

Price growth continues to reduce...

- ✓ ... but prices remain remarkably stable
- ✓ Most regions have higher prices over the year
- ✓ The West Midlands takes top place in regional growth again

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)
£379,309	360.4	-0.3	3.6	5.1

Richard Sexton, director at e.surv, comments:

"We have been of the opinion for a while now that while house prices have been under pressure, as our March data illustrates, the housing market has remained remarkably resilient. On a monthly basis, the average price fell this month by around £1,200, or -0.3%. However, on an annual basis, the average sale price of completed home transactions in England and Wales rose in March by some £13,350, or 3.6%.

"The key observation is that while price growth is reducing, prices for actual completed transactions are not falling. This points to a continued shortage in the market of the right kind of property for buyers and that affordability concerns, which have been compounded by rising interest rates and the cost-of-living pressures, have been partly offset by the number of lenders competing for business in a market of fewer transactions. There is also evidence that buyers are cutting their cloth in terms of the type of property they expect to purchase. Our surveyor and valuer research 'on the ground' last month supports this view of price growth reduction rather than falling prices.

"Of course, at a regional level there has been some divergence but with the exception of Greater London, all the regions in our survey have continued to show some growth – albeit reduced.

"West Midlands remains the top region in terms of price growth, as was the case last month, at 8.9%. The region has been in the top three places for the last eight months with the South West region retaking second place, having been in the top two places in eight of the last twelve months.

"We expect the traditional Spring buying season to be incredibly important in setting the tone for the rest of the year."

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

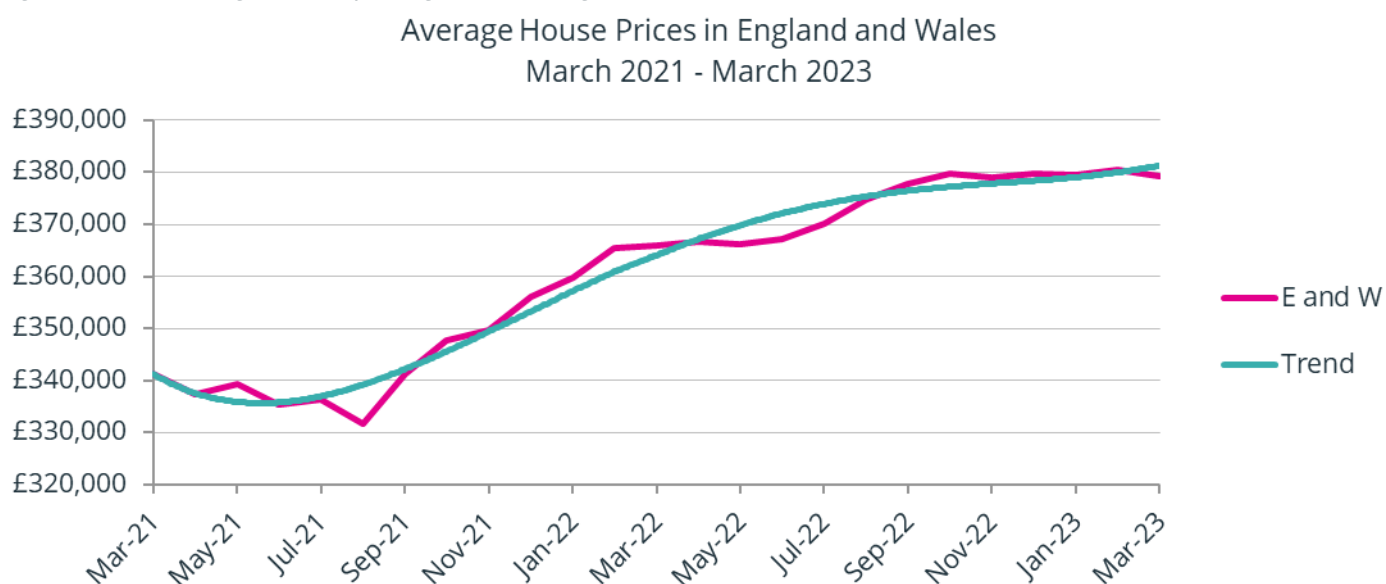
[Link to source Excel](#)

Month	Year	House Price	Index	Monthly Change %	Annual Change %
March	2022	£365,964	347.6	0.2	7.3
April	2022	£366,554	348.2	0.2	8.7
May	2022	£366,142	347.8	-0.1	7.9
June	2022	£367,263	349.1	0.3	9.5
July	2022	£370,226	351.8	0.8	10.1
August	2022	£374,704	356.1	1.2	13.0
September	2022	£377,746	359.0	0.8	10.7
October	2022	£379,803	360.8	0.5	9.3
November	2022	£379,041	360.1	-0.2	8.4
December	2022	£379,806	360.9	0.2	6.7
January	2023	£379,545	360.6	-0.1	5.5
February	2023	£380,514	361.6	0.3	4.2
March	2023	£379,309	360.4	-0.3	3.6

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 – March 2023 [Link to source Excel](#)



On an annual basis, the average sale price of completed home transactions in England and Wales in March 2023 rose by some £13,350, or 3.6%. This is the lowest rate of annual increase since July 2020, and is the seventh month in succession in which the annual rate has slowed. On a monthly basis, the average price fell in March 2023 by some £1,200, or -0.3%. Both annual and monthly rates give clear evidence of a continuing reduction in price growth compared to earlier periods during the pandemic.

However, as Figure 1 shows, the reduction in price in March 2023 is relatively minor, especially when compared to the cumulative £47,600 rise in prices since August 2021. Perhaps most significantly the figure also shows that average house prices have more or less “stalled” from October 2022 onwards - in five of the last six months the average price has been in the £379,000s, with the one exception being in February (see Table 1). The reports of house prices taking a tumble are therefore exaggerated. In reality, the reason for the fall in annual rates over the last seven months is the large increase in prices that took place a year earlier - these are year-on-year comparisons - with no similar gains being seen in 2023. So, despite reports of economic gloom over the last seven months, house prices in this period have in fact remained remarkably stable.

The housing market in spring 2023

As noted last month, there were grounds for suggesting the market might be plateauing, i.e., prices broadly stagnating, rather than collapsing as some have argued. Certainly the general consensus was that, by some key measures, the housing market was doing better than expected - partly because with fewer transactions, lenders were now competing hard for market share, and had reduced the price of mortgages in recent months, despite the 11 successive rises in the Bank of England’s base rate. This had helped counter the affordability squeeze that has been working its way through the market on the back of cost-of-living increases, as well as static wages and of course the underlying shift from a very low interest rate regime - which had been in place for a decade - to one roughly approximating something more “normal”. Consumer confidence, although still negative, has been rising from its low in January, bolstered not least by low unemployment and better than expected macro-economic trends. Although there may be further interest rate rises, there is a clear view that this is now close to a peak, so the spectre of a downward spiral in the economy has diminished.

