

Tenth month of slowing annual rates of price growth...

- ...but average price still £4,500 ahead of one year earlier
- The North East remains in top place in regional growth at 6.5%
- Wales second-home council tax premium affecting prices
- London back to positive annual price growth

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)
£371,204	354.2	-0.3	1.2	1.2

Richard Sexton, Director at e.surv, comments:

“Given the growth in house prices over the last few years, our data, which includes cash purchases, shows a resilient picture. On an annual basis, the average sale price of completed home transactions in England and Wales in June 2023 rose by some £4,500, or 1.2%, and now stands at £371,204. This is the lowest rate of annual increase since May 2020, and is the tenth month in succession in which the annual rate of price inflation has fallen.

“Cash purchases matter when borrowing costs are rising at such a rate. There remains too little of the right kind of property and the reduction in expected house building figures over the coming months will do nothing to alleviate the lack of supply which continues to support prices.

“That said, we are not surprised that more expensive mortgage costs are impacting prices to some extent and that pressure will remain as the Bank of England continues to battle inflation. If we look at the data on a monthly basis, the average price dropped in June 2023 by some £970, or just -0.3%. This is the third-largest monthly fall in prices this year and the fifth in succession.

“But even this monthly fall does not reflect the strength of UK housing in the longer term as an asset group. Since March 2020 we calculate the rate of growth has been 18% and even accounting for inflation this is a strong performance.”

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

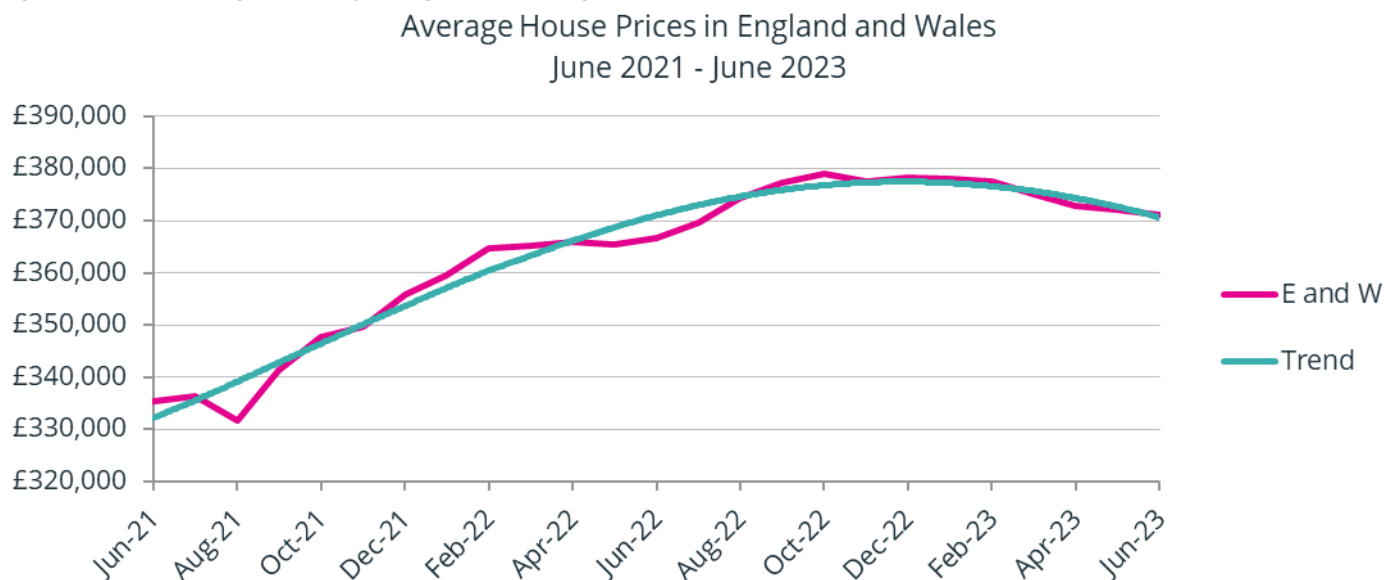
[Link to source Excel](#)

