

## February 2019 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](http://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

<a href="#">Rightmove</a>	<i>"Muted rise in prices but market moving with 5% uplift in home-hunting"</i>
<a href="#">Home.co.uk</a>	<i>"Growth nears zero while London readies for recovery"</i>
<a href="#">NAEA Propertymark</a>	<i>"Housing market still moving, despite Brexit woes"</i>
<a href="#">RICS</a>	<i>"Near term sentiment continues to deteriorate"</i>
<a href="#">Nationwide</a>	<i>"Annual house price growth stagnates in January"</i>
<a href="#">Halifax</a>	<i>"Annual house price growth slows at 0.8%"</i>
<a href="#">LSL Acadata HPI</a>	<i>"The new North-South divide"</i>
<a href="#">Hometrack</a>	<i>"UK city house price inflation 2.7%, half the average annual rate over the last five years"</i>

**Key facts:** Average prices across the indices vary from mortgaged-only prices from the Nationwide HPI (Jan 19) of £211,996, through to marketing prices (ie not necessarily sold) from Rightmove (Jan 19) of £298,734 and actual prices from LSL Acadata HPI of £306,647 (Dec 18). Average sold prices from the UK HPI stand at £230,630 (Nov 18). There is a 44% difference between the highest average price from LSL which include cash sales and the lowest from Nationwide which reflect mortgaged homes.

### UK, England and Wales data

	High	Low	Current Month Nov-18	Current Month Dec-18	Current Month Jan-19	Annual Change	Annual Average (05 - 19)		
Rightmove	£241,474	£213,570	£302,023	£297,527	£298,734	0.4%	3.3%	Asking prices	E & W
Nationwide	£184,131	£147,746	£214,044	£212,281	£211,966	0.1%	2.4%	Mortgaged only	UK
Halifax	£199,766	£157,767	£224,578	£229,729	£223,691	0.8%	2.3%	Mortgaged only, seasonally adjusted	UK
LSL Acadata HPI	£231,829	£197,145	£305,522	£306,647	n/a	0.6%	3.6%	Actual prices, includes cash sales	E & W
UK HPI	£190,032	£154,452	£230,630	n/a	n/a	2.8%	3.1%	Sold prices, includes cash sales and new builds	UK

**Kate Faulkner comments on the national market:**

Nearly all the indices are now heading to a 'zero' increase year on year, bar UK HPI which measures the market some months behind the rest. These figures would normally relate to 'talk' in the media of a house price crash, but as most of the reports point out, the market is surprisingly resilient considering the level of uncertainty, not just from Brexit but this month from a poor economic performance. The BBC recently reported that our economic growth was at its slowest since 2012, claiming 'the economy has hit the brakes harder than economists thought it would'. Taking economic and property reports into account, the property market could go one of three ways this year:

1. *Bumble along slowly in fits and starts if we don't get some certainty soon, but economically still remain in positive territory*
2. *Bounce back quickly for part of the year if we Brexit smoothly*
3. *Head into recession if there is an economic shock – this may not just be Brexit, but also issues globally such as China's current 'weak' economy*

*For the most part, many are predicting 1 or 2 as opposed to 3, but you never know and with other issues such as the tenant fee ban coming in this year, in property it's always worth being prepared for the worst 'just in case'. In other words, we should have a 'plan B' as much as Theresa May is currently trying to find one!*

# Country and regional summary (data from UK HPI)

## UK HPI Market analysis by country

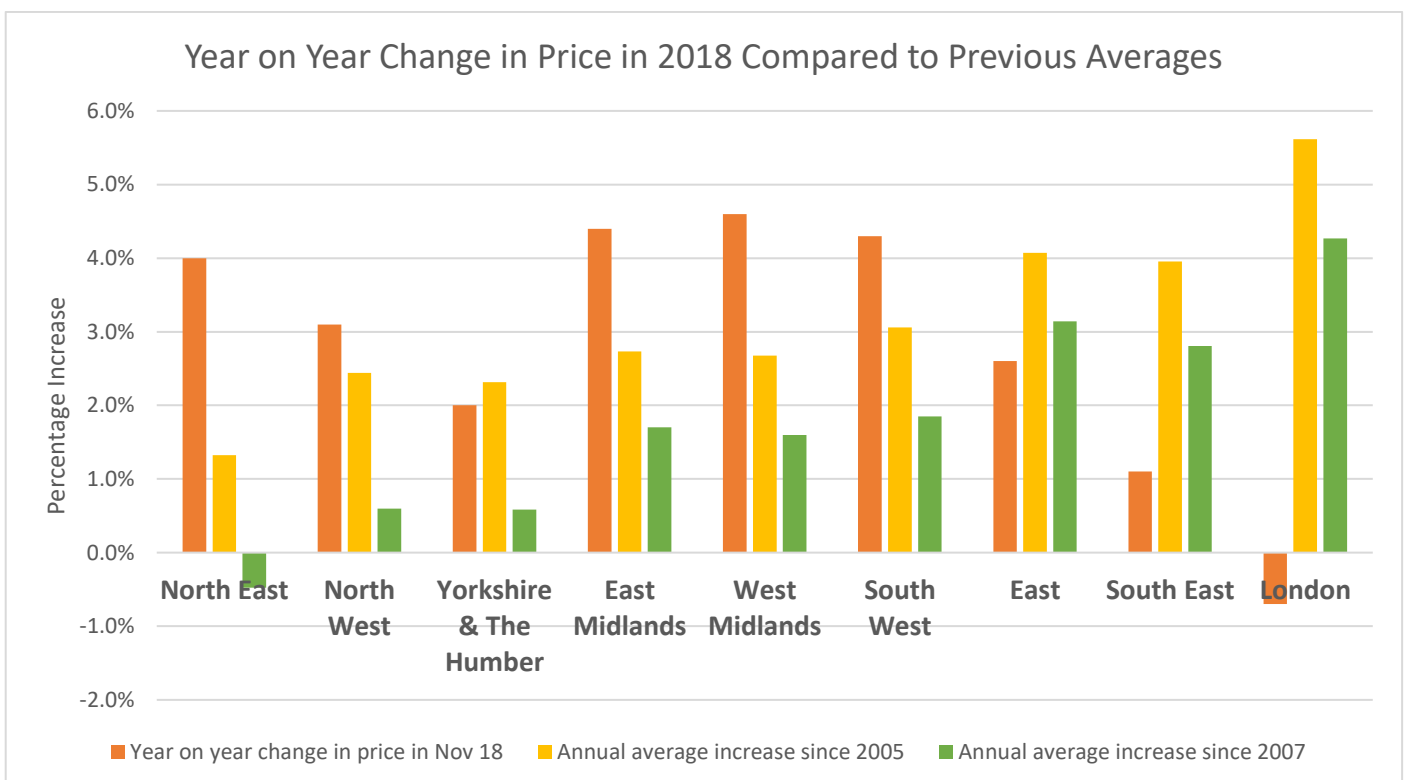
### Kate Faulkner comments on country differences:

