

March 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.

Summary of property price reports

Report Headlines

Rightmove	<i>"Buyer boom sets scene for new price records this spring"</i>
Home.co.uk	<i>"Post-Brexit certainty and shortages boost home prices"</i>
NAEA PropertyMark	<i>"The number of house hunters up 22 per cent in January"</i>
RICS	<i>"Sales market activity continues to improve"</i>
Nationwide	<i>"Annual house price growth strongest since July 2018"</i>
Halifax	<i>"Annual house price growth rises to 2.8%"</i>
LSL Acadata HPI	<i>"House prices over last decade grew by 43% (in money terms)"</i>
LCPAca Residential Index	<i>"New build market performing well despite £50k price premium"</i>
Hometrack	<i>"UK City HPI close to three-year high"</i>

Key facts: IGNORE THE AVERAGES!

Average prices across the indices vary from mortgaged-only prices from the Nationwide HPI (Feb 20) of £216,092 through to marketing prices (*ie not necessarily sold*) from Rightmove (Feb 20) of £309,399 and actual prices from LSL Acadata HPI of £304,280 (Jan 20). Average sold prices from the UK HPI stand at £234,742 (Dec 19). There is a 41% difference between the highest average sold price from LSL which include cash sales and the lowest from Nationwide which reflect mortgaged homes.

The indices are all full of the joys of the current Boris or Brexit bounce as the market kicks starts the year with a cracking set of numbers showing increased activity, which will be much welcomed, especially in London, the South and East.

But, it's always worth taking a look back at what has happened and not get too carried away with the current enthusiastic commentary.

Looking at the average property price data from the indices back to 2007 – over 13 years – we can see they do give, over time some similar results, but also vary quite substantially. For example, looking at the mortgaged indices (Halifax and Nationwide) prices have risen from 2007, by 23-27% while those that include cash sales have recorded a rise of 35-41% (UK HPI and LSL). As far as the time it took for property prices to recover, this does vary from 2010 according to LSL's index through to 2014 according to Nationwide and UK HPI.

The most startling figures though come when you look at how much prices have risen according to the indices from 2017 when we started to see a bit of a slowdown from the credit crunch recovery, so over the last three years, we have seen growth of just a few percent.

Latest Price Movements	2020 vs 2017
<i>(as at January of each year)</i>	
Asking Prices	
Rightmove	2%
Home.co.uk	3%
Mortgaged Properties	
Nationwide	5%
Halifax	9%
Sold Property Prices	
LSL Acadata HPI	1%
UK HPI (ENGLAND)	4%

As the table shows, Nationwide and UK HPI continue to 'track' each other quite well with a 4-5% rise over the last three years, while the asking price indices show 2-3% and Halifax, as we've seen since the credit crunch bears little relation to any of the other indices at all!

What's clear from this is that there is definitely evidence of a complete slowdown in annual capital growth that we are used to, both now and in the future.

The good news is that hopefully people will find properties more affordable from a starter home perspective, but there is a downside, and that is it makes it more difficult for people to trade up, potentially causing more stagnation in the market as people can't rely on their property to deliver enough equity to afford to 'trade up or down'.

UK, England and Wales data

	High	Low	Nov-19	Dec-19	Jan-20	Feb-20	Annual Change	Annual Average (05 - 20)		
Rightmove	£241,474	£213,570	£302,808	£300,025	£306,810	£309,399	2.9%	3.3%	Asking prices	E & W
Nationwide	£184,131	£147,746	£215,734	£215,282	£215,897	£216,092	2.3%	2.3%	Mortgaged only	UK
Halifax	£199,766	£157,767	£234,625	£238,963	£240,054	£240,677	2.8%	2.6%	Mortgaged only, seasonally adjusted	UK
LSL Acadata HPI	£231,829	£197,145	£303,094	£304,054	£304,280	n/a	0.8%	3.3%	Actual prices, includes cash sales	E & W
LCPAca Residential Index	£198,659	£190,649	£259,220	£260,109	£261,243	n/a	1.9%	n/a	Actual prices, includes cash sales	E & W
UK HPI	£190,032	£154,452	£235,298	£234,742	n/a	n/a	2.2%	3.0%	Sold prices, includes cash sales and new builds	UK

Country and regional summary (data from UK HPI)

Property Prices - Countries	Year on year change in price in Dec 19/ Q4 19	Annual average increase since 2005	Annual average increase since 2007/08	Annual average increase since 2000
England	2.2%	3.1%	2.0%	6.2%
Wales	2.2%	2.0%	0.8%	6.0%
Scotland	2.2%	3.2%	0.3%	n/a
Northern Ireland (Q4)	2.5%	1.5%	-3.6%	n/a

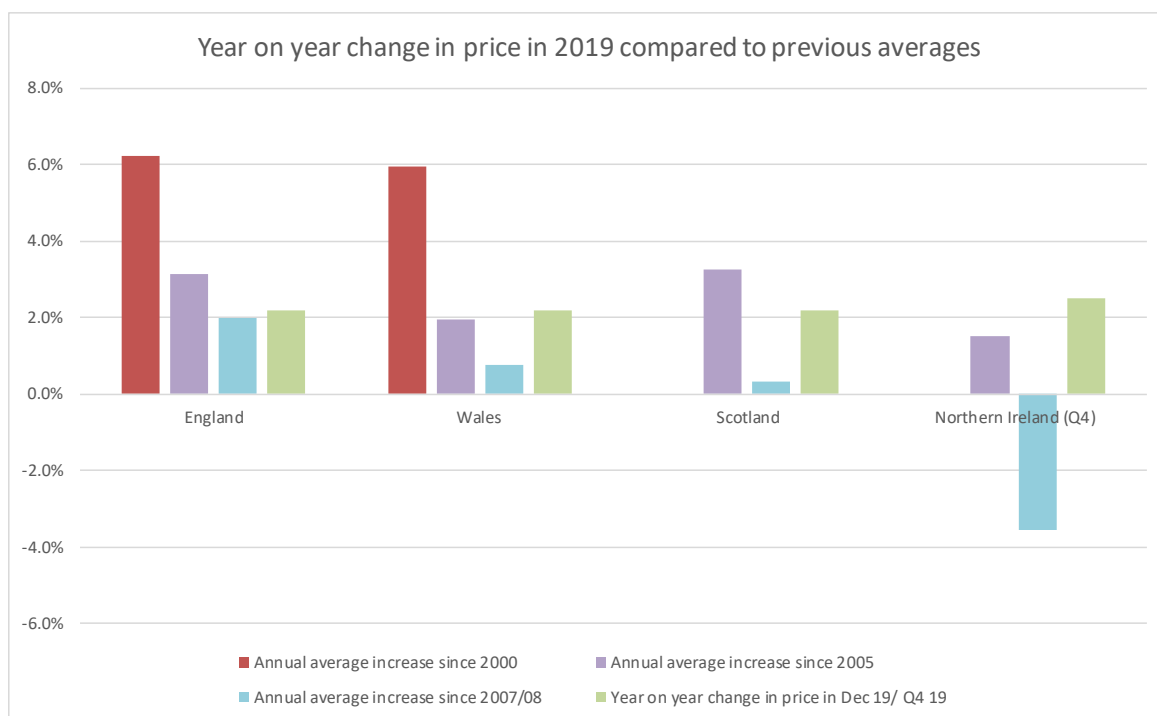
Source: [UK HPI](#)

