

Double digit house price growth in England and Wales

- ✓ The North West has overtaken the South West with the largest price growth, mainly due to its high proportion of semi-detached homes
- ✓ London has lowest growth rate, with annual price falls in 11 boroughs

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)
£341,462	328.8	0.7	11.7	15.0

Richard Sexton, director at e.surv, comments:

"This month, our data shows that on an annualised basis, prices grew by nearly 12% (11.7%) in April, the highest year-on-year growth since January 2005, and this despite England and Wales having been in various states of lockdown and economic contraction since March 2020. This gives a real sense of how the housing market is performing, compared to the wider economy. It is also worth noting that HMRC monthly property transactions data for UK home sales increased in March 2021 to their highest ever level.

"The stamp duty holiday added considerable impetus to a market that already reflected a shortage of available homes for buyers. Our index reflects buyers' decisions taken two to three months earlier than the actual completion of the house 'sale'. This means April data points to decisions made in January and February when purchasers were concerned that the stamp duty holiday was about to end, with any purchase then being made too late to qualify for the tax savings.

"While anyone still in the midst of buying and selling will be hoping to take advantage of the stamp duty holiday, its withdrawal could be less painful because of the introduction of the government's high LTV lending scheme. This should support buyers currently facing affordability issues and offset some of the impact of the stamp duty withdrawal. The scheme has encouraged many lenders to re-enter this market so competition will also be keen. We can expect low stock levels, low interest rates and continued demand, in part supported by government intervention, to support prices notwithstanding the end of the furlough scheme in June."

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

[Link to source Excel](#)

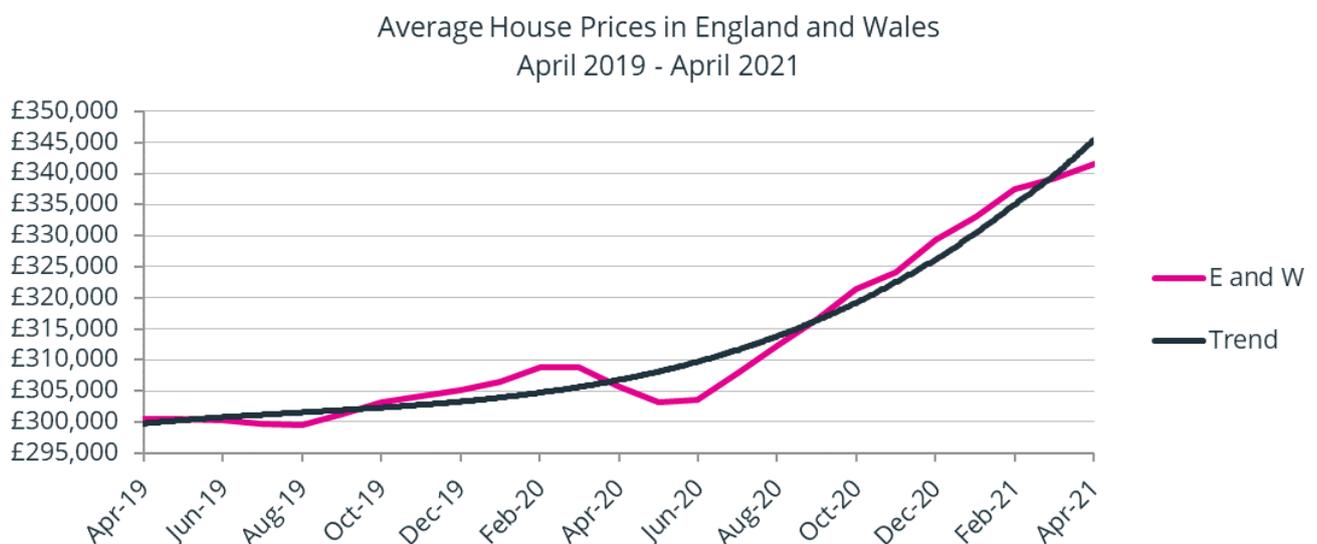
Month	Year	House Price	Index	Monthly Change %	Annual Change %
April	2020	£305,727	295.2	-1.0	1.8
May	2020	£303,108	292.4	-0.9	0.9
June	2020	£303,621	292.4	0.2	1.1
July	2020	£307,748	295.5	1.4	2.7
August	2020	£312,385	300.1	1.5	4.3
September	2020	£316,532	304.4	1.3	5.1
October	2020	£321,410	309.9	1.5	6.0
November	2020	£324,074	313.5	0.8	6.5
December	2020	£329,315	317.1	1.6	7.9
January	2021	£332,982	320.7	1.1	8.7
February	2021	£337,464	325.0	1.3	9.3
March	2021	£339,168	326.6	0.5	9.8
April	2021	£341,462	328.8	0.7	11.7

