



UK property price update

September 2018





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Report Headlines



Rightmove

"Home-movers need to act now to move by Christmas"



NAEA Propertymark

"First-time buyers reap the rewards of a slow summer"



RICS

"Sales market remains broadly flat at headline level"



Nationwide

"Slowing in annual house price growth in August"



Halifax

"Annual house price growth rises to 3.7% in August"



LSL Acadata HPI

"Average house price in England and Wales now £302,251"



LCPAca Residential Index

"Annual prices remain static whilst transactions continue to fall"



Hometrack

"UK city house price inflation moderates to 4.2% year on year ranging from +7.5% to -4.0%"

AVERAGE PRICE VARIATIONS

Average prices across the indices vary from mortgaged-only prices from the Nationwide HPI (Aug 18) of £214,745, through to marketing prices (ie not necessarily sold) from Rightmove (Aug 18) of £301,973 and actual prices from LSL Acadata HPI of £302,251 (Jul 18). Average sold prices from the UK HPI stand at £228,384 (Jun 18).

UK, England and Wales data

	High	Low	Current Month Jun-18	Current Month Jul-18	Current Month Aug-18	Annual Change	Annual Average (05 - 18)		
Rightmove	£241,474	£213,570	£308,075	£309,191	£301,973	1.1%	3.7%	Asking prices	E & W
Nationwide	£184,131	£147,746	£213,618	£217,010	£214,745	2.0%	2.6%	Mortgaged only	UK
Halifax	£199,766	£157,767	£224,439	£230,280	£229,958	3.7%	2.6%	Mortgaged only , seasonally adjusted	UK
LSL Acadata HPI	£231,829	£197,145	£303,960	£302,251	n/a	1.6%	3.8%	Actual prices, includes cash sales	E & W
LCPAca Residential Index	£218,762	£210,922	£287,558	£293,897	n/a	2.5%	n/a	Actual prices, includes cash sales	E & W
UK HPI	£190,032	£154,452	£228,384	n/a	n/a	3.0%	3.3%	Sold prices, includes cash sales and new builds	UK



KATE FAULKNER COMMENTS ON THE NATIONAL MARKET

“ Between 2000 and 2018, average property prices have increased each year by 6-10% depending on the area.

However, since 2005, even before the credit crunch, property price growth had started to slow in many areas across the country, reducing average annual property price growth to around 3% from 2005 to today. These are half the levels people have been used to.

In 2018, prices were always expected to slow, following rapid growth in the south and east of the country, with prices hitting new affordability buffers due to a tightening of lending criteria, and coupled with reduced demand from buy-to-let investors.

KEY POINTS

- The highest average price for England and Wales is Rightmove’s asking price: £309,000 vs Nationwide’s mortgaged property sales price of £217,000, suggesting a 30% difference.
- YoY capital growth continues to slow with prices moving more in line with wage growth. Forecasts suggest this will continue for the rest of the year and for 2019, with an uptick expected in 2020.
- Uncertainty in the economy and reports of constant fears over Brexit are likely to lead to people deciding to ‘stay put’, reducing stock on the market and demand.
- The biggest danger to the market is stagnation, ie no-one moves!

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 Jun 18/ Q2 18	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Jun 18/ Q2 18	Annual average increase since 2000	Highest yearly average increase since 2000 Date % Increase
England	£194,764	£159,340	-18.19%	£245,076	26%	2.7%	6.8%	Jan-03 26.4%
Wales	£150,316	£123,104	-18.10%	£156,886	4%	4.3%	6.3%	Jul-04 33.4%
Scotland	£145,641	£120,994	-16.92%	£150,472	3%	4.8%	n/a	Feb-05 19.0%
Northern Ireland (Q2)	£224,670	£97,428	-56.64%	£132,795	-41%	4.4%	n/a	Q1 07 51.5%

Source: [UK HPI](#)



KATE FAULKNER COMMENTS ON COUNTRY DIFFERENCES



The country differences across the UK remain vast over the last 10 years and even year on year. Average price changes over the last 10 years range from **-42%** in Northern Ireland (even though prices are up 4.4% YoY) to 28% up in England, although this is mostly driven by London (up 60%), the South East (38%) and the East of England (up 39%, mostly due to the success of Cambridge).

