

Annual and monthly price growth slows - October average house price up £2,800

- ✓ Price increases in 109 of the 110 Unitary Authorities in England and Wales over the year
- ✓ London is the region with the lowest annual price growth at 2.2%
- ✓ Bournemouth, Christchurch and Poole have highest house price growth of 30%

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)
£375,275	359.9	0.8	8.8	10.8

Richard Sexton, director at e.surv, comments:

“Given the pressure on the UK housing market seen in recent weeks, it is testimony to the robust nature of this market that prices continued to climb in October – albeit the rate of increase is notably slower than in August and September.

“Our index takes a considered look at all the transactions, both cash and mortgaged. When we do this, the average price paid for a home in England and Wales in October 2022 rose - by some £2,800 to £375,275 – from the average price paid in September.

“If we step back and look at the performance of house prices since the start of the pandemic in March 2020, the average price paid for a home has increased by some £60,000 (circa 19%) which contrasts with the increase in consumer price inflation (including housing - CPIH) of nearly 13% over the same period. Property prices have therefore risen in real terms.

“We need to reflect on the fact that inflation and rising interest rates will impact the affordability of mortgage finance for many people, potentially affecting people’s ability to move home. Certainly, the rate of growth has slowed as the numbers in the report show.

“However, we have almost full employment which is what really affects lenders’ appetite to lend. And now that financial markets have calmed, many lenders are back in the market with new mortgage products. The budget on the 16 November may also impact buyer sentiment so while this trend of slowing growth appears well set, things, as we have seen, can change quickly.”

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

[Link to source Excel](#)

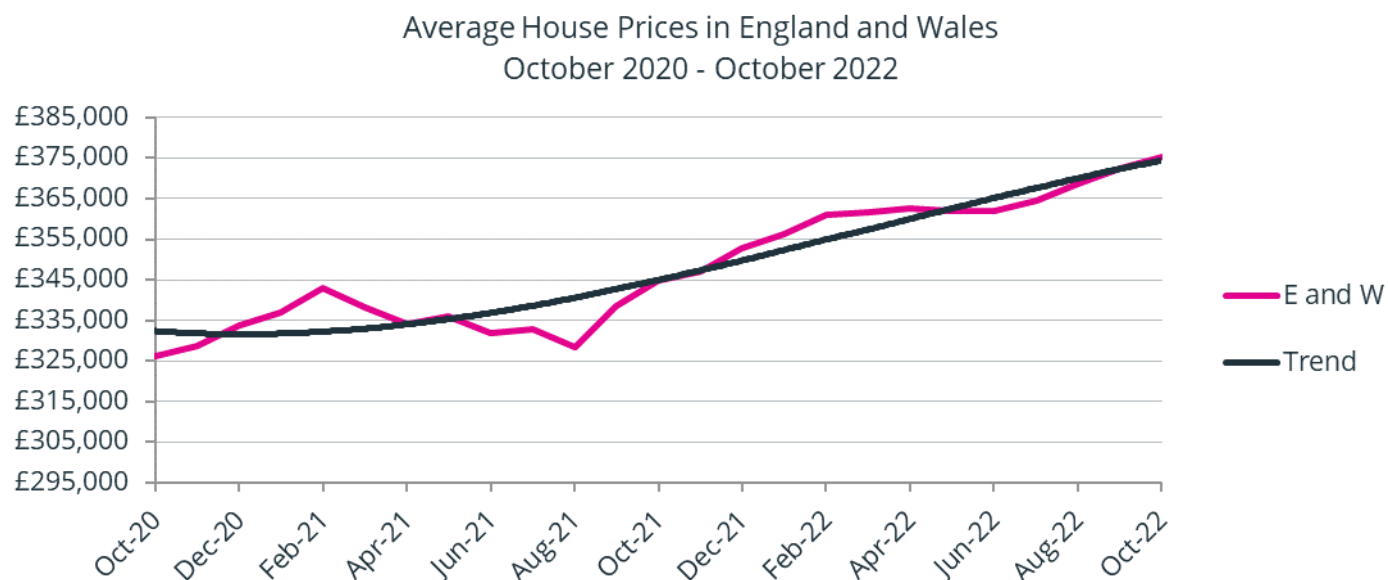
Month	Year	House Price	Index	Monthly Change %	Annual Change %
October	2021	£344,868	328.3	1.8	5.7
November	2021	£346,936	332.5	0.6	5.6
December	2021	£352,738	338.2	1.7	5.7
January	2022	£356,266	341.6	1.0	5.8
February	2022	£361,189	346.4	1.4	5.3
March	2022	£361,765	346.9	0.2	7.0
April	2022	£362,624	347.7	0.2	8.6
May	2022	£361,859	347.0	-0.2	7.7
June	2022	£362,138	347.3	0.1	9.1
July	2022	£364,452	349.5	0.6	9.5
August	2022	£368,680	353.5	1.2	12.3
September	2022	£372,443	357.1	1.0	10.0
October	2022	£375,275	359.9	0.8	8.8