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, April 2019 – April 2021

[Link to source Excel](#)

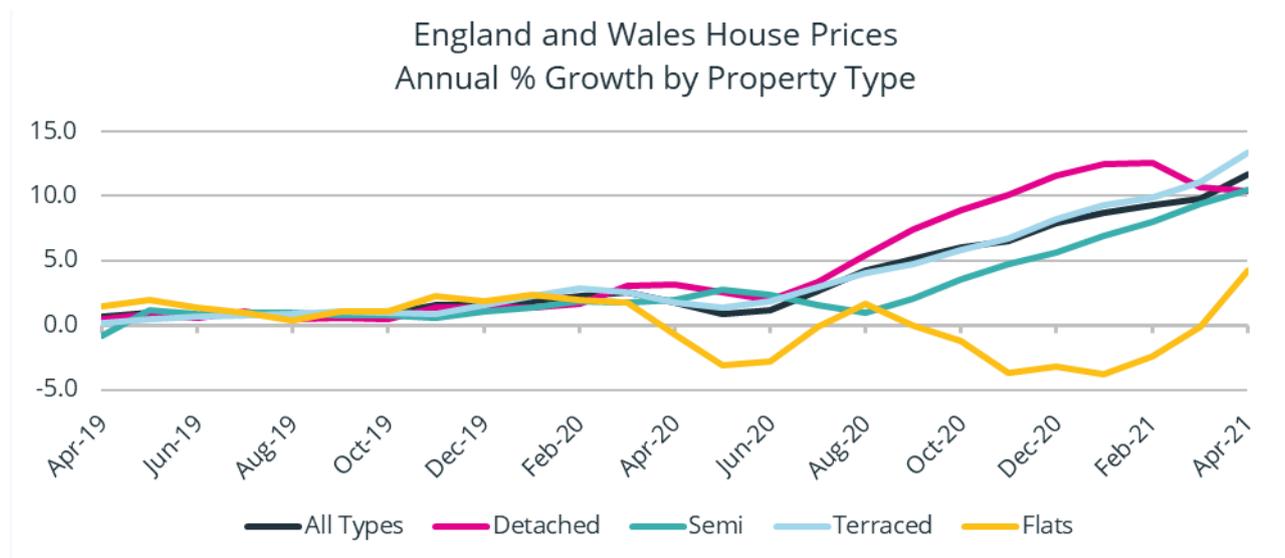


Prices grew by nearly 12% (11.7%) in April, the highest year-on-year growth since January 2005, and despite England and Wales having been in various states of lockdown and economic contraction since March 2020. Figure 1 illustrates the path taken by average house prices during the pandemic. Initially prices fell during the first lockdown in the UK from March to May 2020, but this was then followed by recovery, with eleven consecutive months of price growth as lifestyle changes, low interest rates, higher savings and the stamp duty holiday pushed up demand.

As can be seen in Figure 2, detached, semi-detached and terraced houses have all broadly seen similar levels of price inflation over the last two years. Flats remain the exception, with price falls during ten of the last twelve months. Given that of all the ten GOR areas in England and Wales Greater London has the highest proportion of flats (53%) in its housing stock, it is not surprising that its average house price growth is the lowest of all areas.

