

January 2021 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 make it easy to access the information and support consumers' needs via FREE of charge eBooks, checklists, articles and one-to-one advice.

Impact of Covid-19 on property statistics

Over the last few months, we have been checking and scrutinising house market statistics as many were still being influenced by lockdown as the market didn't open until mid-May. However, we are starting to see similar trends emerging between the indices suggesting that the stats are being less affected. But I would still only take averages with a pinch of salt. What matters to home movers and investors is what's happening to property prices/rents on a particular street as at a local level, we see huge variations versus the 'average'.

Summary of current property price reports

Report Headlines

Rightmove	<i>"2021 forecast: 4% price growth as housing priorities outweigh uncertainties"</i>
NAEA PropertyMark	<i>"Home buyers storm the market in hope of meeting Stamp Duty deadline"</i>
RICS	<i>"Sales market activity indicators remain positive albeit momentum continues to ease"</i>
Nationwide	<i>"Annual house price growth rose to a six-year high of 7.3% at the end of 2020"</i>
Halifax	<i>"House prices end 2020 at record high, but pace of growth has slowed"</i>
e.surv	<i>"Prices continue to climb despite the second lockdown"</i>
Hometrack	<i>"House price growth climbs to +3.9% - expected to plateau at 5% in 2021 Q1"</i>

What's happening in the property market currently?

	High	Low	Oct-20	Nov-20	Dec-20	Annual Change	Annual Average (05 - 20)		
Rightmove	£241,474	£213,570	£323,530	£322,025	£319,945	6.6%	3.3%	Asking prices	E & W
Nationwide	£184,131	£147,746	£227,826	£229,721	£230,920	7.3%	2.6%	Mortgaged only	UK
Halifax	£199,766	£157,767	£250,457	£253,243	£253,374	6.0%	2.8%	Mortgaged only, seasonally adjusted	UK
e.surv	£231,829	£197,145	£314,643	£319,816	n/a	5.8%	3.4%	Actual prices, includes cash sales	E & W
UK HPI	£190,032	£154,452	£245,443	n/a	n/a	5.4%	3.1%	Sold prices, includes cash sales and new builds	UK

National commentary from individual indices

- Rightmove *“2020’s unanticipated market momentum sees prices finish 6.6% up on 2019 despite a fall of 0.6% this month.”*
- RICS *“House prices continue to be driven sharply higher for the time being, with +65% of respondents citing a rise in the latest report. Indeed, the national net balance has now remained in a tight range of between +61% and +65% in each of the last four months, continuing to signal significant upward pressure on house prices across the UK as a whole.”*
- Nationwide *“Annual house price growth accelerated further in December, reaching a six year high of 7.3%, up from 6.5% in the previous month. House prices ended the year 5.3% above the level prevailing in March, when the pandemic struck the UK.”*
- Halifax *“House prices in December were 6.0% higher than in the same month a year earlier.”*
- e.surv *“While we are seeing the rapid growth in house prices begin to slow month on month, prices are still up significantly year on year. The data shows that the average house price in November 2020 was 5.8% higher than in November 2019, making this a record-breaking year for yet another reason. This increase in prices continues to be fuelled by the Stamp Duty tax break, which will continue until 31st March 2021.”*
- Hometrack *“The annual rate of UK house price growth has moved higher to +3.9% in November up from +1.3% a year ago. The 3-month growth rate peaked at 2% in September and has slowed, suggesting annual growth will start to plateau at c.5% in 2021 Q1.”*

The NAEA perhaps have some of the most startling facts this month from the indices, especially considering we had our second lockdown in England during November:

- Average number of prospective buyers registered per estate agent branch were at their highest since August 2004!
- Rather than falling in the run up to Xmas, the number of buyers registered were 29% higher than October.
- The average number of sales agreed per estate agent branch matched figures seen in 2002: 13 (vs 12 in October).
- This compares to the average number of sales in November 2018 and 2019 of 7 – so a staggering 86% increase.
- In contrast, the number of properties available per member branch stood at 40 in November vs 39 in October.

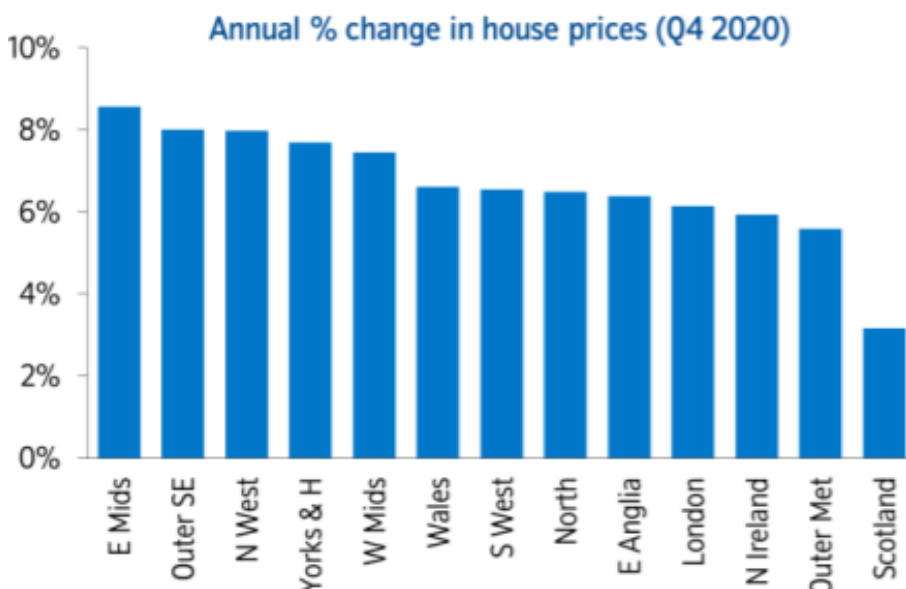
And with price rises for the year recorded of over 5% for most of the indices, Hometrack capture the reason succinctly:

