

Annual price growth increases to 8.4% in England and Wales

- ✓ *106 of the 110 Unitary Authorities / Counties see prices rise in the month*
- ✓ *North/South Regional price growth divide re-emerges, but due to different rates of change twelve months earlier*
- ✓ *South East and East of England gain higher % share of England and Wales market*

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)
£370,052	354.7	1.3	8.4	6.9

Richard Sexton, director at e.surv, comments:

“Our index this month shows another new record level for England and Wales – and for the fifth time in the last twelve months. The average price paid for a home in England and Wales in March 2022 was £370,052, up some £4,900, or 1.3%, on the average price paid in February.

“Prices are now 8.4%, above March 2021 levels, and show a 2.9% increase over February 2022’s revised annual rate of 5.5% for homes bought with cash or a mortgage.

“The average house price in England and Wales has continued to increase throughout Q1 2022 on an almost straight-line basis.

“The strength of the market is underpinned by the continued limited supply and strong demand for space post the pandemic to meet our new expectations of how and where we live and work. This has been most visible for many months in the performance of Wales as a region but it is supported by the growth in the commuter belts of the South East which offer space but also proximity and good connections to urban centres for hybrid working.

“Ultimately low interest rates continue to support buyers’ affordability. The Bank of England has alluded to rates rising slowly in the face of economic headwinds. But inflation has traditionally signalled diminishing returns in other asset groups and often heralds a re-emergence in the popularity of bricks and mortar with investors. We may therefore see even more demand for those desirable properties that are coming to market.”

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

[Link to source Excel](#)

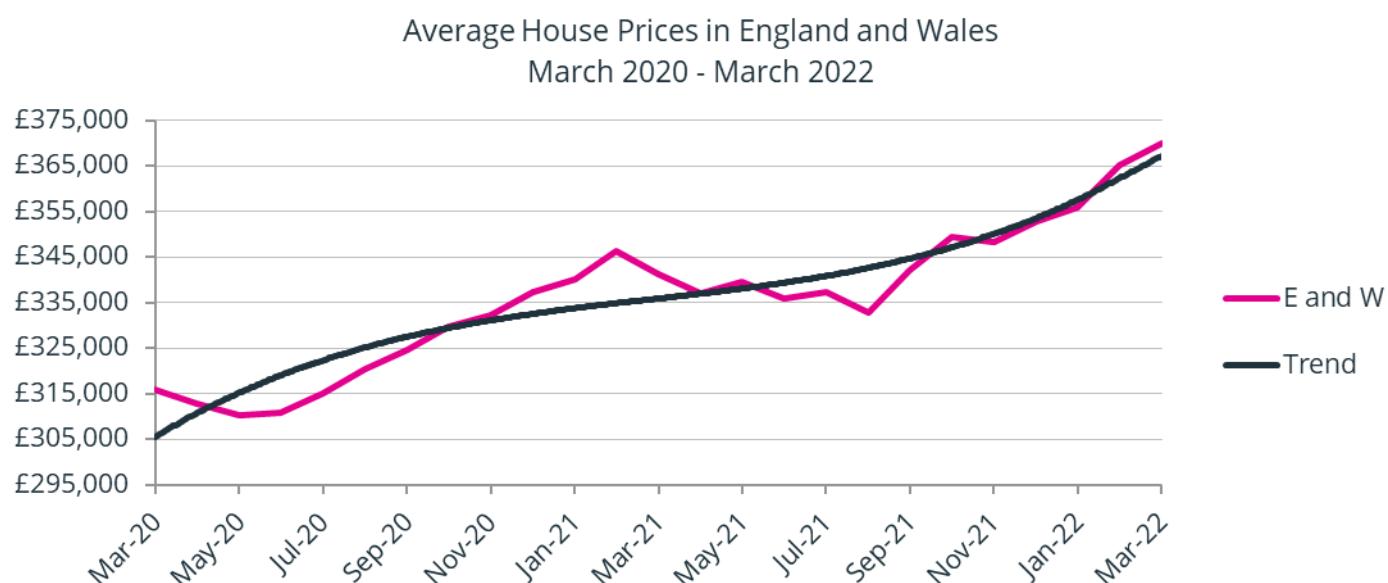
Month	Year	House Price	Index	Monthly Change %	Annual Change %
March	2021	£341,402	320.8	-1.4	8.1
April	2021	£337,147	316.8	-1.2	7.7
May	2021	£339,700	319.2	0.8	9.5
June	2021	£336,074	315.7	-1.1	8.1
July	2021	£337,236	316.7	0.3	7.0
August	2021	£332,781	312.5	-1.3	3.9
September	2021	£342,240	321.5	2.8	5.4
October	2021	£349,569	328.3	2.1	6.0
November	2021	£348,400	332.5	-0.3	4.9
December	2021	£352,902	338.2	1.3	4.6
January	2022	£356,055	341.3	0.9	4.7
February	2022	£365,164	350.0	2.6	5.5
March	2022	£370,052	354.7	1.3	8.4

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, smoothed, March 2020 – March 2022

[Link to source Excel](#)



The average price paid for a home in England and Wales in March 2022 was £370,052, up some £4,900, or 1.3%, on the average price paid in February. This sets another new record level for England and Wales – and for the fifth time in the last twelve months, thus underlining the recent strength of the market. Prices are now £28,650, or 8.4%, above March 2021 levels, and show a 2.9% increase over February 2022’s revised annual rate of 5.5% for homes bought with cash or a mortgage.

As Figure 1 above shows, the average house price in England and Wales has continued to increase throughout Q1 2022 on an almost straight-line basis, confounding commentators who had been expecting to see a slowing growth rate, as a result of increased cost of living pressures beginning to bear down on consumers. But as we show in this report, house prices throughout large swathes of England and Wales have continued to climb in 2022.

