# Coastal house prices plunge up to 16% as tax hikes and economic uncertainty hit buyer demand



As spring approaches, the allure of coastal homes traditionally captivates many potential buyers. However, the current real estate landscape reveals a distinct shift: prices for coveted seaside properties are in decline. Once considered a surefire investment, coastal homes have seen significant reductions, providing opportunities for those looking to purchase without the hefty price tag.

Recent data from Lloyds reveals that in Salcombe, Devon—ranked as the second most expensive coastal area in the UK—house prices have slumped by 16 per cent over the past two years, translating to an average drop of £160,000 for properties previously valued at £1 million. Meanwhile, in Sandbanks, Dorset, the priciest coastal enclave, home values have decreased by three per cent, and Aldeburgh in Suffolk has experienced a similar downturn, with nine per cent lower prices. This trend suggests a larger market adjustment, influenced heavily by political decisions and economic factors that are reshaping buyer behaviour.

Analysis indicates that government policies targeting second homeowners have inadvertently led to broader economic repercussions. The introduction of a 17 per cent Stamp Duty for properties over £1.5 million and an even steeper 19 per cent for overseas buyers has dampened the once-thriving second-home market. This legislation, coupled with a sharp increase in council taxes—some areas reporting a rise of 100 per cent—has made ownership of second homes more burdensome. Jackie Stanley, an agent from Padstow, Cornwall, noted that many owners are reconsidering their investments in coastal properties as vacation rentals become untenable due to rising operating costs.

Nigel Bishop, who heads the buying agency Recoco Property Search, echoed these sentiments, noting a significant decrease in market momentum as uncertainty looms over the economy. Buyers appear hesitant, leading to reduced sales activity. Data from Savills indicates that the pricing peaks reached during the pandemic are being recalibrated; properties in prime coastal regions saw a 25 per cent increase from March 2020 to September 2022, followed by a sharp almost 13 per cent decrease, marking a dramatic reversal.

The broader implications of these market trends suggest a dual dilemma. While second homeowners face significant financial strains, locals seeking affordable housing continue to be priced out. The let market is struggling, particularly as many individuals who once dreamt of a coastal lifestyle during the pandemic have returned to city life, selling their houses and exacerbating the downward pressure on prices.

Barriers are appearing across various coastal hotspots. Areas like Swanage, Dorset, and St Ives, Cornwall, are struggling to attract buyers, reports indicate that properties are languishing on the market longer than before, often selling below asking prices. Despite these challenges, some regions, such as Rutland and the Cotswolds, manage to defy the overall trend, where property values remain robust.

Real estate experts suggest that now presents a unique opportunity for buyers, as sellers, acknowledging the slowing market, are making significant price reductions in a bid to stimulate interest before the arrival of winter. For instance, in West Sussex, properties have seen reductions ranging from £50,000 to £500,000, demonstrating how sellers are adjusting their expectations in response to market realities.

Tim Day, managing director of Suffolk Coastal estate agents, remarked on the notable slowdown in the spring market, attributing it to the compounded effects of increased tax obligations and economic hesitation among buyers. The recovery could be on the horizon as experts predict improved conditions in 2024, should inflation rates decrease and mortgage rates stabilise.

