

Image: © Eugeniu Firmu - Dreamstime.com

North West property market update

March 2018



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



LSL Acadata HPI

"Annual growth for the North West in January was 3.8%."



Greater Manchester recorded a new peak average price, according to LSL Acadata HPI (see page 4).

Image: © Lukysluky s | Dreamstime.com

North 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 Dec-17	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 Dec 17	Annual average increase since 2000	Highest yearly average increase since 2000	
									Date	% Increase
All property types	£152,427	£124,654	-18.22%	£158,370	4%	27%	5.9%	6.9%	Jul-04	33.0%
Detached	£252,552	£211,224	-16.36%	£271,110	7%	28%	5.1%	6.2%	Jul-04	24.9%
Semi Detached	£155,624	£128,177	-17.64%	£167,264	7%	30%	6.4%	6.8%	Jul-04	31.3%
Terraced	£119,698	£96,191	-19.64%	£120,031	0%	25%	5.1%	7.2%	Jul-04	38.6%
Flat	£121,805	£91,840	-24.60%	£122,068	0%	33%	8.2%	7.0%	Jun-04	31.4%

Source: [UK HPI](#)

Asking prices			Mortgaged only prices			Sold prices inc cash sales			Sold prices inc cash sales & new builds		
Rightmove Average Price Feb-17	Rightmove Average Price Feb-18	Rightmove % Change YoY	Nationwide Average Price Q4 16	Nationwide Average Price Q4 17	Nationwide % Change YoY	LSL Acadata HPI Average Price Dec-16	LSL Acadata HPI Average Price Dec-17	LSL % Change YoY	UK HPI Average Price Dec-16	UK HPI Average Price Dec-17	UK HPI % Change YoY
£183,011	£187,770	2.6%	£151,463	£157,488	4.0%	£183,592	£190,643	3.8%	£149,560	£158,370	5.9%



KATE FAULKNER COMMENTS ON PRICES

“ The figures for the North West tell a fascinating story which is not one we hear about much in the media. First the UK HPI stats show the vast difference between the falls in the prices for flats for example (25%) versus detached homes which only fell by 16%. As a result, for those who own a detached or semi property, prices are up 7% versus the heights achieved 10 years ago, while those in oversupplied two bed properties – and especially the overpriced and sold city centre flats – have seen no change at all. Having said that, for those who ‘timed’ the market right and bought at the low of 2009, good growth of 30% could have been achieved.

So historically, property prices have not performed that well since the

crunch in the North West but the recent year on year price rises which match the long term annual growth since 2000, suggest that the area may well be about to recover. The question will be how far prices can rise and for how long. In other areas we’ve seen double-digit growth for several years and forecasters such as Hometrack suggest 20-30% rises are possible in this Northern Powerhouse over the next five years.

However, looking at historical data, it is unlikely that this growth will be applied to all property types in all areas, so buyers wanting to make money in the North West need to choose their investment carefully, especially bearing in mind property price growth is not keeping up with inflation by any means.

North 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 Dec-17	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 Dec 17	Annual average increase since 2000	Highest yearly average increase since 2000	
									Date	% Increase
Blackpool	£126,000	£93,150	-26.07%	£106,745	-15%	15%	3.3%	5.1%	Aug-04	38.9%
Carlisle	£143,276	£118,639	-17.20%	£137,492	-4%	16%	5.7%	6.0%	Apr-04	36.0%
Liverpool	£130,249	£106,826	-17.98%	£130,677	0%	22%	9.5%	6.9%	Jul-04	59.0%
Manchester	£140,431	£111,679	-20.47%	£173,381	23%	55%	10.9%	9.1%	Jun-04	34.9%
Preston	£144,536	£110,653	-23.44%	£128,447	-11%	16%	3.5%	5.9%	Jun-04	38.6%
Warrington	£172,562	£136,426	-20.94%	£185,732	8%	36%	5.7%	6.4%	Feb-03	33.7%