Average Annual Regional House Prices, Q1 2022

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

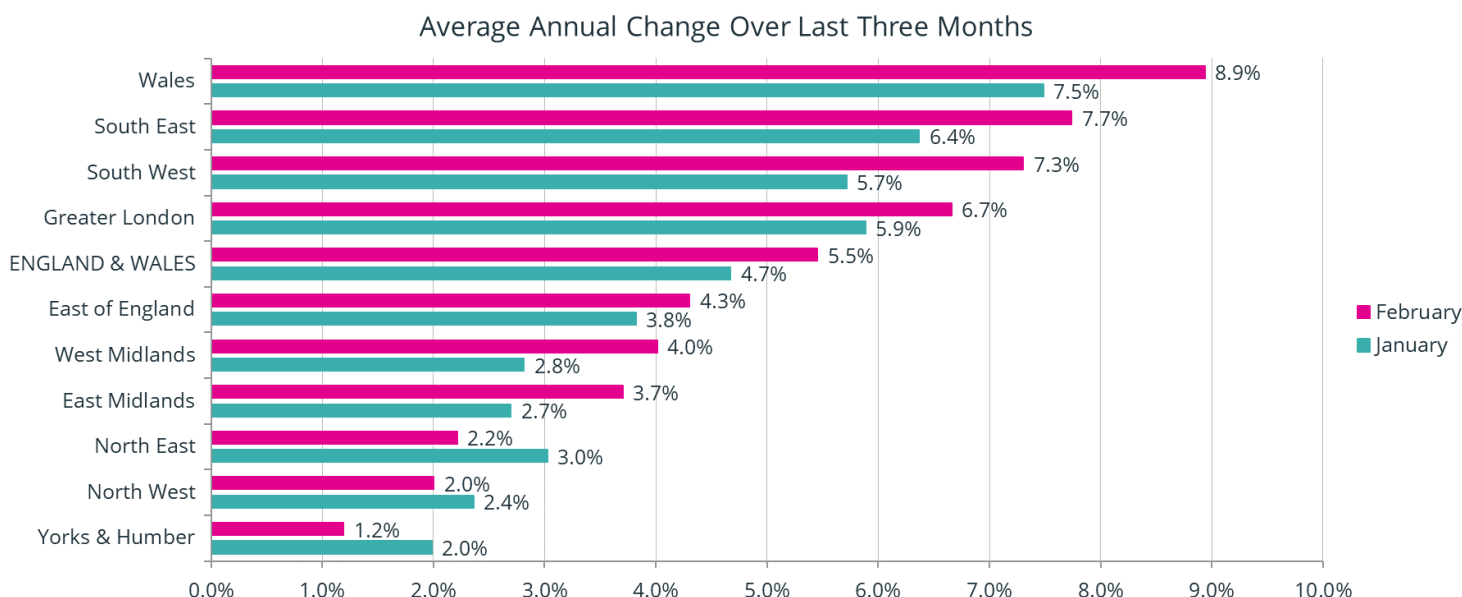


Figure 2 shows the percentage change in **annual** house prices on a regional basis in England, and for Wales, averaged over the three-month period of January to March 2022, compared to the same three months in 2021. These figures are produced on a rolling three-month basis with Figure 2 showing the similarly averaged figures from one month earlier.

Seven GOR areas have seen an increase in their annual rates of growth, compared to the previous month, while three areas experienced a fall. The three areas with a reduction in growth rates are all in the north of England, being, in descending order, the North East, at 2.2% - down from 3.0%, the North West, at 2.0% - down from 2.4%, and Yorkshire and the Humber, at 1.2% - down from 2.0%.

In February 2022, Wales is the GOR area with the highest annual growth rate, a position it has held for eight consecutive months. As discussed last month, Wales ticks all the boxes in terms of the adjusted 'pandemic lifestyles', with wide open countryside, scenic beauty spots and attractive coastal locations, as well as the second-lowest average house prices of the ten GOR areas in England and Wales.

In second place in terms of house price growth is the South East, which was also discussed in some detail in last month's report. It was suggested that the South East is currently experiencing strong demand for large properties from those who want a change in 'lifestyle', but who also want a reasonable commute into London as and when required, to suit the new hybrid work patterns of visiting the office on a reduced number of days per week. We noted that locations such as Woking, Sevenoaks and Epsom and Ewell were experiencing strong demand for properties due to their efficient rail services into London Termini.

In third place is the South West, where Bournemouth has witnessed 19.4% price growth over the previous twelve months – the highest rate of the 110 Unitary Authorities/Metropolitan Counties that we monitor (the results of this analysis are published on the Acadata website).

England and Wales Regional Heat Map for Q1 2022

These different trends are evident in the Regional Heat Map shown below for Q1 2022.

