

Tentative signs of slowing prices in July

- ✓ Average prices up on a monthly basis but price pressures may be waning
- ✓ HMRC estimate transactions in June reached 200,000 in England and Wales
- ✓ The North West has highest annual growth rate at 15.8%. London still lags behind.

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)
£336,003	323.6	0.9	9.1	12.2

Richard Sexton, director at e.surv, comments:

“Overall, we saw a continued positive movement in house prices with the average price of completed sales growing by 9.1% in July to £336,003. Continuing government support for the housing market and low interest rates continue to help with buyer affordability and offset the initial stage withdrawal of the stamp duty holiday and the complete withdrawal of the Land Transaction tax in Wales. If we exclude the smaller rates of growth in Greater London and the South East, the annual rate of growth remains over a remarkable 12%.

“In terms of transactions we can see what a difference twelve months can make. In the first quarter of this year, we saw a 32% increase in transactions over the same period last year. The stamp duty holiday and the desire for more space when working from home clearly spurred many purchasers into action. What is more unexpected is that the area with the highest increase in sales this year is the South East which belies the belief buyers were rushing to the countryside – in fact buyers have been rushing to secure detached houses but not in rural locations. The highest increase of detached property sales in the South East was in fact in Brighton and Hove which saw a rise of 140%. Proof if any were needed that urban living retains its allure for many moving out of bigger cities.”

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

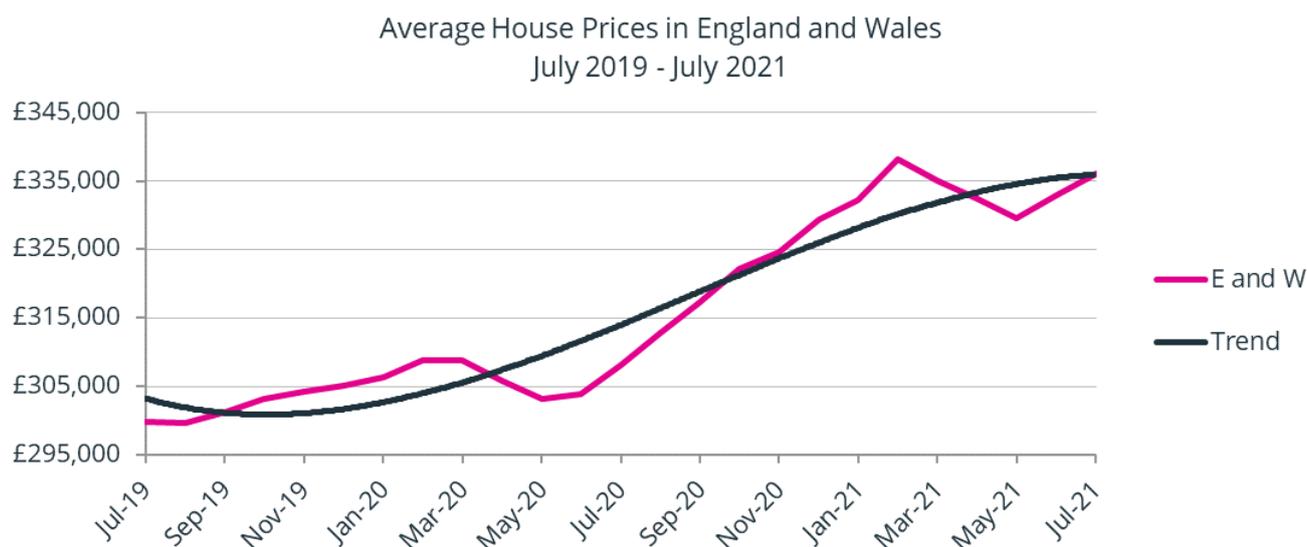
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Month	Year	House Price	Index	Monthly Change %	Annual Change %
July	2020	£308,097	295.5	1.4	2.8
August	2020	£312,919	300.1	1.6	4.5
September	2020	£317,191	304.4	1.4	5.3
October	2020	£322,099	309.9	1.5	6.2
November	2020	£324,712	313.5	0.8	6.8
December	2020	£329,322	317.1	1.4	8.0
January	2021	£332,140	319.9	0.9	8.4
February	2021	£338,268	325.8	1.8	9.6
March	2021	£334,986	322.6	-1.0	8.5
April	2021	£332,428	320.1	-0.8	8.7
May	2021	£329,532	317.3	-0.9	8.7
June	2021	£332,918	320.6	1.0	9.6
July	2021	£336,003	323.6	0.9	9.1

