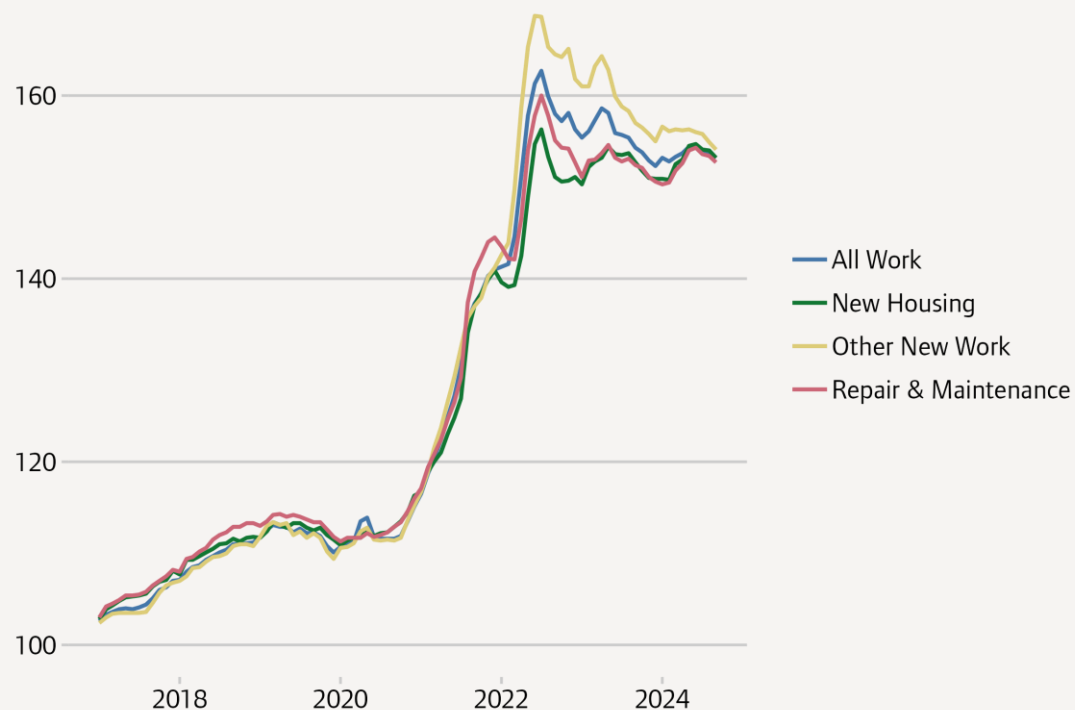


Source: [RICS monthly housing market survey](#)

- This chart combines the monthly change in buyer enquiries and the change in the number of new homes listed for sale in London, as reported by RICS survey respondents.
- Between mid-2022 and late 2023, a majority of respondents reported falling demand as measured by new enquiries, but demand grew in the last quarter following the first Bank of England rate cut since May 2022, and is expected to increase further as the second rate cut takes effect. At the same time, a growing majority of respondents have reported an increase in the supply of homes for sale, resulting in the first net positive market activity since 2022.
- According to the Bank of England, the average quoted interest rate for a 2-year fixed-rate mortgage at a 75% loan-to-value ratio was 4.59% in September, compared to 5.94% a year ago, but still far above typical levels in recent years. Expectations for mortgage rates in the short term is mixed since the 2024 Budget, which has injected some volatility into mortgage rate setting.

5. Prices of construction materials in the UK have been falling gradually since their peak in mid-2022, but remain comparatively stable after very rapid growth in 2021 and 2022.

