



UK property price update

July 2018





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Report Headlines



Rightmove

"Dwindling stock in north drives prices to new national record"



NAEA PropertyMark

"Housing market prepares for summer slow-down"



RICS

"Activity indicators still point to little impetus"



Nationwide

"Annual house price growth slows to a five-year low in June"



Halifax

"Annual house price growth remains flat at 1.8% in June"



LSL Acadata HPI

"New builds bolster London"



LCPAca Residential Index

"Monthly transactions plummet and prices continue to fall"



Hometrack

"UK city house price inflation 4.6% year on year"

AVERAGE PRICE VARIATIONS

Average prices across the indices vary from mortgaged-only prices from the Nationwide HPI (*Jun 18*) of £215,444, through to marketing prices (*ie not necessarily sold*) from Rightmove (*Jun 18*) of £309,439 and actual prices from LSL Acadata HPI of £305,654 - a 43.6% difference. Average sold prices from the UK HPI stand at £226,906 (*Apr 18*).

UK, England and Wales data

	High	Low	Current Month Apr-18	Current Month May-18	Current Month Jun-18	Annual Change	Annual Average (05 - 18)		
Rightmove	£241,474	£213,570	£305,732	£308,075	£309,439	1.7%	3.8%	Asking prices	E & W
Nationwide	£184,131	£147,746	£213,000	£213,618	£215,444	2.0%	2.7%	Mortgaged only	UK
Halifax	£199,766	£157,767	£220,962	£224,439	£225,654	1.8%	2.5%	Mortgaged only , seasonally adjusted	UK
LSL Acadata HPI	£231,829	£197,145	£302,252	£305,654	n/a	2.2%	3.9%	Actual prices, includes cash sales	E & W
LCPAca Residential Index	£218,762	£210,922	£285,082	n/a	n/a	n/a	n/a	Actual prices, includes cash sales	E & W
UK HPI	£190,032	£154,452	£226,906	n/a	n/a	3.9%	3.2%	Sold prices, incl. cash sales and new builds	UK



KATE FAULKNER COMMENTS ON THE NATIONAL MARKET

“ All of the indices this month are pretty much ‘aligned’, agreeing that there is a slowdown both from a transaction perspective and price.

However, Rightmove trumpet the North as an area that continues to do well. Year on year that might be the case, but I’ve just finished my regional report on the North East and, according to UK HPI, prices are still down 6% in the last decade, 15% when it comes to flats. From an individual property performance we found one Sunderland flat which had sold in 2006 for £215,000 , but sold again in March 2018 for just £95,000. Obviously we don’t know the reason in this particular case but this level of loss is not hard to find in the North East.

What’s more astonishing from the research we’ve been doing is how few first-time buyers are purchasing in the area, despite incredibly affordable properties; this suggests that the fall in first-time buyers and rise in the private rented sector are not just down to affordability.

PERFORMANCE VARIATIONS

Below are examples of the huge disparity in price performance of property between the areas of Sunderland and Durham, pre and post the recession.

1, St Godric's Court, Castle Chare, Durham DH1 4TY

£169,269	Flat, Leasehold, Residential	02 Mar 2017
£149,000	Flat, Leasehold, Residential	08 Jan 2013
£108,500	Flat, Leasehold, Residential	18 Jul 2001
£60,000	Flat, Leasehold, Residential	08 Dec 2000

22, The Croft, Sunderland, Tyne And Wear SR2 7NR

£95,000	Flat, Leasehold, Residential	29 Mar 2018
£215,000	Flat, Leasehold, Residential	28 Jun 2006

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 Apr 18/ Q1 18	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Apr 18/ Q1 18	Annual average increase since 2000	Highest yearly average increase since 2000
								Date % Increase
England	£194,764	£159,340	-18.19%	£243,639	25%	3.7%	6.7%	Jan-03 26.4%
Wales	£150,316	£123,104	-18.10%	£156,495	4%	4.4%	6.3%	Jul-04 33.4%
Scotland	£145,641	£120,994	-16.92%	£148,952	2%	5.6%	n/a	Feb-05 19.0%
Northern Ireland (Q1)	£224,670	£97,428	-56.64%	£130,026	-42%	4.2%	n/a	Q1 07 51.5%

Source: [UK HPI](#)



KATE FAULKNER COMMENTS ON COUNTRY DIFFERENCES



For the first time in a while, England's performance is the weakest, with Scotland currently storming away at 5.6% growth year on year. Scotland's performance, though, is incredibly different from one area to another; we are seeing most of this growth driven by a shortage of supply in Edinburgh, while Aberdeen continues to suffer economically, impacting on prices, and Glasgow and other areas such as Dundee remain relatively flat.