Spring is usually a time when the housing market picks up, and the next few months will provide a clearer indication of the longer-term direction of the market. The coronation and associated public holidays will trigger a degree of disruption in terms of activity, albeit at the same time probably strengthening consumer confidence and feelings of well-being. The market expectation has been for a slowing in prices in 2023, and that has been the pattern to date. The fact that we have such a divergence in the two lender indices this month highlights how sensitive the data is to relative changes in the mix of homes being mortgaged. The e.surv/Acadata index has the merit of including all mortgaged transactions along with all cash sales, and the data points to a flattening in the market rather than a sharpening decline. Much now depends on how the UK fares within a slowing global economy.

Average Annual Regional House Prices

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

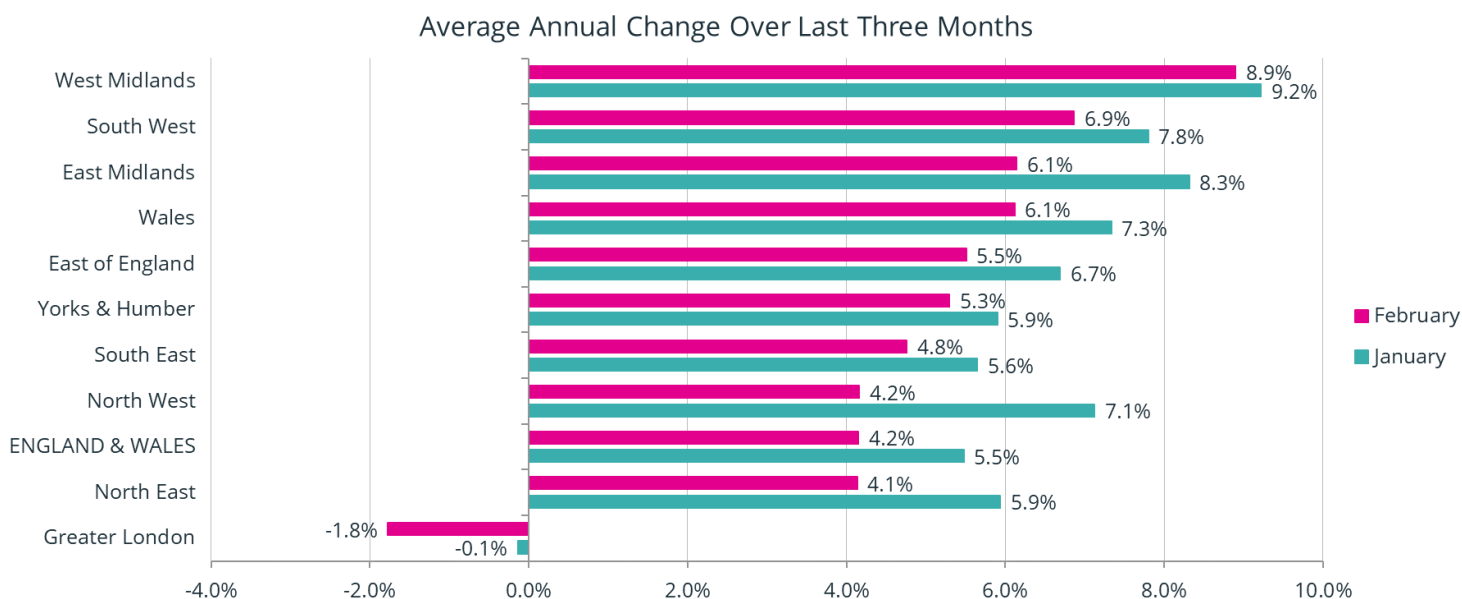


Figure 2 shows the percentage change in **annual** house prices on a regional basis in England and for Wales, **averaged over the three-month period of January 2023 to March 2023**, compared to the same three months in 2022. These figures are produced on a rolling three-month basis to smooth out minor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

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 fallen across all areas. The largest fall was in the North West, down by 2.9% from 7.1% to 4.2%, followed by the East Midlands, down 2.2% from 8.3% to 6.1%.

As the graph shows, the West Midlands remains the top region in terms of price growth, as was the case last month, at 8.9%. The West Midlands region has been in the top three places (in Figure 2 above) for the last eight months. This month Warwickshire, Herefordshire and the West Midlands unitary authority (which includes Birmingham) have been the region's top performers, with annual price growth of 14.0%, 10.5% and 9.8% respectively.

This month, the South West region has retaken second place in Figure 2, having been in the top two places in eight of the last twelve months. There are currently two unitary areas/counties in the South West with price growth in excess of 10%, these being Bournemouth, Christchurch and Poole (12.6%) and South Gloucestershire (10.1%).

