

January 2018 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>"2018: A tale of different markets leads to Rightmove forecast of +1%"</i>
NAEA PropertyMark	<i>"Homebuyers bag a bargain as a record number of sales go through at less than asking price"</i>
RICS	<i>"House prices remain broadly flat at the national level"</i>
Nationwide	<i>"House prices rise by a modest 2.6% in 2017"</i>
Halifax	<i>"2017 house price growth eased to 2.7%"</i>
LSL Acadata HPI	<i>"First monthly increase in house prices in England and Wales since March"</i>
Hometrack	<i>"City HPI projected to be +5% over 2018"</i>

Key facts:

Average prices across the indices vary from mortgaged only prices from the Nationwide HPI (Dec 17) of £211,156, through to marketing prices (ie not necessarily sold) from Rightmove (Dec 17) of £302,865, a 43% difference. Average sold prices from the UK HPI stand at £240,860 (Oct 17).

UK, England and Wales data

	High	Low	Current Month Oct-17	Current Month Nov-17	Current Month Dec-17	Annual Change	Annual Average (05 - 17)		
Rightmove	£241,474	£213,570	£313,435	£311,043	£302,865	1.2%	4.0%	Asking prices	E & W
Nationwide	£184,131	£147,746	£211,085	£209,988	£211,156	2.6%	2.7%	Mortgaged only	UK
Halifax	£199,766	£157,767	£225,826	£226,821	£225,021	2.7%	2.7%	Mortgaged only, seasonally adjusted	UK
LSL Acadata HPI	£231,829	£197,145	£298,438	£300,859	n/a	0.9%	4.0%	Actual prices, includes cash sales	E & W
UK HPI	£194,764	£159,340	£240,860	n/a	n/a	4.7%	3.5%	Sold prices, includes cash sales and new builds	E

Summary of property price reports – cont'd

Kate Faulkner comments on the national market:

In the past the media would have been going crazy with these kind of headlines, even though they clearly state more of a slowdown rather than a crash. However, 'property crash' headlines would be rife which always made a slow market much worse – as buyers would hold off for prices to fall. However, we are into days of more accurate reporting, partly thanks to better commentary from the industry. Last year, from memory, there was just one main Daily Mail 'exposé' about a crash but it was exaggerated and the rest of the media quickly squashed the idea.

This is good news for the industry, but we are still not producing good enough data in my opinion either for the media or for consumers on what's happening in the local area. For example, I was on BBC Radio Nottingham recently when they were very excited about Nottingham 'topping the charts' of price growth. Without commentary about the fact that this means prices are merely back to where they were 10 years ago, many sellers would have expected a huge increase in value year on year. Yet I showed three examples: properties which had risen by more; ones which hadn't changed and ones which had fallen.

What this means is that although these reports on 'average' property prices are useful from understanding what's happening in general, if you are buying, selling or investing, then you have to know the micro market for that particular property on the specific road you are buying.

That means looking at sold property price data first, then talking to agents and then deciding whether the property is a good deal or not and having that confirmed by a professional valuer.

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 Oct 17/ Q3 17	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Oct 17/ Q3 17	Annual average increase since 2000	Highest yearly average increase since 2000	
								Date	% Increase
England	£194,764	£159,340	-18.19%	£240,860	24%	4.7%	7.1%	Jan-03	26.4%
Wales	£150,316	£123,104	-18.10%	£153,316	2%	4.5%	6.6%	Jul-04	33.4%
Scotland	£145,641	£120,994	-16.92%	£143,544	-1%	2.8%	n/a	Feb-05	19.0%
Northern Ireland (Q3)	£224,670	£97,428	-56.64%	£132,169	-41%	6.0%	n/a	Q1 07	51.5%

Source: [UK HPI](#)

Kate Faulkner comments on country differences:

The figures this month really show how property price growth is slowing substantially versus previous growth. For example, since 2007, the price growth in England was 24%. This is lower over a 10-year period than the ANNUAL price growth achieved in 2003 alone. With annual house price growth now settling in single figures, way below the annual average since 2000, agents and developers will need to think about how to persuade people it's still worth the cost of moving when many sellers may not have additional equity to pay for it. Without thinking through how to manage this future dilemma, the market could completely grind to a halt with a lack of movers. Schemes such as Help to Buy could come into their own here – as could Shared Ownership in more expensive areas.