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, October 2020 – October 2022

[Link to source Excel](#)



House prices continued to climb in October, but the rate of increase is notably slower than in August and September.

Despite this, the average price paid in both cash and mortgage based transactions for a home in England and Wales in October 2022 was still up - by some £2,800 to £375,275 - on the average price

paid in September. Indeed, from the start of the pandemic in March 2020 to the end of September 2022, the average price paid for a home has increased by some £60,000, or around 19%, which contrasts with the increase in consumer price inflation (including housing - CPIH) of nearly 13% over the same period. Property prices thus rose in real terms.

As Table 1 above shows, we are now seeing a sustained reduction in the rate of house price growth - the monthly rate in October 2022 was 0.8%, down 0.2% on September's 1.0%, which itself was a 0.2% fall on August's rate of 1.2%. A similar story applies to the annual price growth, with the rate reducing from a peak of 12.3% in August 2022 to 10.0% in September and down to 8.8% in October.

The housing market in October 2022

While considerable uncertainty remains and consumer confidence is low, it is evident that - despite rising interest rates in general - mortgage rates have begun to settle and even to reduce as swap rates ease and competition between lenders increases. The Prime Minister has given a personal commitment to address the pressures coming through the mortgage market to households, recognizing that these cost increases are at least as significant as those from the energy sector. Whether this will find expression in the upcoming Autumn Statement is unclear at this stage.

In our commentary we have highlighted the slowing rate of price increases both annual and monthly, and other indices have now reported monthly price falls. Looking at recent market forecasts, Savills are predicting a 10% price fall in 2023 before a slow recovery to 2027. This has of course opened up speculation about recent high LTV buyers and negative equity.

The current reality is that prices have continued to inflate, and that although the market has slowed and more price negotiation is taking place, demand has continued to exceed supply. That picture is changing according to the September RICS survey, but the impact of the new higher stamp duty thresholds that applied from late September must be factored in as well. These changes were estimated to cost the Exchequer around £1.6 billion a year - of course it is possible there might be further adjustments up or down in the Autumn Statement.

October saw the closure of applications for the long-running Help to Buy scheme in England which had boosted new build market activity over the years. With the important Bank of Mum and Dad also under pressure, it is clear that there is a lot to take account of in any forward view of the housing market. Once the fiscal landscape is clarified in the Autumn Statement on 17th November and the Bank has a clearer context for monetary policy, markets will be in a better position to take a view, short and long term, and hopefully bring further stability to bear. Given the long-term imbalance between housing supply and demand in the UK, and despite an imminent recession, the outlook over the longer term remains positive, and for the most part that is the assumption many buyers are working with.

