

October 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>"No sign of usual autumn price bounce as London drag continues"</i>
NAEA Propertymark	<i>"Housing demand at all time low"</i>
RICS	<i>"Activity indicators remain subdued in September"</i>
Nationwide	<i>"London house prices fall for first time in eight years"</i>
Halifax	<i>"Annual house price growth rises to 4.0%"</i>
LSL Acadata HPI	<i>"House price growth continues as regions redress the balance"</i>
Hometrack	<i>"UK city house price inflation at 4.9%, down from 6.6% in August 2016"</i>

Key facts:

Average prices across the indices vary from mortgaged only prices from the Nationwide HPI (Sep 17) of £210,116, through to marketing prices (ie not necessarily sold) from Rightmove (Sep 17) of £310,003, a 49% difference. Average sold prices from the UK HPI stand at £243,220 (July 17).

UK, England and Wales data

	High	Low	Current Month Jul-17	Current Month Aug-17	Current Month Sep-17	Annual Change	Annual Average (05 - 17)		
Rightmove	£241,474	£213,570	£316,421	£313,663	£310,003	1.1%	4.2%	Asking prices	E & W
Nationwide	£184,131	£147,746	£211,671	£210,495	£210,116	2.0%	2.7%	Mortgaged only	UK
Halifax	£199,766	£157,767	£219,266	£222,293	£225,109	4.0%	3.6%	Mortgaged only, seasonally adjusted	UK
LSL Acadata HPI	£231,829	£197,145	£298,906	£297,398	n/a	2.1%	3.9%	Actual prices, includes cash sales	E & W
UK HPI	£194,764	£159,340	£243,220	n/a	n/a	5.4%	3.6%	Sold prices, includes cash sales and new builds	E

Kate Faulkner comments on the national market:

Hold onto your hats! As expected the autumn 'bounce' hasn't happened this year and is unlikely to now, so many of the headlines are about market slowdown or small slumps. The annual changes year on year indicate prices still rising, but only just. The question now will be how the media reacts and whether their headlines cause a slowdown/slump to worsen as buyers inevitably hold off this side of Christmas. Having said that, at times like this, since the recession we've tended to see poor market headlines spook sellers too, so if this fall in demand is matched by a fall in supply, then we may end up with a year or more of low growth.

Country and regional summary (data from UK HPI)

UK HPI Market analysis by country

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 Jul 17/ Q2 17	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Jul 17/ Q2 17	Annual average increase since 2000	Highest yearly average increase since 2000	
								Date	% Increase
England	£194,764	£159,340	-18.19%	£243,220	25%	5.4%	7.1%	Jan-03	26.4%
Wales	£150,316	£123,104	-18.10%	£150,846	0%	3.1%	6.5%	Jul-04	33.4%
Scotland	£145,641	£120,994	-16.92%	£149,185	2%	4.8%	n/a	Feb-05	19.0%
Northern Ireland (Q2)	£224,670	£97,428	-56.64%	£128,650	-43%	4.4%	n/a	Q1 07	51.5%

Source: [UK HPI](#)

Kate Faulkner comments on country differences:

The UK HPI data tends to be a few months behind other indices, but the trends we are seeing by country are pretty similar. Some growth exists, but it's very varied from one internal region to another and indeed by individual property postcode. England continues to do well; Scotland and Wales are just about to recover to pre-credit crunch averages from 10 years ago and N. Ireland's property price bubble has well and truly burst, with prices up year on year, but still down by nearly half after a decade. Those still telling everyone property is a 'safe investment' which 'doubles every 10 years' might want to rethink their promises as only a handful of areas can claim to achieve this.

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 Jul-17	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Jul 17	Annual average increase since 2000	Highest yearly average increase since 2000	
								Date	% Increase
North East	£139,400	£117,079	-16.01%	£132,999	-5%	4.1%	6.2%	Jan-04	34.8%
North West	£152,427	£124,654	-18.22%	£157,427	3%	4.7%	6.8%	Jul-04	33.0%
Yorkshire & The Humber	£150,233	£123,833	-17.57%	£158,220	5%	4.5%	6.9%	Jun-04	29.3%
East Midlands	£159,537	£129,876	-18.59%	£184,676	16%	7.5%	7.0%	Feb-03	33.9%
West Midlands	£165,807	£136,966	-17.39%	£189,077	14%	6.9%	6.6%	Jan-03	29.5%
South West	£212,666	£171,356	-19.42%	£252,213	19%	7.0%	6.9%	Jan-03	29.8%
East	£209,624	£168,263	-19.73%	£289,948	38%	7.1%	7.5%	Jan-03	28.9%
South East	£238,670	£191,156	-19.91%	£320,905	34%	3.8%	6.8%	Jun-00	25.0%
London	£298,596	£245,351	-17.83%	£488,729	64%	2.8%	8.1%	Apr-00	28.3%