“Over the whole of 2020 we have recorded 40% more demand for housing than in 2019. The flow of new supply onto the market has been 4% higher than 2019 and this supply/demand mismatch explains why house price growth is increasing.”

Regional property price performance

The 'norm' for regional performance is usually to be extremely diverse, but according to the Land Registry data, (which does lag a couple of months behind), shows October prices are consistently up by 5 or 6% year on year, bar the East (+3.4%) and London (+3.9%)

Meanwhile, from Nationwide's perspective, there is still some variation when it comes to mortgaged sales:



Source: [Nationwide](#)

It's notable that Scotland and Northern Ireland haven't seen the bigger rises other countries have, partly due to the markets being open later, while Wales continues to do well and areas where affordability has been reasonable in the past, eg the Midlands, North, are topping the charts on price growth – with the exception of the Outer SE.

Regional commentary from individual indices

Property Prices - Regions	Latest month's data Oct-20	Changes since 2007 peak	Year on year change in price in Oct 20	Annual average increase since 2005	Annual average increase since 2007	Annual average increase since 2000
North East	£136,281	-2%	5.4%	1.3%	-0.2%	5.1%
North West	£177,796	17%	6.6%	2.5%	1.1%	6.1%
Yorkshire & The Humber	£177,115	18%	6.6%	2.5%	1.2%	6.2%
East Midlands	£207,605	30%	6.6%	2.7%	1.9%	6.3%
West Midlands	£210,637	27%	5.3%	2.6%	1.7%	5.8%
South West	£274,319	29%	6.1%	2.8%	1.8%	6.0%
East	£300,744	43%	3.4%	3.4%	2.6%	6.3%
South East	£337,412	41%	4.7%	3.5%	2.5%	5.7%
London	£490,936	64%	3.9%	4.8%	3.6%	6.5%

Source: [UK HPI](#)

Regional commentary from individual indices – cont'd

RICS *“London is the only region where house price inflation appears somewhat muted, with the latest net balance across the capital coming in at just +7% (down from +13% previously).”*

Nationwide *“England saw the highest growth amongst the home nations in 2020, with prices up 6.9%. This is a sharp contrast with 2019 when England was the weakest nation with minimal annual growth.*

All regions in England saw prices rise over the year, within a fairly narrow range of 5% to 9%. The East Midlands was the strongest region in 2020, with prices up 8.6% over the year. The Outer South East region, which includes cities such as Brighton, Southampton and Oxford, saw a significant change in fortunes – prices were up 8% in 2020, following a 1% decline in 2019. The neighbouring Outer Metropolitan region, which includes places such as Slough, Guildford, Crawley and Chelmsford, was the weakest performing English region, but still saw prices rise by 5.6% over the year. Meanwhile, London saw a 6.2% increase, with average prices reaching their highest ever at £486,562.

“We also saw a marked rise in annual price growth in Northern England in the fourth quarter, in particular in the North West and Yorkshire & Humberside, where annual price growth increased to 8.0% and 7.7%, respectively.

“Wales saw prices rise by 6.6%, whilst Northern Ireland saw a 5.9% increase. Scotland saw the weakest growth of the home nations, with prices only up 3.2% in 2020. This contrasts with 2019, where Scotland ended the year on top, with growth of 2.8%.”

e.surv *“This is the second consecutive month since February 2016 that all ten of the Government Office Regions (GOR) have simultaneously set a new record average house price. It is also the fourth month in a row in which all ten of the GOR areas have seen a positive movement in their annual growth rates.*

“In October, the South West has climbed into first place, with 6.4% growth, deposing the South East, the previous month’s leader, into second position, with growth of 5.9%, which itself is marginally ahead of the North West, where prices are increasing by 5.8%. The largest increase in price growth in the month was seen in the East Midlands, where rates are now at 4.6%, compared to 3.2% previously.”

Hometrack *“The impetus for house price growth is coming from northern England and Wales where affordability remains less of a barrier to price growth. Average prices in the North West are increasing at 5% followed by Wales and Yorkshire and the Humber (both 4.9%).”*

Analysis of towns/cities

The two best sets of stats for towns and cities come from the Land Registry and Hometrack. The advantage of the Land Registry is that it covers everywhere, but unfortunately lags the market by some months. Hometrack only covers 20 major cities, but it does give much later coverage.