Average Annual Regional House Prices

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

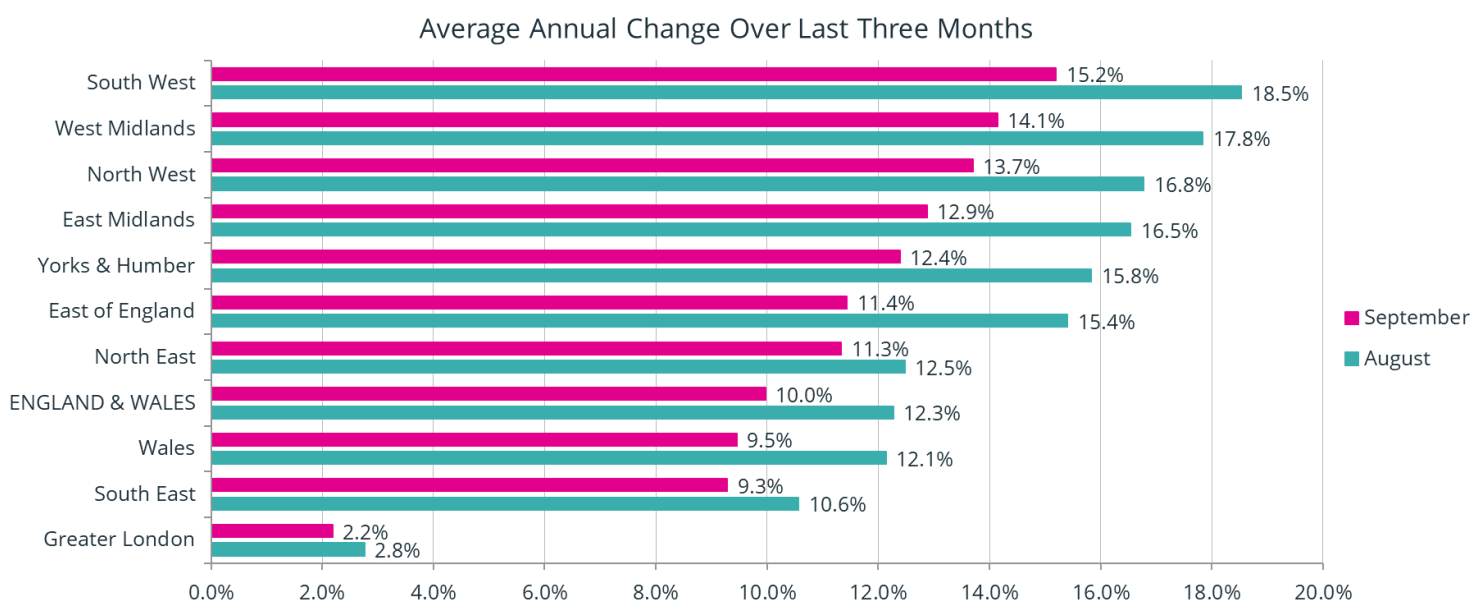


Figure 2 shows the percentage change in **annual** house prices on a regional basis in England, and for Wales, **averaged over the three-month period of August to October 2022**, compared to the same three months in 2021. These figures are produced on a rolling three-month basis to smooth out minor changes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

As can be seen, the annual rates of price growth in all ten areas have reduced from the previous month and in some cases by significant amounts. For example, in the East of England price growth has slowed in the month by some 4.0% from 15.4% to 11.4%, and in the East and West Midlands has diminished by 3.6% and 3.7% respectively. The area with the smallest fall in its annual rate of growth is Greater London, where price changes reduced from 2.8% to 2.2%.

The South West has the highest rate of growth for the fourth month in succession, at 15.2%, but that is down from 18.5% in the previous month. Within the region, the unitary authority for Bournemouth, Christchurch and Poole has led the way, with annual price growth of 30.0%. This is also the highest rate of all 110 Unitary Authorities across England and Wales. This high rate of growth has been assisted by the sale of the most expensive semi-detached property in the Bournemouth area of the last twelve months for £2.8 million, located close to the Sandbanks Hotel, and having direct access to the beach.

The West Midlands is in second place in Figure 2 above, for the third month running, with the West Midlands (Birmingham) experiencing the highest annual price growth in the region of 16.5%, followed by Herefordshire in second place with growth of 16.2%.

