



UK property price update

June 2018





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Report Headlines



Rightmove

"Prices hit all-time high but number of sales agreed down 5% on 2017"



NAEA Propertymark

"Housing market swings back in the favour of sellers"



Nationwide

"Modest slowing in annual house price growth during May"



Halifax

"Annual house price growth softens to 1.9% in May"



LSL Acadata HPI

"Prices in Wales surge 4.8% as buyers rush to beat new Land Transaction Tax"



LCPAca Residential Index

"England & Wales continues to show a disappointing performance"



Hometrack

"UK city house price inflation 4.9% year on year compared to 6.9% per annum over the last 5 years"

AVERAGE PRICE VARIATIONS

Average prices across the indices vary from mortgaged-only prices from the Nationwide HPI (May 18) of £213,618, through to marketing prices (*ie not necessarily sold*) from Rightmove (May 18) of £308,075, and actual prices from LSL Acadata HPI of £302,252 - a 44% difference. Average sold prices from the UK HPI stand at £224,144 (Mar 18).

UK, England and Wales data

	High	Low	Current Month Mar-18	Current Month Apr-18	Current Month May-18	Annual Change	Annual Average (05 - 18)		
Rightmove Nationwide	£241,474	£213,570	£304,504	£305,732	£308,075	1.1%	3.8%	Asking prices	E & W
Halifax	£184,131	£147,746	£211,625	£213,000	£213,618	2.4%	2.6%	Mortgaged only	UK
LSL Acadata HPI	£199,766	£157,767	£227,871	£220,962	£224,439	1.9%	2.5%	Mortgaged only , seasonally adjusted	UK
LCPAca Residential Index	£231,829	£197,145	£302,536	£302,252	n/a	1.0%	3.8%	Actual prices, includes cash sales	E & W
UK HPI	£218,762	£210,922	£291,496	n/a	n/a	1.6%	n/a	Actual prices, includes cash sales	E & W
	£190,032	£154,452	£224,144	n/a	n/a	4.2%	3.1%	Sold prices, includes cash sales and new builds	UK



KATE FAULKNER COMMENTS ON THE NATIONAL MARKET

“As we go through the year, the annual change versus 2017 for all the indices is falling, although the Land Registry figures are lagging behind everyone else. This time last year we were reporting growth from 2017 vs 16 of between 2% and 4.4%, while today average rises in prices are only just keeping ahead with growth mostly of around 1-2%.

However, according to LSL Acadata, this is mostly driven by poor performance in the capital: *“Compared to London, the housing market in the rest of England and Wales looks robust. About three*

quarters of all unitary authorities (80 out of 108) have recorded a price rise over the last year.”

Overall, we have a market where people are still buying and selling property, albeit at a slower rate. This is backed by a recent article in the Sunday Times which reports figures from sales progression experts View My Chain, suggesting the average chain remains three properties long, but sales are taking longer, up to an average of 105 to 115 days.

Property Prices Countries	Highest average house price pre-credit crunch 2007/08	Lowest average house price during recession 2009	Market low +/- versus market height	Latest month's data Mar 18/ Q1 18	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Mar 18/ Q1 18	Annual average increase since 2000	Highest yearly average increase since 2000	
								Date	% Increase
England	£194,764	£159,340	-18.19%	£240,949	24%	4.0%	6.7%	Jan-03	26.4%
Wales	£150,316	£123,104	-18.10%	£152,999	2%	3.5%	6.2%	Jul-04	33.4%
Scotland	£145,641	£120,994	-16.92%	£146,009	0%	6.7%	n/a	Feb-05	19.0%
Northern Ireland (Q1)	£224,670	£97,428	-56.64%	£130,026	-42%	4.2%	n/a	Q1 07	51.5%

Source: [UK HPI](#)



KATE FAULKNER COMMENTS ON COUNTRY DIFFERENCES

“Country-wise, Scotland appears to be booming – although this doesn’t include Aberdeen.