Month	Year	House Price	Index	Monthly Change %	Annual Change %
June	2022	£366,718	349.1	0.3	9.3
July	2022	£369,613	351.8	0.8	9.9
August	2022	£374,294	356.1	1.3	12.8
September	2022	£377,342	359.0	0.8	10.5
October	2022	£378,892	360.8	0.4	9.0
November	2022	£377,624	360.1	-0.3	8.0
December	2022	£378,202	360.9	0.2	6.3
January	2023	£378,053	360.7	0.0	5.2
February	2023	£377,607	360.3	-0.1	3.5
March	2023	£375,071	357.9	-0.7	2.7
April	2023	£372,926	355.8	-0.6	1.9
May	2023	£372,175	355.1	-0.2	1.8
June	2023	£371,204	354.2	-0.3	1.2

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, June 2021 – June 2023 [Link to source Excel](#)



On an annual basis, the average sale price of completed home transactions in England and Wales in June 2023 rose by some £4,500, or 1.2%, and now stands at £371,204. This is the lowest rate of annual increase since May 2020, and is the tenth month in succession in which the annual rate of price inflation has fallen. On a monthly basis, the average price dropped in June 2023 by some £970, or just -0.3%, but this was the third-largest monthly fall in prices of 2023 and the fifth in succession.

However, as Figure 1 illustrates in terms of actual nominal prices, the drop in price of £7,700 since its peak in October 2022 is still relatively minor, especially when compared to the cumulative £39,500 rise in prices since August 2021 – the low point on the graph.

In fact, average house prices have risen by around £56,000, or 18%, since the start of the pandemic in March 2020 – so some perspective is required when commenting on the extent of the current price falls. However, over this same time span the CPIH Index has risen by some 19% - so in real terms the average house price has fallen by -1% since March 2020, but it is doubtful if any other asset classes will have achieved a return equal to or greater than these inflation levels over the same time period.

The housing market in June 2023

With the Bank of England decision to raise the bank rate by 0.5% on the 22nd June, and with the possibility of further rate rises to come (the market has priced-in rises up to 6.5/7% by 2024) the external pressures on the housing market are growing almost daily. Mortgage offers were withdrawn and repriced on the back of this rise, adding to the squeeze on affordability. At the same time, the labour market remains strong and the housing market - though weakening on some measures - continues to show considerable resilience. Indeed, consumer confidence has been rising and transactions were broadly steady in May (the latest month), subject of course to subsequent revisions. The Prime Minister recently highlighted the strength of the first time buyer market, but in reality it is well down on the peaks in the early 2000s and seemingly falling – reflecting the pressures touched on above.

At the moment, although rising rates have led to a modest increase in mortgage arrears, there is little evidence of a surge in repossessions – even though they are up - but from a very low base. Many borrowers are still insulated from rising rates by having longer-term fixed rates, and of course many existing borrowers had to pass the stringent additional 3% stress test to get a loan. These in conjunction with existing forbearance measures – underlined recently by the new Mortgage Charter – should mean we are unlikely to see any serious spike in repossessions which in the past have been significant in driving down house prices.

As we show here along with other indices, house prices are easing back in part because buyers are negotiating hard, given their own affordability pressures. However, there is little sense yet of a major market correction. Much turns on developments in the wider economy, and of course on any politically driven intervention in the housing market. At the moment the most serious signs of stress are showing in the rental market, and where the Bank of England has now recognized that while many home buyers may be insulated from their rate rises for a while (and of course the majority of home owners don't have a mortgage), the reliance of interest-only mortgages in the unregulated Buy to Let market does mean the transmission mechanism is more direct and immediate. Slowly but surely there is recognition of how much the housing and mortgage markets have changed over the last 20 years.