By contrast, Greater London has an overall annual growth rate of just 2.2%, although 22 of the 33 London boroughs saw prices rise on an annual basis. Broadly, the most expensive inner city areas saw falling values - impacting eight of the top ten boroughs ranked by price. For example, in the City of Westminster, which is ranked in second place in London in terms of its average value, house prices

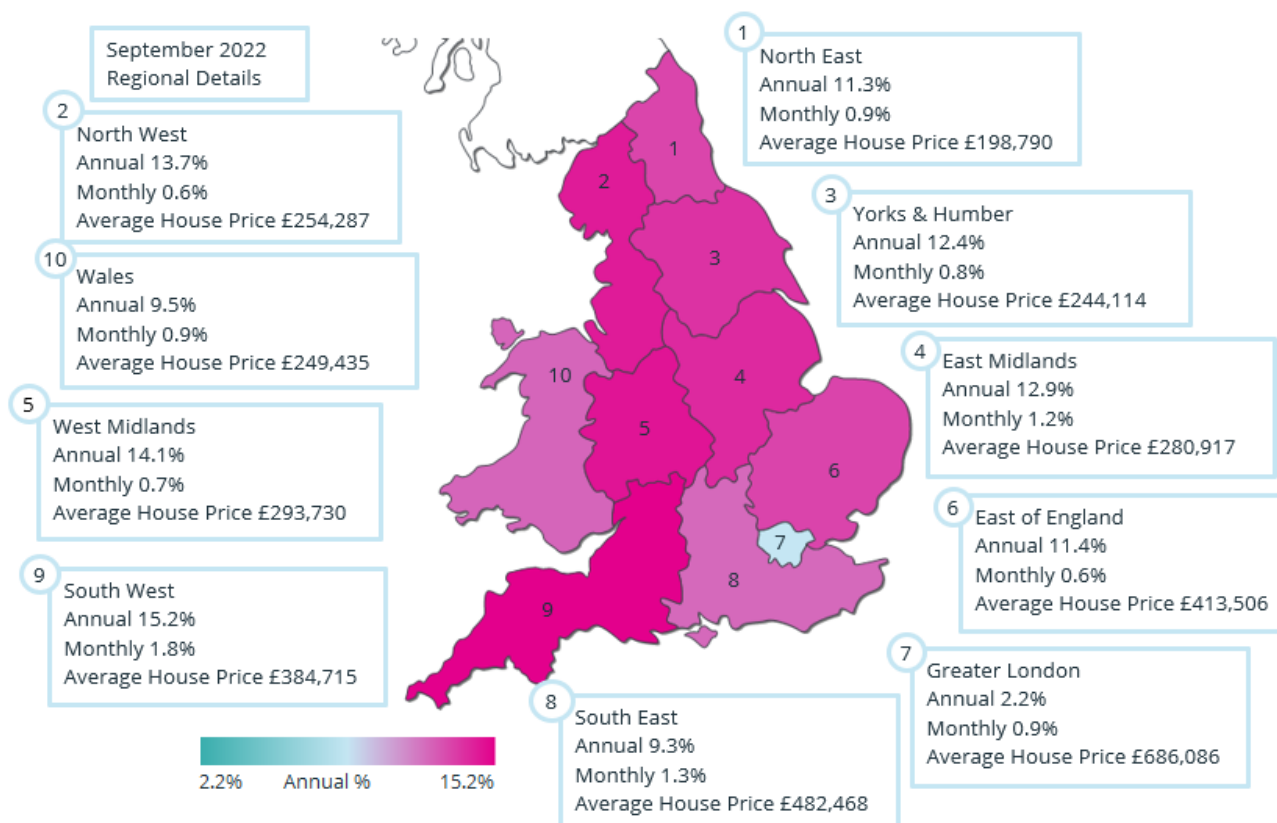
have fallen by -30.3% over the last twelve months, while in Kensington and Chelsea – the most expensive borough in London – prices fell by -15.4% over the same period.

The two London boroughs with the highest rise in average prices over the last twelve months are Hounslow and Waltham Forest, which are ranked 18th and 21st in terms of their average house price, within Greater London. Both boroughs are located on the perimeter of the Greater London area, suggesting that the movement away from the Inner London areas during the Covid pandemic has continued to have an impact.