From a country perspective, London and the South and East are holding back growth in England year on year, but since the recession it's very clear this growth has driven the market well since 2007/8. Although Wales is doing very well year on year according to the UK HPI data, other reports suggest growth is now slowing and it's a similar picture in Scotland too. It is quite astonishing the property market in these areas – and indeed Northern Ireland continues to do well currently when in comparison to the last 10 years, real versus nominal growth has been non-existent. This shows that whatever the market is doing, people do still need to move.

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 Nov 18/ Q3 18	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Nov 18/ Q3 18	Annual average increase since 2000	Highest yearly average increase since 2000	
								Date	% Increase
England	£194,764	£159,340	-18.19%	£247,430	27%	2.6%	6.8%	Jan-03	26.4%
Wales	£150,316	£123,104	-18.10%	£161,499	7%	5.5%	6.5%	Jul-04	33.4%
Scotland	£145,641	£120,994	-16.92%	£150,638	3%	2.9%	n/a	Feb-05	19.0%
Northern Ireland (Q3)	£224,670	£97,428	-56.64%	£135,060	-40%	4.8%	n/a	Q1 07	51.5%

### Kate Faulkner comments on regional differences:

Pre-2005, property prices tended to move 'in the same direction'. London would grow, then the regions would follow, London falls and so would the regions. The chart below shows that this isn't the case anymore. This chart compares the year on year changes; average annual changes since the 2007 recession and then back to 2005. This data shows that property price growth is now anything but smooth and certainly hasn't achieved the previous 'long term growth' tracked by Nationwide of property prices outstripping inflation by over 2.5%. In fact, what this information shows, is in many areas, based on annual inflation being around 3% per year since 2005, only the East and London have seen house prices perform above this level and that's for the last 15 years. In many areas, property prices in real terms have fallen. However as LSL point out at the moment, this doesn't seem to be affecting consumers: "The fact that house prices in many parts of England & Wales are falling in real terms remains of limited interest to most participants, at least while nominal (actual) gains are still being recorded." The question is, what will happen when people realise prices aren't rising at the same level as they were in the past (London and the East are even predicted to slow substantially over the next few years)? Will more people come into the market because affordability is improving or decide renting is a good alternative because in real terms property prices are falling?



Source: [UK HPI](#)

## Country and regional summary – cont'd

### [Home.co.uk](#)

*“Prices continue to fall in London, the South East and East of England. In fact, the rate at which prices are correcting in these regions is increasing. London’s losses over the last twelve months have now extended to 3.2%. Further erosion of asking prices in the South East and the East has now precipitated losses of 1.9% and 0.8% respectively. The South West is now the fourth region where growth has become year-on-year negative. Together these four regions account for around half of the UK’s dwellings. However, significant market vigour is still apparent in some regions and support for headline growth is nowhere more prevalent than in Wales and the West Midlands where asking prices are 5.7% and 5.1% higher than they were a year ago. Regions further north also show solid growth. The North West and Yorkshire have pushed up their average asking prices by 4.5% and 4.1% respectively since January 2018. Price growth in the East Midlands stalled in early summer last year and the market is slowing.” (Jan 19)*

### [RICS](#)

*“Prices continue to soften in London and the South East, while respondents in East Anglia, the South West and the North East also report negative trends (albeit more modest in comparison). By way of contrast, all other areas continue to see prices rise, led by solid growth in Northern Ireland, the North West of England, as well as Scotland.” (Dec 18)*

