

Annual house price growth at lowest rate since March 2012

- The North East remains top in regional growth at 3.4%
- Wales housing market is slowing after a long price boom
- London now in third place in regional growth league
- High-value homes still attracting buyers

Note: The e.surv Acadata House Price Index was formerly the LSL Acadata House Price Index. Content and methodology are unchanged. Please refer to the Notes at the end for more information.

House Price	Index	Monthly Change %	Annual Change %	Annual % (excluding London and the SE)
£370,610	354.4	-0.1	0.3	0.2

Richard Sexton, Director at e.surv, comments:

“Most regions in England continue to register positive price movement, though this has fallen below 1.0% nationally. There are some outliers with Hartlepool in North East registering double-digit price growth in the year. In addition, Greater London has moved from the bottom to higher ranks in the price growth league table. This disparity highlights the regional variations and complexities within the housing market.

“The recent decline in property prices in Wales can be attributed to a confluence of factors. The introduction of council tax premiums for second homes and vacant properties has created a new layer of complexity to the market. This policy shift has potential repercussions for both property prices and buyer behaviour, leading to a dampening effect on demand.

“Transactions for the first half of 2023 are at their lowest level since the financial crisis of 2007-09, reflecting the market's responsiveness to economic changes, particularly rising mortgage rates. In recent weeks, positive signs have emerged as inflation shows signs of easing along, and swap rates have stabilised following a wobble in early July, bringing some assurance to the mortgage market in the second half of the year.”

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

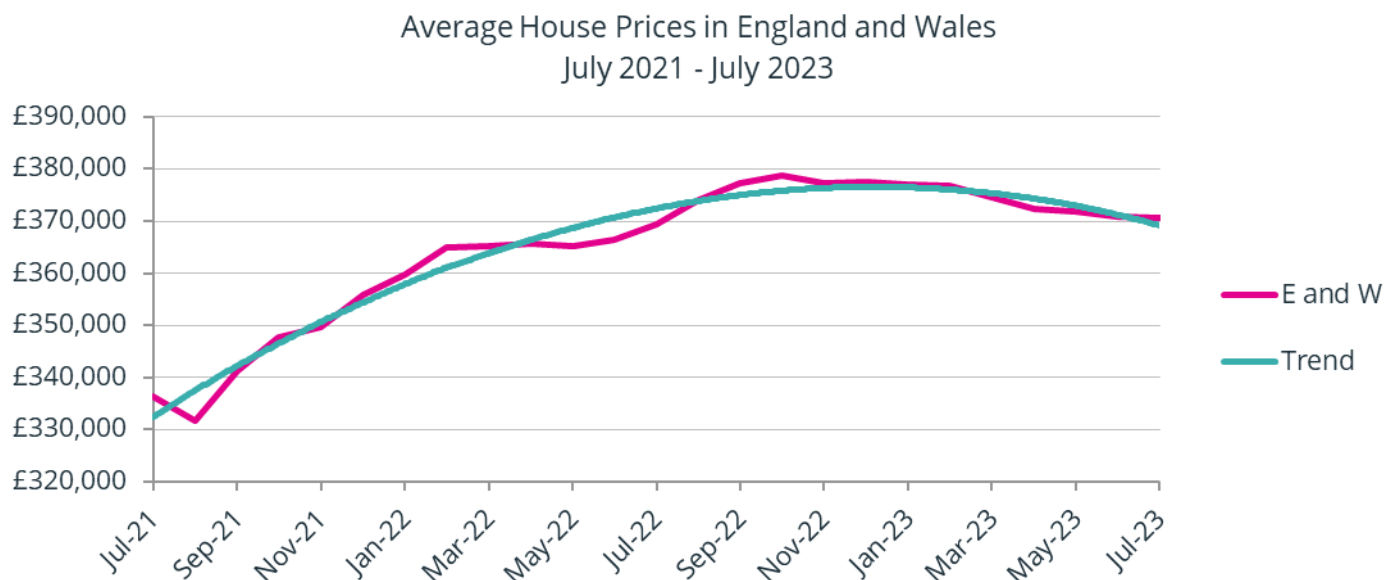
[Link to source Excel](#)

Month	Year	House Price	Index	Monthly Change %	Annual Change %
July	2022	£369,331	351.8	0.8	9.8
August	2022	£374,048	356.1	1.3	12.8
September	2022	£377,251	359.0	0.9	10.5
October	2022	£378,777	360.8	0.4	9.0
November	2022	£377,309	360.1	-0.4	7.9
December	2022	£377,421	360.9	0.0	6.0
January	2023	£376,938	360.4	-0.1	4.8
February	2023	£376,744	360.2	-0.1	3.3
March	2023	£374,511	358.1	-0.6	2.5
April	2023	£372,458	356.1	-0.5	1.8
May	2023	£371,804	355.5	-0.2	1.8
June	2023	£370,982	354.7	-0.2	1.2
July	2023	£370,610	354.4	-0.1	0.3