It also means renting is likely to become more of a sensible financial as well as personal choice. One area to start looking at to see the potential impact is the North East where population growth (ie demand) is fairly flat, prices are still 9% lower than they were (on average) 10 years ago and annual price growth is running at a third of its annual average increase since 2000. Interestingly, despite property being such great value, according to Nationwide figures, the fall in the percentage of first-time buyers from 2006 to 2016 was the second biggest next to London. If this trend spreads throughout the rest of the UK, the number of buyers and sellers are both likely to fall and we could see one of the most stagnant markets ever.

The only thing that might change this is the possibility of landlords selling off poor returning properties or ones they want to now cash in on following their first new tax bill with mortgage interest relief cut.

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 Oct-17	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Oct 17	Annual average increase since 2000	Highest yearly average increase since 2000	
								Date	% Increase
North East	£139,400	£117,079	-16.01%	£127,224	-9%	2.4%	6.0%	Jan-04	34.8%
North West	£152,427	£124,654	-18.22%	£154,056	1%	3.9%	6.7%	Jul-04	33.0%
Yorkshire & The Humber	£150,233	£123,833	-17.57%	£155,281	3%	3.3%	6.8%	Jun-04	29.3%
East Midlands	£159,537	£129,876	-18.59%	£184,544	16%	7.0%	7.0%	Feb-03	33.9%
West Midlands	£165,807	£136,966	-17.39%	£186,351	12%	5.2%	6.5%	Jan-03	29.5%
South West	£212,666	£171,356	-19.42%	£251,376	18%	6.7%	6.9%	Jan-03	29.8%
East	£209,624	£168,263	-19.73%	£289,168	38%	6.1%	7.5%	Jan-03	28.9%
South East	£238,670	£191,156	-19.91%	£322,311	35%	4.6%	6.9%	Jun-00	25.0%
London	£298,596	£245,351	-17.83%	£481,102	61%	2.1%	8.0%	Apr-00	28.3%

Source: [UK HPI](#)

Country and regional summary – cont'd

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	8.9%	Newcastle upon Tyne	-2.9%	Bristol	43%	Belfast (Q3)	-42%
Milton Keynes	8.9%	London	2.1%	Reading	44%	Newcastle upon Tyne	-7%
Liverpool	9.7%	Reading	2.3%	Oxford	47%	Glasgow	-6%
Nottingham	10.0%	Oxford	2.3%	Cambridge	58%	Bradford	-2%
Cambridge	11.7%	Leeds	2.6%	London	61%	Liverpool	-1%

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	%
Greenwich	7.9%	Wandsworth	-1.9%	Waltham Forest	76%	Havering	49%
Tower Hamlets	7.1%	Southwark	-3.6%	Lewisham	75%	Barking and Dagenham	49%
Kingston upon Thames	6.5%	Brent	-5.1%	City of Westminster	73%	Sutton	48%

Source: [UK HPI](#)

RICS

“There were significant variations in price trends at the regional level. Indeed, London continues to return the most negative sentiment and respondents also continue to report downward pressure on house prices across the South East. Alongside this, the price gauge edged further below zero in East Anglia and remained slightly negative in the North East. Elsewhere, survey results continue to signal further price growth in all other regions/countries in the UK. In particular, solid gains were reported in Wales, Northern Ireland and the North West region.” (Nov 17)

Nationwide

“All regions except London saw house price gains in 2017. The West Midlands topped the table for the first time ever (on data back to 1974), with average prices up 5.2% year-on-year. London saw a 0.5% annual decline and, for the first time since 2004, the capital ended the year as the weakest performing region. East Anglia, last year’s top performing region, saw the biggest slowdown in annual house price growth, from 10.1% in 2016 to 2.3% in 2017. Wales saw a slight pick-up in the rate of growth compared to last year, with a 3.3% annual increase in 2017. Scotland’s house price growth was similar to last year at 2.6%. Northern Ireland saw a slight increase in annual house price growth from 0.7% in 2016 to 2.0%. This year has seen a notable convergence in regional house price growth rates. The gap between the weakest and strongest regions (in terms of annual price change) is just six percentage points, a record low at year end.

“For the first year since 2008, the annual rate of change in Northern England (West Midlands, East Midlands, Yorkshire & Humberside, North West and North) was above that in Southern England (South West, Outer South East, Outer Metropolitan, London and East Anglia). Northern England saw a 3.6% year-on-year increase, while in the South prices were up 1.6%.

