The UK's most comprehensive property price report

This report is to help give everyone – industry and consumers – a quick five minute guide to what's happening in the property market, according to the property indices, along with property expert Kate Faulkner's comments.

Property price and market indices summary

Rightmove	***Mass-market prices hit new record as upper end cools*** *"New record highs in price of property coming to market in the mass-market sectors, made up of first-time buyer properties and second-stepper properties in the month. Cooling of the upper-end four-bedroom-plus sector, down by (-0.8%) in the month, with buyers no longer making larger stamp duty savings. The overall result is that the national average falls (-0.3%) this month, the first price drop recorded in 2021."*
RICS	***Activity cools slightly as Stamp Duty break is tapered*** *"This tight supply backdrop is a crucial factor in sustaining upward pressure on house prices for the time being. Furthermore, all parts of the UK continue to see firm growth in house prices, with the North of England, Wales and East Anglia seeing especially strong growth. At the other end of the scale, London is seeing somewhat more moderate feedback on price growth."*
Nationwide	***August upturn as UK house price growth increases to 11%*** *"Annual house price growth increased to 11% in August, from 10.5% in July. House prices are now around 13% higher than when the pandemic began. The bounce back in August is surprising because it seemed more likely that the tapering of stamp duty relief in England at the end of June would take some of the heat out of the market."*
Halifax	**House prices hit record high in August – but pace of annual growth continues to slow** *"Average house prices climbed again in August, with the cost of a property increasing by 0.7%. Given the rapid gains seen over the past 12 months, August's rise was relatively modest and the annual rate of house price inflation continued to slow, hitting a five-month low of 7.1% (versus 7.6% in July). However, compared to June 2020, when the housing market began to reopen from the first lockdown, prices remain more than £23,600 higher (or +9.9%)."*
e.surv	***Annual prices continue to soften in August*** *"House prices remain resilient in the round – all the more surprising when you consider the market was expecting some of the heat in the market might have been dampened by the stamp duty relief taper in England at the end of June. We may conclude therefore that the continuing stamp duty holiday may be influencing prices at specific points. Any reduction in prices has been at the top end but we continue to have good demand from those buyers seeking to secure properties priced between £125,000 and £250,000 as their stamp duty relief remains in place until the end of September."*
Hometrack	***Mismatch between supply and demand still driving house price growth, now at 6.0%*** *"Average house price rose by +1.4% in the three months to the end of July, taking the annual rate of price growth to +6.0%, up from 2.3% in July 2020. However, this marks a slight slowing of growth from June, when the annual rate of growth was 6.3%. Price growth is highest in Wales (+9.4%), Northern Ireland (+9.0%) and the North West of England (+7.9%)."*

Summary of house price indices this month

Anyone trying to forecast the property market since it opened post the first lockdown must be scratching their heads! Trying to predict house price movements which are, to me, mostly based on consumer behaviour, is a tricky task. Most other markets I've worked in such as food, household goods, drink and the pet industry, have long term trends which are fairly similar year after year. That's not the case in the property market and the last 12 months' surprise changes in people's attitude to property continues to confound the punters – including me!

Having said that, the one thing that does seem to be fairly true is that across all regions now, since 2005, annual rises in the property market when smoothed out annually show that the indices, in the main, are reporting price rises in line with the 3% annual inflation we've seen since 2005, suggesting that although there are some areas/properties which are still rising faster than inflation, this may be the new norm for price growth versus the 6-7% annual growth people were 'used to' since 2000.

This confirms to me that any house price growth claims prior to 2005 need to be treated with caution as they typically double people's expectations versus what's been happening over the last 16 years.

	High 2007/08	Low 2009	Jun-21	Jul-21	Aug-21	Annual Change	Annual Average (05 - 21)		
Rightmove	£241,474	£213,570	£336,073	£338,447	£337,371	5.6%	3.7%	Asking prices	E & W
Nationwide	£184,131	£147,746	£245,432	£244,229	£248,857	11.0%	3.1%	Mortgaged only	UK
Halifax	£199,766	£157,767	£260,358	£261,221	£262,954	7.1%	3.0%	Mortgaged only , seasonally adjusted	UK
e.surv	£231,829	£197,145	£336,247	£328,434	n/a	5.0%	3.6%	Actual prices, includes cash sales	E & W
UK HPI	£190,032	£154,452	£265,668	n/a	n/a	13.2%	3.6%	Sold prices, includes cash sales and new builds	UK

How does house price growth differ by country?

Up until the pandemic, Scottish and Welsh price growth was clearly a worse performer versus England – primarily as they don't have the international drive of the likes of London. However, the property market has a way of always 'catching up' with itself – the old 'ripple effect' and it's clear from the current figures that both Wales and Scotland are now seeing house price growth on a similar level to England since 2005.