Cambridge's success has proved a boost to the East of England, where prices have risen by 39% over the last 10 years.

Image: © Socrates | 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 Jun-18	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Jun 18	Annual average increase since 2000	Highest yearly average increase since 2000	
								Date	% Increase
North East	£139,400	£117,079	-16.01%	£127,271	-9%	-0.6%	5.6%	Jan-04	34.8%
North West	£152,427	£124,654	-18.22%	£159,801	5%	3.1%	6.5%	Jul-04	33.0%
Yorkshire & The Humber	£150,233	£123,833	-17.57%	£160,727	7%	3.2%	6.6%	Jun-04	29.3%
East Midlands	£159,537	£129,876	-18.59%	£187,533	18%	4.1%	6.7%	Feb-03	33.9%
West Midlands	£165,807	£136,966	-17.39%	£196,015	18%	5.8%	6.4%	Jan-03	29.5%
South West	£212,666	£171,356	-19.42%	£252,558	19%	3.1%	6.5%	Jan-03	29.8%
East	£209,624	£168,263	-19.73%	£292,363	39%	3.3%	7.2%	Jan-03	28.9%
South East	£238,670	£191,156	-19.91%	£325,107	36%	2.1%	6.5%	Jun-00	25.0%
London	£298,596	£245,351	-17.83%	£476,752	60%	-0.7%	7.5%	Apr-00	28.3%

Source: UK HPI



KATE FAULKNER COMMENTS ON REGIONAL DIFFERENCES

“ Regionally, variations still remain enormous, running from prices being down -9% over the last 10 years in North East versus 60% growth for London – despite recent falls. Interestingly, both areas are seeing year-on-year falls of just under 1%.

Within the regions there are even bigger ‘doldrums’. For example, in London a recent report from Savills (Q2 2018) shows a 17% fall in prices since a 2014 peak in Prime Central London, through to a 6.6% fall in Prime North and East London. Overall, all Prime London has fallen by 10.6%, according to Savills.



Savills report that the Prime London market has fallen by 10.6%.

Image: © creativ ecommonsstockphotos | Dreamstime.com



RICS

“The feedback to the RICS survey continues to suggest a stronger market in Scotland, Northern Ireland, much of the north of England, the Midlands and Wales. The London Price balance was little changed over the month at -40% but this does represent a shift from the reading of -66% in April. The results for both the South East and East Anglia are consistent with very modest price declines, while the data for the South West points to a broadly flat picture.” (Jul 18)