Figure 2. The annual change in the average house price for the period April 2019 to April 2021, by type

[Link to source Excel](#)



In all probability, the demand for flats in central and inner areas has fallen as a result of a combination of lifestyle changes and new working arrangements, alongside mortgage lenders requiring EWS1 certificates to verify that buildings conform to safety standards. The lack of overseas buyers has also been a factor in dampening the price growth in London particularly given their prominence in the pre-pandemic London market not least in prime central London. Also, investor buyers are also less prominent than usual given the fall in rental prices in the London market which has had an impact on yields, and therefore reduced demand in this sector.

It is also apparent that the price of detached properties rose sooner and faster than those of semi-detached and terraced homes, and that it was about nine months before the latter caught up and then overtook them. Most recently, detached homes have been recording a slowing in their rate of price appreciation.

On a monthly basis, the e.surv Acadata index shows a growth rate of +0.7% in April, up by 0.2% on the prices achieved in March. However, the monthly rates for March and April are at their lowest level since the UK came out of its first lockdown in June 2020. This 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 this was extended for three months in the Budget of 3 March 2021.

As noted in recent months, the e.surv Acadata Index is recording the result of decisions taken two to three months earlier than the actual completion of the house 'sale' - the Index for April is therefore reflecting a point in time in January and February when purchasers were concerned that the stamp duty holiday was about to end, with any purchase then being made too late to qualify for the tax savings.

Regional House Prices, March 2021

Figure 3. The annual change in the average house price for the three months centred on March 2021, analysed by GOR

[Link to source Excel](#)

