

February 2017 property price update

Independent, free, expert advice on housing

Buying, selling or investing in today's variable market means you need to take a great deal of care before making a decision. It's essential to secure independent, up-to-date advice you can trust. Kate and her team from Propertychecklists.co.uk make it easy to access the information and support consumers' needs via FREE of charge eBooks, checklists, articles and one-to-one advice.

Summary of property price reports

Report Headlines

Rightmove	<i>"Window of opportunity for first-time buyers in new year"</i>
NAEA	<i>"House sales buck trends in busy December"</i>
RICS	<i>"Landlords expected to scale back portfolios"</i>
Nationwide	<i>"Steady start to the year for UK house price growth"</i>
Halifax	<i>"Annual house price growth eases to 5.7%"</i>
LSL Acadata HPI	<i>"A new milestone: average price in England and Wales tops £300,000"</i>
Hometrack	<i>"City level house price growth 7.2% over 2016"</i>

Key facts:

Average prices across the indices vary from mortgaged only prices from the Nationwide HPI (Jan 17) of £205,240, through to marketing prices (ie not necessarily sold) from Rightmove (Jan 17) of £300,245, a 46% difference. Average sold prices from the UK HPI stand at £234,278 (Nov 16).

UK, England and Wales data

	High	Low	Current Month Oct-16	Current Month Nov-16	Current Month Dec-16	Current Month Jan-17	Annual Change	Annual Average (05 - 17)		
Rightmove	£241,474	£213,570	£309,122	£305,670	£299,159	£300,245	3.2%	3.9%	Asking prices	E & W
Nationwide	£184,131	£147,746	£205,904	£204,947	£205,898	£205,240	4.3%	2.5%	Mortgaged only	UK
Halifax	£199,766	£157,767	£217,411	£218,002	£222,484	£220,260	5.7%	2.5%	Mortgaged only , seasonally adjusted	UK
LSL Acadata HPI	£231,829	£197,145	£294,351	£295,276	£297,678	£300,169	3.1%	4.0%	Actual prices, includes cash sales	E & W
UK HPI	£194,764	£159,340	£232,655	£234,278	n/a	n/a	7.2%	3.3%	Sold prices, includes cash sales and new builds	E

Kate Faulkner comments on the national market:

Most of the indices have recorded a better than expected change to property prices at the start of the year, with both Rightmove and LSL Acadata HPI suggesting an average price of just over £300,000 for the first time. However, an average annual growth of 3-5% is a lot lower than previous increases, so it looks like – 10 years after roller coaster rises and falls for property – future growth is assured, but much more steady and in line with wage growth than it has been in the past.

Market analysis by country and region

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 Nov -16/ Q3 16	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Nov 16	Annual average increase since 2000	Highest yearly average increase since 2000	
								Date	% Increase
England	£194,764	£159,340	-18.19%	£234,278	20%	7.2%	6.9%	Jan-03	26.4%
Wales	£150,316	£123,104	-18.10%	£146,742	-2%	4.1%	6.3%	Jul-04	33.4%
Scotland	£145,641	£120,994	-16.92%	£143,033	-2%	3.3%	n/a	Feb-05	19.0%
Northern Ireland (Q3)	£224,670	£97,428	-56.64%	£124,093	-45%	5.4%	n/a	Q1 07	51.5%

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 Nov-16	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Nov 16	Annual average increase since 2000	Highest yearly average increase since 2000	
								Date	% Increase
North East	£139,400	£117,079	-16.01%	£126,989	-9%	3.2%	5.9%	Jan-04	34.8%
North West	£152,427	£124,654	-18.22%	£150,249	-1%	5.2%	6.5%	Jul-04	33.0%
Yorkshire & The Humber	£150,233	£123,833	-17.57%	£152,418	1%	5.1%	6.7%	Jun-04	29.3%
East Midlands	£159,537	£129,876	-18.59%	£176,524	11%	7.3%	6.8%	Feb-03	33.9%
West Midlands	£165,807	£136,966	-17.39%	£181,372	9%	7.4%	6.3%	Jan-03	29.5%
South West	£212,666	£171,356	-19.42%	£239,371	13%	5.7%	6.6%	Jan-03	29.8%
East	£209,624	£168,263	-19.73%	£278,349	33%	10.5%	7.3%	Jan-03	28.9%
South East	£238,670	£191,156	-19.91%	£313,334	31%	8.6%	6.7%	Jun-00	25.0%
London	£298,596	£245,351	-17.83%	£481,648	61%	8.1%	8.0%	Apr-00	28.3%