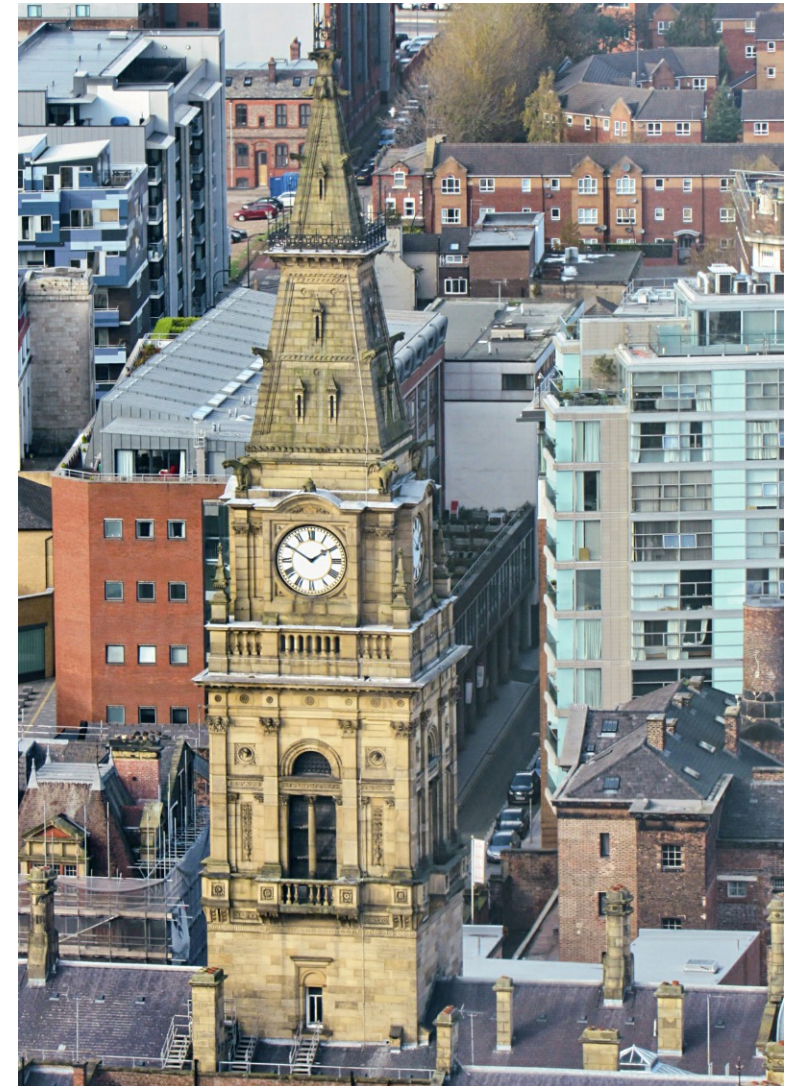
LSL Acadata HPI

“Of note are prices in the West Midlands which are up 3.3% on the year, led by strong performance in Warwickshire, up 6.3% annually, and Herefordshire, up 4.8%. In addition the North East saw prices rise by 2.9% over the year, with Darlington up 7.5%. It was one of 6 unitary authorities to set a new peak in May, too, with others including Merseyside (up 2.5% annually) in the North West, Bournemouth (4.6%) in the South West, and Caerphilly (3.4%) and Monmouthshire (up 10.9% annually) in Wales. West Berkshire in the South East also set a new peak price, and with growth of 11.5% has seen the highest annual increase of any area. This is in large part due to a £9 million sale near Newbury, however, and performance in the region as a whole is weak: prices in the South East are up just 0.5% annually, and it accounts for the lion’s share of areas (7 out of 31) where prices have fallen over the year. Growth in the East of England is similarly weak, also at 0.5% annually.” (Aug 18)



Hometrack

“Nottingham and Leicester are currently registering the fastest growth of 7.5% and 6.6% as prices increase off a low base. Birmingham and Manchester have dropped out of the top 3 fastest growing cities, although the rate of growth at 5.7% and 6.1% respectively is still above average.” (Jul 18)



Liverpool, in Merseyside, which is one of six unitary authorities to set a new peak in May, according to LSL Acadata HPI.