Regional growth rates may have converged, but there are still significant disparities in price levels. This is particularly apparent when looking at prices relative to their 2007 peak. For example, prices in London are c55% above 2007 levels, while those in the North and Yorkshire & Humberside remain lower than their 2007 peaks.” (Dec 17)

Country and regional summary – cont'd

LSL Acadata HPI

“The South West now leads price growth in England and Wales, overtaking the North West in the last month, with annual growth of 4.3%. That’s supported by strong performances in Bristol (up 7.1% annually), Gloucestershire (also up 7.1%), Wiltshire (6.4%) and Torbay (6%). The North West and West Midlands, both up 3.4%, also continue to prove robust, as does the East Midlands (3.2%) and Wales with 3.3% growth. The Vale of Glamorgan (up 9.6% - the biggest annual increase of any unitary authority), Bridgend (8.6%) and Caerphilly (8%) have all grown particularly strongly in the last year. Of the 18 unitary authorities to see a new peak price in October, five were in the South West, and three each in the East Midlands and Wales. At the other end of the spectrum, the South East continues to see slower growth with prices up just 1.8% in the last year. The region includes Bracknell Forest, where prices are down -13.4%, the biggest fall in the last year. On the other hand Portsmouth (up 7.6%) and Buckinghamshire (up 7.1%) are two areas in the region that continue to perform well. More surprisingly, the slowdown that began in London and has spread to the South East may also now be affecting the East of England. The region, which as recently as August led growth in England and Wales, is now in sixth place, with annual growth of 2.8%, only marginally ahead of Yorks & Humber (2.6%).” (Nov 17)

Hometrack

“Housing market activity across Scotland has picked up over 2017 and this has resulted in Glasgow recording the highest rate of house price growth (7.9%), followed by Edinburgh (7.6%). Leicester and Birmingham are two other cities registering house price growth over 7%. Aberdeen continues to register price falls with average values down -3.7% over the last 12 months.” (Nov 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 Oct 17/ Q3 17	How much higher/ lower are latest prices vs height in 2007/8	Year on year change in price in Oct 17/ Q3 17	Annual average increase	Highest yearly average increase since 2000 Date % Increase
Belfast (Q3)	£213,626	£87,890	-58.86%	£123,409	-42%	3.9%	n/a	Q1 07 57.1%
Newcastle upon Tyne	£164,935	£134,016	-18.75%	£153,238	-7%	-2.9%	6.0%	Feb-04 39.2%
Glasgow	£130,473	£104,370	-20.01%	£122,116	-6%	4.6%	n/a	Jan-05 19.2%
Bradford	£139,640	£115,089	-17.58%	£137,345	-2%	3.8%	6.6%	Sep-04 36.5%
Liverpool	£130,249	£106,826	-17.98%	£129,564	-1%	9.7%	6.8%	Jul-04 59.0%
Leeds	£161,439	£130,128	-19.39%	£173,465	7%	2.6%	7.0%	Apr-03 30.7%
Edinburgh	£225,750	£183,029	-18.92%	£247,568	10%	8.5%	n/a	May-07 17.3%
Sheffield	£144,875	£120,193	-17.04%	£160,960	11%	7.8%	7.1%	Sep-04 31.9%
Lincoln	£128,707	£106,017	-17.63%	£147,248	14%	2.8%	7.6%	Feb-03 38.0%
Nottingham	£119,010	£93,696	-21.27%	£139,386	17%	10.0%	6.8%	Mar-03 37.9%
Cardiff	£170,496	£139,651	-18.09%	£199,747	17%	5.5%	6.8%	May-03 30.7%
Peterborough	£156,264	£123,752	-20.81%	£184,101	18%	7.8%	7.2%	Dec-02 30.2%
Bournemouth	£206,227	£163,937	-20.51%	£243,955	18%	6.0%	6.6%	Apr-03 32.5%
Birmingham	£148,578	£122,773	-17.37%	£176,014	18%	7.0%	6.8%	Feb-03 36.4%
Norwich	£166,498	£123,698	-25.71%	£197,548	19%	2.8%	7.6%	Oct-02 37.9%
Leicester	£135,317	£110,071	-18.66%	£162,580	20%	7.3%	7.8%	Mar-03 35.4%
Manchester	£140,431	£111,679	-20.47%	£169,018	20%	8.9%	8.9%	Jun-04 34.9%
Portsmouth	£169,633	£130,868	-22.85%	£208,473	23%	8.2%	6.7%	Mar-03 29.1%
Southampton	£168,795	£134,665	-20.22%	£207,699	23%	4.4%	6.6%	Apr-03 29.7%
Milton Keynes	£194,666	£147,827	-24.06%	£266,714	37%	8.9%	7.9%	Feb-03 32.0%
Brighton and Hove	£257,108	£202,054	-21.41%	£363,561	41%	5.5%	8.0%	Jul-00 35.4%
Bristol	£195,196	£153,648	-21.29%	£279,286	43%	6.3%	8.3%	Apr-03 29.7%
Reading	£216,724	£176,087	-18.75%	£311,775	44%	2.3%	6.7%	Jun-00 35.9%
Oxford	£289,855	£223,319	-22.95%	£426,520	47%	2.3%	7.5%	Jun-00 29.5%
Cambridge	£283,241	£224,469	-20.75%	£446,407	58%	11.7%	8.3%	May-00 27.5%
London	£298,596	£245,351	-17.83%	£481,102	61%	2.1%	8.0%	Apr-00 28.3%

