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South West property market update

January 2017



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 Faulkner and her team make it easy to access the information and support consumers' needs via FREE of charge [eBooks](#), checklists, [The Buy To Let Show](#), articles and one-to-one advice.



Report Headlines



Nationwide

"Overall, prices in Southern England (South West, Outer South East, Outer Metropolitan, London and East Anglia) were up 5.5% year-on-year."



LSL Acadata HPI

"In November, the South West fell to fourth place for its annual increase in average house prices, behind the West Midlands."



High Street, Bristol, which was the fastest growing city in 2016, according to Hometrack (see page 4).

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South West Region	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	How much higher/lower are latest prices vs 2009 low	Year on year change in price in Nov 16	Annual average increase since 2000	Highest yearly average increase since 2000	
									Date	% Increase
All property types	£212,666	£171,356	-19.42%	£239,371	13%	40%	5.7%	6.6%	Jan-03	29.8%
Detached	£322,833	£259,883	-19.50%	£373,366	16%	44%	6.2%	6.2%	Jan-03	28.1%
Semi Detached	£208,737	£167,837	-19.59%	£240,872	15%	44%	6.0%	6.6%	Dec-02	29.6%
Terraced	£175,912	£141,765	-19.41%	£197,822	12%	40%	4.9%	6.9%	Jan-03	31.0%
Flat	£151,592	£121,456	-19.88%	£157,702	4%	30%	5.9%	6.4%	Jan-03	32.1%

Source: [UK HPI](#)

Asking prices			Mortgaged only prices			Sold prices inc cash sales			Sold prices inc cash sales & new builds		
Rightmove Average Price Jan-16	Rightmove Average Price Jan-17	Rightmove % Change YoY	Nationwide Average Price Q4 15	Nationwide Average Price Q4 16	Nationwide % Change YoY	LSL Acadata HPI Average Price Nov-15	LSL Acadata HPI Average Price Nov-16	LSL % Change YoY	UK HPI Average Price Nov-15	UK HPI Average Price Nov-16	UK HPI % Change YoY
£282,373	£284,691	0.8%	£218,905	£228,611	4.4%	£258,491	£269,129	4.1%	£226,490	£239,371	5.7%



KATE FAULKNER COMMENTS ON PRICES

“ Overall, property prices in the South West have performed robustly in 2016 versus 2015 but are currently showing some signs of slowing down.

When and what you have bought (eg, flat versus house) will determine how well property prices have recovered from their 20% falls during the credit crunch. As the property prices show for

individual property types, any measures ‘on average’ completely skew the cost of housing in this year, with flats being an average of £157,000 versus a detached home fetching over twice as much.

So it’s important to dig down deep into the property type you want to buy to see if it’s affordable rather than looking at ‘headline’ averages.

South West Towns & Cities	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	How much higher/lower are latest prices vs 2009 low	Year on year change in price in Nov 16	Annual average increase since 2000	Highest yearly average increase since 2000	
									Date	% Increase
Bournemouth	£206,227	£163,937	-20.51%	£233,092	13%	42%	7.4%	6.3%	Apr-03	32.5%
Bristol	£195,196	£153,648	-21.29%	£260,026	33%	69%	11.9%	7.8%	Apr-03	29.7%

Source: [UK HPI](#)

Table 2 First-Time Buyers: Average Price, Loan and Deposit by Region, 2016

	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
South West	200,465	166,159	34,306	17%

Source: [Halifax/CML](#)

City	Current price	%yoy Dec 16	% growth 2016 Q4
Bristol	£261,600	9.6%	0.7%
Bournemouth	£272,100	5.7%	0.9%

Source: [Hometrack](#)

LSL Acadata HPI

"In November, out of all the regions, the South West fell to fourth place, behind the West Midlands for the highest annual increase in average house prices." (Dec 16)

Hometrack

"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." (Dec 16)

FTB average paid	£196,686
Trading up average price paid	£270,089
Cash purchase average price paid	£237,518
New build average price	£322,932

Source: [UK HPI](#)



KATE FAULKNER COMMENTS ON TOWN AND CITY PRICE DIFFERENCES

“It’s a mixed performance from properties in the South West when you look at it on a city/town basis. Bristol with its strong economic growth means homes are ‘auctioned’ to the highest bidder when they come on the market, pushing prices upwards.

However, areas like Bournemouth haven’t seen quite such robust growth. On the surface first time-buyers appear to have to find a lot

of money to buy at an average of £200,000, but remember this is the ‘average’ — with some people paying less and some paying more.

For two people, this may mean finding £100,000 each or looking at shared ownership to purchase. Find out more about affordability by [downloading our FTB eBook](#).

Property Price Forecasts	Savills 2017 (Nov 16)	Savills 5 Yr Forecast (Nov 16)	Knight Frank 2017 (Aug 16)	Knight Frank 5 Yr Forecast (Aug 16)	Countrywide 2017 (Summer 16)	Chestertons 2017 (Nov 16)	Chestertons 2016-20 growth (compounded) (Nov 16)	NAEA 2017 (Dec 15)	YoY % Increase
UK	0.0%	13.0%	4.1%	20.0%	-1.0%				
England & Wales						6.5%	31.9%		
England									
London	0.0%	11.0%	4.5%	19.3%	-1.3%	7.0%	37.6%*	£589,853	7.1%
South East	2.0%	17.0%	4.0%	21.2%	-1.0%	7.0%	35.6%	£407,428	7.3%
South West	1.0%	14.0%	3.5%	19.9%	-0.5%	5.0%	25.8%	£284,542	3.9%
East of England	2.5%	19.0%	4.0%	22.3%	-1.0%	7.0%	36.9%	£343,935	7.5%
East Midlands	0.0%	14.0%	3.5%	18.2%	-0.5%	5.0%	25.8%	£204,063	1.5%
West Midlands	-0.5%	13.0%	3.5%	17.6%	-0.5%	4.5%	22.8%	£212,894	1.9%
North East	-2.5%	9.0%	2.5%	13.1%	-0.25%	3.0%	14.8%	£167,590	3.2%
North West	-2.0%	12.0%	2.0%	12.6%	-0.25%	4.5%	23.4%	£198,660	5.2%
Yorks & Humber	-2.0%	10.0%	3.0%	14.2%	-0.5%	4.0%	21.1%	£200,641	4.7%
Wales	-2.0%	10.0%	3.0%	15.4%	-0.3%			£178,924	1.4%
Scotland	-2.5%	9.0%	2.5%	12.6%	0.0%			£208,907	4.6%