**UK construction material price indices (2015 = 100)**

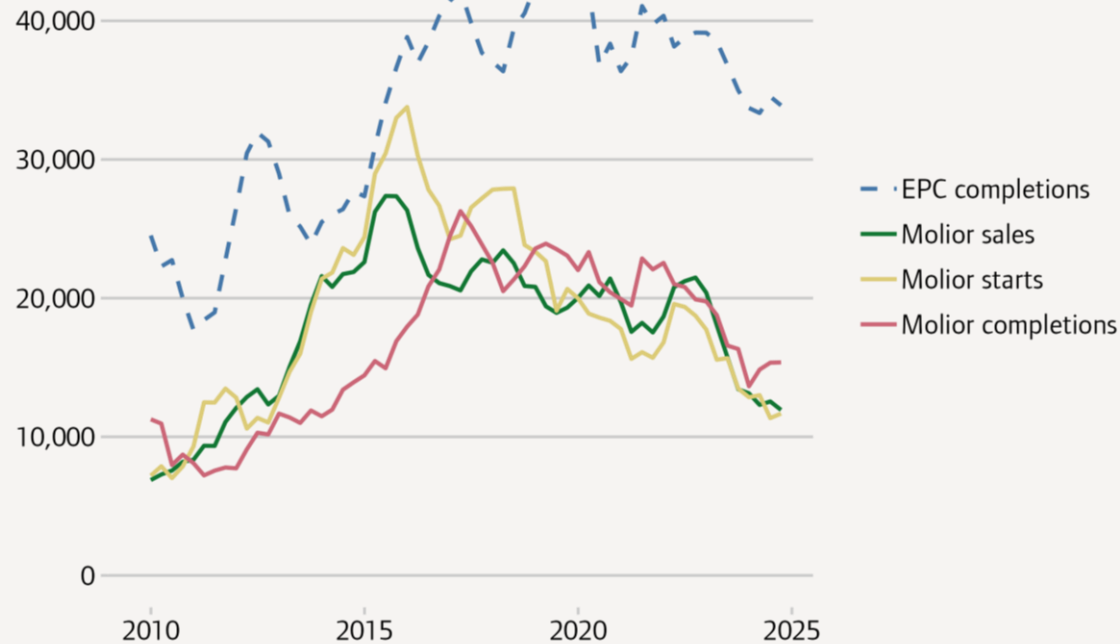


Source: [BEIS Monthly Statistics of Building Materials and Components](#)

- The latest [BEIS data](#) shows a 0.3% increase in the price index of materials used in New Work in September 2024 compared to the September 2023. The material price index for repair and maintenance also rose by 0.2%. In general, while the very rapid cost increases seen in 2021 and 2022 have come to an end, the costs of housebuilding materials have not fallen far from their peak (and have fallen less than materials for non-housing construction, albeit after peaking at a lower level).
- In the October ONS [Business Insights and Conditions Survey](#), the primary challenge impacting construction businesses' turnover in October continued to be the cost of materials (cited by 23% of firms reporting), although this figure has fallen by 21 percentage points since April 2022. Labour shortages are also a significant concern, with 12.3% of respondents reporting labour challenges, the highest level since June 2023. Notably, the construction industry has by far the highest proportion of respondents reporting labour shortages as a challenge, with the accommodation and food service sector following at 8%.

