

Prices in March continue to climb, with annual rates close to 10%

- ✓ The South West is highest price growth region over the last seven months
- ✓ London has lowest growth rate, with substantial price falls in central areas
- ✓ The North West and South West see largest increase in sales of detached homes

Note: The e.surv Acadata House Price Index was formerly the LSL Acadata House Price Index. Content and methodology are unchanged. Please refer to the Notes at the end for more information.

House Price	Index	Monthly Change %	Annual Change %	Annual % (excluding London and the SE)
£339,160	326.3	0.7	9.8	12.5

Richard Sexton, director at e.surv, comments:

"This month's Index shows that in the last year, England and Wales have seen the average price of a home increase by some £30,000. On an annual basis, this is the highest rate of increase for over 6 years. It is a very clear statement about the resilience of the housing market and how well it has responded to the challenges of the pandemic and the fiscal remedies that have been administered in the last year. This level of sustained price growth underlines how well the property market continues to perform in comparison to other areas of the economy.

"To understand why this is happening, we need to look at a combination of monetary, fiscal, public health and political responses of recent times. Demand has been injected into a market of historically low interest rates that have supported buyers' affordability since 2008. Lockdowns have fuelled people's willingness to make lifestyle and life-stage changes and the injection of fiscal support, in the form of the temporary stamp duty holiday, has further supported their ability and desire to move home. We now also have the return of higher Loan-To-Value lending which many believe will, in the coming months, offer more welcome support to the market.

"We should be cautious when it comes to London's lower growth rate. The capital's market is evolving but the weaker pound has stimulated activity in the more exclusive markets in London though this hasn't made a notable impact on the index at this stage. London remains a safe-haven for many international buyers and their families. The weak pound helped transactions in ultra-high-net worth markets in the capital rise last year."

Table 1. Average House Prices in England and Wales for the period March 2020 – March 2021

[Link to source Excel](#)

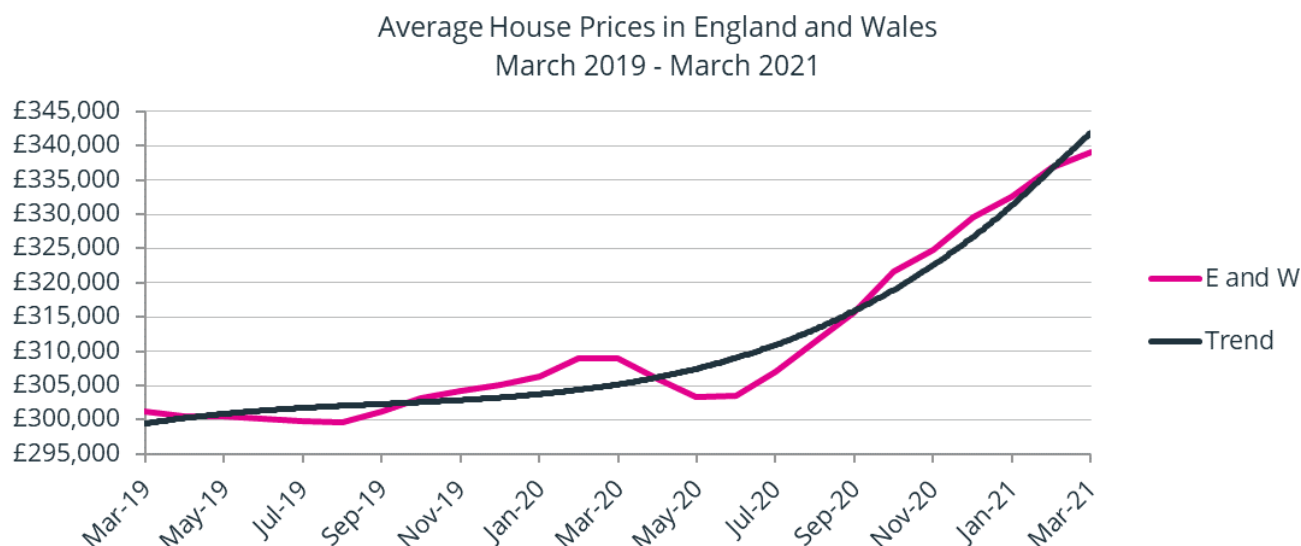
Month	Year	House Price	Index	Monthly Change %	Annual Change %
March	2020	£309,004	298.2	0.0	2.6
April	2020	£306,007	295.2	-1.0	1.9
May	2020	£303,246	292.4	-0.9	0.9
June	2020	£303,503	292.4	0.1	1.1
July	2020	£306,967	295.5	1.1	2.4
August	2020	£311,457	300.1	1.5	4.0
September	2020	£315,710	304.4	1.4	4.8
October	2020	£321,580	309.9	1.9	6.1
November	2020	£324,732	313.5	1.0	6.8
December	2020	£329,640	317.1	1.5	8.1
January	2021	£332,538	319.9	0.9	8.6
February	2021	£336,862	324.1	1.3	9.1
March	2021	£339,160	326.3	0.7	9.8

Note: The e.surv Acadata House Price Index provides the “average of all prices paid for domestic properties”, including those made with cash.

