



UK property price update

April 2018





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Report Headlines



Rightmove

"Prices hit record highs in first-time and second-stepper sectors"



NAEA Propertymark

"First time buyer stamp duty relief starts to make an impact – but more help is needed"



RICS

"Demand backdrop deteriorates further"



Nationwide

"Annual house price growth remained subdued in March"



Halifax

"Annual house price growth at 2.7%"



LSL Acadata HPI

"Regional peaks while London slowdown persists"



LCPAca Residential Index

"Whilst average prices for new builds reach 12.5 times earnings, the market as a whole begins to falter"



Hometrack

"UK city house price inflation running at 5.2%"

AVERAGE PRICE VARIATIONS

Average prices across the indices vary from mortgaged only prices from the Nationwide HPI (Mar 18) of £211,625, through to marketing prices (ie not necessarily sold) from Rightmove (Mar 18) of £304,504, and actual prices from LSL Acadata HPI of £301,490 - a 42% difference. Average sold prices from the UK HPI stand at £242,286 (Jan 18).

UK, England and Wales data

	High	Low	Current Month Jan-18	Current Month Feb-18	Current Month Mar-18	Annual Change	Annual Average (05 - 18)		
Rightmove	£241,474	£213,570	£297,587	£300,001	£304,504	2.1%	3.7%	Asking prices	E & W
Nationwide	£184,131	£147,746	£211,756	£210,402	£211,625	2.1%	2.5%	Mortgaged only	UK
Halifax	£199,766	£157,767	£223,285	£224,353	£227,871	2.7%	2.6%	Mortgaged only , seasonally adjusted	UK
LSL Acadata HPI	£231,829	£197,145	£301,477	£299,556	£301,490	0.7%	3.7%	Actual prices, includes cash sales	E & W
LCPAca Residential Index	£218,762	£210,922	£288,764	n/a	n/a	0.8%	n/a	Actual prices, includes cash sales	E & W
UK HPI	£194,764	£159,340	£242,286	n/a	n/a	4.6%	3.3%	Sold prices, includes cash sales and new builds	E



KATE FAULKNER COMMENTS ON THE NATIONAL MARKET

“ The national market movements continue to hide the huge variety of changes to property prices at a regional level but also between the indices. Looking at the average annual change since 2005, the last 12 years show that on an annual basis, property prices have grown by an average of 2.5% through to 3.7%, while current annual property prices are up between -0.7% (LSL) through to 4.6% (UKHPI). But overall it looks like we might be lucky to see a 2% rise this year.





KATE FAULKNER COMMENTS ON THE NATIONAL MARKET continued

“ Rightmove’s latest data on the percentage of offers achieved versus asking prices shows that, regionally, Scotland is performing best with offers coming in at just 0.6% below asking while London – with its current struggling market – is achieving a much lower offer rate of 4.4%, near the North East’s figure of 4.5%.

Meanwhile on a city basis, Hometrack’s results show that Aberdeen property prices continue to fall through the floor -7.7% year on year, while the top performers are Liverpool at 7.8% and ‘nearby’ Edinburgh at 8%. That’s a huge difference in performance and shows how the main drivers of house price performance currently appear to be local economic conditions as opposed to national conditions.

Region	% difference from final asking price to sold price	Average new seller asking price	£ difference compared to average new seller asking price
Great Britain	3.3%	£305,732	£10,227
East Midlands	2.8%	£221,297	£6,296
East of England	3.1%	£353,594	£11,094
London	4.4%	£628,039	£27,442
North East	4.5%	£150,304	£6,790
North West	3.5%	£193,787	£6,847
Scotland	0.6%	£153,833	£980
South East	3.1%	£408,544	£12,553
South West	2.8%	£303,834	£8,536
Wales	3.8%	£189,380	£7,279
West Midlands	2.5%	£219,744	£5,529
Yorkshire & the Humber	3.5%	£188,044	£6,502

Source: [Rightmove](#)

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 Jan 18/ Q4 17	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Jan 18/ Q4 17	Annual average increase since 2000	Highest yearly average increase since 2000	
								Date	% Increase
England	£194,764	£159,340	-18.19%	£242,286	24%	4.6%	6.7%	Jan-03	26.4%
Wales	£150,316	£123,104	-18.10%	£153,034	2%	4.5%	6.2%	Jul-04	33.4%
Scotland	£145,641	£120,994	-16.92%	£148,512	2%	7.3%	n/a	Feb-05	19.0%
Northern Ireland (Q4)	£224,670	£97,428	-56.64%	£130,482	-42%	4.3%	n/a	Q1 07	51.5%

Source: [UK HPI](#)



KATE FAULKNER COMMENTS ON COUNTRY DIFFERENCES



We are in such a weird situation when it comes to country differences.