Source: [UK HPI](#)

Top 5 lowest and top 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	%
Manchester	6.9%	Belfast (Q2)	1.0%	Brighton and Hove	41%	Belfast (Q2)	-44%
Birmingham	7.6%	Newcastle upon Tyne	1.2%	Reading	42%	Bradford	-4%
Peterborough	8.2%	Bradford	1.6%	Oxford	44%	Glasgow	-4%
Edinburgh	9.6%	Reading	1.6%	Cambridge	59%	Newcastle upon Tyne	-3%
Nottingham	10.0%	London	2.8%	London	64%	Liverpool	-2%

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	%
Kensington and Chelsea	13.2%	Merton	-0.1%	City of Westminster	78%	Hammersmith and Fulham	46%
Camden	12.6%	Brent	-1.2%	Haringey	73%	Tower Hamlets	46%
Hackney	9.2%	City of Westminster	-2.5%	Waltham Forest	72%	Hounslow	44%

Source: [UK HPI](#)

Country and regional summary – cont'd

Kate Faulkner comments on regional, city/town differences:

Who would have thought it? London and Reading now feature in our 'lowest annual growth' areas, although it's worth noting they both still feature in the top five price growth areas over the last 10 years. This means although homeowners might lose a bit of money on their property value, they can afford to do so based on the equity growth achieved previously, so should survive a small downturn. However, the Midlands continues to do well and the question is whether this will ripple out to the North over the coming months. My view is it's unlikely, meaning that there is potentially little growth in most regions across the counties over the next 6-12 months and the North may not recover as well as the South and Midlands even for the next five years. Good news for would-be-buyers, not great for homeowners wanting equity to trade up. And it's also not great for investors hoping to secure the capital growth and income they have enjoyed down south but, due to harsher taxation, can't get the numbers to stack up so well.

RICS *"The price gauge for London remains firmly negative, while the price balance was also negative in the South East for a fourth consecutive month (albeit to a lesser extent than in the capital). Both of these regions continue to display the highest proportion of respondents viewing the market to be overpriced, compared to all other parts of the UK. Elsewhere, East Anglia and the North East also posted modestly negative readings for house price inflation. Away from these areas, price growth remains relatively robust across the rest of the UK, with Wales, the North West of England, Scotland and Northern Ireland all seeing prices rise over the period." (Sep 17)*

LSL Acadata HPI *"In July 2017, all regions are still showing a positive movement in their rates of annual house price change, although only just so in the case of Greater London, where house price growth has fallen to 0.7%, its lowest annual rate for the past five years. The East of England continues to record the highest rate of annual house price growth of all the regions, with six of its ten constituent areas setting record-breaking average prices in the month. Four regions have seen their annual rate of house price growth increase, being the North East, the North West, the East of England and Wales, while six regions have seen their rates fall." (Aug 17)*

Hometrack *"Falling unemployment and record low mortgage rates are supporting demand as house prices in large regional cities continue to increase off a low base. Manchester is the fastest growing city (7.3%), followed by Birmingham (6.7%) and Edinburgh (6.6%).*
"In contrast, low house price inflation in London is acting as a drag on the headline rate of growth. House prices in London are currently falling in real terms. The nominal growth rate of 1.9% is below the general rate of inflation (2.9%, CPI). Other high capital value cities such as Cambridge and Oxford have also registered a steep slowdown in the rate of price inflation over the last 12 months as affordability pressures constrain housing demand." (Aug 17)

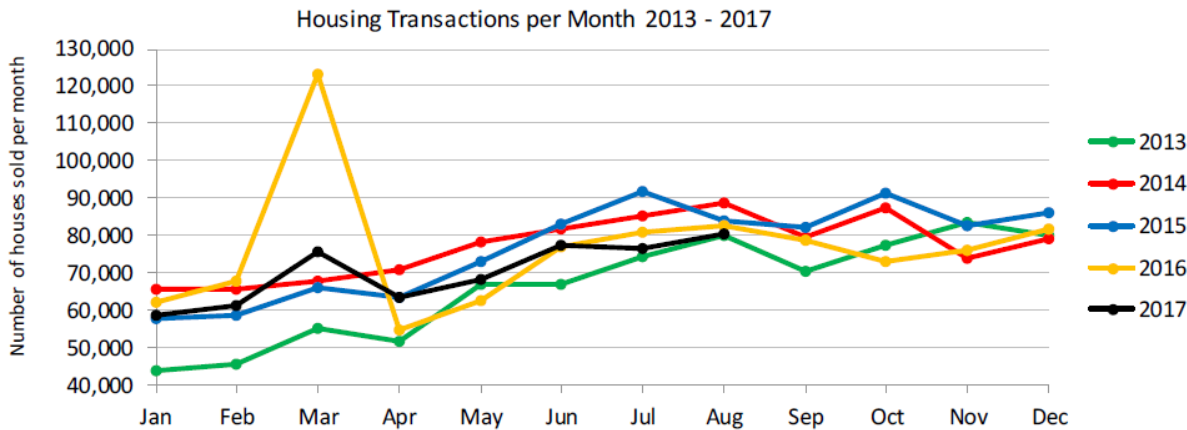
Detailed analysis of towns/cities current versus over time