Continuing the theme of property price changes, we can see that since 2007/8, annual property price growth has been seen in England of just 2% - versus previously being 6.2%, while year on year, prices are around the 2%+, a little lower than annual increases seen since 2005.

Meanwhile in our other countries, we are seeing Wales and Scotland just keeping positive, nominal price growth, while Northern Ireland over time, has still seen falls.

Overall though, the current year on year increases are 'average' for England and slightly better news for Wales, Scotland and NI.

However, we aren't seeing any real 'bounce' back in these countries (on average) which England has experienced. Good for affordability, not good for trading up and down.



Source: [UK HPI](#)

Regionally, you can see from the table below that during the credit crunch, when prices fell from 2007 through to 2009 (and later in some regions) prices moved downwards, pretty much by the same amount, 17.57% (Yorkshire) through to 20% in the South East. And the year on year increases over time range from 5.2% (North East) to 6.8% (London) since 2000, falling to 1.1% (North East) through to 5% (London), with even lower rises in most regions since 2007 and for the North East, continued falls.

Currently, prices are still rising, but not by much – a few percent each year, with Yorkshire and Humber showing the best growth of 3.9%.

However, what's stark is the differential between price rises since the credit crunch, where Londoners have enjoyed (on average) rises over the last 13 years of 62%, the North East still showing a -6% fall during the same period of time.

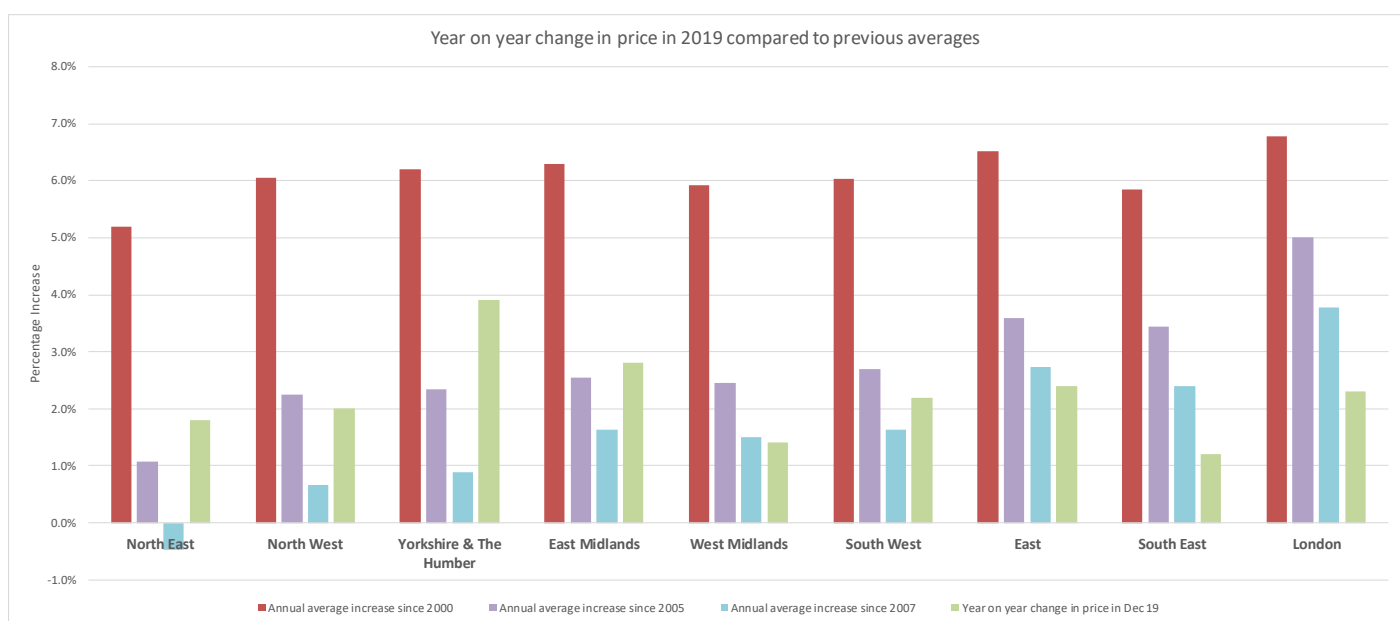
Bearing in mind during this time inflation has grown by just under 40%, the only regions growing in line with the cost of living are the East and London, not even the South East exceeds this growth, so in real terms house prices in most regions have fallen.

Overall, much as the media are still talking about 'affordability issues' and 'surging' house prices, this isn't correct versus historic price growth, and the sooner we are honest with consumers the better. Suggesting prices are still rising significantly gives a false sense of hope and can cause problems for the industry when securing valuations from agents, lenders and surveyors, as a result this 'disappointment' can mean less people move.

Although the press concentrate mostly on house prices, what they should really be focusing on is transaction volumes which are critical to the sector and the overall economy.