Scotland is topping the charts with a 7% rise year on year, while prices are still only 2% higher than they were 10 years ago. Wales and N.Ireland are similar in that they are growing by 4.5% and 4.3% year on year.

But the performance difference versus 10 years ago is stark – Wales just 2% up over the last decade, while N.Ireland is still struggling to get anywhere near previous prices – being 42% down.

There is often talk of the ‘property bubble bursting’ but I think it’s fair to say that, for many homeowners in N.Ireland, it already has and, at rates of 4% annual growth, it’s hard to see if prices there will ever recover.



Belfast Titanic Quarter: Will prices in Northern Ireland ever recover?

Image: © publicdomainstockphotos | Dreamstime.com

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 Jan-18	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Jan 18	Annual average increase since 2000	Highest yearly average increase since 2000	
								Date	% Increase
North East	£139,400	£117,079	-16.01%	£122,870	-12%	0.7%	5.4%	Jan-04	34.8%
North West	£152,427	£124,654	-18.22%	£155,788	2%	4.3%	6.4%	Jul-04	33.0%
Yorkshire & The Humber	£150,233	£123,833	-17.57%	£156,484	4%	5.1%	6.5%	Jun-04	29.3%
East Midlands	£159,537	£129,876	-18.59%	£185,568	16%	7.3%	6.7%	Feb-03	33.9%
West Midlands	£165,807	£136,966	-17.39%	£187,905	13%	5.3%	6.2%	Jan-03	29.5%
South West	£212,666	£171,356	-19.42%	£255,307	20%	6.9%	6.6%	Jan-03	29.8%
East	£209,624	£168,263	-19.73%	£289,729	38%	5.3%	7.1%	Jan-03	28.9%
South East	£238,670	£191,156	-19.91%	£323,435	36%	3.4%	6.5%	Jun-00	25.0%
London	£298,596	£245,351	-17.83%	£485,830	63%	2.1%	7.6%	Apr-00	28.3%

Source: [UK HPI](#)



KATE FAULKNER COMMENTS REGIONAL DIFFERENCES



From a regional perspective, Nationwide point out that the slowdowns in London, the South East and East Anglia – which have seen 60% rises since the crash – have now ‘overshot’ and prices are starting to fall. Meanwhile as the Midlands and most areas in the North and Scotland are doing well price growth-wise, we are seeing a “narrowing” of the North and South divide, which is likely to continue over the next few years.

The big regional news story is really the struggling London market which, as you can see from the Hometrack chart, shows “42% of postcodes are registering year on year price falls. The remaining 58% are still registering positive growth.”

So it’s not all doom and gloom for those who live in the boroughs still growing or who have been in this market for more than a few years. However, for those who finally got onto the ladder in the last couple

of years at the new market peak, there isn’t much good news in that Hometrack continue to believe prices will “drift lower” for the next 2-3 years. From an investor or even FTB basis, there maybe some bargains to be had over the coming months/years.

It’s clear that the ‘ripple effect’ of house prices rising in the South and then this growth spreading out to the regions still exists, although in my view this has become muted.

The next question we need to answer is: if prices haven’t ‘taken off’ at anything like the rate they have down south, will the current halt to house price rises (and, in some areas, reversal) which we have seen in London be replicated elsewhere? For example, even in areas such as Wales, Scotland, Yorkshire and Humber and the North West/East which have hardly had time to recover from the previous market crash?

RICS

“London continues to exhibit the weakest feedback, with a net balance of -47% of respondents citing further price declines. The price series also remained negative in the South East, East Anglia and the North East, but to a lesser extent than in the capital. Meanwhile, prices continue to drift higher across all other parts of the UK, with Northern Ireland, Wales and the East Midlands seeing the strongest pick-up.”