Image: © Frimofilms | Dreamstime.com

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 Jun 18/ Q2 18	How much higher/ lower are latest prices vs height in 2007/8	Year on year change in price in Jun 18/ Q2 18	Annual average increase	Highest yearly average increase since 2000	
								Date	% Increase
Peterborough	£156,264	£123,752	-20.81%	£192,872	23%	9.7%	7.1%	Dec-02	30.2%
Edinburgh	£225,750	£183,029	-18.92%	£255,361	13%	9.2%	n/a	May-07	17.3%
Leicester	£135,317	£110,071	-18.66%	£168,717	25%	8.0%	7.6%	Mar-03	35.4%
Manchester	£140,431	£111,679	-20.47%	£174,044	24%	7.8%	8.6%	Jun-04	34.9%
Sheffield	£144,875	£120,193	-17.04%	£159,297	10%	7.4%	6.7%	Sep-04	31.9%
Glasgow	£130,473	£104,370	-20.01%	£130,010	0%	5.9%	n/a	Jan-05	19.2%
Birmingham	£148,578	£122,773	-17.37%	£181,241	22%	5.6%	6.6%	Feb-03	36.4%
Leeds	£161,439	£130,128	-19.39%	£181,373	12%	5.2%	6.8%	Apr-03	30.7%
Belfast (Q2)	£213,626	£87,890	-58.86%	£125,386	-41%	4.5%	n/a	Q1 07	57.1%
Southampton	£168,795	£134,665	-20.22%	£213,167	26%	4.3%	6.4%	Apr-03	29.7%
Lincoln	£128,707	£106,017	-17.63%	£144,270	12%	4.3%	7.1%	Feb-03	38.0%
Bournemouth	£206,227	£163,937	-20.51%	£250,808	22%	4.1%	6.4%	Apr-03	32.5%
Liverpool	£130,249	£106,826	-17.98%	£128,960	-1%	4.0%	6.4%	Jul-04	59.0%
Portsmouth	£169,633	£130,868	-22.85%	£208,599	23%	3.9%	6.3%	Mar-03	29.1%
Nottingham	£119,010	£93,696	-21.27%	£136,565	15%	3.8%	6.3%	Mar-03	37.9%
Bristol	£195,196	£153,648	-21.29%	£272,545	40%	3.2%	7.7%	Apr-03	29.7%
Norwich	£166,498	£123,698	-25.71%	£199,945	20%	3.0%	7.3%	Oct-02	37.9%
Brighton and Hove	£257,108	£202,054	-21.41%	£363,639	41%	2.9%	7.6%	Jul-00	35.4%
Cardiff	£170,496	£139,651	-18.09%	£201,233	18%	2.8%	6.5%	May-03	30.7%
Newcastle upon Tyne	£164,935	£134,016	-18.75%	£159,094	-4%	1.8%	5.8%	Feb-04	39.2%
Milton Keynes	£194,666	£147,827	-24.06%	£263,109	35%	1.4%	7.3%	Feb-03	32.0%
Bradford	£139,640	£115,089	-17.58%	£135,081	-3%	0.5%	6.2%	Sep-04	36.5%
Cambridge	£283,241	£224,469	-20.75%	£440,126	55%	-0.1%	7.8%	May-00	27.5%
London	£298,596	£245,351	-17.83%	£476,752	60%	-0.7%	7.5%	Apr-00	28.3%
Reading	£216,724	£176,087	-18.75%	£304,987	41%	-0.7%	6.2%	Jun-00	35.9%
Oxford	£289,855	£223,319	-22.95%	£402,020	39%	-2.2%	6.7%	Jun-00	29.5%

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	%
Peterborough	9.7%	Oxford	-2.2%	London	60%	Belfast (Q2)	-41%
Edinburgh	9.2%	Reading	-0.7%	Cambridge	55%	Newcastle upon Tyne	-4%
Leicester	8.0%	London	-0.7%	Brighton and Hove	41%	Bradford	-3%
Manchester	7.8%	Cambridge	-0.1%	Reading	41%	Liverpool	-1%
Sheffield	7.4%	Bradford	0.5%	Bristol	40%	Glasgow	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	%
Havering	6.1%	Kensington and Chelsea	-13.9%	Waltham Forest	76%	Kensington and Chelsea	39%
Islington	5.9%	City of Westminster	-12.1%	City of Westminster	70%	Tower Hamlets	41%
Camden	4.6%	Southwark	-7.0%	Islington	68%	Hammersmith and Fulham	43%

Source: [UK HPI](#)



KATE FAULKNER COMMENTS TOWN AND CITY DIFFERENCES

“ Edinburgh, Peterborough and Leicester are topping the year-on-year property price charts this month, with above-average long-term annual growth of 8% or more.

It’s interesting that this shows almost no pattern at all, when prices in the past have typically rippled out from London to the Home Counties, then to the regions.

Manchester is also performing well and is, by all accounts, currently an extremely busy market, but interestingly the annual growth is still

below the long-term growth and, over the last 10 years, prices have failed to keep up with inflation (24% growth vs 31% inflation).

