

- ✓ *South East* of England leads the way after nearly 14 years
- ✓ *Wales* still performing strongly, with London catching up
- ✓ *Strong growth* being recorded by regions below the line from the Wirral to the Thames Estuary, and weaker above it
- ✓ *England and Wales* monthly and annual growth edging down at 6.9%

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)
£361,767	348.0	1.5	6.9	4.7

Richard Sexton, director at e.surv, comments:

“This month’s data highlights the shifting change in attitude with regard to where and how we decide to live and work. The headline is about the return of Greater London and the South East to the top four areas of house price growth in our index for the first time since August 2020. The South East is now in top position in the league table, having been absent for more than a decade. There is good reason for this.

“There is a huge lack of supply in the market and yet, in many parts of the country, there is still high demand for properties that offer more space and a garden but also access to places of work. Our data is showing evidence now that while some areas, like Wales, continue to offer excellent value and rural living, we are seeing a demand for properties that offer a good working from home environment but remain in reach of our cities.

“Some commentators have pointed out that offices are well-liked working environments, and it is long journeys that deter people from commuting. It stands to reason then that the ‘perfect commute’ will command a good price and hybrid working arrangements will clearly benefit commuter belt towns. In our granular analysis of the South East, we see that Sevenoaks in Kent has a similar journey time to Woking of 35 minutes into London. The average house price in Sevenoaks is £605,000, which is similar to that of Woking at £603,000 and Epsom and Ewell, which again has a similar journey time and an average price of £595,489. This suggests that there is a close correlation between rail commuting times into Central London and house prices. If hybrid working is the future of office working then easy commuting will be an essential pre-requisite of many homebuyers.”

Table 1. Average House Prices in England and Wales for the period February 2021 – February 2022

[Link to source Excel](#)

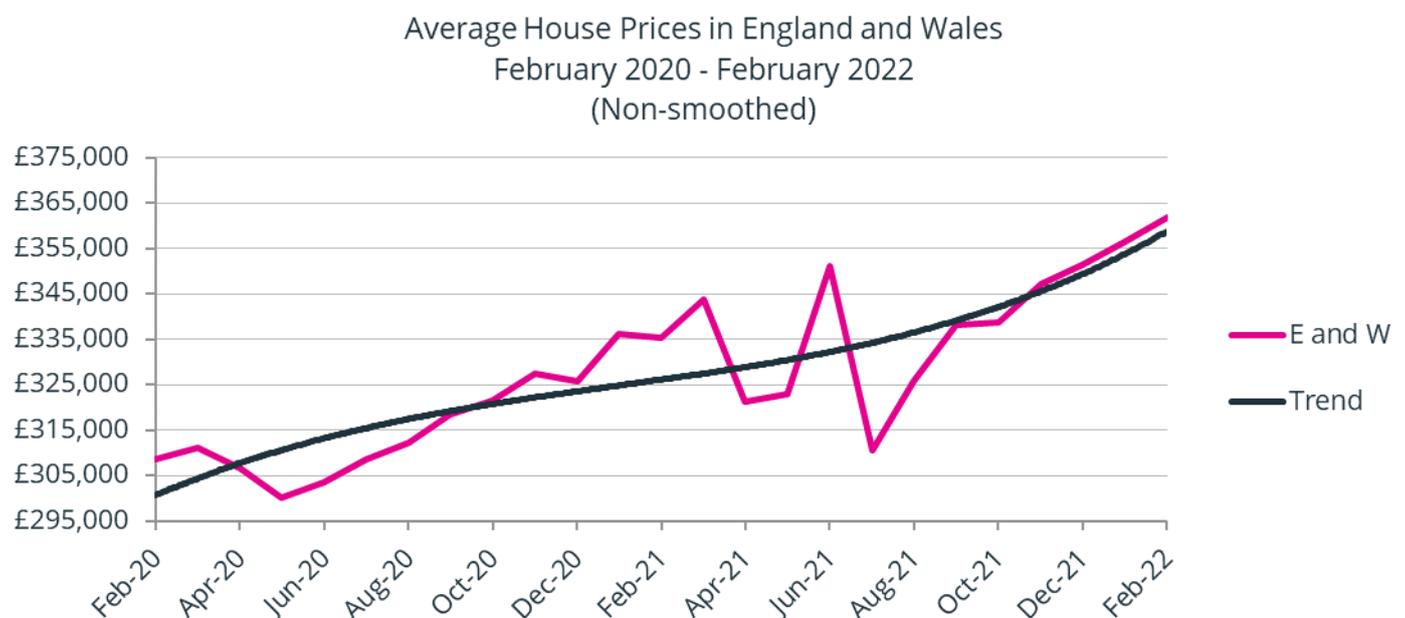
Month	Year	House Price	Index	Monthly Change %	Annual Change %
February	2021	£338,398	325.5	1.8	9.6
March	2021	£333,492	320.8	-1.4	8.0
April	2021	£329,346	316.8	-1.2	7.6
May	2021	£331,853	319.2	0.8	9.3
June	2021	£328,264	315.7	-1.1	7.9
July	2021	£329,253	316.7	0.3	6.8
August	2021	£324,901	312.5	-1.3	3.8
September	2021	£334,259	321.5	2.9	5.3
October	2021	£341,349	328.3	2.1	5.9
November	2021	£345,731	332.5	1.3	6.4
December	2021	£351,679	338.2	1.7	6.7
January	2022	£356,578	343.0	1.4	7.3
February	2022	£361,767	348.0	1.5	6.9