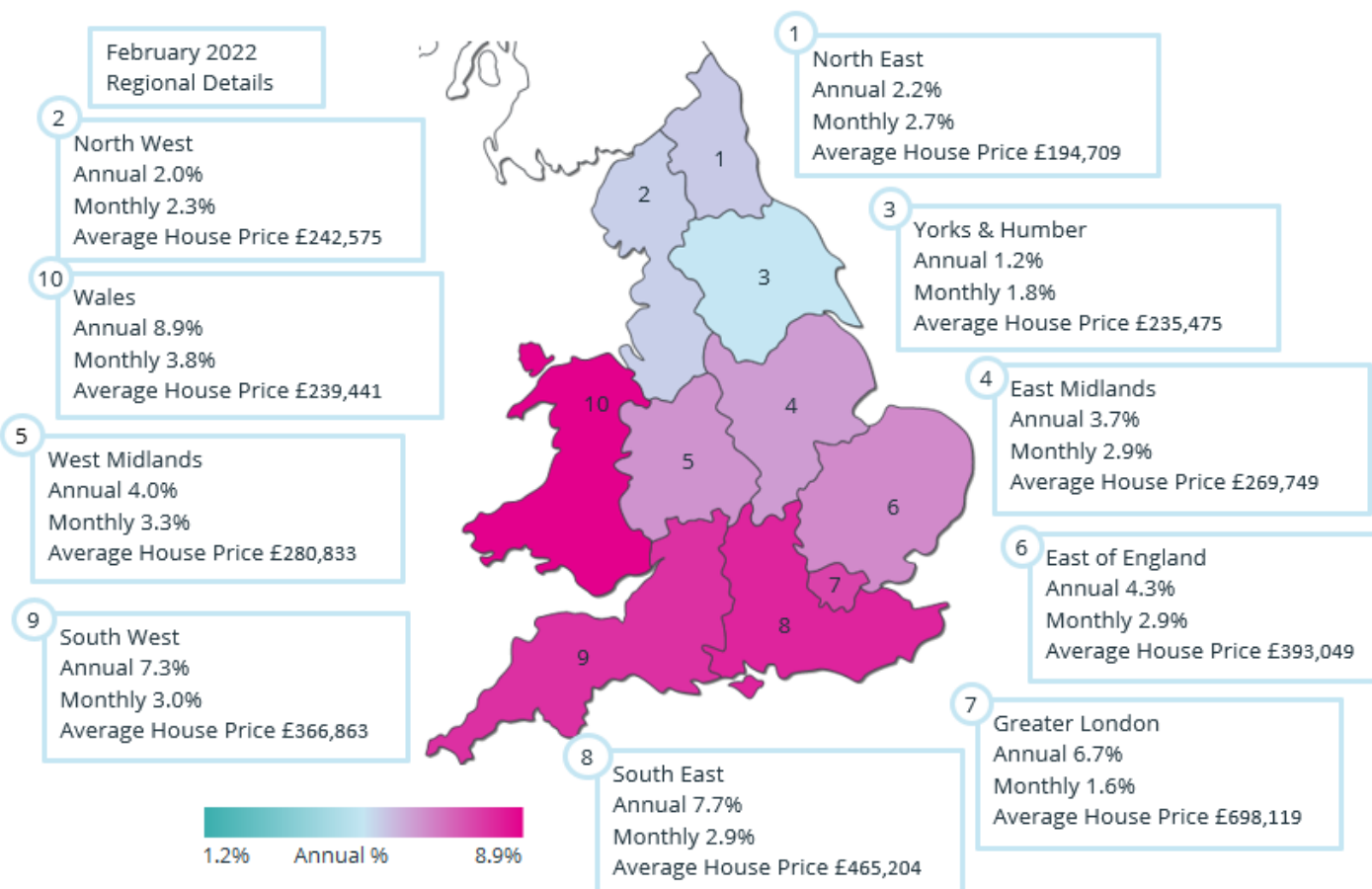
There are four distinct areas in England and Wales in terms of house price growth. In the hot-spot is Wales, where annual price growth is at 8.9% - this is 1.2% higher than the next GOR area of the South East.

The South East is then grouped with the South West and Greater London to form a more general “South of England”, where prices are rising between 6.7% and 7.7% per annum.

The next group is the “Midlands”, consisting of the East and West Midlands, to which is added the East of England, where prices are rising between 3.7% and 4.3%.

Finally, we have the “North” of England, consisting of the North East, the North West and Yorkshire and the Humber, where prices are rising by less than 2.5%.

This overall pattern is almost a total reversal of that seen in Q2 2021, when the northern regions - plus Wales and the South West - were in the ascendancy in terms of house price growth, while the south-east corner of England had the lowest growth rates.



The housing market in early 2022

With stock levels of homes for sale still remaining relatively low, there is inevitably pressure on prices for those households wanting to buy, and this has contributed to the continued price rises. And, whilst some might consider this could affect market activity, it seems buyers (and indeed sellers) might have been waiting to see what happens and may well have taken the decision to push on, and not least to take advantage of the spring season when the market is typically at one of its most active periods of the year.

March - Annual & Monthly Price Trends

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

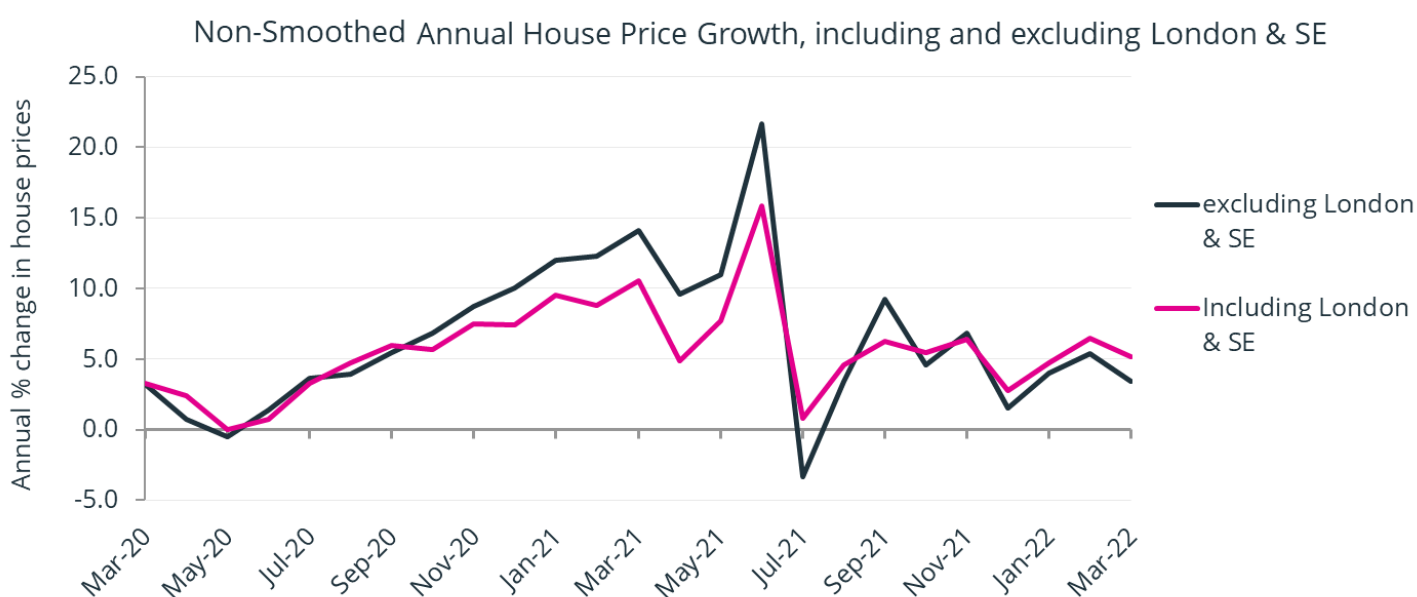


Figure 3 shows the annual growth rates in house prices over the last two years, one plot including Greater London and the South East, along with the remainder of England and Wales (the red line), and the other excluding Greater London and the South East (the blue line). As we discussed last month, the impact in the previous period from September 2020 to July 2021 can clearly be seen. This roughly approximates to the time when the SDLT tax holiday was operational in England, and the LTT tax holiday was applicable in Wales.