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



On an annual basis, the average sale price of completed home transactions using cash or mortgages in England and Wales in July 2023 rose by just £1,300, or 0.3%, and now stands at £370,610. This is the lowest rate of annual increase since March 2012, some eleven years ago, and is the eleventh month in succession in which the annual rate of price inflation has fallen. On a monthly basis, the average price dropped in July 2023 by some £370, or just -0.1%: this was the seventh month in succession that the monthly growth rate has fallen, albeit at a slowing pace.

However - as Figure 1 illustrates - in terms of actual (nominal) prices, the drop in price of a not insubstantial £8,200 since its peak in October 2022 must be viewed against the cumulative £38,900 rise in prices since August 2021 (the low point on the graph in Figure 1).

In fact, average property prices have risen by around £55,400, or 18%, since the start of the pandemic in March 2020 – so some perspective is required when commenting on current price falls. At the same time, over this same period the CPIH Inflation Index has risen by some 19% - so in real terms the average price has fallen by -1% since March 2020. Again significant, but it is doubtful if any other asset classes have achieved a return equal to or greater than this over the same time period.

The housing market in July 2023

There are a myriad of housing market indicators – house prices and rents data, mortgage approvals, transaction numbers, mortgage arrears and possessions, consumer confidence measures, tenure trends and more. Most of the reported data is old by the time it is published, or incomplete because data is still coming in. In addition, there are substantial regional and local variations in trends. And then there is the wider political and economic backdrop where policy interventions by government, regulators and the Bank of England all have significant impacts alongside the general health of the economy.

The Bank announced its much anticipated 14th rate rise of 0.25% on 3rd August, still signalling that there were probably more to come - albeit the market judges that we are now approaching the peak of rate rises. Mortgage lenders have started cutting mortgage rates, but of course they are still massively elevated compared to say 24 months ago, and any borrower entering into a new mortgage will face a sharp rise in costs.

This of course contrasts sharply with the rental market, where many landlords are weighing up their options given rising costs, while at the same time noting high levels of demand and increasing rents. So far hard evidence on mass exits has been limited. Without doubt, the rental sectors are under much greater scrutiny than normal, not least because renters - whether private or social - together make up a bigger number of households than those who own outright or have a mortgage.

Drawing together all the different threads, both transactions and prices are clearly under pressure leading many analysts to argue that the slide will continue. At the same time, there are enough positives of one sort or another to suggest that, given the overall demand/supply imbalance, prices will not spiral down out of control, hence leading to a major market collapse. Real prices are down and nominal prices are following them, with little expectation that this picture will change over the next six months. The economy remains weak, but employment has held up and arrears and possessions - though rising still - remain historically low. So despite the gloom (and gloomy weather) there are some grounds for at least a modicum of optimism.

