

# House Price Index

## England and Wales

February 2023



**0.5%**

monthly change



**4.7%**

annual change



**6.4%**

annual %  
(excluding London  
and the South East)

**e.surv**  
Chartered Surveyors

### Prices continue to rise but market cooling

- ✓ The Midlands again take the top two places in regional growth
- ✓ London prices fall over the year for the first time since May 2021
- ✓ Blaenau Gwent takes first place in the price-rise table at 30.3%

**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)
£379,244	363.4	0.5	4.7	6.4

#### Richard Sexton, director at e.surv, comments:

"It's no surprise that property prices reflect the increase in the cost of mortgage finance. However, while there have been reports of transactions, mortgage approvals and asking price reductions, we find evidence that prices continue to grow albeit at a much-reduced rate.

"We should remember that the right kind of stock remains in short supply and buyers still need and want to move. Life events are the backbone of the housing market.

"Consequently, we have found that on a monthly basis, prices in February increased by £1,860, or 0.5%. Looking at the last twelve months, February's 0.5% increase was only exceeded on three occasions (July – September 2022), and only twice has the monthly change been negative.

"We remain to see if any further fiscal support will be given to the housing market in the budget next week, but any stimulus will further support prices. Inflation is slowly abating for now which will ease the pressures on affordability and some lenders, who possibly over-corrected their affordability calculations when the cost-of-living crisis first began, are recalibrating their models to accommodate more business."

Table 1. Average House Prices in England and Wales for the period February 2022 – February 2023

[Link to source Excel](#)

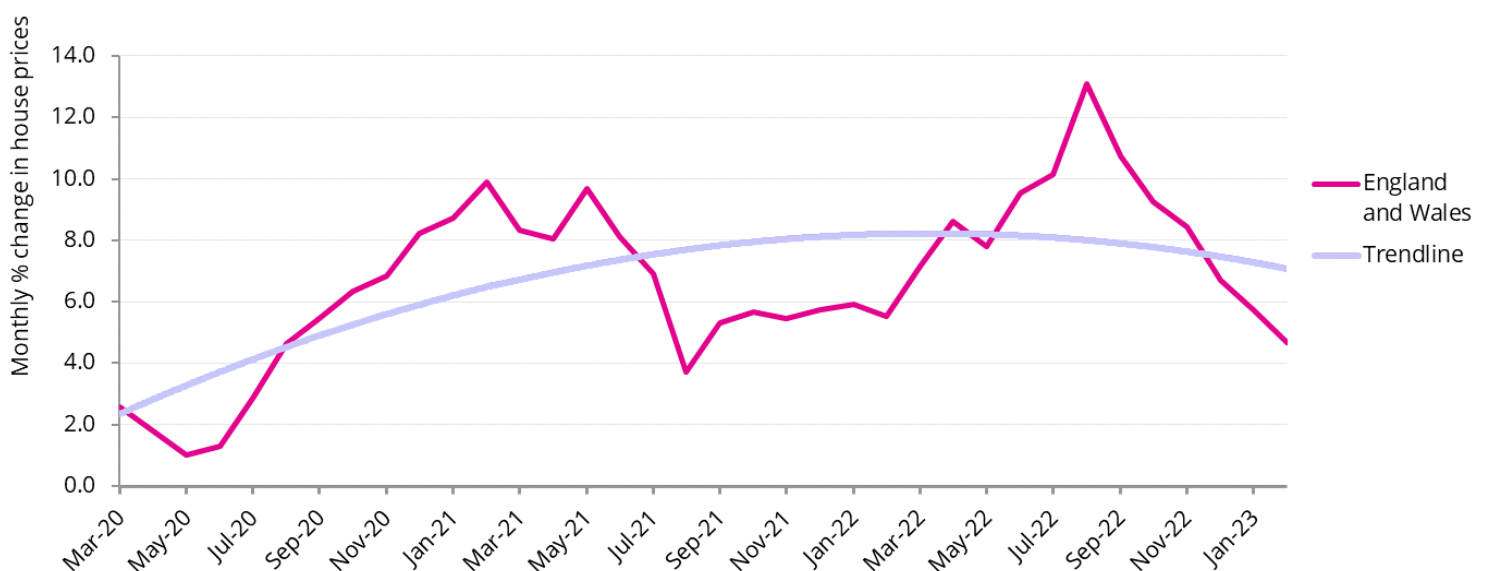
Month	Year	House Price	Index	Monthly Change %	Annual Change %
February	2022	£362,286	347.1	1.5	5.5
March	2022	£362,744	347.6	0.1	7.2
April	2022	£363,355	348.2	0.2	8.6
May	2022	£362,952	347.8	-0.1	7.8
June	2022	£364,317	349.1	0.4	9.5
July	2022	£367,147	351.8	0.8	10.2
August	2022	£371,695	356.1	1.2	13.1
September	2022	£374,651	359.0	0.8	10.8
October	2022	£376,517	360.8	0.5	9.3
November	2022	£375,826	360.1	-0.2	8.4
December	2022	£376,636	360.9	0.2	6.7
January	2023	£377,384	361.6	0.2	5.8
February	2023	£379,244	363.4	0.5	4.7