Wales is hitting the headlines this month where, according to LSL, prices have increased by 4.8% annually. However, this is not natural growth, but government forced to avoid the change in the new Land Transaction Tax seen in April. As a result though, *“six of the eight most expensive local authority areas in Wales set a new peak price in March, including Monmouthshire, the Vale of Glamorgan, Cardiff, Powys and Newport.”*

Unfortunately for Wales though, this growth is expected to slip back fairly sharpish and, with only just over 2% growth in the last 10 years, it’s surprising this area isn’t thriving more.

Edinburgh in booming Scotland.

Image: © Sampete | Dreamstime.com



Property Prices - Regions	Highest average house price pre-credit crunch 2007/08	Lowest average house price during recession 2009	Market low +/- versus market height	Latest month's data Mar-18	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Mar 18	Annual average increase since 2000	Highest yearly average increase since 2000
								Date % Increase
North East	£139,400	£117,079	-16.01%	£124,381	-11%	2.1%	5.5%	Jan-04 34.8%
North West	£152,427	£124,654	-18.22%	£157,461	3%	5.2%	6.4%	Jul-04 33.0%
Yorkshire & The Humber	£150,233	£123,833	-17.57%	£155,251	3%	3.7%	6.4%	Jun-04 29.3%
East Midlands	£159,537	£129,876	-18.59%	£184,736	16%	5.6%	6.6%	Feb-03 33.9%
West Midlands	£165,807	£136,966	-17.39%	£188,697	14%	5.1%	6.2%	Jan-03 29.5%
South West	£212,666	£171,356	-19.42%	£249,839	17%	4.9%	6.4%	Jan-03 29.8%
East	£209,624	£168,263	-19.73%	£291,415	39%	5.8%	7.1%	Jan-03 28.9%
South East	£238,670	£191,156	-19.91%	£320,682	34%	3.3%	6.4%	Jun-00 25.0%
London	£298,596	£245,351	-17.83%	£471,944	58%	-0.7%	7.4%	Apr-00 28.3%

Source: [UK HPI](#)



KATE FAULKNER COMMENTS REGIONAL DIFFERENCES

“ From a city perspective, Hometrack are pointing towards Bristol as one of the top performing cities over the last five years, growing at a rate of nearly 9%, while the new ‘northern property price power house’ of Manchester tops this year’s price rises, growing at 7.7%, but still not achieving the double-digit growth seen in the Home Counties and London.

Where next for capital growth? Hometrack’s view is that the

likes of Manchester will continue to perform well, coupled with Birmingham, Leicester, Nottingham, Cardiff, Sheffield and Edinburgh.

However, with news reports creeping into the media about slower price growth and increasing ‘uncertainty’ in the economy, and more reports of job cuts and problems on the high street, I think there is a chance capital growth will pull back in many places by the autumn.



LSL Acadata HPI

“Struggles with affordability are most pronounced in London, which, not coincidentally, is also the only region in England and Wales to see prices fall on an annual basis. Prices are down 2.5% on the same time last year in the capital. Price falls continue to be concentrated at the top of the market. Overall, two thirds of London’s 33 boroughs have seen prices fall in the last year.

“Compared to London, the housing market in the rest of England and Wales looks robust. About three quarters of all unitary authorities (80 out of 108) have recorded a price rise over the last year. A number continue to record fairly strong growth, including the East Midlands and North East, both up 3.9% annually, and the North West, up 3.6%. Most striking of all, though, is Wales, where prices have grown 4.8% annually. This is due to Wales introducing a new Land Transaction Tax in April. Anticipating this, buyers have brought forward purchases of high value homes to avoid the new tax. Consequently, six of the eight most expensive local authority areas in Wales set a new peak price in March, including Monmouthshire, the Vale of Glamorgan, Cardiff, Powys and Newport. Such high price growth in Wales is likely to prove short-lived.” (Apr 18)



Hometrack

“Manchester has the fastest year on year growth rate (7.7%) with the pace of price reductions in London moderating over the last quarter. House prices are 0.8% higher than a year ago, although sixteen of the 46 local authorities that make up the London city index are registering negative growth of up to -2.8%. Bristol has registered the highest annual growth over the last 5 years (8.9% CAGR), but the growth rate is slowing with average prices up by 4.9% in the last year. Cities across the south coast of England – Portsmouth, Southampton and, to a lesser degree Bournemouth,

are also registering growth below the 5-year average as affordability pressures start to build.