“On a twelve-month view, a headline net balance of +47% of respondents anticipate prices will be higher in a year’s time. Expectations are most elevated in the North West, Wales and Scotland for the year ahead. By way of contrast, London remains the only region in which contributors envisage prices falling over this timeframe.” (Mar 18)

Hometrack

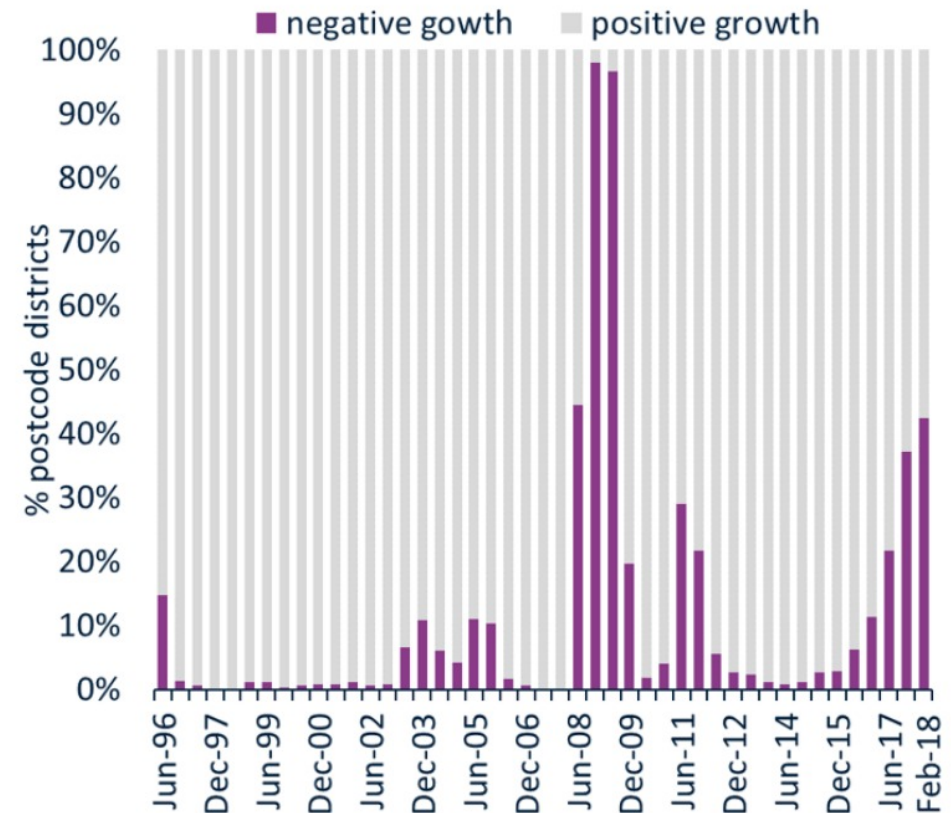
“Half of the 20 cities covered by the index are registering higher annual growth than a year ago. Five cities are registering growth of more than 7% per annum: Edinburgh, Liverpool, Leicester, Birmingham and Manchester. Ten cities are growing at a slower rate than a year ago with the greatest slowdown in Bristol, Southampton and London as affordability pressures impact market activity and the upward pressure on house prices.”

“The headline rate of growth across London has slowed to just 1%, down from 4.3% a year ago. This is the lowest annual rate of growth since August 2011.”

“The latest results confirm our view that house prices in London are set to drift lower in the next 2-3 years. In contrast, house price growth remains robust in the largest regional cities where similar analysis on rising and falling markets reveals no evidence of localised price falls.” (Feb 18)

continued...

Fig.3 – % London postcodes with +ve or -ve growth



Source: Hometrack House Price Indices



LSL Acadata HPI

“The North West continues to top the league for the second month running, even though its annual rate has declined to 3.9% from 4.5% last month. Seven of the 10 regions are showing a slowing in their rate of house price inflation since last month, with the largest change being seen in Greater London, with a fall of -1.1%. This month there are two regions - the South East and Greater London - in negative territory, meaning house prices are actually falling in these areas. Greater London could have been showing an annual fall of -3.4%, were it not for the sale of seven properties in Kensington and Chelsea in February 2018, all having a sale price in excess of £10 million. The North East has moved back into positive territory and is showing the largest gain of all 10 regions in its rate of price growth, from (a revised) +0.3% last month to +1.2% this month.