Source: [UK HPI](#)

Summary of top and lowest performers

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
Manchester	9.0%	Liverpool	-0.4%	Brighton and Hove	Belfast (Q3)
Leicester	9.0%	Edinburgh	1.5%	Reading	Liverpool
Reading	9.0%	Bradford	2.3%	Oxford	Glasgow
Norwich	9.2%	Newcastle upon Tyne	2.6%	Cambridge	Bradford
Bristol	11.9%	Cambridge	3.1%	London	Newcastle upon Tyne

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
Barking and Dagenham	17.0%	Kensington and Chelsea	0.7%	City of Westminster	Hammersmith and Fulham
Newham	16.3%	Ealing	0.3%	Waltham Forest	Redbridge
Bexley	16.1%	Hammersmith and Fulham	-2.3%	Southwark	Hounslow

Source: [UK HPI](#)

Regional commentary report

RICS “Central London... has now been in negative territory for 11 consecutive months. Most other parts of the UK continue to see prices rise, with the North West returning the highest net balance for a third survey running. Elsewhere, house prices across the South West and Northern Ireland were also reported to have seen strong growth in the latest results. Going forward, London is the only area where near term prices expectations are negative. At the twelve month horizon, price expectations sit firmly in positive territory across most parts of the UK. London is again the sole exception, where the outlook has now turned marginally negative.” (Jan 17)

LSL Acadata HPI

“In December 2016, the North East became the first region in three-and-a-half years to have seen a fall in average prices over a 12-month period, albeit by just £60. In Greater London, prices rose by £7,800, or 1.3% over the year. East of England is in top spot for the eighth month in succession, at 7.1%, with its London commuter areas of Bedfordshire, Luton, Southend-on-Sea and Essex all setting new peak prices in the month. The South East is in second position at 4.9%, followed by the East Midlands, up from sixth position last month, with locations such as the city of Nottingham, and the counties of Derbyshire, Northamptonshire and Nottinghamshire also setting new peak prices in the month. The North West, West Midlands and the South West, all recorded a +3.9% increase in house prices, with Yorks and Humber, Wales and the North East seeing price increases ranging from 0.0% to +2.3%.” (Jan 17)

Hometrack

“UK city house price growth was 7.2% over 2016, down slightly compared to 2015 (7.7%) but in line with the average rate over the last 18 months. Falling unemployment and rising earnings continue to stimulate demand in more affordable housing markets where buyers are using low mortgage rates to bid up the cost of housing. The headline rate of growth masks a clear shift in underlying growth at a city level where the impetus for growth is shifting from London to regional cities with more attractive affordability and headroom for further price inflation.

“Bristol was the fastest growing city in 2016. Average prices increased 9.6% down from 11.6% in 2015 but affordability pressures are set to result in slower growth in 2017. Manchester recorded the second quickest rate of growth over 2016 at 8.9%. This is the highest rate of growth in the city for over 11.5 years (July 2005). As we have highlighted in recent city index reports, underlying market conditions remain strong in Manchester. Average prices in London increased by 7.3% over the year. This is the lowest annual rate of growth recorded across London for over three years (July 2013). Stretched affordability levels, with the price/earnings ratio at 14x, points to a prolonged period of price re-adjustment in the London housing market over the coming years.

“Other cities recording faster growth than London in 2016 include Oxford (8.1%), Portsmouth (8.0%), Southampton (7.9%), and Birmingham (7.5%).