Commentary: John Tindale and Peter Williams, Acadata Senior Analysts

Figure 1. The average house price in England and Wales, March 2019 – March 2021

[Link to source Excel](#)



The March index reveals further sustained rises in annual prices, up nearly 10% (9.8%) in the last twelve months. Figure 1 shows the initial dip in early 2020 linked to the first Covid lockdown in the UK from March to May 2020, followed by ten consecutive months of price growth as lifestyle changes, savings growth and the stamp duty holiday pushed up demand.

The e.surv Acadata monthly index records a lower growth rate of +0.7%, down 0.6% from the rate of 1.3% seen in February 2021. This March slow-down in completion prices may be indicative of a slight - and with hindsight an evidently temporary - cooling in the market as we approached the official end of the Stamp Duty holiday in March, and before it was extended for three months in the Budget on March 3rd 2021.

Completions are currently taking up to three months from the initial date of the sale agreement. The March data is likely to be reflecting the mood in the market around Christmas 2020, when some purchasers were worried their transactions would not complete before the then deadline for the stamp duty holiday had passed. If correct, this would suggest that we will have to wait until the receipt of the May data before the market's full reaction to the extension of the tax holiday can be seen.

There is clearly still some significant momentum in the housing market, and this is reflected not least in the latest RICS survey which shows increased buyer activity, set against a somewhat muted seller market.

Reweighting

This month we have undertaken our annual change to the "weights" which we employ to calculate the value of the average price of a home for England and Wales. This is the House Price Index equivalent of changing the basket of goods that comprise the calculations for the Retail Price Index. The purpose in updating the weights is to ensure that our average prices continue to reflect the market that exists across all parts of the England and Wales housing market.

The weights that we use are based on the number of transactions that have taken place over the previous four years, analysed by property type and unitary authority / county area. We then keep this mix of type and location of transactions at a constant value over the year, to enable a comparison of prices to take place irrespective of the actual volume and type of sales that occur in any one month. The reweighting has been applied to all current and historic data.

It is helpful to compare the transactions that occurred in the latest four year period (2017 - 2020) with those of the previous year (2016 - 2019) to obtain an indication of the change in emphasis, if any, between the property types and locations of sales that have taken place across the regions. **We have provided a graphic illustration of the main changes to the weights that have taken place between the property types and regions on pages 6 - 10 of this news release.**

In summary, the main changes observed in calculating the average house price are as follows:-

- i) The two regions with the largest gains in their share of the England and Wales market are the North West (+0.7%) and the South West (+0.6%) – these two regions are currently seeing the highest gains in their average house prices (see Figure 2); conversely the two regions with the largest falls in their market share are the South East (-0.4%) and Greater London (-0.4%). Thus we have a movement away from the high housing cost areas to lower priced areas, so dragging the overall average house price downwards.
- ii) However, in terms of property types the market share of detached and semi-detached homes has increased by +0.7% and +0.6%, while that of terraced properties and flats has fallen by -0.4% and -1.0% respectively. This indicates that demand for homes at the higher end of the price spectrum has increased and will result in an upward shift in the average house price.

- iii) The largest increases in the sale of detached homes have been seen in the North West, the South West and the South East, while the largest falls in flat sales were in Greater London, the South East and the East of England.
- iv) Overall and taken together, these weighting changes have caused an upward movement in the average house price of 0.7%. As noted earlier, all the data used in this release has been updated so real comparisons with the past can be made.

Regional House Prices, February 2021

Figure 2. The annual change in the average house price for the three months centred on February 2021, analysed by GOR

[Link to source Excel](#)