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

Commentary: John Tindale and Peter Williams, Acadata Senior Analysts

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

[Link to source Excel](#)

The average price of completed sales funded by both mortgages and cash grew at an annual rate of 9.1% in July. This is 0.5% lower than the annual rate of 9.6% recorded in June, the reduction almost certainly relating to the ending of the first stage of the Stamp Duty holiday in England, along with the complete withdrawal of the Land Transaction tax holiday in Wales.

Transactions

We would caveat this commentary with the observation that our published HPI results for the latest three months from May to July 2021 are susceptible to change, since the number of transactions processed by the Land Registry for these months is lower than normal. The monthly transaction count from which we have derived the average prices for May, June and July are 18,452, 17,645 and 1,312 sales respectively. These figures contrast with the HMRC estimates of housing transactions in England and Wales for May and June 2021 of 91,000 and 198,000 sales respectively (the July HMRC totals are not yet available at the time of going to press). This suggests that the Land Registry has a mammoth task ahead in processing the number of outstanding registrations.

It is understood that registrations are taking longer than usual, due to the requirement of the Land Registry working from home, and the high volume of sales that have taken place since October 2020.

Given that reasonable progress has been made in processing the transactions relating to Q1 2021, we consider that there is merit in looking at the first quarter of the last three years by Region / Country to understand further what is happening.

Table 2. Number of Transactions by Region / Country in Q1 2019, Q1 2020 and Q1 2021. The Regions in Table 2 are based, for historic reasons, on the former SSR areas.

[Link to source Excel](#)

TRANSACTIONS ANALYSIS BY REGION

REGION	Jan - Mar			Jan - Mar	
	2019	2020	2021	2019/20	2020/21
NORTH	9,544	9,222	10,819	-3%	17%
NORTH WEST	21,541	20,794	24,597	-3%	18%
YORKS & HUMBERSIDE	17,825	16,282	20,079	-9%	23%
EAST MIDLANDS	16,122	15,024	18,391	-7%	22%
WEST MIDLANDS	17,385	16,222	20,138	-7%	24%
EAST ANGLIA	8,469	8,336	11,285	-2%	35%
GREATER LONDON	17,614	19,043	25,953	8%	36%
SOUTH EAST	40,121	40,473	61,870	1%	53%
SOUTH WEST	20,375	19,445	27,270	-5%	40%
ENGLAND	168,996	164,841	220,402	-2%	34%
WALES	9,704	9,388	10,206	-3%	9%
ENGLAND & WALES	178,700	174,229	230,608	-3%	32%

As Table 2 shows, there was an overall fall of 3% in transaction numbers between Q1 2019 and Q1 2020, probably as a result of the first lockdown in England and Wales (on 23 March 2020). By contrast, the housing market during Q1 2021 was particular buoyant, spurred on by the Stamp Duty tax holiday and lifestyle changes associated with “working from home”, showing a 32% increase in sales between the two years.