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, not smoothed February 2020 – February 2022

[Link to source Excel](#)



As we progress into 2022, the Figure 1 graph shows an almost straight-line rise in house prices since September 2021, albeit with a slight dip in October as the SDLT tax holiday came to an end. The key driver for this continuing increase in values is a rising demand for properties, without a corresponding increase in stock coming to the market, thus encouraging relatively strong competition for those properties that are put up for sale.

Additionally, in January there had been increasing activity in Greater London and the home counties, going against the trend of the previous six months. Some commentators are suggesting that the “Work from Home” lifestyle change is perhaps losing momentum as more workers return to the office - although this may well be on a three-days-a-week basis - with others still rethinking their moves out of cities.

Regional House Prices, January 2022

Figure 2. The annual change in the average house price for the three months centred on January 2022, analysed by GOR [Link to source Excel](#)

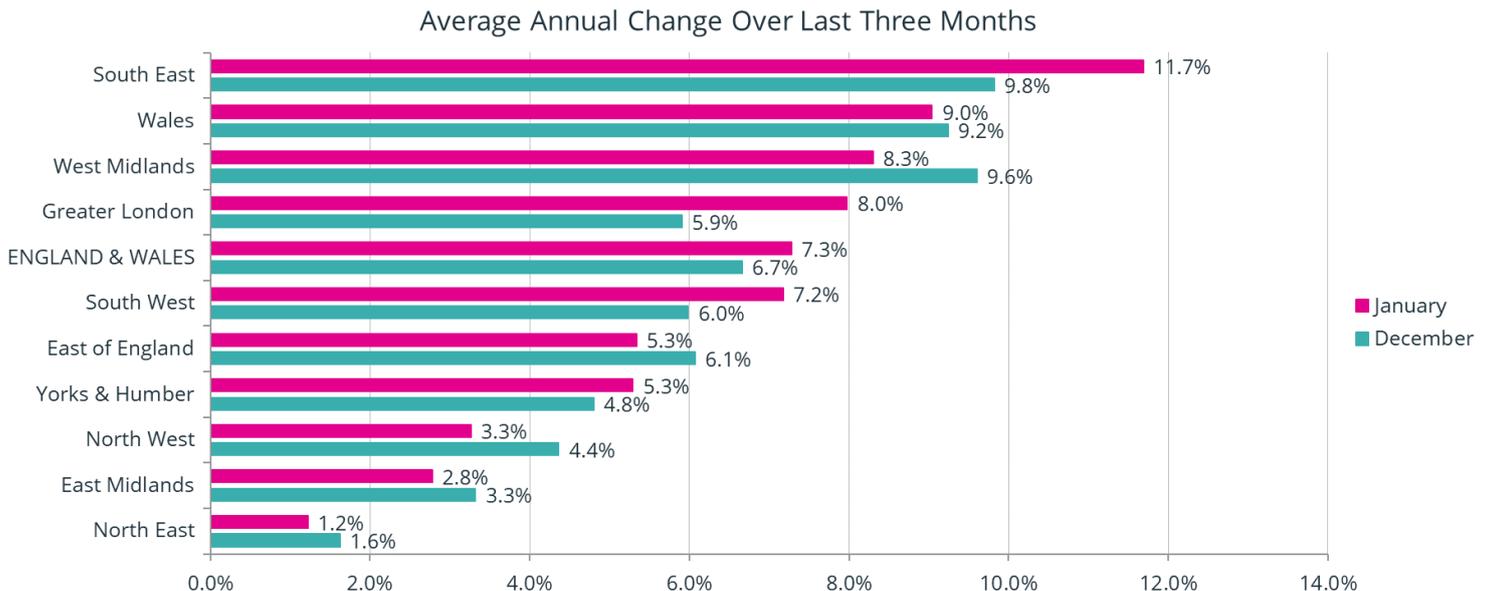


Figure 2 shows the percentage change in annual house prices on a regional basis in England and Wales for January, averaged over the three-month period of December 2021, and January and February 2022, compared to the same three months in 2020/21. It also shows the similarly-averaged figures for December 2021.