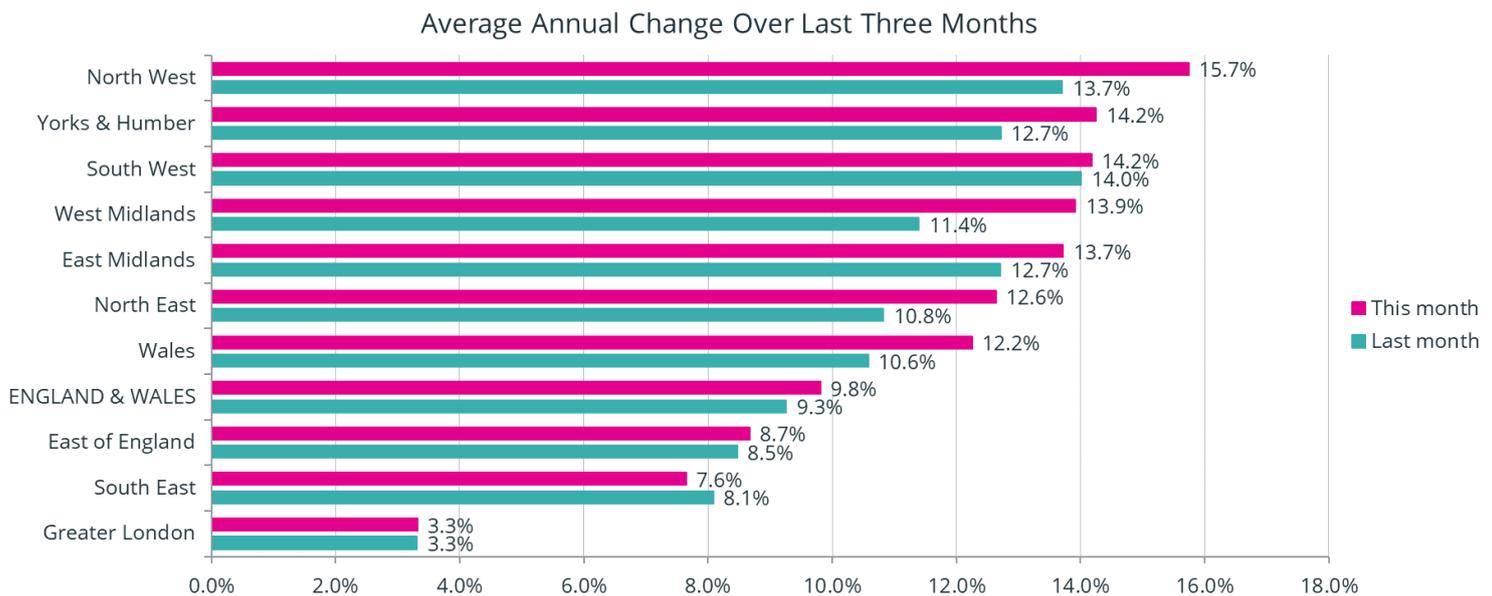


Figure 3 shows the percentage change in annual house prices, averaged over the three-month period of February, March and April 2021, compared to the same three months in 2020. It also shows the similarly averaged figures from last month. As is evident, there has been continued price growth across Wales and all nine English regions. All ten GOR areas have simultaneously set new record average house prices for the fourth month in a row.

In March, the North West has taken over the top spot as the region with the highest rate of annual house price growth, at 15.7%, pushing the South West - the previous occupier of this position - into joint second place alongside Yorkshire and the Humber, both at 14.2%.

The West and East Midlands have swapped positions this month, with annual growth rates of 13.9% and 13.7% respectively, followed by the North East in sixth place - its highest position amongst the regions of the last twelve months. Wales follows in seventh place, with a growth rate of 12.2%. One might have expected a higher placing for Wales in the regional league table, given its renowned scenic beauty and the desire of purchasers for open space. However, with lower savings on its stamp duty holiday than in England, and second homes and buy-to-let landlords in Wales being specifically excluded from any such tax benefits - unlike in England - there has possibly been less demand for higher-value homes.

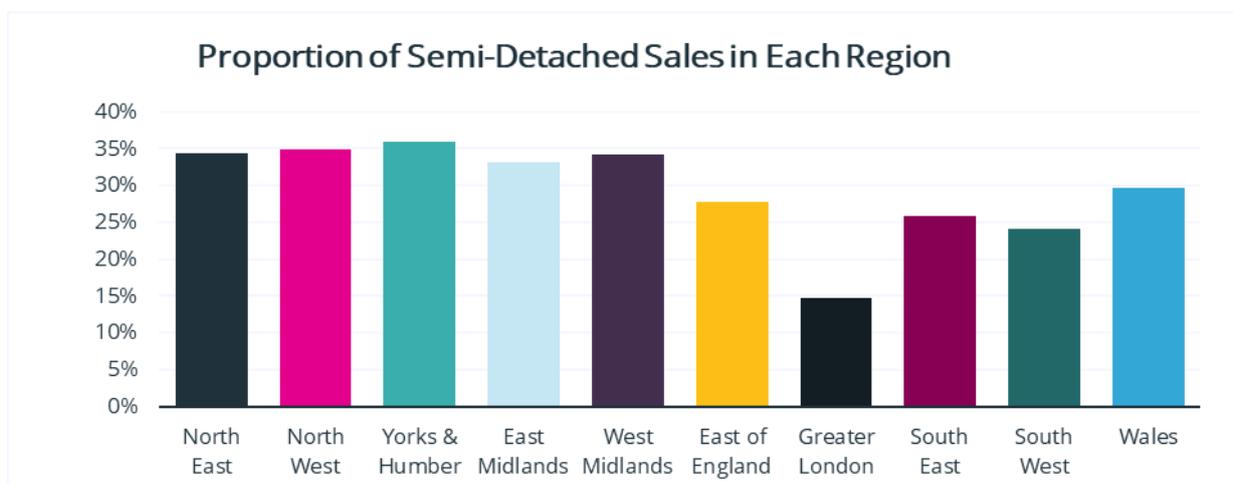
By way of contrast, the three GOR areas the East of England, the South East and Greater London continue to have the lowest rates of house price growth of the 10 GOR areas, a pattern which has existed for the last four months. Greater London has the lowest price growth rate of all the regions at 3.3%, and in March 2021, 11 of the 33 boroughs recorded falls in annual house price growth. This compares with just 3 of the 109 unitary authority areas / counties elsewhere in England and Wales, and for reasons discussed earlier.

