

January 2020 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](https://www.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.

Step one:

What are the property price headlines this month and how will they affect you?

Every month different property price indices give their view on what is happening in the property market. The reason it's important to understand these headlines, is that they will influence what the newspapers and media say is happening – and for those that don't know the real story behind the numbers, it can affect whether they buy or sell property, which in turn impacts on the price you will pay or receive.

For investors, it also lets you know whether you are likely to get a good deal OR end up overpaying for a property which is often a 'death knell' for making money.

Summary of property price reports

Report Headlines

Rightmove	<i>"2020 forecast of 2% price rise as election gives window of certainty"</i>
Home.co.uk	<i>"Election anxiety hobbles the market"</i>
NAEA Propertymark	<i>"The housing market remains cautious amongst political uncertainty"</i>
RICS	<i>"Market activity stagnant ahead of election"</i>
Nationwide	<i>"Annual house price growth of 1.4% in 2019"</i>
Halifax	<i>"Annual house price growth rises to 4%"</i>
LSL Acadata HPI	<i>"House prices rise in November"</i>
Hometrack	<i>"While the election result removes some uncertainty, market fundamentals set the context for city house price growth and market activity in 2020"</i>

Most of these headlines were written before the election, so it's important to understand that they are already 'out of date' with what's happening 'on the ground', but they will still influence the media which in turn influences buyers, sellers and investors.

Summary of property price reports – cont'd

Prior to Xmas, property prices and sales were quite subdued, especially in London and the South East, so all the comments are pretty accurate – the only one I'd ignore is from the Halifax. Their figures are often different to the rest of the indices and in December, clearly overstated how much prices had risen versus the norm, so we'd pretty much ignore their headline and stats based upon year on year analysis.

Key facts: IGNORE THE AVERAGES!

Average prices across the indices vary from mortgaged-only prices from the Nationwide HPI (Dec 19) of £215,282 through to marketing prices (ie not necessarily sold) from Rightmove (Dec 19) of £300,025 and actual prices from LSL Acadata HPI of £303,094 (Nov 19). Average sold prices from the UK HPI stand at £232,944 (Oct 19). There is a 41% difference between the highest average sold price from LSL which includes cash sales and the lowest from Nationwide, which reflects mortgaged homes.

Below we've captured the latest house price averages, but the actual numbers aren't that useful to you, it's more which direction they are going in and how well they are performing versus the 'average' growth/falls we've seen in the past.

What the indices show is that in the main, marketing prices (via Rightmove) fell from September to December with sellers keen to sell their properties prior to Xmas. Take the Nationwide, which is mortgaged sales only, and the market was pretty flat and this was a similar picture according to LSL and LCP Aca.

The Land Registry lags behind other indices, but still shows prices are pretty stagnant.

Performance wise, ignoring the Halifax year on year data, price growth has softened versus the average since 2005, so at the end of last year, price growth year on year was around 1%, while the last three months was fairly static.

So from a 'media perspective' we heard that prices were softening – falling slightly in some areas, and this tends to mean buyers and sellers are more likely to hold off, particularly when there is an election on the way!

As such, demand/supply towards the back of 2019 was pretty stagnant and sales as a result were pretty muted too.

UK, England and Wales data

	High	Low	Sep-19	Oct-19	Nov-19	Dec-19	Annual Change	Annual Average (05 - 19)		
Rightmove	£241,474	£213,570	£304,770	£306,712	£302,808	£300,025	0.8%	3.1%	Asking prices	E & W
Nationwide	£184,131	£147,746	£215,352	£215,368	£215,734	£215,282	1.4%	2.3%	Mortgaged only	UK
Halifax	£199,766	£157,767	£232,574	£232,249	£234,625	£238,963	4.0%	2.6%	Mortgaged only , seasonally adjusted	UK
LSL Acadata HPI	£231,829	£197,145	£299,047	£300,556	£303,094	n/a	0.6%	3.3%	Actual prices, includes cash sales	E & W
LCPAca Residential Index	£198,659	£190,649	£259,242	£259,417	n/a	n/a	1.5%	n/a	Actual prices, includes cash sales	E & W
UK HPI	£190,032	£154,452	£234,370	£232,944	n/a	n/a	0.7%	3.0%	Sold prices, includes cash sales and new builds	UK

Country and regional summary (data from UK HPI)

UK HPI Market analysis by country

The problem for the media is they may only have a few lines to comment on the property market, so they'll create a big 'headline' to grab – even if there is little to say!

The other issue is that when you are tight on space, you can't dig much deeper than 'average' property prices and behind this fairly flat and 'stagnant market' is a variety of property price rises and falls that the average just doesn't show.

For example, I saw one press report where a reporter got extraordinarily excited over Northern Ireland having the 'highest year on year price growth'. They weren't wrong, as the table below shows, prices did rise faster – 4% year on year.

But as this journalist didn't look beyond year on year prices, they missed two crucial pieces of information for their readers. Firstly, that this rise was much smaller than it's been pre credit crunch, when prices rose, on average from 2000 to the credit crunch by 6-7% each year, and in actual fact, property prices for those that bought prior to 2007/8 are still a staggering -38% down!