Considering many investors are moving ‘up north’, chasing better returns than the South appears to be able to deliver, those who are used to investing in cash need to think twice as, if price growth doesn’t improve, it could mean buying an asset that appears to be growing in value, but in real terms could actually be making a loss – especially taking into account higher taxation.

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.

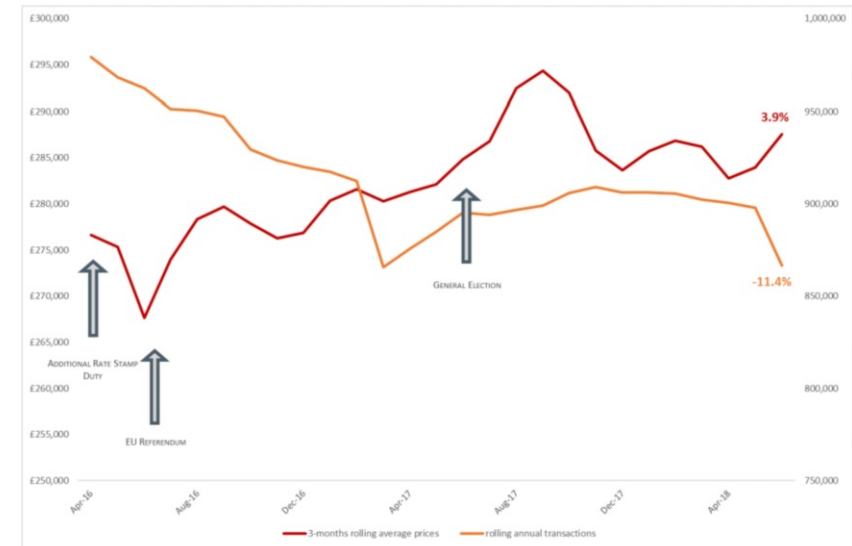
TRANSACTIONS ANALYSIS BY REGION

REGION	Apr - Jun		
	2016	2017	2018
NORTH EAST	6,506	7,980	7,983
NORTH WEST	19,139	22,791	22,849
YORKS & HUMBERSIDE	15,097	17,434	17,315
EAST MIDLANDS	14,571	16,520	15,983
WEST MIDLANDS	14,721	16,927	16,535
EAST OF ENGLAND	19,034	20,936	19,658
GREATER LONDON	15,408	18,207	16,875
SOUTH EAST	26,598	30,031	27,969
SOUTH WEST	17,126	20,775	20,127
ENGLAND	148,200	171,601	165,294
WALES	7,818	9,974	9,630
ENGLAND & WALES	156,018	181,575	174,924

Apr - Jun	
2016/18	2017/18
23%	0%
19%	0%
15%	-1%
10%	-3%
12%	-2%
3%	-6%
10%	-7%
5%	-7%
18%	-3%
12%	-4%
23%	-3%
12%	-4%

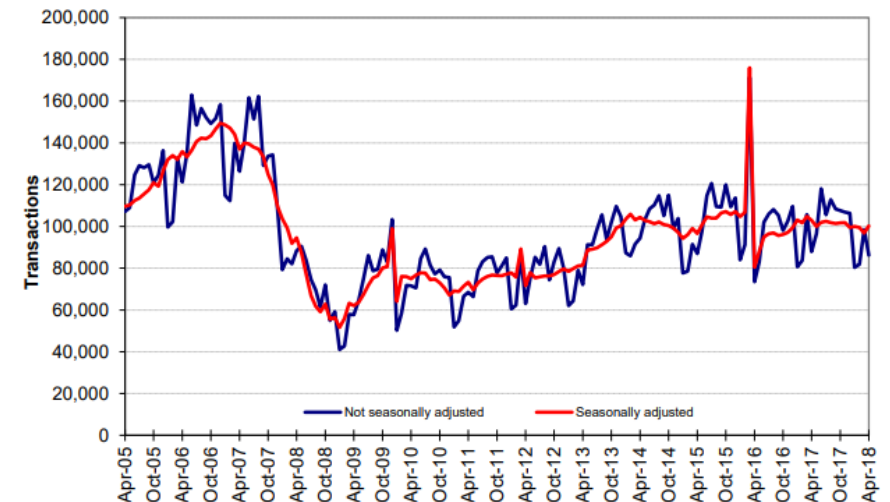
Source: [LSL Acadata HPI](#)