**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 growth in England and Wales, March 2020 – February 2023 [Link to source Excel](#)

Annual House Price Growth % since the Pandemic



On an annual basis house prices for completed transactions in England and Wales rose in February 2023 by some £17,000, or 4.7%. This is down 1.1% from the 5.8% in January, and represents the sixth month in succession in which the annual rate of growth has slowed – clear evidence of a sustained downturn. However, even if the rate of growth is slowing, prices are still increasing, and the current average price of £379,244 thus sets a new record level for England and Wales as a whole.



Since the start of the pandemic in March 2020, prices to January 2023 have risen by some £64,900, or nearly 21%, which contrasts with the increase in general inflation (including housing - CPIH) of 14.9% over the same period. Property prices have thus risen in real terms despite all the gloom.

On a monthly basis, prices in February increased by £1,860, or 0.5%. Looking at the last twelve months, February's 0.5% increase was only exceeded on three occasions (July – September 2022), and only twice has the monthly change been negative.

## The housing market in early 2023

As this release shows, the housing market in England and Wales is cooling. On all the vital signs - whether prices, transactions or mortgage approvals - the numbers being recorded on a monthly basis are falling. Nevertheless, this is not a collapsing market as suggested by some of the more gloomy views expressed in the media. The Nationwide index reported prices in February were down on an annual basis by -1.1%, the weakest since November 2012. This sparked widespread comment that it was the harbinger of the long-awaited housing market downturn and where price falls of 15 to 20% were likely.

At this stage the e.surv index does not support such a view, and not least as - on the basis of completion prices including cash sales - price growth continues, albeit at reduced rates. The reality of the housing market in England and Wales is that it is underpinned by a continuing shortage in supply, whether in terms of new or existing homes on the market. This is in conjunction with a steady demand for homes to buy, either from newly formed households leaving parental homes, or from the rental markets where increasing rents may trump any reservations about falling prices. The froth generated by tax reductions or by the race for space may have largely abated, but the underlying fundamental demand remains.

Clearly, this will play out differently by country and region. In addition, we will have the UK government Budget in just over one week's time, where announcements on housing may well be made. Housing is a key political touchstone, and with a General Election perhaps little more than a year away, government will be keen to secure as much and as widespread a positive sentiment as possible, given the rather more negative economic backdrop.

Generally - and despite the negativity touched on above - there are grounds for suggesting the outturn for the housing market will be better than expected. If interest rate rises slow or cease as a result of inflation falling more quickly than forecast, and the economy performs slightly better, then this might presage a change in sentiment. This in turn could support a degree of optimism such that the pegging back of asking prices disappears, and the housing market becomes more active - aided in part by continued wage growth.

The simple truth is that there are many moving parts to this housing market equation, and the degree of uncertainty around most of them is considerable. At the moment, the market might be softening, but it is not collapsing and - subject to "events" - it might well simply plateau rather than fall deeper into a trough.