Unlike the regional data, the towns and cities show performance is still very variable with Newcastle upon Tyne and Cambridge showing small falls, while Oxford and Liverpool prices storm the market with increases up by over 9% - rises we haven't seen for some time.

Property Prices Towns/Cities <i>England, Wales, Scotland & NI</i>	Highest average house price pre-credit crunch 2007/08	Latest month's data Oct 20/ Q3 20	Year on year change in price in Oct 20/ Q3 20	Annual average increase since 2005
Belfast (Q3)	£213,626	£136,436	2.0%	1.6%
Glasgow	£130,473	£146,763	6.8%	2.7%
Edinburgh	£225,750	£280,966	1.7%	3.5%
Cardiff	£170,496	£217,804	2.6%	2.4%
Newcastle upon Tyne	£164,935	£167,002	-0.1%	1.2%
Bradford	£139,640	£146,957	5.9%	2.5%
Liverpool	£130,249	£149,938	9.2%	2.3%
Leeds	£161,439	£199,154	5.3%	2.5%
Sheffield	£144,875	£178,787	6.0%	2.8%
Manchester	£140,431	£191,505	3.3%	4.6%
Lincoln	£128,707	£156,234	1.3%	2.5%
Nottingham	£119,010	£159,325	7.7%	2.3%
Norwich	£166,498	£211,280	2.0%	3.2%
Peterborough	£156,264	£200,033	0.3%	2.6%
Birmingham	£148,578	£192,900	1.6%	2.4%
Leicester	£135,317	£192,427	7.8%	3.1%
Milton Keynes	£194,666	£264,820	2.8%	3.3%
Oxford	£289,855	£454,010	9.5%	4.3%
Cambridge	£283,241	£442,012	-0.8%	4.5%
Bournemouth, Christchurch & Poole	£206,227	£292,394	4.1%	3.1%
Southampton	£168,795	£212,211	1.3%	2.3%
Portsmouth	£169,633	£221,908	6.3%	2.8%
Brighton and Hove	£257,108	£386,631	6.8%	4.2%
Reading	£216,724	£300,968	3.3%	3.4%
Tunbridge Wells	£279,413	£400,113	3.1%	3.5%
Bristol	£195,196	£304,209	5.6%	4.3%
London	£298,596	£490,936	3.9%	4.8%

Source: [UK HPI](#)

Analysis of towns/cities – cont'd

Zoopla UK house price index – City Summary - November 2020

	Average price	%yoy Nov-20	%yoy Nov-19	Monthly trend	Annual trend
UK	£222,900	3.9%	1.3%		
20 city index	£259,900	3.5%	1.4%		
Manchester	£179,200	5.7%	3.4%		
Leeds	£175,000	5.6%	2.3%		
Nottingham	£164,800	5.4%	3.9%		
Liverpool	£126,600	5.3%	2.8%		
Leicester	£189,500	4.5%	4.2%		
Sheffield	£143,200	4.3%	2.4%		
Cardiff	£215,700	4.2%	2.2%		
Birmingham	£172,600	3.9%	2.7%		
Bristol	£287,800	3.5%	1.8%		
Newcastle	£129,500	3.2%	0.3%		
Portsmouth	£244,700	3.2%	1.0%		
Edinburgh	£234,000	3.0%	4.0%		
Belfast	£140,700	2.9%	3.5%		
London	£485,100	2.8%	0.2%		
Bournemouth	£294,000	2.6%	1.0%		
Glasgow	£121,500	2.3%	3.1%		
Southampton	£229,400	2.1%	0.0%		
Oxford	£407,100	2.1%	-0.4%		
Cambridge	£415,200	0.7%	1.6%		
Aberdeen	£141,500	-2.6%	-4.6%		

Source: [Hometrack](#)

Hometrack data does suggest more modest changes for prices in their 20 tracked towns – but more up to date data, they state:

“As we approach the final two weeks of the year, housing market activity is slowing but remains unseasonably strong. The ‘once in a lifetime re-assessment of housing’ kick-started by the pandemic has further to run in our view.”