Despite the fact that Scotland is generally booming, Aberdeen continues to suffer economically.

Image: © Alexey Fedorenko | Dreamstime.com



Property Prices - Regions	Highest average house price	Lowest average house price	Market low +/- versus market height	Latest month's data	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Apr 18	Annual average increase since 2000	Highest yearly average increase since 2000	
	edit crunch 2007/08	during recession 2009		Apr-18				Date	% Increase
North East	£139,400	£117,079	-16.01%	£130,489	-6%	4.5%	5.8%	Jan-04	34.8%
North West	£152,427	£124,654	-18.22%	£155,868	2%	2.4%	6.4%	Jul-04	33.0%
Yorkshire & The Humber	£150,233	£123,833	-17.57%	£158,545	6%	3.5%	6.6%	Jun-04	29.3%
East Midlands	£159,537	£129,876	-18.59%	£186,480	17%	4.8%	6.7%	Feb-03	33.9%
West Midlands	£165,807	£136,966	-17.39%	£192,090	16%	5.9%	6.3%	Jan-03	29.5%
South West	£212,666	£171,356	-19.42%	£255,207	20%	6.1%	6.6%	Jan-03	29.8%
East	£209,624	£168,263	-19.73%	£286,447	37%	2.5%	7.0%	Jan-03	28.9%
South East	£238,670	£191,156	-19.91%	£324,530	36%	3.5%	6.5%	Jun-00	25.0%
London	£298,596	£245,351	-17.83%	£484,584	62%	1.0%	7.6%	Apr-00	28.3%



KATE FAULKNER COMMENTS REGIONAL DIFFERENCES

“ The figures show a fascinating relationship between areas which have dominated the market in the last 10 years – the South, London and the East – which have all seen double-digit growth since the recession but are now seeing low rises year on year and, in London, even some falls.

However, the most interesting areas to look at might not be the ones that have the highest growth, but those that are now

seeing low year-on-year growth, coupled with only small rises over the last 10 years.

The press often ask ‘when’ or ‘if’ a ‘property bubble’ will burst, but what we will find out during the rest of this year is whether it has actually already burst and the future for property price growth is a slow and static one, while transactions are likely to stall.



RICS

“The capital continues to return the most negative sentiment with the London series signalling a fall in prices once again. At the same time, downward pressure on prices was reported across the wider South East (albeit to a slightly lesser extent than in the capital). Notably, after nearly three years of solid price growth, momentum appears to have slipped across the South West with the price balance in negative territory for the second month in a row. By way of contrast, house prices continue to rise firmly in the Midlands, the North West, Wales, Northern Ireland and Scotland.” (May 18)



Nationwide

“Most regions recorded a slowing in their annual rate of house price growth in Q2. Prices in the capital were down 1.9% year-on-year in Q2. But despite the recent under-performance, prices in the capital are still more than 50% above their 2007 peak, while prices in the UK overall are only 15% higher. The East Midlands was the strongest performing region in England, and also the UK, with prices up 4.4% year-on-year. Scotland was the only region to see a notable pickup in annual price growth this quarter – to 3.1%. Wales saw a softening in price growth to 4%, though it was the best performing home nation. Northern Ireland saw annual price growth of 2.1%, similar to the UK average, while England saw the weakest growth, with prices up 1.3% year-on-year.” (Jun 18)



LSL Acadata HPI

“London is showing average annual growth higher than five regions in the UK (including the South East) and equal to the West Midlands (2.9%), putting it mid-table in England and Wales in terms of growth. This is partly due to a change in methodology, which better captures sales of new build properties. These tend to cost more than existing homes and have a particularly strong

impact on the average price in London. The change also reflects a recovery in the capital which has strengthened after months of declines. This also means that every region in the UK now shows positive annual price growth for the last 12 months. The revised figures in London, taking into account new build properties, show annual growth of 2.9%, the lowest since March 2012. The impact of new builds on the market in London is clear when analysing the prices paid for new builds against existing properties in 2017. This was particularly pronounced for flats, where new build flats sold at an average premium of almost a third (32.3%). They also made up a substantial proportion of sales of all flats, accounting for more than a quarter (26.4%), whereas new builds accounted for just 2.4% of sales of detached properties.