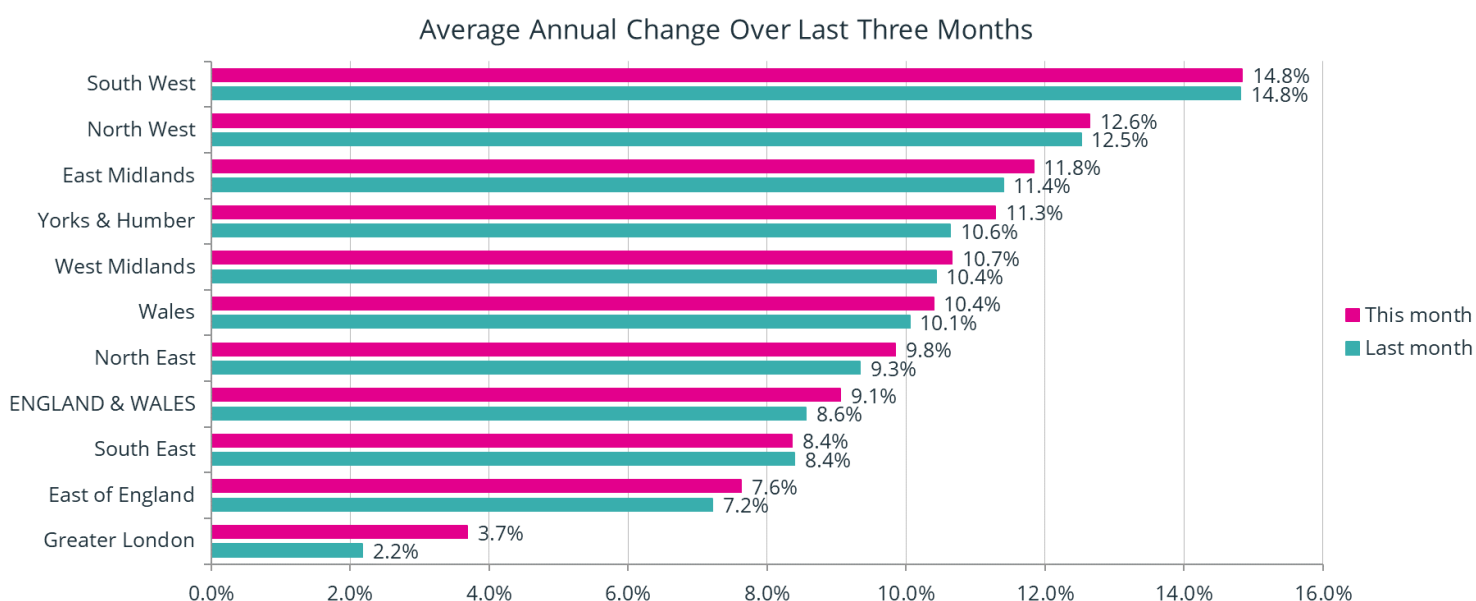


Figure 2 shows the percentage change in house prices, averaged over the three-month period of January, February and March 2021, compared to the same three months in 2020. It also shows the similar averaged figures from last month. As is evident, there has been continued price growth across Wales and all nine English regions. All ten GOR areas have simultaneously set new record average house prices for the eighth month in a row.

For the seventh consecutive month and indicative of an entrenched trend, the South West has the highest rate of annual house price growth, at 14.8% (in February), and with areas within it such as Bath, Bournemouth, Bristol, Cornwall and Gloucestershire all experiencing price growth in excess of 17.5%. Somewhat behind and for the third month in succession, the North West and the East Midlands retain their second and third positions, with growth rates of 12.6% and 11.8% respectively. In the North West, Blackburn with Darwen had the highest annual rate, of 22.3%, while in the East Midlands, Nottingham City came highest at 16.8%.

By contrast, the South East, the East of England and Greater London have the lowest rates of increase, indicating that the sustained movement away from central London and its surrounding areas, to greener areas outside of south-east England, is continuing. However, it is important to put this in perspective since the growth rates of 8.4% and 7.6% recorded in the South East and East of England

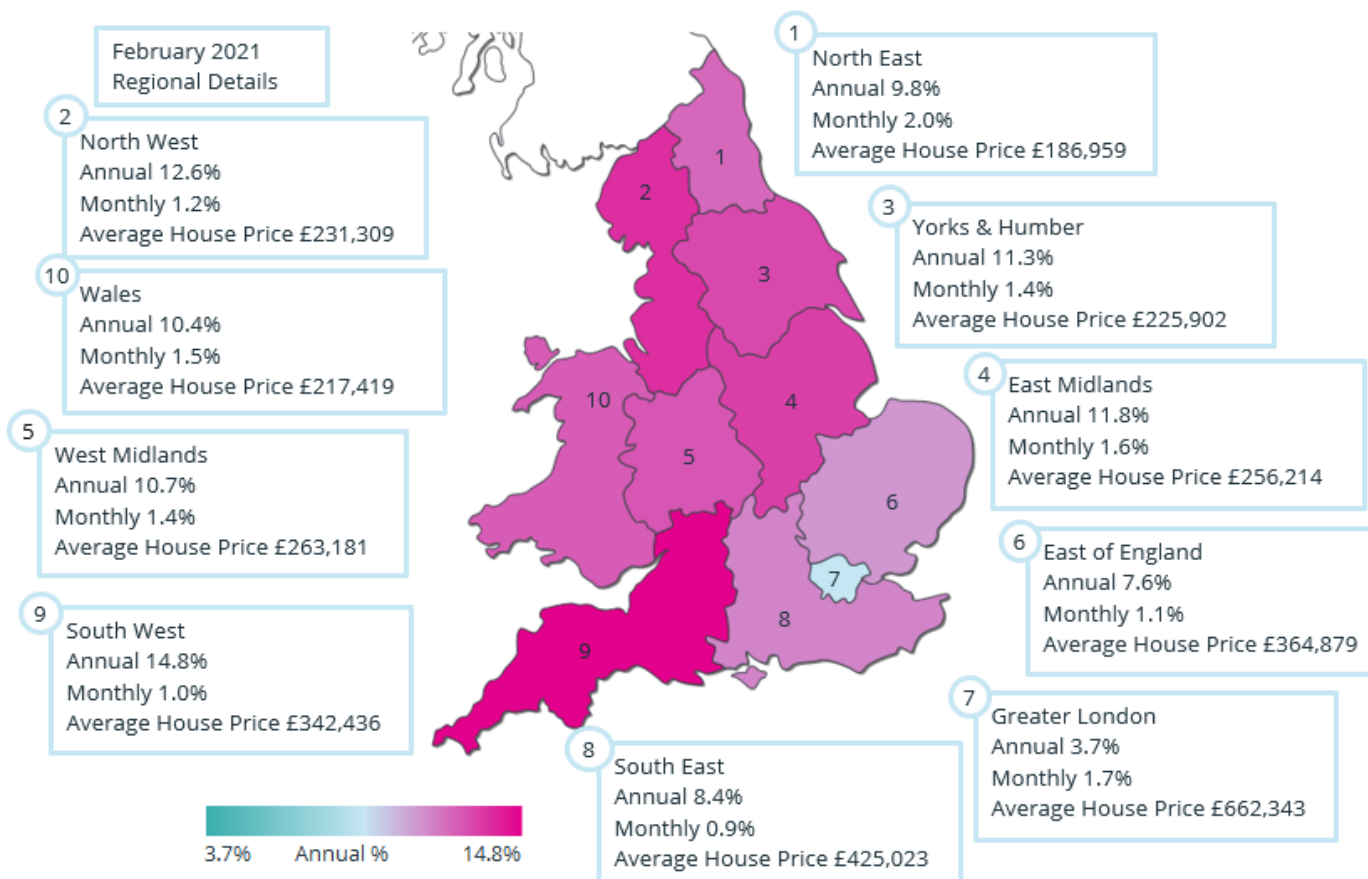
remain high in relative terms. Just twelve months ago, in March 2020, at the start of the pandemic, the average annual house price growth for England and Wales stood at 2.6%.