Property Prices - Regions	Market low +/- versus market height	Latest month's data Dec-19	Changes since 2007 peak	Year on year change in price in Dec 19	Annual average increase since 2005	Annual average increase since 2007	Annual average increase since 2000
North East	-19.65%	£130,977	-6%	1.8%	1.1%	-0.5%	5.2%
North West	-18.27%	£166,003	9%	2.0%	2.2%	0.7%	6.1%
Yorkshire & The Humber	-17.57%	£168,382	12%	3.9%	2.3%	0.9%	6.2%
East Midlands	-18.59%	£197,048	24%	2.8%	2.5%	1.6%	6.3%
West Midlands	-17.39%	£201,343	21%	1.4%	2.5%	1.5%	5.9%
South West	-19.42%	£262,286	23%	2.2%	2.7%	1.6%	6.0%
East	-19.73%	£297,714	42%	2.4%	3.6%	2.7%	6.5%
South East	-19.97%	£325,050	36%	1.2%	3.4%	2.4%	5.8%
London	-17.83%	£483,922	62%	2.3%	5.0%	3.8%	6.8%

Source: [UK HPI](#)



Source: [UK HPI](#)

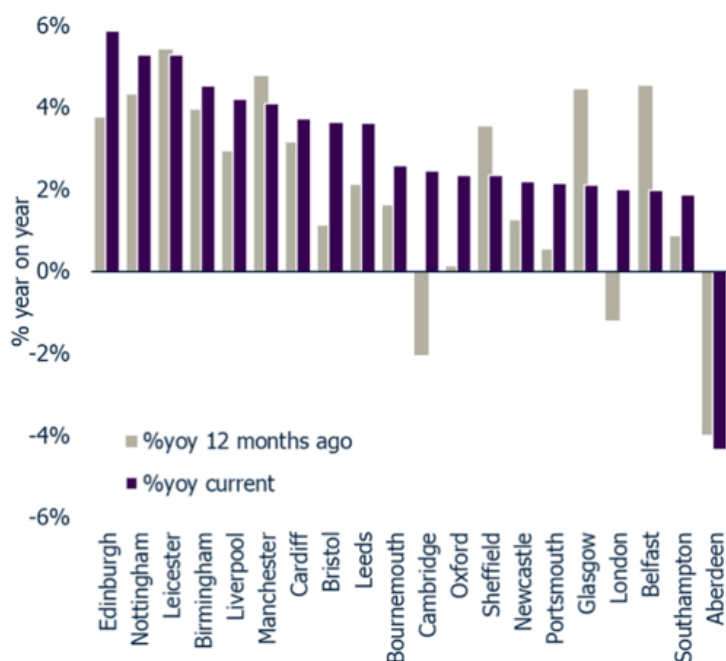
Here's the latest report headlines from each of the indices, it's always worth a look to see what each of the reports are saying:-

RICS *"House price inflation moved into positive territory in both London and the South East during January, having been stuck below zero throughout much of the past few years. Elsewhere, Northern Ireland and Scotland currently display the strongest growth in house prices across the UK (in net balance terms)." (Jan 20)*

LSL Acadata HPI *"In December, Wales had annual house price growth of 3.4% and three regions saw an increase in their growth rates, with London having the largest rise of +1.0% to reach a level of 2.0% - the highest rate seen in the capital since February 2018, after a period of price declines. Six regions saw a slowing in their annual growth rates in December, including Yorkshire and the Humber, down by -1.5% in the month, and the East of England where prices have fallen by -0.7%, to a rate of -1.5%." (Jan 20)*

Hometrack *"UK city house price growth remains at +3.9%, approaching a 3-year high. The increase in the headline rate of growth is down to a pick-up in growth across cities, especially those in southern England where pricing was broadly flat over 2019. All cities, except for Aberdeen, are recording annual house price inflation in excess of 2% per annum." (Jan 20)*

Fig. 1: City house price inflation - current vs. 12 months ago



Source: [Hometrack](#)

Detailed analysis of towns/cities current versus over time

Continuing the theme of looking at the changes in capital growth from the UK, country and regions, the table below shows that of the major towns across the UK, only six of the cities/towns we track have seen house price growth exceed inflation and at the other end of the scale, five areas don't even have double digit growth over the last 12 years, showing astonishing differences in property price growth over time.

As with the other area analysis, the data shows that even at town and city level, although Hometrack are saying city growth year on year is looking good, since the credit crunch, London is the only area that's doing OK over time, despite falls over the last few years, while most other areas are seeing just a few percent in growth on an annual basis.

And the data shows that the 'ripple effect' is almost dead since 2005 with the best performing areas since 2005 being Leicester, Milton Keynes, Tunbridge Wells, Oxford, Brighton, Bristol and Cambridge – all spread out across the country, as are the areas that aren't performing so well, including Glasgow, Newcastle and Belfast.