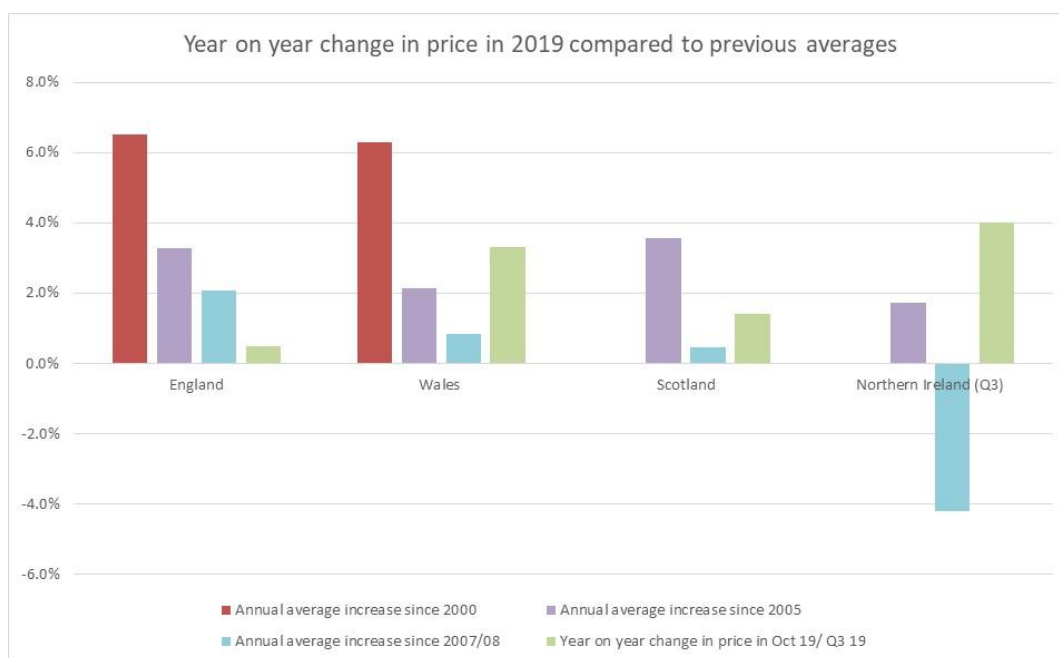
What the reporter should have been asking, in my view, is:-

Will the property price bubble that burst in Northern Ireland ever recover?

Lots of journalists talk about the 'property price bubble' and when will it burst, few seem to realise it already has!

How do these country figures help? The honest answer is not much, but for those in Wales/Northern Ireland and Scotland you can see property prices are a little more robust than England, however, don't be fooled by the England stats – they are made up of a huge variety of price rises and falls too!

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 Oct 19/ Q3 19	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Oct 19/ Q3 19	Annual average increase since 2000	Highest yearly average increase since 2000
								Date % Increase
England	£194,764	£159,340	-18.19%	£248,939	28%	0.5%	6.5%	Jan-03 26.4%
Wales	£150,316	£123,104	-18.10%	£166,245	11%	3.3%	6.3%	Jul-04 33.4%
Scotland	£145,641	£120,180	-17.48%	£153,692	6%	1.4%	n/a	Feb-05 19.0%
Northern Ireland (Q3)	£224,670	£97,428	-56.64%	£139,951	-38%	4.0%	n/a	Q1 07 51.5%



Source: [UK HPI](#)

Country and regional summary – cont'd

Rather than focus on national and country figures for property, from a buyer, seller and investor perspective, what's much more useful is the regional and then more localised data by city and town.

The table and charts below show the enormous differential between property prices in London versus the North East.

Nationally for England, the average property price is nearly £250,000, which for many will feel 'extortionate'. However, break this down and that's made up of prices in London averaging at £472,000 while in the North East it's just under £130,000. Don't forget, these are the 'average prices' too – so plenty of properties are selling for less than this amount to.

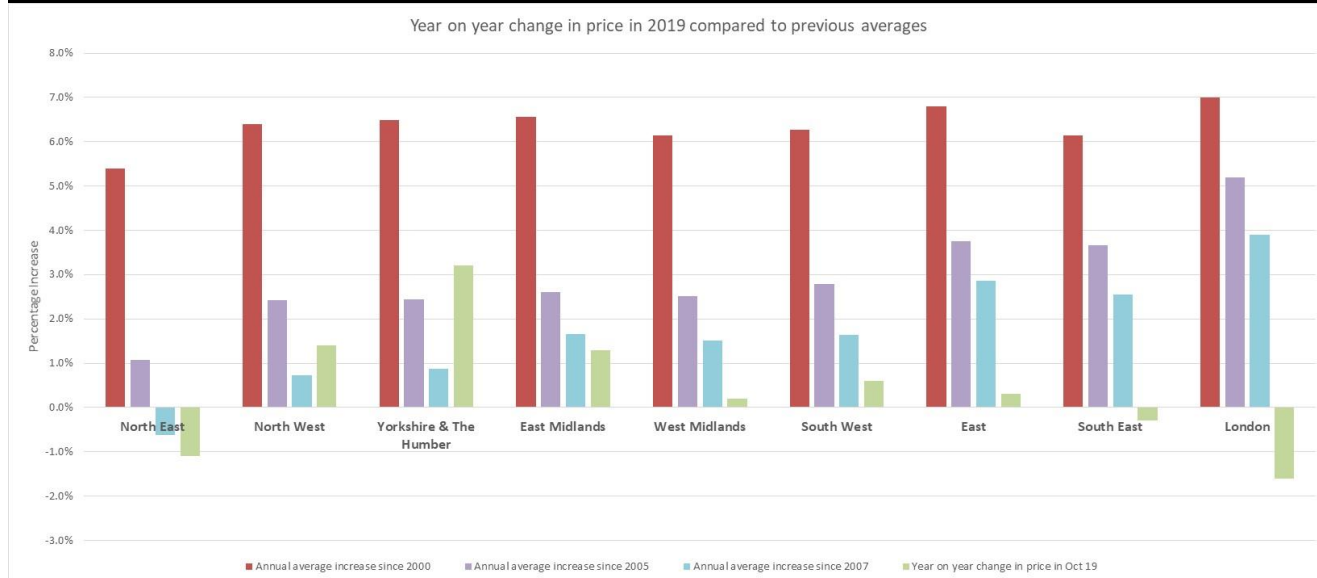
What's also interesting is that during the recession, most prices fell in each region by 20%, but not all areas have seen this loss during the credit crunch recover, even though it was 12 years ago. In fact, in the North East, the average price is still -7% lower than it was 12 years ago.

Because most of the media report what's happening year on year, it is easy to be misled into thinking that a property market is doing 'well' for example, in Yorkshire and Humber where prices rose year on year in October by 3%, when in actual fact, they aren't much higher than they were 12 years ago – so are actually good value.

Take London for example, it's being reported that they are suffering falls in property prices, and indeed some have experienced this over the last few years, but not every property or area has, and in fact, these falls are off the back of prices being 58% higher than they were 12 years ago – the complete opposite to Yorkshire and Humber.

It's worth noting though how well a region is doing as it will help you evaluate whether your property holds its price well while you own it, grows in value or indeed, may be a real risk if prices fall again.