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 Jul 17/ Q2 17	How much higher/ lower are latest prices vs height in 2007/8	Year on year change in price in Jul 17/ Q2 17	Annual average increase	Highest yearly average increase since 2000	
								Date	% Increase
Belfast (Q2)	£213,626	£87,890	-58.86%	£120,351	-44%	1.0%	n/a	Q1 07	57.1%
Bradford	£139,640	£115,089	-17.58%	£133,727	-4%	1.6%	6.5%	Sep-04	36.5%
Glasgow	£130,473	£104,370	-20.01%	£125,060	-4%	6.3%	n/a	Jan-05	19.2%
Newcastle upon Tyne	£164,935	£134,016	-18.75%	£159,431	-3%	1.2%	6.2%	Feb-04	39.2%
Liverpool	£130,249	£106,826	-17.98%	£127,474	-2%	5.7%	6.7%	Jul-04	59.0%
Sheffield	£144,875	£120,193	-17.04%	£154,674	7%	3.0%	6.9%	Sep-04	31.9%
Edinburgh	£225,750	£183,029	-18.92%	£243,920	8%	9.6%	n/a	May-07	17.3%
Leeds	£161,439	£130,128	-19.39%	£175,703	9%	4.4%	7.0%	Apr-03	30.7%
Lincoln	£128,707	£106,017	-17.63%	£143,092	11%	3.5%	7.4%	Feb-03	38.0%
Nottingham	£119,010	£93,696	-21.27%	£136,559	15%	10.0%	6.6%	Mar-03	37.9%
Manchester	£140,431	£111,679	-20.47%	£161,802	15%	6.9%	8.6%	Jun-04	34.9%
Bournemouth	£206,227	£163,937	-20.51%	£238,517	16%	3.4%	6.5%	Apr-03	32.5%
Cardiff	£170,496	£139,651	-18.09%	£198,899	17%	4.3%	6.8%	May-03	30.7%
Leicester	£135,317	£110,071	-18.66%	£158,288	17%	5.5%	7.6%	Mar-03	35.4%
Peterborough	£156,264	£123,752	-20.81%	£182,971	17%	8.2%	7.2%	Dec-02	30.2%
Birmingham	£148,578	£122,773	-17.37%	£175,399	18%	7.6%	6.8%	Feb-03	36.4%
Norwich	£166,498	£123,698	-25.71%	£197,717	19%	4.5%	7.6%	Oct-02	37.9%
Portsmouth	£169,633	£130,868	-22.85%	£202,444	19%	6.1%	6.5%	Mar-03	29.1%
Southampton	£168,795	£134,665	-20.22%	£207,577	23%	4.5%	6.6%	Apr-03	29.7%
Milton Keynes	£194,666	£147,827	-24.06%	£262,570	35%	3.8%	7.8%	Feb-03	32.0%
Bristol	£195,196	£153,648	-21.29%	£272,685	40%	5.6%	8.2%	Apr-03	29.7%
Brighton and Hove	£257,108	£202,054	-21.41%	£362,405	41%	5.0%	8.0%	Jul-00	35.4%
Reading	£216,724	£176,087	-18.75%	£308,166	42%	1.6%	6.7%	Jun-00	35.9%
Oxford	£289,855	£223,319	-22.95%	£416,646	44%	3.6%	7.3%	Jun-00	29.5%
Cambridge	£283,241	£224,469	-20.75%	£451,634	59%	6.5%	8.4%	May-00	27.5%
London	£298,596	£245,351	-17.83%	£488,729	64%	2.8%	8.1%	Apr-00	28.3%

Source: [UK HPI](#)

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.