“In the regions, Wales continues to top the tables for annual price growth, with prices up 5.2% over the year. After Wales, it’s the North East that’s the star performer, with prices up 4.5%, bolstered by strong performances in Northumberland (up 9.0%) and Tyne and Wear, up 6.1%. Another strong performer was the East Midlands, with prices up 2.6% annually. It is also the only region to see annual price increases in all its unitary authority areas, led by Rutland, up 9.3%, Northamptonshire (4.1%) and Leicestershire (up 3.4%). At the other end of the scale, growth is weaker in Yorks & Humber, at 1.2% annually, and, particularly, in the South East, where prices are up just 0.6%.” (May 18)



Hometrack

“Edinburgh and Manchester continue to register the highest rates of growth at 7.1% and 7.0%, respectively. House prices are falling in real terms across five cities – Belfast, Oxford, London, Cambridge and Aberdeen. House price growth across the London City index is now 0.4% over the last 12 months. Prices are falling in nominal terms by up to -3.2% across almost half of the 46 local authority areas covered by the index.” (May 18)

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 Apr 18/ Q1 18	How much higher/ lower are latest prices vs height in 2007/8	Year on year change in price in Apr 18/ Q1 18	Annual average increase	Highest yearly average increase since 2000	
								Date	% Increase
Oxford	£289,855	£223,319	-22.95%	£396,408	37%	-2.8%	6.6%	Jun-00	29.5%
Reading	£216,724	£176,087	-18.75%	£304,289	40%	0.3%	6.2%	Jun-00	35.9%
Bradford	£139,640	£115,089	-17.58%	£131,864	-6%	0.6%	6.0%	Sep-04	36.5%
London	£298,596	£245,351	-17.83%	£484,584	62%	1.0%	7.6%	Apr-00	28.3%
Cambridge	£283,241	£224,469	-20.75%	£432,233	53%	1.7%	7.7%	May-00	27.5%
Liverpool	£130,249	£106,826	-17.98%	£123,305	-5%	2.2%	6.1%	Jul-04	59.0%
Southampton	£168,795	£134,665	-20.22%	£207,357	23%	3.0%	6.2%	Apr-03	29.7%
Norwich	£166,498	£123,698	-25.71%	£202,920	22%	3.4%	7.3%	Oct-02	37.9%
Bournemouth	£206,227	£163,937	-20.51%	£243,121	18%	3.6%	6.2%	Apr-03	32.5%
Brighton and Hove	£257,108	£202,054	-21.41%	£360,166	40%	3.7%	7.5%	Jul-00	35.4%
Portsmouth	£169,633	£130,868	-22.85%	£208,363	23%	4.4%	6.3%	Mar-03	29.1%
Nottingham	£119,010	£93,696	-21.27%	£135,583	14%	5.0%	6.2%	Mar-03	37.9%
Belfast (Q1)	£213,626	£87,890	-58.86%	£123,149	-42%	5.2%	n/a	Q1 07	57.1%
Cardiff	£170,496	£139,651	-18.09%	£202,562	19%	5.4%	6.5%	May-03	30.7%
Manchester	£140,431	£111,679	-20.47%	£168,759	20%	5.5%	8.4%	Jun-04	34.9%
Bristol	£195,196	£153,648	-21.29%	£274,145	40%	5.5%	7.7%	Apr-03	29.7%
Leeds	£161,439	£130,128	-19.39%	£178,936	11%	5.7%	6.7%	Apr-03	30.7%
Milton Keynes	£194,666	£147,827	-24.06%	£273,310	40%	5.7%	7.6%	Feb-03	32.0%
Leicester	£135,317	£110,071	-18.66%	£164,503	22%	5.9%	7.4%	Mar-03	35.4%
Birmingham	£148,578	£122,773	-17.37%	£177,828	20%	6.1%	6.5%	Feb-03	36.4%
Newcastle upon Tyne	£164,935	£134,016	-18.75%	£160,538	-3%	6.4%	5.9%	Feb-04	39.2%
Lincoln	£128,707	£106,017	-17.63%	£149,219	16%	6.4%	7.3%	Feb-03	38.0%
Glasgow	£130,473	£104,370	-20.01%	£125,918	-3%	8.1%	n/a	Jan-05	19.2%
Peterborough	£156,264	£123,752	-20.81%	£189,285	21%	8.2%	7.0%	Dec-02	30.2%
Sheffield	£144,875	£120,193	-17.04%	£163,005	13%	9.6%	6.8%	Sep-04	31.9%
Edinburgh	£225,750	£183,029	-18.92%	£254,251	13%	13.2%	n/a	May-07	17.3%