*“Further research also shows that at least nine of the major conurbations in England & Wales are setting new peak prices, with positive annual rates of growth. In the North West we have Merseyside at 5.7% and Greater Manchester at 5.1%; in the East Midlands Leicester stands at 5.8% and Derby at 4.0%; in the South West Bristol is seeing 8.4% growth; in Wales Cardiff is at 5.8%; in Yorks and Humber, West Yorkshire - which includes Leeds - is seeing growth of 3.7%; in the West Midlands conurbation - which includes Birmingham - growth is currently at 3.5%; and as mentioned previously, Tyne and Wear is at 3.2%. London is therefore presently out of line with most other major cities in England & Wales, in seeing its prices fall.”
(Mar 18)*



London, in negative territory, is out of line with most cities, according to LSL Acadata HPI

Image: © Krivsvs1969 | Dreamstime

Current versus historic price movements

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 Jan 18/ Q4 17	How much higher/ lower are latest prices vs height in 2007/8	Year on year change in price in Jan 18/ Q4 17	Annual average increase	Highest yearly average increase since 2000	
								Date	% Increase
Belfast (Q4)	£213,626	£87,890	-58.86%	£122,434	-43%	2.8%	n/a	Q1 07	57.1%
Oxford	£289,855	£223,319	-22.95%	£392,792	36%	-4.7%	6.6%	Jun-00	29.5%
Bradford	£139,640	£115,089	-17.58%	£131,474	-6%	1.3%	6.0%	Sep-04	36.5%
Newcastle upon Tyne	£164,935	£134,016	-18.75%	£161,142	-2%	1.6%	5.9%	Feb-04	39.2%
Reading	£216,724	£176,087	-18.75%	£304,127	40%	2.1%	6.2%	Jun-00	35.9%
London	£298,596	£245,351	-17.83%	£485,830	63%	2.1%	7.6%	Apr-00	28.3%
Sheffield	£144,875	£120,193	-17.04%	£155,637	7%	3.2%	6.5%	Sep-04	31.9%
Milton Keynes	£194,666	£147,827	-24.06%	£260,889	34%	3.4%	7.3%	Feb-03	32.0%
Brighton and Hove	£257,108	£202,054	-21.41%	£357,863	39%	3.4%	7.5%	Jul-00	35.4%
Bournemouth	£206,227	£163,937	-20.51%	£240,865	17%	3.6%	6.1%	Apr-03	32.5%
Norwich	£166,498	£123,698	-25.71%	£199,300	20%	3.9%	7.2%	Oct-02	37.9%
Cardiff	£170,496	£139,651	-18.09%	£200,082	17%	5.2%	6.4%	May-03	30.7%
Birmingham	£148,578	£122,773	-17.37%	£177,194	19%	5.5%	6.4%	Feb-03	36.4%
Southampton	£168,795	£134,665	-20.22%	£210,229	25%	5.6%	6.3%	Apr-03	29.7%
Nottingham	£119,010	£93,696	-21.27%	£136,800	15%	6.0%	6.3%	Mar-03	37.9%
Cambridge	£283,241	£224,469	-20.75%	£447,879	58%	6.3%	7.9%	May-00	27.5%
Leeds	£161,439	£130,128	-19.39%	£179,742	11%	6.8%	6.8%	Apr-03	30.7%
Lincoln	£128,707	£106,017	-17.63%	£148,052	15%	7.1%	7.2%	Feb-03	38.0%
Manchester	£140,431	£111,679	-20.47%	£169,902	21%	7.3%	8.4%	Jun-04	34.9%
Portsmouth	£169,633	£130,868	-22.85%	£210,603	24%	7.5%	6.4%	Mar-03	29.1%
Bristol	£195,196	£153,648	-21.29%	£278,638	43%	7.6%	7.8%	Apr-03	29.7%
Glasgow	£130,473	£104,370	-20.01%	£127,725	-2%	8.2%	n/a	Jan-05	19.2%
Liverpool	£130,249	£106,826	-17.98%	£130,150	0%	8.3%	6.4%	Jul-04	59.0%
Peterborough	£156,264	£123,752	-20.81%	£188,466	21%	8.8%	6.9%	Dec-02	30.2%
Edinburgh	£225,750	£183,029	-18.92%	£251,522	11%	11.1%	n/a	May-07	17.3%
Leicester	£135,317	£110,071	-18.66%	£167,308	24%	11.3%	7.5%	Mar-03	35.4%

Source: [UK HPI](#)