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 Oct-19	How much higher/lower are latest prices vs height in 2007/8	Year on year change in price in Oct 19	Annual average increase since 2000	Highest yearly average increase since 2000	Date	% Increase
North East	£139,400	£112,008	-19.65%	£129,360	-7%	-1.1%	5.4%	Jan-04	34.8%	
North West	£152,427	£124,578	-18.27%	£166,134	9%	1.4%	6.4%	Jul-04	33.0%	
Yorkshire & The Humber	£150,233	£123,833	-17.57%	£166,904	11%	3.2%	6.5%	Jun-04	29.3%	
East Midlands	£159,537	£129,876	-18.59%	£194,134	22%	1.3%	6.6%	Feb-03	33.9%	
West Midlands	£165,807	£136,966	-17.39%	£198,345	20%	0.2%	6.1%	Jan-03	29.5%	
South West	£212,666	£171,356	-19.42%	£258,372	21%	0.6%	6.3%	Jan-03	29.8%	
East	£209,624	£168,263	-19.73%	£293,928	40%	0.3%	6.8%	Jan-03	28.9%	
South East	£238,845	£191,156	-19.97%	£323,438	35%	-0.3%	6.1%	Jun-00	25.0%	
London	£298,596	£245,351	-17.83%	£472,232	58%	-1.6%	7.0%	Apr-00	28.3%	



Source: [UK HPI](#)

Country and regional summary – cont'd

Here's the latest report headlines from each of the indices, always worth a look to see what each of the reports are saying.

RICS *"The regional breakdown suggests negative price trends across London, South East and East Anglia whilst solid gains are still being reported across Northern Ireland and Wales." (Nov 19)*

Halifax *"Scotland was the strongest performing home nation in 2019, with prices up 2.8% over the year. This is the first time since 2008 that Scotland has ended the year as the top performing region. Wales saw a further slowing in its annual rate of house price growth to 1.5%, from 2.9% in the third quarter. Price growth also continued to moderate in Northern Ireland, with average prices up 1% over the year, down from 3.4% in Q3. England remained the weakest performing home nation, with prices up just 0.2% compared with a year ago.*

"London ended the year as the weakest performing region, with an annual price decline of 1.8%. While this marks the tenth quarter in row that prices have fallen in the capital, they are still only around 5% below the all-time highs recorded in Q1 2017 and c50% above their 2007 levels (UK prices are only around 17% higher than their 2007 peak).

"By contrast, house price growth returned to positive territory in the neighbouring Outer Metropolitan region (which includes places such as Slough, Guildford, Crawley and Chelmsford) after five consecutive quarters of falls, with a modest 0.3% gain. However, the surrounding Outer South East region (which includes cities such as Brighton, Southampton and Oxford) saw a 1% annual decline.

"The West Midlands was the best performing English region, with prices increasing by 2.7% over 2019. This was closely followed by the North, where prices were up 2.6%. Overall however, the annual rate of change amongst the English regions remained within a fairly narrow range of -2% to 3%." (Dec/Q4 19)

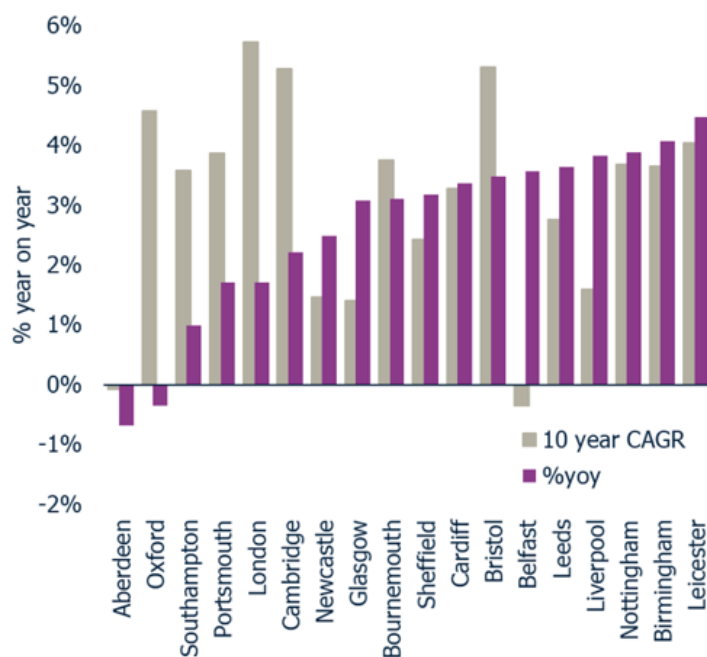
LSL Acadata HPI *"Having been at the top of the house price league table for the last six months, Wales has now been pushed into second position by Yorkshire and the Humber, where average prices over the year have increased by 3.3%. The number of regions in England with negative growth rates has fallen to two, with the West Midlands, which had been negative last month returning to positive territory – albeit by the slenderest of margins." (Nov 19)*

Hometrack *"UK city house price inflation has averaged 4.4% per annum over the last decade with average prices up by total of 54% since 2009. The headline rate of growth currently averages 3.4%, supported by price falls in the final months of 2018 dropping out of the annual growth rate and a further pick-up in growth in London. Price growth ranges from -0.7% in Aberdeen to +5.4% in Edinburgh.*

Country and regional summary – cont'd

“There is a marked difference between the current and 10-year growth rates across UK cities. Cities in southern England have registered a marked slowdown in price inflation over the last 1-3 years with current growth rates well below the 10-year average – Oxford, Southampton, Portsmouth, London, Cambridge, Bristol. In contrast, cities that have been slow to see prices recover, registering some of the lowest price growth over the last decade, are those currently registering above average growth e.g. Belfast, Liverpool, Glasgow. Average prices are virtually unchanged between 2009 and 2019 in Aberdeen and Belfast. These two cities have recorded very different experiences over this time with prices falling for seven years until 2013 and then recovering steadily in Belfast. In contrast, house price growth accelerated between 2012 and 2015 in Aberdeen and have subsequently fallen by 21% as the oil price decline impacted demand for housing.” (Nov 19)

Fig.2 – House price growth last 12m and last decade



Source: [Hometrack](#)

Detailed analysis of towns/cities current versus over time

Below is the most useful analysis for anyone buying and selling. What it shows is what's happening in the individual town or city you live or invest in.