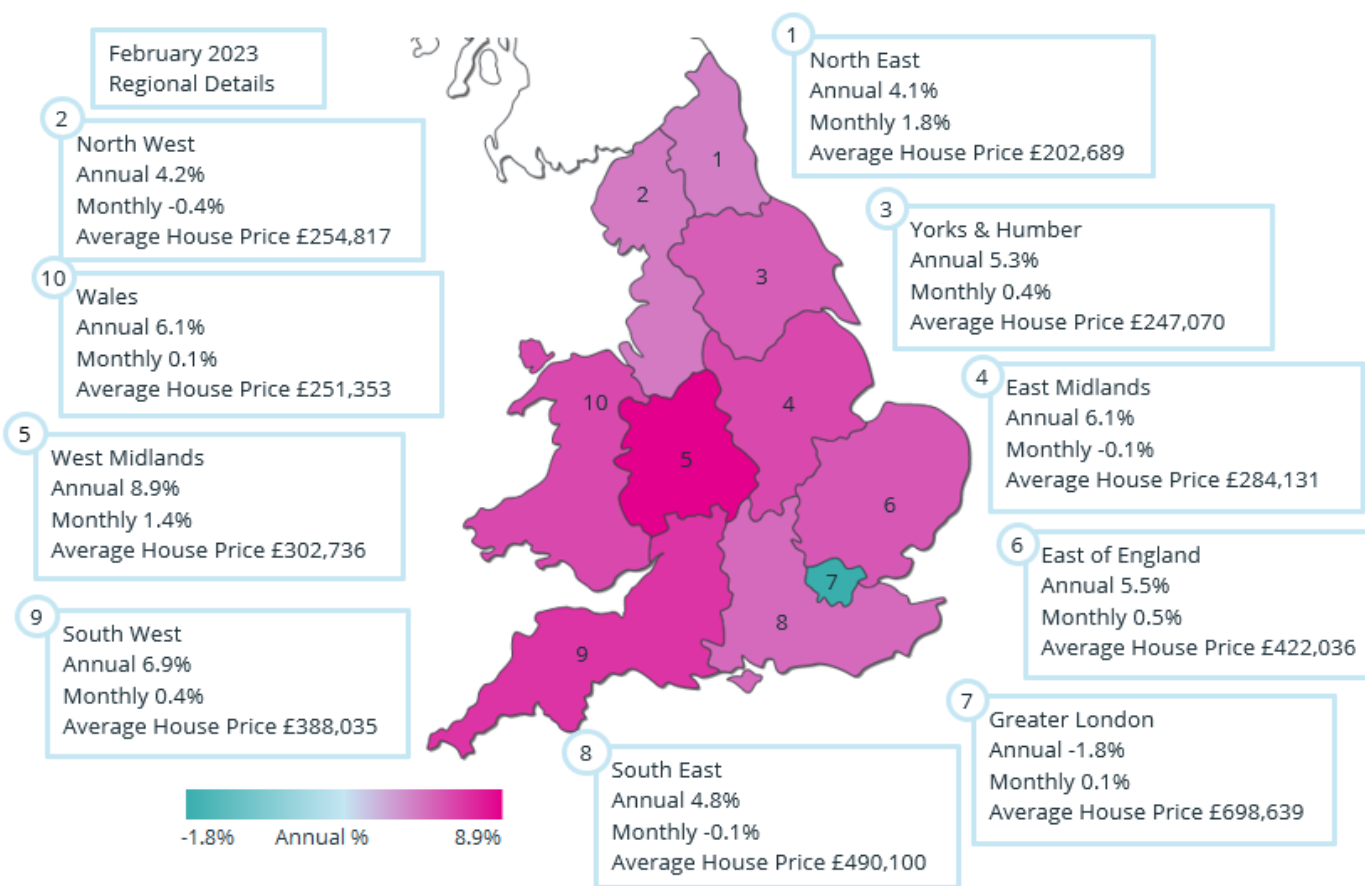
As mentioned above, Greater London is the only GOR area with negative growth, at -1.8%, although 21 of the 33 London boroughs saw prices rise on an annual basis (one fewer than last month). Broadly, it

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 -36.1% over the last twelve months, while in Kensington and Chelsea – the most expensive borough in London – prices fell by -19.9%. Meanwhile, 15 of the 16 lowest-priced London boroughs have seen their prices rise over the last twelve months, the one exception being Tower Hamlets, where prices over the year have fallen by -20.5%. Tower Hamlets has the second highest proportion of flat sales of the 33 boroughs in Greater London, at 93%.

England and Wales Regional Heat Map

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

There are perhaps four groups in England and Wales in February 2023 in terms of house price growth. First are four areas with price growth of 6% or higher, being the East and West Midlands and Wales, to which is added the South West. There then follow two regions to the east, being the East of England and Yorkshire and the Humber with price growth of 5%. Next, are the North East and North West regions, with price growth of 4%, to which can be added the South East. Finally, there is Greater London out on its own, with an annual rate of declining prices at -1.8%.



Annual Growth Rate

The annual growth rate in England and Wales in March 2023, for both mortgage and cash-based house purchases, was an arithmetic average of 3.6%. This is 0.6% below the revised rate of 4.2% in February 2023, and represents the seventh month in succession in which the annual rate of house price growth has slowed. It is however the smallest reduction in these seven months, perhaps suggesting a slowing in the rate at which house price growth is deteriorating, and as Figure 1 shows, average prices have in fact been relatively stable over the last six months.

In February 2023, 103 of the 110 Unitary Authority areas in England and Wales were still recording house price gains over the last twelve months, indicating the wide extent of price rises that had taken place across the two countries, even if the growth has now diminished. The seven areas which failed to record a price increase over the year were, from North to South, County Durham (-0.2%), Darlington (-0.2%), Gwynedd (-5.5%), Rutland (-7.6%), Buckinghamshire (-0.7%), Swansea (-2.0%) and Bracknell Forest (-1.3%). This position contrasts with Greater London, where 12 of the 33 boroughs in February were seeing declining prices over the year.

The area with the highest annual increase in prices in February 2023, for the fourth month running, is Blaenau Gwent, at 23.4% growth – with the average price of terraced homes increasing from £115k in March 2022 to £130k one year later. The second-placed authority is a near neighbour, Merthyr Tydfil, with prices up by 19.3%. Terraced homes in Merthyr Tydfil have similarly increased in price by £15k over the last twelve months, also to stand at £130k.

Monthly Change

Average house prices fell by £1,200, or -0.3%, in March 2023. Looking at Table 1 above, it can be seen that house prices have been gently oscillating on a monthly basis between $\pm 0.3\%$, since November 2022. Indeed, the average house price in March 2023, at £379,309, is the fifth time in the last six months that the average price paid for a home has been in the £379,000s – prices appear to have somehow stuck at this level.