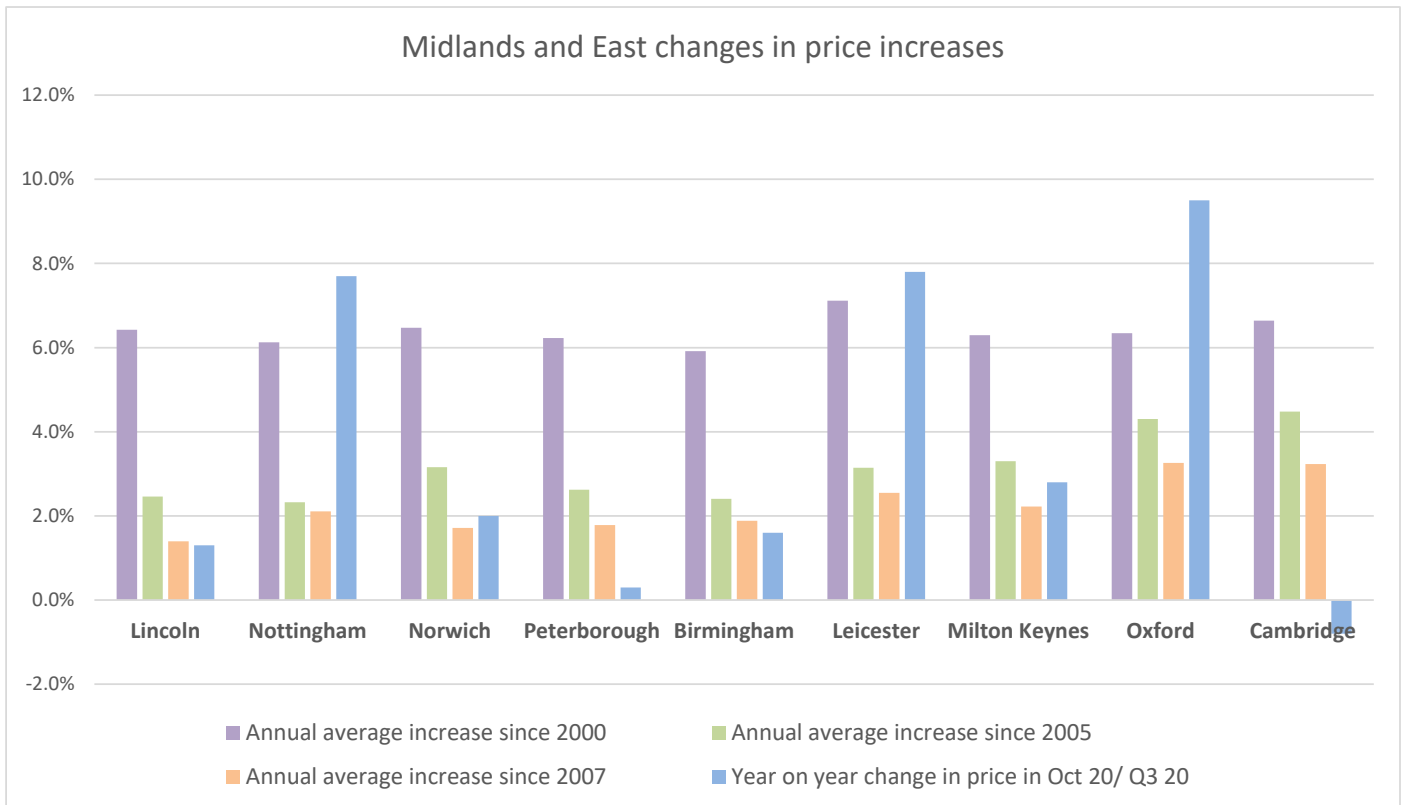
They conclude that:

“[There will be a] seasonally strong start to 2021 with older, equity-rich, long-time owning households continuing to take a growing share of sales.”