Average Annual Regional House Prices

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

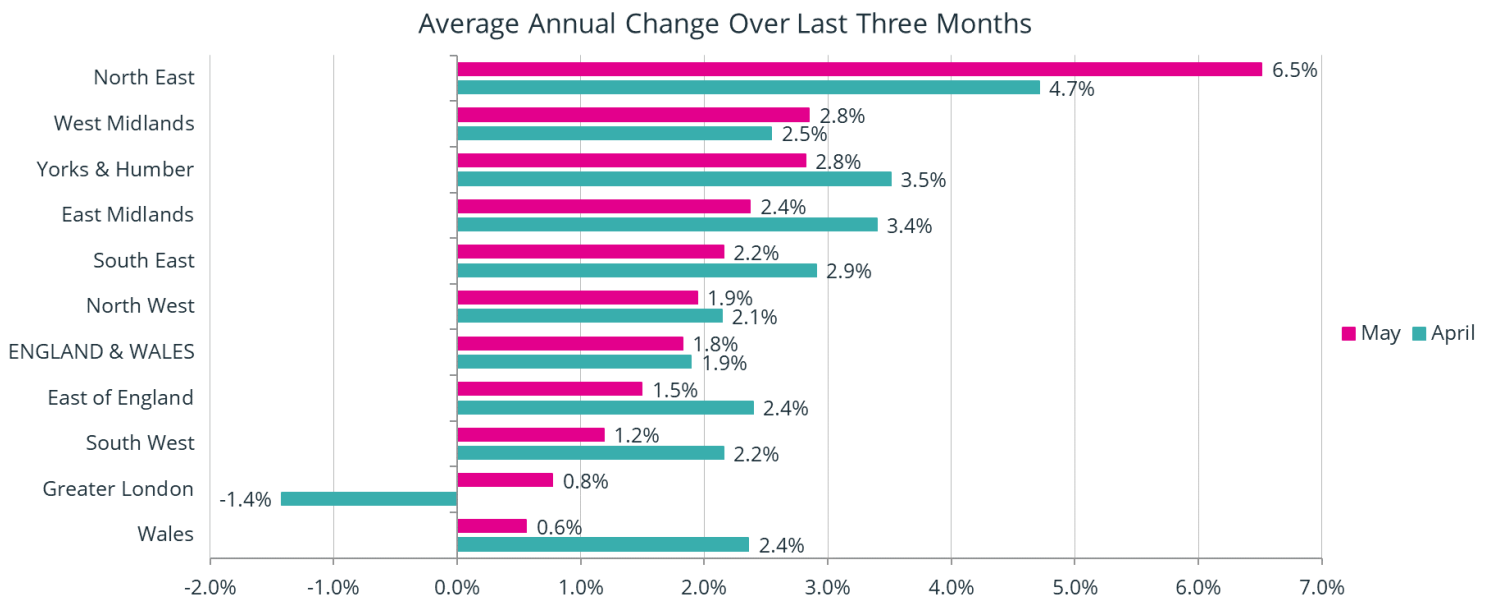


Figure 2 shows the percentage change in **annual** house prices on a regional basis in England and for Wales, **averaged over the three-month period of April to June 2023**, compared to the same three months in 2022. These figures are calculated on a rolling three-month basis to smooth out the minor changes in price which almost inevitably arise, and are centred on May 2023 (pink line), with Figure 2 also showing the similarly averaged figures for April 2023, one month earlier (blue line). The Acadata prices are also adjusted for seasonal variation.

As can be seen, the changes in average house prices over the last twelve months are positive in all ten GOR areas, with Greater London having returned to a positive rate of growth of +0.8%, from April's fall of -1.4%. This is the first time in four months that all ten areas have seen a positive movement in prices over the previous twelve months.

The North East remains top of the 10 GOR areas in terms of price growth, for the second month running, while Wales - which was in second place just two months earlier - is now bottom of the league table, the first time this has been the case since December 2015.