Source: [UK HPI](#)

Best and worst performing towns/cities and London boroughs

Source: UK HPI

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	%
Oxford	-2.8%	Milton Keynes	40%	Belfast (Q1)	-42%
Reading	0.3%	Reading	40%	Bradford	-6%
Bradford	0.6%	Bristol	40%	Liverpool	-5%
London	1.0%	Cambridge	53%	Glasgow	-3%
Cambridge	1.7%	London	62%	Newcastle upon Tyne	-3%
Three low growth areas YoY London	YoY %	Three high growth areas last 10 years London	%	Three low growth areas last 10 years London	%
Harrow	-5.7%	City of Westminster	78%	Sutton	46%
Tower Hamlets	-5.8%	Waltham Forest	74%	Hammersmith and Fulham	44%
City of Westminster	-9.9%	Lewisham	73%	Tower Hamlets	37%



KATE FAULKNER COMMENTS TOWN AND CITY DIFFERENCES



Towns within the regions are following a similar pattern. Only Peterborough, Sheffield and Edinburgh are seeing annual property price growth exceed long term averages of 6-7%.

Most areas are now rising around 3-5% and previously strong-performing areas such as Oxford, Reading, London and Cambridge are seeing hardly any growth, along with areas such as Bradford and Liverpool – the latter two areas really struggling

to recover to 2007 average prices and not seeing any signs that this might happen soon.

In areas like this – the North East, Northern Ireland and places like Glasgow – they must be hoping that talk of a ‘slowdown’ in the market doesn’t mean it stops growing altogether, potentially leaving more people in negative equity or with not enough equity to move if they need to, stagnating their local market.

Country and regional transactions

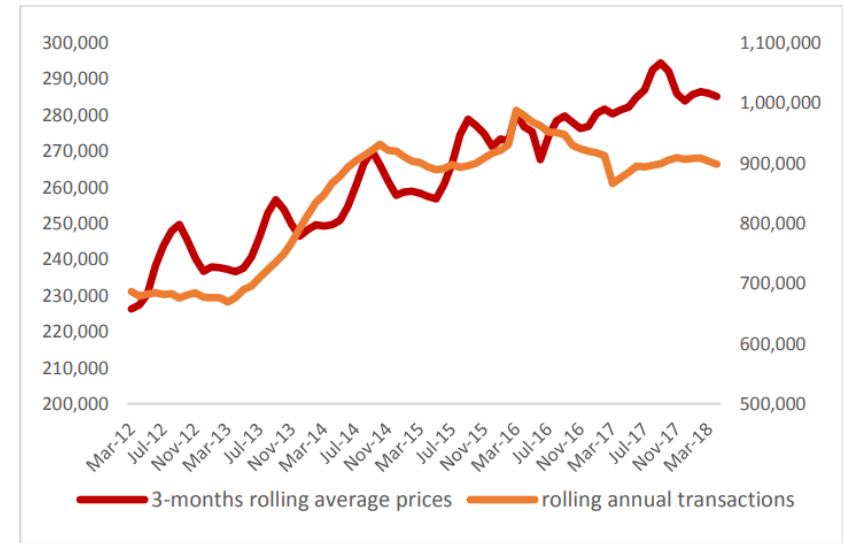
Most commentary focuses on what is happening to property prices, but as anyone in the property industry knows, property prices are driven by what happens to supply and demand, which is why performance is so localised, pretty much to a property on a street.