Source: [UK HPI](#)

Kate Faulkner comments on regional, city/town differences:

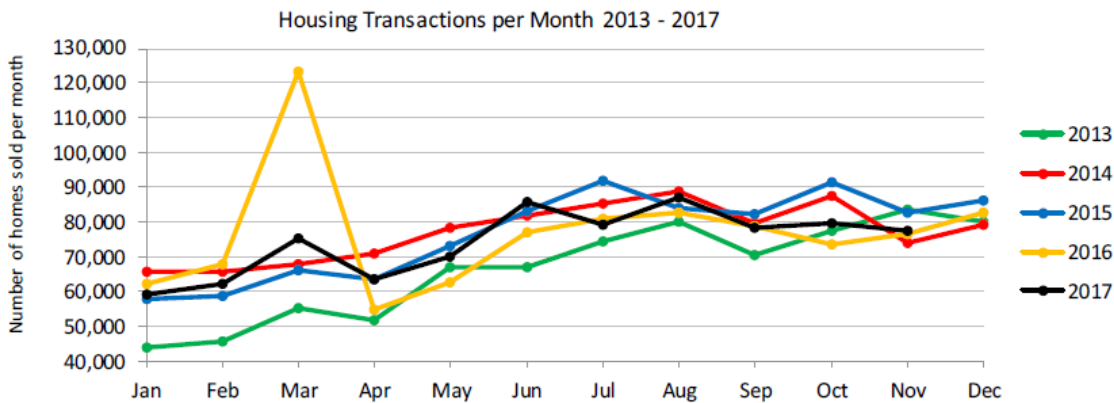
It's astonishing that we still have five towns – Belfast, Newcastle, Glasgow, Bradford and Liverpool – which, according to UK HPI figures, have house prices at lower levels than they were 10 years ago. I don't think I have seen any areas take this long to recover from a house price recession. Comparing this recession's market recovery with the 1990s recession, I found that it took seven years this time around versus eight in the 1990s for property prices to recover to their previous height in England – and carry on growing, while Wales took 10 years this time versus eight years in the last recession. Regionally, London was super quick, taking just four years versus seven in the 1990s, while most regions took seven-eight years in both recessions, although not all areas had data available.

From a town perspective, the main comparison is that some cities/towns – such as Reading, Oxford and Cambridge – took just four-six years to recover from 2007, while areas such as Belfast (Q3); Newcastle upon Tyne; Glasgow; Bradford; Liverpool have yet to recover 10 years on. Compare this to what happened after the last recession, when these areas were seeing phenomenal growth in just one year (see last column); for example Belfast at 57%; Liverpool at 59%, while Newcastle saw growth of 39%, Glasgow at 19% and Bradford at 36.5%, whereas current forecasts suggest regions will struggle to grow in line with average inflation rates of 3%.

What's clear to date is that the house price growth we are used to seeing post recession has only so far affected London and some of the Home Counties. Overall, capital growth is clearly slowing.

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.



REGION	Aug - Oct			Aug - Oct	
	2015	2016	2017	2015/17	2016/17
NORTH EAST	8,856	7,372	8,485	-4%	15%
NORTH WEST	26,712	23,917	26,672	0%	12%
YORKS & HUMBERSIDE	20,610	18,448	19,582	-5%	6%
EAST MIDLANDS	20,233	18,681	18,377	-9%	-2%
WEST MIDLANDS	20,738	19,037	19,575	-6%	3%
EAST OF ENGLAND	28,564	24,046	23,694	-17%	-1%
GREATER LONDON	28,729	19,540	19,796	-31%	1%
SOUTH EAST	43,146	34,225	35,242	-18%	3%
SOUTH WEST	27,692	23,307	24,496	-12%	5%
ENGLAND	225,280	188,573	195,919	-13%	4%
WALES	10,890	10,311	11,380	4%	10%
ENGLAND & WALES	236,170	198,884	207,299	-12%	4%

Source: [LSL Acadata HPI](#)

[LSL Acadata HPI](#)

“We estimate the number of housing transactions in November 2017 in England & Wales at 77,500, based on Land Registry numbers and their methodology for accounting for domestic property sales. This is down by 3% on October’s revised total, which is in line with the seasonal decrease of 2.5% in the month of November.” (Nov 17)

[NAEA Propertymark](#)

“In November, the proportion of sales made to FTBs rose to 27 per cent, from 22 per cent in October. This is reflective of the higher levels seen in June when 30 per cent of sales were made to the group. The number of sales agreed per branch decreased for the first time since July, from eight per branch in October, to seven in November.