The North West's rise to prominence has been assisted this month by Merseyside, where prices are increasing at an annual rate of 18.8%. All property types are seeing values boosted in the North West, but particularly semi-detached homes, where prices have increased from an average £180k in March 2020 to £215k one year later. Rightmove, in its April housing report, advises that nationally across England and Wales "it is two- and three-bedroom semi-detached homes that are being snapped up quickest, with 30% of those that are being marked as sold by agents having been on the market for less than a week". Nationally, semi-detached homes account for 29% of the housing stock – in Merseyside that proportion is 38%.

If we look at the change in the annual % price growth of the 10 GOR areas, comparing February to March, we can split England and Wales into three main groups, (*with the increase between the two months shown in brackets*): i) those areas with considerable positive change: West Midlands (+2.5%), North West (+2.0%) and North East (+1.8%); ii) those with medium levels of change: Wales (+1.6%), Yorkshire and the Humber (+1.5%), and East Midlands (+1.0%); and those with a low or negative change: South West (+0.2%), the East of England (+0.2%), Greater London (0.0%), and the South East (-0.5%).

If we then compare these changes in growth rates with the proportion of semi-detached dwellings in each GOR area, (Figure 4), we can discern a reasonably close correlation between those areas that have a higher-than-average percentage of semi-detached homes and those areas with the highest change in average prices.

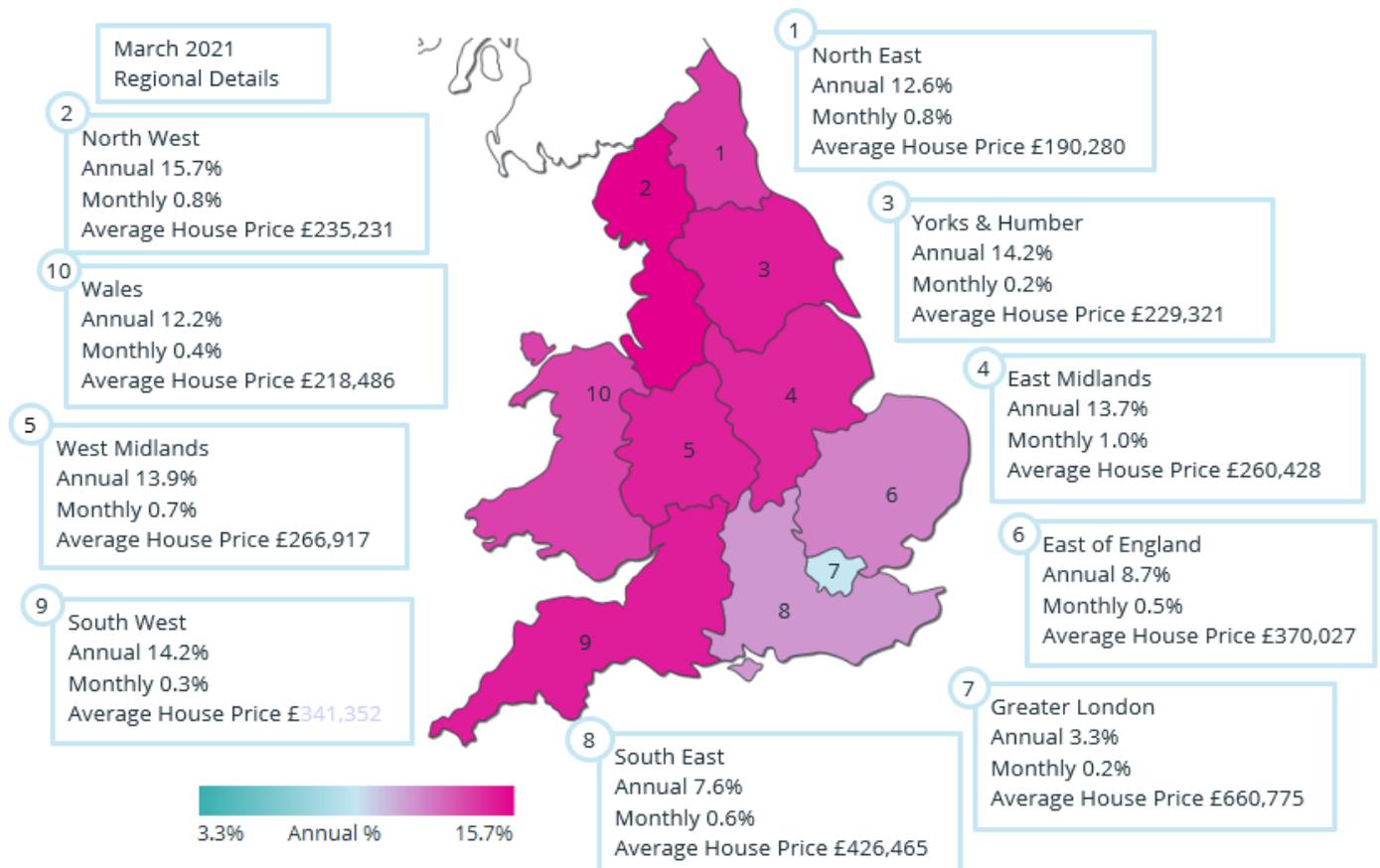
Figure 4. The proportion of semi-detached sales in each GOR area, 2017 – 2020.



