

# House prices still rising despite fall in demand, survey finds

House prices continue to increase, despite signs of shrinking demand, according to surveyors.

The Royal Institution of Chartered Surveyors (RICS) found that 25% of property professionals reported new buyer inquiries falling in July – the third consecutive month of decline.

Expectations for sales in the next 12 months were the most gloomy since March 2020, when the COVID-19 lockdown began.

Higher interest rates and the cost-of-living crisis were cited as being among the causes, although the survey was carried out before the [Bank of England raised rates by 50-basis-points last week](#) – the biggest single jump since 1995.

Despite this, property prices are continuing to increase due to a lack of stock.

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Some 63% of surveyors said they had seen prices increasing in July – down from the 78% seen in April but still above the long-term average.

The general consensus was that house prices will still be higher in a year's time than they are now.

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Tom Bill, head of UK residential research at estate agent Knight Frank, said: "Supply is so low because many people have taken a summer holiday for the first time in two years."

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He added: "Autumn will provide the acid test for the property market and we expect annual price growth to slow to single digits as supply picks up and demand cools."

For lettings, 36% of property professionals reported an increase in demand and, as new landlord instructions decline, rents are expected to rise sharply.

Tarrant Parsons, senior economist at RICS, said: "Amid a backdrop of sharply rising living costs, slowing economic growth and higher interest rates, it is little surprise that housing market activity is now losing some momentum.

"With monetary policy set to be tightened further over the coming months, sales expectations point to a further softening in transaction volumes going forward.

"Nevertheless, with respect to house prices, limited supply available is still seen as a crucial factor underpinning the market. Although house price growth is likely to continue to ease, respondents still anticipate prices will be modestly higher than current levels in a year's time."