### [LSL Acadata HPI](#)

*“Broadly there appears to be something of a North-South divide: annual growth in the North West and East and West Midlands is outpacing inflation, while the South East, East and Greater London are all struggling to maintain growth at all - although this isn’t entirely clear-cut. The South West, for instance, with annual growth of 1.0%, is level pegging with the North East (also 1.0%) and Yorks & Humber (0.9%). Nevertheless, there’s a clear area of strength across the Midlands, into Wales and up into the North West, all of which have growth above inflation; and clear weakness in the East of England (0.1%), South East (0.5%) and London (-0.3%). The East Midlands is recording annual growth of 3.6%.” (Dec 18)*

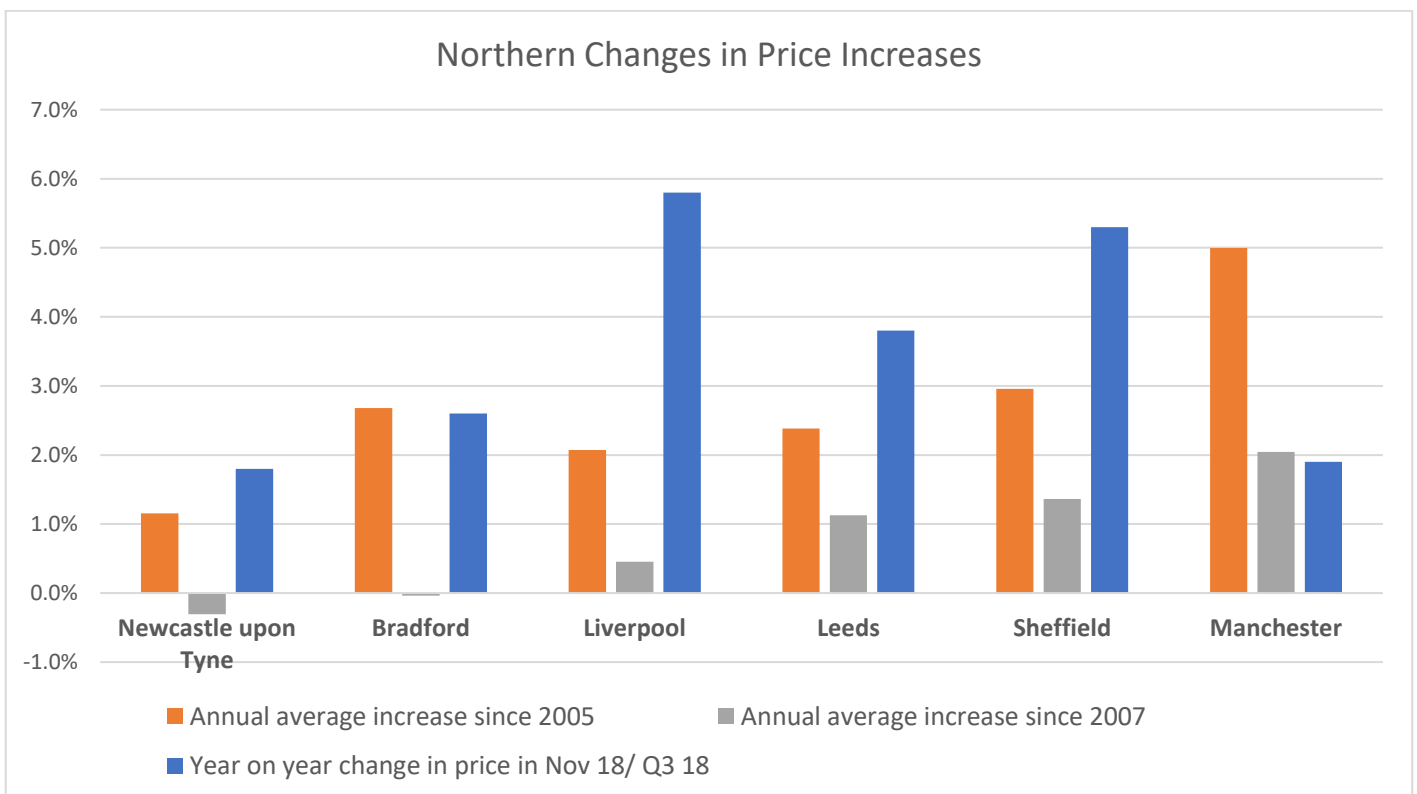
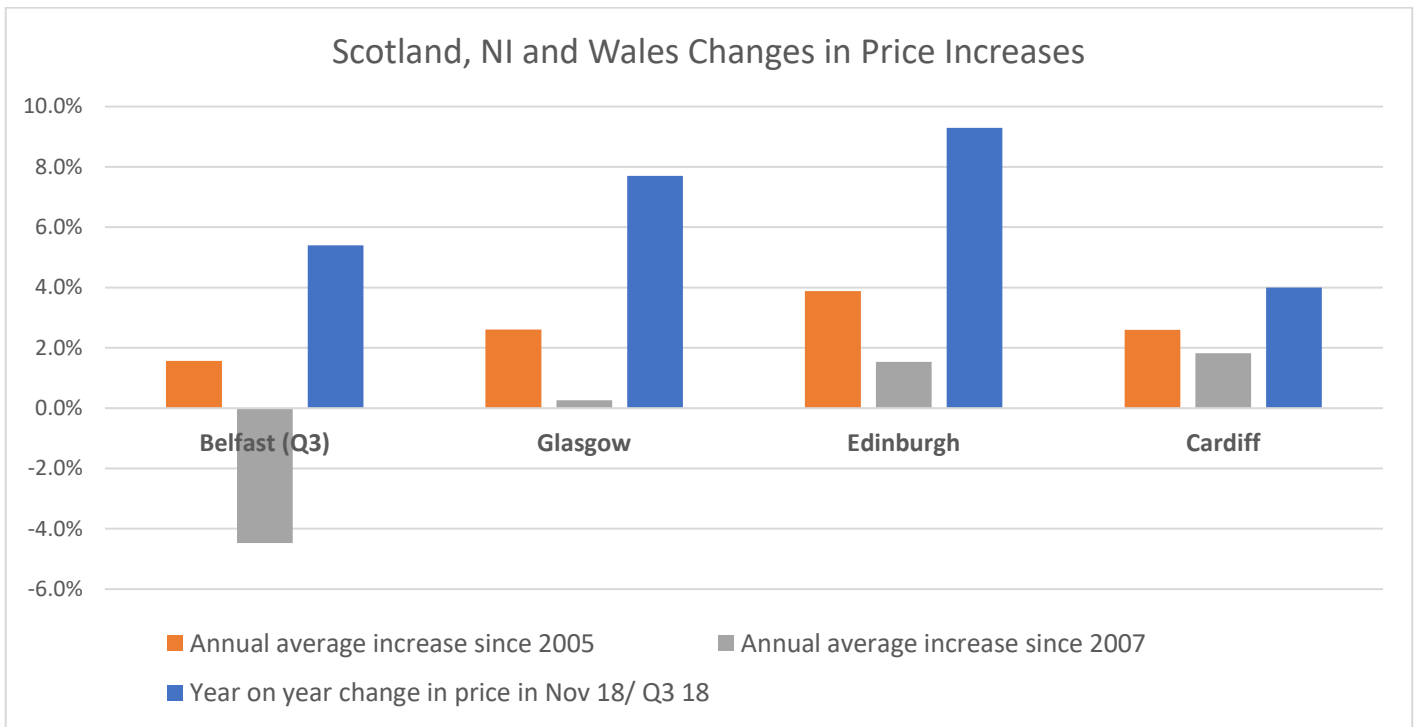
### [Hometrack](#)