England and Wales Regional Heat Map

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

There are three distinct groups in England and Wales in August 2022 in terms of house price growth, with seven of the ten GOR areas in England and Wales having rates of growth in excess of 11%, which are shaded in the deeper reds on the map. There are then two areas with rates between 9% and 10%, being Wales and the South East. Finally, there is Greater London, out on its own, with an annual rate of just 2.2%, for the reasons discussed above.



Annual Growth Rate

The annual growth rate in the average house price for England and Wales in October 2022 was 8.8%. This is 1.2% below the rate of 10.0% seen in September 2022 and 3.5% below that of 12.3% recorded in August 2022. There is therefore some evidence that annual rates of house price growth in England and Wales have begun to slow since the summer months of 2022 – also see Table 1 above.

We know that the housing market typically lags economic events by at least two months. There is a natural delay between the time of making an offer for a property and the completion date of the sale agreement, during which the paperwork and conveyancing are undertaken. We may not therefore be seeing the full extent of the impact of the recent rises in mortgage rates in the monthly figures for the October housing market. There have been reports that buyers are continuing to press on with the purchase of their new homes - despite the current adverse events in the economy - for fear of losing the deals of low interest rates fixed for a five-year period already negotiated with their mortgage providers.

Monthly Growth Rate

The monthly growth rate in the average house price for England and Wales in October was 0.8% - a decline of -0.2% from the rate seen in September and a -0.4% decline from August. In September 2022, 22 of the 110 Unitary Authorities saw prices fall in the month, which is five more than the 17 with price falls in August 2022, but three less than the 25 Authorities with price falls in July 2022. These statistics accord with the probability that August 2022 will prove to be the highwater month, with the highest house price growth of the past ten years.

In September 2022, the largest price increase in the month was in Bournemouth, Christchurch and Poole, at 8.5%. Mention has already been made of the purchase of a £2.8 million semi-detached property near Sandbanks. In addition, the area's monthly statistics include a £5.3 million detached home in Mudeford, with direct waterside access to Christchurch Harbour, and a £2.0 million flat located on the Sandbanks peninsula – according to the Sandbanks beach official website, "Sandbanks is the fourth most expensive place to live in the world".

All 10 GOR areas in England and Wales saw prices increase during September 2022, with the largest monthly increase of +1.8% being in the South West. In the South West region, Bournemouth, Christchurch and Poole is followed by Torbay in terms of house price growth, with prices in the month increasing by 4.3%. This was assisted in the month by the sale of a £1 million home in Torquay, with views over the whole of Torbay.

The fact that we were able to find four examples of "lifestyle changing" property purchases in September with relative ease suggests that this sector of the market remains active, despite the economic headwinds, and is likely to influence the market for many months to come.

Property types

Figure 3. The annual change in house price growth in England and Wales, for the period from January 2020 to October 2022 by Property Type [Link to source Excel](#)

