

House price growth rates continue to climb strongly in England and Wales

- ✓ Prices increase by a startling 20% in Greater Manchester and Merseyside
- ✓ London has lowest growth rate, with annual price falls in 10 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)
£343,658	331.1	0.5	13.4	17.1

Richard Sexton, director at e.surv, comments:

“Overall, we can see the market continues to enjoy the effect of the government’s stamp duty holiday. Buyers are still striving to complete purchases in time to benefit from the maximum tax break ahead of the change in June to a tapered deadline.

“Completion prices for transactions funded by both mortgages and cash grew by a startling 13.4% annually in May, and at a national level, prices in England and Wales rose on a monthly basis by some £1,800, or 0.5%. However, it is notable that the monthly price increases over the last three months are the lowest since June 2020, probably a reflection of the rapidly approaching end of the stamp duty holiday.

“Regionally, there has been continued price growth across Wales and all nine English regions. Prices performed particularly strongly in the North West which achieved its highest rate of annual house price growth, 18.4%. Growth in the North West is underpinned by activity in both Greater Manchester and Merseyside, where prices are increasing at a staggering annual rate of 20.9%. London and the South East have also seen growth, although at a lower level. It should be remembered that London property prices have already experienced a boom in the years following the global financial crisis, a rise not experienced by many other UK regions.

“Our property type data shows there has been a shift in the kind of homes that buyers are looking for. Working from home has encouraged interest in larger homes with gardens outside city centres. The demand for flats in central and inner areas of London and other cities has not been as strong as for other types of homes due to lifestyle changes and new working arrangements, alongside the absence of overseas buyers in prime central London due to Covid restrictions. The impact of the pandemic on flats has been amplified by the issues surrounding cladding for mortgage lenders.”

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

[Link to source Excel](#)

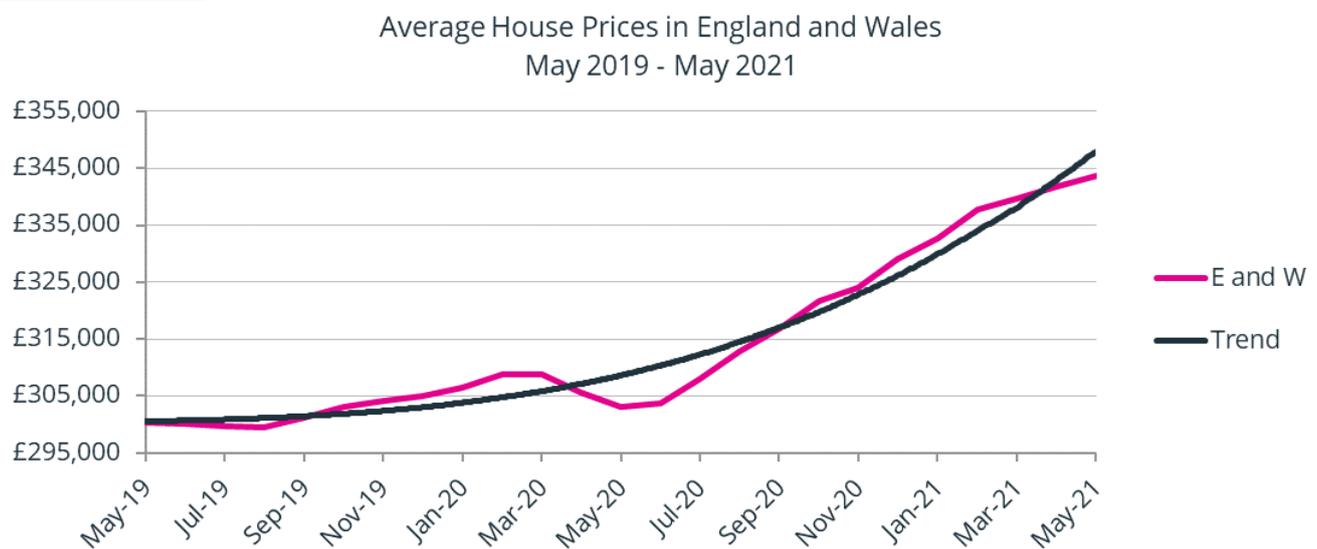
Month	Year	House Price	Index	Monthly Change %	Annual Change %
May	2020	£303,107	292.4	-0.8	0.9
June	2020	£303,831	292.4	0.2	1.2
July	2020	£308,017	295.5	1.4	2.8
August	2020	£312,773	300.1	1.5	4.4
September	2020	£316,877	304.4	1.3	5.2
October	2020	£321,603	309.9	1.5	6.1
November	2020	£324,087	313.5	0.8	6.5
December	2020	£329,155	317.1	1.6	7.9
January	2021	£332,612	320.5	1.1	8.6
February	2021	£337,708	325.4	1.5	9.3
March	2021	£339,579	327.2	0.6	10.0
April	2021	£341,822	329.3	0.7	11.8
May	2021	£343,658	331.1	0.5	13.4