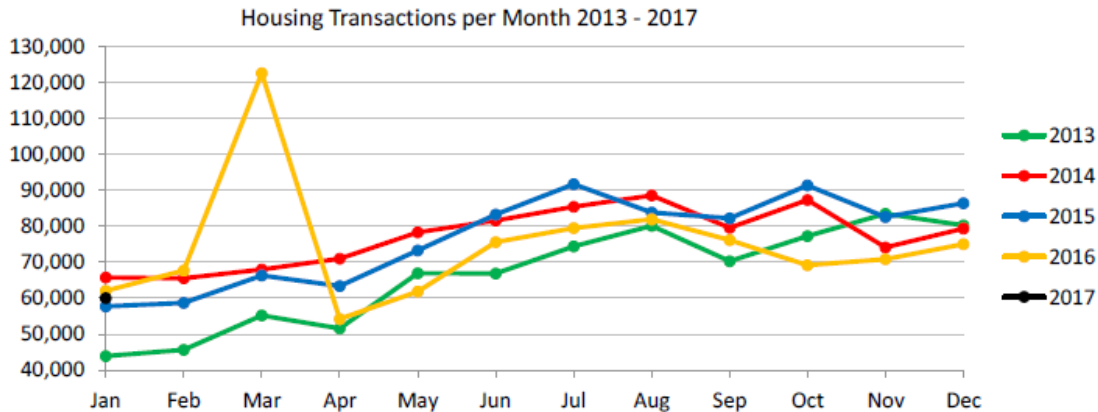
“Aberdeen house prices posted something of a revival in the final quarter of 2016. House prices registered an above average increase of 2.9% over the final quarter. This reduced the rate of annual price falls to 3.2% as the market bottoms out after registering an 11% drop in average house prices since 2014.” (Dec 16)

Kate Faulkner comments on country and regional differences:

House price changes continue to defy previous trends. In the past, London would do well, this growth would spread to the home counties and then beyond. Regional figures suggest this is still the case, with London, the South and Midlands rising slightly beyond their long-term average, and the North, Wales and Scotland still running slightly behind. However, looking to individual town performances, we also have the likes of Reading, Manchester, Leicester, Norwich and Bristol all performing well. This seems to be reflecting the increase in demand for homes in cities as opposed to moving out to smaller towns and more rural areas, increasing demand where there is typically a shortage of supply. London seems to be the one area of uncertainty; we are not sure how it will perform moving forward. The huge increases since the credit crunch now seem to have abated, and as Hometrack point out, affordability is beginning to bite and may well hold back the capital from its previous high annual growth.

Property 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.



Source: [LSL Acadata HPI](#)

[LSL Acadata HPI](#)

“The number of housing transactions in January 2017 in England & Wales is estimated at 60,000. This is 20% lower than December’s total, but one should note that on average, volumes fall by 28% in January, as the Christmas period takes its toll on the subsequent month’s transaction levels. Our predictions for January 2017, although lower than December, are indicative of a strengthening market, with sales higher than normally expected for the time of year.” (Jan 17)

[Bank of England](#)

“The number of loan approvals for house purchase was 67,898 in December, compared to the average of 64,327 over the previous six months.” (Dec 16)

Kate Faulkner comments on property transactions, demand and supply

Most agents I spoke to at Christmas were concerned about going into 2017, but I can happily report that both the indices and conversations with agents show things aren’t as bad as expected, with both demand and supply doing well since the start of the year. The crunch will come when year-on-year reports start to compare Q1 17 vs Q1 16 which had the enormous price and volume boost from the stamp duty increase for second home owners. It’s likely this will be reported as a ‘problem’ in the market so could dampen people’s buying and selling spirits. This means it’s better to get offers under agents’ belts sooner rather than later to push through what sales you can prior to any media doom and gloom!

REGION	Oct - Dec 2015	Oct - Dec 2016	% change
NORTH EAST	8,679	7,557	-13%
NORTH WEST	26,951	24,100	-11%
YORKS & HUMBER	20,387	17,742	-13%
EAST MIDLANDS	20,379	18,136	-11%
WEST MIDLANDS	20,786	18,470	-11%
EAST OF ENGLAND	27,884	22,632	-19%
GREATER LONDON	26,656	18,950	-29%
SOUTH EAST	41,250	31,815	-23%
SOUTH WEST	26,353	22,212	-16%
WALES	11,102	10,615	-4%
ENGLAND & WALES	230,427	192,229	-17%

Source: [LSL Acadata HPI](#)

Average stock per branch

