

Homeowners forced to sell for 3% below asking price, Zoopla warns

Homes have been typically selling for 3% below their asking price in recent weeks and the figure will likely deteriorate next year, a property website has warned.

Zoopla said that discounts had been absent from the market during 2021 and the first half of this year but the tougher economy was now taking a toll on activity.

Falling demand and sales meant that current sellers were having to set asking prices at more realistic levels to secure buyer interest, its market report said.

Since the start of September, 25% of properties on the market had their asking prices reduced from the original value, it said, with 11% discounted by 5% or more.

It said that asking price reductions were greatest in southern England, where sales volumes have fallen the most.

Almost one in three homes in the South East and east of England had been reducing asking prices to attract more demand, it reported.

The [cost of living crisis](#) has reduced appetite for moving home as it has tested affordability, with jumps in mortgage rates the primary factor behind the reduced activity.

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While tracker and standard variable deals have been rising since the [Bank of England](#) began raising Bank rate to tackle inflation, fixed rates have also been on the rise.

They spiked in the wake of the [Liz Truss](#) government's mini-budget which sparked a crisis of confidence in the UK's public finances.

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Lenders withdrew offers and temporarily halted deals as the value of the pound hit a record low and borrowing costs

surged.

Fixed term rates have taken time to ease back towards pre growth plan levels.

As a result of the headwinds, Zoopla expects sales volumes to drop back to one million over 2023, from 1.3 million in 2022.

It saw average house prices falling by around 5% next year.

Richard Donnell, executive director at Zoopla said: “The housing market is adjusting to a reset in the level of mortgage rates but the likelihood of double-digit house price falls at a UK level remains low.

“While the outlook for house prices is weak, we see a shift to more needs-driven motivations to move in 2023 and beyond which will support sales volumes.”

He added: “The rapid growth in rents, which shows little signs of slowing, will add to cost of living pressures and add continued impetus to first-time buyer demand.”