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, May 2019 – May 2021

[Link to source Excel](#)

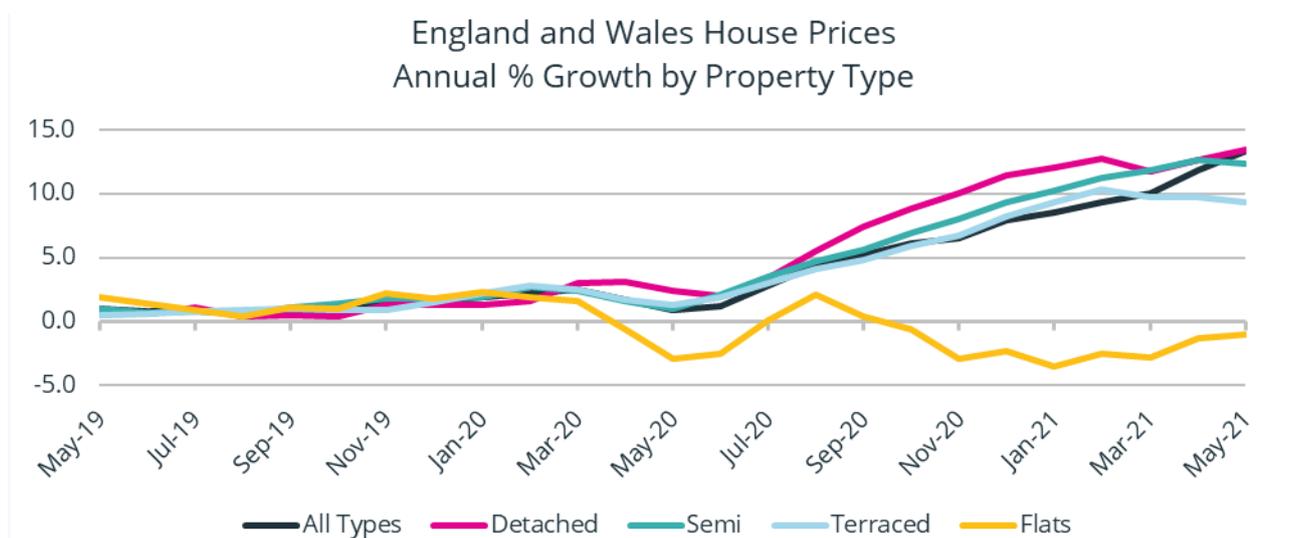


Completion prices for transactions funded by both mortgages and cash grew by a startling 13.4% in May, the highest year-on-year growth since December 2004, and despite England and Wales having been in various states of lockdown and economic contraction since March 2020. Figure 1 illustrates the path 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 twelve consecutive months of price growth as lifestyle changes, low interest rates, the success of the vaccination program and the stamp duty holiday all appearing to have had an effect on the demand

for homes. As can be seen in Figure 2 - and now with perhaps a little more clarity than last month, as a result of further sales having been processed for March 2021 - detached and semi-detached homes have been the leading drivers in the increase in house prices since the May 2020 lockdown, with terraced homes closely following. Flats remain the exception, with price falls for the last seven months, from October 2020 onward.

The demand for flats in central and inner areas of London and other major conurbations is lower than pre-pandemic, which could be as a result of lifestyle changes, new working arrangements as well as 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 - particularly in prime central London.