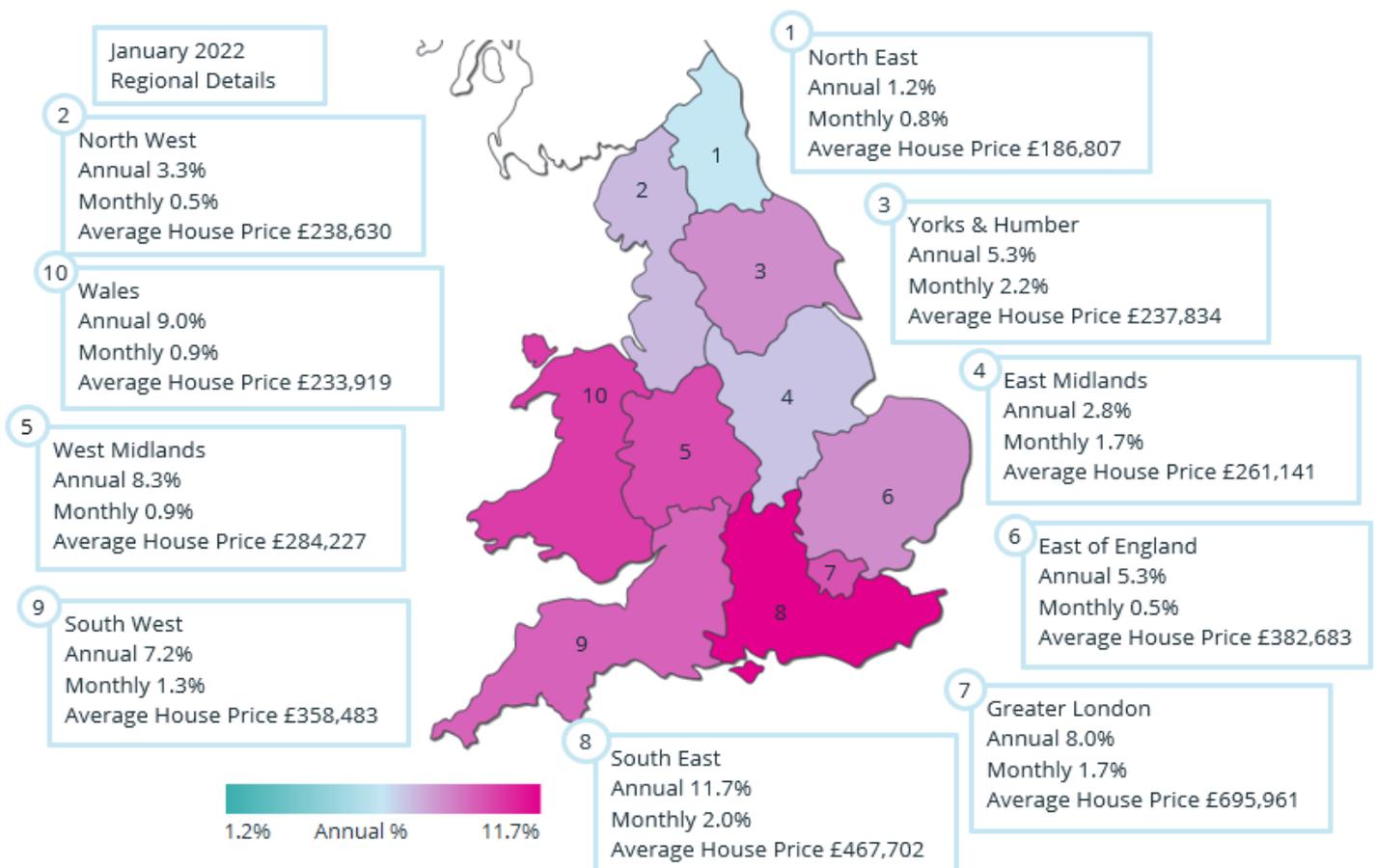
Four areas have seen an increase in their annual rate of growth, while six saw a fall. The four areas with an increase in rates are, in reverse order, Yorkshire and the Humber up 0.5% to 5.3%, the South West up 1.2% to 7.2%, Greater London up 2.1% to 8.0% and the South East up 1.9% to 11.7%. The South East is now in top position in the league table, after being absent for more than a decade, with the West Midlands falling to third place – having been in top place last month. We look at which areas in the South East have seen the highest climb in prices later in this report.

This is the first time that both Greater London and the South East have been included in the top four areas of house price growth since August 2020. Demand for properties after this date had tended to be outside of the south east corner of England, as lifestyle changes brought about by the pandemic tended to favour scenic open spaces in more rural areas or in coastal locations.

Reflecting this, Wales currently has the second-highest price growth of the eleven GOR areas in Great Britain, and has been in one of the top three places for the past eight months. Wales does of course tick all the right boxes in terms of scenic countryside and attractive coastal locations. It is also relatively affordable, with the third-lowest average house price of the eleven GOR areas, its average price only being bettered by the North East and Scotland.