“Large regional cities in the Midlands, northern regions and Scotland continue to register annual growth above the 5-year average – Manchester, Birmingham, Leicester, Nottingham, Cardiff, Sheffield and Edinburgh. We believe that house prices have further to increase in these cities on attractive affordability levels and rising employment.” (Apr 18)



Manchester has the fastest year on year growth, according to Hometrack.

Image: © Lukyslukys | Dreamstime.com

Current versus historic price movements

Property Prices Towns/Cities <i>England, Wales, Scotland & NI</i>	Highest average house price pre-credit crunch 2007/08	Lowest average house price during recession 2009	Market low +/- versus market height	Latest month's data Mar 18/ Q1 18	How much higher/ lower are latest prices vs height in 2007/8	Year on year change in price in Mar 18/ Q1 18	Annual average increase	Highest yearly average increase since 2000	
								Date	% Increase
Oxford	£289,855	£223,319	-22.95%	£390,309	35%	-5.0%	6.5%	Jun-00	29.5%
Reading	£216,724	£176,087	-18.75%	£300,026	38%	-1.6%	6.1%	Jun-00	35.9%
Bradford	£139,640	£115,089	-17.58%	£128,129	-8%	-1.5%	5.9%	Sep-04	36.5%
London	£298,596	£245,351	-17.83%	£471,944	58%	-0.7%	7.4%	Apr-00	28.3%
Milton Keynes	£194,666	£147,827	-24.06%	£262,188	35%	1.4%	7.3%	Feb-03	32.0%
Brighton and Hove	£257,108	£202,054	-21.41%	£356,510	39%	2.1%	7.5%	Jul-00	35.4%
Norwich	£166,498	£123,698	-25.71%	£201,161	21%	2.3%	7.3%	Oct-02	37.9%
Bournemouth	£206,227	£163,937	-20.51%	£241,477	17%	2.7%	6.2%	Apr-03	32.5%
Nottingham	£119,010	£93,696	-21.27%	£132,618	11%	4.1%	6.1%	Mar-03	37.9%
Southampton	£168,795	£134,665	-20.22%	£207,707	23%	4.4%	6.2%	Apr-03	29.7%
Bristol	£195,196	£153,648	-21.29%	£273,393	40%	4.9%	7.7%	Apr-03	29.7%
Newcastle upon Tyne	£164,935	£134,016	-18.75%	£158,758	-4%	5.0%	5.8%	Feb-04	39.2%
Leeds	£161,439	£130,128	-19.39%	£176,960	10%	5.1%	6.7%	Apr-03	30.7%
Belfast (Q1)	£213,626	£87,890	-58.86%	£123,149	-42%	5.2%	n/a	Q1 07	57.1%
Manchester	£140,431	£111,679	-20.47%	£169,598	21%	5.9%	8.4%	Jun-04	34.9%
Sheffield	£144,875	£120,193	-17.04%	£157,617	9%	6.0%	6.6%	Sep-04	31.9%
Cardiff	£170,496	£139,651	-18.09%	£203,219	19%	6.0%	6.5%	May-03	30.7%
Birmingham	£148,578	£122,773	-17.37%	£177,643	20%	6.4%	6.4%	Feb-03	36.4%
Cambridge	£283,241	£224,469	-20.75%	£448,243	58%	6.5%	7.9%	May-00	27.5%
Portsmouth	£169,633	£130,868	-22.85%	£211,651	25%	7.6%	6.4%	Mar-03	29.1%
Glasgow	£130,473	£104,370	-20.01%	£124,032	-5%	7.7%	n/a	Jan-05	19.2%
Peterborough	£156,264	£123,752	-20.81%	£186,629	19%	7.7%	6.9%	Dec-02	30.2%
Leicester	£135,317	£110,071	-18.66%	£167,518	24%	9.9%	7.5%	Mar-03	35.4%
Lincoln	£128,707	£106,017	-17.63%	£153,389	19%	10.0%	7.4%	Feb-03	38.0%
Liverpool	£130,249	£106,826	-17.98%	£134,245	3%	12.5%	6.6%	Jul-04	59.0%
Edinburgh	£225,750	£183,029	-18.92%	£252,992	12%	12.5%	n/a	May-07	17.3%