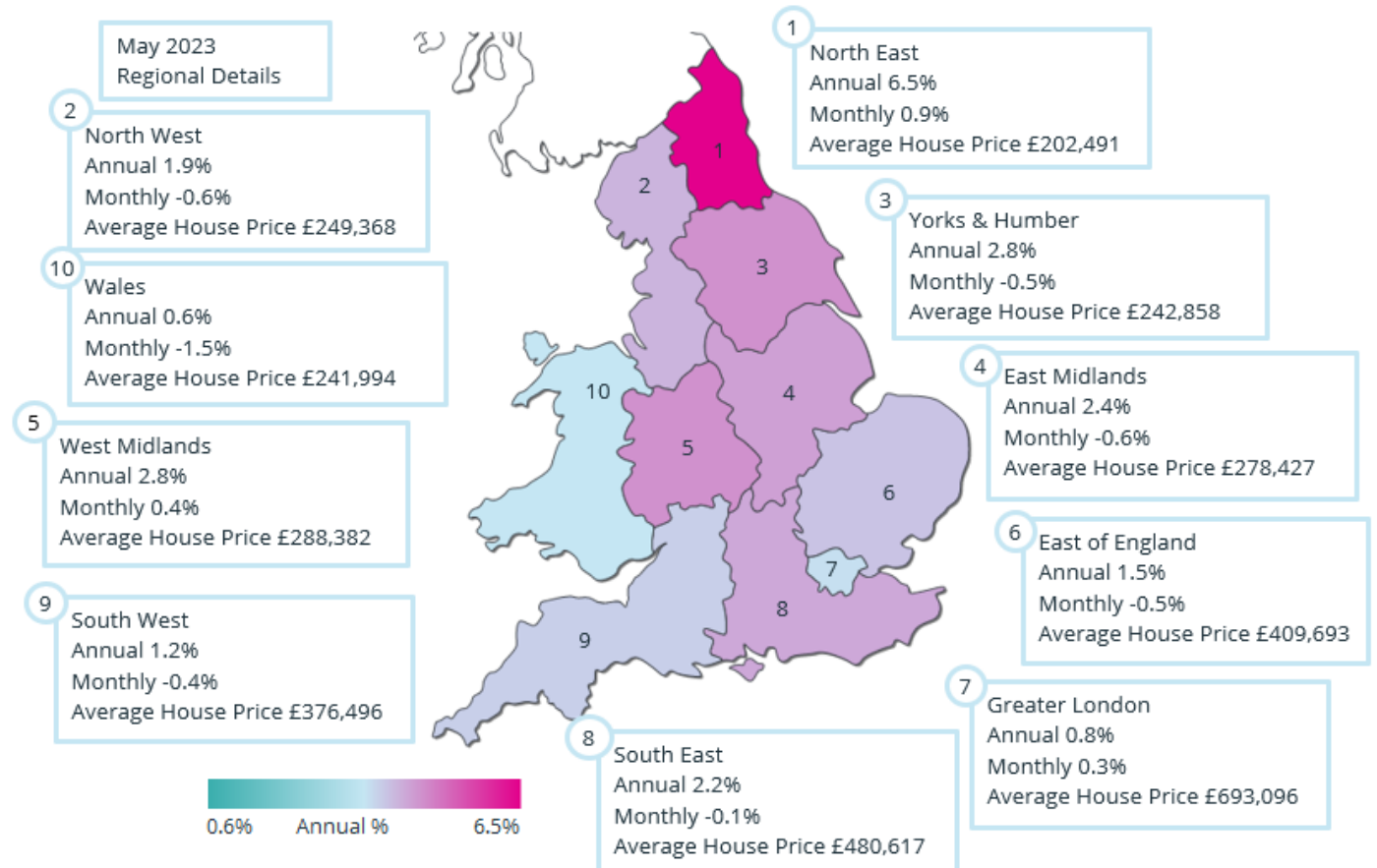
Three of the constituent areas in the North East have annual price growth in excess of 10.0%, being Hartlepool (+11.7%), Tyne & Wear (+10.4%) and Stockton-on-Tees (10.1%) – this being the more remarkable knowing that a rate of growth greater than 10% only applies to 5 of the 110 Unitary Authority areas in England and Wales as a whole – the other two areas being Windsor and Maidenhead (+12.7%) and Monmouthshire (+ 10.8%). Tyne and Wear accounts for approximately 40% of all property sales in the North East. The North East has the lowest average house price of all nine GOR areas in England, at £202,491, as well as being £20,000 lower than Scotland and £40,000 lower than Wales. It would thus appear that the North East is proving to be a popular location, given the current market conditions.

Wales has been subject to the same headwinds over recent months as the nine GOR areas in England, ie, the upward pressure on interest rates, high inflation and a decrease in housing affordability. However, in Wales from April 2023, second-home owners and those with unoccupied properties can be subject to a premium on their council tax of up to 300%, the actual premium charged being at the discretion of each Local Authority area. In Wales, 16 of the 22 Local Authority areas saw prices fall during the month of May, the largest falls being in the Vale of Glamorgan (-4.6%), followed by Powys (-4.5%) and Denbighshire (-4.2%). The Vale of Glamorgan is charging a 100% premium, Powys a 75% premium and Denbighshire a 50% premium on such properties. It would appear that some second-home owners have decided that these charges are too high, and are selling up, which may well be welcome news to the Welsh government.