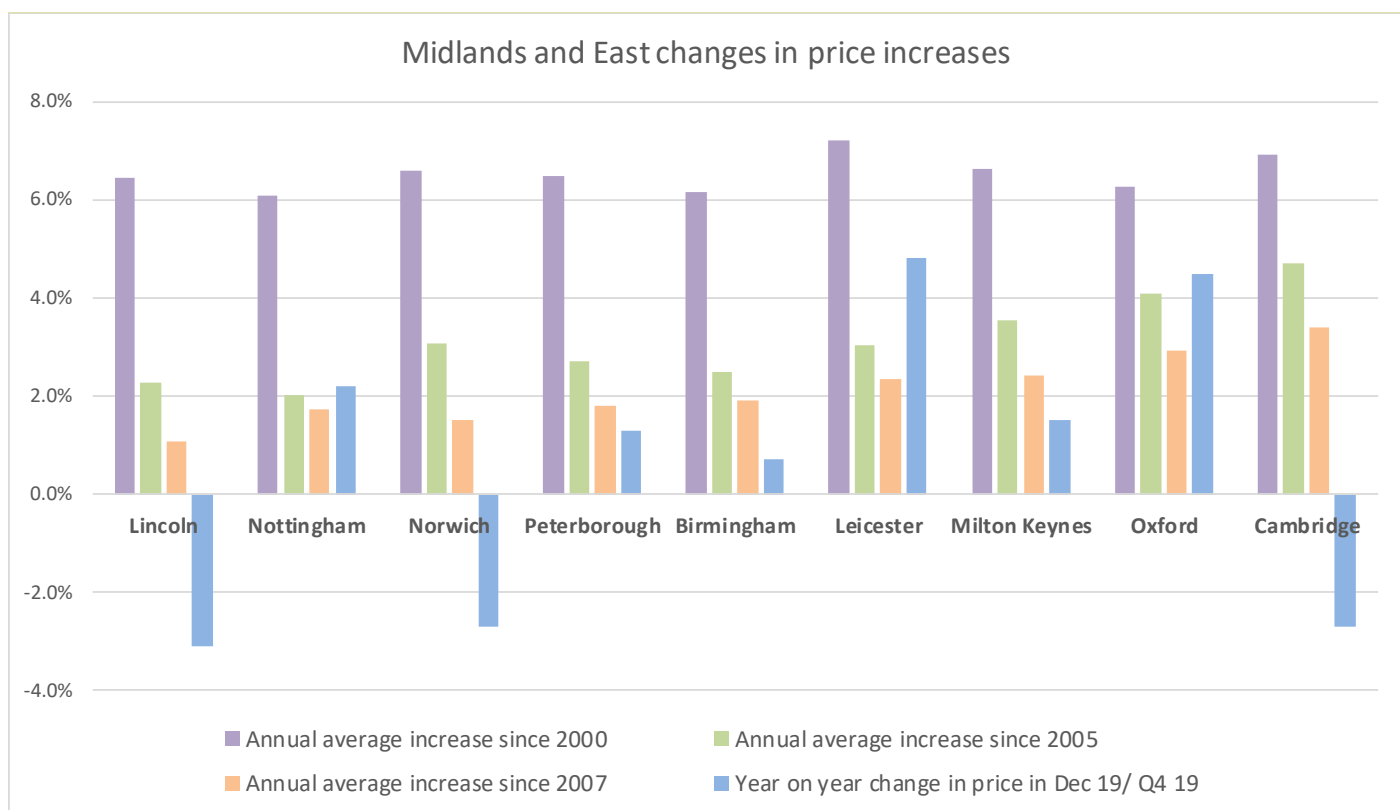
Property Prices Towns/Cities <i>England, Wales, Scotland & NI</i>	How much higher/ lower are latest prices vs height in 2007/8	Year on year change in price in Dec 19/ Q4 19	Annual average increase since 2005	Annual average increase since 2007	Annual average increase since 2000	Highest yearly average increase since 2000	
						Date	% Increase
Belfast (Q4)	-38%	0.1%	1.5%	-3.6%	n/a	Q1 07	57.1%
Newcastle upon Tyne	-2%	0.8%	1.1%	-0.1%	5.3%	Feb-04	39.2%
Bradford	1%	3.5%	2.4%	0.1%	5.8%	Sep-04	36.5%
Liverpool	3%	-0.2%	1.6%	0.2%	5.9%	Jul-04	59.0%
Glasgow	4%	4.1%	2.3%	0.3%	n/a	Jan-05	19.2%
Lincoln	15%	-3.1%	2.3%	1.1%	6.5%	Feb-03	38.0%
Leeds	18%	4.8%	2.4%	1.3%	6.4%	Apr-03	30.7%
Edinburgh	19%	2.8%	3.4%	1.4%	n/a	May-07	17.3%
Sheffield	20%	4.5%	2.8%	1.4%	6.4%	Sep-04	31.9%
Bournemouth	21%	-1.1%	2.2%	1.5%	5.7%	Apr-03	32.5%
Norwich	21%	-2.7%	3.1%	1.5%	6.6%	Oct-02	37.9%
Southampton	24%	-1.6%	2.4%	1.6%	5.6%	Apr-03	29.7%
Nottingham	25%	2.2%	2.0%	1.7%	6.1%	Mar-03	37.9%
Cardiff	25%	2.8%	2.4%	1.7%	6.1%	May-03	30.7%
Peterborough	26%	1.3%	2.7%	1.8%	6.5%	Dec-02	30.2%
Portsmouth	26%	0.5%	2.7%	1.8%	5.8%	Mar-03	29.1%
Birmingham	28%	0.7%	2.5%	1.9%	6.1%	Feb-03	36.4%
Manchester	32%	3.6%	4.7%	2.2%	8.0%	Jun-04	34.9%
Reading	33%	-3.8%	3.4%	2.2%	5.3%	Jun-00	35.9%
Leicester	35%	4.8%	3.0%	2.4%	7.2%	Mar-03	35.4%
Milton Keynes	36%	1.5%	3.5%	2.4%	6.6%	Feb-03	32.0%
Tunbridge Wells	39%	1.1%	3.5%	2.5%	5.9%	May-00	25.2%
Oxford	45%	4.5%	4.1%	2.9%	6.3%	Jun-00	29.5%
Brighton and Hove	46%	2.3%	4.2%	2.9%	6.9%	Jul-00	35.4%
Bristol	46%	1.3%	4.2%	2.9%	7.1%	Apr-03	29.7%
Cambridge	54%	-2.7%	4.7%	3.4%	6.9%	May-00	27.5%
London	62%	2.3%	5.0%	3.8%	6.8%	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 12 years towns/cities	%	Five low growth areas last 12 years towns/cities	%
Leicester	4.8%	Reading	-3.8%	London	62%	Belfast (Q4)	-38%
Leeds	4.8%	Lincoln	-3.1%	Cambridge	54%	Newcastle upon Tyne	-2%
Oxford	4.5%	Cambridge	-2.7%	Bristol	46%	Bradford	1%
Sheffield	4.5%	Norwich	-2.7%	Brighton and Hove	46%	Liverpool	3%
Glasgow	4.1%	Southampton	-1.6%	Oxford	45%	Glasgow	4%