## Average Annual Regional House Prices

Figure 2. The annual change in the average house price for the three months from December 2022 to February 2023, analysed by GOR [Link to source Excel](#)

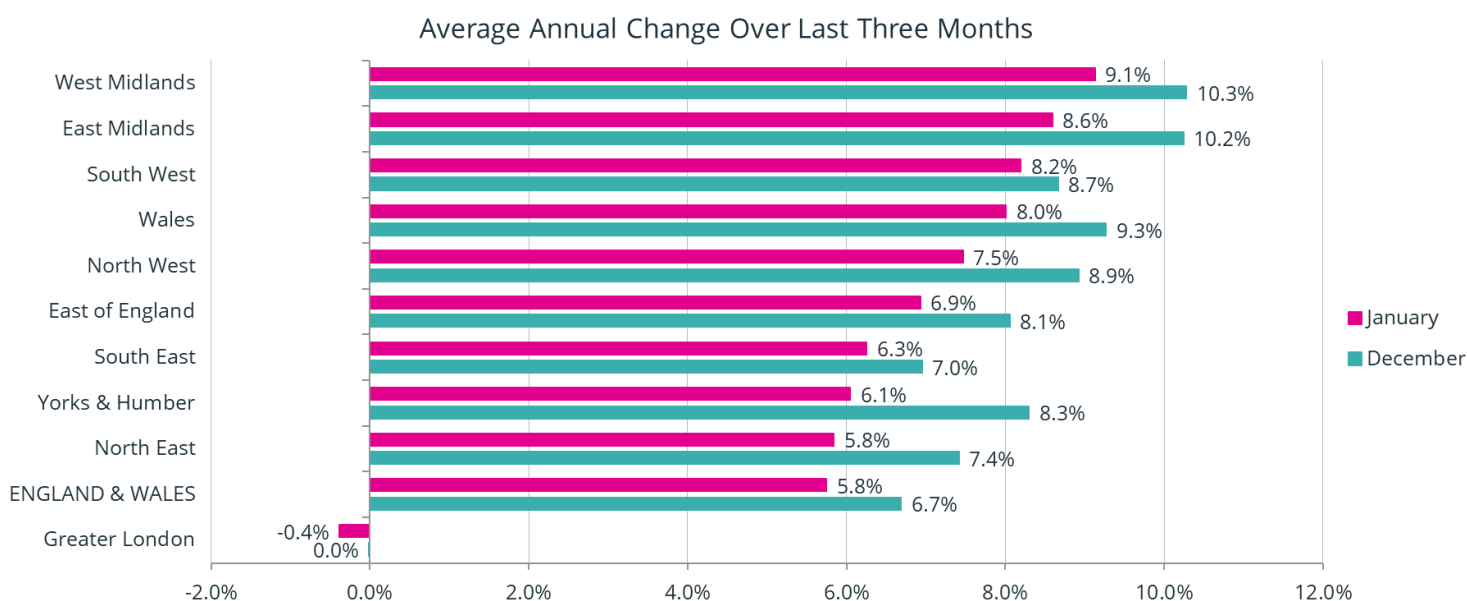


Figure 2 shows the percentage change in **annual** house prices on a regional basis in England and for Wales, **averaged over the three-month period of December 2022 to February 2023**, compared to the same three months in 2021/2022. These figures are produced on a rolling three-month basis to smooth out minor changes in price, and are centred on January 2023 (pink line), with Figure 2 also showing the similarly-averaged figures for December, one month earlier.

As can be seen, the changes in average house prices over the last twelve months remain positive in nine of the ten GOR areas, with Greater London being the only area where prices have fallen over the period.

However, since last month, the rate of growth of house prices has diminished across all areas. The largest fall was in Yorkshire and the Humber, down by 2.2% from 8.3% to 6.1%, followed by the East Midlands, down 1.6% from 10.2% to 8.6%. It is noticeable that in all areas price growth is now below 10%; the last time this was the case was in February 2022.

As the graph shows, the West and East Midlands remain the top two regions, as last month, at 9.1% and 8.6% respectively. The West Midlands region has been in the top two (in Figure 2 above) for the last seven months. This month Warwickshire and the West Midlands unitary authority (which includes Birmingham) have been the region's top performers, both having annual price growth in excess of 10%.

In the East Midlands, three of its constituent unitary authority areas have annual price growth in excess of 10%, being the City of Nottingham (19.2%), the City of Derby (11.3%) and Nottinghamshire (10.4%).