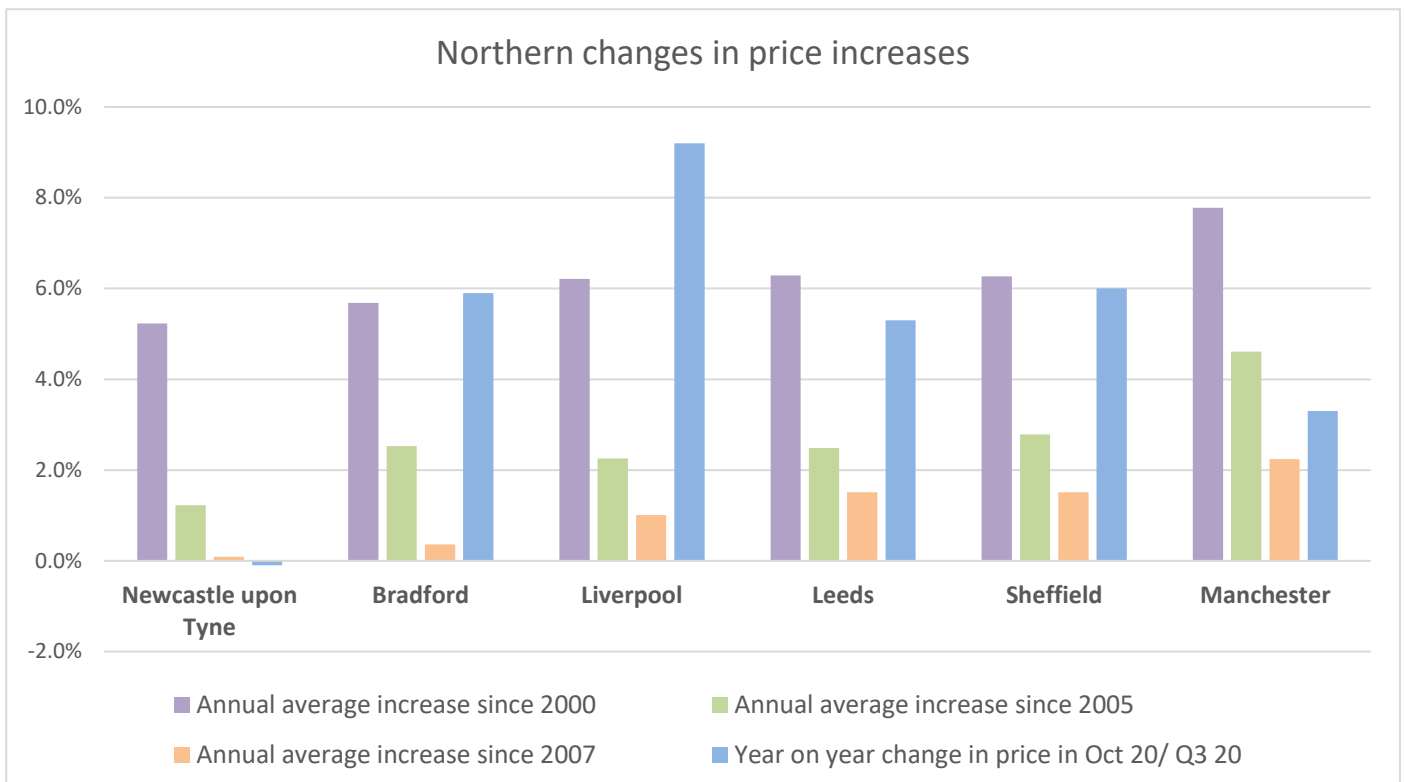
Five high growth areas YoY towns/cities	YoY %	Five low growth areas YoY towns/cities	YoY %	Five high growth areas last 14 years towns/cities	%	Five low growth areas last 14 years towns/cities	%
Oxford	9.5%	Cambridge	-0.8%	London	64%	Belfast (Q3)	-36%
Liverpool	9.2%	Newcastle upon Tyne	-0.1%	Oxford	57%	Newcastle upon Tyne	1%
Leicester	7.8%	Peterborough	0.3%	Cambridge	56%	Bradford	5%
Nottingham	7.7%	Southampton	1.3%	Bristol	56%	Glasgow	12%
Glasgow	6.8%	Lincoln	1.3%	Brighton and Hove	50%	Liverpool	15%
Three high growth areas YoY London	YoY %	Three low growth areas YoY London	YoY %	Three high growth areas last 14 years London	%	Three low growth areas last 14 years London	%
Kensington and Chelsea	10.7%	Southwark	0.4%	Waltham Forest	84%	Hammersmith and Fulham	38%
Merton	10.6%	Hammersmith and Fulham	0.7%	Lewisham	81%	Tower Hamlets	46%
Ealing	9.1%	Barnet	1.0%	Merton	78%	Sutton	49%

Source: [UK HPI](#)