KATE FAULKNER COMMENTS ON PRICE FORECASTS



Looking forward, it does look like the South West is likely to see a lot lower capital growth, hopefully allowing more people to afford property as for the first time in a long while, wages have the opportunity to grow faster than house prices.

With average prices in the region growing at 6-7% in the past,

growth rates of a few percent mean prices potentially only rising at a third of their historic levels.

This suggests that people should start looking for homes now even if in the past they have felt they would never be able to afford to buy.

Sales volumes by local authority/county

Local authority	Sales volume Jan-Sep 15	Sales volume Jan-Sep 16	Sales volume YoY %
Bournemouth	3151	2804	-11.0%
Bristol	6197	5229	-15.6%
Cornwall	7835	6968	-11.1%
Devon	11724	10332	-11.9%
Dorset	6207	5741	-7.5%
Gloucestershire	8822	7916	-10.3%
Somerset	7810	7027	-10.0%
Wiltshire	6594	5743	-12.9%

Source: [UK HPI](#)

SUPPLY AND DEMAND

The data below comes from Agency Express and gives an indication over a three-month period of what's happening to supply (new listings) and demand (properties sold over time).

	New listings		Properties sold	
	Q3 16	Q2 16	Q3 16	Q2 16
South West	-11.7	-6.4	-2.7	2.7

Source: [Agency Express](#)



KATE FAULKNER COMMENTS ON PROPERTY TRANSACTIONS. DEMAND AND SUPPLY



From a property sales perspective, most stats suggest that volumes are down year on year, but this is due to the huge activity in the first quarter driven by the government's rise in stamp duty for second homes, which of course would affect the South West not just for buy to let but for holiday homes, too. Any sales data really needs to look

at year-on-year rather than month-on-month or quarterly data. Having said that, it is obvious that areas where prices haven't performed so well – such as Bournemouth – may well be due to the fall in sales, as demand versus supply is the real driver behind property prices.

LSL Average Monthly Rent Nov-15	LSL Average Monthly Rent Nov-16	LSL % Change YoY	Homelet Average Monthly Rent Dec-15	Homelet Average Monthly Rent Dec-16	Homelet % Change YoY	Belvoir Average Monthly Rent Dec-15	Belvoir Average Monthly Rent Dec-16	Belvoir % Change YoY	ONS Index of PRS Rental Prices % Change over 12 months Dec-16
£663	£656	-1.1%	£779	£784	0.6%	£702	£844	20.2%	2.9%

Although the Belvoir year on year percentage comparison appears to be high, in reality this increase is predominantly down to the mix of properties advertised during December 2016 in the Christchurch (Dorset) and Plymouth (Devon) Belvoir offices. Average rents in Gloucestershire and Wiltshire remained fairly stable.

Belvoir	Highest average monthly rent pre-credit crunch 2008	Lowest average monthly rent during recession 2009	How much higher/ lower are latest rents vs 2008 height	How much higher/ lower are latest rents vs 2009 low	Average Monthly Rent Dec-15	Average Monthly Rent Dec-16	% Change YoY	Annual average increase since 2008
South West	£704	£696	19.9%	21.3%	£702	£844	20.2%	2.0%

Source: [Belvoir](#)

ONS	Lowest % change over 12 months during recession 2009/2010	Highest % change over 12 months pre-credit crunch 2008	% Change over 12 months Dec-16
South West	-1.4%	4.1%	2.9%

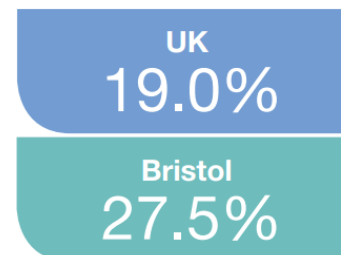
Source: [ONS](#)



LSL

“Just one region saw rents decrease on a yearly basis – the South West. Properties here attracted an average of £663 a year ago and this has fallen to £656 in this survey.”

Five-year rental growth forecast



Source: [Savills](#)

South West



Source: [ONS](#)

Dotted grey line shows average England 12 month % change



KATE FAULKNER COMMENTS ON THE RENTAL MARKET

“ Rents in the region may feel high for some but, with rental growth appearing to be at around 2% per annum, this is lower than the normal 3% inflationary increase and a third of the increase when you compare rents to property price growth which, to date, is running at 6-7% per annum.

However, moving forward the prediction is that rents will rise faster than house prices. That's good news for those looking to get on the

ladder, but not for those who need to rent to allow for flexible living. Sadly, with the government's policies curbing investment in the private rented sector, this is likely to restrict supply and cause tenants to pay much higher rents.

As such, for those looking to rent or move to rental accommodation, this would be better to do sooner rather than later to 'lock in' as low a rate as possible over the next year or more.



Prices have not performed so well in Bournemouth (see page 4).

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If you need Kate to appear on TV, radio or for general comment, please contact directly:

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