This month the South West has moved back up into third place in the Figure 2 Table, having been in one of the top three positions for the first ten months of 2022. There are currently four unitary areas/counties in the South West with price growth in excess of 10%, these being Bournemouth,

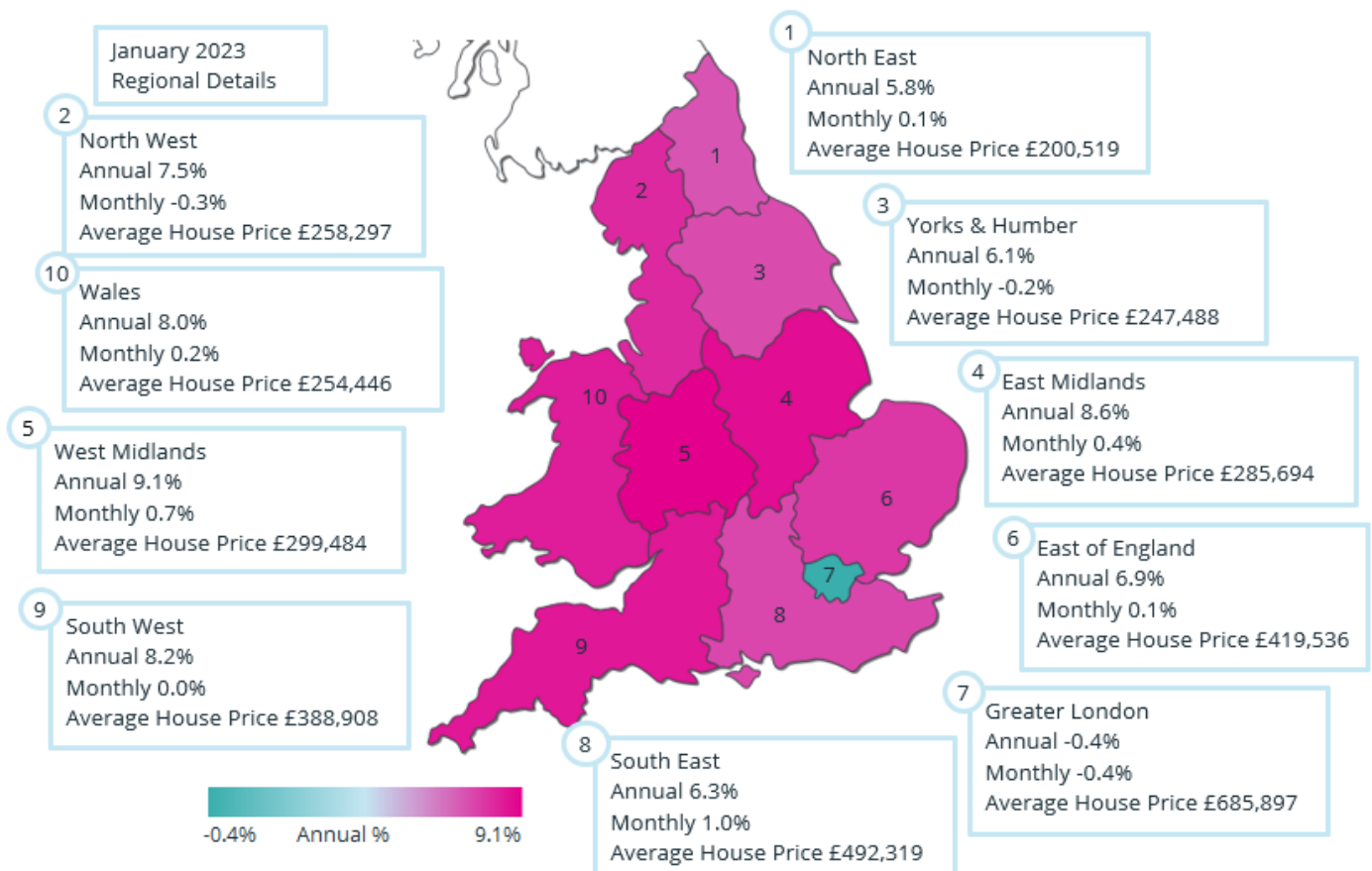
Christchurch and Poole (14.2%), Swindon (12.7%), Somerset (11.6%) and South Gloucestershire (10.9%).