Taking the average house price growth according to the indices is around 1%, what you can see is the huge spread of changes this is made up of. The highest rise is in Peterborough: 4.9% year on year, whereas the biggest fall is in Oxford which has seen falls of -4.8%.

If you go into a market thinking it is 'on the up' and it's really 'on the way down' you may not be able to sell if you overprice, or if you are a buyer, you may be able to secure a better bargain than you thought.

You also need to know how well the market has performed over the last 12 years. If a market has risen fast and high like London, there probably isn't much house price growth left, alternatively if it's hardly risen at all like Newcastle, Bradford and Liverpool, if you are investor looking at these areas hoping for better returns than London, you may be disappointed as it just doesn't appear they have a strong enough economy to deliver price growth in today's market.

The other issue is that if you buy with cash, your property needs to grow in value at around 3% each year - just to maintain it's real value, any less than that (and few areas are achieving it), even though your property may 'seem' to be going up in value, if it's not going up by 3% each year, in reality it might actually be losing you money!

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 Oct 19/ Q3 19	How much higher/ lower are latest prices vs height in 2007/8	Year on year change in price in Oct 19/ Q3 19	Annual average increase since 2000	Highest yearly average increase since 2000	
								Date	% Increase
Belfast (Q3)	£213,626	£87,890	-58.86%	£133,620	-37%	3.7%	n/a	Q1-07	57.1%
Glasgow	£130,473	£96,139	-26.32%	£137,117	5%	2.0%	n/a	Jan-05	19.2%
Edinburgh	£225,750	£183,029	-18.92%	£270,508	20%	2.8%	n/a	May-07	17.3%
Cardiff	£170,496	£139,651	-18.09%	£211,395	24%	1.5%	6.4%	May-03	30.7%
Newcastle upon Tyne	£164,935	£133,086	-19.31%	£167,623	2%	4.1%	5.8%	Feb-04	39.2%
Bradford	£139,640	£111,109	-20.43%	£139,303	0%	0.5%	6.0%	Sep-04	36.5%
Liverpool	£130,249	£103,705	-20.38%	£136,570	5%	1.1%	6.4%	Jul-04	59.0%
Leeds	£161,439	£130,128	-19.39%	£188,596	17%	3.1%	6.7%	Apr-03	30.7%
Sheffield	£144,875	£120,193	-17.04%	£172,053	19%	3.6%	6.7%	Sep-04	31.9%
Manchester	£140,431	£111,679	-20.47%	£184,661	31%	3.9%	8.4%	Jun-04	34.9%
Lincoln	£128,707	£106,017	-17.63%	£156,762	22%	2.3%	7.1%	Feb-03	38.0%
Nottingham	£119,010	£93,696	-21.27%	£146,784	23%	0.3%	6.3%	Mar-03	37.9%
Norwich	£166,498	£123,698	-25.71%	£208,293	25%	0.9%	7.1%	Oct-02	37.9%
Peterborough	£156,264	£123,752	-20.81%	£203,591	30%	4.9%	7.0%	Dec-02	30.2%
Birmingham	£148,578	£122,773	-17.37%	£186,866	26%	-0.2%	6.4%	Feb-03	36.4%
Leicester	£135,317	£110,071	-18.66%	£179,794	33%	4.1%	7.5%	Mar-03	35.4%
Milton Keynes	£194,666	£147,827	-24.06%	£260,690	34%	-2.0%	6.9%	Feb-03	32.0%
Oxford	£289,855	£223,319	-22.95%	£401,624	39%	-4.8%	6.3%	Jun-00	29.5%
Cambridge	£283,241	£224,469	-20.75%	£424,087	50%	-3.9%	7.1%	May-00	27.5%
Bournemouth	£206,227	£163,937	-20.51%	£250,101	21%	-0.4%	6.0%	Apr-03	32.5%
Southampton	£168,795	£134,665	-20.22%	£206,511	22%	-2.4%	5.9%	Apr-03	29.7%
Portsmouth	£169,633	£130,868	-22.85%	£208,047	23%	-2.3%	6.0%	Mar-03	29.1%
Brighton and Hove	£257,108	£202,054	-21.41%	£367,663	43%	3.2%	7.2%	Jul-00	35.4%
Reading	£216,724	£176,087	-18.75%	£290,281	34%	-4.2%	5.6%	Jun-00	35.9%
Tunbridge Wells	£279,413	£217,421	-22.19%	£387,934	39%	-1.3%	6.2%	May-00	25.2%
Bristol	£195,196	£153,648	-21.29%	£291,708	49%	3.4%	7.6%	Apr-03	29.7%
London	£298,596	£245,351	-17.83%	£472,232	58%	-1.6%	7.0%	Apr-00	28.3%

Detailed analysis of towns/cities current versus over time – cont'd

Five high growth areas YoY towns/cities	YoY %	Five low growth areas YoY towns/cities	YoY %	Five high growth areas last 11 years towns/cities	%	Five low growth areas last 11 years towns/cities	%
Peterborough	4.9%	Oxford	-4.8%	London	58%	Belfast (Q3)	-37%
Newcastle upon Tyne	4.1%	Reading	-4.2%	Cambridge	50%	Bradford	0%
Leicester	4.1%	Cambridge	-3.9%	Bristol	49%	Newcastle upon Tyne	2%
Manchester	3.9%	Southampton	-2.4%	Brighton and Hove	43%	Liverpool	5%
Belfast (Q3)	3.7%	Portsmouth	-2.3%	Tunbridge Wells	39%	Glasgow	5%