This is not to say that it is only semi-detached properties that are experiencing high price growth – far from it - but such homes usually provide the most accessible and more spacious type of property for movers from flats and terraced homes. It is a natural pressure point in the housing market.

England and Wales Regional Heat Map for March 2021

All of these different trends are then reflected in the patterns seen in the Regional Heat Map for March, with the blue indicating an annual growth rate below 4.0%, and the darker reds indicating rates above 13.5%. Greater London stands out as being the exception to the other areas, and is also surrounded by two areas with the lighter reds indicating lower growth rates of below 9.0%. The remainder of England and Wales above a line running roughly from the Isle of Wight to the Wash is almost uniformly red, except for the slightly lighter shades which highlight Wales and the North East.



Annual and Monthly Price Trends

Over the last twelve months, the average price of a home in England and Wales has increased by some £35,750, or just below 12%. This is the highest annual rate achieved since January 2005, giving a real sense of how the housing market is significantly outperforming the wider economy, and at levels that some analysts suggest are possibly unsustainable in the longer term.

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 both countries. In addition, in London in particular, the weaker pound has been a further factor in stimulating activity in the more exclusive markets, even though this hasn't made a notable impact on the index at this stage.

With the stamp duty holidays scheduled to end in June in Wales, and in September in England, and with the furlough scheme also terminating in September, government-related support for the housing market will reduce in the third quarter of the year. Previous experience does show this will have an impact - but this may be more than offset by stronger economic growth than previously anticipated. At present, the “bounceback” has been stronger than some had foreseen.

Looking at the national data on a monthly basis, prices in England and Wales in April rose by some £2,300, or 0.7%. This is 0.2% higher than the 0.5% increase recorded for March 2021. However, the March and April 2021 rates are the lowest monthly increases seen since June 2020 and are perhaps indicative of a slowing brought about by the rapidly approaching end of the SDLT/LTT holidays respectively in England and Wales.

Although the full Acadata listing of the change in prices in each unitary authority area and London Borough is not included here, it is available on the Acadata website. The Acadata statistics show that 68 of the 109 unitary authorities / counties in England and Wales reached a new record price in March 2021, down from the 88 areas recorded in February, but again this reduction is likely to be due to the proximity of the termination of the tax holiday, which has subsequently been extended.

There are some remarkable figures to be found in this analysis. For example, 63 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 29.9%, followed by the Isle of Anglesey at 21.8%.

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.

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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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