All GOR areas are showing positive annual rates of house price growth. Indeed, the area with the greatest change is actually Greater London, up from 2.2% to 3.7%. Conversely, the two areas with the least perceptible change in their annual price growth are almost at the opposite ends of our regional table, being the South West and the South East, where the rates for the last two months have remained static at 14.0% and 8.4% respectively.

As already noted, Greater London has a markedly lower price growth rate compared to elsewhere in Great Britain. Four of the six highest cost areas of London, the City of Westminster, the City of London, Camden and Hammersmith and Fulham are seeing prices fall on an annual basis, with the first and last in this list seeing price reductions of -24.7% and -15.1% respectively. By way of contrast, the largest reduction in the annual rate of the 109 unitary authority / county areas outside of London was -2.8%, in Bracknell Forest.

All of these different trends are then reflected in the patterns seen in the Heat Map for February, with the blue indicating an annual growth rate below 4.0%, and the darker reds indicating rates above 11.0%. Greater London stands out as being the exception to the other areas, and is also seen to be surrounded by two areas with lower growth rates. The South West can also be distinguished as being the hottest area on the map, followed by the North West and the East Midlands. Wales is on a par with the West Midlands and Yorkshire and the Humber, while the North East marginally trails this middle group.

England and Wales Regional Heat Map for February 2021



Annual and Monthly Price Trends

Over the last twelve months, the average price of a home in England and Wales has increased by some £30,000, or just below 10%. This is the highest annual rate for over 6 years, giving a real sense of how the housing market is significantly outperforming the wider economy.

The major drivers for the current rise in house prices are the pent-up demand developed in late 2019, along with weaker prices, the historically low interest rates which have made homes more affordable, the savings accumulated in lockdown, the lifestyle changes associated with a move to more spacious premises and of course the temporary stamp duty holiday. In addition, in London in particular, the weaker pound has been a further factor in stimulating activity in the more exclusive markets even though it hasn't made a notable impact on the index at this stage.

Looking at the national data on a monthly basis, in March prices in England and Wales rose by some £2,300, or 0.7%. This is 0.6% lower than the 1.3% increase recorded for February 2021. This is the lowest monthly rate seen since June 2020, when the market was recovering from the first lockdown and when the stay-at-home directive also applied to the viewing of premises for sale.

Although the full Acadata listing of the change in prices in each unitary authority area is not included here (it is available on the Acadata website), 88 of the 109 unitary authorities / counties in England and Wales reached a new record price in February 2021 – itself a record for the highest number of peak prices that have occurred in a single month since January 2000.

There are some remarkable figures to be found in this analysis. For example, 55 of the 109 unitary authorities / counties in England and Wales recorded house price inflation in excess of 10% per annum, the highest of which was Rutland at 24.2%, followed by Blackburn with Darwen at 22.3%.