It is evident that growth rates were higher outside London and the South East of England and where the SDLT holiday had more impact. Looking at February and March 2021 in particular, we can note that rates excluding the South East of England were at 12.3% and 14.1% respectively, while including these two areas brought the average rate in England and Wales down to 8.8% and 10.6%, some 3.5% lower.

The reason for highlighting these rates is to point out that the north/south divide which we have observed in Figure 2 above largely arises from the differences in the starting points for the comparison around annual rates of change. If the North of England had not been at 14% some twelve months earlier, then we would be reporting a far higher change in prices for Q1 2022. Looking at Figure 3 above, we can see that the differential between the two groupings in terms of annual price

growth continues through to June 2021, so we can expect to be describing a north/south divide for at least another three months.

In researching the data for these observations, we have been using the Acadata listing of the 110 Unitary Authorities / Metropolitan Counties in England and Wales as noted above. The data is available on the Acadata website and is well worth a look. For example, we found that in Q1 2022, published under the heading February 2022 (applying a mid-month naming convention), that 106 of the 110 unitary authority areas have seen house prices rise in the three months to March 2022. For the record, the four unitary authority areas with negative price growth in Q1 2022 were Stockton-on-Tees, North East Lincolnshire, Reading and Slough.

By way of contrast, the equivalent Table for Q1 2019, which represents a typical pre-Covid quarter, only had 50 areas with positive price growth for the period.

On a similar theme, in Q1 2022 there were 96 areas with positive growth compared to twelve months earlier, whereas for the same period in 2019 there were only 57 areas with positive annual growth.

Finally, there were 79 unitary authorities in Q1 2022 which established a new record level for the average prices paid for a home in the locality, compared to a more typical 12 areas in Q1 2019. All ten GOR areas have also established a new record average price in Q1 2022, compared to just one in Q1 2019.

If proof is required that the “lifestyle changes” associated with the Covid pandemic are still being felt in the housing market in Q1 2022 - and that this effect is being seen nationwide - then this must be it.

Transactions

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

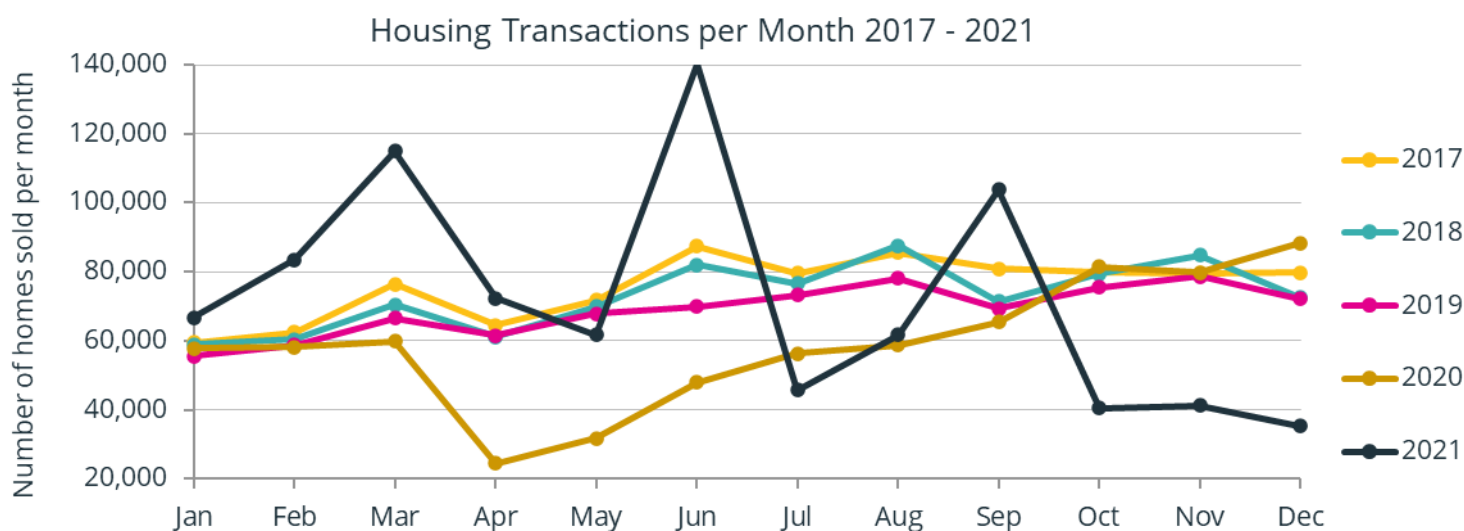


Figure 4 shows the number of domestic housing transactions per month recorded in England and Wales at the Land Registry for the period from January 2017 to December 2021.

On the chart, housing transactions in April 2020 plummeted right at the start of the pandemic, after taking into account the month’s lag between the purchase decision having been made and the date of property exchange. This low point is followed by a return in housing sales as confidence began to re-build, which then transformed into a period when sales exceeded previous levels, as “lifestyle”

changes resulted in an increase in demand for homes, especially those with space to allow for “Working from Home”.

There are three conspicuous peaks in 2021 (the black line) shown on the graph, along with three associated troughs. The peaks are all stamp duty related events, occurring in March, June and September 2021. 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 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.

For the record, the HMRC provisional estimates for the number of domestic housing transactions in England and Wales in December 2021 and January and February 2022 are 98,500, 74,100 and 87,200 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 actual recorded domestic sales at the Land Registry.

