

UK house prices could fall by 20 percent in 2023, expert warns

The UK housing market could drop by 20% or more next year, a property expert has warned.

House prices fell by 0.9% month-on-month in October – the first fall since July 2021 and the largest since June 2020, according to new data from Nationwide released on Tuesday (November 1).

Last month also saw a sharp slowdown in annual house price growth – to 7.2% from 9.5% in September – the index revealed.

Graham Cox, founder of the Bristol-based broker [SelfEmployedMortgageHub.com](#), has blamed former chancellor [Kwasi Kwarteng's mini-Budget](#), which he said “hit the market for six”.

“October 2022 will go down as the month the property market became a buyer’s market,” he said. “However, due to the time lag between transactions being agreed and the Land Registry reporting completed sales, the true extent of house price falls, for several months yet, will be masked by declining year-on-year property price growth.

“Early next year is when it will become obvious the market has turned and house prices are actually falling sharply. A drop of 20% or more over the next 18 months is quite possible.”

Swindon-headquartered Nationwide said strong labour market conditions, a shortage of properties and a significant chunk of borrowers on fixed rates could soften the landing – but the market looked “set to slow” in 2023.

Robert Gardner, Nationwide’s chief economist, said much would

depend on how the broader economy performs, but a relatively soft landing was still possible.

“Longer-term borrowing costs have fallen back in recent weeks and may moderate further if investor sentiment continues to recover,” he said. “Moreover, household balance sheets appear in relatively good shape with significant protection from higher borrowing costs, at least for a period, with over 85% of mortgage balances on fixed interest rates.”

Sarah Coles, senior personal finance analyst, at Bristol-based investment platform Hargreaves Lansdown, said a slowdown of the market was “on the cards” even before the mini-Budget as interest rates climbed and household bills mounted amid rising inflation.

“They were all bound to put the brakes on runaway house prices eventually. There’s the chance that this is what we’re seeing right now,” she added.

“Given the backdrop of a stuttering economy, there’s the risk that the confidence and optimism that is the engine of house price rises could be more seriously broken.”

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