As mentioned above, Greater London is the only GOR area with negative growth, at -0.4%, although 22 of the 33 London boroughs saw prices rise on an annual basis (three more than last month). Broadly, it is the most expensive inner areas that are recording falling values - impacting seven 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 -36.6% over the last twelve months, while in Kensington and Chelsea - the most expensive borough in London - prices fell by -23.6% over the same period. Meanwhile, 14 of the 16 lowest-priced London boroughs have seen their prices rise over the last twelve months. The borough with the biggest increase in prices in January was Kingston upon Thames, at 11.5%. Kingston ticks a number of the desired boxes at present, with a 30-minute commute into Waterloo and direct access to open spaces, such as Richmond Park and the Thames - a hybrid mix of the "race for space" and a relatively short journey time to the office.

## England and Wales Regional Heat Map

These different trends are then evident in the Regional Heat Map shown below for January 2023.

There are three distinct groups in England and Wales in January 2023 in terms of house price growth. Wales, the west of England (excluding the North West) and the East Midlands all have growth equal to, or in excess of, 8.0%. These three are then followed by the east of England, excepting the East Midlands but including the North West, where growth values are between 5.8% and 7.5%. Finally, Greater London is on its own, with an annual rate of -0.4%.



## Annual Growth Rate

The annual growth rate in the average completion-based house price recorded for England and Wales in February 2023 was 4.7%. This is 1.1% below the revised rate of 5.8% seen in January 2023, and represents the sixth month in succession in which house price growth has slowed. Over these six months, the average decline per month has been -1.4%, which if extrapolated forward, would mean that the England and Wales HPI might turn negative by June 2023.

In January 2023, 105 of the 110 Unitary Authority areas in England and Wales were still recording house price gains over the previous twelve months, indicating the wide extent of price rises across the two countries. The five areas which failed to record a price increase over the year were, from North to South, Hartlepool (-3.8%), Darlington (-6.7%), Rutland (-0.4%), Torfaen (-0.8%) and Windsor and Maidenhead (-1.7%). This position contrasts with Greater London, where 11 of the 33 boroughs in January were already observing declining prices over the year.

The area with the highest annual increase in prices in January 2023, for the third month running, was Blaenau Gwent, at 30.3% growth – with the average price of detached homes increasing by £80k over the year to an average £322k – although this is based on only 24 properties. The second-placed authority is the City of Nottingham, with prices up by 19.2%. All property types in the City of Nottingham have seen average price increases of £13,000 or more over the last twelve months, with the average price of a detached home rising from £300k in January 2022 to £357k one year later.

## Monthly Change

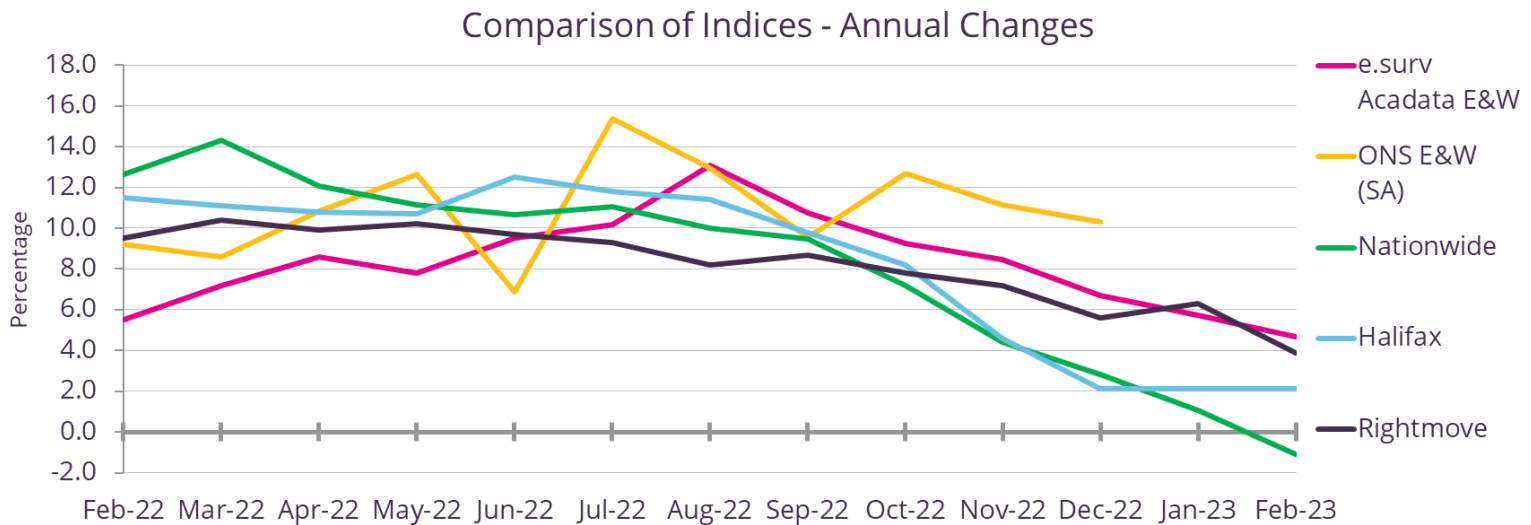
Average house prices increased by £1,860, or 0.5%, in February 2023. This represents a doubling of the £750 increase seen in January. Over the last twelve months there have only been three occasions when the monthly growth rate has been higher, from July to September 2022.