Average Annual English Regions and Wales House Prices

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

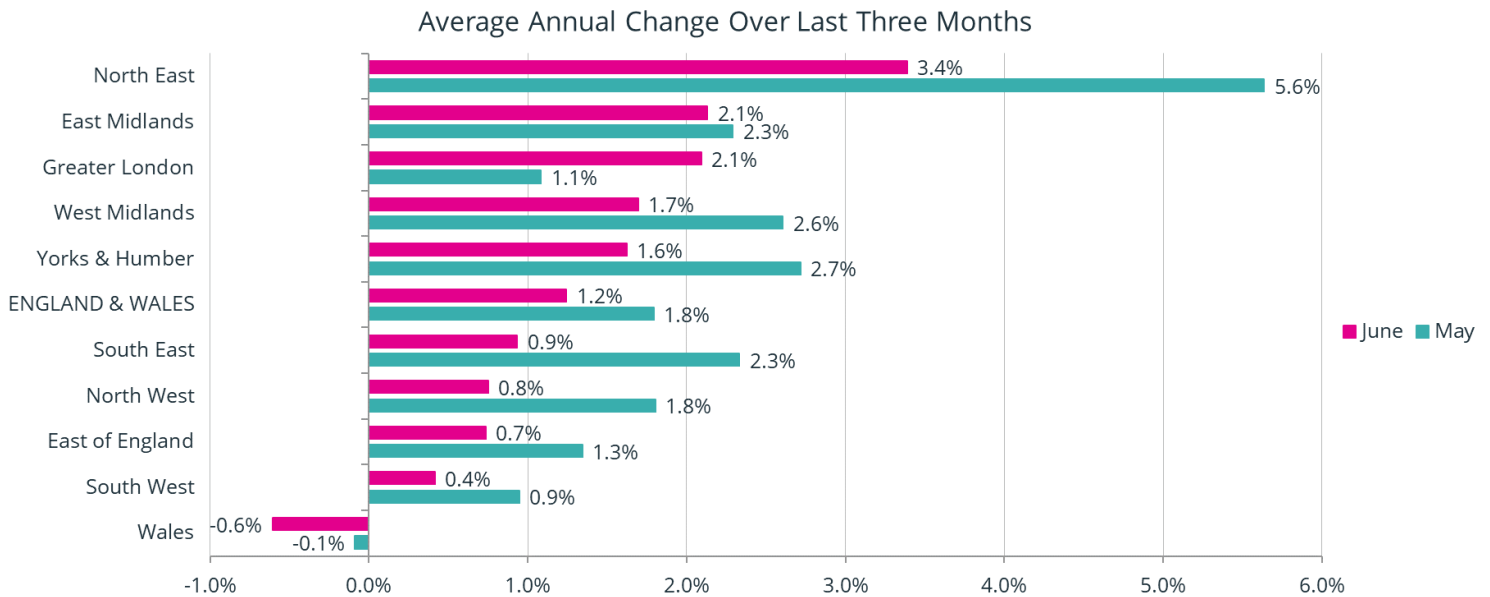


Figure 2 shows the percentage change in **annual** house prices on a regional basis in England and for Wales, **averaged over the three-month period of May to July 2023**, compared to the same three months in 2022. These figures are calculated on a rolling three-month basis to smooth out the minor changes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

Of interest this month is that all nine GOR areas in England are showing a positive movement in prices over the last twelve months, though Wales recorded a further bigger fall – down 0.6%. All areas, with the exception of Greater London, are recording a lower rate of price growth in June compared to May, with Greater London climbing to third place in our growth league table, having been bottom of the league for 11 consecutive months up to April 2023.

The North East remains top of the 10 GOR areas in terms of price growth, for the third month running. Three of the constituent areas in the North East have annual price growth in excess of 5.0%, being Hartlepool (+16.4%), Redcar and Cleveland (+7.0%) and Stockton-on-Tees (+5.2%) – this being the more remarkable knowing that a rate of growth greater than 5% only applies to 12 of the 110 Unitary Authority areas in England and Wales as a whole. Hartlepool, at 16.4%, has the highest price growth of the 110 Unitary Authorities. The North East has the lowest average house price of all nine GOR areas in England, at £198,101, as well as being £26,000 lower than Scotland and £42,000 lower than Wales. It would thus appear that the North East is proving to be a popular location, given the current market conditions.