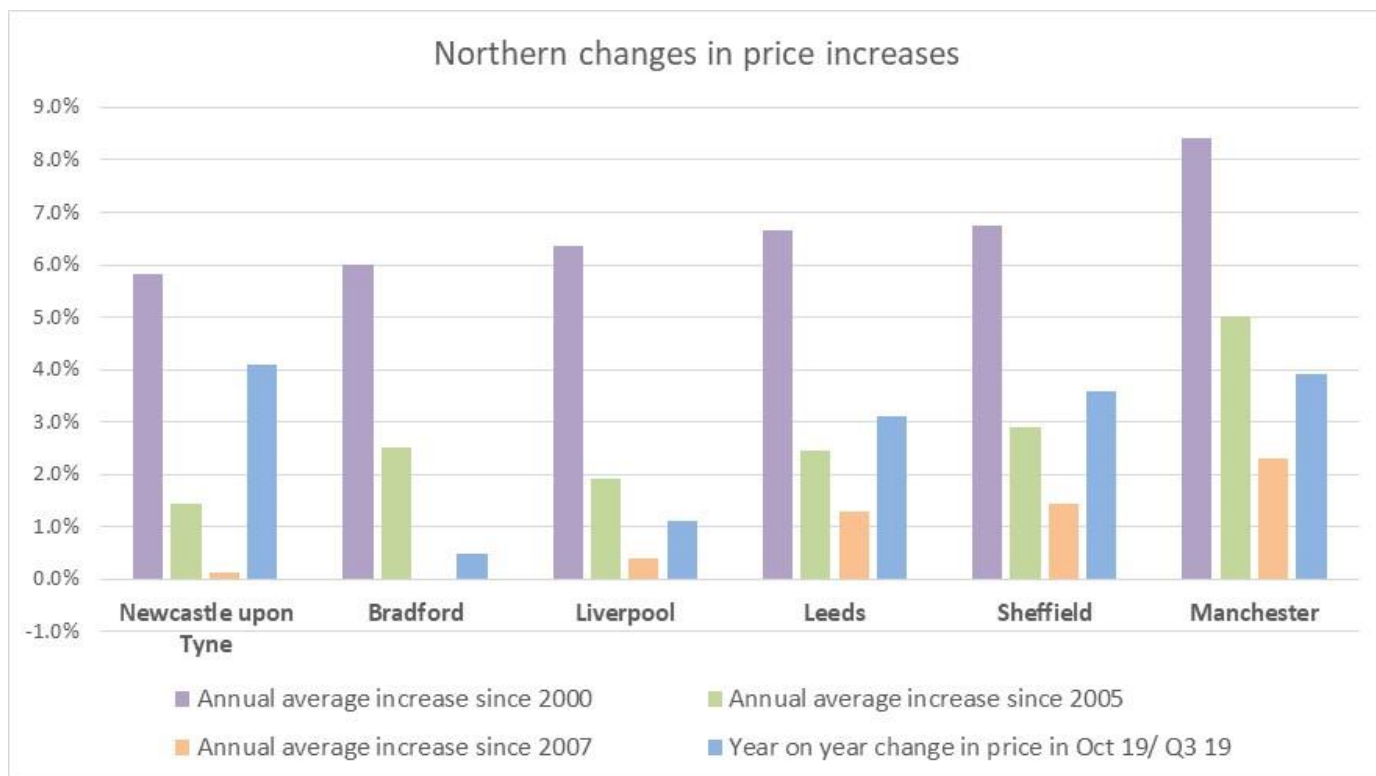
Three high growth areas YoY London	YoY %	Three low growth areas YoY London	YoY %	Three high growth areas last 11 years London	%	Three low growth areas last 11 years London	%
Hackney	5.8%	Kensington and Chelsea	-11.2%	Hackney	74%	Hammersmith and Fulham	42%
Tower Hamlets	5.1%	City of Westminster	-5.8%	Lewisham	73%	Tower Hamlets	43%
Hounslow	2.8%	Waltham Forest	-3.8%	City of Westminster	72%	Kensington and Chelsea	44%

Source: [UK HPI](#)