APPENDIX:-

13 Graphs illustrating the change in weights between 2020 and 2021

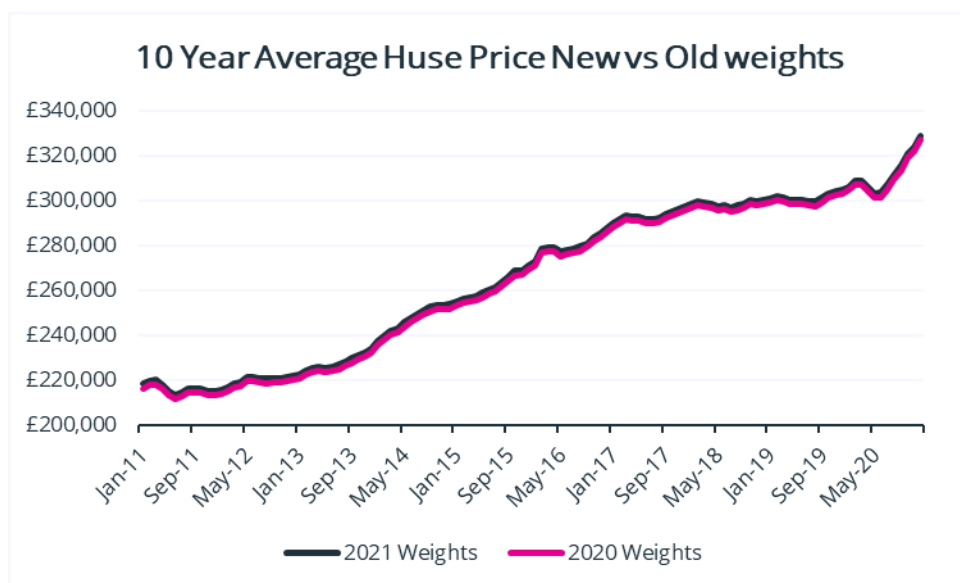
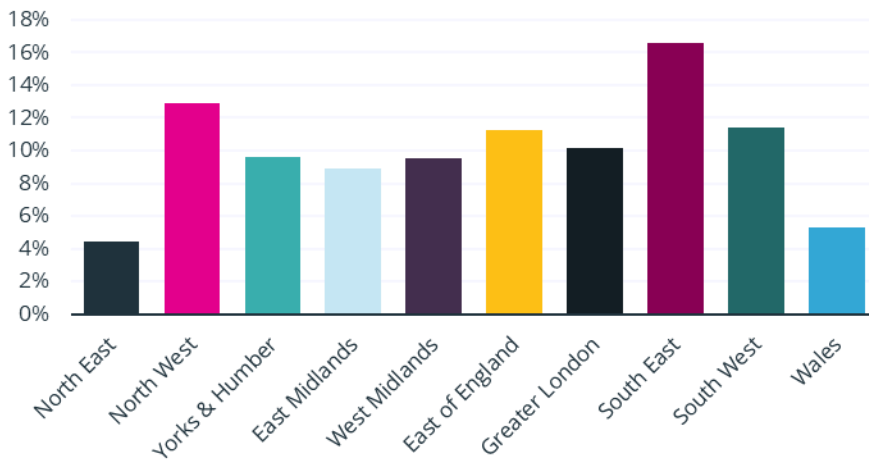