*“Prices are falling in London (-0.2), Aberdeen (-6.1%) and Cambridge (-3.8%). Prices are rising across the remaining 17 cities in the 20 City Index, with the fastest growth in Edinburgh (6.8%) followed by Liverpool (6.1%).” (Dec 18)*

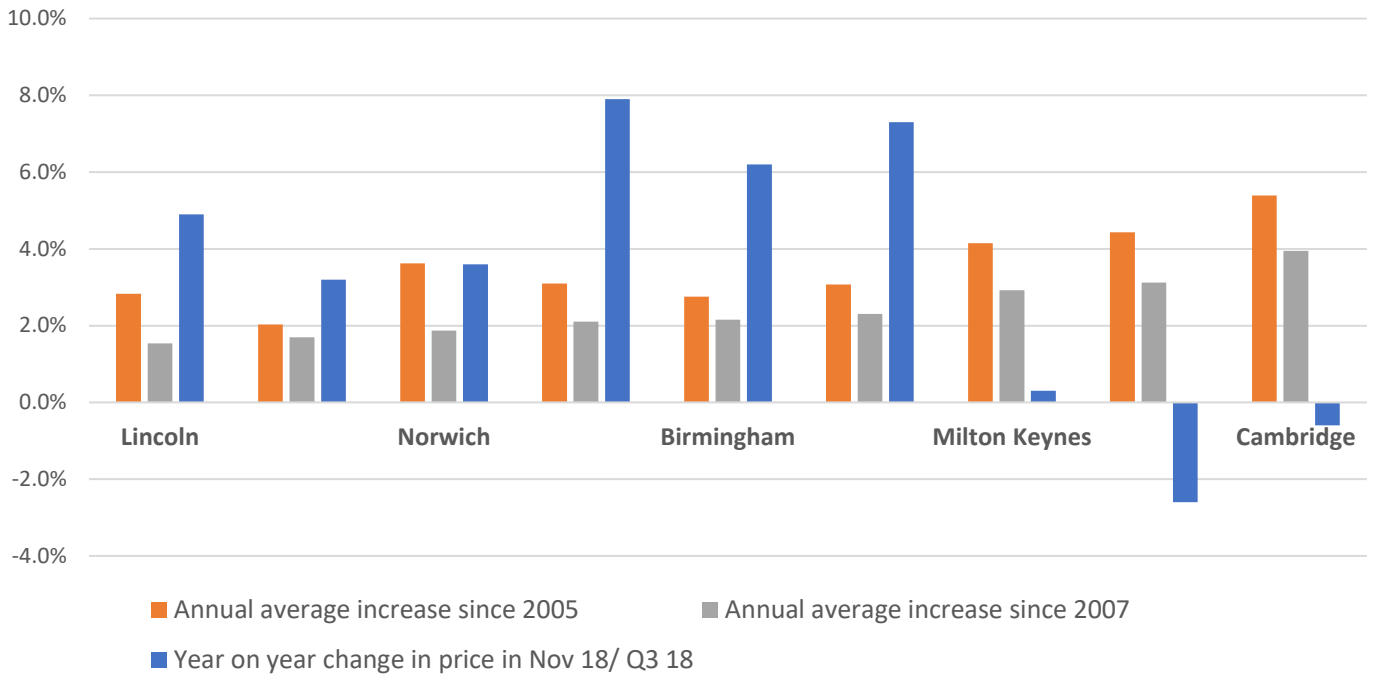
## Detailed analysis of towns/cities current versus over time

