

Average London home prices dropped by more than £11k in January

The fall in the [London property market](#) gathered pace in January as average [prices](#) dropped by more than £11,000, figures released on Tuesday have revealed.

According to data from Britain's biggest mortgage lender [Halifax](#) the average cost of a home in London dropped by £11,073 from £541,472 to £530,396 in January compared with December.

That meant the average London home lost more than £350 a day over the month as higher borrowing costs and fear of recession took their toll on the market.

The slump meant prices were unchanged on the previous January suggesting the London market will soon be in negative territory year-on-year. Prices were rising at an annual rate of 2.9 per cent in December.

Nationally prices held up more strongly than in London with prices virtually unchanged in January at £281,684.

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Kim Kinnaird, director, Halifax Mortgages, said: "We expected that the squeeze on household incomes from the rising cost of living and higher interest rates would lead to a slower housing market, particularly compared to the rapid growth of recent years. As we move through 2023, that trend is likely to continue as higher borrowing costs lead to reduced demand.

"For those looking to get on or up the housing ladder, confidence may improve beyond the near-term. Lower house prices and the potential for interest rates to peak below the level being anticipated last year should lead to an improvement in home buying affordability over time."

Mark Harris, chief executive of mortgage broker SPF Private Clients, says: "Annual house price growth continues to slow, as activity softens and the market gradually returns to something closer to what we were used to pre-pandemic.

"There is encouraging news on the mortgage front with fixed-rate pricing continuing to edge downwards and it's only a matter of time before it will be possible to fix for five years at less than 4 per cent.

"While the days of sub-1 per cent fixes are long gone, rates are beginning to look more palatable for borrowers, which should be a welcome boost for the housing market and encourage more to take the plunge."