Source: [UK HPI](#)

Best and worst performing towns/cities and London boroughs

Five high growth areas YoY towns/cities	YoY %	Five low growth areas YoY towns/cities	YoY %	Five high growth areas last 10 years towns/cities	%	Five low growth areas last 10 years towns/cities	%
Peterborough	7.7%	Oxford	-5.0%	Reading	38%	Belfast (Q1)	-42%
Leicester	9.9%	Reading	-1.6%	Brighton and Hove	39%	Bradford	-8%
Lincoln	10.0%	Bradford	-1.5%	Bristol	40%	Glasgow	-5%
Liverpool	12.5%	London	-0.7%	London	58%	Newcastle upon Tyne	-4%
Edinburgh	12.5%	Milton Keynes	1.4%	Cambridge	58%	Liverpool	3%

Three high growth areas YoY London	YoY %	Three low growth areas YoY London	YoY %	Three high growth areas last 10 years London	%	Three low growth areas last 10 years London	%
Camden	8.6%	Newham	-3.7%	City of Westminster	80%	Hounslow	44%
Islington	6.2%	Tower Hamlets	-4.0%	Waltham Forest	75%	Hammersmith and Fulham	41%
Redbridge	4.9%	City of Westminster	-4.6%	Haringey	70%	Tower Hamlets	38%

Source: UK HPI



KATE FAULKNER COMMENTS TOWN AND CITY DIFFERENCES

“ With inflation rising at approximately 27% over the last 10 years, out of the 26 towns and cities we track via the Land Registry, only 30% (eight) have seen average property price growth in excess. According to the Nationwide’s long-running price index, which goes back to the 80s, property typically rises 2.8% above inflation each year, so this means for the last decade it’s not kept pace at all. Looking at forecasts from the likes of **Savills** and **Knight Frank**, they are unlikely to do so into the future either.

Aberdeen has the largest discount to asking prices and is possibly one of the toughest areas to sell at the moment, proving how localised markets are. According to Hometrack, buyers are taking advantage of the situation, offering “*the largest discounts (9.6%)*”

due to the “*shock on the back of a lower oil price*”. Not only are people selling at a discount, but prices have fallen a further 7.2% versus last year, meaning they are moving completely in the opposite direction to everywhere else, registering a “*19% [fall] since the end of 2014*”.

However, just like national statistics mask what’s happening regionally, so do regional and town/city numbers mask what’s happening at individual property level. Those who know their area well enough to spot individual demand and supply changes for different property types should continue to do well moving forward as they are more likely to be able to take on properties at a realistic price which will continue to sell, even though the market is, in general, likely to slow.

Country and regional transactions

Most commentary focuses on what is happening to property prices, but as anyone in the property industry knows, property prices are driven by what happens to supply and demand, which is why performance is so localised, pretty much to a property on a street.