“The number of house hunters registered per branch decreased by five per cent in November to 333, from 349 in October. This is the lowest amount of potential buyers registered per branch since September 2016, when the same figure was recorded.” (Nov 17)

[Bank of England](#)

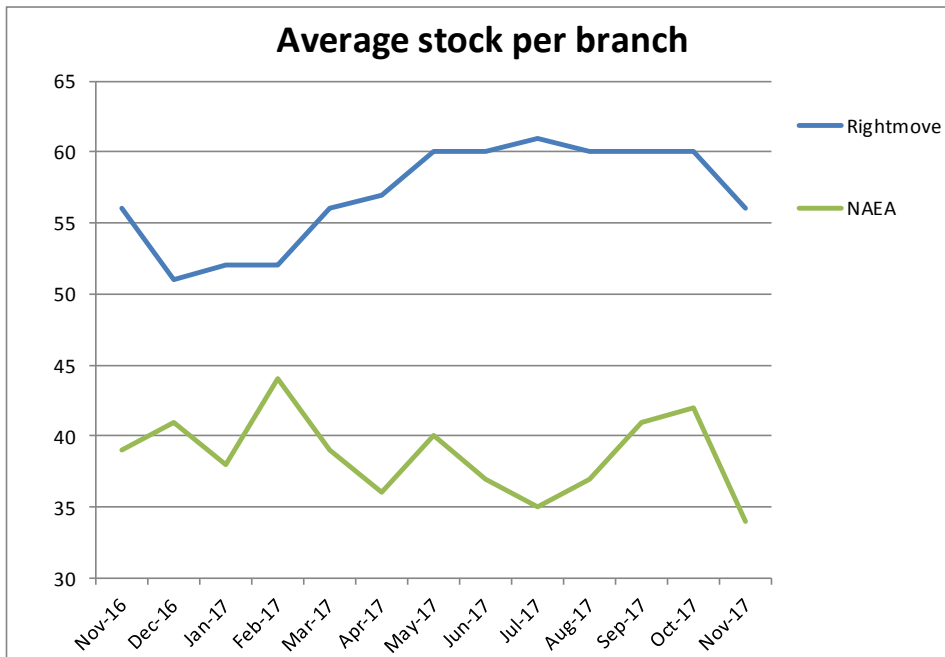
“Remortgaging approvals increased to 51,593, the highest since October 2008. House purchase mortgage approvals fell slightly to 64,575 in October.” (Nov 17)

Property transactions – cont'd

UK Finance

“House purchase approvals of 39,507 in November were weaker than the monthly average of 41,271 over the previous six months and 5% lower than in November last year. Remortgaging approvals of 33,670 were up on the monthly average of 28,715 over the previous six months and 24% higher than in November 2016.” (Nov 17)

Property demand and supply



RICS

“The trend in new buyer enquiries appeared a little more stable over the month having declined quite noticeably in October and September. At the same time, newly agreed sales continued to slide at the headline level albeit the pace of decline moderated to a certain degree. However, with the exception of Wales and Northern Ireland, where sales rose quite firmly, transactions were either a flat or negative across most other areas.

“Looking at supply, new instructions to sell continued to deteriorate at the headline level. This extends a run of 22 months in which this series has not seen a positive reading. However, in part driven by the slower pace of sales (average sales per surveyor have now slipped for three consecutive months), stock levels on estate agents’ books held broadly steady at 44.7.” (Nov 17)

Kate Faulkner comments on property transactions, demand and supply:

Demand looks like it is slipping along with stock levels so in areas where stock remains tight versus demand, prices may ease, but still see increases. On the other hand, some areas or property types may experience falls where demand slips below supply. In some areas where we are carrying out individual property analysis, such as the likes of Essex, we are finding properties in normally popular areas which have been on the market for several years; typically unheard of pre-credit crunch or in the post-credit crunch boom.

What’s critical is ensuring that you know your individual property market and don’t try to make decisions based on what the media and ‘averages’ are telling you – if you do that, you are likely to be making the wrong ones.