England and Wales Regional Heat Map for January 2022

These different trends are evident in the Regional Heat Map for January. In general, there seems to be a north/south split developing across England and Wales, with the lower increase in prices being seen in the North East, at 1.2% growth, and the East Midlands and the North West at 2.8% and 3.3% respectively. These areas are followed by a grouping of Yorkshire and the Humber and the East of England, both with growth of 5.3%. We can then see growth of 7.2% in the South West, 8.0% in Greater London and 8.3% in the West Midlands. Wales continues with a high rate of 9.0%, just 0.2% lower than the previous month. Finally, the South East is the hot spot, at 11.7% – the only GOR area this month where growth is in double digits.



The housing market in early 2022

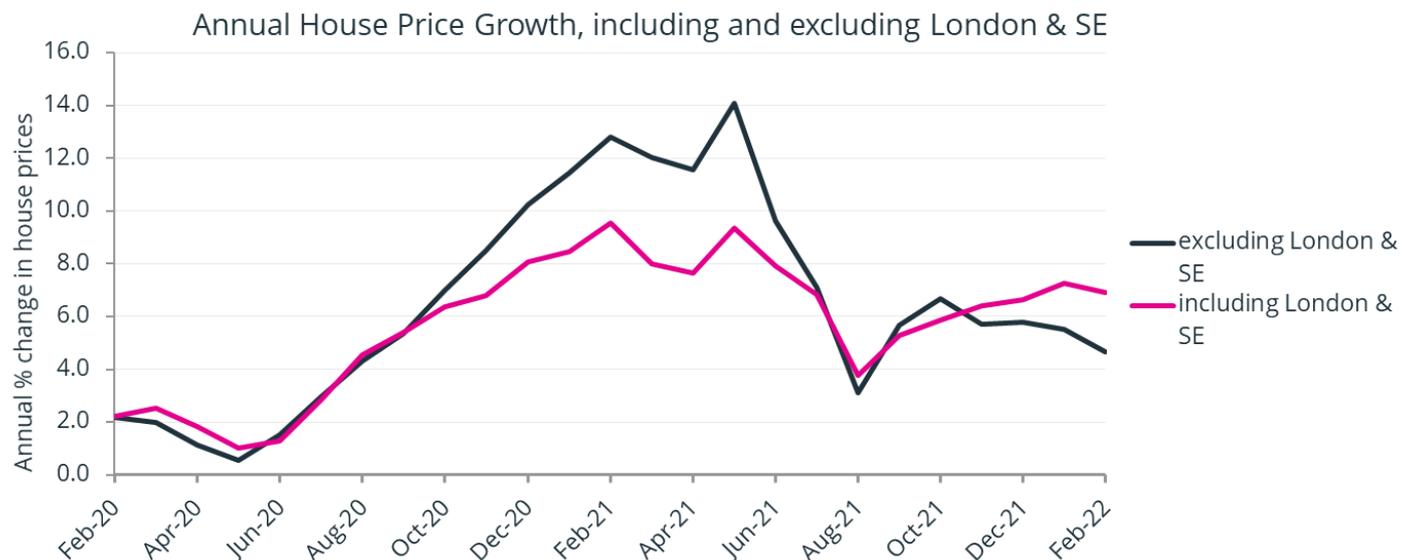
The continued strength of demand for residential property as expressed in accelerating prices is perhaps surprising given the wider backdrop of rising interest rates and inflation, along with global uncertainty. However, with still limited numbers of homes coming onto the market, there has been inevitable pressure on prices with buyers competing to acquire the desired property. Though interest rates have increased, they are still low in historical terms, and accumulated lockdown savings plus parental help where appropriate (facilitated in turn by sustained price inflation) has been enough to support this bidding. Zoopla in their latest report noted buyer demand was up 70% on the 5-year average, while stock for sale was 43% lower.

However, it was also evident that the demand surge was easing a little and that the stock of homes for sale was rising, notably family dwellings. This suggests that the market is beginning to rebalance, albeit with wide variations by region and type of property. Seen in the context of the other factors noted above, it is then possible that prices may once again soften.

Forecasts made at the end of 2021 already need revising to reflect the changing circumstances surrounding national and regional housing markets, alongside growing uncertainty. There are competing pressures: for example, on the one hand some households have both the appetite and the capacity to move to bigger and better homes, while on the other interest rates and household costs are beginning to rise (although competition is holding back mortgage rate inflation). It is all quite finely balanced, and subject to change on a monthly basis.

February - Annual Price Trends

Figure 3. The annual change in house price growth in England and Wales, for the two-year period from February 2020 to February 2022, including and excluding Greater London and the South East. [Link to source Excel](#)



Annual house price growth in February 2022 has eased slightly to 6.9%, having stood at 7.3% one month earlier – and has slowed considerably in comparison with the period in May/June 2021 of price growth of 14% outside London and the South East. So what has been going on?

Clearly, the SDLT / LTT tax holidays were in full operation in May/June 2021 in both England and Wales. But what is also evident from Figure 3, and our analysis of the South East later in this report, is that the tax holiday was not so influential in purchasers' decision-making in the capital and the south east corner of England. Hence, from October 2020 to July 2021, we see a two-tier price growth of London and the South East vs the rest.