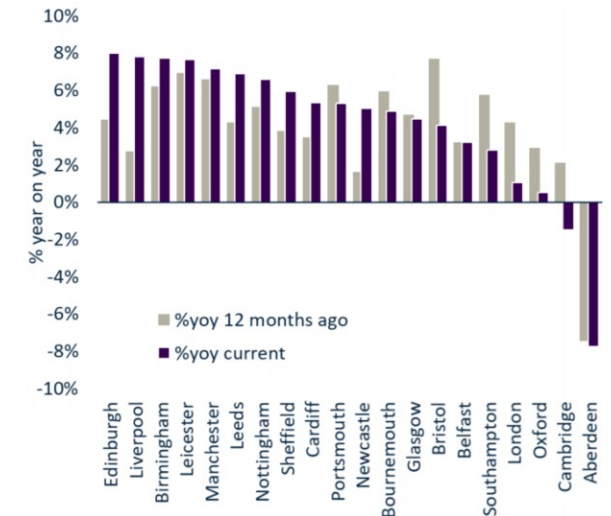
Best and worst performing towns/cities and London boroughs

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	%
Glasgow	8.2%	Oxford	-4.7%	Brighton and Hove	39%	Belfast (Q4)	-43%
Liverpool	8.3%	Bradford	1.3%	Reading	40%	Bradford	-6%
Peterborough	8.8%	Newcastle upon Tyne	1.6%	Bristol	43%	Newcastle upon Tyne	-2%
Edinburgh	11.1%	Reading	2.1%	Cambridge	58%	Glasgow	-2%
Leicester	11.3%	London	2.1%	London	63%	Liverpool	0%

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	%
Redbridge	5.9%	Ealing	-1.5%	City of Westminster	82%	Tower Hamlets	46%
Merton	5.6%	Richmond upon Thames	-1.7%	Waltham Forest	80%	Sutton	46%
Lewisham	5.3%	Camden	-4.0%	Lewisham	74%	Hammersmith and Fulham	43%

Source: [UK HPI](#)

Fig.1 – UK city house price growth – current/12m



Source: [Hometrack](#)



Three high growth areas: Glasgow, Liverpool, Edinburgh.

Images: © publicdomainstockphotos, creativ ecommonsstockphotos, Sampete | Dreamstime.com

Country and regional 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.

LSL Acadata HPI

“In March 2018 there were an estimated 63,500 transactions - based on Land Registry figures, up by 6% on February’s total. This climb in numbers needs to be set against the seasonal trend of the last twenty years, where a 25% increase in sales volumes is the ‘norm’ for this time of year, so on a seasonally-adjusted basis, turnover has declined by 19%. Some of this decline in sales, on a seasonal basis, will be due to the ‘beast from the east’ having arrived at the end of February: snow, rain and travel disruption not being particularly conducive to house-hunting - but there is also a lack of properties being put up for sale.” (Mar 18)

LCPAca Residential Index

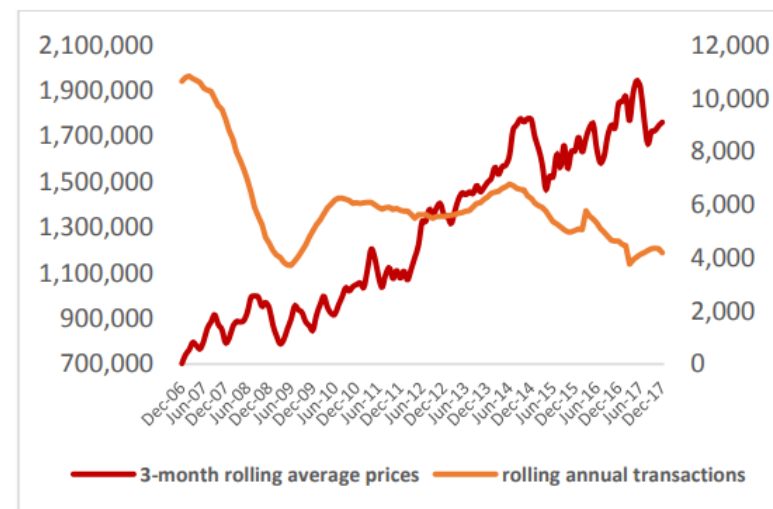
“Alongside a lacklustre picture for prices, sales volumes – which have so far held up better than in the capital – are also now recording falls. Over the three months to January, sales fell a notable 11.3%, whilst remaining relatively static compared with the previous 12 months, down 1.3%.” (Mar 18)