In Greater London, the recovery in house prices is occurring in the high-value areas of the capital. For example, nine of the top ten boroughs by value saw prices rise in the month of May, while only one of the lowest ten boroughs by value saw a positive movement in their prices. The highest movement in prices in the month occurred in Kensington and Chelsea, up by +7.2%, while the largest fall, of -2.8%, was seen in Redbridge – ranked 25 out of the 33 London boroughs by value. The Kensington and Chelsea statistics will have been assisted by the purchase of seven terraces in May at an average price of £4 million each.

England and Wales Regional Heat Map

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



Annual Growth Rate

The annual growth rate in England and Wales in June 2023, for both mortgage and cash-based house purchases, was an arithmetic average of 1.2%. This is -0.6% below the revised rate of 1.8% for May 2023, and represents the tenth month in succession in which the annual rate of house price growth has slowed from the +12.8% seen in August 2022. It is however the second-smallest reduction in these ten months, following the -0.1% fall in May 2023, perhaps suggesting an overall slowing in the rate at which house prices are falling.

In May 2023, 79 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 that have been taking place across the two countries, even if the growth rate is now diminishing.

The area with the highest annual increase in prices in May 2023, for the second month running, is Windsor and Maidenhead, at 12.7% growth – the average price being assisted this month by the sale of a six-bedroom detached home located approximately 2km to the south of Ascot race course, for £6.1 million. Ascot railway station is 1km away from this property, from where there is an hour-long commute into Waterloo Station.

By way of contrast, the Unitary Authority area with the largest fall in prices over the last twelve months is Bournemouth, Christchurch and Poole, at -10.9%. All property types in Bournemouth, Christchurch and Poole have seen reductions in their average prices over these last twelve months, with the largest fall being in detached homes, down by an average £31,000 over the year. However, May 2022 – ie one year earlier – had been close to the authority's peak price, aided by the sale of a six-bed detached property on Canford Cliffs, adjoining Parkstone Golf Club, for £6.3 million.

Monthly Change

Average house prices fell by £970, or -0.3%, in June 2023. This was the sixth month in succession in which the average price paid for a home has fallen, making the total reduction in 2023 some -£7,000. However, this total needs to be contrasted with the £22,300 gain in prices in 2022, and the near £56,000 increase in prices that has taken place since the start of the pandemic in March 2020 – most homeowners are therefore still likely to have gained considerable equity in their property over this period, despite the recent price falls.

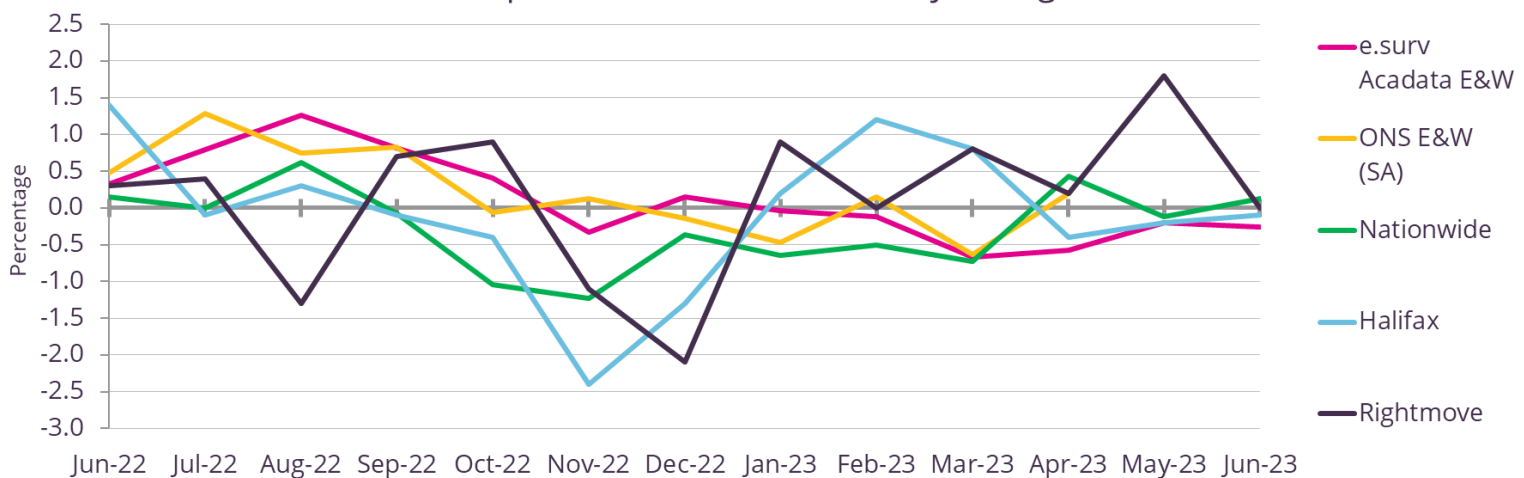
In May 2023, prices rose on a monthly basis in 44 of the 110 Unitary Authorities, which is 2 fewer than in April, suggesting a slightly sluggish environment compared to the first quarter of the year: for example, in February 2023 there were 65 authorities with price rises. The area with the greatest increase in prices in May was Blaenau Gwent, up by 5.7% in the month – however Blaenau Gwent has the third-lowest transaction count of all the 110 Unitary Authorities that we monitor, which tends to produce volatile movements in its average price: for example in May 2023, only 28 property sales took place. The authority with the second-highest price growth in May was Blackpool, up by 4.4% in the month. In Blackpool in May, all property types saw an increase in their values, with semi-detached homes seeing the largest increase, up by 7.0% to an average £160k. In Blackpool, the highest priced semi sold in May was a four-bedroom home for £255k, located four streets in from Blackpool's North Shore beach.