TRANSACTIONS ANALYSIS BY REGION

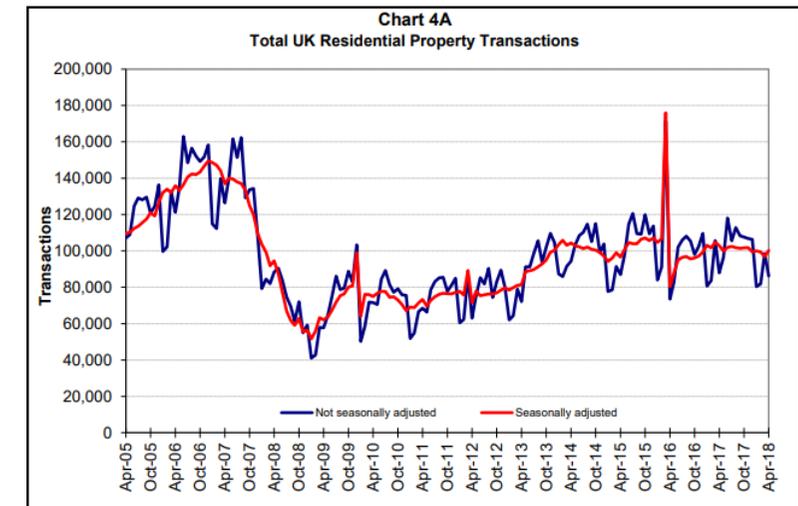
REGION	Jan - Mar		
	2016	2017	2018
NORTH EAST	7,612	6,884	6,645
NORTH WEST	23,996	20,544	20,636
YORKS & HUMBERSIDE	17,555	15,332	15,359
EAST MIDLANDS	17,843	14,544	14,364
WEST MIDLANDS	18,235	15,708	15,727
EAST OF ENGLAND	25,138	19,590	18,333
GREATER LONDON	26,356	17,979	16,341
SOUTH EAST	36,664	28,002	26,377
SOUTH WEST	24,183	18,895	18,279
ENGLAND	197,582	157,478	152,061
WALES	9,625	8,595	8,708
ENGLAND & WALES	207,207	166,073	160,769

Jan - Mar	
2016/18	2017/18
-13%	-3%
-14%	0%
-13%	0%
-19%	-1%
-14%	0%
-27%	-6%
-38%	-9%
-28%	-6%
-24%	-3%
-23%	-3%
-10%	1%
-22%	-3%

England & Wales price and volume changes



Source: [LCPAca Residential Index](#)



Source: [Gov.uk](#)



LSL Acadata HPI

"In April 2018, we estimate that there were only 50,000 transactions - based on Land Registry figures - which is 25% down on March's total. This fall in numbers needs to be set against the seasonal trend of the last twenty years, where a 5% decrease in sales volumes is the 'norm' for this time of year, so on a seasonally-adjusted basis, turnover has declined by some 20%. Some of this decline in sales, on a seasonal basis, will be due to the weather, the 'Beast from the East' having arrived at the end of February – however, there is also a lack of properties being put up for sale." (Apr 18)



UK Finance

"There was £5.1bn of new lending to first-time buyers in the month, up two per cent year-on-year. 31,200 new first-time buyer mortgages were completed in the month, some 1.9 per cent fewer than in the same month a year earlier. The average first-time buyer is 30 and has a gross household income of £42,000.

"There was £6.1bn of new lending to home movers in the month, 4.7 per cent down year-on-year. There were 28,400 new home mover mortgages completed in the month, some 7.8 per cent fewer than in the same month a year earlier. The average home mover is 39 and has a gross household income of £56,000.

"The £5.6bn of remortgaging in the month was 9.7 per cent down year-on-year. There were 32,400 new homeowner remortgages completed in the month, some 12 per cent fewer than in the same month a year earlier." (Mar 18)



Bank of England

"The number of house purchase approvals were broadly unchanged at 62,455 in April, as were the number of remortgaging approvals at 46,189." (Apr 18)



Search Acumen

"Search Acumen's Q1 2018 Conveyancing Market Tracker reveals that quarterly activity levels rebounded during the beginning of 2018 for conveyancers, as transaction volumes rose to 271,576 up from 241,666 in Q4 2017. Year-on-year (YoY) comparisons reveal a considerable 11% increase in activity.

"Quarterly and yearly increase in the total number of transactions processed comes after a subdued end of 2017 for the conveyancing market where the Q4 2017 Tracker saw the first annual drop in workload in six years.