England & Wales price and volume changes since April 2016



Source: [LCPAca Residential Index](#)

Total UK Residential Property Transactions



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	53936	55384	2.61%	65341	18.0%	78255	19.8%	78465	0.3%	82120	4.7%	80055	-2.5%	493121	48.4%
East of England	80403	81819	1.7%	95564	16.8%	112462	17.7%	109420	-2.7%	107843	-1.4%	101895	-5.5%	688682	26.7%
London	90715	95571	5.1%	111184	16.3%	118837	6.9%	113038	-4.9%	102904	-9.0%	92192	-10.4%	723568	1.6%
North East	26820	26426	-1.5%	30032	13.6%	35396	17.9%	36116	2.0%	37054	2.6%	38703	4.5%	230333	44.3%
North West	71464	70757	-1.0%	84476	19.4%	101582	20.2%	106351	4.7%	111883	5.2%	113627	1.6%	659484	59.0%
Scotland	69871	72468	3.6%	84204	16.2%	94222	11.9%	96765	2.7%	100133	3.5%	103547	3.4%	621210	48.2%
South East	120143	124524	3.5%	144750	16.2%	167001	15.4%	163255	-2.2%	157793	-3.3%	150447	-4.7%	1026850	25.2%
South West	74543	77071	3.3%	89775	16.5%	105371	17.4%	105587	0.2%	107368	1.7%	104038	-3.1%	662897	39.6%
Wales	30558	31065	1.6%	36270	16.8%	42263	16.5%	43453	2.8%	45538	4.8%	47580	4.5%	276440	55.7%
West Midlands	56070	57448	2.4%	66903	16.5%	79627	19.0%	81337	2.1%	85234	4.8%	85173	-0.1%	511340	51.9%
Yorkshire and The Humber	55430	56817	2.4%	66590	17.2%	78933	18.5%	79372	0.6%	82083	3.4%	84492	2.9%	503185	52.4%

Source: [LSL Acadata HPI](#)



LSL Acadata HPI

"In July 2018, we estimate that there were 75,000 transactions - based on Land Registry figures - 2% lower than our revised June total. This reduction in sales numbers needs to be viewed against the seasonal trend of the last twenty years, where a 4% increase in sales volumes is the 'norm' for this time of year, so on a seasonally-adjusted basis, sales have declined by some 6%. We estimate that transactions in the first seven months of 2018 are 4% below the same period in 2017. The recent rise in the Bank of England base interest rate is likely to further reduce activity, and to result in a widening of the shortfall between the 2018 figures and those achieved in 2017." (Jul 18)



LCPA Residential

"Transactions in England and Wales have bucked the trend seen in London with a rise of 9.9% on the previous quarter. However, levels are still down 9.2% when compared to the same period last year." (Jul 18)



NAEA Propertymark

"Almost a third of sales (30 per cent) were made to FTBs in July, as the group took advantage of the quieter period. This was up from 29 per cent in June and is an increase of seven percentage points from July 2017 when less than a quarter (23 per cent) of sales were made to the group. However, the number of sales agreed per branch decreased overall in July; falling from nine in June to an average of eight last month." (Jul 18)

continued...

Bank of England

“Households borrowed an extra £3.2 billion secured against their homes in July. Net lending has been relatively stable over the past year or so, but this was the lowest monthly secured net lending since April 2017. Despite this, the annual growth rate for mortgage lending remained unchanged at 3.2% in July, and has now been around 3% since late 2016. Although this is above the growth rate between 2009 and 2013, it remains modest compared to the pre-crisis period.” (Jul 18)

UK Finance

“There were 34,900 new first-time buyer mortgages completed in the month, some 3.6 per cent fewer than in the same month a year earlier. The £5.8bn of new lending in the month was 1.7 per cent down year-on-year. The average first-time buyer is 30 and has a gross household income of £42,000.