Figure 3

New Reweighted Market Share of Each Region

Figure 4



% Change in Market Share of Each Region

Figure 5



**Proportion of Sales by Property Type
2021**

Figure 6

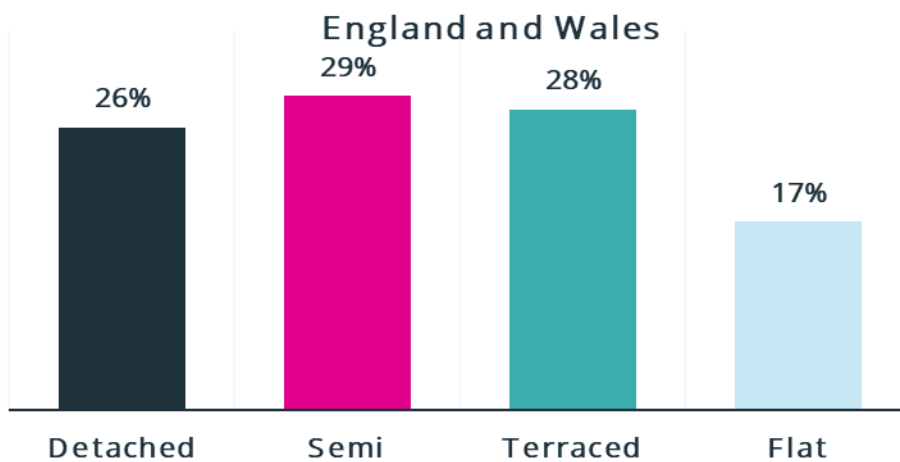


Figure 7

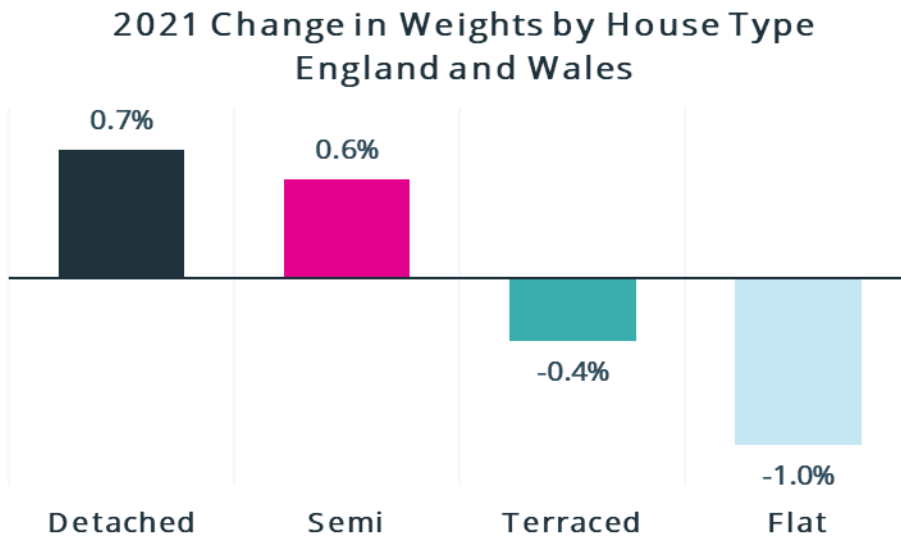


Figure 8

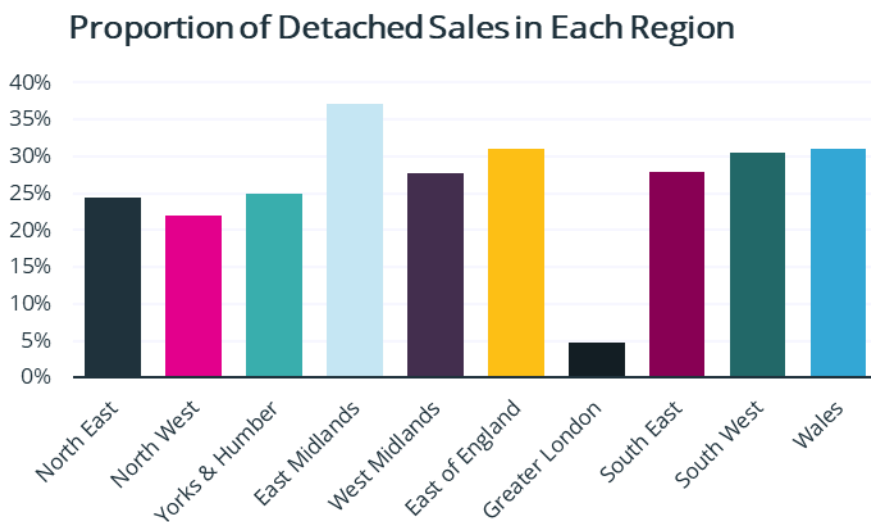
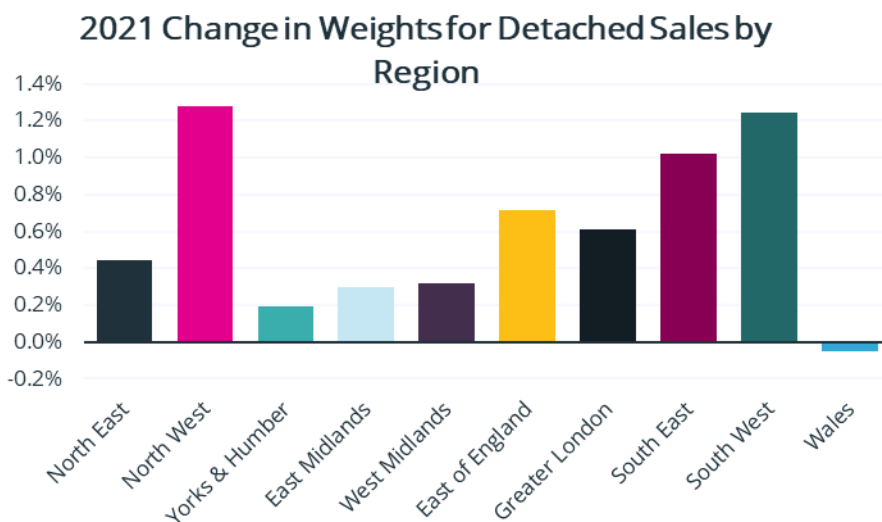