That is not to say that the SDLT tax holiday had no influence on buyer behaviour in the south east corner of England – clearly, buyers' demand for property following its introduction on 8 July 2020 caused property prices to rise across the whole of England and Wales. However, buyer enthusiasm can be seen to moderate in the South East from October 2020, while the "race for space" continued elsewhere in England and Wales. Our records show that the North West had the highest rates of price growth from November 2020 to June 2021, having pushed the South West into second place.

All areas saw price growth moderate with the ending of the full rates of SDLT tax savings in England from July 2021, at the same time as the cessation of the LTT tax holiday in Wales. Paradoxically, July 2021 was the month in which Wales house price growth took the lead, with prices in that month in the Principality increasing by an annual rate of 12.2%, compared to the South West at 7.6%.

From October 2021, i.e. one month after the SDLT holiday in England had stopped, we can see the two-tier pricing system again diverging, but this time with Greater London and the South East witnessing higher growth rates than elsewhere. Given the price differentials between regions and countries, a resurgent London and SE market does tend to drag national price indices upwards quite strongly, so it is clearly a factor to be borne in mind.

Transactions

Figure 4. The number of housing transactions per month, January 2017 – November 2021 [Link to source Excel](#)

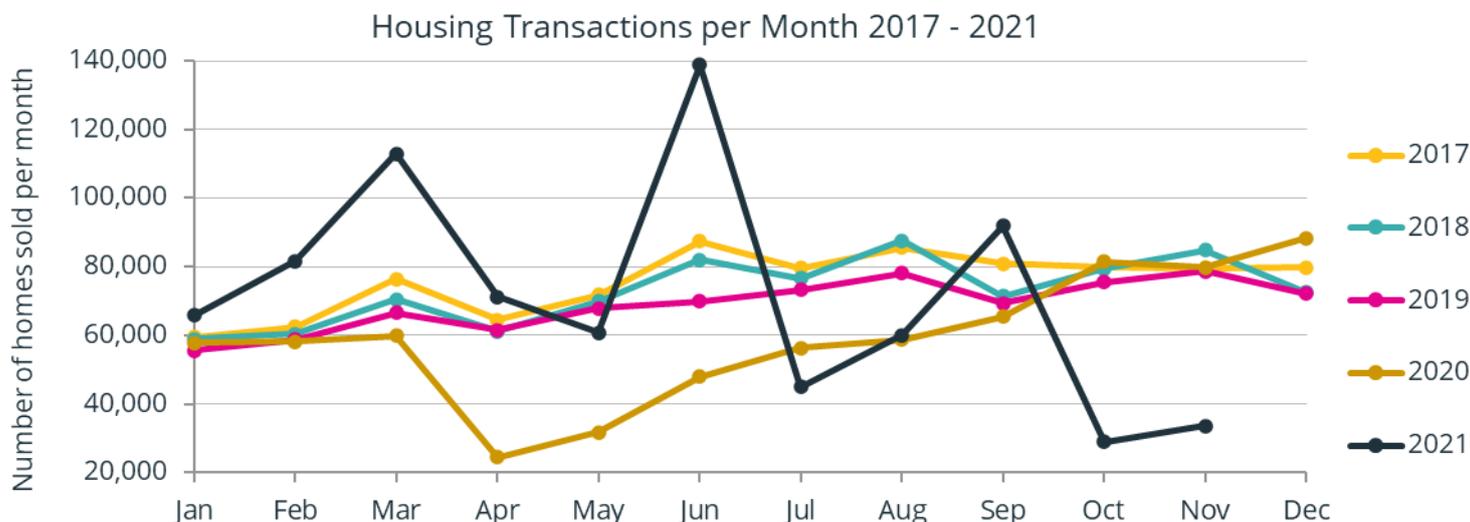


Figure 4 shows the number of domestic housing transactions per month recorded in England and Wales at the Land Registry for the period from January 2017 to September 2021. The named month is that of contract completion, i.e. the date when a property legally changes hands.

On the chart, in April 2020, housing transactions plummeted right at the start of the pandemic, after taking into account the month's lag between the purchase decision having been taken and the date of property exchange. This low point is followed by a return in housing sales as confidence began to rebuild, which then transformed into a period when sales exceeded previous levels, as "lifestyle" changes resulted in an increase in demand for homes, especially with "space" to allow for "Working from Home".

There are three conspicuous peaks on the graph, along with three associated troughs. The peaks are all stamp duty related events, occurring in March, June and September 2021 (in black). The March 2021 event was one month before the original date planned for Chancellor Sunak's SDLT tax holiday to end – this termination date was in fact extended to 30 June 2021 at its full rate, and to 30 September 2021 at a reduced rate – but the announcement of its extension wasn't made until 3 March 2021, and many purchasers already had plans to buy a property within the original timescale – hence the March 2021 spike. The second peak was in June 2021, the final date within which the full SDLT tax holiday was available in England under Sunak's revised plans, and the final date for the LTT holiday in Wales. The third peak in September 2021 was the last month of the reduced-rate SDLT tax holiday in England.