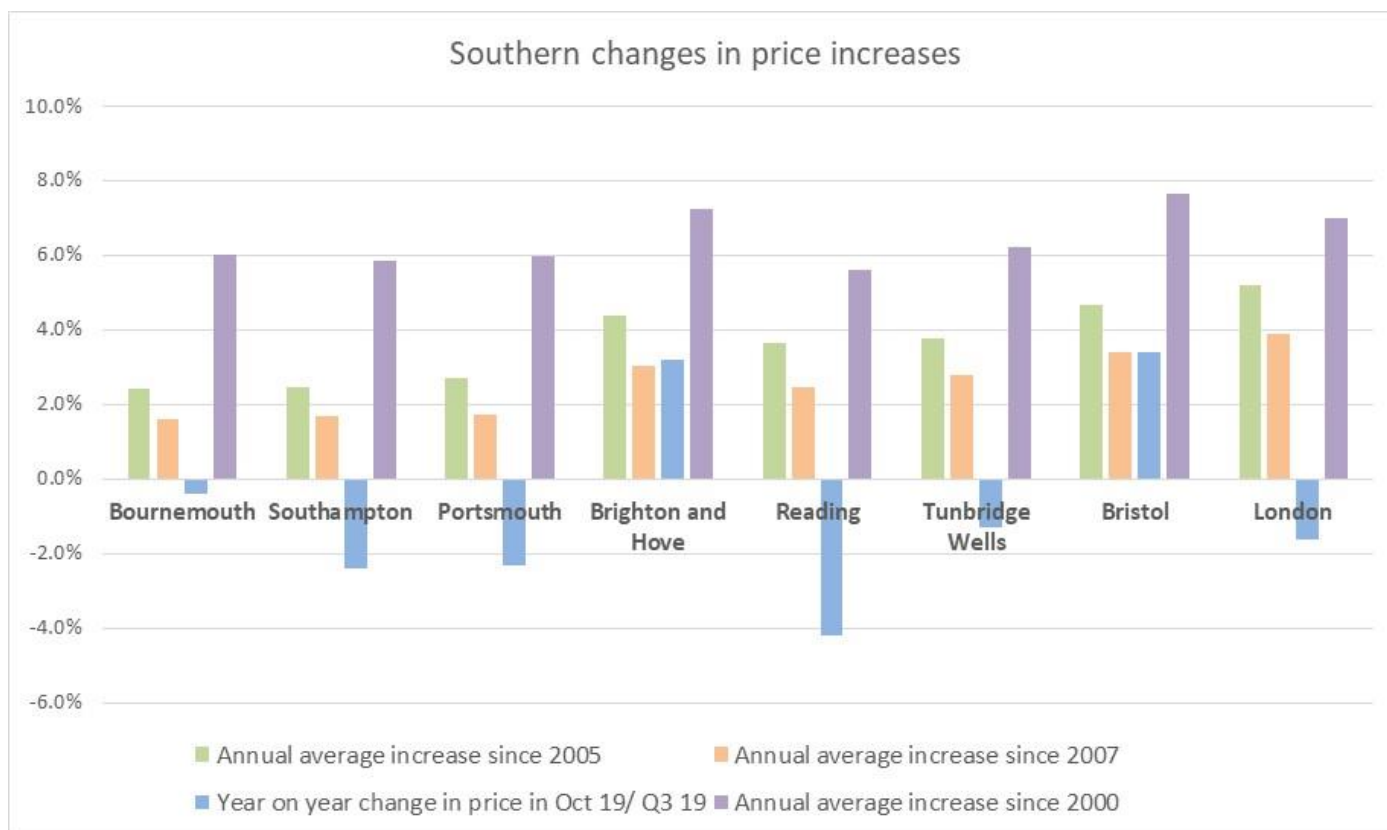


Source: [UK HPI](#)

Detailed analysis of towns/cities current versus over time – cont'd

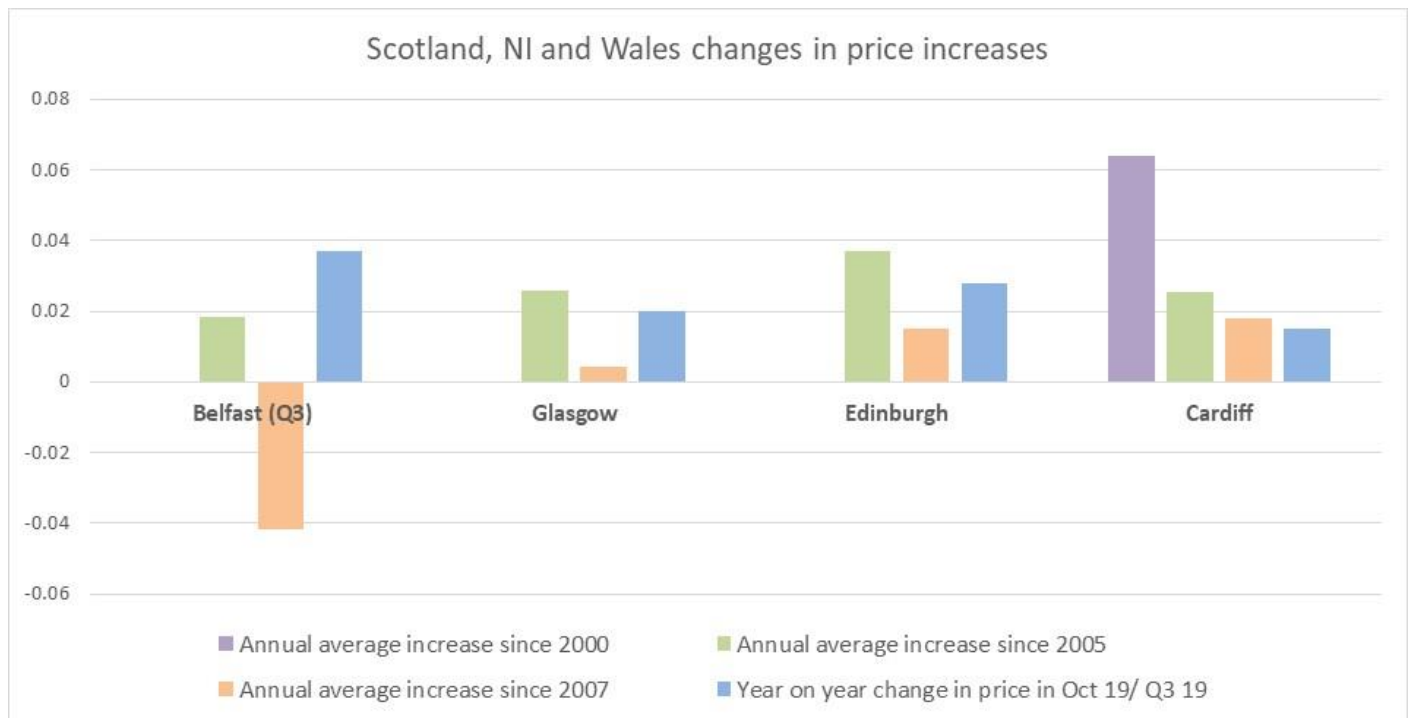


Source: [UK HPI](#)



Source: [UK HPI](#)