### Kate Faulkner comments on town and city differences:

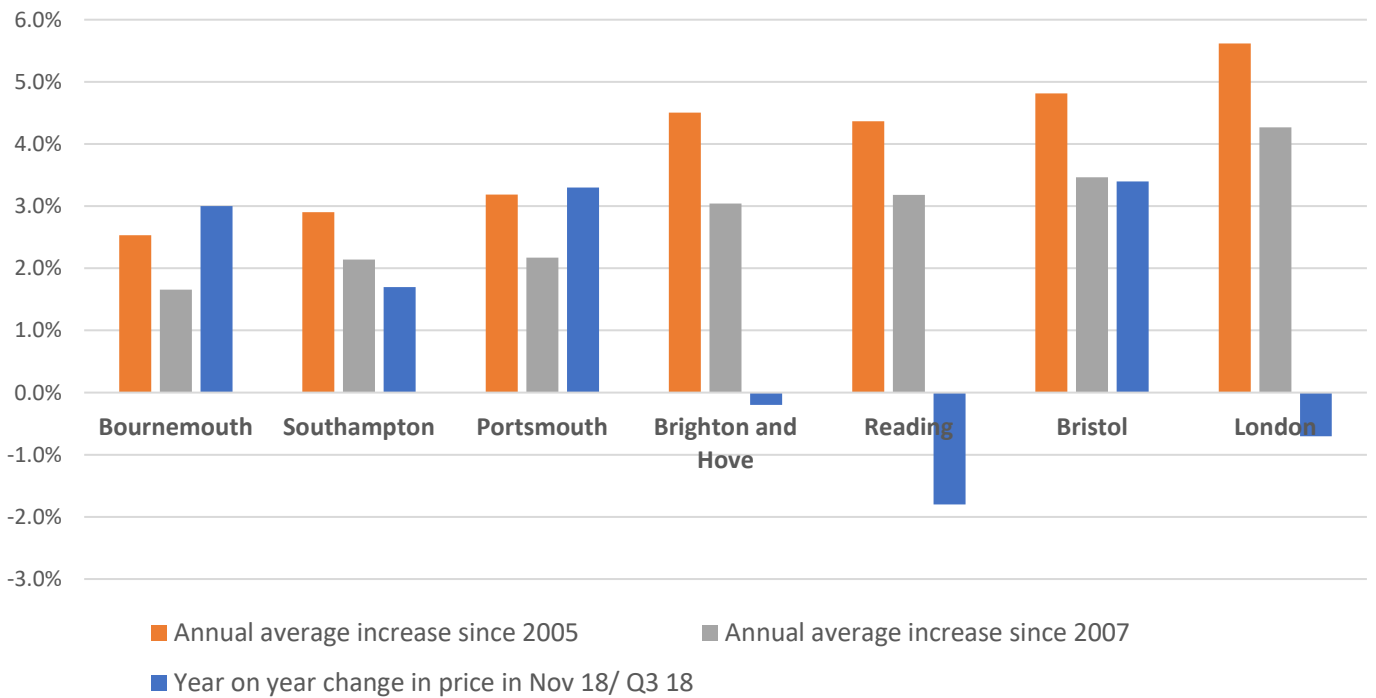
*From a regional perspective, there are clearly vast differences, but these pale into insignificance when you look at the cities' data. There is such a stark difference in performance, with the likes of Belfast property prices still 40% lower than they were in 2007, while Newcastle is struggling to gain much ground since 2005. Most cities have kept up with inflation since this time, but only if bought in 2005, anyone buying since that time is likely to have seen negative real property price growth, with only the regular 'hotspots' of Oxford, Cambridge, London, Brighton, Reading and Bristol seeing property prices in line with or slightly above inflation increases. Considering more people are owning a home outright these days, it will come as a surprise to them that their property in real terms, is actually worth less than it was 10-15 years ago.*



### Midlands and East Changes in Price Increases



### Southern Changes in Price Increases



Source: [UK HPI](#)

## 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	%
Birmingham	6.2%	Oxford	-2.6%	Oxford	40%	Belfast (Q3)	-40%
Leicester	7.3%	Reading	-1.8%	Reading	41%	Newcastle upon Tyne	-3%
Glasgow	7.7%	London	-0.7%	Bristol	45%	Bradford	0%
Peterborough	7.9%	Cambridge	-0.6%	Cambridge	53%	Glasgow	3%
Edinburgh	9.3%	Brighton and Hove	-0.2%	London	58%	Liverpool	5%

