House prices predicted to flatline or fall further in 2024, as rebound ‘unlikely’

House prices are expected to remain static or fall again next year after a drop of 1.8% since the end of 2022, according to one of the UK’s largest mortgage lenders.

Nationwide building society has said a rapid rebound in prices is “unlikely” in 2024 after the fall recorded from December 2022 to 2023.

“It appears likely that a combination of solid income growth, together with modestly lower house prices and mortgage rates, will gradually improve affordability over time, with housing market activity remaining fairly subdued in the interim,” said Robert Gardner, the mortgage provider’s chief economist.

“If the economy remains sluggish and mortgage rates moderate only gradually, as we expect, house prices are likely to record another small decline or remain broadly flat (perhaps 0 to -2%) over the course of 2024.”

The average UK house price was £257,443 in December, the mortgage lender said.

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The cost of buying a new home is currently 4.5% lower than the **all-time high** recorded in late summer 2022.

But higher mortgage rates mean buyers aren’t benefitting from reduced prices.

This may improve in the coming year as rates have been slowly

coming down – with the **average two** and **five-year fixed deals now below 6%**.

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Fall in house prices a ‘good thing’ in long term

Steeper reductions could come in May when the market is expecting the Bank of England will bring rates down to 5%, according to data from the London Stock Exchange Group (LSEG).

Fourteen consecutive hikes from the Bank brought the base borrowing rate to more than three times the record lows of 2021.

“Consumer confidence remains weak and surveyors continue to report subdued levels of new buyer enquiries,” Mr Gardner

said.

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The highs notched up in the pandemic years – when mortgage rates were low, savings were high and people wanted more space in more rural areas – have yet to fall back entirely.

Sales are also yet to return to the 2019 pre-pandemic levels. Since June, the volume of sales is roughly 10% below pre-COVID numbers.