TRANSACTIONS ANALYSIS BY REGION

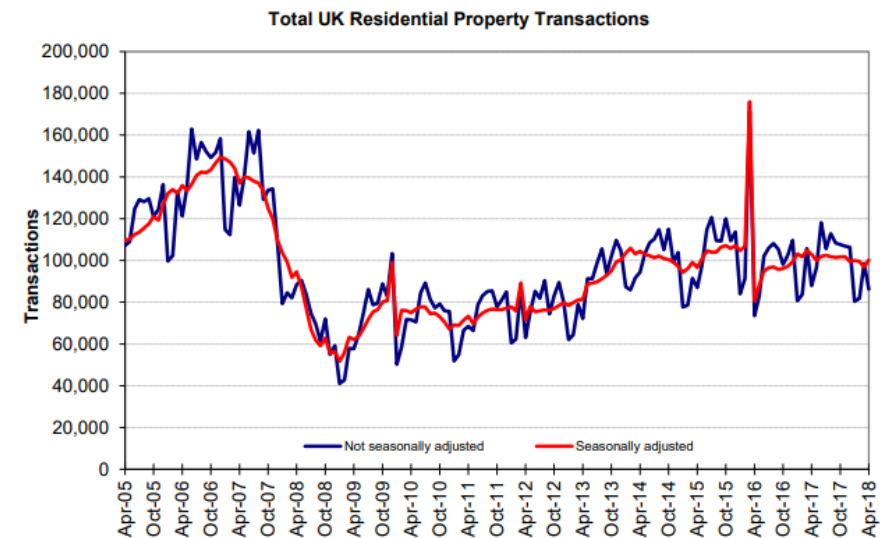
REGION	Feb - Apr			Feb - Apr	
	2016	2017	2018	2016/18	2017/18
NORTH EAST	7,747	7,475	7,057	-9%	-6%
NORTH WEST	24,429	21,229	21,312	-13%	0%
YORKS & HUMBERSIDE	17,853	16,148	15,992	-10%	-1%
EAST MIDLANDS	18,030	15,154	14,740	-18%	-3%
WEST MIDLANDS	18,488	16,194	15,976	-14%	-1%
EAST OF ENGLAND	24,722	20,107	18,415	-26%	-8%
GREATER LONDON	25,489	18,032	16,368	-36%	-9%
SOUTH EAST	35,743	28,696	26,398	-26%	-8%
SOUTH WEST	23,511	19,584	18,620	-21%	-5%
ENGLAND	196,012	162,619	154,878	-21%	-5%
WALES	9,846	9,127	8,953	-9%	-2%
ENGLAND & WALES	205,858	171,746	163,831	-20%	-5%

Source: [LSL Acadata HPI](#)

England & Wales price and volume changes since March 2012



Source: [LCPAca Residential Index](#)



Source: [Gov.uk](#)

Property transactions 2011-2017	Total 2011	Total 2012	YoY %	Total 2013	YoY %	Total 2014	YoY %	Total 2015	YoY %	Total 2016	YoY %	Total 2017	YoY %	Total 2011- 2017	2011 vs 2017 %
Region															
East Midlands	53932	55383	2.62%	65337	18.0%	78252	19.8%	78453	0.3%	82091	4.6%	79425	-3.2%	492873	47.3%
East of England	80400	81817	1.7%	95560	16.8%	112458	17.7%	109406	-2.7%	107801	-1.5%	100926	-6.4%	688368	25.5%
London	90709	95566	5.1%	111178	16.3%	118832	6.9%	113027	-4.9%	102852	-9.0%	90976	-11.5%	723140	0.3%
North East	26820	26425	-1.5%	30029	13.6%	35391	17.9%	36117	2.1%	37043	2.6%	38368	3.6%	230193	43.1%
North West	71464	70757	-1.0%	84475	19.4%	101574	20.2%	106325	4.7%	111815	5.2%	112542	0.7%	658952	57.5%
Scotland	69871	72468	3.6%	84205	16.2%	94222	11.9%	96766	2.7%	100133	3.5%	103546	3.4%	621211	48.2%
South East	120138	124519	3.5%	144749	16.2%	166997	15.4%	163250	-2.2%	157735	-3.4%	148943	-5.6%	1026331	24.0%
South West	74541	77068	3.3%	89771	16.5%	105365	17.4%	105574	0.2%	107324	1.7%	102926	-4.1%	662569	38.1%
Wales	30557	31064	1.6%	36267	16.7%	42256	16.5%	43449	2.8%	45510	4.7%	47133	3.6%	276236	54.2%
West Midlands	56070	57446	2.4%	66900	16.5%	79624	19.0%	81330	2.1%	85225	4.8%	84440	-0.9%	511035	50.6%
Yorkshire and The Humber	55429	56815	2.4%	66584	17.2%	78931	18.5%	79362	0.5%	82050	3.4%	83693	2.0%	502864	51.0%