In this evolving landscape, the potential for bargains remains a beacon of hope for prospective coastal homebuyers, albeit against a backdrop of significant changes in buyer intent and market conditions that will likely shape future purchases.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/property/article-14776345/Seaside-house-prices-plummeted-20-property-experts-reveal-share-incredible-bargains-500k-beautiful-towns-Salcombe-Aldeburgh-Padstow.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[4]](https://www.propertyreporter.co.uk/high-mortgage-rates-see-house-prices-slump-across-iconic-seaside-retreats.html)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/property/article-14776345/Seaside-house-prices-plummeted-20-property-experts-reveal-share-incredible-bargains-500k-beautiful-towns-Salcombe-Aldeburgh-Padstow.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.ft.com/content/40dd631a-51cf-4816-895b-d36479f30d04), [[5]](https://www.knightfrank.com/research/article/2023-10-11-biggest-annual-fall-in-country-house-prices-since-global-financial-crisis)
* Paragraph 3 – [[3]](https://www.thisismoney.co.uk/money/mortgageshome/article-13984263/House-price-winners-losers-year-revealed-double-digit-growth-8-falls.html), [[6]](https://www.jackson-stops.co.uk/articles/selling-sea-set-top-places-to-buy-a-seaside-home-revealed)
* Paragraph 4 – [[2]](https://www.ft.com/content/40dd631a-51cf-4816-895b-d36479f30d04), [[7]](https://www.propertyinvestortoday.co.uk/breaking-news/2023/09/coastal-investment-growth-lags-behind-towns-and-cities--new-data/)
* Paragraph 5 – [[1]](https://www.dailymail.co.uk/property/article-14776345/Seaside-house-prices-plummeted-20-property-experts-reveal-share-incredible-bargains-500k-beautiful-towns-Salcombe-Aldeburgh-Padstow.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[4]](https://www.propertyreporter.co.uk/high-mortgage-rates-see-house-prices-slump-across-iconic-seaside-retreats.html)
* Paragraph 6 – [[5]](https://www.knightfrank.com/research/article/2023-10-11-biggest-annual-fall-in-country-house-prices-since-global-financial-crisis), [[4]](https://www.propertyreporter.co.uk/high-mortgage-rates-see-house-prices-slump-across-iconic-seaside-retreats.html)
* Paragraph 7 – [[1]](https://www.dailymail.co.uk/property/article-14776345/Seaside-house-prices-plummeted-20-property-experts-reveal-share-incredible-bargains-500k-beautiful-towns-Salcombe-Aldeburgh-Padstow.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[6]](https://www.jackson-stops.co.uk/articles/selling-sea-set-top-places-to-buy-a-seaside-home-revealed)
* Paragraph 8 – [[3]](https://www.thisismoney.co.uk/money/mortgageshome/article-13984263/House-price-winners-losers-year-revealed-double-digit-growth-8-falls.html), [[4]](https://www.propertyreporter.co.uk/high-mortgage-rates-see-house-prices-slump-across-iconic-seaside-retreats.html)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.dailymail.co.uk/property/article-14776345/Seaside-house-prices-plummeted-20-property-experts-reveal-share-incredible-bargains-500k-beautiful-towns-Salcombe-Aldeburgh-Padstow.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.ft.com/content/40dd631a-51cf-4816-895b-d36479f30d04> - The rural housing market, which boomed during the pandemic, is now experiencing a significant slowdown as higher mortgage rates and the end of widespread remote work take effect. Buyers who moved to the countryside during Covid are facing tough conditions to sell their properties, as prices in prime regional markets have fallen and sales are taking longer. For instance, properties in Swanage, Dorset, and St Ives, Cornwall are experiencing significant delays in finding buyers. Many rural homes are now selling below the asking price, and locals are still struggling with high property prices. However, some areas like Rutland and the Cotswolds are defying the trend, maintaining or even increasing their property values. Estate agents see a potential market recovery with falling inflation rates and possible interest rate cuts, but sellers need to be realistic about pricing to attract buyers.
3. <https://www.thisismoney.co.uk/money/mortgageshome/article-13984263/House-price-winners-losers-year-revealed-double-digit-growth-8-falls.html> - Coastal areas across the South of England have seen some of the biggest falls in property prices in the year to August, according to Hamptons' research. Eight of the 10 areas that recorded the biggest price falls over the last year are on the coast. Says Beveridge: 'Towns along the South coast – popular during Covid years – have seen price falls following a few years of strong growth.' This includes Adur in West Sussex, Thanet in Kent and Portsmouth in Hampshire. However, prices in Rutland in the East Midlands saw the biggest falls, having dropped 7.8 per cent year-on-year from £405,750 to £374,160, wiping an average of £31,590 off the value of the typical home. The small county has only one train station, which may have dented its popularity among commuters since the pandemic. It's a similar story for prices in Dover, where the average sold price has fallen by 6.4 per cent from £307,450 to £287,680. That equates to £19,770 wiped off the value of the average home.