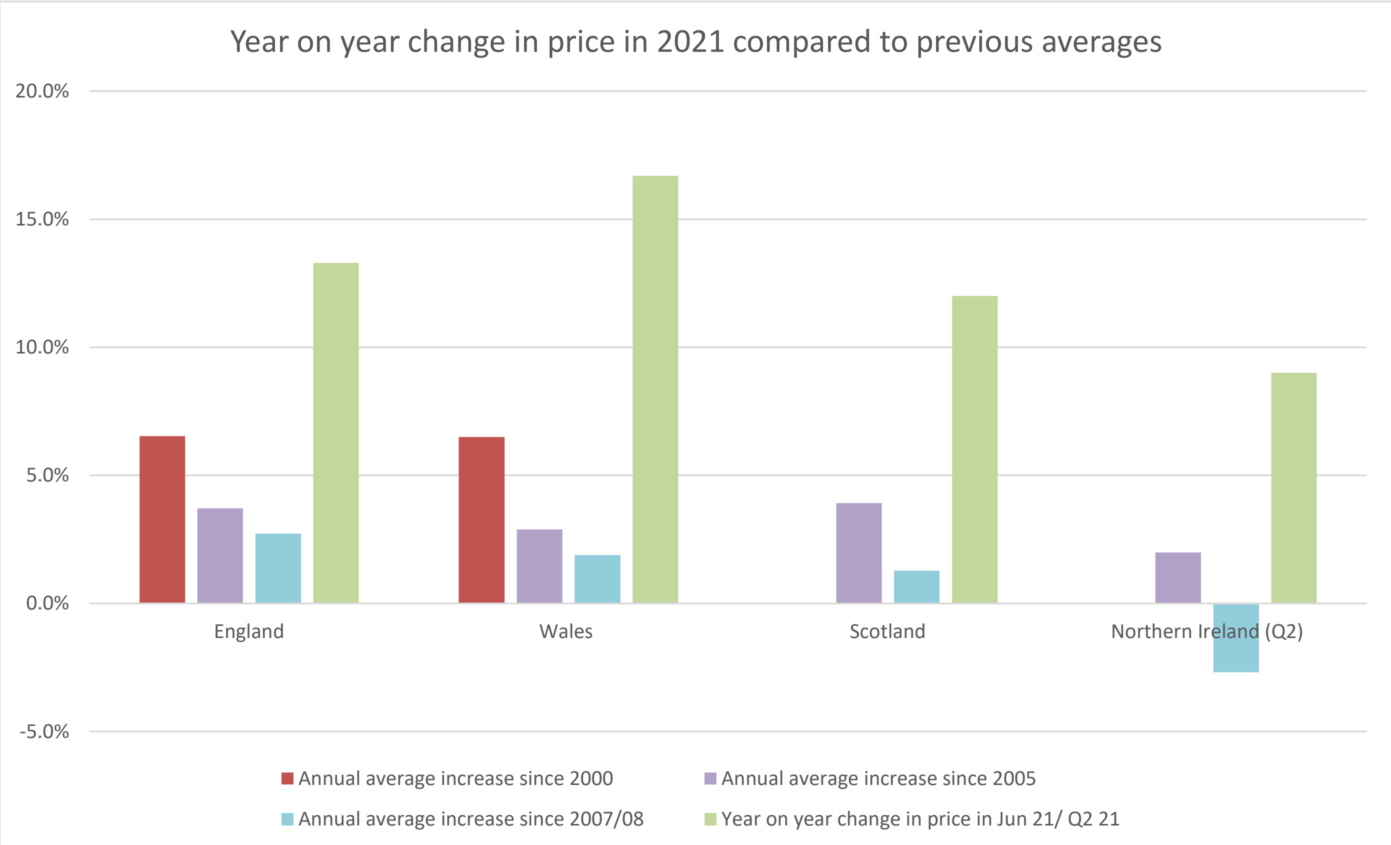
However, it's worth noting that although those in Northern Ireland can get very excited about 9% house price growth over the last 12 months, the impact of the 2007/8 credit crunch will still loom very large for those that bought then. The average house price – excluding the impact of inflation – since the credit crunch is 32% lower than it was all those years ago, and is likely to mean many that need to move are still in horrendous negative equity.

Having said that, the property market continues to move forward and is recovering for some, but the good news is it hasn't collapsed and although it will take many more years to come, hopefully this shows that negative equity, as long as you can still afford the mortgage, isn't necessarily the disaster many fear.

