

House prices fall for fourth month in row

House prices have dropped for the fourth month in a row as cost of living pressures and higher borrowing costs dampen demand.

The average house price fell to £281,272 in December, according to data from Halifax.

It was a 1.5% decrease from November prices, which had already fallen more than 2%, representing the [fastest decrease since the financial crash](#) in 2008.

The market has been slowed by cost of living pressures and higher borrowing costs – as the Bank of England [increased interest rates](#) in an effort to bring [double-digit inflation](#) down to its 2% target.

The UK's largest mortgage lender said both house buyers and sellers are to “remain cautious” over 2023 as supply and demand reduces. An 8% price drop is forecast for 2023, Halifax Mortgages said.

House prices, however, did increase in the year as a whole from December 2021. But the 2% increase is down sharply from the more than 4% increase recorded in the month previous.

Prices had surged during the pandemic lockdowns and peaked at £293,992 in August when the so-called race for space saw buyers seek larger homes in rural and suburban areas.

Prices are now at levels last seen in February and March 2022, wiping out the rises of last spring and summer.

The latest decreases match the reduction in mortgage approvals, which were at the lowest [since the early months of the pandemic](#), the Bank of England said this week.

Advertisement

The number of mortgages approved fell by more than 10,000, down from 57,900 in October to 46,100 in November.

It's a further drop from [the October figures](#), which nosedived after the market turmoil caused by the September mini-budget of Liz Truss's premiership.

The effects of the mini-budget mayhem have yet to be fully realised, according to a senior personal finance analyst at financial services company, Hargreaves Lansdown.

"The typical three-month lag between agreeing a sale and completion means this reflects buyer confidence in September, which only included a single week after the mini-budget," Sarah Coles said.

"A major chunk of these sales were based on mortgages that had already been approved, so the chaos unleashed in the mortgage market by Kwasi Kwarteng's announcement won't necessarily have personally affected these buyers."

"It means this price drop is a product of the gradual easing of enthusiasm for property at the start of the month, and the collapse of confidence in the final week."