In January 2023, 65 of the 110 Unitary Authorities saw prices rise in the month, which is 11 more than in December, indicating a minor resurgence in prices in the new year. The area with the largest rise in prices in January was Denbighshire at 4.4%. In Denbighshire, it is detached homes that have seen the largest increase in average prices, assisted by the sale of a 5-bedroom property just outside Ruthin, for £930k. It is the second-most expensive detached property to be sold in Denbighshire over the last twelve months, with five bedrooms, a paddock and 3.8 acres of land. Ruthin is Denbighshire's county town and is located close to the centre of the county in the Vale of Clwyd. By way of contrast, the biggest drop was in Ceredigion, also a county in Wales, at -4.0%.

6 of the 10 GOR areas in England and Wales saw prices increase during January 2023, the same number as in December 2022. The four regions with price falls in the month were Greater London (-0.4%), the North West (-0.3%), Yorkshire and the Humber (-0.2%) and the South West (-0.0%).

## Comparison of Indices

Figure 3. The annual change in house prices February 2022 – February 2023 [Link to source Excel](#)



Feb-22 Mar-22 Apr-22 May-22 Jun-22 Jul-22 Aug-22 Sep-22 Oct-22 Nov-22 Dec-22 Jan-23 Feb-23

Last month we published a comparison of the **monthly** rates of change in house prices in the five published national indices. This month we take a look at the **annual** rates of these same five indices.

In September 2022 the five indices were a close match for each other, with a range from 10.8% annual growth (e.surv Acadata) down to 8.7% (Rightmove). Subsequent to the September figures, it can be seen that, with one or two notable exceptions, the general direction of all five indices has been downward, but at varying speeds.

The two lender indices of the Halifax and Nationwide have shown remarkably similar growth rates from September until January with Nationwide being the first to announce, this month, that the annual change in house prices was now negative. Meanwhile Halifax has reported that prices since December have continued to rise at a small but steady pace of 2.1% per annum. The Rightmove and e.surv Acadata's rates have been converging, with both indices suggesting that prices still remain higher than twelve months earlier, although the gap between this year's and last year's prices is narrowing. Meanwhile, the ONS index is showing more volatility than the other four, possibly due to its policy of not smoothing (averaging) its results over time.

We believe that there are three main reasons why the indices differ from each other. The first is to do with the timing of obtaining the price data in the house purchase timeline. Rightmove is the earliest, since it measures its data at the point when a seller first places the property on the market. The two lender indices base their data on prices at the mortgage approval stage, at the time when a potential buyer has made an offer on the property. Finally, e.surv Acadata and the ONS both use Land Registry data, which dates the sale at the time of contract completion. The second difference is that the ONS, Rightmove and e.surv Acadata will be recording both cash and mortgage-based purchases while, by definition, the lenders only record loan-based transactions. Finally, e.surv Acadata uses all the domestic transactions recorded at the Land Registry, while the lender indices may well have policies in place, such as not lending on homes with a price in excess of £X million, which could introduce a slight bias into their results.