Figure 2. The annual change in the average house price for the period May 2019 to May 2021, by type
[Link to source Excel](#)



It is also apparent in Figure 2 that from August 2020, the price of detached properties rose at a faster rate than that of semi-detached and terraced homes, at least until March 2021, when the growth in detached homes showed a minor slowing in its rate of price appreciation.

On a monthly basis, the e.surv Acadata index shows a growth rate of +0.5% in May, down by 0.2% on the 0.7% growth seen in April. This monthly rate is at its 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 before this was extended for three months in the 3rd March 2021 Budget, and re-invigorated it.

As noted last month, the e.surv Acadata Index is recording the result of decisions taken two-to-three months earlier than the actual completion of the property sale - the Index for May is therefore likely to be reflecting a point in time in 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, April 2021

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

[Link to source Excel](#)

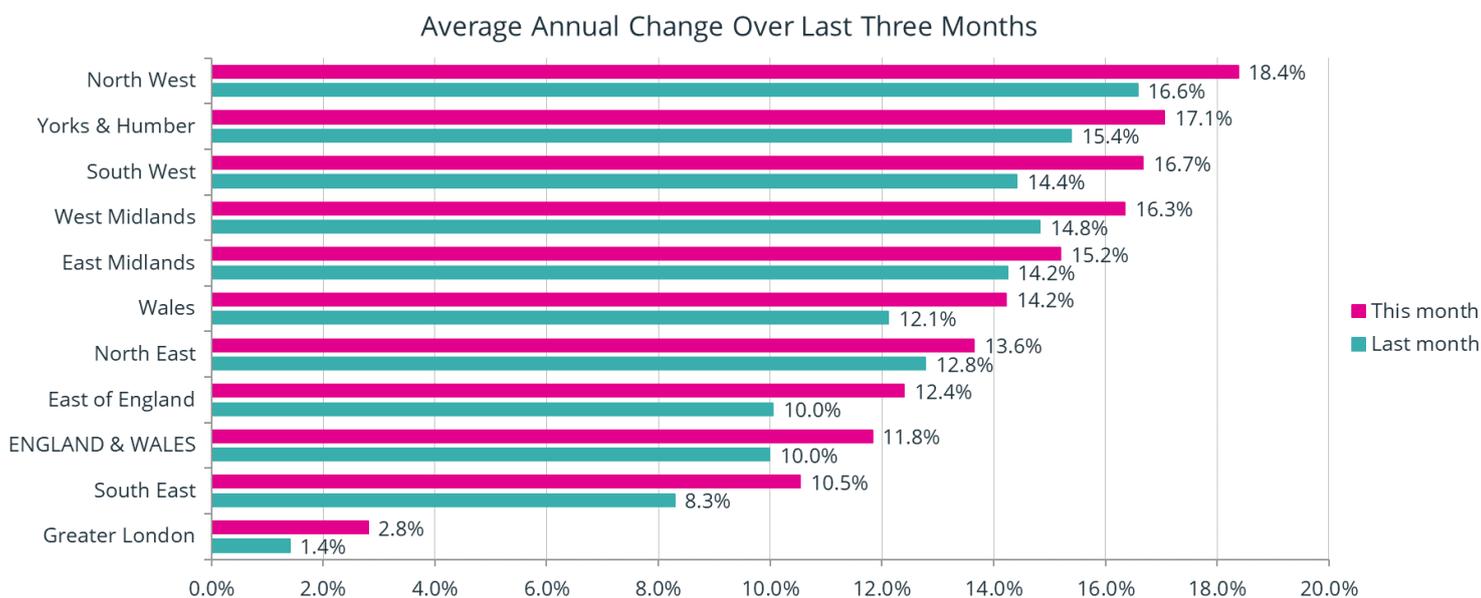


Figure 3 shows the percentage change in annual house prices, averaged over the three-month period of March, April and May 2021, compared to the same three months in 2020. It also shows the similarly averaged figures from last month. As is evident, there has been continued price growth across Wales and all nine English regions.

However, there are two GOR areas this month that have not topped their previous record price, being the North East and Greater London. This is the first time that two or more GOR areas have simultaneously failed to set a new record price in the last seven months.