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 circumstances that exist across all parts of the England and Wales housing markets.

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 our current and historic data.

It is helpful to compare the transactions that occurred in the latest four-year period (2018 - 2021) with those of the previous four years (2017 - 2020) 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 9 -13 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 housing market are the South East (+0.3%) and the East of England (+0.1%) – these two regions have gained market share due to their proximity and hence relatively easy commuting distance to Central London, but still providing plenty of outdoor space for recreational living. Conversely, the two regions with the largest falls in their market share are the West Midlands (-0.2%) and the East Midlands (-0.1%). Thus we have a movement towards the second and third most expensive housing regions in England and Wales and away from the Midlands, which are ranked fifth and

sixth in terms of their average house prices. This will have the effect of raising the overall average house price in England and Wales.

- ii) Additionally, in terms of property types, the market share of detached, semi-detached and terraced homes has increased by +0.6%, +0.2% and +0.1% respectively, while flats have fallen by (-0.9%). This indicates that the demand for homes at the higher end of the price spectrum has increased, and this will similarly 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 South East, the East of England and the East Midlands, while the largest falls in flat sales have been experienced 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 +2.2%. As noted earlier, all the data used in this release dating back to January 2005 has been updated, so real comparisons with the past can be made on a consistent basis.

APPENDIX:

13 Graphs illustrating the change in weights between 2021 and 2022

Figure 5

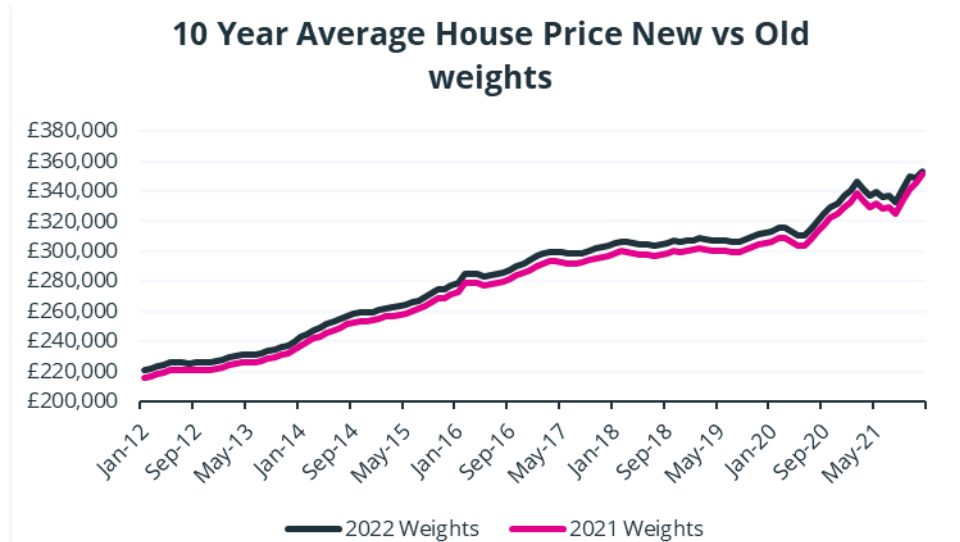


Figure 6

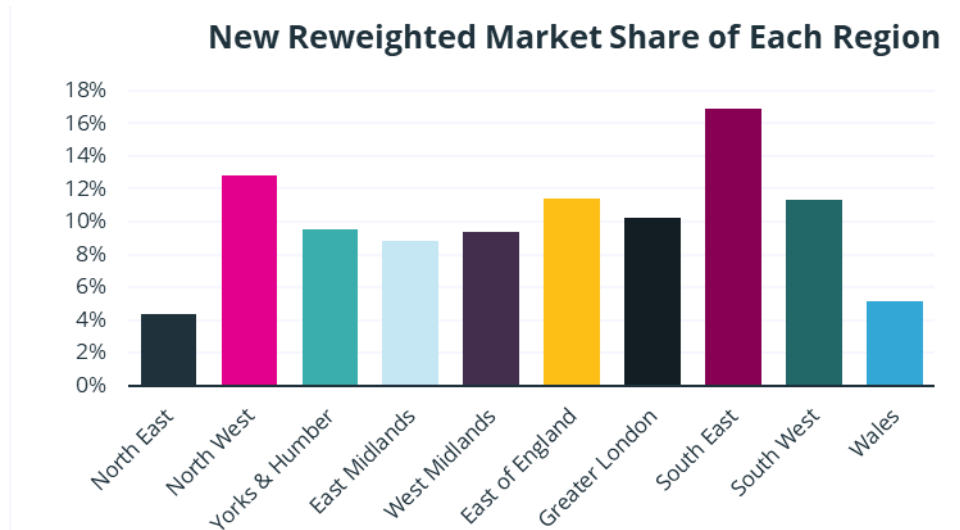


Figure 7

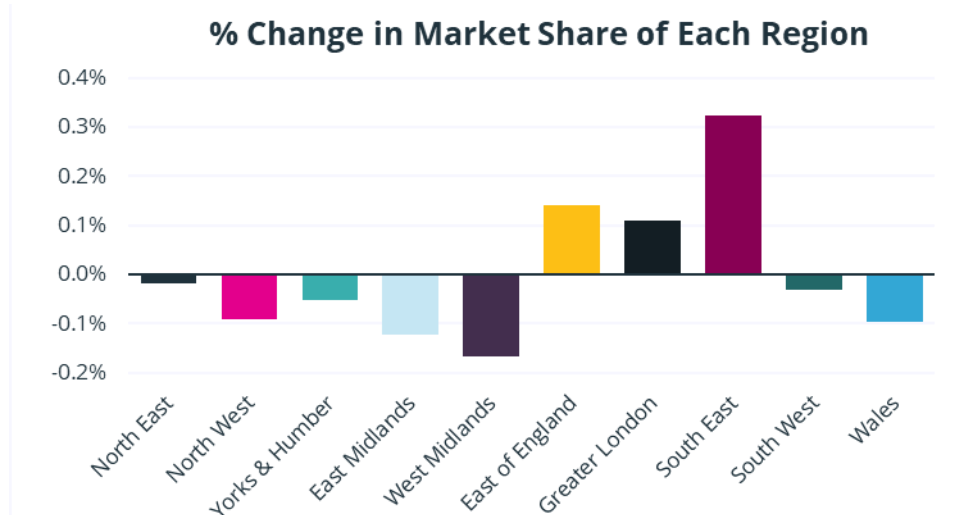


Figure 8

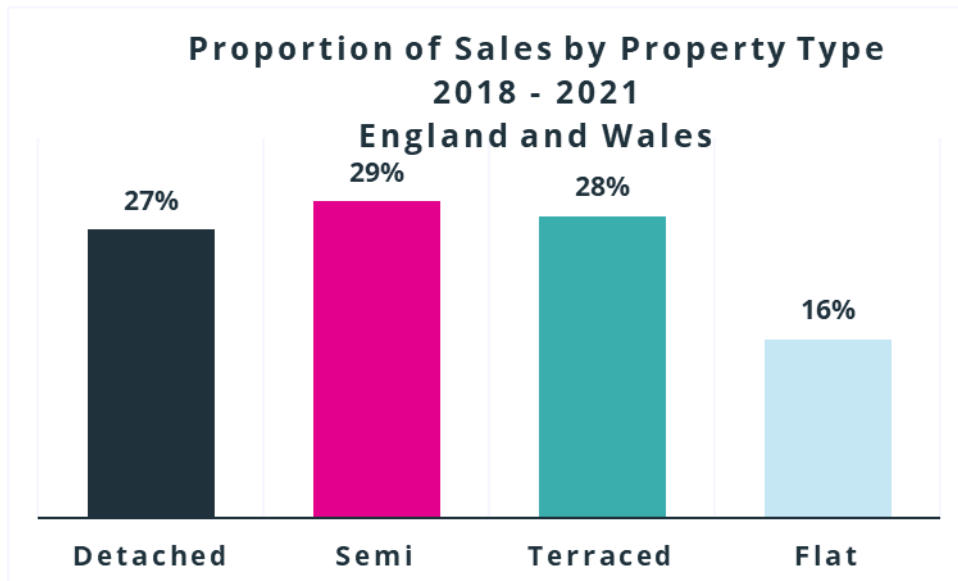


Figure 9