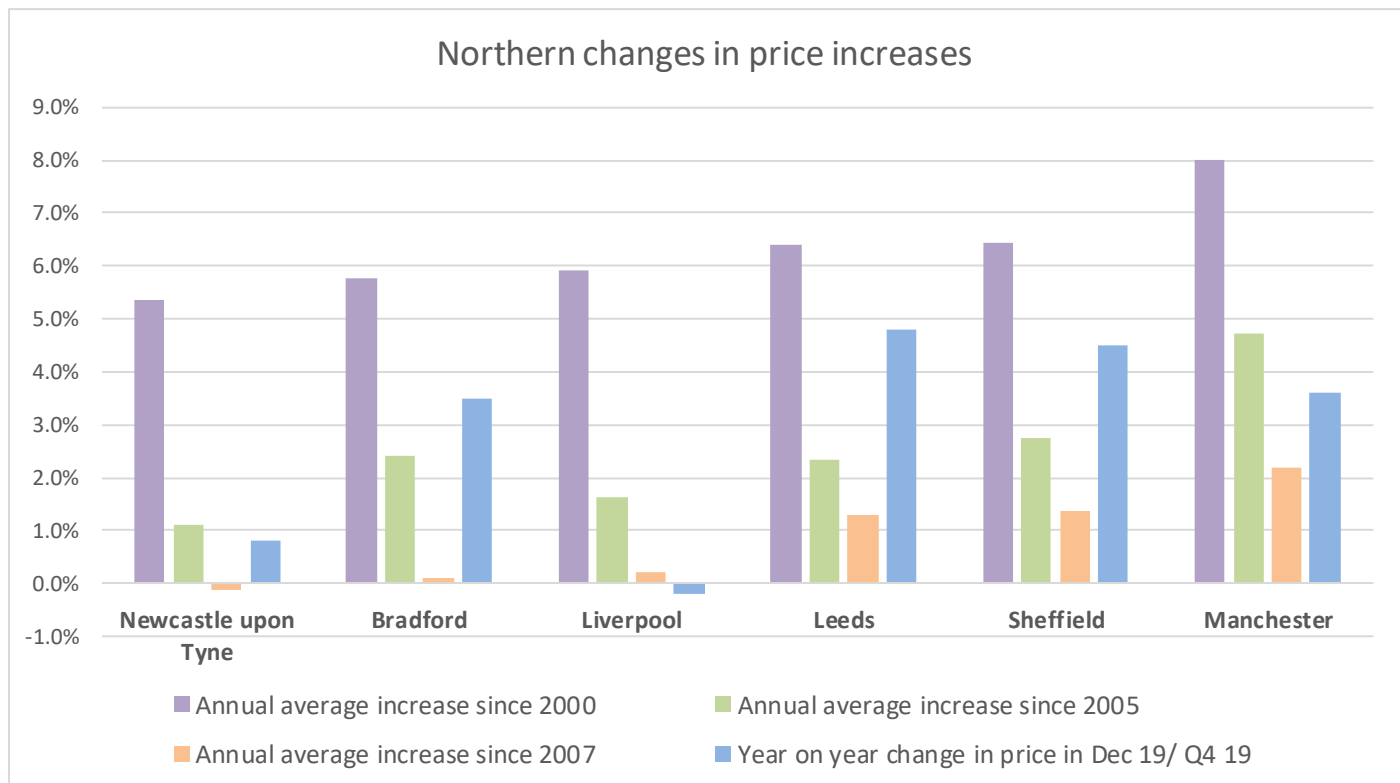
Three high growth areas YoY London	YoY %	Three low growth areas YoY London	YoY %	Three high growth areas last 12 years London	%	Three low growth areas last 12 years London	%
Brent	5.9%	Camden	-9.8%	Waltham Forest	75%	Hammersmith and Fulham	35%
Hounslow	4.4%	Hammersmith and Fulham	-4.6%	City of Westminster	75%	Tower Hamlets	43%
Tower Hamlets	4.3%	Kensington and Chelsea	-3.8%	Lewisham	74%	Sutton	44%

Source: [UK HPI](#)

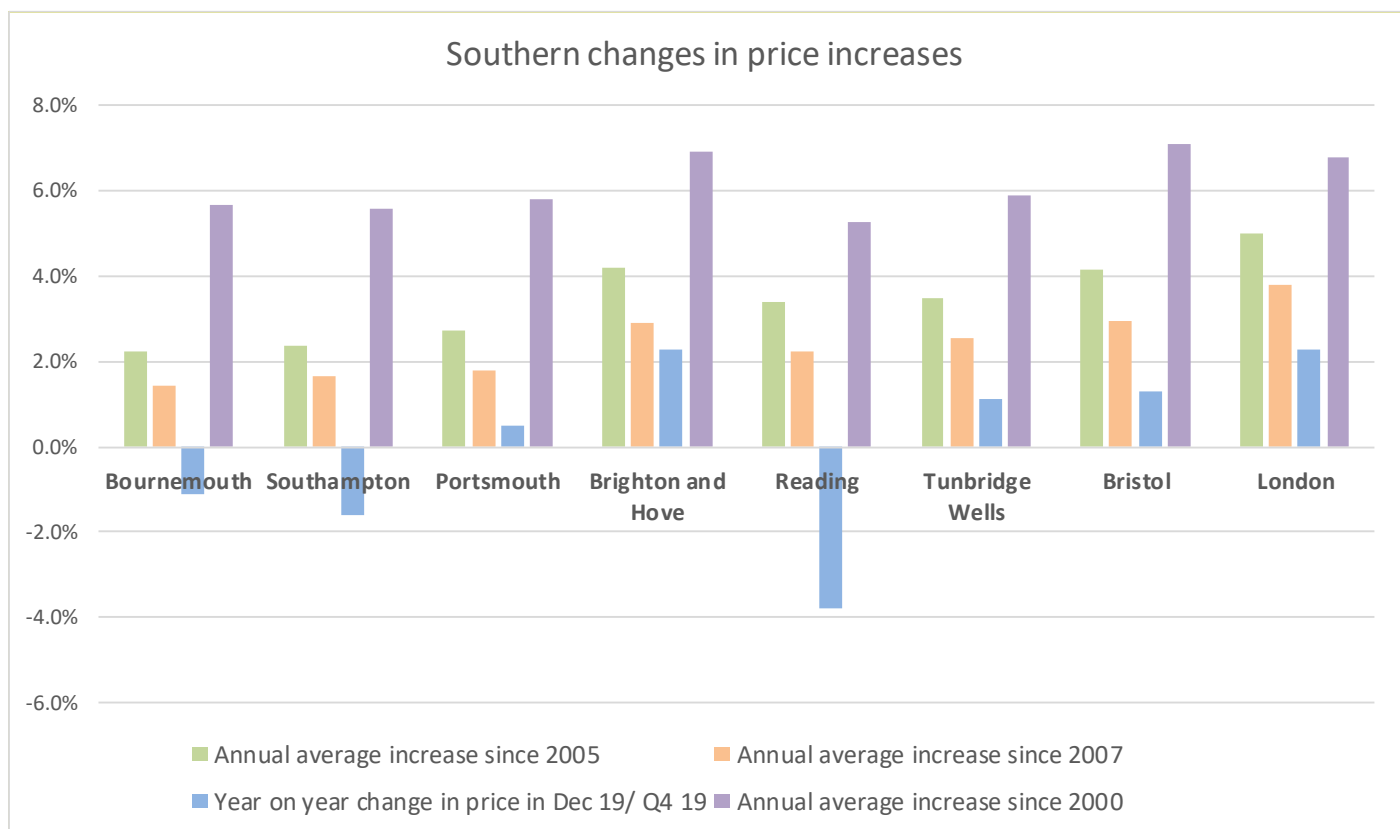


Source: [UK HPI](#)