Property Prices - Countries	**Latest month's data Jun 21/ Q2 21**	**How much higher/ lower are latest prices vs height in 2007/8**	**Year on year change in price in Jun 21/ Q2 21**	**Annual average increase since 2005**	**Annual average increase since 2007/08**	**Annual average increase since 2000**
England	£284,029	46%	13.3%	3.7%	2.7%	6.5%
Wales	£195,291	30%	16.7%	2.9%	1.9%	6.5%
Scotland	£173,961	19%	12.0%	3.9%	1.3%	n/a
Northern Ireland *(Q2)*	£153,449	-32%	9.0%	2.0%	-2.7%	n/a

Source: UK HPI

Chart showing the data from the table above:



Source: UK HPI

How does house price growth differ by region in England?

The table below is different to the one we normally do. What it shows is the latest average price per region, according to the Land Registry, the year on changes, and then taking the average price in 2021 versus 2005, the annual increase for each region.

What's interesting is when you compare the annual average increase since 2005 for 2021 versus what these increases were pre-pandemic.

The end column clearly shows that before the pandemic, house price rises across the regions were only in excess of 2.9% annual inflation (from 2005) in the East, South East and London. All other areas where lower – especially in the North East, which only showed an annual increase of 0.8% versus 2.9% annual inflation.

What you can now see is the positive impact the pandemic has had on price growth – over time. And although we are seeing double digit growth of 13% plus in regions that had previously not grown at the same rate of inflation, bar the North East, these regions have now all caught up.

This is hugely important to understand. Currently, the talk of 'affordability' being a nightmare and much worse isn't correct, what the pandemic has done is levelled up the growth in property prices so that they match inflation – in other words, someone that owns their property outright will now see their property value being maintained as opposed to lagging behind in real terms.

The only region to still be lagging remains the Norther East. So, despite the 15.3% price rise year on year, it's important to be aware that still, versus 2005, house prices in this region remain cracking value and very affordable.

Property Prices - Regions	Latest month's data Jun-21	Year on year change in price in Jun 21	Annual average increase since 2005	Annual average increase since 2005 - as at Feb 20 pre-pandemic
North East	£149,521	15.3%	1.9%	0.8%
North West	£200,222	18.6%	3.3%	2.1%
Yorkshire & The Humber	£194,518	15.8%	3.1%	2.1%
East Midlands	£226,846	14.3%	3.3%	2.4%
West Midlands	£231,429	15.0%	3.2%	2.4%
South West	£294,906	13.7%	3.3%	2.6%
East	£327,017	12.1%	4.0%	3.3%
South East	£355,948	10.5%	3.8%	3.4%
London	£510,299	6.3%	5.0%	4.9%

Source: UK HPI

(See charts with different property price growth by region in the Appendix)

Which cities and towns are performing well or struggling?

There is definitely a bit more of a 'north/south divide' when it comes to top versus low growth this month. The only exception to that is Oxford on the growth side, and although growth has lagged behind here a little compared to its usual performance, this may account for the current rise. Good growth in Manchester and Oxford over time shows these areas are performing in excess of inflation, with Leeds, Liverpool and Sheffield performing on a par.

Normally, growth from the 'poor performers' of a few percent through to 6% rises year on year would be celebrated by most home owners and investors, so even though growth is low compared the high rising areas, actually for Tunbridge, Bristol and Norwich, these gains are good versus long term annual house price growth of 3-4.4%. Reading is seeing similar growth to long term averages, as is Southampton.

However, overall, the growth levels are pretty good considering everything that's happened over the last 18 months.

Five high growth areas YoY towns/cities	YoY %	Annual average increase since 2005	Exceeeded annual inflation since 2005		Five low growth areas YoY towns/cities	YoY %	Annual average increase since 2005	Exceeeded annual inflation since 2005
Manchester	19.2%	5.1%	Yes		Southampton	2.0%	2.5%	No
Liverpool	19.1%	2.8%	Same		Reading	4.5%	3.3%	Yes
Oxford	15.5%	4.3%	Yes		Tunbridge Wells	6.1%	3.5%	Yes
Sheffield	14.1%	3.1%	Same		Bristol	6.1%	4.4%	Yes
Leeds	13.4%	2.9%	Same		Norwich	6.2%	3.3%	Yes

Source: UK HPI

London continues to lag behind other areas having not been one of the 'winners' of the pandemic. However, we are still seeing double digit growth in some areas such as Hammersmith, Bromley and Hounslow. The usual big property price rise guns of Kensington, Hackney and Camden have clearly taken a hit, although this is likely to be extremely individual to a property, so worth checking out if there are real bargains to be had as if so, it might be the time to buy.

Three high growth areas YoY London	YoY %	Annual average increase since 2005	Exceeeded annual inflation since 2005		Three low growth areas YoY London	YoY %	Annual average increase since 2005	Exceeeded annual inflation since 2005
Hammersmith and Fulham	16.7%	4.5%	Yes		Kensington and Chelsea	-7.9%	5.3%	Yes
Bromley	14.4%	4.4%	Yes		Hackney	-4.8%	6.1%	Yes
Hounslow	11.5%	4.6%	Yes		Camden	-1.7%	5.3%	Yes

Source: UK HPI

Are properties in your area rising above or below inflation? *See the last column*

Individual towns and cities continue to show dramatically different changes to property price growth. Out of our 27 cities/towns we track, five are still seeing property price growth lower than inflation, meaning of the 50% plus that own outright, the real value of their home is actually falling.