Each spike in transactions is then followed by a dip in sales, reflecting the ability of buyers to bring forward their purchase into an earlier month.

For the record, the HMRC provisional estimates for the number of domestic housing transactions in England and Wales in October, November, December 2021 and January 2022 are 73,000, 89,300, 98,400 and 76,000 respectively, although we should point out that we have found in the past that the HMRC transaction estimates are typically 30% higher than the final number of recorded domestic sales at the Land Registry.

A deeper dive in the South East

Given that the South East region currently heads up the Regional House Price Table, see Figure 2 above, it is appropriate to analyse further its constituent parts.

As the Heat Map on page 4 shows, the South East region has the second highest average house price of the ten GOR areas in England and Wales, although the price is below that of Greater London.

Figure 5. The average house price in the South East Region, not smoothed, January 2020 – January 2022 [Link to source Excel](#)

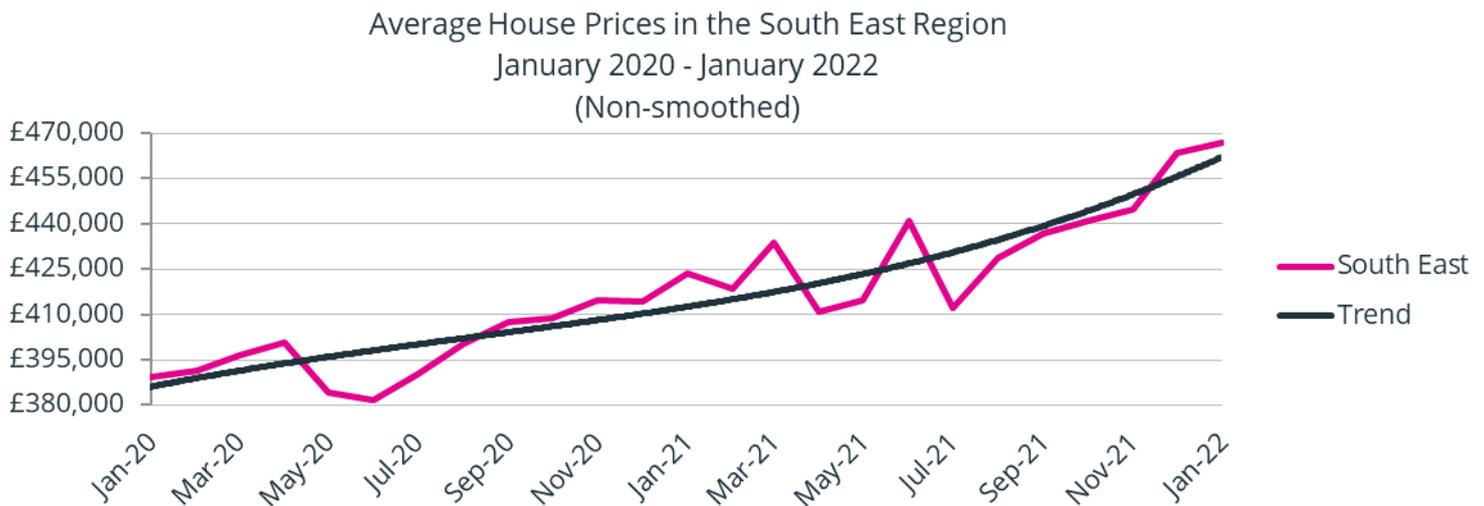


Figure 5 above shows the movement in the average house price in the South East region over the last two years. The distinctive parts of the above graph include the “mini-peak” in prices of £433,990, in March 2021, at the time of the originally intended termination of the SDLT holiday, followed by an associated fall in prices in April and May. There is then a subsequent peak in prices in June 2021 (£440,977), at the termination of the fully rated SDLT holiday, which was followed by its associated trough in prices, which unlike April was limited to just one month in duration.

However, what is absent from the graph, which is seen in the other GOR areas except for London, is the third “SDLT-related” peak, which for the rest of the country occurred in September 2021. The amount of tax that could be saved during the third and final period of SDLT savings was £2,500 in total, i.e. 0.6% of the £425,000 average house price in the South East at the time. It was argued that the tax saving was insufficient to cause a surge in demand for properties in the region – hence the absence of the third peak.

However, peak-or-no peak, it can be seen from the graph that prices since July 2021 have continued to climb, albeit at differing monthly rates. Prices in the South East at the end of January have reached a new record level of £467,000, despite a lack of SDLT tax holidays since September 2021.

The South East region is sub-divided into 64 District/Borough Councils, which are listed on the next two pages, showing the change in house prices from Q4 2020 to Q4 2021. The Councils have been listed in descending order of the percentage change in their average house prices over this period. The data used is from the Land Registry price paid dataset, which unlike our other data series is not mix-adjusted.