Analysis of towns/cities – cont'd

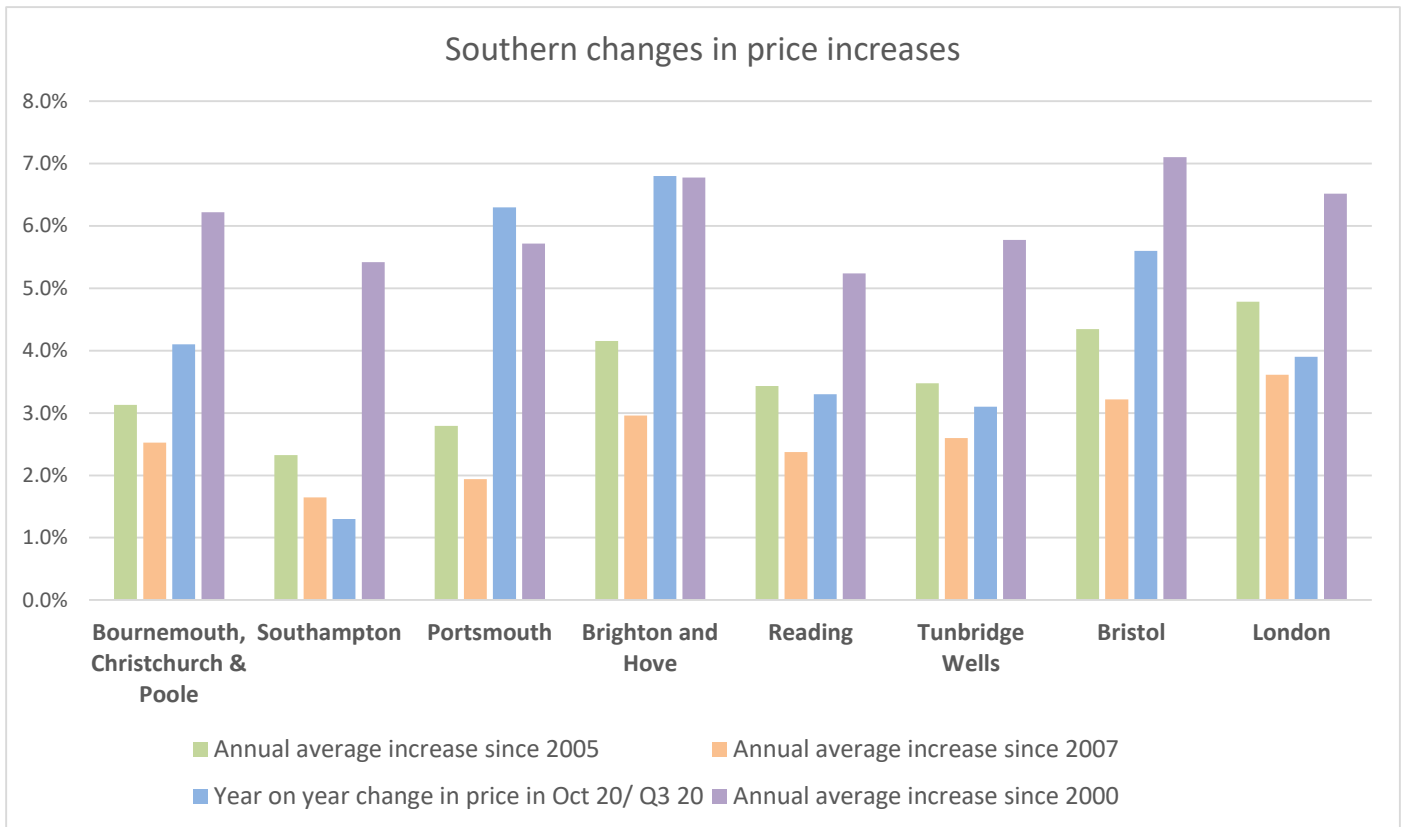


Source: [UK HPI](#)

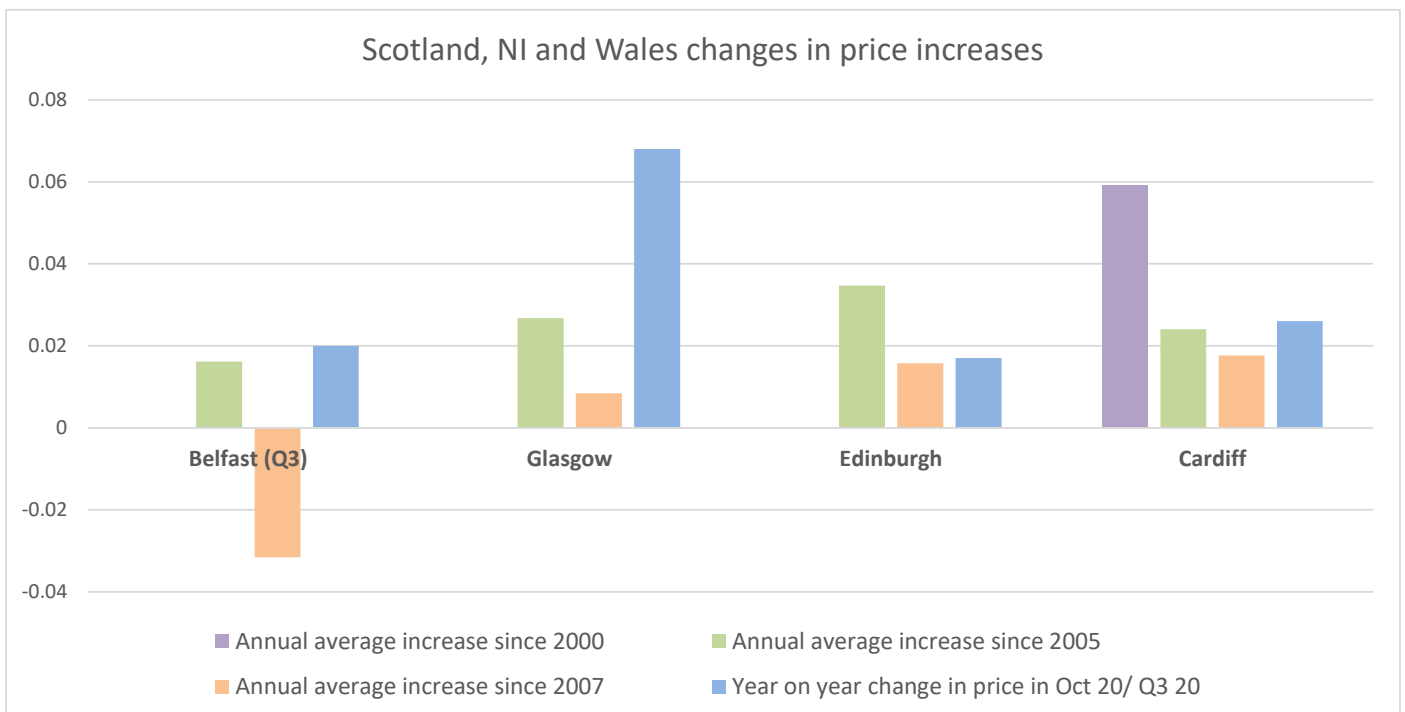


Source: [UK HPI](#)

Analysis of towns/cities – cont'd



Source: [UK HPI](#)



Source: [UK HPI](#)

Town/city commentary from individual indices

e.surv

“The table above shows the relative movement in the rates of annual house price growth of 12 conurbation areas/cities in England and Wales, over the period August - October 2020. The ‘simple average’ annual house price growth of the 12 conurbations amounted to +4.1% in August 2020, +4.5% in September and +5.8% in October – so it would appear that prices in our major urban areas have generally been increasing over these three months.”