Looking at the data we can see that Manchester and Liverpool continue to top the house price growth charts with a staggering 19% increase year on year, but put this in context versus inflation, and the figures show very different stories. Liverpool prices still lag inflation while Manchester rates since 2005 are at an inflation busting 5.1%.

Of all the cities, Southampton continues to lag behind the rest of the market, with prices up just 2% year on year and over time, since 2005, aren't performing versus inflation either, showing just a 2.5% increase, one of the poorest performers house price growth wise in the south.

Property Prices Towns/Cities *England, Wales, Scotland & NI*	**Latest month's data Jun 21/ Q2 21**	**Year on year change in price in Jun 21/ Q2 21**	**Annual average increase since 2005**	**How much prices fell during last recession**	**Years property prices took to recover**	**How much higher/ lower are latest prices vs height in 2007/8**	**Exceeeded annual inflation since 2005**
Belfast *(Q2)*	£145,337	7.2%	2.0%	-58.9%	N/A	-33.3%	No
Glasgow	£152,434	12.2%	2.9%	-26.3%	5 yrs 4 months	15.3%	Same
Edinburgh	£302,936	7.9%	4.0%	-18.9%	6 yrs 0 months	26.6%	Yes
Cardiff	£235,054	11.1%	2.9%	-18.1%	5 yrs 3 months	33.4%	Same
Newcastle upon Tyne	£172,770	9.2%	1.4%	-19.3%	7 yrs 9 months	5.5%	No
Bradford	£149,798	11.9%	2.6%	-20.4%	5 yrs 6 months	10.6%	No
Liverpool	£163,580	19.1%	2.8%	-20.4%	5 yrs 3 months	20.4%	Same
Leeds	£212,943	13.4%	2.9%	-19.4%	7 yrs 1 months	31.2%	Same
Sheffield	£186,980	14.1%	3.1%	-17.0%	6 yrs 2 months	32.3%	Yes
Manchester	£206,574	19.2%	5.1%	-20.5%	6 yrs 5 months	50.3%	Yes
Lincoln	£172,922	7.8%	3.1%	-17.6%	5 yrs 6 months	33.3%	Same
Nottingham	£166,153	9.3%	2.6%	-21.3%	6 yrs 5 months	35.8%	No
Norwich	£214,742	6.2%	3.3%	-25.7%	5 yrs 4 months	27.7%	Yes
Peterborough	£217,930	9.5%	3.2%	-20.8%	6 yrs 5 months	30.5%	Yes
Birmingham	£208,241	9.8%	2.9%	-17.4%	6 yrs 1 months	39.6%	Same
Leicester	£206,297	13.2%	3.6%	-18.7%	6 yrs 6 months	49.8%	Yes
Milton Keynes	£284,300	12.0%	3.8%	-24.1%	5 yrs 2 months	41.2%	Yes
Oxford	£451,385	15.5%	4.3%	-23.0%	3 yrs 5 months	56.0%	Yes
Cambridge	£473,534	9.0%	4.9%	-20.7%	2 yrs 8 months	63.1%	Yes
Bournemouth, Christchurch & Poole	£308,071	10.2%	3.5%	-20.5%	5 yrs 9 months	48.9%	Yes
Southampton	£218,192	2.0%	2.5%	-20.2%	5 yrs 5 months	30.0%	No
Portsmouth	£230,419	8.6%	3.0%	-22.9%	5 yrs 10 months	36.2%	Yes
Brighton and Hove	£399,394	9.8%	4.4%	-21.4%	4 yrs 2 months	57.7%	Yes
Reading	£296,261	4.5%	3.3%	-18.8%	5 yrs 1 months	41.3%	Yes
Tunbridge Wells	£401,580	6.1%	3.5%	-22.2%	4 yrs 2 months	49.3%	Yes
Bristol	£307,765	6.1%	4.4%	-21.3%	5 yrs 0 months	62.5%	Yes
London	£510,299	6.3%	5.0%	-17.8%	3 yrs 0 months	67.6%	Yes

Source: UK HPI

(See charts with different property price growth by town/city in the Appendix)

Hometrack

"Liverpool continues to lead the way for price growth among the UK's largest cities, with average home values rising by 9.4%, resulting in an average price uplift of £11,731 to take the average house price to £136,721. There has also been strong price growth in Manchester and Belfast, at 7.7% and 7.5% respectively. London is still trailing in terms of growth, with an annual 2.5% rise, although this marks a rise from 1.9% growth in March this year.