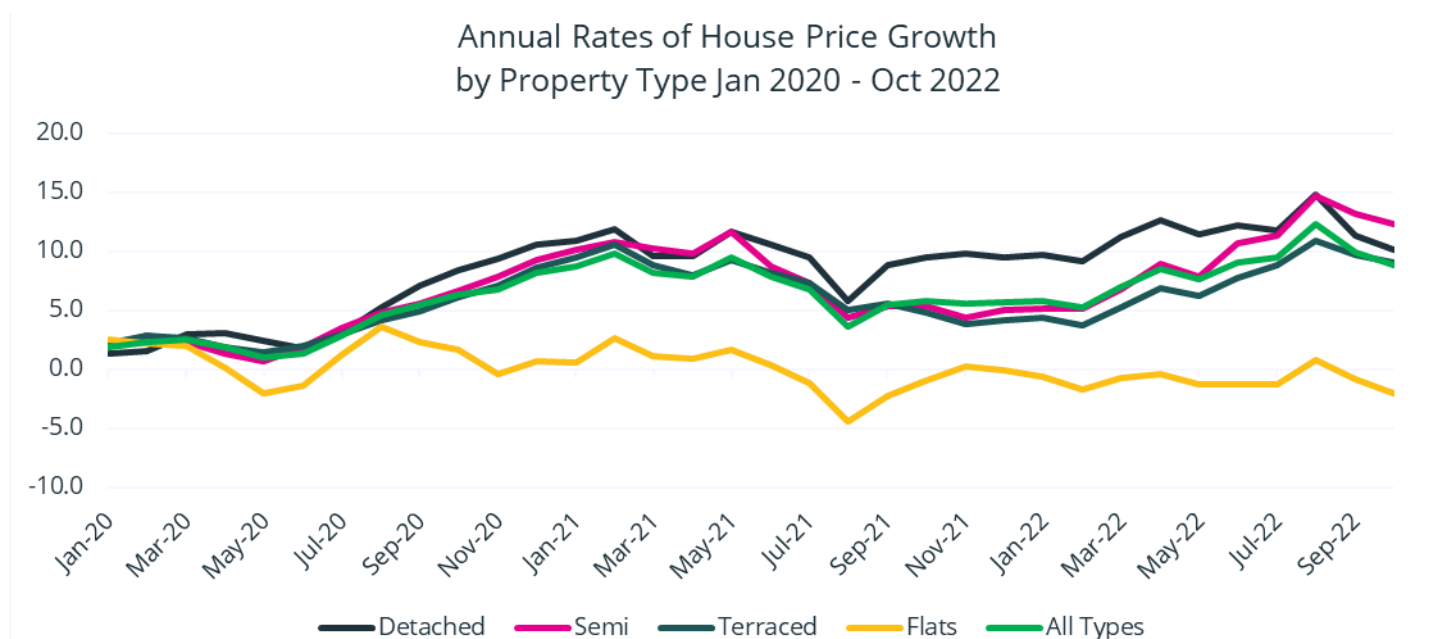


Figure 3 above shows the different movement in average house prices in England and Wales from before the start of the pandemic in March 2020 to October 2022.

As can be seen, detached properties had the highest rate of growth over the majority of this period, with semi-detached and terraced properties both having lower rates, broadly similar to each other. Also clear are the far lower rates of price growth – frequently negative – associated with flats over this same period.

The high rates of price growth for detached properties is perhaps not too surprising. As has been well documented, the pandemic resulted in life-style changes relating to the purchase of homes, with many buyers seeking out larger properties to enable them to “work from home” – which colloquially became known as the “Race for Space”. Additionally, other buyers sought out second homes in areas of natural beauty and coastal locations, to enable them to take “staycations”, or to establish “holiday-lets”, as foreign travel became largely prohibited. The accompanying competition for these larger properties resulted in increasing prices.

Flats over this period were subject to two separate factors. Firstly, there was the corollary of the “Race for Space”, in that flats rarely have their own private gardens or an extra room which can be converted into an office area. Consequently, there was a general tendency for those looking to purchase a property to move up the housing chain in terms of usable floor area, which reduced the demand for flatted homes. At the same time, following the cladding crisis associated with the aftermath of the Grenfell Tower fire, lenders required an EWS1 certificate to ensure the flat was “fit for purpose”. In many cases these certificates proved hard to obtain, which similarly reduced demand for flatted properties. Hence the price of flats failed to keep pace with other property types.

There is some evidence from Figure 3 that semi-detached homes have recently become more attractive to purchasers, possible due to the high values that have become associated with detached

properties. As discussed below, the number of detached properties being purchased has fallen over recent months, while sales of semi-detached and terraced properties continue at a mostly constant pace.