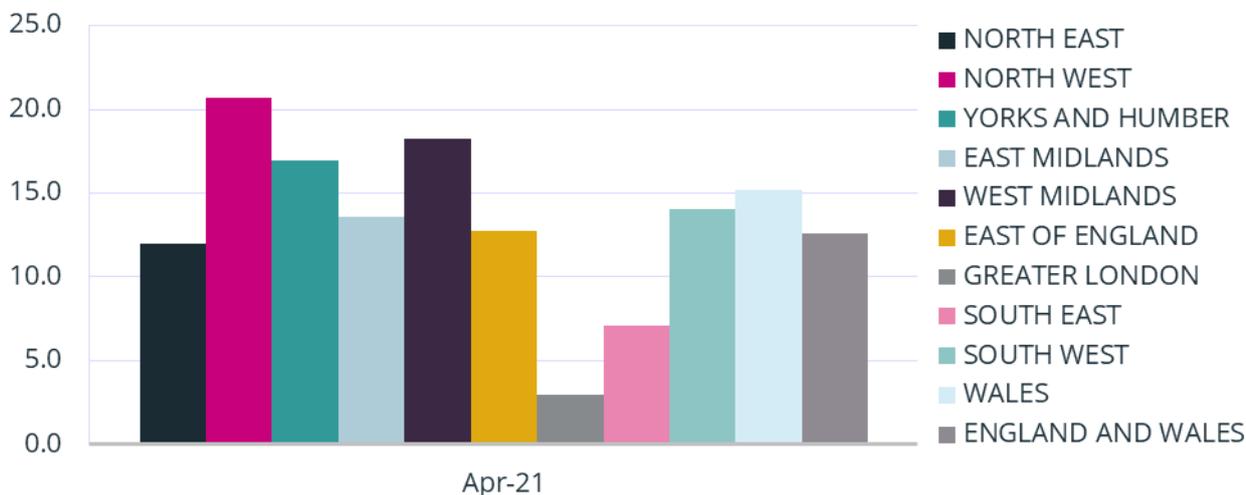
In April, the North West continues to lead the way in Figure 3 as the region with the highest rate of annual house price growth, at 18.4%. The North West's prominence this month has been enabled by both Greater Manchester and Merseyside, where prices in the two areas are increasing at a worrying annual rate of 20.9%. It is the price of semi-detached homes that has seen the largest increase in these two conurbations, with prices up by some 24% in Greater Manchester and 19% in Merseyside.

As expected, the three GOR areas of the East of England, the South East and Greater London continue to have the lowest rates of house price growth of the 10 regions, a pattern which has existed for the last five months. Greater London has the lowest price growth rate of all the regions at 2.8% and is the only one to have a rate of less than 10%. As we noted earlier, in Greater London it is the average price of flats that has seen the largest fall, down by 7.2% in April, compared to twelve months earlier. There are currently ten London boroughs where average house prices have fallen over the year, with six of these being in the top ten boroughs by value, i.e. most of the prime central areas of the capital.

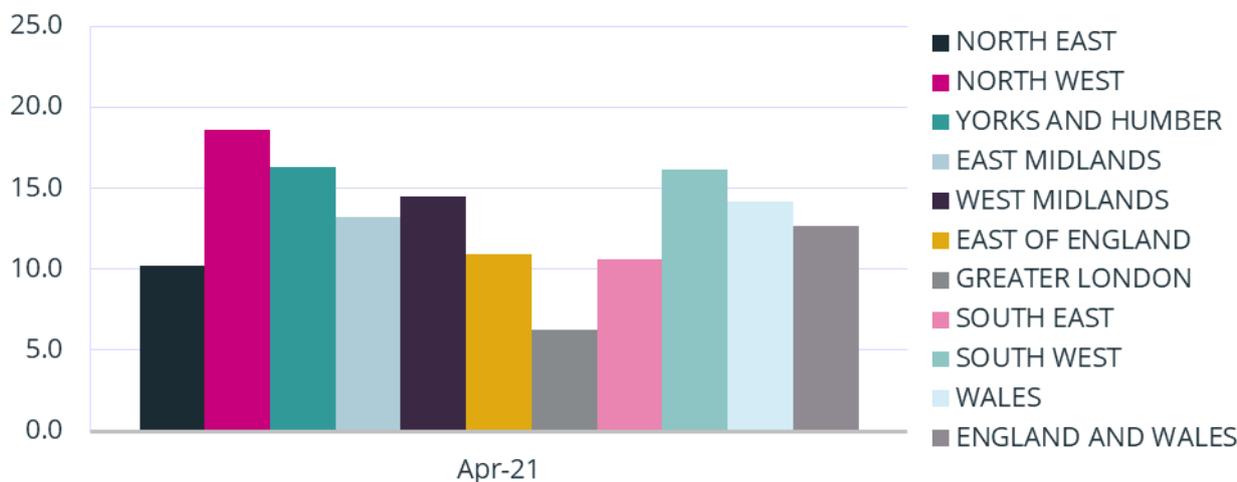
Figure 3 above shows the growth rate in April 2021 for 'All Property Types'. Additionally this month we take a look at the growth rate in April 2021 for the 'individual property types' as follows:

Figures 4 to 7. The annual change in the average price for each property type in April 2021, analysed by GOR

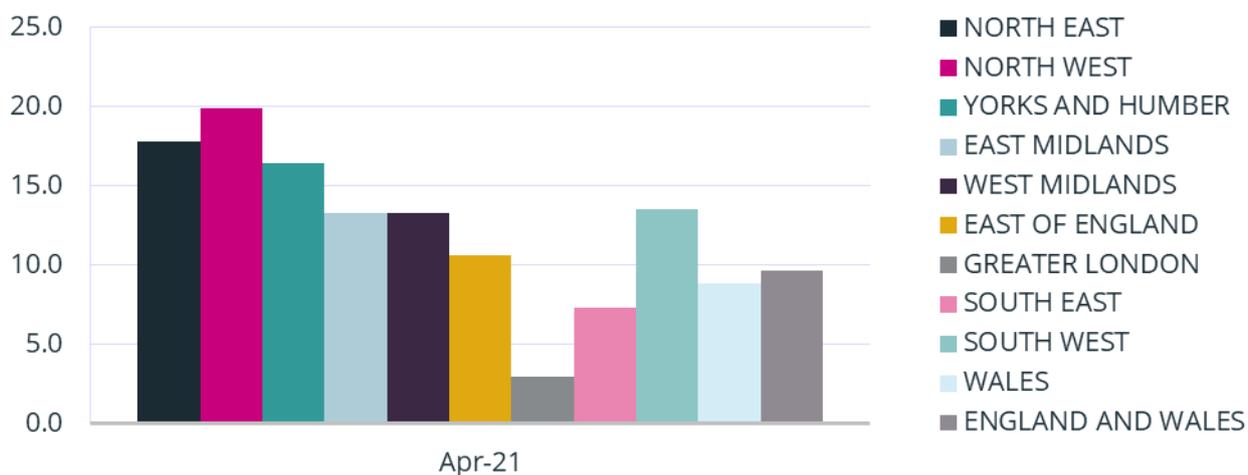
Detached Homes % Price Change



Semi-detached Homes % Price Change



Terraced Homes % Price Change

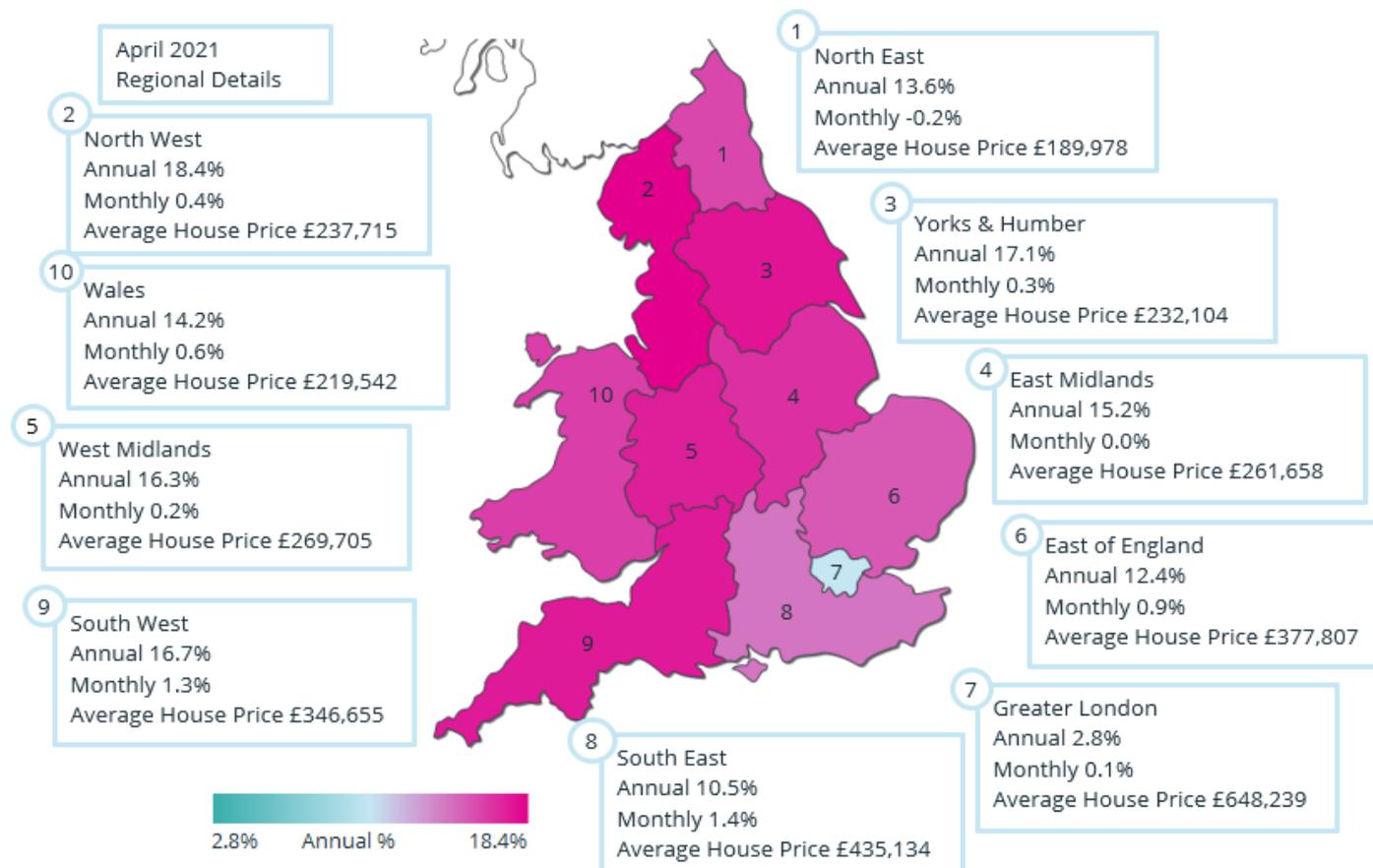


Flats % Price Change



England and Wales Regional Heat Map for April 2021

All of these different trends are then reflected in the patterns seen in the Regional Heat Map for April, with the light blue indicating an annual growth rate below 3.0%, and the darker reds indicating rates above 15%. 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 12.5%. 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 sold in England and Wales has increased by some £40,500, or 13.4%. This is the highest annual rate achieved since December 2004, giving a sense of how the housing market is significantly outperforming the wider economy. However, some of this month's increase is related to the -0.8% fall in prices seen twelve months earlier.

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, the feel-good factors allied to the successful roll-out of the Covid vaccines and of course the temporary stamp duty holiday in both England and Wales. 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 had 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.

There are mixed views about how the housing market might evolve over the rest of 2021 - some analysts suggest a slowing after the summer, others that there is still significant pent-up desire to move. On that note, it is significant that home movers - as distinct from first time buyers who were dominating - have returned to the market strongly in recent months. It is little wonder that the Bank of England is taking an ever-closer look at housing market trends, not least as part of its review of the current macro-prudential controls it has in place. Perhaps more strongly than before it now accepts that credit cost and supply, alongside the supply of new homes are key factors in shaping market trends.

Looking at the national data on a monthly basis, prices in England and Wales in May rose by some £1,800, or 0.5%. This is 0.2% lower than the 0.7% increase recorded for April 2021. Of note is that the monthly change in prices over the last three months are the lowest 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 62 of the 109 unitary authorities / counties in England and Wales reached a new record price in April 2021, down from the 68 areas recorded in March, but again this reduction is likely to be due to the proximity of the termination of the tax holiday, which has subsequently been extended.

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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