What are the current hottest and coldest postcodes?

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 TF5 (Telford) 96% of the properties on the market are under offer and SW10 is one of the worst performers according to this index, showing that 'average property prices' can mislead buyers and sellers.

From PropCast's perspective, the hot markets at postcode level don't necessarily track the overall increases and decreases seen even at town and city levels, with Telford, Brighton, and Ipswich having some of the busiest markets, and London, Manchester and Liverpool having some of the slower ones.

To find out what's happening in your postcode visit the House Selling Weather Forecast here.

Top 10 hot markets - buyer demand

Postcode	%	Sep 21
TF5	96	Telford
BN42	89	Brighton
IP10	88	Ipswich
LL43	88	Talybont
NE44	88	Riding Mill
BA21	88	Yeovil
WA12	88	Newton-Le-Willows
B80	88	Studley
BH17	88	Poole
IP5	88	Ipswich

Top 10 cold markets - buyer demand

Postcode	%	Sep 21
SW10	10	London
M2	11	Manchester
EC2	11	London
WC1	12	London
SW5	13	London
WC2	13	London
L2	13	Liverpool
NW8	14	London
N1C	15	London
W2	15	London

Source: TheAdvisory

As always, even our property price rise chart toppers of Manchester and Liverpool have their 'poor performers' which this month are in M2 and L2, showing that wherever people are buying and selling, average price performance data is of interest from a trend perspective, but of no use to an individual buyer or seller. Only the local agent can provide the right information about what's happening to property prices and transactions in their local area.

What's happening to property transactions, demand and supply?

The Hometrack data has probably the best explanation of what's happening to supply and demand. They report that demand – and indeed supply – has been incredible during the pandemic with:-

- *1 in 20 homes changed hands over the last year, compared to 1 in 25 two years previously.*

Most importantly, although there is a real effort media wise to suggest that the market has now 'fallen off a cliff' since the end of the main SDLT savings dropping, it's important that this doesn't distort the reality which, according to Hometrack, is that:-

"Sales agreed……ticked up again in August, and while they are down compared to the peaks seen in early April, they are still running 21% above the levels seen in the summer of 2018/19."

As we know, you can make statistics fit any rhetoric, but the industry should make every effort to make sure the reality of what's happening in the market is reported, is not a distortion that suits media headlines.

In view of the continued fast moving market, Rightmove recommend *"sell before you buy" proving the best tactic for many to secure their next home in this fast-moving market*." And the NAEA show that in reality, sales are still doing well post the SDLT shut down with "*The average number of sales agreed per estate agent branch fell slightly to 10 in July, from June's figure of 11. Year-on-year, this figure is also slightly lower than during July 2020 when there were 13 sales agreed per branch on average."*

Rightmove

"Buyer demand remains strong, suggesting an Autumn bounce in prices and seller activity:

- *Demand stats for the first week in August are up 56% on the same period in 2019, and down just 17% on frenzied post-lockdown 2020*
- *With homes selling faster than ever, there's a strong incentive for owners to come to market with "sell before you buy" proving the best tactic for many to secure their next home in this fast-moving market."*

NAEA Propertymark

"*The average number of sales agreed per estate agent branch fell slightly to 10 in July, from June's figure of 11. Year-on-year, this figure is also slightly lower than during July 2020 when there were 13 sales agreed per branch on average.*

"The number of sales made to FTBs fell to 20 per cent in July from June's figure of 27 per cent."

RICS

"At the national level, the new buyer enquiries indicator slipped, ending a run of four successive positive monthly returns for this measure of demand. When disaggregated, most parts of the UK saw a decline in sales volumes over the month, with momentum appearing to slow most notably in Yorkshire & the Humber, the East Midlands and East Anglia.

"On the supply side, there seems to be no let-up in the recent decline in fresh listings that has been cited over recent months, as new instructions moved deeper into negative territory. In fact, this is the weakest reading for the new instructions indicator since April 2020 and marks a fourth consecutive contraction in new listings. Alongside this, -21% of survey participants report the number of appraisals being undertaken over the month to be down on the comparable period last year (the most subdued reading for this gauge since January 2021)."