Table 2 AREA	Q4 2020	Q4 2021	Change %	Percentage change by type			
				Detached	Semi	Terraced	Flat
RUNNYMEDE	522,572	707,181	35.3	50.4	1.5	15.7	-14.1
ELMBRIDGE	832,904	1,006,525	20.8	11.4	15.4	27.2	12.9
WINDSOR AND MAIDENHEAD	638,593	755,765	18.3	29.8	1.8	2.8	11.1
TEST VALLEY	390,628	453,063	16.0	33.7	10.2	9.7	28.8
FAREHAM	360,683	409,284	13.5	31.2	3.2	0.6	4.6
CHICHESTER	537,122	598,709	11.5	29.2	8.5	13.7	15.7
WOKING	541,809	602,597	11.2	27.8	15.0	-0.7	-1.3
SEVENOAKS	553,325	604,877	9.3	26.8	10.8	-6.0	23.0
SOUTHAMPTON	246,442	265,505	7.7	4.9	15.3	11.6	7.1
FOLKESTONE AND HYTHE	332,367	357,574	7.6	9.3	10.4	13.8	5.7
HART	497,553	535,014	7.5	19.0	13.1	11.1	-9.5
BASINGSTOKE AND DEANE	392,212	421,303	7.4	22.8	4.5	6.4	-6.3
EPSOM AND EWELL	555,686	595,489	7.2	17.8	4.7	10.2	-8.0
ROTHER	382,310	405,883	6.2	33.1	7.4	-7.0	-0.7
BUCKINGHAMSHIRE	527,090	558,824	6.0	17.0	8.0	0.7	-8.2
ARUN	373,749	396,196	6.0	18.9	17.9	10.1	9.5
MID SUSSEX	468,882	494,659	5.5	8.1	7.5	5.1	0.1
HASTINGS	277,358	291,222	5.0	7.4	12.9	19.4	2.7
WOKINGHAM	507,129	531,742	4.9	9.8	5.4	-2.9	8.1
SPELTHORNE	464,658	486,687	4.7	28.4	10.1	8.0	-12.5
DARTFORD	346,114	360,638	4.2	7.0	2.9	5.0	-7.5
WEALDEN	450,760	469,603	4.2	25.3	3.6	5.3	-9.6
ASHFORD	382,981	395,666	3.3	4.9	1.0	7.6	4.1
HORSHAM	487,998	503,077	3.1	14.2	9.1	3.3	-4.9
VALE OF WHITE HORSE	425,518	436,358	2.5	15.6	14.3	-4.5	-23.1
HAVANT	337,294	344,371	2.1	11.0	6.6	9.9	5.1
MAIDSTONE	367,664	375,010	2.0	6.1	5.3	10.7	9.3
GRAVESHAM	359,530	366,321	1.9	24.6	2.5	8.0	4.3
EASTLEIGH	357,303	364,041	1.9	11.9	14.4	1.6	11.6
REIGATE AND BANSTEAD	545,518	555,031	1.7	8.0	9.6	13.7	4.5
THANET	311,054	314,937	1.2	6.9	5.6	11.2	-6.8
RUSHMOOR	336,263	339,672	1.0	3.5	6.9	11.2	-2.3
WORTHING	355,615	358,227	0.7	20.1	19.8	18.9	5.9
WAVERLEY	618,044	622,441	0.7	14.6	5.0	9.2	18.0
TONBRIDGE AND MALLING	429,185	432,199	0.7	9.8	6.0	-1.1	-5.4
CRAWLEY	320,552	322,741	0.7	25.5	10.3	8.2	2.9
TANDRIDGE	578,672	582,479	0.7	8.8	13.5	7.4	-0.7
MEDWAY	293,692	295,623	0.7	8.9	3.4	8.1	8.6
SOUTH OXFORDSHIRE	557,301	560,843	0.6	18.6	8.3	0.0	-25.8
SURREY HEATH	545,023	547,920	0.5	4.8	3.0	8.2	-8.2
GUILDFORD	607,070	609,661	0.4	11.9	11.1	-0.5	1.1