Each has its own merits, but it is useful to understand the differences in order to better appreciate what the indices are showing.



## Housing transactions

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

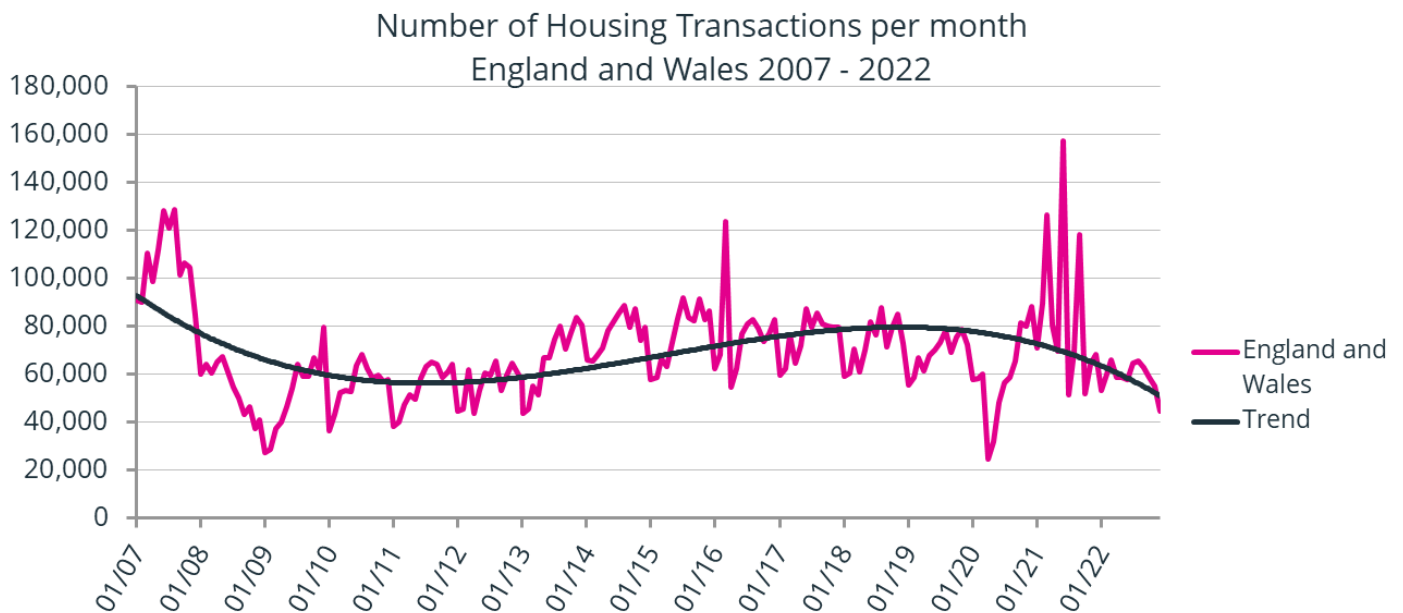


Figure 4 shows the total number of domestic property transactions per month recorded at the Land Registry for England and Wales, covering the period from January 2007 to December 2022.

Back in 2007, when Figure 4 starts, transactions in England and Wales reached an average 106,000 per month. However, during 2008 and into 2009 the banking industry suffered from its credit crunch, with loans proving hard to obtain. The number of monthly housing transactions fell to a low of 27,500 sales in January 2009. The market slowly recovered, although sales in 2009 only reached an average 52,000 per month. By 2015 average sales had climbed back to 75,000 per month, staying at around this level until the arrival of the pandemic in March 2020.

As can be seen, the period from the start of the pandemic until the end of 2022 has been far from normal in terms of property transactions. At the start of the pandemic, when households were instructed to remain at home (if not employed in an essential service), the number of property transactions slumped. Although property sales slowly increased during the remainder of 2020, the recovery has been prolonged.

During 2021 the housing market was transformed, in part due to the tax-holidays that were available in both England and Wales, and in part owing to the change in attitude brought about from working from home coupled with the desire for more space. Three peaks are clearly visible in March, June and September 2021, which were all tax-holiday related.