The region with the highest increase in sales in 2021 was the South East (+53%), where one might have thought that sales would have been low, given the assumption that many were choosing to migrate to more rural locations. However, looking at the South East in more detail we find that it has all the classic hallmarks of the new ‘normal’ in its Q1 2021 housing markets. For example, sales of

detached properties in Q1 2021 were up by 70% compared to Q1 2020; similarly sales of semi-detached and terraced homes have increased by 50% and 40% respectively, while the sale of flats has fallen by 10% over this same period. The highest increase in the purchase of detached properties in the South East was in Brighton and Hove, up by 140%, followed by East Sussex and Reading, both up by 90% on a year earlier. The need for space, often afforded by the purchase of detached and semi-detached properties, is clearly demonstrated by such figures.

Regional House Prices, June 2021

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

[Link to source Excel](#)

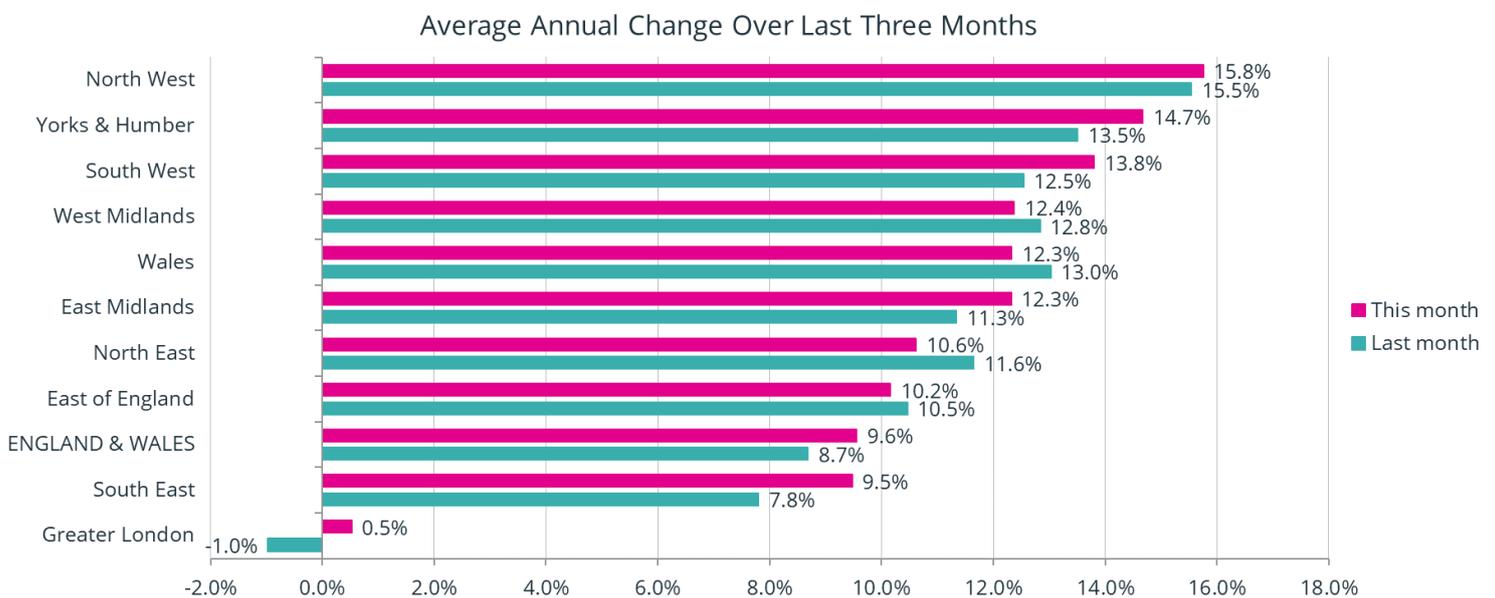


Figure 2 shows the percentage change in annual house prices, averaged over the three-month period of May, June and July 2021, compared to the same three months in 2020. It also shows the similarly averaged figures from last month.

In general terms, all areas have seen a positive movement in prices in June compared to twelve months earlier, albeit Greater London saw a fall in prices in May 2021 compared to May 2020. Six regions in June saw an increase in their rates of price growth compared to May, as did England as a whole, while Wales, the West Midlands, the North East and the East of England saw their rates of increase fall.