In May, there were three GOR areas with price rises in the month, the North East (+0.9%), the West Midlands (+0.4%) and Greater London (+0.3%). The North East and Greater London are discussed briefly above. In the West Midlands, four of its eight unitary authorities / counties had an upward movement in house prices in the month:- Staffordshire (+1.7%), Stoke-on-Trent (+1.2%), Warwickshire (+0.9%) and Worcestershire (+0.2%). There is no overall winner in terms of property types among these four authorities, although Staffordshire did see the purchase of the highest-priced five-bedroom detached home of the year, in Barlaston, five miles to the south of Stoke-on-Trent, for £1 million.

Comparison of Indices

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

Comparison of Indices - Monthly Changes



This month, Figure 3 compares the Monthly rate of change in house prices as measured by the five different index providers (as listed to the right of the graph), for the period June 2022 to June 2023. In general, the monthly rates of change are more volatile than the annual rates, and tend to be more divergent one from another. However, during the period of the graph, there is near agreement in the monthly rate for June 2023, spanning from Nationwide’s +0.1% to e.surv Acadata’s -0.3%, a range of only 0.4%. The previous smallest range occurred in September 2022 at 0.9%.

So why the agreement in rates in June 2023? If we look at the standard deviations of the indices over the thirteen months – using this metric as a measure of volatility over the period - we find that Rightmove has the highest score at 1.1, followed by Halifax at 1.0, with e.surv Acadata at 0.58, the ONS HPI at 0.57 and finally Nationwide at 0.55.

Since Rightmove, at 0.0% growth for the month, has the highest volatility of the five indices we should perhaps consider why, in June, it is in near agreement with Nationwide at +0.1% and Halifax at -0.1%. It should be remembered that Rightmove quotes the average asking price of the homes being sold on its website – it therefore reflects market sentiment at the time of placing a home on the market for sale. At the time, there was a high degree of optimism amongst sellers in May 2023 that prices would rise, which wasn’t then reflected in the prices reported by the Nationwide, Halifax and e.Surv Acadata indices.

As a consequence it is likely that sellers introduced a more realistic approach to the market in June 2023. Rightmove in its property blog for June reflects that “Agents report that new sellers are sitting in two camps – those who still have overoptimistic price expectations following the buoyant pandemic market, and those who have adapted to the new conditions and are coming to market with a competitive price. Sellers who price competitively are much more likely to find a suitable buyer quickly before their home appears stale, and they can often then negotiate on price on any onward purchase.”