“There were 33,700 new homemover mortgages completed in the month, some 7.9 per cent fewer than in the same month a year earlier. The £7.3bn of new lending in the month was 6.4 per cent down year-on-year. The average home mover is 39 and has a gross household income of £56,000.

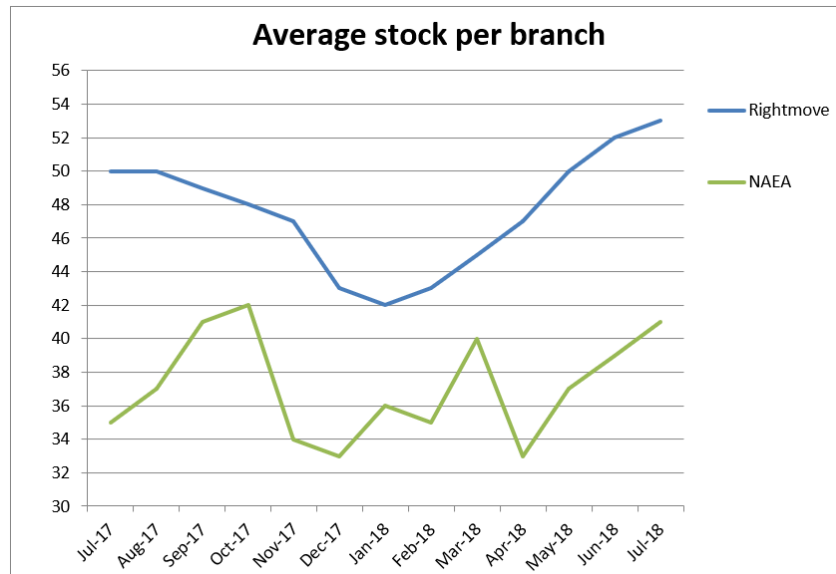
“There were 37,400 new homeowner remortgages completed in the month, some 8.4 per cent more than in the same month a year earlier. The £6.8bn of remortgaging in the month was 13.3 per cent up year-on-year.” (Jun 18)

Rightmove

“This month’s 2.3% (-£7,218) fall in new seller asking prices maintains the historical trend of sellers coming to market in the peak summer holiday month pricing aggressively to try and secure quicker sales. The 2.3% drop is slightly bigger than the 2.1% fall in August 2017, with the major drag on the national average being the more subdued market in London and the commuter-belt region of the South East. If those two regions are excluded then the rest of the country has a monthly drop of 1.5%. A look at the year-on-year figures show that new seller asking prices are muted at 1.1% higher than a year ago, which helps buyer affordability. Sales agreed numbers are broadly flat, down by 0.8% compared to this time last year, and as 2018 progresses they are improving compared to their position earlier in the year.” (Aug 18)

RICS

“It is perhaps no surprise that as speculation built ahead of the August Bank of England meeting (which was to see a quarter point rise in base rates) the headline New Buyer Enquiries series was little changed over the month with a net balance of +2%. The New Instructions measure similarly signalled a flat picture, following two months in a row of very modest increases. We acknowledged, last month, harbouring some doubts as to whether the pipeline of new supply into the sales market would continue to improve in the light of the feedback received on appraisals being conducted by valuers. For the record, the appraisal balance in July was once again firmly negative. As a result, our judgement is that the average inventory on the books of estate agents is likely to remain close to historic lows.” (Jul 18)



KATE FAULKNER COMMENTS ON PROPERTY TRANSACTIONS, DEMAND AND SUPPLY

“ Transaction changes will be critical over the coming months to see what will happen to the market moving forward - across the country. Currently, all the trends seem to suggest the market will tighten. This, coupled with the uncertainty of Brexit and the squeeze on wages, is likely to exacerbate the current reports on the number of agents who are going to struggle into the future.



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