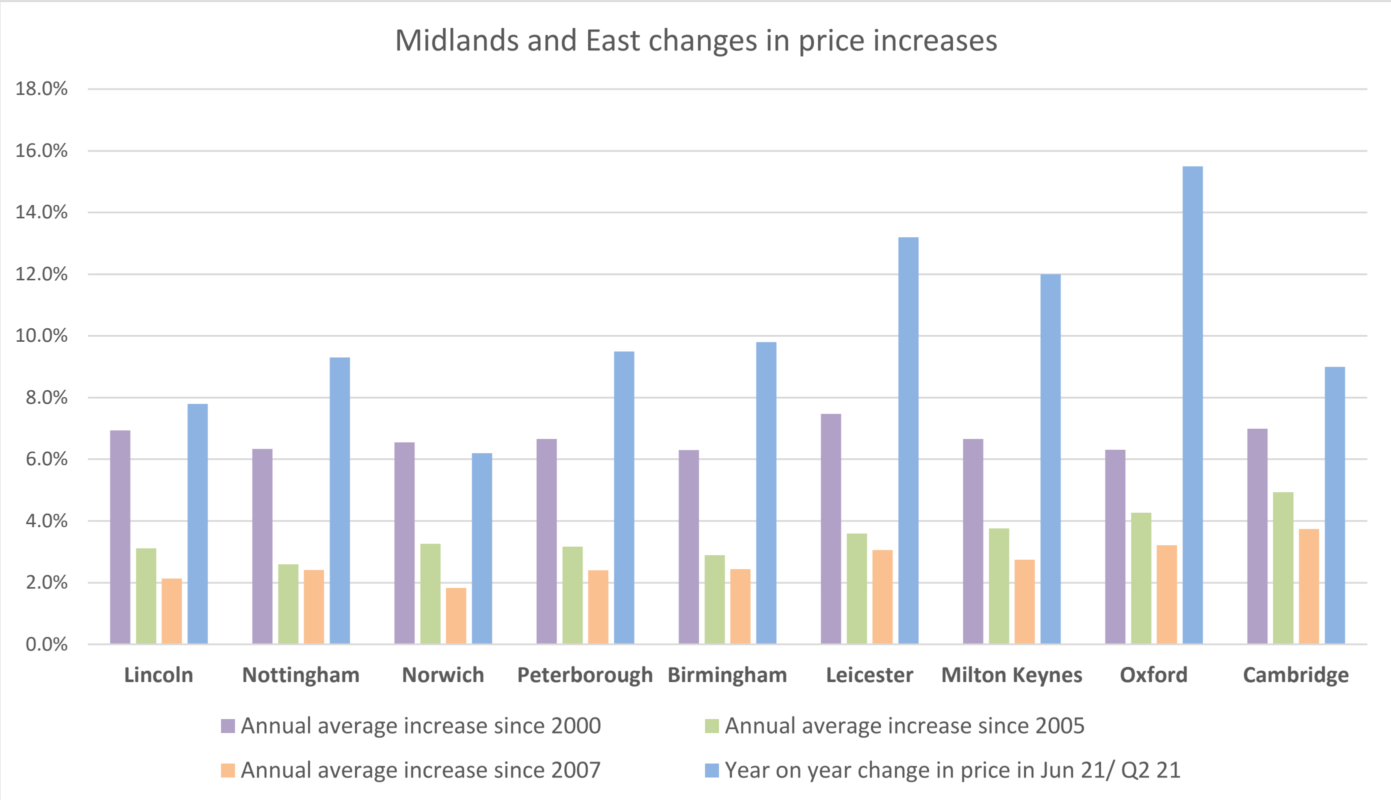
Halifax

"Much of the impact from the stamp duty holiday has now left the market, as highlighted by the drop in industry transaction numbers compared to a year ago. We believe structural factors have driven record levels of buyer activity – such as the demand for more space amid greater home working. These trends look set to persist and the price gains made since the start of the pandemic are unlikely to be reversed once the remaining tax break comes to an end later this month.