Detailed analysis of towns/cities current versus over time – cont'd



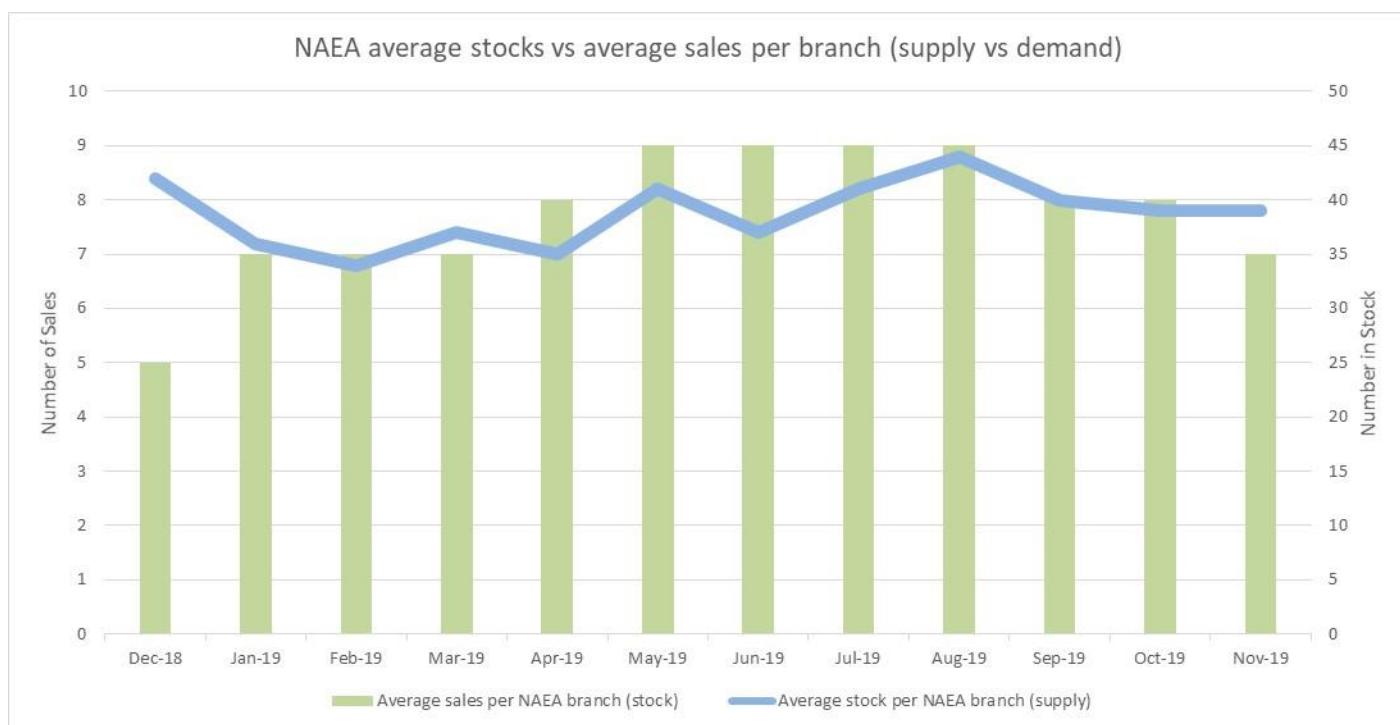
Source: [UK HPI](#)

Property transactions, demand and supply

The media very rarely talk about what's happening to housing transactions, which is a shame as actually this is more helpful to you than what's happening to property prices.

If you know whether transactions are rising or falling, you can have a very clear idea of whether this is a good time to buy, sell or invest, whereas prices differ from one road to another so much, they aren't that helpful.

What the information below tells us, is that the amount of stock on the market is falling, so if buying it may be difficult to find a property you like, whereas if you are selling, this may well be a great time to put your property on the market as there just aren't enough properties for buyers to purchase, so you may get one quickly and/or you might get a better price than you expected.



Source: [NAEA Propertymark](#)

Property transactions, demand and supply – cont'd

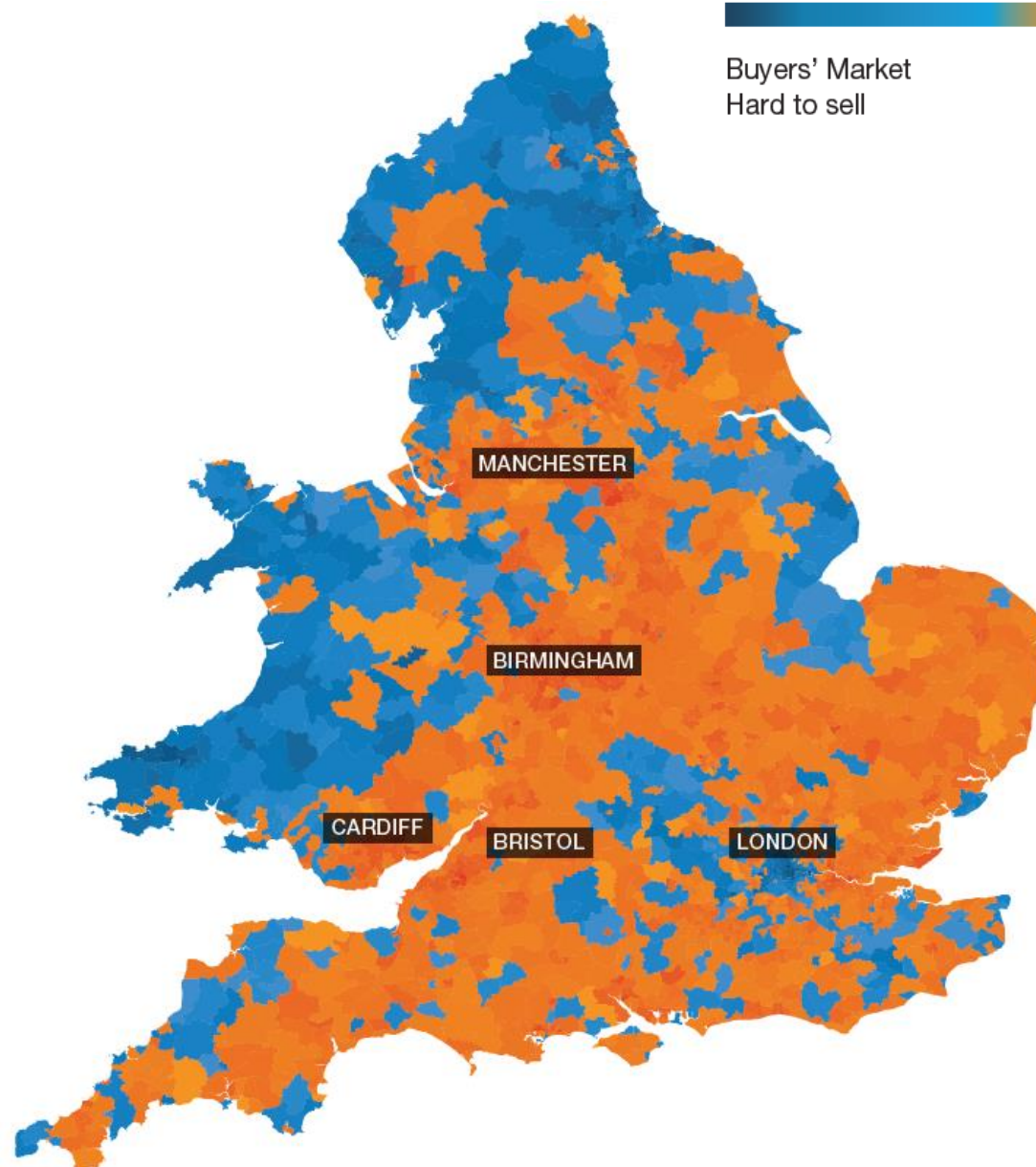
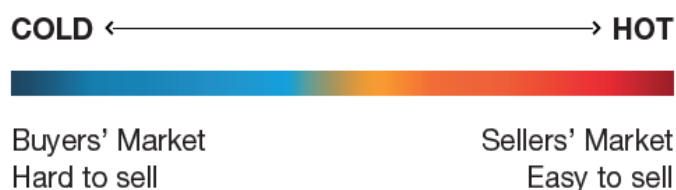
This is great free tool to help you know what's happening in your actual postcode. Jjust go onto the site and see whether your area is 'hot' or not – then you know whether you are going to have a tough time buying or it's going to be quite easy as it's a slow market.