Bank of England

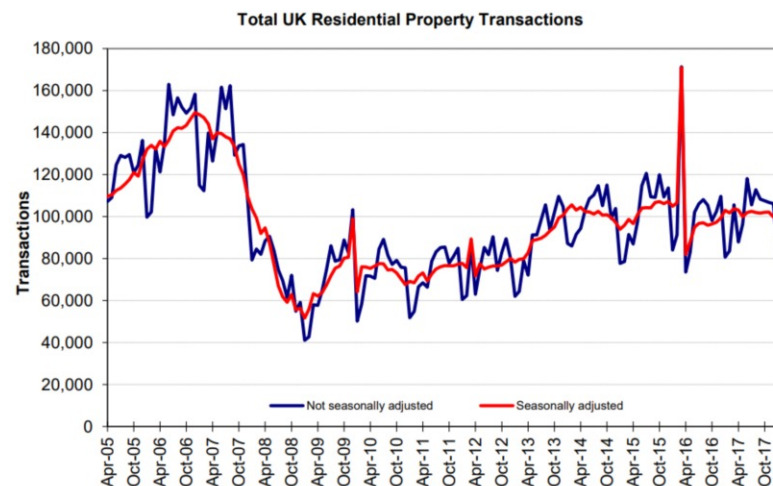
“Mortgage approvals continue to be volatile and have fallen below their previous six-month average for both house purchase and remortgaging in February, to 63,910 and 46,622 respectively.” (Feb 18)

continued...

England & Wales price and volume changes



Source: [LCPAca Residential Index](#)



Source: [Gov.uk](#)

Property transactions 2011-2017 Region	YoY %	Total 2013	YoY %	Total 2014	YoY %	Total 2015	YoY %	Total 2016	YoY %	Total 2017	YoY %	Total 2011- 2017	2011 vs 2017 %
East Midlands	2.55%	65339	18.0%	78241	19.7%	78437	0.3%	81985	4.5%	77741	-5.2%	491103	44.0%
East of England	1.7%	95557	16.8%	112440	17.7%	109380	-2.7%	107675	-1.6%	98464	-8.6%	685766	22.4%
London	5.0%	111216	16.4%	118819	6.8%	113002	-4.9%	102758	-9.1%	88934	-13.5%	721069	-2.0%
North East	-1.7%	30030	13.6%	35384	17.8%	36110	2.1%	36988	2.4%	37372	1.0%	229217	38.9%
North West	-1.1%	84475	19.4%	101558	20.2%	106280	4.6%	111544	5.0%	110205	-1.2%	656367	54.0%
Scotland	3.6%	84205	16.2%	94223	11.9%	96769	2.7%	100160	3.5%	103556	3.4%	621253	48.2%
South East	3.5%	144759	16.3%	166988	15.4%	163208	-2.3%	157556	-3.5%	145555	-7.6%	1022782	21.1%
South West	3.3%	89757	16.5%	105337	17.4%	105538	0.2%	107188	1.6%	100764	-6.0%	660213	35.2%
Wales	1.6%	36260	16.7%	42237	16.5%	43425	2.8%	45435	4.6%	46239	1.8%	275227	51.3%
West Midlands	2.4%	66901	16.5%	79616	19.0%	81317	2.1%	85103	4.7%	82620	-2.9%	509106	47.3%
Yorkshire and The Humber	2.4%	66587	17.2%	78914	18.5%	79340	0.5%	81924	3.3%	82054	0.2%	501115	47.9%

Source: [LSL Acadata HPI](#)



NAEA Propertymark

“The FTB stamp duty relief seems to be having the right effect, as sales to the group rose to 29% in February, from 27% in January. Year on year, FTB sales were the highest since February 2015 – last year they stood at 22% and in 2016, only 24% of all sales were made to the group.

“The average number of sales agreed per branch rose from seven in January to eight last month – the highest amount since October 2017.” (Feb 18)