Hometrack

“At a city level, Manchester is registering growth of 5.7% followed by Leeds, Nottingham and Liverpool all recording growth over 5% per annum.”

Property transactions, demand and supply

The figures for transactions – especially mortgages – are as incredible as they are for prices in 2020. Nationwide are saying:

“The number of mortgages approved for house purchases each month reached their highest level for a decade in October, nearly 50% above the monthly average recorded in 2019. Indeed, by the end of October, the total number of mortgages approved for house purchase in 2020 was only 7% below the total recorded over the same period in 2019.”

Which considering the market was locked down for almost two months is astonishing.

Halifax though report figures to be higher for more than a decade:

“Mortgage approvals rose in November to the highest level seen in over 13 years. The latest Bank of England figures show the number of mortgages approved to finance house purchases rose by 6.7% to 104,969. Year-on-year, the November figure was 56.4% above November 2019.” (Source: Bank of England, seasonally-adjusted figures)

The Halifax data confirms why lenders are so busy and it explains the difficulties in securing mortgage statements etc when buying and selling, which can frustrate completions. We can only hope that by some miracle, lenders will have been able to ramp up their services so they can cope over the coming months for the industry and home movers to be able to move prior to the SDLT deadline – if the industry’s wish for a new year announcement of an extension isn’t granted.

Property transactions, demand and supply commentary from the indices

Rightmove

“Despite the clock ticking, around 130,000 sales were agreed over the last month, up by a remarkable 44% on the same period in 2019. A month ago we said that there were a massive 650,000 sales agreed and in the pipeline, many of which will be aiming for completion before 31st March to qualify for stamp duty savings. One month on, and a month closer to that deadline, the figure remains at around 650,000 because 130,000 additional sales have joined the processing logjam and replaced the 130,000 completions or fall-throughs that have taken place in the last month. Some completions are already projected to be delayed until April, especially where there are search delays, legal issues or complex mortgage applications.

“Demand has therefore exceeded supply in 2020 with the number of properties coming to market for the year to date down by 0.6% on the same period in 2019, and the number of sales agreed up by 8.3%. As a consequence, the number of available properties for sale is at a record low, indicating scope for some further modest price increases overall in 2021 despite those uncertainties.”

NAEA Propertymark

“The average number of sales agreed per estate agent branch stood at 13 in November which is a small increase from 12 in October. This is the highest figure recorded for the month of November since 2002, when the number also stood at 13. Year-on-year, the average number of sales agreed per branch has increased by 86 per cent, rising from seven in November 2018 and 2019.

“The number of sales made to FTBs stood at 24 per cent in November, rising from 21 per cent in October. Year-on-year, this is a fall of four percentage points from 28 per cent in November 2019.

“The number of properties available per member branch stood at 40 in November, rising marginally from 39 in October.

Property transactions, demand and supply commentary from the indices – cont'd

“The average number of house hunters registered per estate agent branch stood at 580 in November, which is an increase of 29 per cent from 451 in October. This is the highest number recorded since August 2004 when there were 582 buyers on estate agents’ books and the highest number since records began for the month of November.”

RICS

“In terms of new buyer demand, +15% of survey participants saw an increase in enquiries during December. Although still positive and therefore indicative of some degree of uplift in demand, this latest reading is down from +26% last time out and has now moderated in five successive reports.

“Meanwhile, the flow of new instructions being listed onto the sales market continued to pick-up over the month, albeit modestly, evidenced by +7% of respondents reporting an increase. Alongside this, the number of appraisals being undertaken remains higher than in the comparable period of 2019, with December also coming in at +7%. Nevertheless, in both cases, these indicators have softened over recent months in another sign that momentum has eased of late.