Transactions

Figure 4. The number of housing transactions per month, January 2007 – September 2022 [Link to source Excel](#)

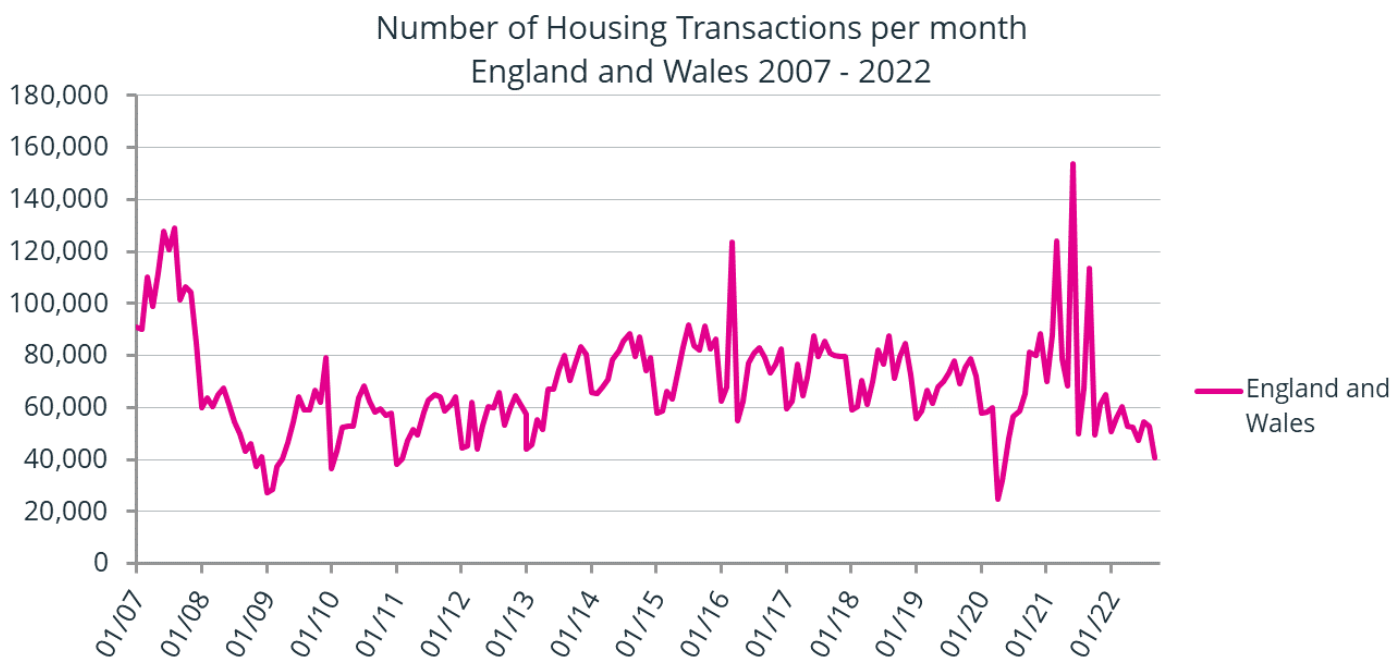


Figure 4 shows the number of domestic property transactions per month recorded in England and Wales at the Land Registry for the period from January 2007 to September 2022.

As the chart indicates, the years 2013 – 2019 were relatively “normal”, with only the spike in sales in March 2016 - one month ahead of the additional 3% SDLT on the purchase of second homes and buy to let properties - upsetting the usual seasonal patterns. However, from the start of the pandemic in March 2020, the market has become notably more volatile as housing transactions in April 2020 plummeted due to the arrival of the pandemic, to be followed by a slow rise in sales as confidence began to return. Then followed a period when sales exceeded previous levels, from October 2020 to September 2021, as lifestyle changes and the SDLT/LTT tax-holidays pushed up demand, especially for properties with space to allow for working from home.

Having experienced three tax-related peaks in 2021, transactions from October 2021 through to August 2022 have been running between 40,000 and 60,000 per month. This is below the pre-pandemic norm, at approximately half of the levels seen from January 2017 to December 2019. However, the current delays in processing transactions at the Land Registry should be noted. The gap in numbers between the latest months and the pre-pandemic levels will be reduced as further sales are processed by the Land Registry.