Source: [LSL Acadata HPI](#)



LSL Acadata HPI

“In May 2018, we estimate that there were 60,000 transactions - based on Land Registry figures - 2% up on our revised April total. This rise in numbers needs to be set against the seasonal trend of the last twenty years, where a much bigger 14% increase in sales volumes is the ‘norm’ for this time of year, so on a seasonally-adjusted basis, turnover has declined by some 12%. We estimate that transactions in the first five months of 2018 are 6% below the same period in 2017. Some of this decline in sales, on a seasonal basis, will be due to the weather, not least in February. Snow, rain and travel disruption are not particularly conducive to house-hunting – however, there is also a lack of properties being put up for sale. In its April Outlook the RICS commented that average stock levels on estate agents’ books were “still within a whisker of the all-time low set back in February of this year” (May 18)



LCPA Residential

“All transactions fell 12.6% over the quarter and 15.4% in the last month. Sales are at their lowest since the introduction of ARSD. Spring has traditionally been a period of increased activity across the sales market, however it appears that buyers and sellers are still sitting on the fence. With the multitude of taxes that residential property has been hit with in the past six years, coupled with the uncertainty around Brexit, confidence in the market appears to be disappearing quickly. The government is going to need to find some way of reassuring the nation soon, otherwise it is unlikely there will be any change in sentiment this side of March 2019.” (May 18)

continued...



NAEA Propertymark

“Sales to first time buyers accounted for 24 per cent of all sales in May – the same as April. Year on year, this is down marginally, from 26 per cent in 2017. In total, there were eight sales agreed per branch, a figure which remained the same for four months.” (May 18)



Bank of England

“The annual growth rate for mortgage lending remained stable at 3.3%, and has now been around 3% since late 2016. Although this is above 2009-13, it remains very modest compared to the pre-crisis period. The number of mortgages approved for house purchase increased 2.5% to 65,000 in May. The number of approvals for remortgaging also rose by 8% to 51,000, the highest since November 2017.” (May 18)

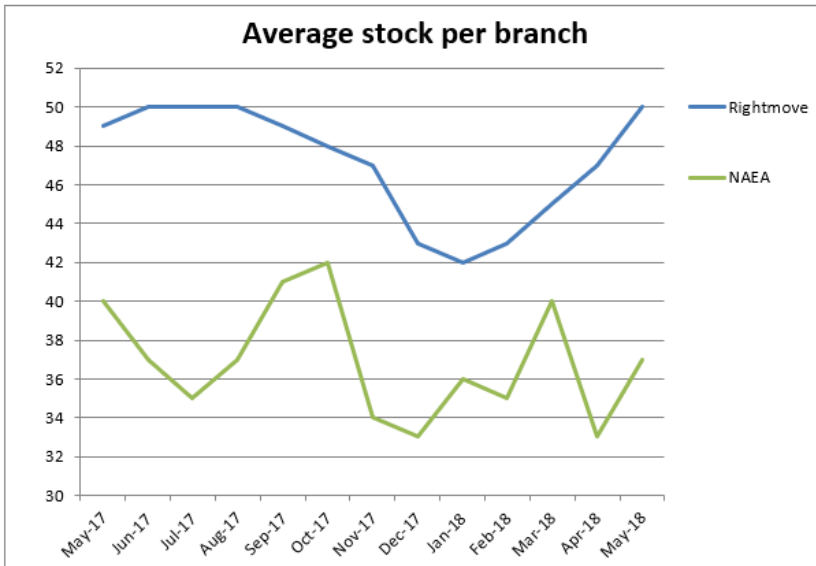


UK Finance

“There were 26,700 new first-time buyer mortgages completed in the month, some 3.5 per cent more than in the same month a year earlier. The £4.4bn of new lending in the month was 4.8 per cent more year-on-year. The average first-time buyer is 30 and has a gross household income of £42,000.