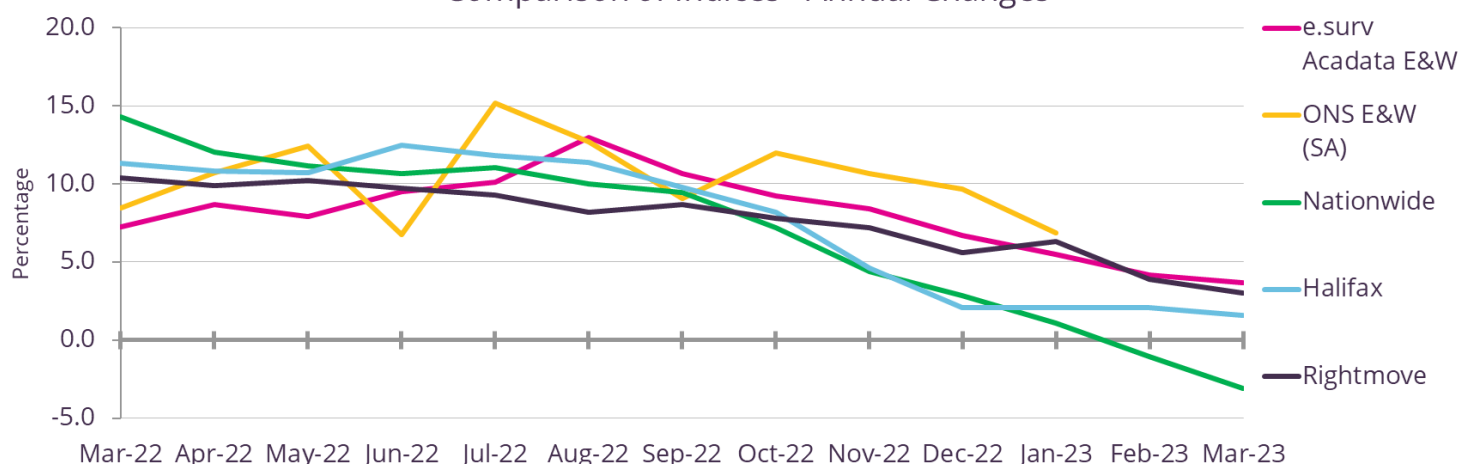
In February 2023, 57 of the 110 Unitary Authorities saw prices rise, which is 8 fewer than in January, indicating a minor reduction in prices as winter drew to its close. The area with the largest rise in prices in February was Bath and North East Somerset, up by 6.2% in the month. Two detached homes in Bath had been sold in February for more than £5 million apiece, compared to a more normal price of £750k for the area. The second placed authority in terms of price growth over the month is the Vale of Glamorgan, located to the west of Cardiff, where prices increased by 4.3%. In the Vale, detached properties saw the biggest rise in the month, up from an average £540k in January 2023, to £560k in March 2023, based on approximately 20 sales in the month.

7 of the 10 GOR areas in England and Wales saw prices increase during February 2023, one more than the number seen in January 2023. The three regions with price falls in the month were the North West (-0.4%), the East Midlands (-0.1%) and the South East (-0.1%). Three regions reached new record average price levels in February, being the North East, the West Midlands and the East of England.

Comparison of Indices

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

Comparison of Indices - Annual Changes



In September 2022 the five indices were a close match for each other, with a range from 10.7% annual growth (e.surv Acadata) down to 8.7% (Rightmove). Following 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 rates.

The two lender indices of the Halifax and Nationwide had shown remarkably similar growth rates from September until January, with Nationwide being the first to announce, in February 2023, that on an annual basis house prices had turned negative. Meanwhile Halifax has reported that prices since December have continued to rise at an average of 2.0% 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. However, it too is reporting similar figures to e.surv/Acadata and Rightmove in January 2023.

There are three main reasons why these price indices differ from each other. The first is to do with the timing of obtaining the price data in the home 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 being notified as the application for a loan reaches the mortgage approval stage. 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 the prices on their own loan-based transactions. Finally, e.surv Acadata and the ONS use 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 and why they differ. In addition - given the divergence between Halifax and Nationwide this month - the differential make up of the loan portfolio being processed at this time is reflected, with the average price of a Nationwide loan being around £30,000 lower than its rival.

Housing transactions

Figure 4. The total number of housing transactions per month, January 2007 – February 2023 [Link to source](#)
[Excel](#)

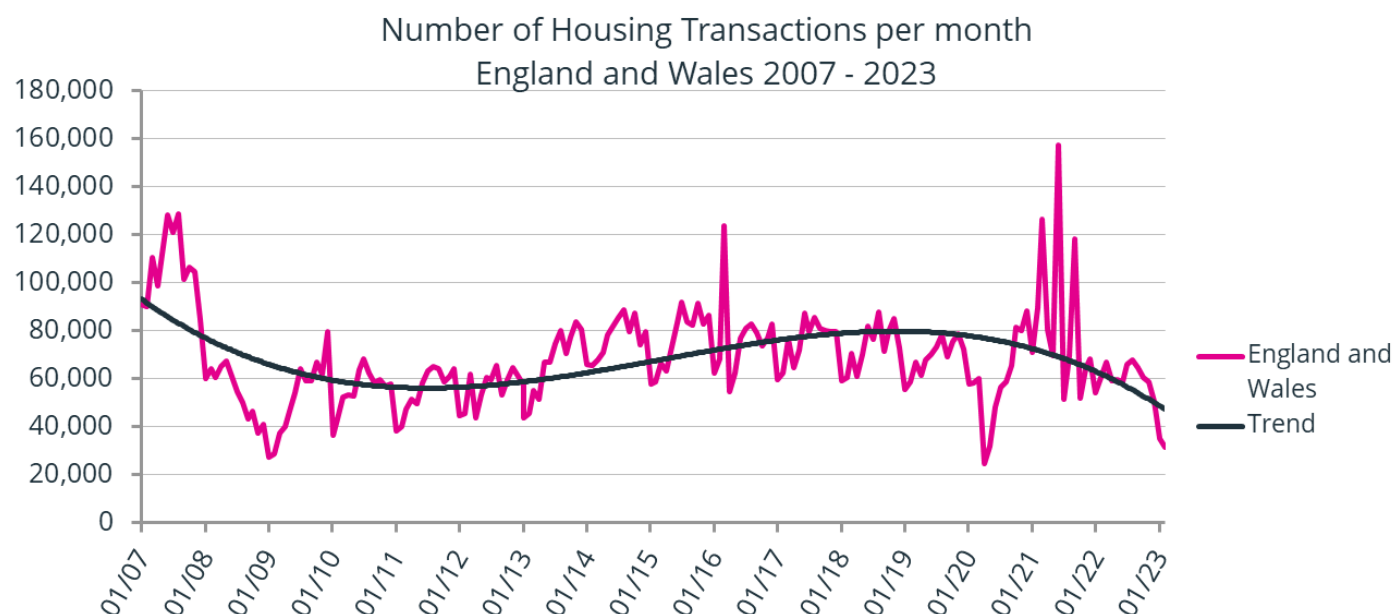


Figure 4 shows the total number of domestic property transactions per month recorded at the Land Registry for England and Wales, covering the period from January 2007 to February 2023.

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 number of monthly housing transactions declined as the “credit crunch” deepened, reaching 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 was 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 spikes 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 50,416 sales in December 2022, 35,173 sales in January 2023 and 31,535 sales in February 2023 – but the data for these three months is still emerging, so these numbers will grow over time.