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

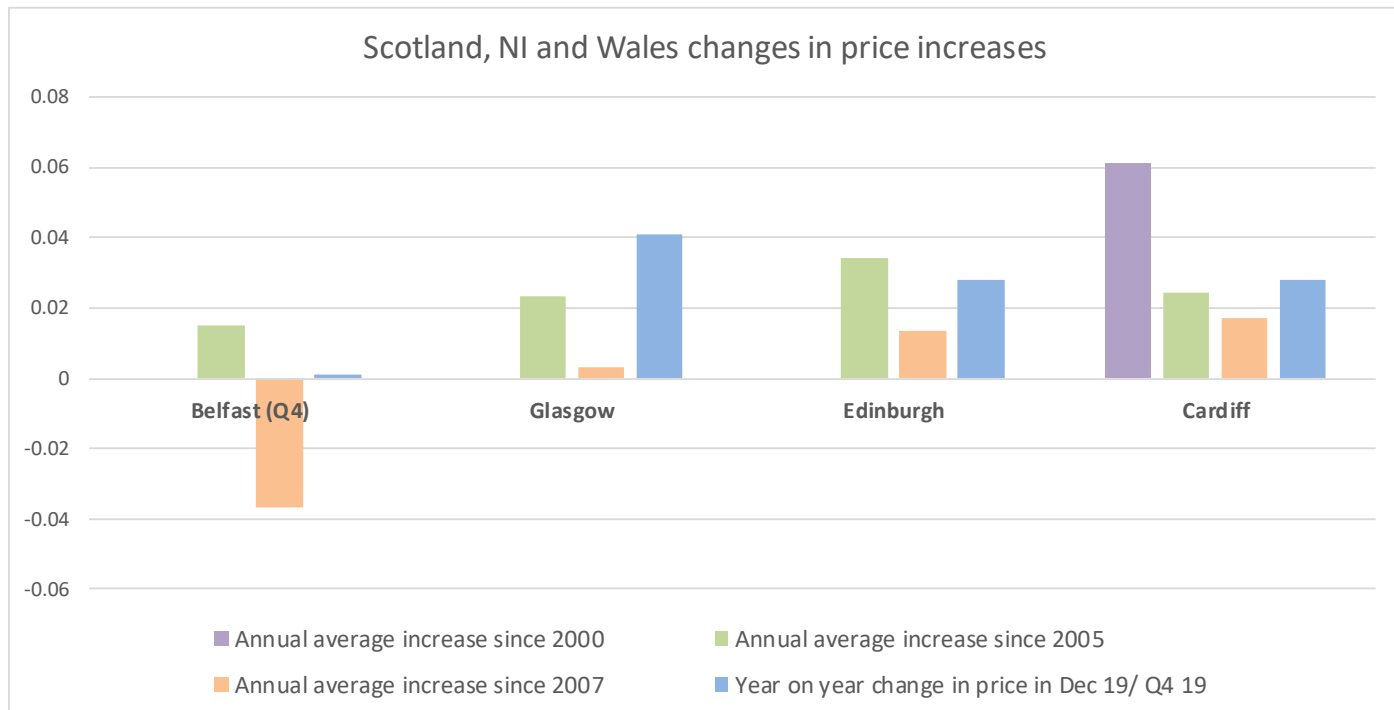


Source: [UK HPI](#)



Source: [UK HPI](#)

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

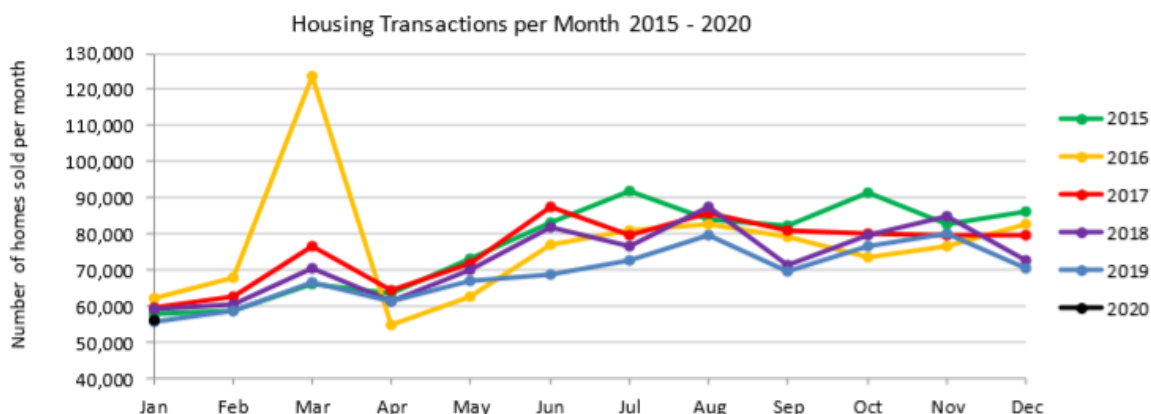


Source: UK HPI

Property transactions, demand and supply

Property volumes

Transaction wise, LSL’s annual house tracker is a really useful gauge of where we are, with 2019 volumes falling below 2017 and 2018.



Source: [LSL Acadata HPI](#)

For this year, property sales are likely to increase in the first half of the year as buyer enquiries rise, although we may have two to three months ‘glitch’ if people’s movements are restricted due to the Coronavirus. This could particularly affect the ‘trading down’ and retirement new build sector who are perhaps the most vulnerable to the virus, but also the most easily ‘spooked’ of the different buying sectors.

My prediction is sales should, go back to 2018 levels, unless the economy is seriously affected by Coronavirus for the long, rather than the short term (see article).

The NAEA show agreed sales are up to eight from seven last year, although strangely, despite all the extra activity, Rightmove report a rise in the time it takes to sell a property, over recent months, although the 71 days is on a par with time taken last January.

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 M32 74% of the properties on the market are under offer.

From PropCast’s perspective, the hot markets from a postcode perspective don’t necessarily track the overall increases and decreases seen even at town and city levels, with Bristol and Manchester having some of the busiest markets, and London and Liverpool having some of the slower ones.