EAST HAMPSHIRE	497,451	499,403	0.4	11.3	9.9	23.4	11.2
BRACKNELL FOREST	419,523	420,454	0.2	6.3	4.5	-1.4	-15.1
TUNBRIDGE WELLS	514,184	514,354	0.0	8.0	-2.0	-3.0	-2.1
CHERWELL	380,607	378,368	-0.6	23.4	2.8	4.9	-10.4
MOLE VALLEY	626,181	621,173	-0.8	9.7	-0.8	-6.6	-2.4
SLOUGH	363,672	360,760	-0.8	-4.0	2.0	2.0	6.7
ISLE OF WIGHT	304,751	301,376	-1.1	11.3	11.7	-6.8	-20.8
READING	356,094	352,020	-1.1	28.8	2.9	-4.3	-17.2
NEW FOREST	468,075	460,032	-1.7	6.0	-0.6	4.5	15.2
BRIGHTON AND HOVE	461,186	448,617	-2.7	19.6	-5.6	6.4	1.5
LEWES	420,583	408,823	-2.8	1.5	9.8	6.9	-18.7
ADUR	377,083	365,492	-3.1	-1.7	11.8	8.7	-5.5
SWALE	322,313	309,217	-4.1	10.2	1.7	-5.3	-3.7
MILTON KEYNES	348,674	333,517	-4.3	5.7	2.9	14.0	-1.2
DOVER	321,262	305,995	-4.8	12.1	1.5	3.8	-12.8
PORTSMOUTH	267,803	253,907	-5.2	-16.1	-4.7	4.1	-20.8
CANTERBURY	381,221	358,697	-5.9	3.4	4.9	4.5	-14.3
WEST BERKSHIRE	465,839	435,583	-6.5	10.5	3.1	-3.4	2.3
GOSPORT	263,012	243,671	-7.4	-1.5	2.7	4.4	-7.3
WEST OXFORDSHIRE	430,385	396,352	-7.9	1.3	-2.2	10.4	0.1
EASTBOURNE	298,381	271,282	-9.1	-10.7	13.0	-3.2	4.6
WINCHESTER	594,859	507,048	-14.8	-3.4	-7.1	-3.7	-11.5
OXFORD	601,058	501,976	-16.5	-16.5	-22.7	-10.4	1.1
South-East Region	438,163	444,594	1.5	16.1	5.1	3.4	-2.5
Max	832,904	1,006,525	35.3	50.4	19.8	27.2	28.8
Min	246,442	243,671	-16.5	-16.5	-22.7	-10.4	-25.8

Table 2 shows that the area with the highest price growth over the year is Runnymede – famous for the signing of the Magna Carta in 1215 – and now for having the largest increase in prices (+35.3%), and particularly so for detached properties (+50.4%) in South East England during the pandemic. Runnymede Borough Council has four districts, Addlestone, Chertsey, Egham and Virginia Water and it is the last of these districts that has seen the largest increase in prices (+62.6%) over the period. According to Wikipedia in 2015, the Land Registry sales data indicated that Virginia Water's single postcode district (GU25) was the most expensive as to the value of homes nationwide. Like its neighbours, Elmbridge and Windsor and Maidenhead - which are in second and third position in Table 2 - Runnymede is on the Thames approximately 25 miles to the west of Central London, with good travel connections to the M25, M3 and M4. In addition, Heathrow airport is on the doorstep.

In second place is the Borough of Elmbridge, which is located to the South West of London and directly borders the London Boroughs of Richmond upon Thames and Kingston upon Thames. Its major towns include Esher, Cobham, Walton-on-Thames, Weybridge and Molesey.

Recent commentators on the 'lifestyle changes' brought about by the pandemic are suggesting that housing hot spots are currently shaped like a 'doughnut', with the city centre being the hole in the

middle, with perhaps fewer wishing to live in a confined space, often associated with central flats. The top 3 positions of Table 2 would certainly reflect this, being on the ring outside the centre, with considerable open space and opportunities for leisure activities on the river and elsewhere.

The next three areas in Table 2 are all further away from Central London, with Fareham and Chichester on the South Coast, and the Test Valley reaching down to the top end of Southampton Water. These areas have good rail links into Central London, although journey times will typically be just over the hour.

To complete our top ten areas listed in Table 2 there is Woking, Sevenoaks, Southampton and Folkestone and Hastings. Woking is located close to numbers one and two entries in Table 2, although it is not on the Thames. It has excellent rail links into Waterloo, with journey times of approximately 30 minutes.

Sevenoaks is out to the east of Central London in Kent. It has similar journey times to Woking of 35 minutes into London Charing Cross. Table 2 shows that the average house price in Sevenoaks, at £605,000, is also similar to that of Woking at £603,000, perhaps suggesting that there is a close correlation between rail commuting times into Central London and house prices.

Southampton abuts the number 4 entry of the Test Valley, although average house prices in Southampton are considerably lower than the Test. This divergence in prices between the two areas most likely reflects the high preponderance of flats in Southampton's housing stock, whereas in the Test Valley it is detached homes that are in the majority.

Finally, in Number 10 position is Folkestone and Hythe. Folkestone and Hythe have recently been identified as being coastal resorts with the lowest cost homes on the south coast. Interestingly, Hythe is only 14 miles distant from Ashford International Rail Station, with a 38 minute journey into London St Pancras.

In this brief snapshot of the top ten areas in the South East region, which to remind readers has the highest house price growth of all the ten GOR areas in England and Wales, we have attempted to identify some of the main features which have caused this strong growth. In general, a large proportion of the price rises can be attributed to the "lifestyle changes" associated with the "Work from Home" movement, resulting in an increased demand for larger properties – with prospective buyers looking for changes in the way they live. Whether these changes become watered down, for many, by a return to the office remains to be seen.

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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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.

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

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