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	3.7%	Kensington and Chelsea	-4.1%	City of Westminster	78%	Kingston upon Thames	41%
Southwark	1.8%	Camden	-4.6%	Waltham Forest	73%	Tower Hamlets	41%
Bexley	1.5%	Brent	-5.2%	Lewisham	72%	Hammersmith and Fulham	39%

Source: [UK HPI](#)

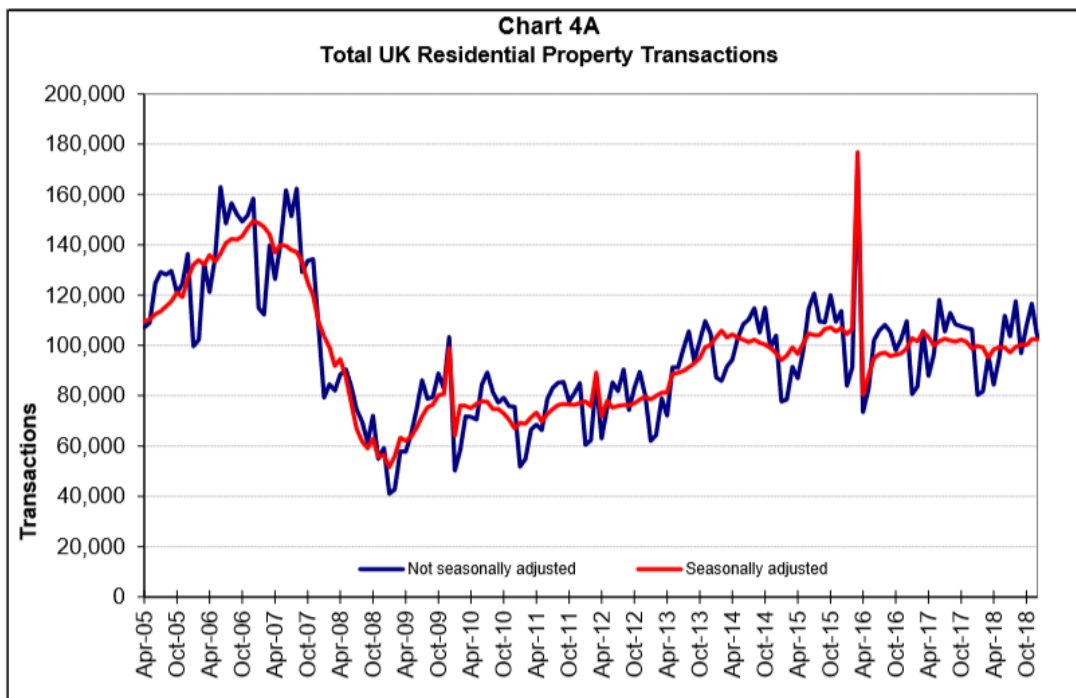
## Property transactions

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.

### Kate Faulkner comments on property transactions, demand and supply:

*It's clear from the stats and report commentary that few places are now seeing any decent transaction growth. LSL are estimating a 2.5% fall in 2018 and as I said earlier, this year could go one of three ways depending what happens with Brexit and at a global level. However, there is no question that so far, transactions have held up probably better than ever before considering the low price growth figures and uncertainty in the market. Feedback from agents for this year and others in the market suggest the demand and supply is still there, but not perhaps the confidence to make offers at the level seen before. The NAEA data sums this up well:-*

*"The supply of properties available to buy increased to the highest level seen for the month of December since 2014. Demand from prospective buyers and sales to first-time buyers (FTBs) also increased" with "The number of sales agreed per member branch fell from nine in September, eight in October, seven in November to five in December".*



Source: [Gov.uk](http://Gov.uk)

**Table 2. Number of transactions per quarter for England & Wales in 2017 and 2018**

Quarter	Transactions per quarter		
	2017	2018	% change
Q1	198,432	188,498	-5.0
Q2	223,564	208,905	-6.6
Q3	246,094	243,000	-1.3
Q4	239,078	245,000	2.5
Total	907,168	885,403	-2.4

Source: [LSL Acadata HPI](http://LSL Acadata HPI)



## Property transactions – cont'd

### LSL Acadata HPI

*“In December 2018, there were an estimated 78,250 transactions – based on Land Registry counts for England & Wales – which is a 6.6% fall on our revised November figure of 83,750 sales. One would normally anticipate an upward movement in sales volumes of +1.5% at this time of the year, so the decrease of -6.6% represents a negative -8.1% fall in transactions on a seasonally-adjusted basis. However, we should caution that transaction counts in December are particularly difficult to estimate, due to the short working month and the higher-than-average new-build completions, as housebuilders seek to ensure that their sales (and bonus) targets for the end of the year are met. On the assumption that our sales estimates for December are accurate, then we are showing that transactions for England & Wales in 2018 will total some 885,400 sales, which is 2.4% down on 2017.” (Dec 18)*

### NAEA Propertymark

*“The percentage of properties sold to FTBs increased marginally from 23 per cent in November to 24 per cent last month. Year-on-year, sales made to the group are down eight percentage points from 32 per cent. The average number of sales agreed per branch fell for the third consecutive month - from nine in September, eight in October, seven in November and to five last month.” (Dec 18)*