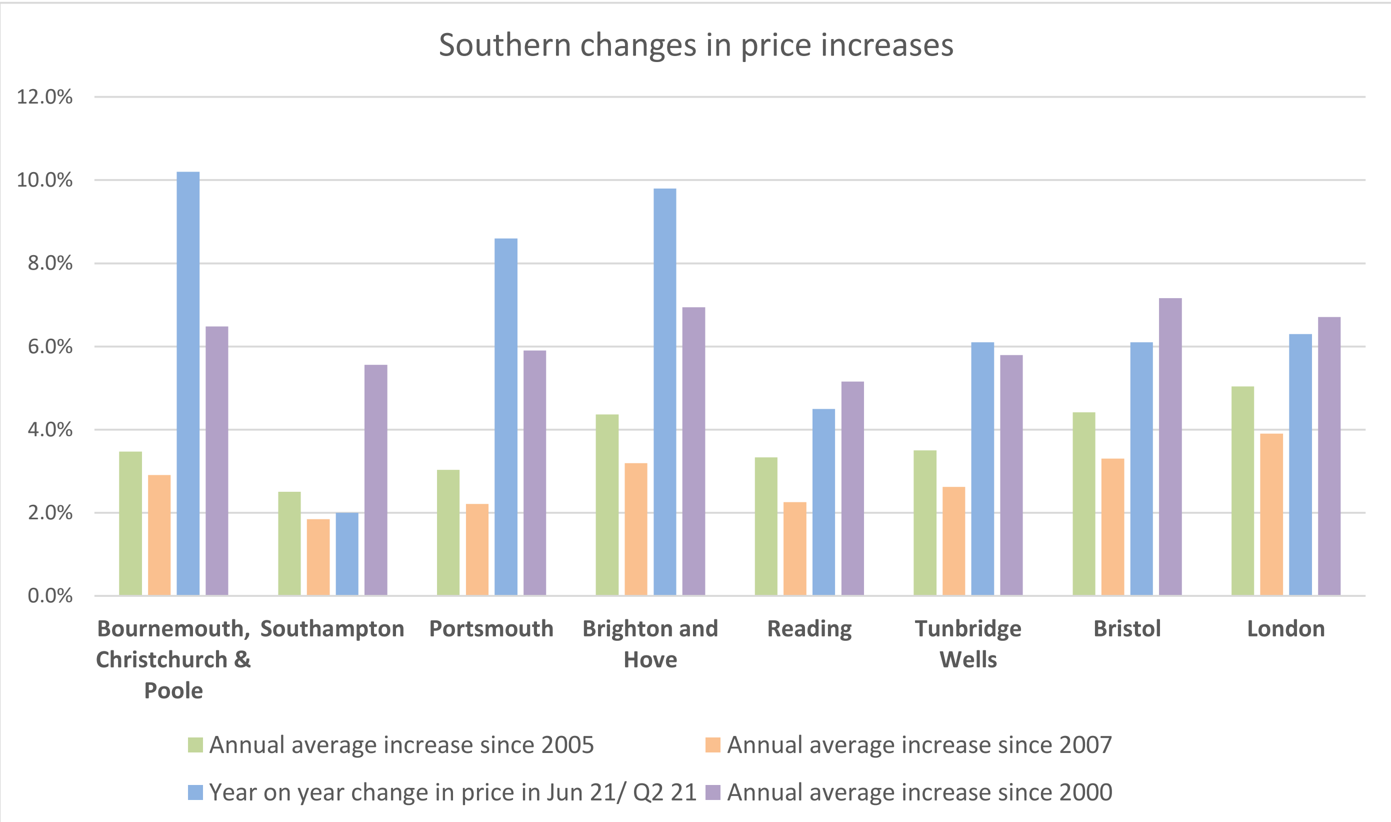
"Moreover, the macroeconomic environment is becoming increasingly positive, with job vacancies at a record high and consumer confidence returning to pre-pandemic levels. Coupled with a supply of properties for sale that looks increasingly tight, and barring any reimposition of lockdown measures or a significant increase in unemployment as job support schemes are unwound later this year, these factors should continue to support prices in the near-term."

APPENDIX

Individual town and city property price change data from 2000, 2005, 2007 and year on year



Source: UK HPI



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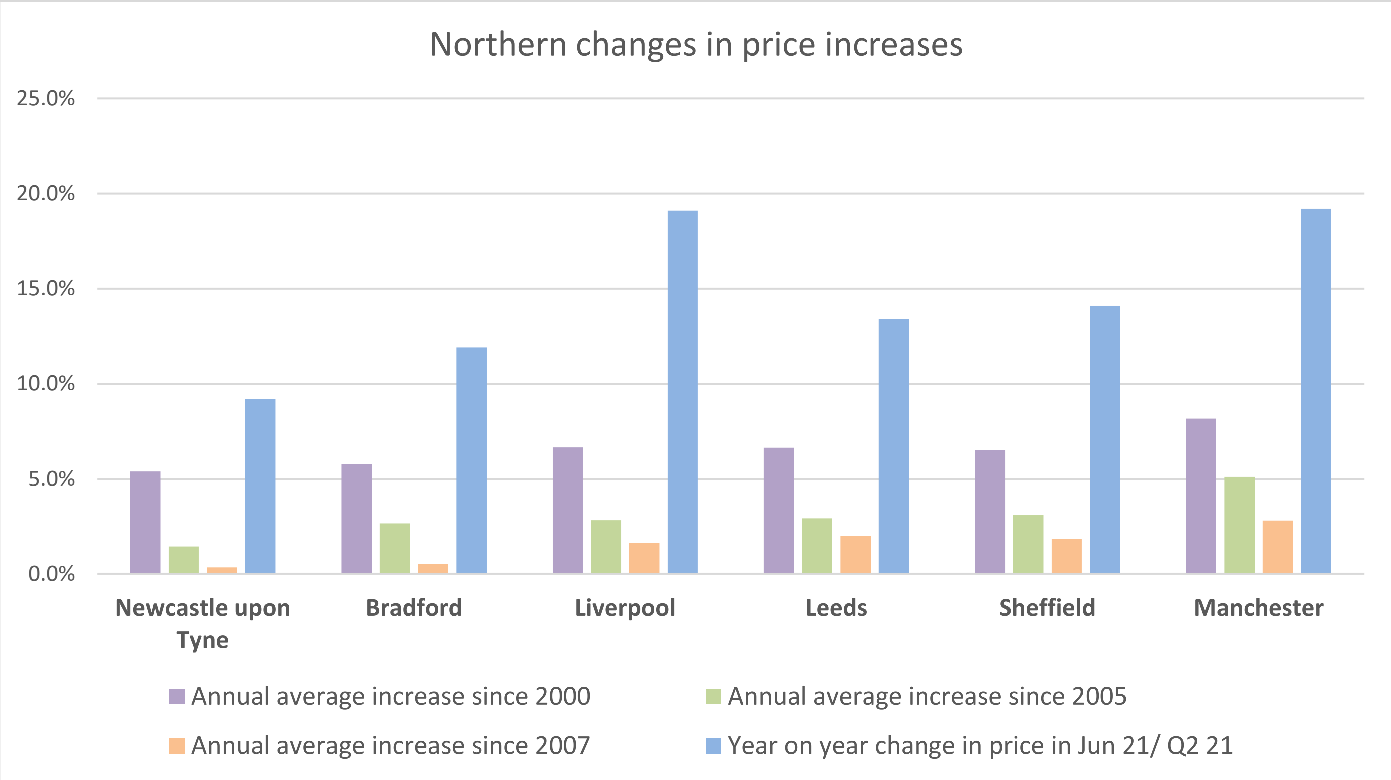