Check out what's happening in your market and if it's fast moving, make sure you have a mortgage agreement in principle so you are ready to buy, and if selling, get your legals done from the day you put your house on the market – don't wait until you get an offer as the market is moving too fast and you may lose your buyer or worst still, a property you want to purchase.

PropCast™ | THE HOUSE SELLING WEATHER FORECAST

The Hotter Your Market - The Easier Your Sale

England and Wales



Source: [The Advisory](#)

Property transactions, demand and supply – cont’d

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 BS7 78% of the properties on the market are under offer.

Top 10 hot markets - buyer demand

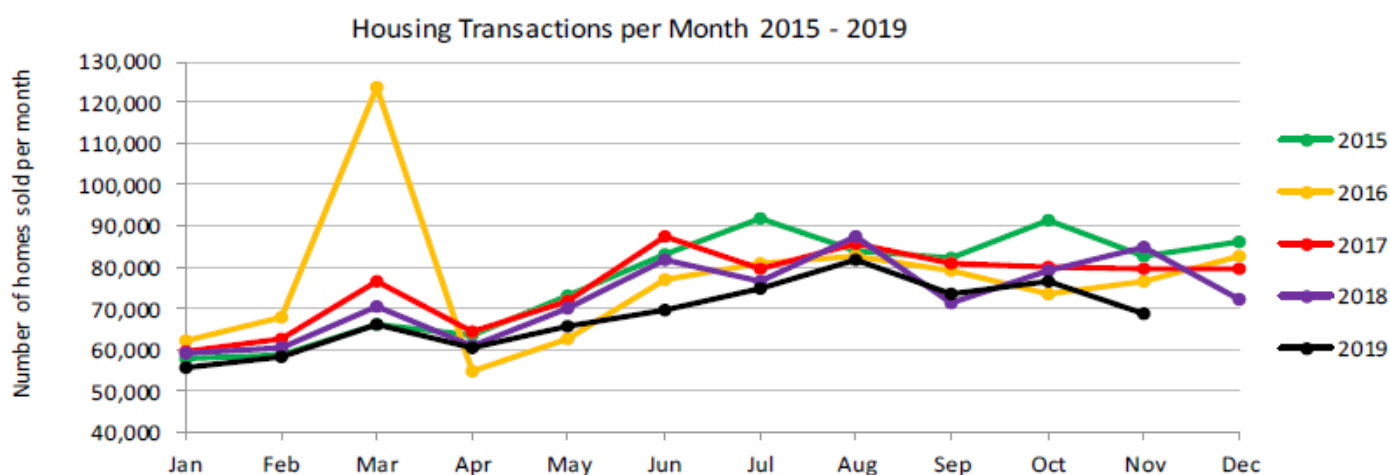
Postcode	%	Jan 2020
BS7	78°	Bristol
BS6	77°	Bristol
BS5	74°	Bristol
M32	72°	Manchester
BS4	71°	Bristol
BS3	70°	Bristol
E17	69°	London
RM9	69°	Dagenham
DA7	69°	Bexleyheath
BH18	69°	Broadstone

Top 10 cold markets - buyer demand

Postcode	%	Jan 2020
EC2	9°	London
W1	9°	London
L2	9°	Liverpool
WC2	11°	London
TS22	12°	Billingham
L1	13°	Liverpool
NW8	14°	London
SW8	14°	London
SW10	15°	London
CA25	15°	Cleator Moor

Source: [The Advisory](#)

Below, for property geeks like me is everyone’s commentary on what’s happening to transactions:-



Source: [LSL Acadata HPI](#)

Rightmove

“Demand for property remains resilient as we move into 2020, though lack of supply is a concern. The monthly decrease (-0.9%) is the smallest at this time of year since December 2006, showing that sellers and their agents think that demand is strong. The number of sales agreed so far in 2019 is down by just 3% on 2018, while the number of properties coming to market is down by 8%.” (Dec 19)

Property transactions, demand and supply – cont'd

NAEA Propertymark

“The number of sales agreed fell to an average of seven per branch in November. The number of sales made to FTBs in November rose to 28 per cent, up one percentage point from 27 per cent in October. The number of properties available per member branch remained the same in November, at 39. Year-on-year, the supply of housing is up, rising from 35 in November 2018. The number of house hunters registered per estate agent branch decreased in November, from 341 to 332. Year-on-year, housing demand is up, rising from 282 house hunters per branch in November 2018.” (Nov 19)

RICS

“New buyer enquiries continued to slip for the third consecutive report with a net balance - 9% of respondents citing a decline. When disaggregated, demand reportedly fell to a greater or lesser degree across all parts of the UK. Meanwhile, the RICS Newly Agreed Sales net balance continued to signal a modest fall in headline transactions. The pace of decline however (in net balance terms) eased in comparison to the previous two months with the latest reading moving to -8% from -18% and -27% previously. Momentum is expected to pick-up over the coming three months with the sales expectations net balance edging up to +11% (from 5% in October).

“New instructions to sell once again dipped at the national level and, in light of this, average stock levels on estate agents’ books remain close to record lows at approximately 41 properties per branch.” (Nov 19)

Bank of England

“Mortgage approvals for house purchase (an indicator for future lending) were unchanged in November, at 65,000, remaining within the narrow range seen over the past two years.” (Nov 19)

UK Finance

“There were 32,260 new first-time buyer mortgages completed in October 2019, 2.8 per cent more than in the same month in 2018. There were 33,370 homemover mortgages completed in October 2019, 4.2 per cent more than in the same month a year earlier.” (Oct 19)