Reweighting

This month we have undertaken our annual change to the “weights” which we employ to calculate the value of the average price paid for a home in 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 (2019 - 2022) with those of the previous four years (2018 - 2021) 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 11 -15 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 Greater London (+0.2%) and the South East (+0.1%) – these two regions have gained market share as the ethos of “working from home” and the “race for space”, associated with the Covid pandemic and the movement away from city centres began to wane, with the government and employers starting to woo their employees back to working from the office. This process has continued into 2023. Individual boroughs such as the City of Westminster and Tower Hamlets, which have a high proportion of flats in their housing stock, saw their weights rise by 11% and 7% respectively reflecting an influx of returning city workers. Conversely, the two regions with the largest falls in their market share are the West Midlands (-0.2%) and the South West (-0.1%). Thus we have a movement towards the first- and second-most expensive housing regions in England and Wales and away from the South West and the West Midlands, which are ranked fourth and fifth in terms of their average house prices. This will have the effect of raising the overall average house price in England and Wales.
- ii) In terms of property types, the market share of detached and semi-detached homes has decreased by -0.2% and -0.02% respectively – this also being associated with a fall in demand for larger properties associated with the affordability squeeze which began to have an effect towards the end of 2022. Meanwhile, the weights for terraces and flats have increased by 0.19% and 0.04% respectively, as such properties tend to be more affordable in all areas of the two countries. This indicates that the demand for homes at the lower end of the price spectrum has increased, which will result in a downward shift in the average house price.
- iii) Alongside the reduction in the share that detached homes have of the overall housing market, there has been a change in the location of the detached properties that are being purchased, with a shift towards the commuter belts in the south-east of England. The South East has seen an increase of its market share by +0.32%, the East of England has increased its share by 0.20% and Greater London has seen an increase of 0.26%. Meanwhile, areas which had attracted

lifestyle movers during the Covid pandemic, such as the South West, the North West and Wales, have seen their share of the detached properties market decline.

- iv) Overall and taken together, these weighting changes have caused an upward movement in the average house price of +0.9%. 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.