### Bank of England

*“Mortgage market activity has been broadly stable since 2016, and this trend has continued. Mortgage approvals for house purchase (an indicator of future lending) were around 63,800 in December, unchanged from November, but slightly below their 2018 average of around 65,200.” (Dec 18)*

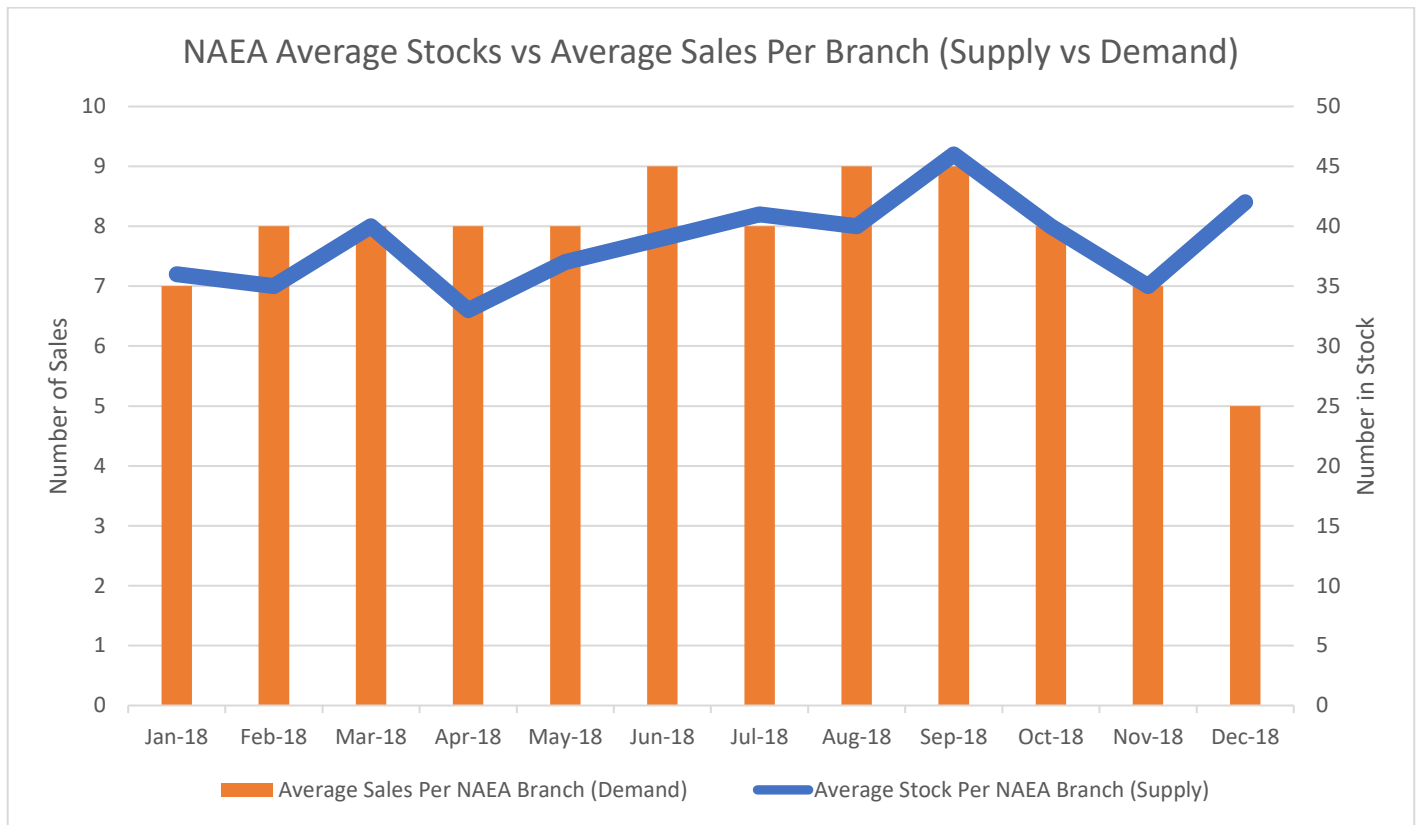
### UK Finance

*“There were 36,200 new first-time buyer mortgages completed in the month, some 5.8 per cent more than in the same month a year earlier. The £6.0bn of new lending in the month was 9.1 per cent more year-on-year. The average first-time buyer is 30 and has a gross household income of £42,000.*