UK Finance

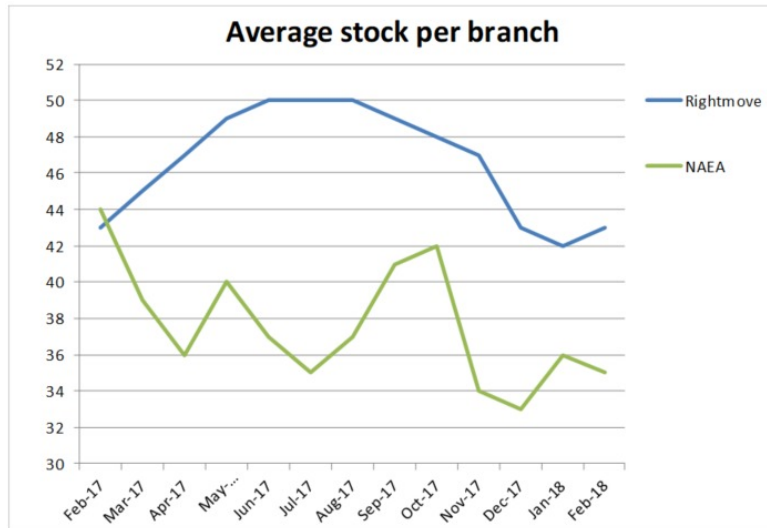
“There were 25,000 new home mover mortgages completed in January 2018, some 6.4 per cent more than in the same month a year earlier.

The £5.4bn of new lending in the month was 10.2 per cent more year-on-year. The average home mover is 39 and has a gross household income of £55,000.

“There were 24,500 new first-time buyer mortgages completed in January 2018, some 7 per cent more than in the same month a year earlier. The £4bn of new lending in the month was 11.1 per cent more year-on-year. The average first-time buyer is 30 and has a gross household income of £41,000.

“There were 49,800 new homeowner remortgages completed in January 2018, some 19.1 per cent more than in the same month a year earlier. This is the highest monthly number of remortgages since November 2008, when the figure stood at 51,300. The £8.9bn of remortgaging in January 2018 was 20.3 per cent more year-on-year.” (Feb 18)

Instructions and enquiries



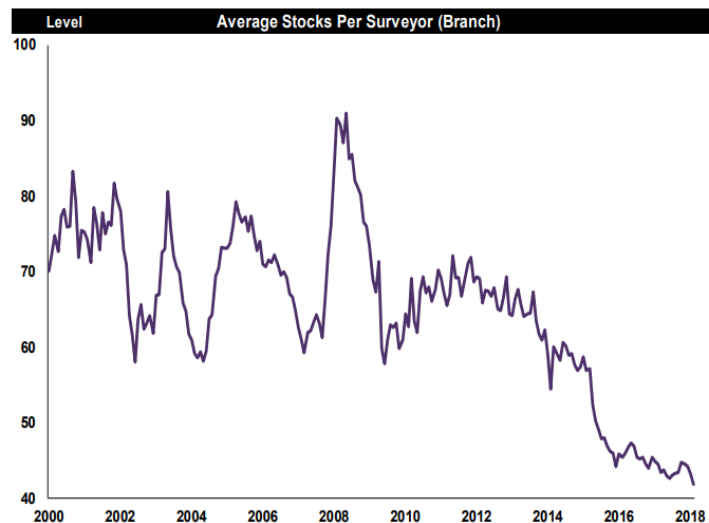
RICS

“The demand backdrop remains subdued, as new buyer enquires reportedly deteriorated for a twelfth month in succession. Furthermore, only two of the twelve regions/countries covered by the survey saw an increase in new buyer demand over the month. One factor likely proving a significant impediment to demand, parallel to ongoing concerns over affordability, is the lack of new instructions coming onto the market. The flow of fresh sales listings slowed again in March, marking the seventh consecutive month of negative readings for this metric. As such, average stock levels on estate agents’ books remain within a whisker of an all-time low.

“With a lack of choice hindering demand, sales continued to fall, extending a run of negative returns for the RICS Agreed Sales series stretching back to February 2017. What’s more, respondents in virtually all parts of the UK noted either a flat or downward sales trend during March.

“In another sign of particularly difficult market conditions within London, 55% of respondents noted a rise in the number of properties being withdrawn from sale when compared with a year ago. Conversely, on a UK-wide basis, contributors on balance felt there had been no change in the number of withdrawals.” (Mar 18)

National Average Stocks Per Surveyor



Source: RICS



KATE FAULKNER COMMENTS ON PROPERTY



Transaction data is a little scary just now. Basically we have so few sellers that if a buyer can find a property, it may be their market, but if a buyer or tenant can’t find a property, they tend to stay put, meaning less property turnover... which is bad news for the industry and economy, and also for the public. A market where few people move when we are so short of newly built homes is a disaster economically. For anyone thinking of moving, it’s still well worth giving it a go, even if it means popping notes through doors or pounding on the door of agents to let them know what you want or need.



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

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

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FOR CONSUMERS

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