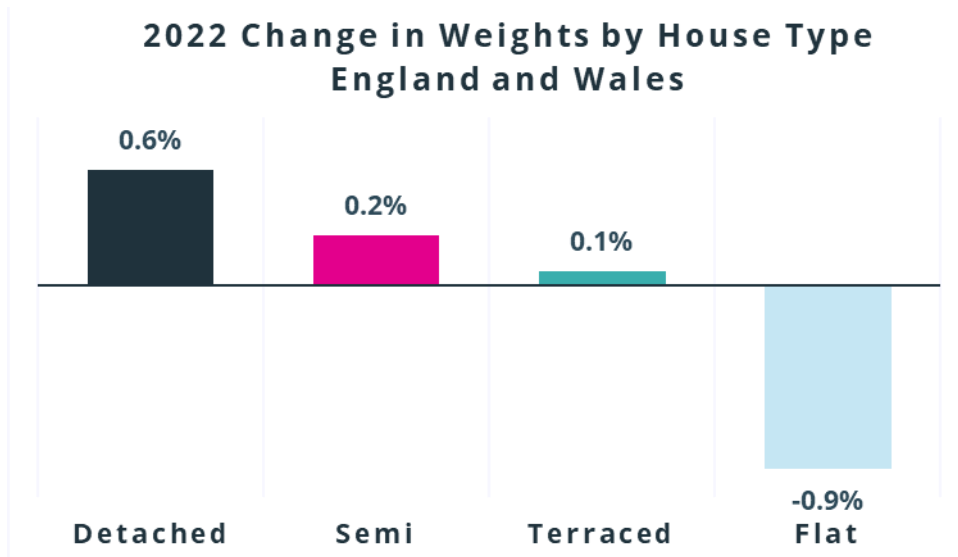


Figure 10

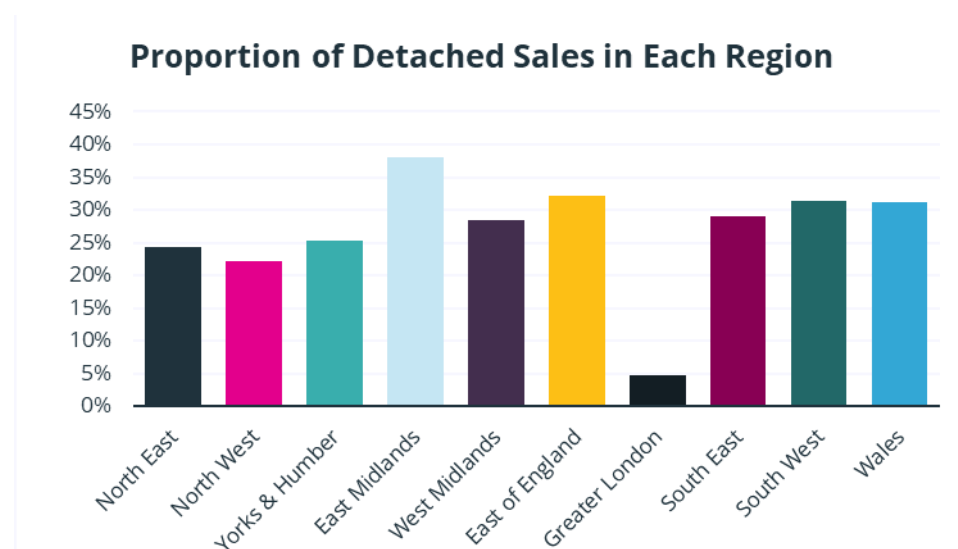


Figure 11

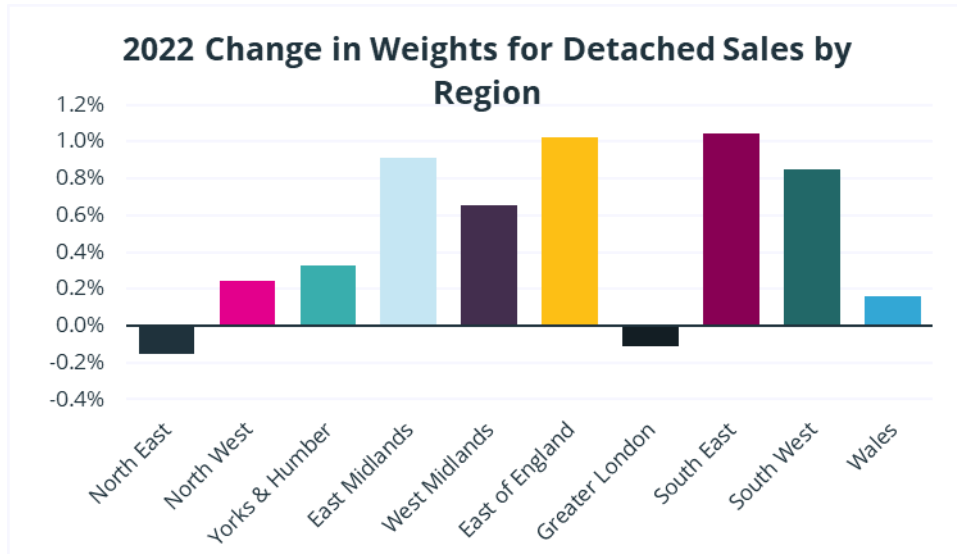


Figure 12

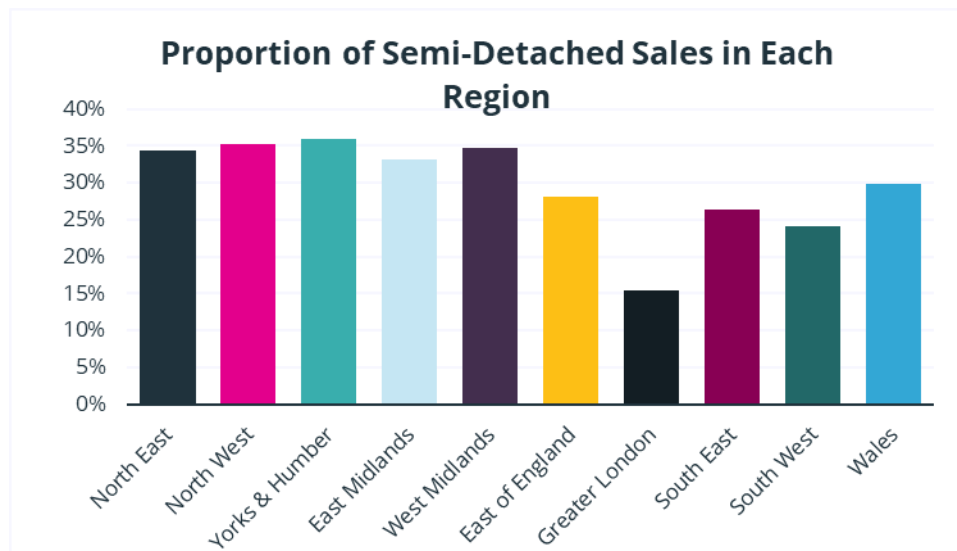


Figure 13

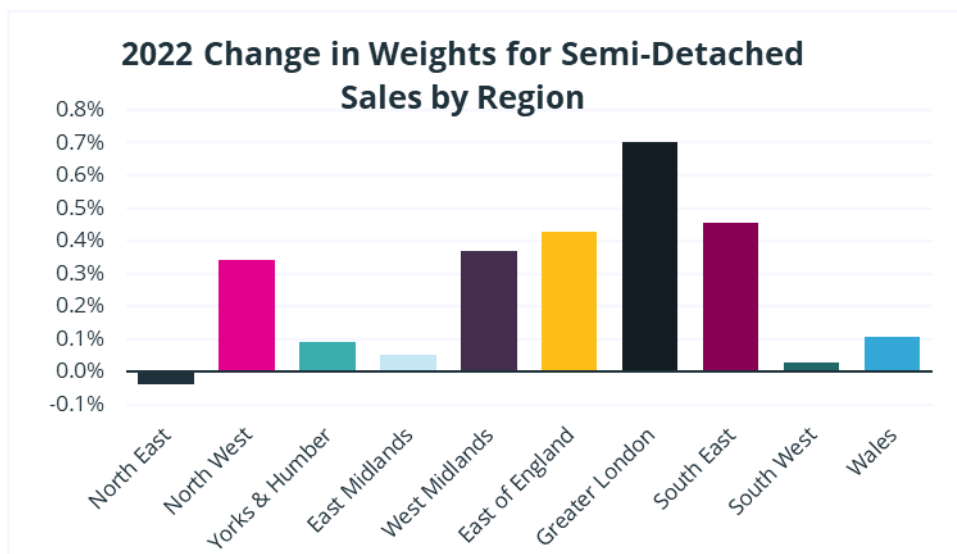


Figure 14