13 Graphs illustrating the change in weights between 2021 and 2022

Figure 5

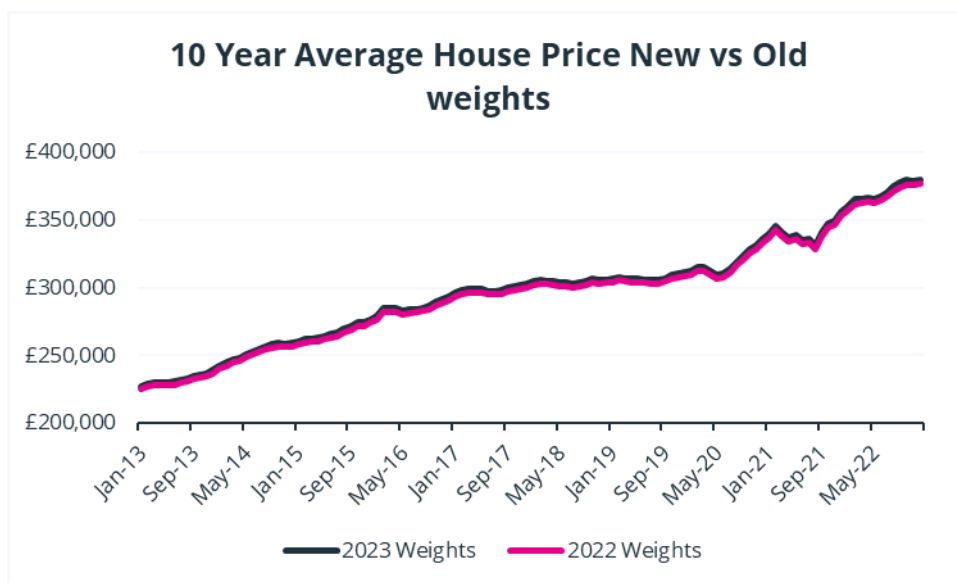


Figure 6

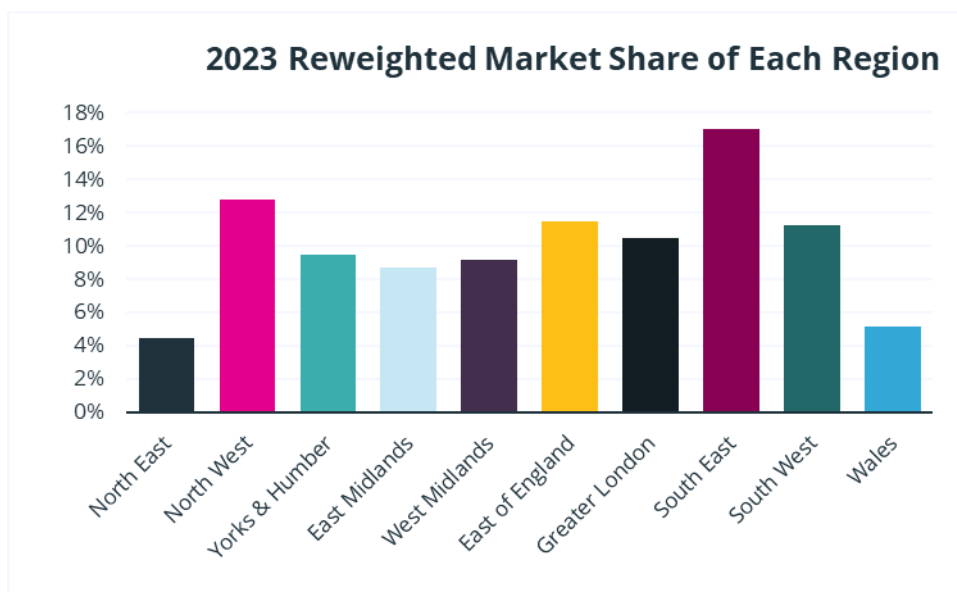


Figure 7

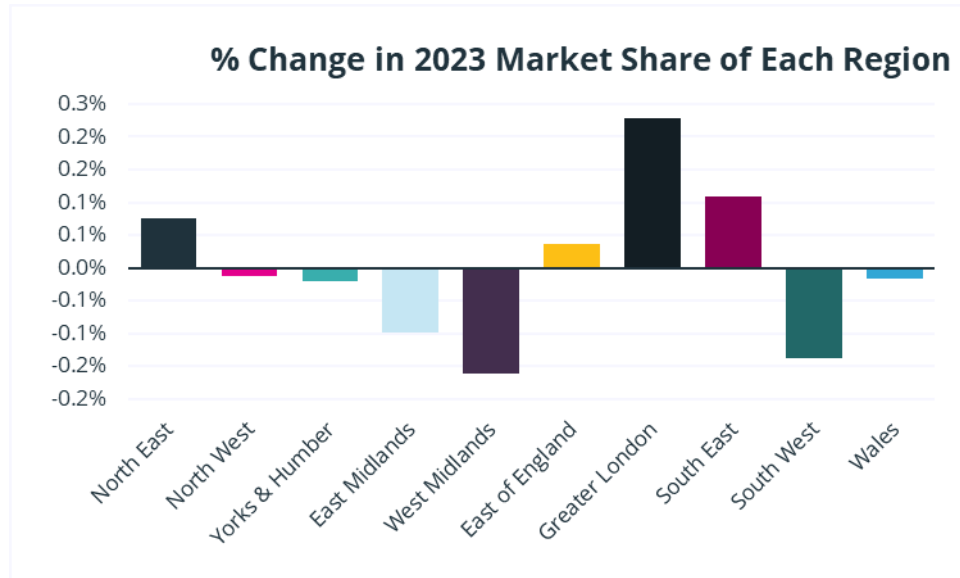


Figure 8

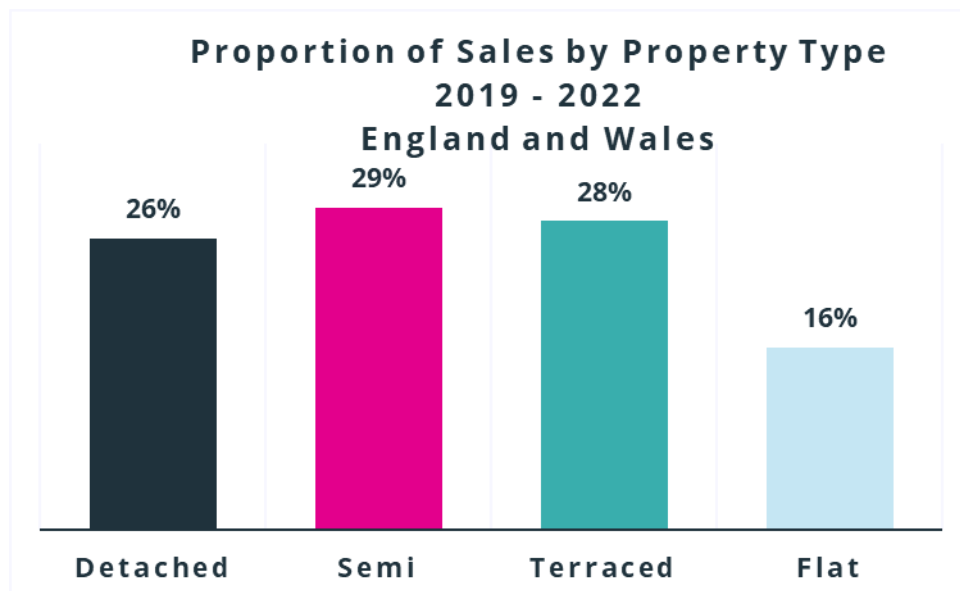


Figure 9