Source: [UK HPI](#)

City	Current price	%yoy Dec 17	%yoy Dec 16
Manchester	£157,900	7.0%	6.7%
Liverpool	£117,300	6.1%	2.8%

Source: [Hometrack](#)



LSL Acadata HPI

“The North West is up (3.8%) with Blackburn with Darwen up by 9.4% on the back of sales of detached houses, has seen the strongest growth anywhere other than Rutland, while the key population centres of Merseyside (up 8.2%) and Greater Manchester (2%) both recorded new peak average prices in the month.” (Jan 18)



Hometrack

“House price growth for Birmingham, Manchester, Leicester and Liverpool grew by more than 6% per annum. Cities outside southern England have further room for house price growth. We do not expect growth to match the increase registered in London as the market dynamics are different but we expect house prices in regional cities such as Manchester to increase by 20% to 30%. This is based on our analysis of how the last housing cycle unfolded and adjusting for today’s policy environment. It assumes mortgage rates remain low by historic standards and the economy to continue to grow. At current growth rates this will take 3 to 4 years to feed through into house prices.” (Jan 18)

Table 3: First-time buyers: average Price, loan and deposit by region, 2017

	Average House Price (£s)	Average Mortgage (£s)	Average Deposit (£s)	Deposit as % of purchase price
North West	149,990	127,841	22,148	15%

Source: [Halifax/CML](#)

FTB average paid	£133,504
Trading up average price paid	£179,794
Cash purchase average price paid	£146,213
New build average price	£224,980

Source: [UK HPI](#)



KATE FAULKNER COMMENTS ON TOWN AND CITY PRICE DIFFERENCES

“ This is definitely a region that is still affordable for the majority of people. With FTBs paying an average of less than £150,000, two people earning £20k each should be able to borrow £140,000 and save for a £10k deposit, especially with the government’s 25% top-up available. However, this doesn’t mean properties can’t be bought for less, with shared ownership available for as little as £31,000 depending on the location, shared ownership percentage and type of property, as well as plenty of new builds available under the Help to Buy Scheme. Here are some excellent shared ownership examples:

[2 bed terraced house in Walton, Liverpool - £31,250 \(25% share\)](#)

[3 bed terraced house in Aintree - £37,750 \(75% share\)](#)

[2 bed semi-detached house in Cottam, Preston - £63,500 \(50% share\)](#)

[1 bed flat in Manchester - £65,000 \(50% share\)](#)

[2 bed semi-detached house in Openshaw, Manchester - £67,475 \(50% share\)](#)

[2 bed terraced house in Blackpool - £70,000 \(50% share\)](#)

[3 bed terraced house in Warrington - £80,000 \(50% share\)](#)

[2 bed semi-detached house in Etterby, Carlisle - £82,800 \(60% share\)](#)

[2 bed semi-detached house in Openshaw, Manchester - £101,212 \(75% share\)](#)

[2 bed flat in Reddish, Stockport - £105,000 \(75% share\)](#)

What the stats show though is how different areas are performing in the North West. Blackpool and Preston are up by just 3% year on year, but since 2007/8 prices are still 11-15% LESS than they were 10 years ago, making affordability, in theory, easier for first-time buyers and those keen to trade up the ladder.

In contrast, prices in the major city of Manchester do appear to be peaking with prices being up by nearly 11% year on year and just one of the few cities to almost keep up with inflation over the last 10 years, although much of this growth has happened in the last few years.