By contrast, 2022 has proven to be a far more subdued year, with levels returning to an average 60,000 sales per month – the same as in 2020. For the record, we have currently received data from the Land Registry for 55,100 sales in November 2022, 44,700 sales in December 2022 and 28,427 sales in January 2023 – but the data for these three months is still emerging, so these totals will grow over time.

## Transactions by property type

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

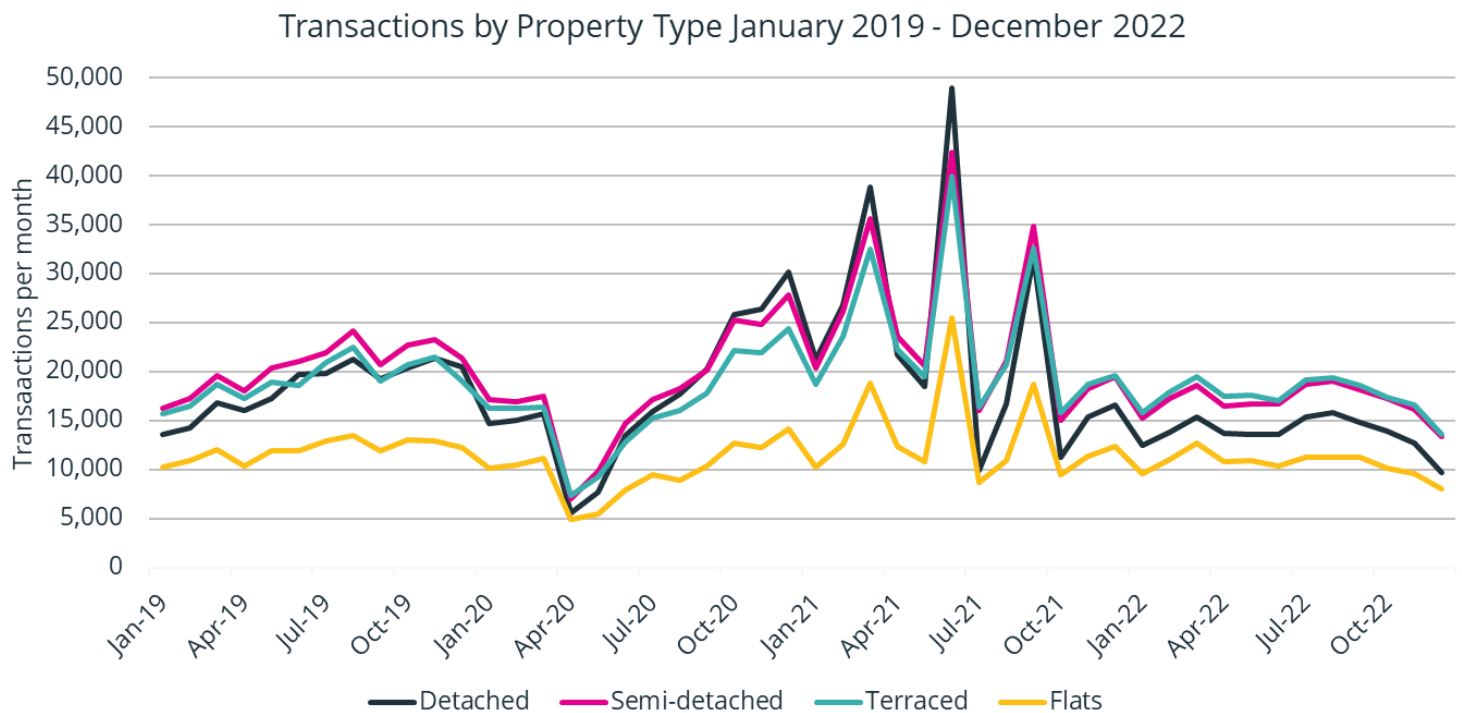


Figure 5 analyses transactions for the period from January 2019 to December 2022 by property type. In general, transactions for each property type tend to move in similar directions to each other, with peaks and troughs tending to occur in the same months.

On closer examination, it can be seen that during 2019 and the first three months of 2022, the ranking 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.

## 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](http://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](http://www.esurv.co.uk)

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