TRANSACTIONS ANALYSIS BY REGION

REGION	May - Jul			May - Jul	
	2015	2016	2017	2015/17	2016/17
NORTH EAST	9,195	7,358	8,297	-10%	13%
NORTH WEST	25,686	22,001	24,659	-4%	12%
YORKS & HUMBERSIDE	19,993	16,994	18,792	-6%	11%
EAST MIDLANDS	19,348	16,647	17,461	-10%	5%
WEST MIDLANDS	19,928	16,741	18,321	-8%	9%
EAST OF ENGLAND	26,658	21,938	22,166	-17%	1%
GREATER LONDON	27,485	17,847	19,080	-31%	7%
SOUTH EAST	39,862	30,955	32,573	-18%	5%
SOUTH WEST	25,829	20,247	22,391	-13%	11%
WALES	10,544	8,926	10,569	0%	18%
ENGLAND & WALES	224,528	179,654	194,309	-13%	8%

Source: [LSL Acadata HPI](#)

[LSL Acadata HPI](#)

"We estimate the number of housing transactions in August 2017 in England & Wales at 80,500, based on Land Registry numbers and their methodology for accounting for domestic property sales. This is up by 5% on July's total, and goes against the typical seasonal decrease of 1% that we would expect in August (based on averages from the last 20 years)." (Aug 17)

[NAEA Propertymark](#)

"Sales made to FTBs remained at 23 per cent in August, having fallen from 30 per cent in June. The number of sales agreed per branch remained low in August, with eight sales agreed on average per branch." (Aug 17)

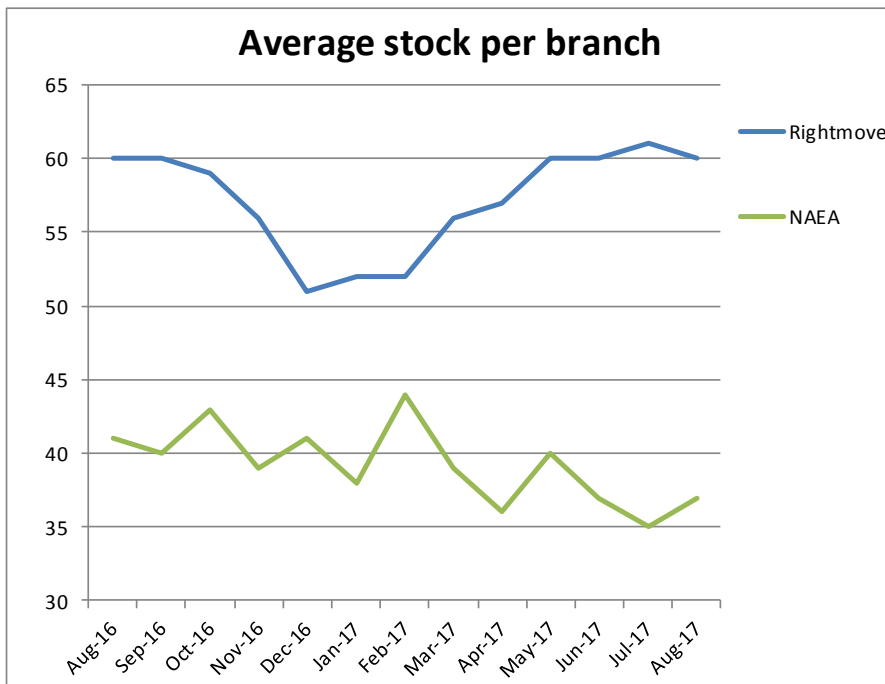
[Bank of England](#)

"At 66,580, mortgage approvals were broadly in line with their recent averages, although they fell a little on last month, with approvals for remortgaging at 44,825, which is a reduction on the previous month." (Aug 17)

[UK Finance](#)

"House purchase approvals of 41,807 in August were a little stronger than the monthly average of 41,133 over the previous six months and 11% higher than in August last year when the market was markedly subdued after the EU referendum vote. Remortgaging approvals of 27,768 were well up on the monthly average of 25,056 over the previous six months and 15% higher than in August 2016." (Aug 17)

Property demand and supply



RICS

“New buyer enquiries declined during September. Not only does this extend a sequence of negative readings into a sixth month, it also represents the weakest figure since July 2016. Meanwhile, new instructions to sell were more or less stable for the second report running, having declined continuously over the past eighteen months. Consequently, average stock levels on estate agents’ books held broadly steady (albeit near record lows), at 43.3.

“At the same time, headline agreed sales volumes also fell, again, this was the softest reading since last July. When broken down, although London and the South East were at the forefront of the decline once more, weakness in transactions was widespread during September. In fact, only Wales and the South West were cited to have seen an increase over the month, while all other parts of the UK exhibited either a flat or negative trend. Given the sluggish backdrop, the average time taken from listing to completion across the UK lengthened to 18 weeks (from 17), according to the latest results.” (Sep 17)

Kate Faulkner comments on property transactions:

Property transaction levels are the lifeblood of the business and currently the numbers aren’t too bad. However, sales are likely to take a downturn versus last year towards Christmas, which agents should be able to cope with this year, but some may find tougher to survive in 2018, particularly those who both sell and let, as they have the added worry of losing tenant fees at some stage, potentially wiping out current lettings’ profit. As such, now would probably be the best time to act for those wishing to sell their business, due to concerns about the impact of the future market and increased costs/lower revenue.