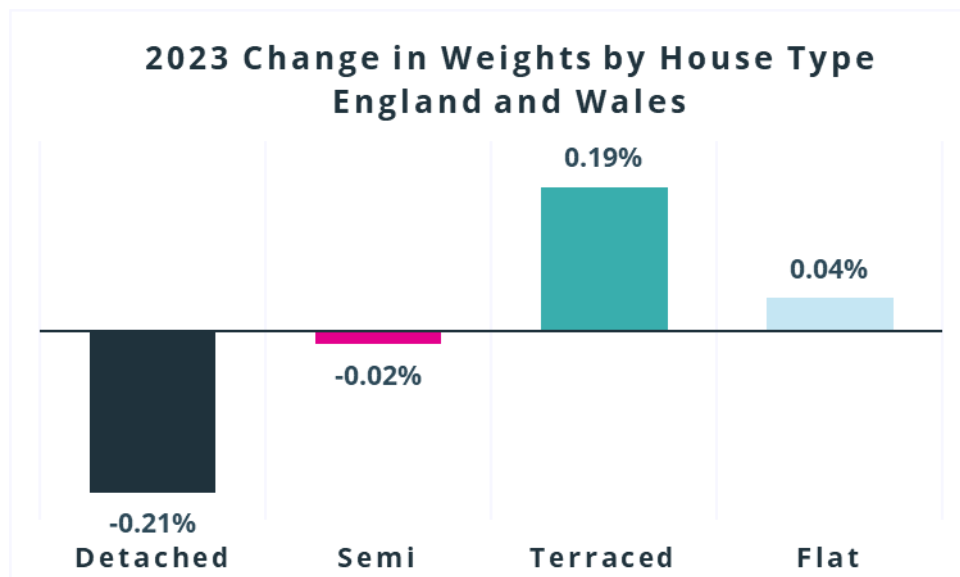


Figure 10

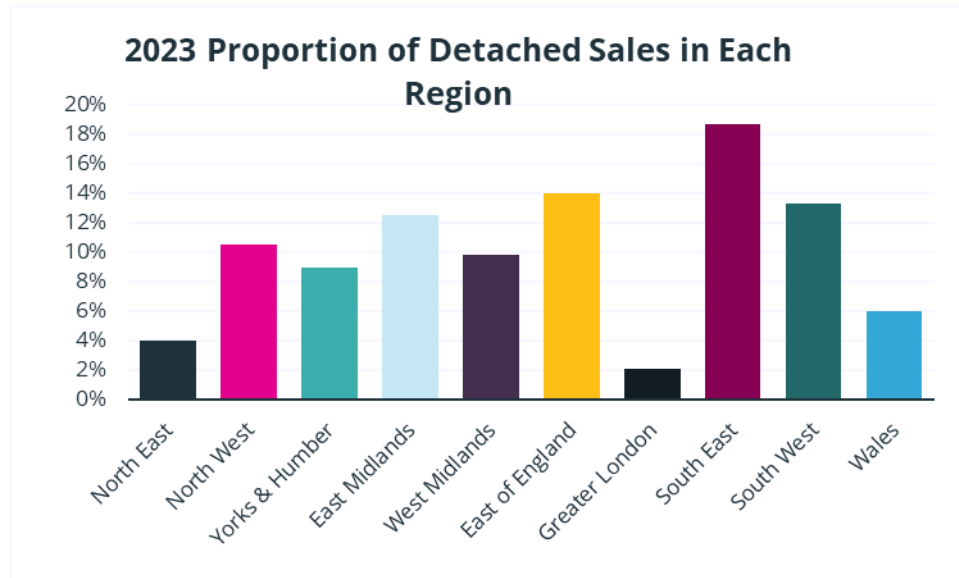


Figure 11

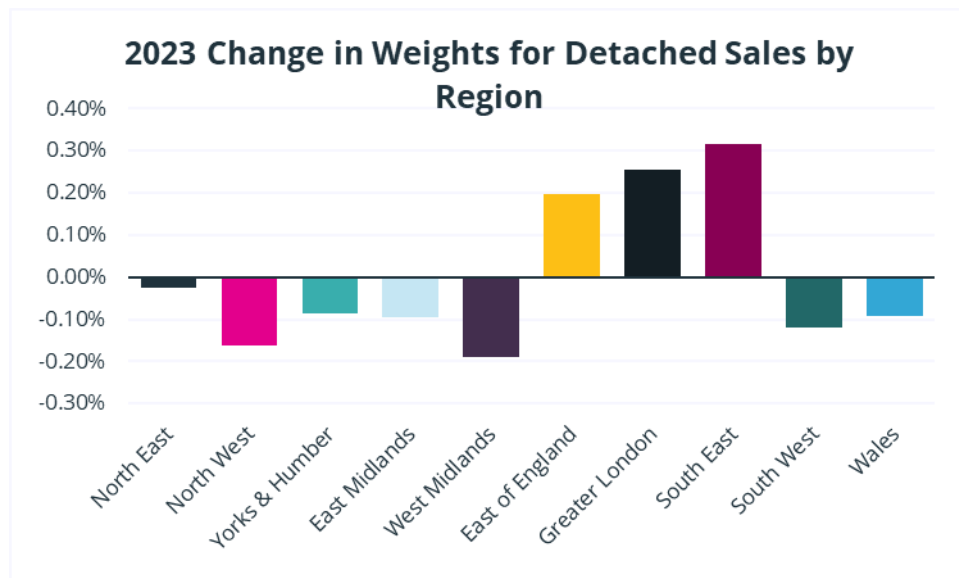


Figure 12

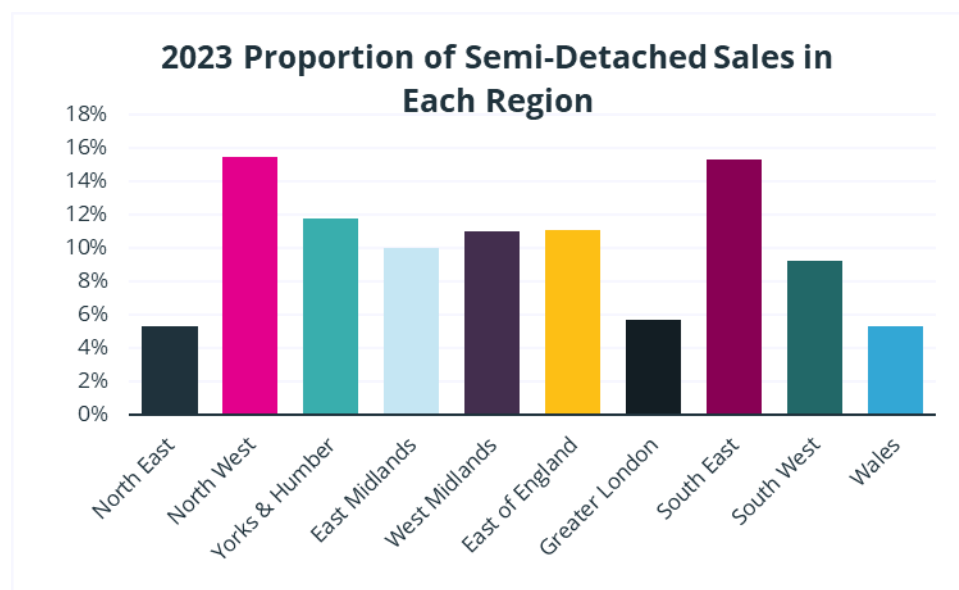


Figure 13

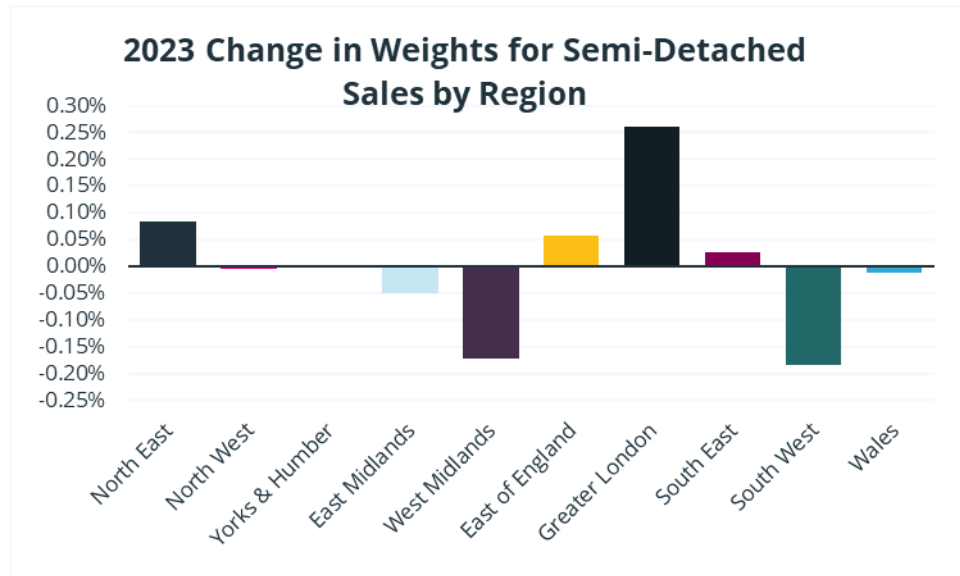


Figure 14