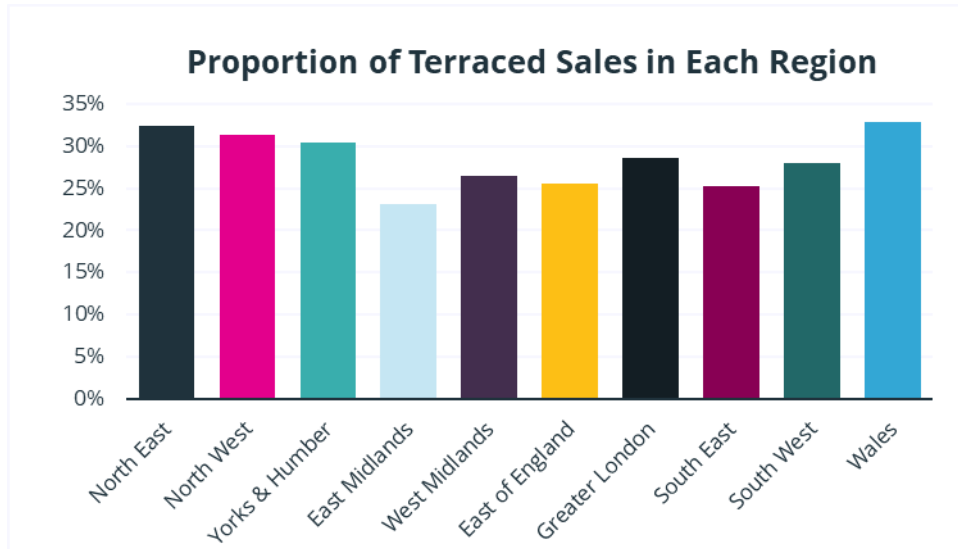


Figure 15

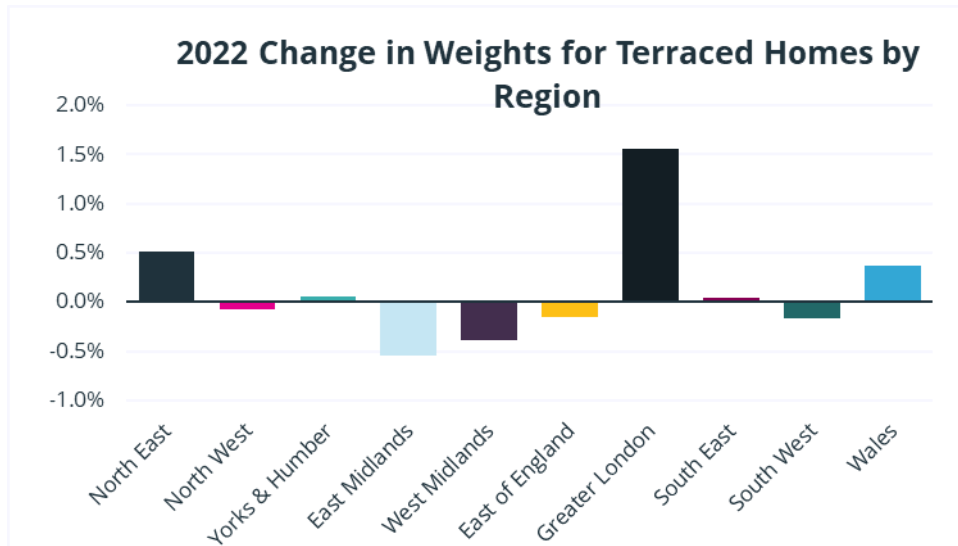


Figure 16

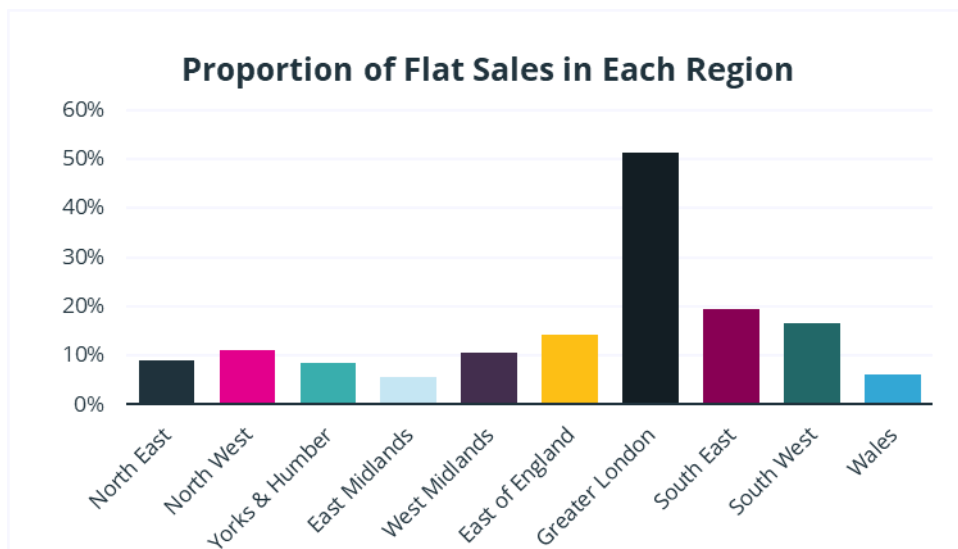
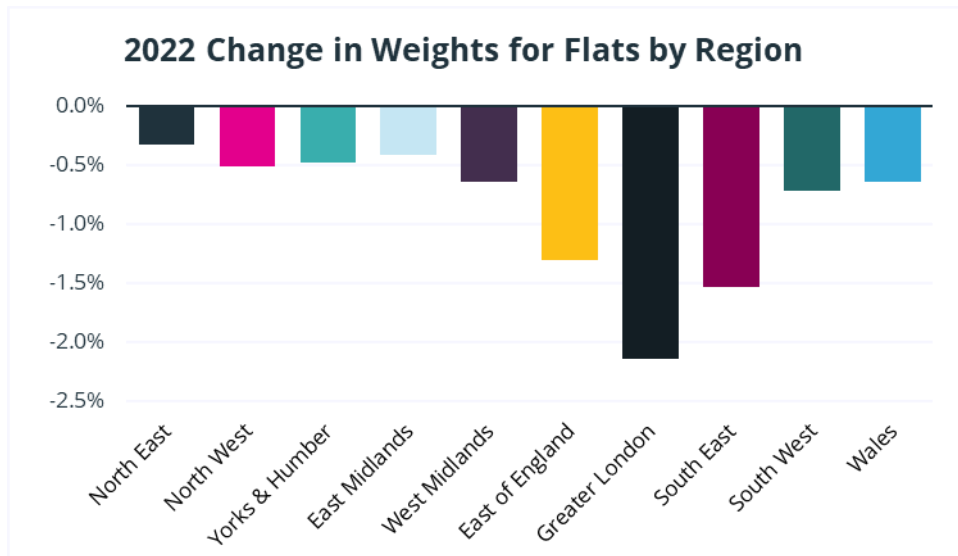


Figure 17



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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