Transactions by property type

Figure 5. The number of housing transactions per month, January 2019 – September 2022, analysed by property type [Link to source Excel](#)

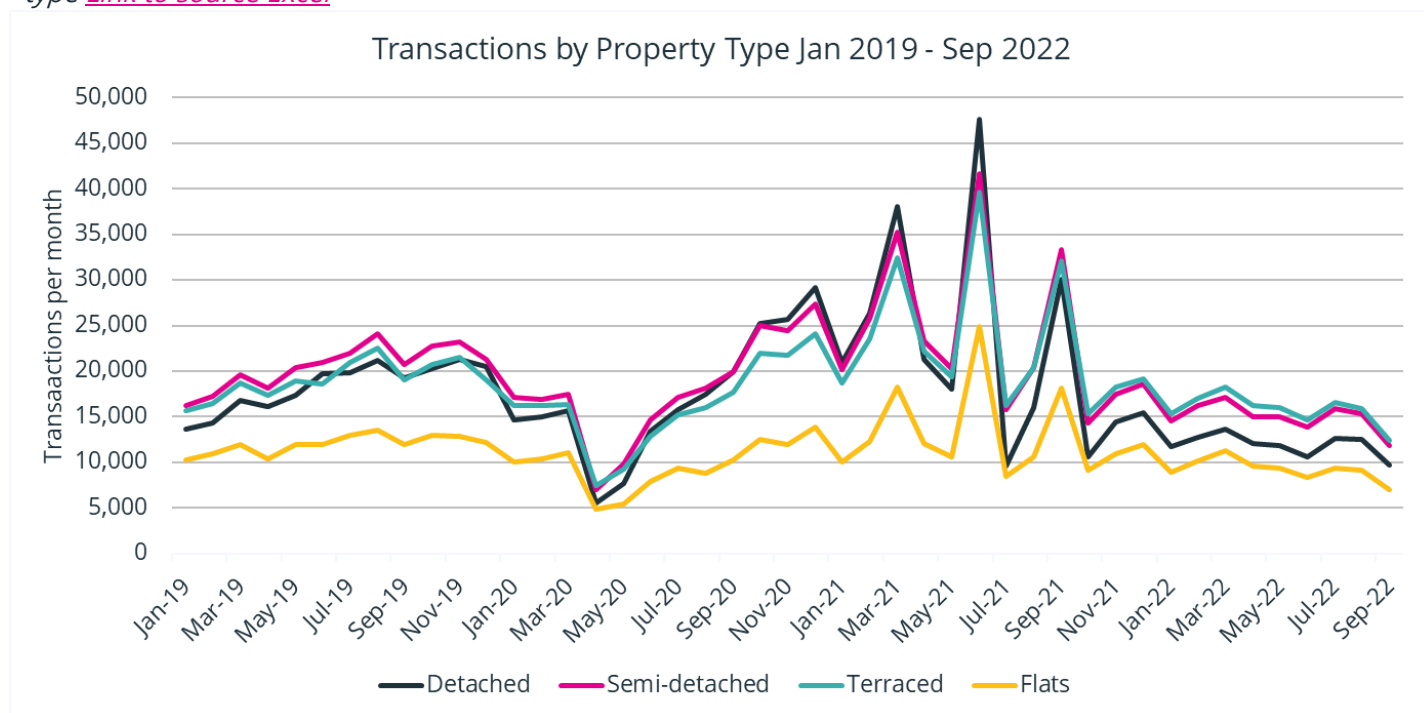


Figure 5 above analyses transactions for the period from January 2019 to September 2022 by property type. In general, we can see that transactions by each property type tend to move in similar directions to each other, with peaks and troughs tending to occur in the same months.

On closer examination, it can be seen that during 2019 and the first three months of 2022, the rank order in sales totals is headed by semi-detached, followed by terraces, detached and finally flats. However, from October 2021 onward the rankings change, with terraces outnumbering semi-detached sales, and the number of detached sales being visibly smaller than semi-detached during this latter period. Meanwhile, flats continue to trail the other three property types. Is this reduction in the number of detached sales from April 2021 due to lower demand, or is it a function of there being fewer available properties for sale as a result of a tendency for detached owners to remain in their homes for longer periods?

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

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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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