Figure 9



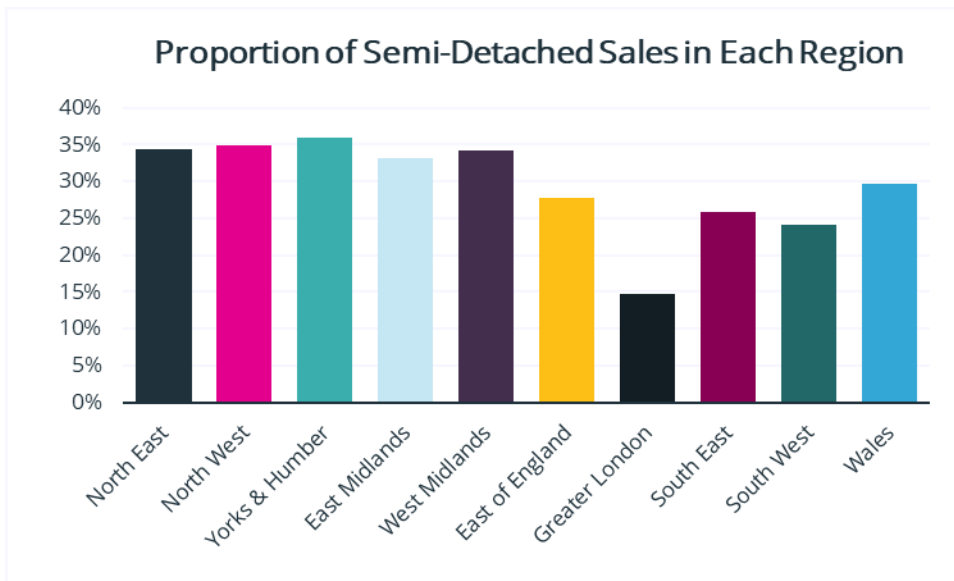


Figure 10

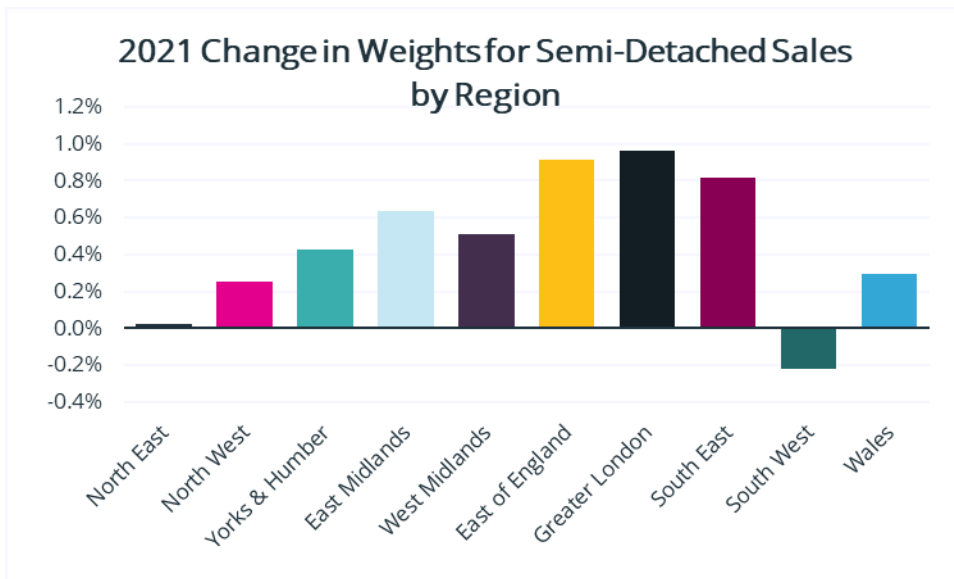


Figure 11

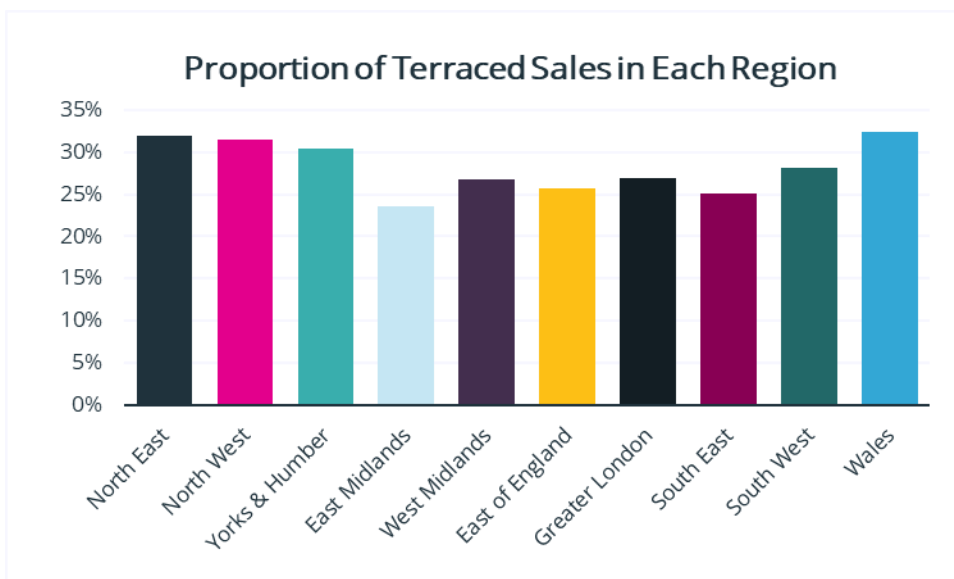


Figure 12

2021 Change in Weights for Terraced Homes by Region

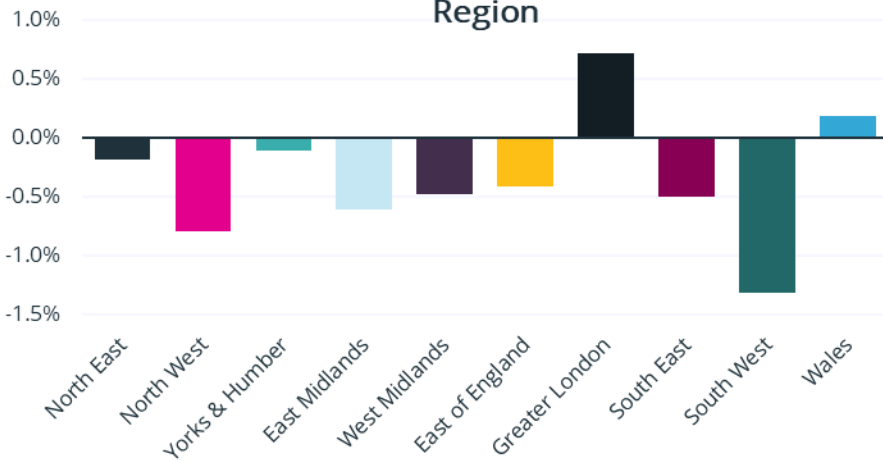


Figure 13

Proportion of Flat Sales in Each Region

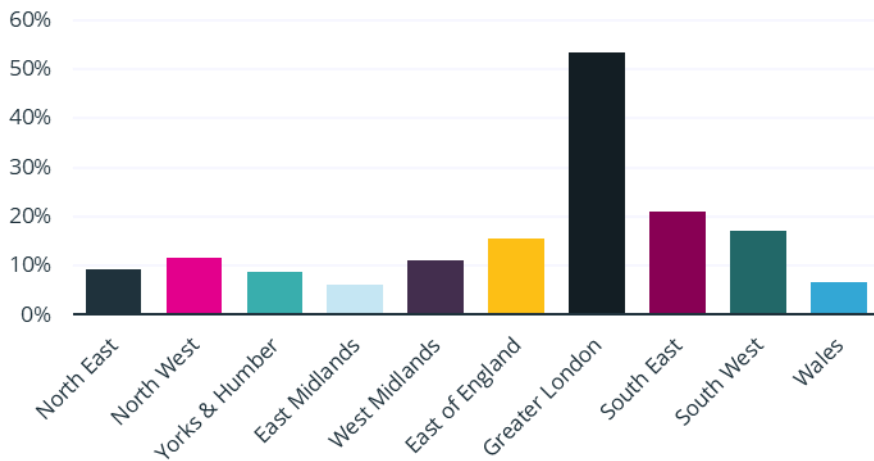


Figure 14

2021 Change in Weights for Flats by Region

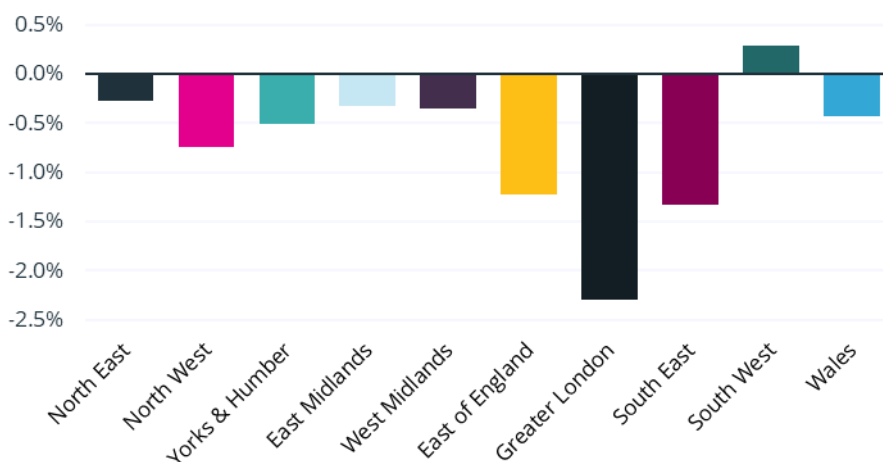


Figure 15

Notes

About the e.surv Acadata House Price Index

1. The e.surv Acadata House Price Index was formerly the LSL Acadata House Price Index (e.surv is part of the LSL Property Services group) and is produced by Acadata. Content and methodology are unchanged.

2. The e.surv Acadata House Price Index (England and Wales):

- ✓ uses the **actual** price at which every property in England and Wales was transacted, including prices for properties bought with cash, based upon the factual Land Registry data as opposed to mortgage-based prices, asking prices or prices based upon samples
- ✓ is updated monthly so that prices of **all reported** relevant transactions are employed in our latest Acadata England and Wales House Price Index release
- ✓ provides the arithmetic average of prices paid for houses, different from the geometric average prices used in the ONS UK House Price Index

3. The initial e.surv Acadata House Price Index for each month, employs an academic “index of indices” model, custom-built at Cambridge, pending release of further transacted prices from the Land Registry which are reflected in our monthly index updates.

4. All e.surv Acadata House Price Index numbers, published prior to receipt of all transaction data, are subject to change; we publish the precise numbers that result from our calculations but these numbers reflect our mix adjustment and seasonal adjustment methodologies and, initially, our index of indices model. Our indices also reflect our best endeavours and are issued in good faith without any claim as to precision, accuracy or fitness for any purpose. For more detail see www.acadata.co.uk.

5. The Acadata website enables comparisons of selected indices over selected timescales to be undertaken [here](#) with ease and provides historic results and other information.

For further footnotes and a description of the methodology used in the e.surv Acadata Index please click [here](#).

About Acadata

1. Acadata is an independent privately owned consultancy specialising in house price data. Our associated company MIAC Acadametrics Limited is an independent asset valuation service provider, specialising in behavioural modelling, stress testing and collateral valuation for the financial services industry.

2. The e.surv Acadata House Price Index may not be used for commercial purposes without written permission from Acadata. Specifically, it may not be used to measure the performance of investments or to determine the price at which investments may be bought or sold or for collateral valuation concerning which enquiries should be directed to MIAC Acadametrics.

About e.surv Chartered Surveyors

e.surv is the UK's largest valuation provider, directly employing over 600 residential surveyors across the UK, supported by a network of consultant valuers.

The business is appointed as Panel Manager for more than 20 mortgage lenders and other entities with interests in residential property, and also provides a number of private survey products direct to the home-buying public.

e.surv is part of [LSL Property Services](#) plc which includes household names Your Move, Reeds Rains and Primis.

For further information, please visit our website: www.esurv.co.uk

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