In June, the North West continues to lead the way as the region with the highest rate of annual house price growth, at 15.8%. The North West has been helped in its prominence this month by Cheshire East, Cheshire West, Chester, Warrington and Greater Manchester, where prices have been increasing at an annual rate in excess of 15%.

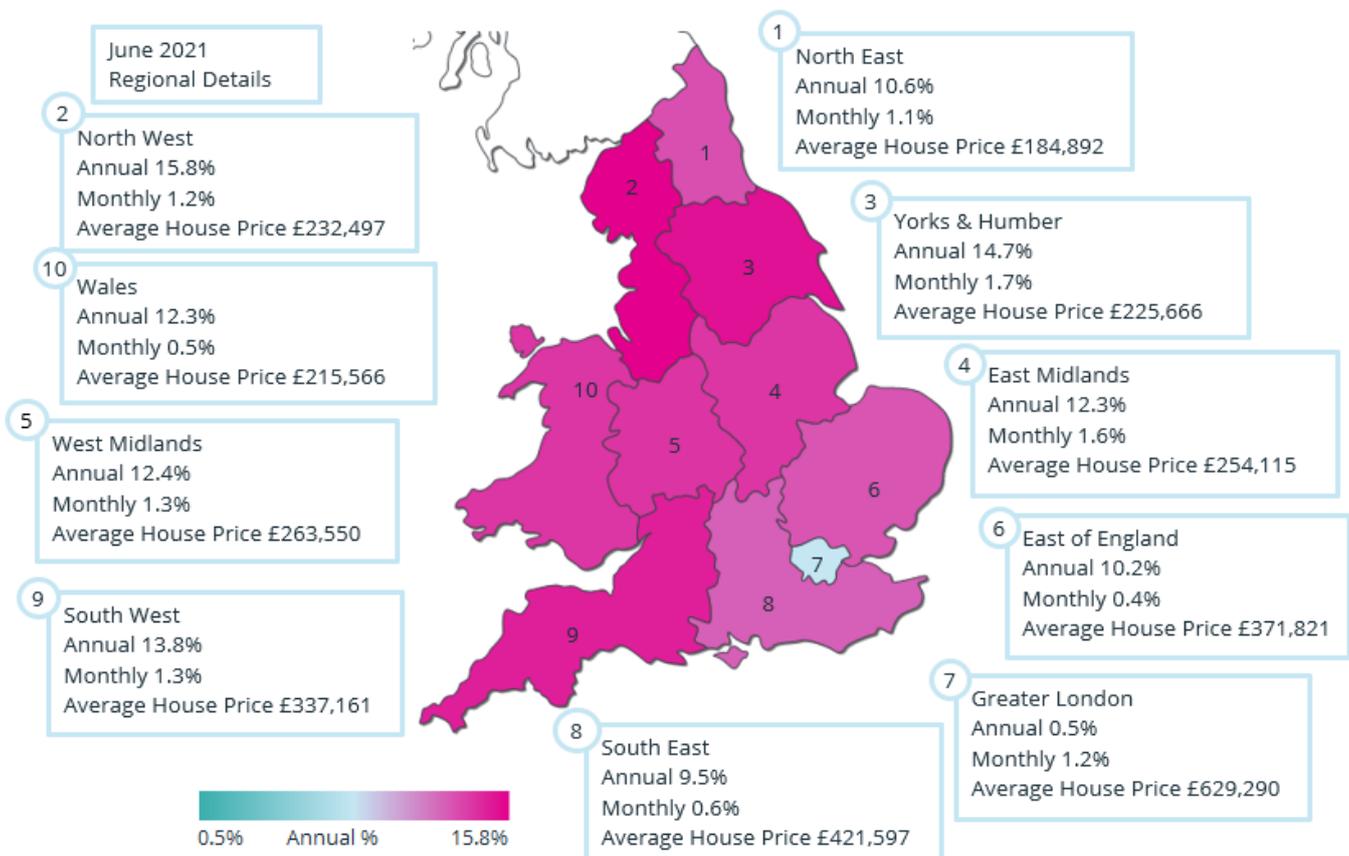
As expected, the three GOR areas of the East of England, the South East and Greater London continue to have the lowest rates of house price growth of the 10 regions, a pattern which has existed for the last seven months, despite sales volumes being at least 36% higher during Q1 2021 than in Q1 2020.