Top 10 hot markets - buyer demand

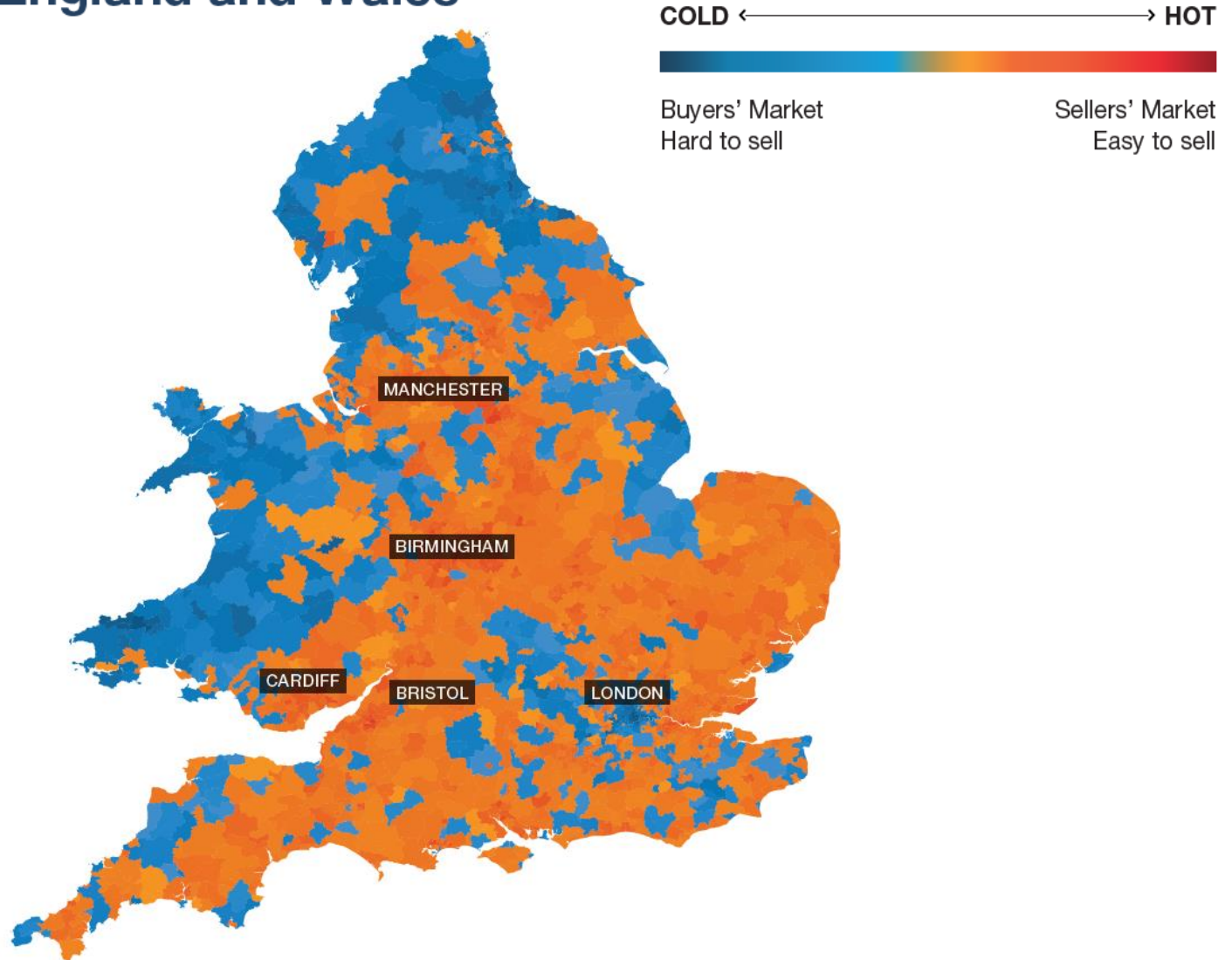
Postcode	%	Mar 2020
M32	74°	Manchester
BS6	74°	Bristol
BS7	73°	Bristol
DA7	71°	Bexleyheath
BS2	70°	Bristol
BS5	70°	Bristol
DA16	68°	Welling
BS10	68°	Bristol
BS3	68°	Bristol
B44	67°	Birmingham

Top 10 cold markets - buyer demand

Postcode	%	Mar 2020
L2	8°	Liverpool
W1	8°	London
EC2	10°	London
WC2	12°	London
NW8	12°	London
TS22	13°	Billingham
W2	13°	London
SW5	15°	London
L1	16°	Liverpool
TS21	16°	Stockton-On-Tees

Source: [The Advisory](#)

England and Wales



Source: [The Advisory](#)

[Rightmove](#)

“The number of sales agreed is up by 12.3% compared to the same period a year ago. London has sales agreed numbers up by 26.4% on 12 months ago, which was admittedly a time when buyer activity was at a low ebb. Nationally, new seller numbers are failing to keep pace with the jump in sales activity, although they are finally starting to rise, with over 110,000 properties coming to market in this reporting period, up by 2.1% compared to the same period last year. This is the first time that we have seen a year-on year rise in new supply for 13 months.” (Feb 20)

[NAEA Propertymark](#)

“The number of sales made to FTBs in January remained at 29 per cent. The number of properties available per member branch fell from 41 in December, to 38 in January. Year-on-year, the supply of housing is up, rising marginally from 36 in January 2019. The number of house hunters registered per estate agent branch increased by 22 percent in January, rising from 313 to 382. This is the highest figure seen since September 2019 when there were 387 prospective buyers registered. Year-on-year, housing demand is up by more than a quarter since January 2019, rising from 297 house hunters per branch.” (Jan 20)

RICS

“The vast majority of regions saw a noticeable pick-up in buyer enquiries during January, albeit trends remained a little flatter in Yorkshire and the Humber as well as in the North West. Again, most parts of the UK were said to have seen solid growth in sales, led by the West Midlands, Northern Ireland and Wales. Looking ahead, sales expectations are now comfortably positive across all UK regions/countries, both in the near term and at the twelve month horizon. Alongside this, the flow of new instructions coming onto the market also increased during January.” (Jan 20)

Hometrack

“The supply of new homes coming to the market for sale has recorded the usual seasonal uplift. Increased buyer demand will naturally bring more homes to the market. However, the total stock of homes available to buy across UK cities is just 2.6% higher than this time last year. Across nine cities the stock of homes for sale is lower than a year ago by as much as 6%. Strong demand and growing sales are eroding available supply at a faster rate than it is being replenished. This is exacerbated where demand from first time buyers is high as this group do not have property to sell. Eleven cities have more homes for sale than this time last year. Strong demand and attractive affordability mean above average price growth can be sustained in cities such as Nottingham, Liverpool and Manchester. Greater supply in Oxford and Cambridge is more likely a result of sellers, who were sitting on their hands waiting for market conditions to improve, deciding to make their move, encouraged by improving sentiment.” (Jan 20)

Bank of England

“Mortgage approvals for house purchase (an indicator for future lending) rose to 70,900 in January, 4.4% higher than in December, and the highest since February 2016. This takes the series above the very narrow range seen over past few years.” (Jan 20)

UK Finance

“There were 29,490 new first-time buyer mortgages completed in December 2019, 0.3 per cent more than in the same month in 2018. There were 29,400 homemover mortgages completed in December 2019, 3.2 per cent more than in the same month a year earlier.” (Dec 19)