“There were 25,100 new homemover mortgages completed in the month, some 4.2 per cent fewer than in the same month a year earlier. The £5.4bn of new lending in the month was 3.6 per cent down year-on-year. The average homemover is 39 and has a gross household income of £55,000.

“There were 40,800 new homeowner remortgages completed in the month, some 36 per cent more than in the same month a year earlier. The £7.5bn of remortgaging in the month was 44.2 per cent more year-on-year.” (Apr 18)



Rightmove

“At a regional level, Wales and Scotland have the greatest drop in available stock, with 10.3% and 10.4% fewer properties for sale compared to a year ago respectively. Yorkshire and the Humber has 6.3% less choice for prospective buyers than a year ago, with the North West seeing a drop of 4.1%. The North East (-2.3%) and the West Midlands (-2.2%) have smaller decreases in available stock, and the only northern region to see an increase is the East Midlands with a 4.0% uplift. All southern regions have seen a stock increase compared to a year ago, indicating more challenging market conditions. The East of England has 24.9% more properties up for sale, and the South East has 20.0%. London has a smaller increase of 16.4%. The South West completes the southern stock picture with an 8.2% increase in available stock.”
(Jun 18)

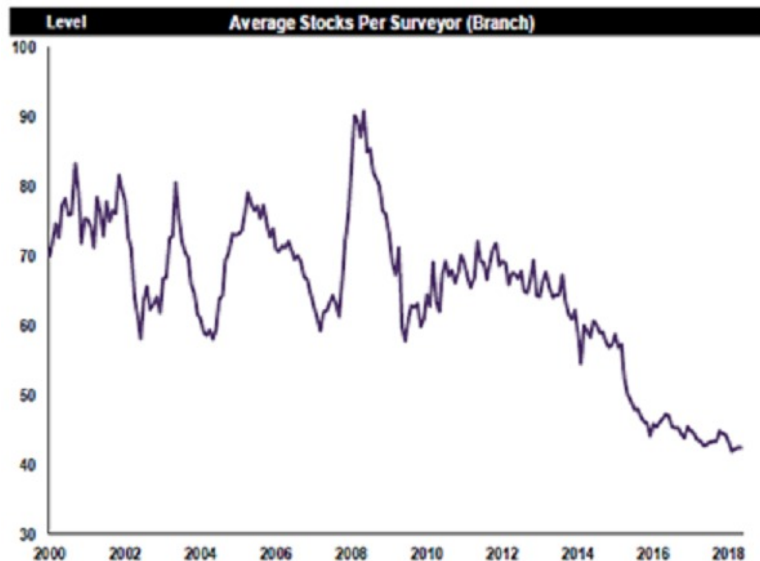


RICS

“There are indications of a more stable trend in supply with the new instructions indicator edging into positive territory for the first time in more than two years. Furthermore, in London, the new instructions series has now been positive for three consecutive months. Average stock levels on estate agents books were broadly steady at 42.5, close to an all time low. It therefore remains to be seen whether this marks the beginning of supply pressures finally easing across the market. When contributors were asked to compare appraisals that were undertaken in May with the same period of last year, 18% more stated they are lower on this like for like basis. This does not appear to bode particularly well for the new instructions pipeline going forward.

“Turning to demand, buyer enquiries fell once again although the decline was modest in comparison to the trend noted at the beginning of the year. Six out of the twelve regions/countries covered in the survey saw an increase in new buyer enquiries over the month, again highlighting the mix bag of result across the UK.”
(May 18)

National Average Stocks Per Surveyor





KATE FAULKNER COMMENTS ON PROPERTY TRANSACTIONS, DEMAND AND SUPPLY



Transactions and stock levels in the market remain subdued and, with a market slowing overall, it's likely that not just prices will be held back this year, but volumes too. Although it's difficult to get up-to-date data from UK HPI, talking to agents and legal companies, most are saying volumes are down year on year and indeed [LSL Acadata HPI](#) state: "We estimate that transactions in the first five months of 2018 are 6% below the same period in 2017."

Typically when the sales market slows, the rental market starts to pick up, but with the clampdown on investment in this sector, this may not provide the 'boost balance' it has in the past, so it's important to understand the reality of the local market and not let 'trends' dictate if and when you decide to move; whatever the market, if it's right for you personally, then it is still possible to move.



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

If you have a consumer query about a property decision or project, please email enquiries@designsonproperty.co.uk or telephone 01652 641722