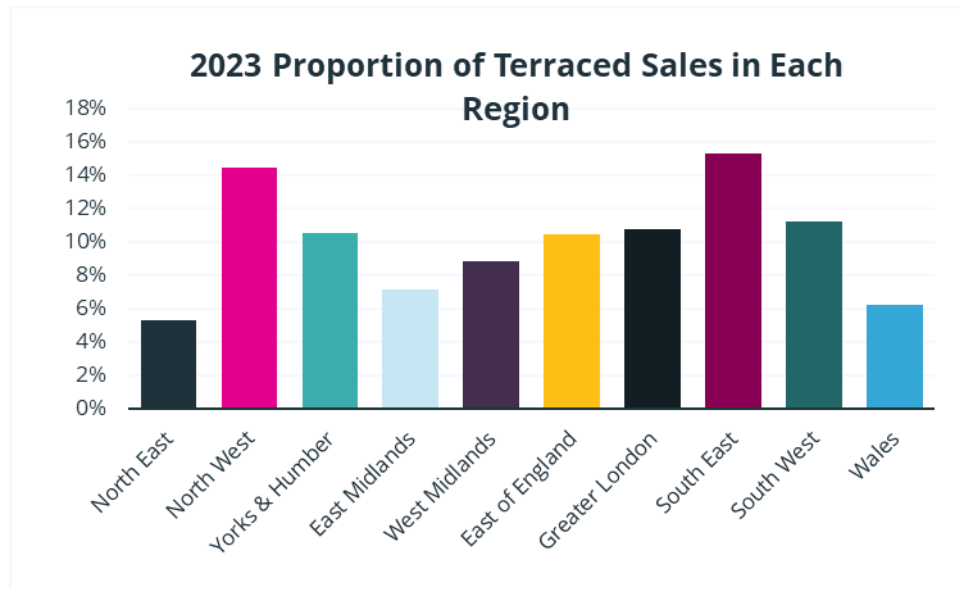


Figure 15

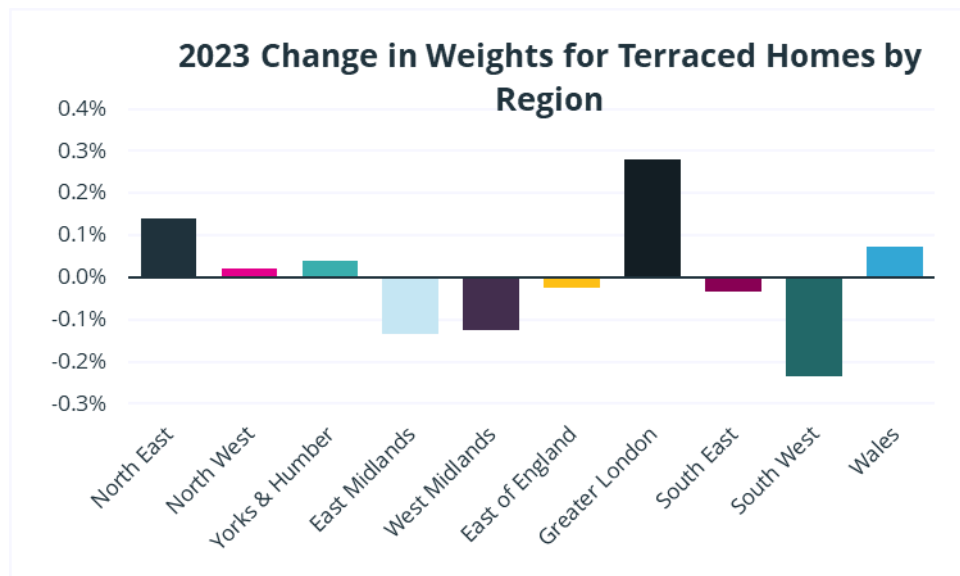


Figure 16

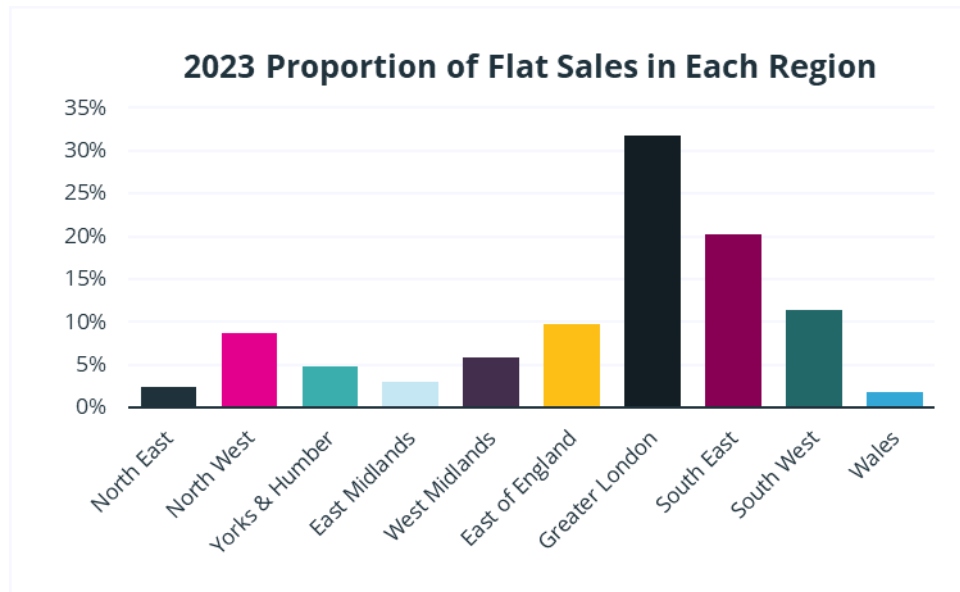
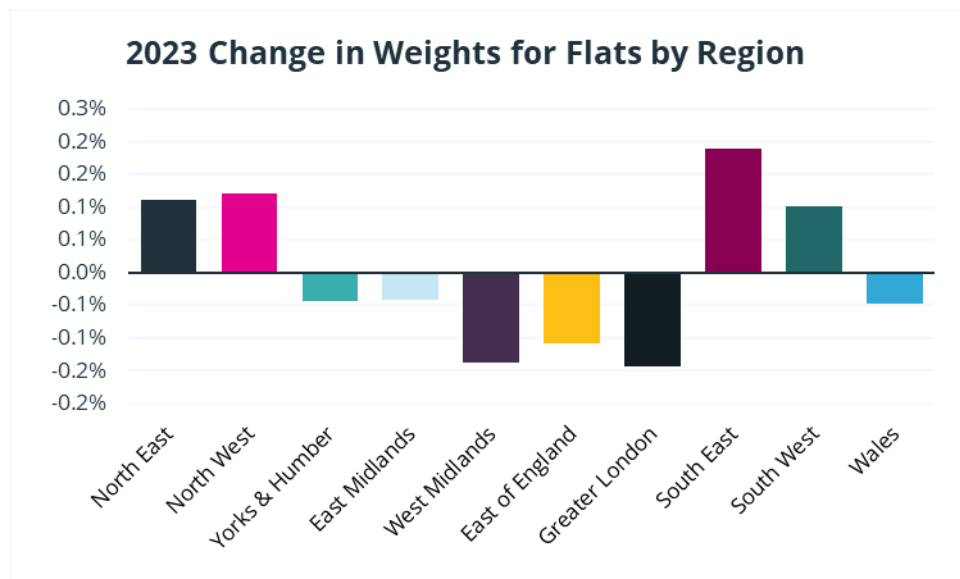


Figure 17



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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