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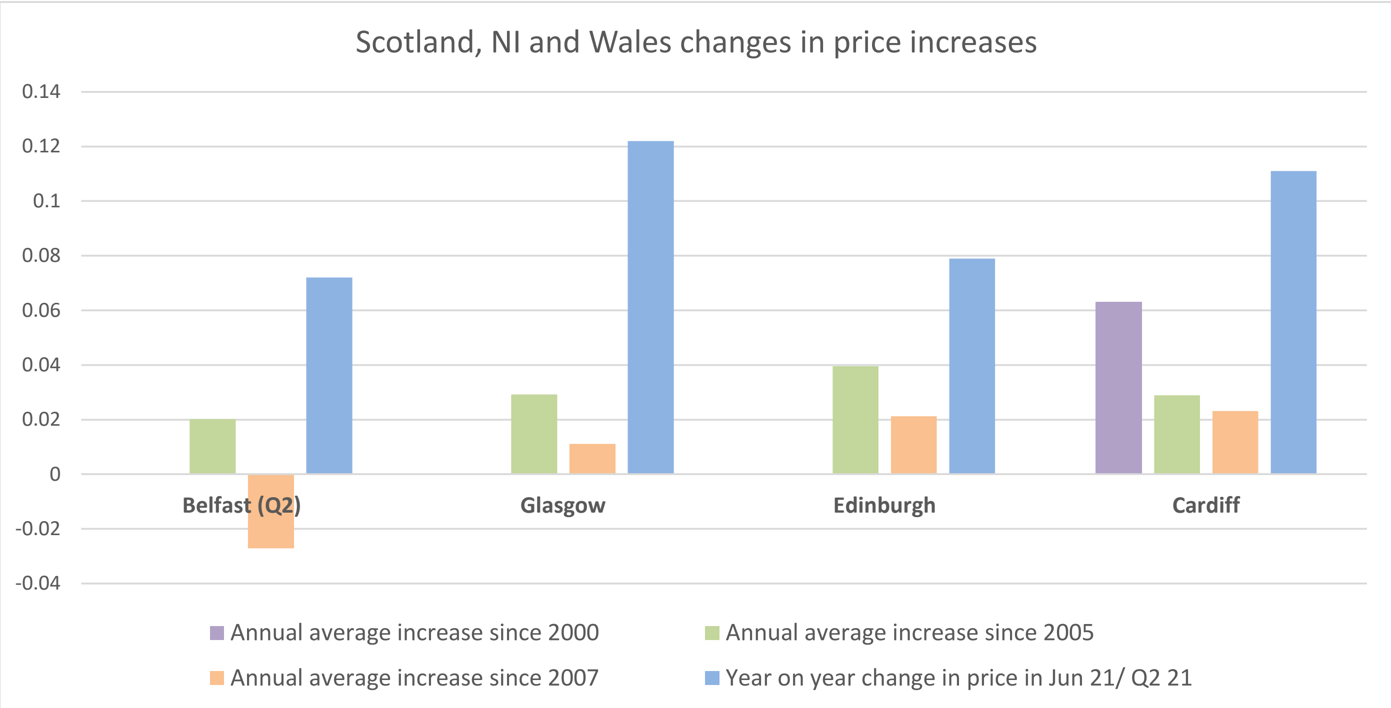

Source: UK HPI