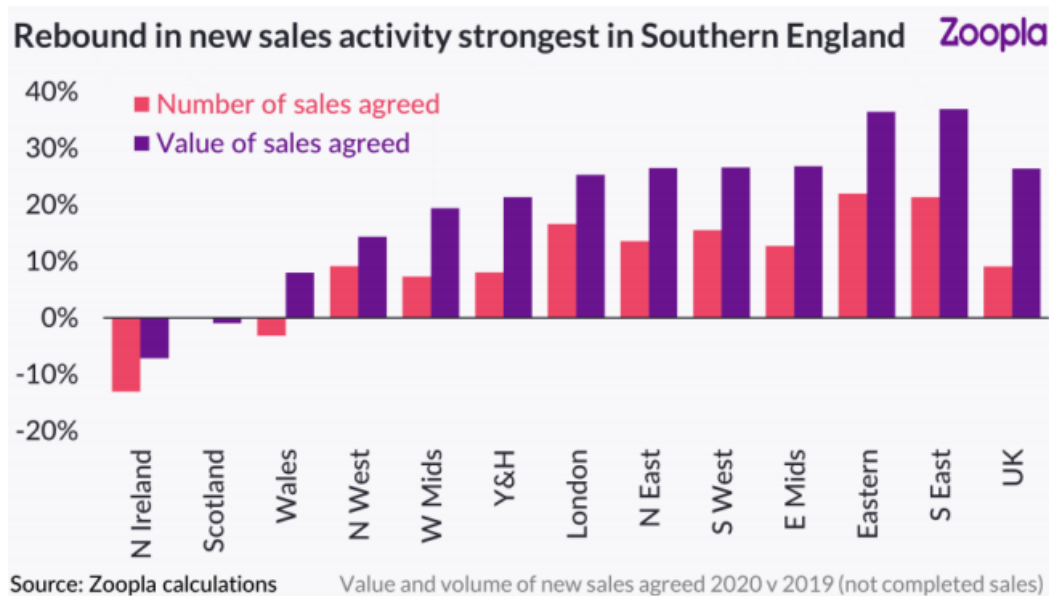
“The survey’s indicator on agreed sales returned a net balance reading of +18% in December, compared with +24% previously. As such, this represents the seventh consecutive positive monthly reading, albeit growth has clearly softened relative the summer and autumn periods (during which the net balance hit a high of +60%).”

Hometrack

South of England leads the recovery in new sales

Sales agreed continue to run ahead of last year by over 40%, in line with above average demand. Over the course of 2020 we have recorded 9% more new sales agreed than in 2019. These sales convert into completions after 3-4 months so a proportion of these new sales will not complete until 2021.

The rebound in sales has been strongest in the South East and Eastern regions where they are more than 20% higher than 2019. Sales agreed have lagged in Scotland, Wales and Northern Ireland as a result of longer market housing market closures than in England over the year.



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 L16 81% 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 Liverpool, and Sheffield having some of the busiest markets, and London and Liverpool having some of the slower ones. [View the House Selling Weather Forecast here.](#)

Top 10 hot markets - buyer demand

Postcode	%	Dec 20
BN42	87	Brighton
BS5	84	Bristol
BS41	81	Bristol
BS3	81	Bristol
BN13	81	Worthing
BH18	80	Broadstone
BS7	80	Bristol
BH17	79	Poole
KT24	79	Leatherhead
L10	79	Liverpool

Top 10 cold markets - buyer demand

Postcode	%	Dec 20
WC2	10	London
W1	11	London
EC2	12	London
W2	14	London
L2	14	Liverpool
WC1	14	London
NW8	15	London
SW3	15	London
W9	16	London
SW1	16	London

Source: [TheAdvisory](#)

What's the future for house prices in 2021?

Many of the indices are predicting little growth or a few falls this year.

Property Price Forecasts	Savills 2021	Knight Frank 2021	Hamptons 2021	JLL 2021
<i>Date of publication/source</i>	(Oct 20)	(Dec 19)	(Nov 20)	(Nov 20)
UK	0.0%	3.0%		-1.5%
London	0.0%	2.0%	-1.0%	0.0%
South East	0.0%	3.0%	0.5%	-1.0%
South West	0.0%	3.0%	-1.0%	-2.0%
East of England	0.0%	3.0%	1.0%	-1.5%
East Midlands	0.0%	3.0%	-0.5%	-1.0%
West Midlands	0.0%	3.0%	-1.5%	-1.0%
North East	0.0%	3.0%	1.0%	-2.5%
North West	0.0%	3.0%	0.5%	-1.0%
Yorks & Humber	0.0%	3.0%	1.0%	-2.0%
Wales	0.0%	3.0%	1.0%	-2.5%
Scotland	0.0%	3.0%	0.0%	-1.5%

However, reallymoving produces an interesting forecast by region which is based on the information they receive for pending moves based on their quote system for legals, surveying and removals:

They estimate bigger falls than most of the estimates for the first quarter of the year:

- House prices will fall by 6.2% in the first quarter of 2021, following December price peak
- Decline will accelerate month on month (-1.2% in January, -2.5% in February, -2.6% in March)
- Average house price to fall from £352,106 in December 2020 to £330,295 in March 2021

How are these figures calculated? Reallymoving captures the purchase price buyers have agreed to pay when they search for conveyancing quotes through the comparison site, typically 12 weeks before they complete. This enables reallymoving to provide an accurate three-month house price forecast that historically has closely tracked the Land Registry's Price Paid data, published retrospectively.

On a regional basis, they expect *"eleven out of twelve UK regions set to see average house prices fall over the first quarter"*. This includes the West Midlands (-12.2%), North East (-11.4%) and South West (-10.6%). Wales is the only region to see prices rise, which could be due to strong demand for extra space, rural lifestyles and second homes post-lockdown, although price gains of 2.7% in January and 2.8% in February will be partly negated by a 2.7% fall in March, suggesting the correction being seen across the rest of the UK may simply be delayed in Wales.

Who knows quite what will happen in Q1, what we do know is if SDLT isn't extended, then everyone is going to be extremely busy working hard to get as many sales over the line as possible.