Housing transactions per month

Figure 4. The total number of housing transactions per month, January 2017 – May 2023 [Link to source Excel](#)

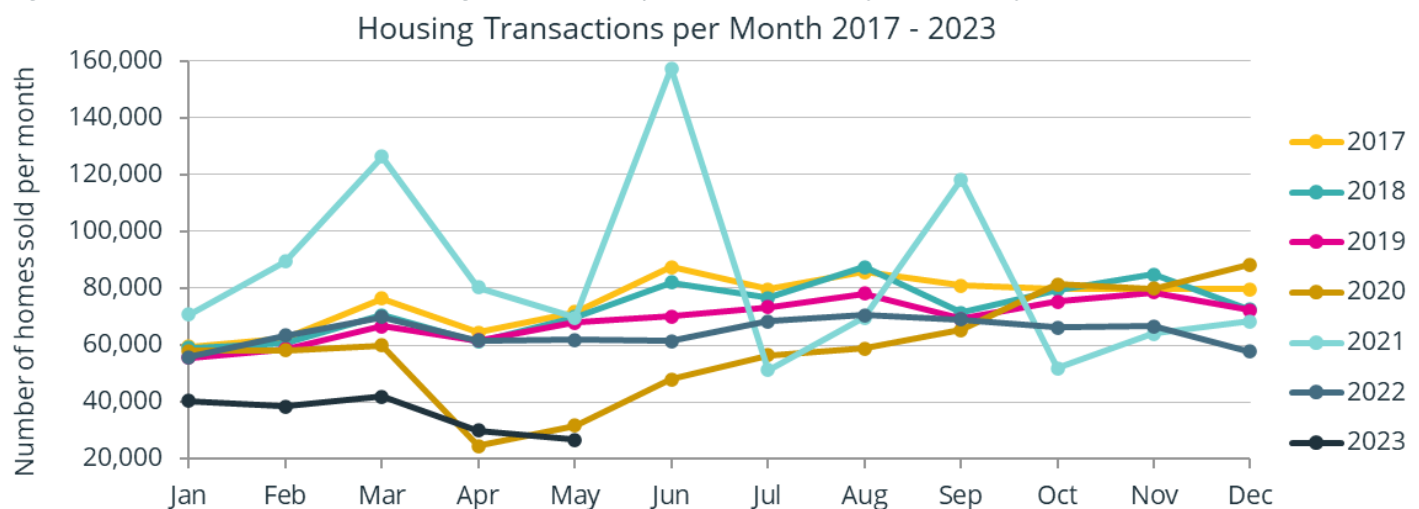


Figure 4 shows the total number of domestic property transactions per month recorded at the Land Registry for England and Wales, covering the period from January 2017 to May 2023.

There are four years of particular interest in Figure 4. The first is the light brown line of 2020. This year began with an average 58,640 transactions in the first three months, up to the start of the pandemic, which was announced during the later part of March 2020, when households were instructed to remain at home (if not employed in an essential service). The announcement came too late to affect March sales, but in April 2020, the number of property transactions slumped to 24,560. Although property sales slowly increased during the remainder of 2020, the recovery was prolonged.

During 2021, the light blue line, the housing market was transformed, in part due to the tax-holidays that were made available in both England and Wales, and in part owing to the change in attitude brought about by 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. The number of transactions per month in England and Wales in 2021 averaged some 84,800 sales.

By contrast 2022, the grey line, proved to be a far more subdued and stable year than 2021, with transactions returning to an average 64,300 sales per month – some 9% ahead of the levels seen in 2020. The reduction in sales from September 2022 onward is visible, coinciding with both the arrival of Mrs Truss as Prime Minister on 6th September 2022 and the sixth increase in the official bank rate, to 2.25%, on 22nd September 2022. Liz Truss departed as Prime Minister on 25th October 2022. The

bank rate was further increased on 3rd November and 15th December 2022, ending the year at 3.5%. Housing sales in December 2022 totalled 57,750 – the lowest December total on the graph.

The fourth and final year of interest is 2023, the black line. The year has only seen an average of 35,500 sales per month to the end of May – the lowest level of transactions over these five months since the banking crisis of 2009. However, the data for each of the months in 2023 is still emerging from the Land Registry, and especially for May 2023, so these totals will slowly increase over time, although they are unlikely to return to earlier peaks.

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

Press contacts

Matt Beasley
Full Circle (PR agency for e.surv)
mbeasley@fullcirclecomms.co.uk
020 7265 7887

e.surv
communications@esurv.co.uk
07775 544 834

Richard Sumner
Acadata
richard.sumner@acadata.co.uk
020 8392 9082