"The number of cases the average conveyancing firm dealt with in Q1 2018 (64) was up by five cases compared with Q4 2017 (59). The average firm also completed five more transactions than in the same quarter last year (59)." (Q1 18)



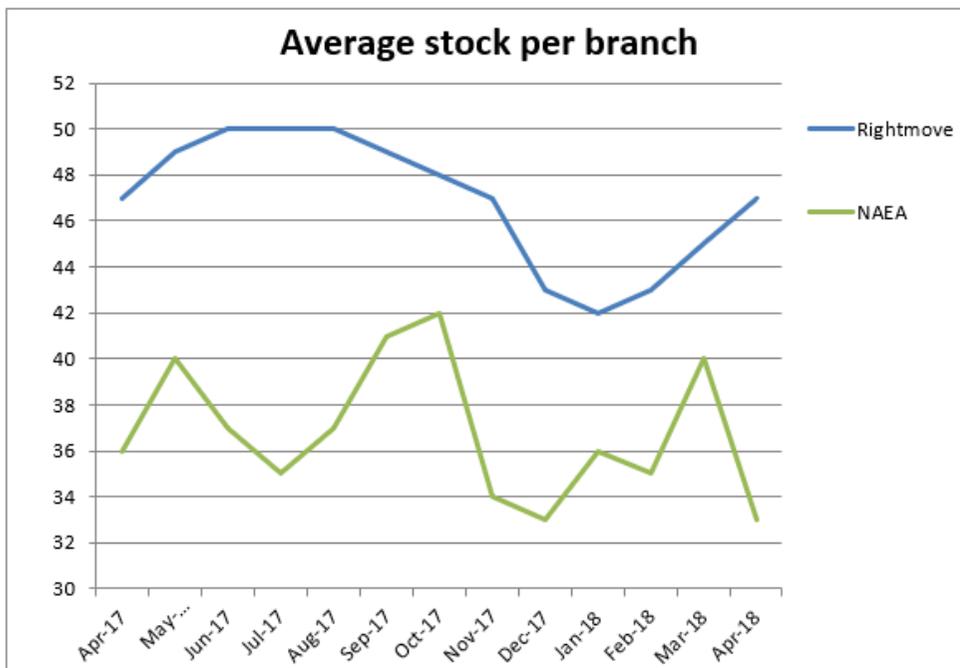
LCPAca Residential

"The most significant figure in this month's report is that England and Wales has seen a 21.5% drop in quarterly sales. This is the fifth consecutive fall in transactions, suggesting that England and Wales as a whole is now suffering a lack of confidence and a disconnect between buyer and seller expectations. With a lack of certainty in the economic outlook for the domestic homeowner, we would not expect this trend to change until Prime Minister May provides more clarity on post-Brexit Britain. It seems that both first time buyers and second steppers are putting their purchase decisions on hold for the time being." (May 18)



NAEA PropertyMark

"Despite sales to FTBs rising last month, sales to the group fell from 26 per cent in March, to 24 per cent in April. This follows a downward trend from February, when 29 per cent of sales were made to the group. The average number of sales agreed stayed the same in April – with eight recorded per branch." (Apr 18)



Yorkshire & Humber is seeing volumes hold steady.

Image: © Photostone3008 | Dreamstime.com



KATE FAULKNER COMMENTS ON PROPERTY TRANSACTIONS, DEMAND AND SUPPLY



According to the NAEA, stock has fallen for branches while the Rightmove data is showing a small increase.

With regards to what’s happening regionally, LSL Acadata conclude that Q1 18 vs 17 shows that the areas experiencing falling sales are those that have seen high price growth and are now struggling with demand due to affordability issues.

The five areas which continue to see volumes hold steady include the North West, Yorkshire and Humber, West Midlands and Wales, all of which have good levels of affordability.

The only area which doesn’t fit this scenario is the North East, suggesting there are different issues influencing the lack of growth in this market.



How can Kate Faulkner and Propertychecklists.co.uk help you?

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