New property listings vs properties sold

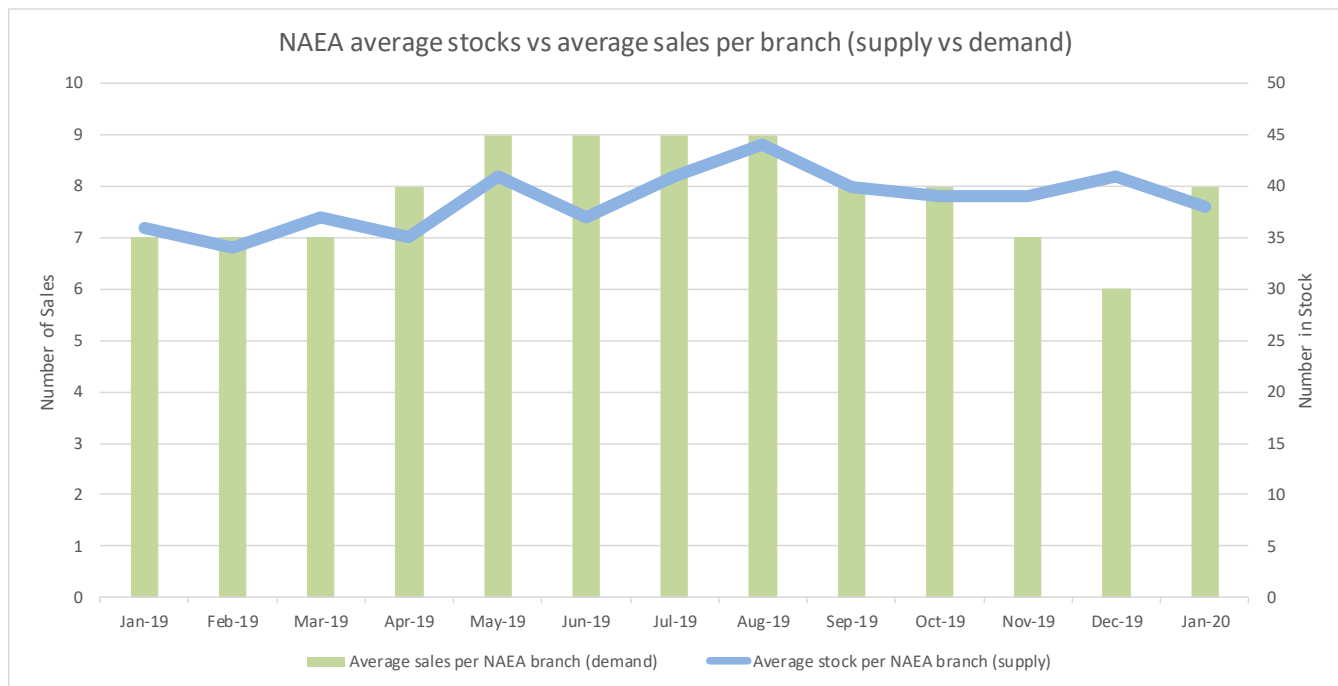
	New Listings		Properties Sold	
	Dec - Mar 20	Dec - Feb 19	Dec - Feb 20	Dec - Feb 19
NATIONAL	3.6	1.6	4.2	0.1
Central England	6	-1.7	10.8	-1.8
East Anglia	-2.1	1.4	5.1	-1.8
East Midlands	13.1	9.1	8.1	3.5
London	-17.5	-23.1	4	1
North East	11.2	4.4	3.7	-0.7
North West	2	5.1	-0.4	-1.9
Scotland	7.9	2.6	5.6	4.9
South East	-0.6	-3.3	2.3	0.1
South West	10.6	1.8	2.1	-1.6
Wales	3.2	10.4	6.1	1.3
West Midlands	6.2	5.7	-0.2	-1
Yorks & Humber	10.8	11.6	7.5	3.9

Source: [Agency Express](#)

Average sale and time on market

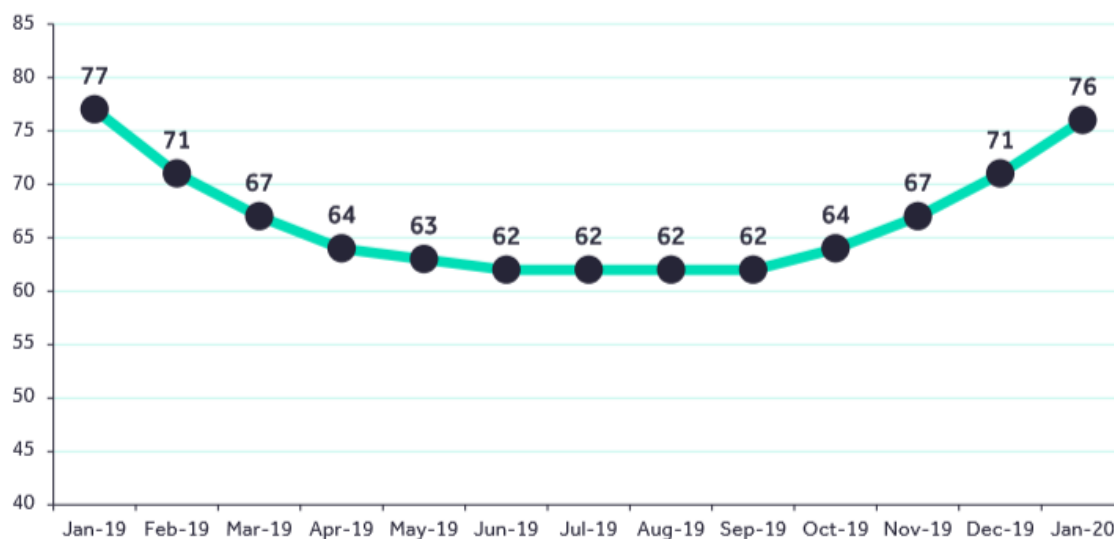
With prices rising steadily for the last few years, mainly due to demand just edging ahead of supply in many areas, we are seeing average sales continue to run at around 7-8 per month, per branch (NAEA), with a bit of a ‘summer bounce’ last year achieving nine per month.

NAEA Propertymark *“The number of sales agreed per branch increased by a third, from an average of six in December to eight in January. Year-on-year, this number has increased, from seven sales agreed in both January 2017 and January 2018.” (Jan 20)*



Source: [NAEA Propertymark](#)

Average ‘time to secure a buyer’ (no of days) - National



Source: [Rightmove](#)