4. <https://www.propertyreporter.co.uk/high-mortgage-rates-see-house-prices-slump-across-iconic-seaside-retreats.html> - High mortgage rates are casting a shadow over Britain’s beloved coastal hotspots, with fresh research from Regency Living revealing a slump in house prices across some of the nation’s priciest seaside retreats. Regency Living analysed house price performance across 100 of the nation’s most popular seaside hotspots, with the data revealing that, on average, property values have increased by just 1.9% over the last year versus a 4.6% increase across the UK as a whole. The research shows that even the appeal of the nation’s most sought-after coastal locations has faded against the wider backdrop of market uncertainty and higher mortgage rates, with some of the most popular locations sitting within the top 10 largest house price reductions. Dorset’s prestigious Sandbanks has seen the largest decline, with the average house price falling by -4.6% over the last year, whilst Perranporth (-3.3%), Dartmouth (-2.1%) and Padstow (-2%) also make the list.
5. <https://www.knightfrank.com/research/article/2023-10-11-biggest-annual-fall-in-country-house-prices-since-global-financial-crisis> - Prime UK regional prices suffered their largest annual fall since the global financial crisis in the third quarter of 2023, as high borrowing costs and weak sentiment curbed demand. Prices declined 6.1% in the year to September, which was the biggest annual drop since a 13.4% fall in Q3 2009. Despite this, prime regional prices remain 12.2% higher than they were in June 2020, the first full month after the re-opening of the property market due to Covid. Prime regional markets have failed to regain the momentum lost after the mini-Budget in September 2022, which saw a spike in rates and the temporary removal of some mortgage products. It brought the curtain down on a period of high activity and strong house price growth that had been spurred by a stamp duty holiday and the Covid pandemic. Although the Bank of England held interest rates at 5.25% in September, the cost of borrowing remains at a 15-year high and continues to weigh on activity. Offers made were down by 14% in Q3 versus the five-year average (excluding 2020) and exchanges, on the same basis, by 9%. Mortgage approvals for purchase across the UK fell from 49,500 to 45,500 in August, the lowest level in six months and 30% below 2019’s monthly average. This subdued picture is why we have revised down our sales forecast for prime regional markets and expect prices to fall 7% in 2023, rather than the 5% predicted in March. Some sellers are looking for last year’s prices, while buyers are seeking discounts in the falling market, as we have explored. With little evidence of forced selling or repossessions, the result is often a stalemate. We expect sentiment to improve next year as the economic picture brightens and interest rates peak. Which is why our forecast for 2024 is for a smaller price fall of 3% in prime regional markets and a return to growth in 2025. “The belief that we’ve reached the top for interest rates and the return of 5-year fixed-rate deals at under 5% has improved confidence. We’ve started seeing viewings nudging up again, as buyers that had paused their searches decide to resume,” said Christopher Dewe, regional partner for Scotland and the North of England at Knight Frank.
6. <https://www.jackson-stops.co.uk/articles/selling-sea-set-top-places-to-buy-a-seaside-home-revealed> - Now is the time buy a waterside home as price premiums are at their lowest in five years, according to Jackson-Stops’ annual Waterside Review. While waterside homes in 2023 commanded a 2% price premium on average – equivalent to £10,000 more than non-waterside homes in the same area – this is a fall on the 7% premium seen in 2022. In its annual analysis of price paid data for property transactions in postcodes within 50 meters of water including rivers and sea, the national estate agency has found that for the first time, waterside house prices dropped by -6% in 2023, therefore presenting a unique opportunity for buyers this summer.
7. <https://www.propertyinvestortoday.co.uk/breaking-news/2023/09/coastal-investment-growth-lags-behind-towns-and-cities--new-data/> - The highest seaside growth has been recorded in Tynemouth, North Tyneside, where prices are up 5.9 per cent; meanwhile the strongest countryside growth, recorded in Market Harborough, is 9.1 per cent. Furthermore, of the 20 seaside towns analysed, six have actually seen house prices drop in the past year. The most significant of these is in Tenby, Pembrokeshire, where prices are down 6.1 per cent.