Greater London has the lowest price growth of all the GOR areas at 0.5%, and is the only one to have an annual rate of less than 8%. As we noted last month, in Greater London it is the average price of flats that has seen the largest fall, compared to twelve months earlier. There are currently twelve 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.

It is important to note that the Acadata house price series is mix-adjusted – which means we keep our mix of property types at a constant over time. In practice, it is evident that the number of flats sold in London over time has actually diminished, which will have resulted in the sale of terraced homes becoming more dominant. Since terraces tend to be more expensive than flats in central London, this will have raised the actual average price of all properties in these boroughs. The mix-adjustment enables a comparison of average prices in a borough to be made over multiple periods.

England and Wales Regional Heat Map for June 2021

All of these different trends are then highlighted in the Regional Heat Map for June, with the light blue indicating an annual growth rate below 1.0%, and the darker reds indicating rates above 13.5%. Greater London stands out as being the exception, and is surrounded by two areas with the lighter reds, indicating lower growth rates of 10.2% or below. The remainder of England and Wales above a line running roughly from the Isle of Wight to the Wash is almost uniformly red, with slightly lighter shades highlighting Wales, the East and West Midlands and the North East, where annual price rises range from 10.6% to 12.4%.



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 £27,900, or 9.1%. This annual rate has fallen by 0.5% from the 9.6% increase seen in June 2021, which - as suggested earlier - may reflect a slowing in the pace of the housing market, following the reduction in the tax savings obtained from the first phase of the stamp duty holiday at the end of June 2021. According to HMRC estimates, approximately 200,000 transactions took place in England and Wales in June 2021, which more than doubles the number of sales estimated for May 2021, indicating how many purchasers were looking to take advantage of the tax savings.

On a month-on-month basis, prices rose in July by some £3,100, or just 0.9%. This represented a tiny 0.1% fall from the increase of 1.0% seen in June. While it is possible to speculate on this small shift, we hold judgement given that only 1,312 properties have been recorded to date at the Land Registry.

With the ending of the SDLT/LTT holidays in England and Wales, 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 - although it may be more than offset by stronger economic growth than had previously been anticipated. Certainly, the recovery has been stronger than some had foreseen. Historically low interest rates - which have made homes more affordable - and savings accumulated in lockdown, as well as lifestyle changes associated with a move to more spacious premises have all had an impact and will continue to play a part.

Little wonder then that there are mixed views about how the housing market might evolve over the rest of 2021 and into 2022 - some analysts suggest a slowing after the summer and into next year, others that there will still be significant pent-up demand to move home, perhaps aided by rising wages. On that note, it is significant that home-movers have returned strongly to the market in recent months, and first time buyers have become less significant.

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 for June show the buoyant effect of the final month of the tax saving holiday, with all but one of the 109 unitary authorities / counties in England and Wales seeing prices rise over the previous twelve months and with 17 areas reaching a new peak, compared with 10 having done so in May.

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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Press contacts

Matt Beasley

Full Circle (PR agency for e.surv)

mbeasley@fullcirclecomms.co.uk

020 7265 7887

Emma Short

Brand Communication Director, e.surv

emma.short@esurv.co.uk

07775 544 834

Richard Sumner

Acadata

richard.sumner@acadata.co.uk

020 8392 9082