Property Price Forecasts	Savills 2018 (Nov 17)	Savills 5 Yr compound growth (Nov 17)	Knight Frank 2018 (Dec 17)	Knight Frank 5 Yr Forecast (Dec 17)	Countrywide 2018 (Summer 17)	Chestertons 2018 (Nov 16)	Chestertons 2016-20 growth (compounded) (Nov 16)	NAEA 2018 (Dec 15)	YoY % Increase
UK	1.0%	14.2%	1.0%	14.2%					
Great Britain					2.0%				
England & Wales						6.0%	31.9%		
England									
London	-2.0%	7.1%	-0.5%	13.1%	2.5%	6.0%	37.6%*	£626,133	6.2%
South East	0.5%	11.5%	0.0%	14.2%	2.5%	6.0%	35.6%	£435,031	6.8%
South West	1.0%	14.2%	1.0%	14.2%	2.0%	4.5%	25.8%	£292,435	2.8%
East of England	0.5%	11.5%	2.0%	15.9%	2.0%	6.0%	36.9%	£372,139	8.2%
East Midlands	1.0%	14.8%	2.0%	14.2%	2.0%	4.5%	25.8%	£209,613	2.7%
West Midlands	1.0%	14.8%	2.0%	14.8%	2.0%	4.0%	22.8%	£218,218	2.5%
North East	1.5%	17.6%	2.0%	14.8%	1.0%	3.0%	14.8%	£174,780	4.3%
North West	1.5%	18.1%	1.0%	16.4%	2.0%	4.0%	23.4%	£206,046	3.7%
Yorks & Humber	1.5%	17.6%	1.0%	12.6%	1.5%	4.0%	21.1%	£208,358	3.8%
Wales	1.0%	15.9%	1.5%	13.1%	2.0%			£182,162	1.8%
Scotland	1.5%	17.0%	1.0%	12.0%	2.0%			£218,474	4.6%



KATE FAULKNER COMMENTS ON PRICE FORECASTS



The North West house price forecasts over the next five years are the strongest for the UK. Not only is the economy performing well, but affordability is such that people can afford to pay more for a property versus areas in the South. However, as stated earlier,

understanding which areas and property types are going to do well isn't an easy task and investors hoping to replicate the money they have made from down south are unlikely to see the same returns if they don't do their due diligence.

Sales volumes by local authority/county

Local authority/county	Sales volume Nov 15 -Oct 16	Sales volume Nov 16-Oct 17	Sales volume YoY %
Blackpool	2162	2156	-0.3%
Carlisle	1854	1950	5.2%
Liverpool	6273	6635	5.8%
Manchester	7668	6592	-14.0%
Preston	1881	1937	3.0%
Warrington	3548	3136	-11.6%

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	
	Dec-Mar 18	Dec-Feb 17	Dec-Feb 18	Dec-Feb 17
North West	4.2	17.7	-0.9	8.4

Source: [Agency Express](#)

Carlisle's sales volumes are second only to Liverpool in the North West region.

Image: © Phillip Maguire | Dreamstime.com



KATE FAULKNER COMMENTS ON PROPERTY TRANSACTIONS, DEMAND AND SUPPLY

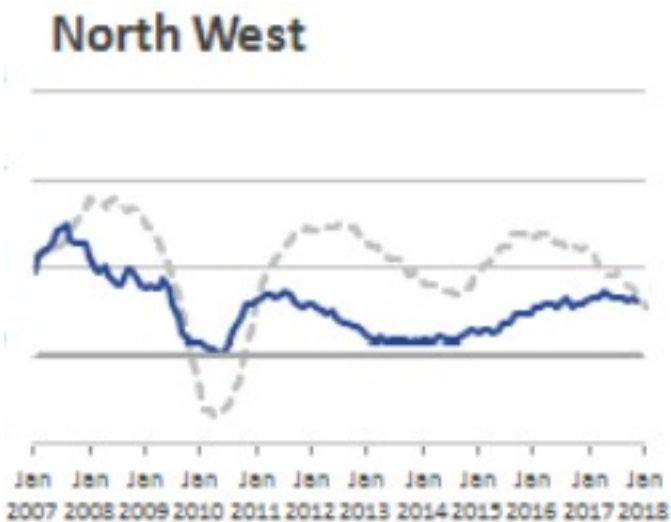


What's interesting from the transaction data is the fall in sales from 17 to 16. The reason this is important is that, for most regions, when we see a fall in transactions this is often followed by price growth reducing or indeed going into decline.

