

Property Market Report

Spring 2023

Things are starting to look more settled in the UK property market. There are definite signs of stability returning after what has been an unusual last few years.

There is house price growth, albeit at lower levels which is itself arguably also a sign of normality returning to the market.

Buyers and sellers are starting to re-emerge into the market, and the number of approved house purchase mortgages has increased from previous lows. Both of these are signs of how resilient the UK property market is generally. It is buoyed up by the necessity of moving house, and the demand from those wanting to get on, or move up, the property ladder.

Latest data from the IMF indicates that interest rates are likely to return this year to levels that we have been more used to over the last two decades, and inflation should also decrease to a more comfortable level. Both of these are signs that the UK economy is returning to steadier ground which should further increase consumer confidence as 2023 progresses.

At Crowdstacker we have seen sustained investment from investors into our Property Development Loans (PDLs) continually hitting our target raises. The average investment per investor has also remained within expected parameters (£1100 and £1700) over the last six months, indicating on-going confidence from investors who like to include property as an asset class in their portfolios.

We've seen an increase in the number of enquiries from house builders and developers looking for mezzanine finance. Again, this perhaps reflects that the part of the market we deal with (small to medium sized house builders) are maintaining momentum whilst remaining careful and cautious. This contrasts with larger house builders which have had a tougher time in recent months. But the market conditions creating this, such as higher mortgage lending rates and high inflation, are settling so perhaps we will see more confidence overall in the coming months.

House prices are still increasing in price albeit at a slower rate

Latest ONS data up to January 2023 suggests an increase of 6.3% in last 12 months. Halifax data from March 2023 suggests a 0.8% increase in March 2023. Both sets of data suggest growth has slowed.

UK prices rising at different rates across regions

There is variation across different parts of the UK. For example, ONS data shows North East prices rose 10% (Jan'22 to Jan'23) and London prices rose 3.2% (Jan'22 to Jan'23)

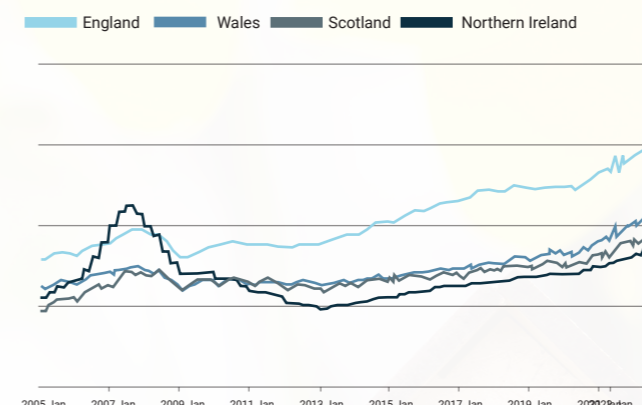
Sales activity continues to be less than before, but is increasing

Mortgages for house purchases increased in February 2023. The Bank of England data shows c.43,500 mortgages approved for house purchases (up 9.8%). (source: Bank of England) Agreed house sales are still lower than before but increasing. Data shows a net balance of -26% agreed sales in February 2023, an increase from January 2023 which was -36%. (Source: RICS monthly report) New buyer enquiries are also lower than before but increasing according to data which shows a net balance of -29%, up from -45%. (Source: RICS monthly report) New instructions are also still lower than before but increasing. Data shows a net balance of -4% and it was previously -12%. (Source: RICS monthly report)

House prices by country

England house prices remain the highest in the UK

Average house price by country, UK. January 2005 to January 2023

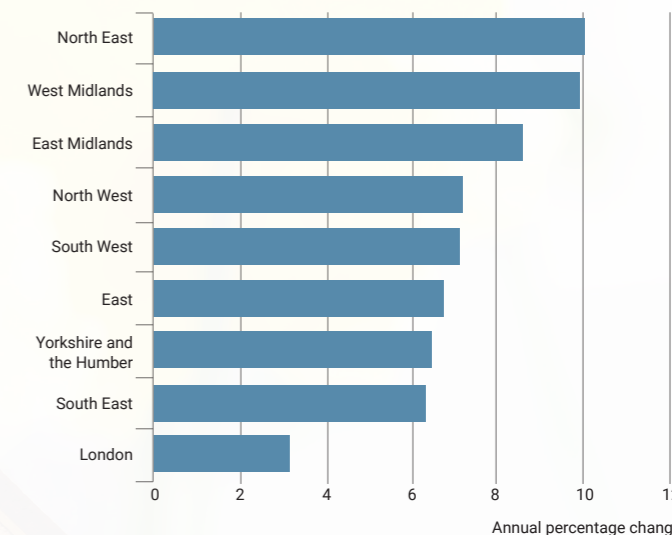


Source: UK House Price Index from the HM Land Registry Office for National Statistics

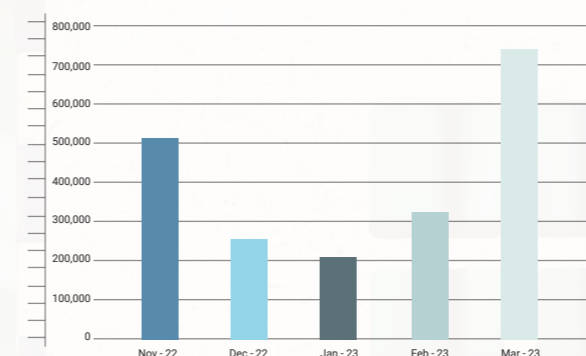
House prices by region in England

London is the region with the lowest annual house price percentage change

All dwellings annual house price rates of change, by English region, 12 months to January 2023



Total PDL investments (last 5 months)



Source: Crowdstacker PDL data

Average PDL investment amount (last 5 months)