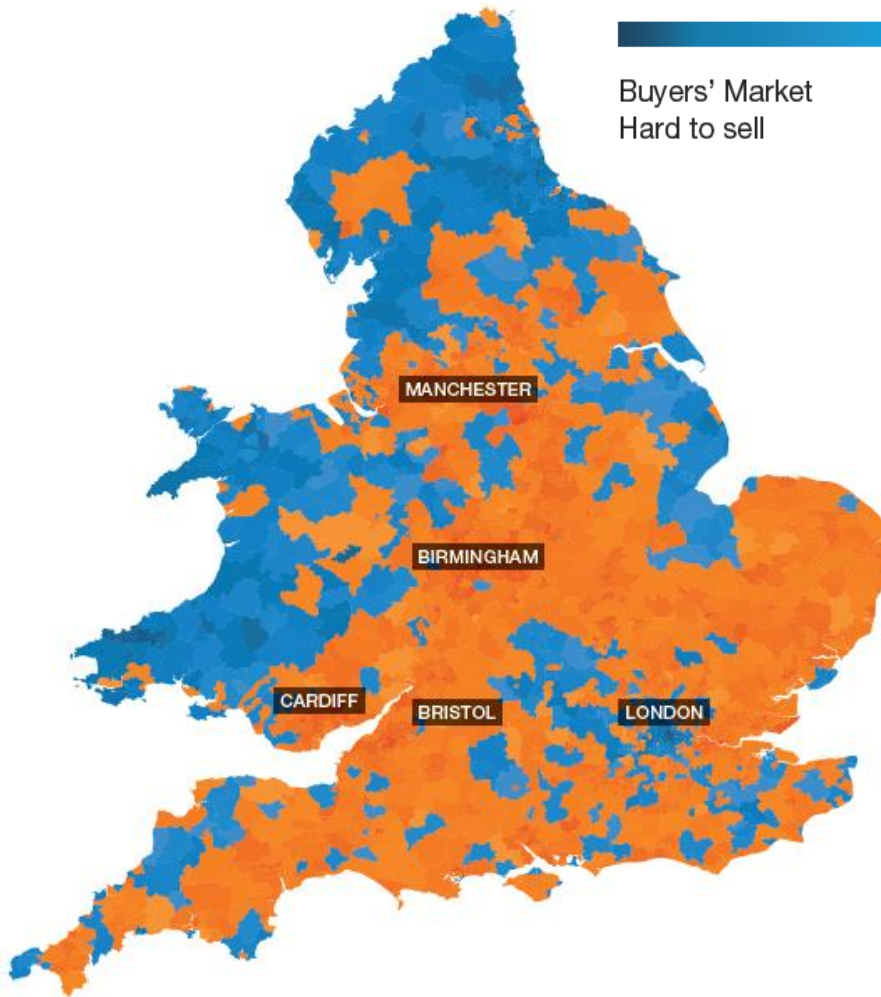
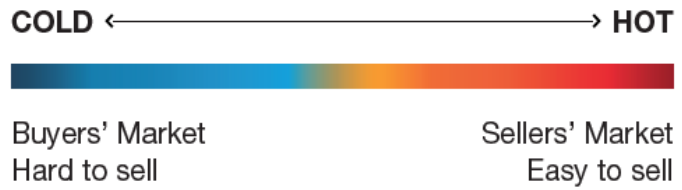
*“There were 36,200 new homemover mortgages completed in the month, some 1.1 per cent more than in the same month a year earlier. The £7.8bn of new lending in the month was 4 per cent more year-on-year. The average homemover is 39 and has a gross household income of £55,000.*

*“There were 39,600 new homeowner remortgages completed in the month, some 1.3 per cent more than in the same month a year earlier. The £6.8bn of remortgaging in the month was the same year-on-year.” (Nov 18)*

# Property demand and supply



# England and Wales



## Tracking buyer demand

The Advisory track current market conditions. So buyers and sellers can gain an independent view of how easy it would be to buy and sell their home in their area. This makes it easier for good agents that are honest about market conditions to value and manage expectations. For example, in BS3 75% of the properties on the market are under offer.

Top 10 hot markets			Buyer demand	Top 10 cold markets			Buyer demand
Postcode			Feb 19	Postcode			Feb 19
1	BS3	Bristol	75%	1	WC2	London	7%
2	B44	Birmingham	68%	2	EC2	London	7%
3	BH17	Poole	67%	3	W1	London	7%
4	B42	Birmingham	64%	4	L2	Liverpool	7%
5	B27	Birmingham	63%	5	NW8	London	8%
6	CV6	Coventry	63%	6	W2	London	9%
7	BS8	Bristol	63%	7	SW8	London	9%
8	BS6	Bristol	63%	8	SW7	London	10%
9	B34	Birmingham	63%	9	SW10	London	10%
10	S8	Sheffield	62%	10	SW5	London	10%

Source: [The Advisory](#)

## Property demand and supply – cont'd

RICS *“New buyer enquiries reportedly fell for a fifth month in succession, with the net balance coming in at -17% (compared to -20% in November). This decline in demand was again matched by a deterioration in the flow of fresh listings coming onto the market, as the survey’s indicator on new instructions remained in negative territory for the sixth report in a row. Looking back further, new instructions to sell have now declined in 19 of the previous 24 months. Given this, it is little surprise that stock levels on estate agents’ books remain close to record lows, currently standing at an average of just 42 properties per branch. Meanwhile, the proportion of respondents seeing a decline in the number of appraisals undertaken over the month continues to heavily outweigh those reporting a rise (when compared to the equivalent period a year ago), with the net balance coming in at -36%. As such, the pipeline for sales instructions going forward still appears to be worsening.” (Dec 18)*

NAEA Propertymark *“As sellers continued to market their homes in December, the supply of available housing increased by a fifth (20 per cent) from 35 in November to 42. This is the highest level seen for the month of December since 2014. In December, the number of house hunters registered per estate agent branch increased by eight per cent, from 282 in November to 304. Year-on-year, demand is up 13 per cent, from 268 in December 2017.” (Dec 18)*