So what this suggests is that areas such as Liverpool may carry on see some price growth, but Manchester and Warrington, which have performed well price-wise recently, may have peaked.

LSL Average Monthly Rent Jan-17	LSL Average Monthly Rent Jan-18	LSL % Change YoY	Homelet Average Monthly Rent Jan-17	Homelet Average Monthly Rent Jan-18	Homelet % Change YoY	Belvoir Average Monthly Rent Jan-17	Belvoir Average Monthly Rent Jan-18	Belvoir % Change YoY	ONS Index of PRS Rental Prices % Change over 12 months Jan-18
£618	£636	2.9%	£675	£683	1.2%	£609	£601	-1.3%	1.3%

<i>Belvoir</i>	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 Jan-17	Average Monthly Rent Jan-18	% Change YoY	Annual average increase since 2008
North West	£623	£596	-3.5%	0.8%	£609	£601	-1.3%	-0.4%



(Note: Dotted grey line shows average England 12 month % change)

ONS	Lowest % change over 12 months during recession 2009/2010	Highest % change over 12 months pre-credit crunch 2008	% Change over 12 months Jan-18
North West	0.0%	3.0%	1.3%

Source: [ONS](#)

Location	2018	2019	2020	2021	2022	5-year compound growth
UK	2.5%	2.5%	3.0%	3.5%	3.5%	15.5%
London	3.0%	3.0%	3.5%	3.5%	3.0%	17.0%
UK excl London	2.0%	2.0%	3.0%	3.5%	3.5%	15.0%
Wages	3.0%	3.0%	3.0%	3.5%	3.5%	17.0%
CPI	2.0%	1.5%	2.0%	2.0%	2.0%	9.5%

Source: [Savills](#)

Region	Rents Jan (£) 2018	One month change	Yields Jan 2018
North West	£636	0.06%	4.9%

Source: [Your Move](#)



Your Move

“The North West and East Midlands were the regions with the fastest growing rents in the year to January 2018. Prices in the North West - which includes major cities like Liverpool and Manchester, plus rural areas of Cheshire and Lancashire - rose by an average of 2.9% in the last year.” (Feb 18).

Auction data

North-West		
November 2017 to January 2018	Residential	
Lots Offered	906 (823)	▲ 10.1%
Lots Sold	650 (622)	▲ 4.5%
Percent Sold	71.7% (75.6%)	▼ 5.2%
Total Raised	£51M (£53M)	▼ 3.1%

Source: [EI Group](#)



KATE FAULKNER COMMENTS ON THE RENTAL AND INVESTMENT MARKET



Although some indices are seeing inflationary rent rises, this isn't happening in all areas, especially those which are seeing a glut of properties for rent and it's clear that the government ONS data is showing that North West rents are not growing at the English average, which means rents are not, typically, keeping up with inflation.

This is significant as if an investor is hoping rent will cover pensions, one of the first investment rules is to make sure income keeps up with inflation. In addition, with increased costs being passed on by

the government to landlords, it may mean that profits could be squeezed further.

For those that know the area well, it's likely that there are some good opportunities; however, for those investing in the north who are used to property markets in the south, it may well be easy for them to become unstuck, especially if investing via so called 'property gurus' or 'investment clubs' rather than those that make money from managing successful lets and not from selling properties at a so-called 'discount'.



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

FOR INDUSTRY PROFESSIONALS

If you are you a property professional or journalist who needs up-to-date, accurate facts and figures about residential property, subscribe to our [Property Information Portal](#).

FOR MEDIA PROFESSIONALS

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

Kate Faulkner, Property Market Analyst and Commentator

Websites:

Kate Faulkner: katefaulkner.co.uk

Propertychecklists: Propertychecklists.co.uk

Email: kate@designsonproperty.co.uk

Telephone: 01652 641722