6. Measures of housebuilding activity in London have declined since 2022.

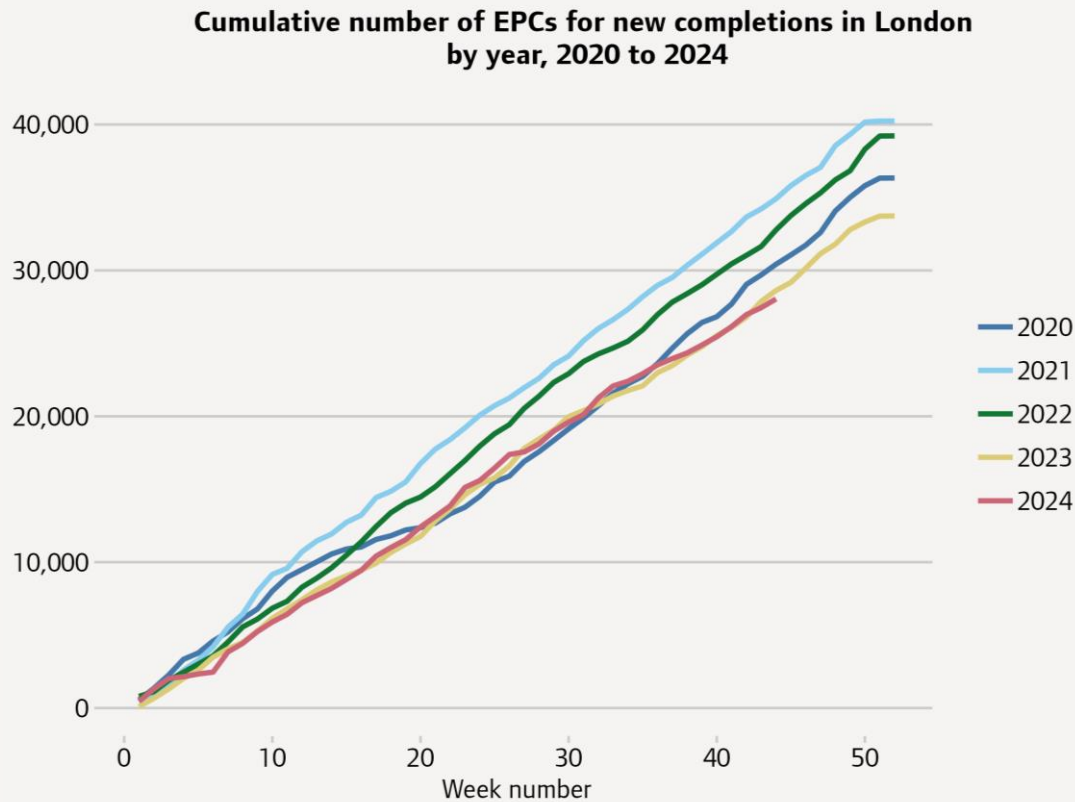
**Annualised Molior data on starts, sales and completions, and Energy Performance Certificate data on completions**



Source: Molior. The data only covers schemes in London with at least 20 private homes.

- [Molior](#) monitors data on the construction of homes in London on schemes with at least 20 private units. This data therefore covers only a part of the housebuilding activity across London, while Energy Performance Certificates (EPCs) for new homes provide a more comprehensive picture.
- Molior figures saw stagnation in the annualised numbers of starts and sales in the last quarter after persistent fall since 2022. For the first time since 2012, London has experienced three consecutive quarters with sales below 3,000 units. The number of completions recorded stagnated this quarter, after its first increase in the previous quarter since 2021.
- Compared to the year to September 2023, starts in the last year fell by 13%, completions by 6% and sales by 19%. Despite these declines, Molior reported a modest improvement in sales to individuals this quarter, but sales professionals also noted a greater prevalence of price reductions and negotiated discounts.

7. Housing completions in 2024 are at the lowest rate in the 2020s so far.



Source: MHCLG Energy Performance Certificate data

- [MHCLG data](#) showing the number of EPCs recorded weekly in London gives a more comprehensive picture of completions than the Molior data, and recent figures point to a 2% decrease in number of completions in 2024 compared to same point in 2023, and a 14% decrease compared to 2022.
- Following consistent growth in housebuilding activity in the last quarter, the latest monthly [CIPS UK construction PMI](#) reported activity returning to an overall decline in output during October, although the contraction was only marginal. Some construction companies noted that elevated borrowing costs and uncertainty ahead of the Autumn Budget had constrained demand.
- In its latest [Monetary Policy Report](#), the Bank of England reported construction firms expect growth to return as a result of rate cuts. While development of new buy-to-rent and student accommodation continues, the Bank reported that volumes of new social housing remain lower than last year. There is ongoing growth in repair, maintenance and improvements driven by office refurbishments and housing associations increasing maintenance. Private housebuilding remains down on last year.