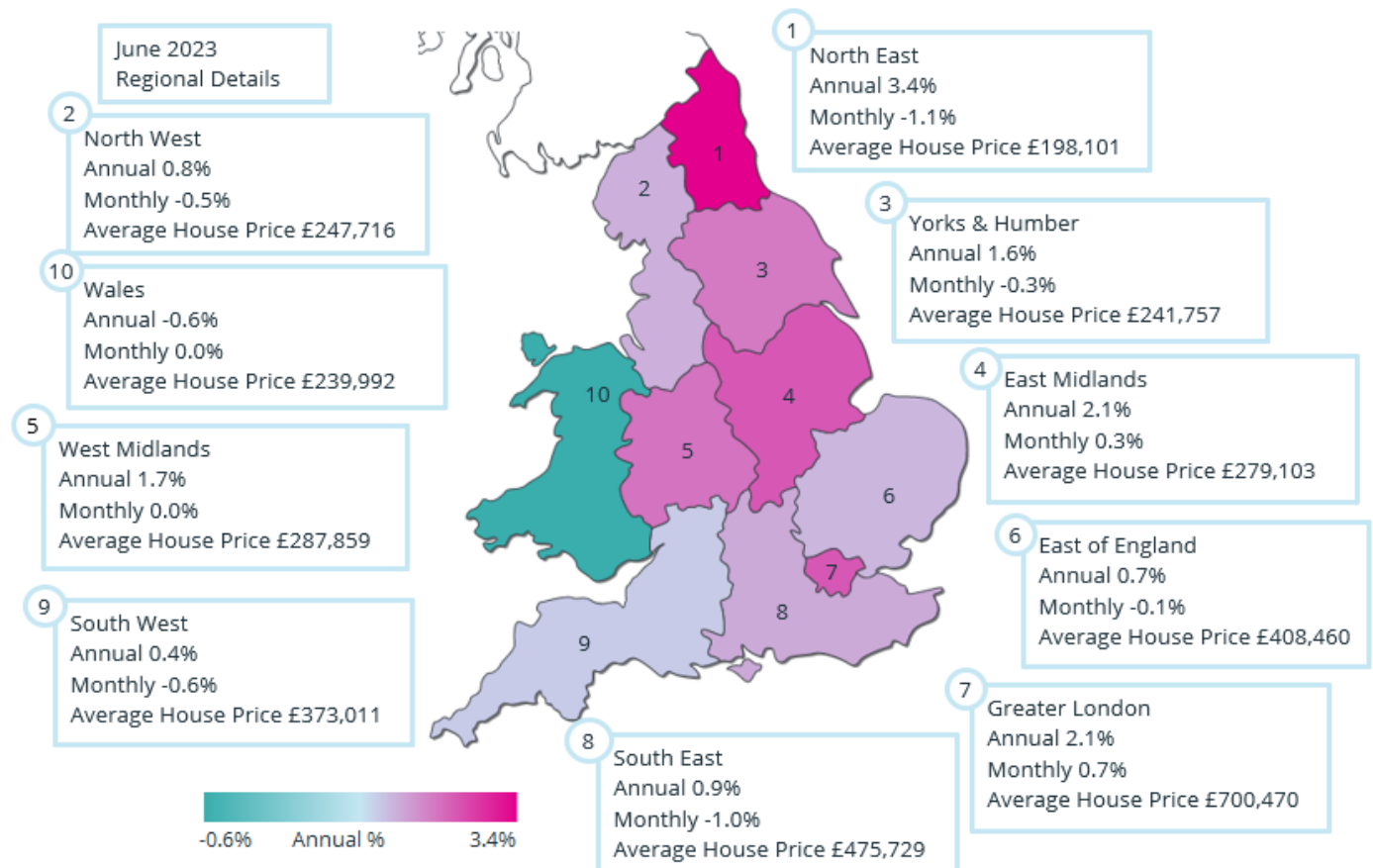
Wales has been subject to the same headwinds over recent months as the nine GOR areas in England, i.e., the upward pressure on interest rates, high inflation and worsening housing affordability. However, in Wales from April 2023, second-home owners and those with unoccupied properties can

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, 13 of the 22 Local Authority areas saw prices fall during the month of June, the largest falls being in Pembrokeshire (-3.1%), followed by Wrexham (-3.1%) and Merthyr Tydfil (-2.9%). Pembrokeshire and Merthyr Tydfil are charging a 100% premium, whilst in Wrexham a 50% premium on such properties is being charged. This tax will no doubt impact prices. It is almost inevitable that some second-home owners will decide to sell up, plus many potential new owners will be deterred from taking the plunge.

In Greater London, the recovery in prices is occurring in the high-value areas of the capital. For example, five of the top ten boroughs by value saw prices rise in the twelve months to June 2023, while only two of the lowest ten boroughs by value saw a positive movement in their prices. The highest movement in prices in June occurred in the City of Westminster, up by +13.0%, while the largest fall, of -4.3%, was in Brent – ranked 16 out of the 33 London boroughs by value. The City of Westminster statistics will have been assisted by the purchase of twelve terraces in June at an average price of £4.3 million each, also including a £10.8 million terrace in Little Venice, W9.

England and Wales Regional Heat Map

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



Annual Growth Rate in prices

The annual growth rate in England and Wales in July 2023, for both mortgage and cash-based house purchases, was an arithmetic average of 0.3%. This is -0.9% below the rate of 1.2% for June 2023, and represents the eleventh month in succession in which the annual rate of house price growth has slowed from the +12.8% in August 2022.

In June 2023, 65 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 to which price rises 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 June 2023 is Hartlepool, at 16.4% growth – the average price being assisted this month by the sale of a detached home located in Wynard for £910,000 – the third-most expensive home to be sold in Hartlepool this year.

By way of contrast, the Unitary Authority area with the largest fall in prices over the last twelve months is Denbighshire in Wales, at -8.8%. All property types in Denbighshire have seen price rises over the year, except for terraces, where there has been a significant fall in prices. In Denbighshire the Council Tax premium will be rising to 150% from April 2025.

Monthly Change

Average house prices fell by £370, or -0.1%, in July 2023. This was the seventh month in succession in which the average price paid for a home has fallen, making the total reduction in 2023 some -£6,800. However, this total needs to be contrasted with the £21,500 gain in prices in 2022, and the near £55,400 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.

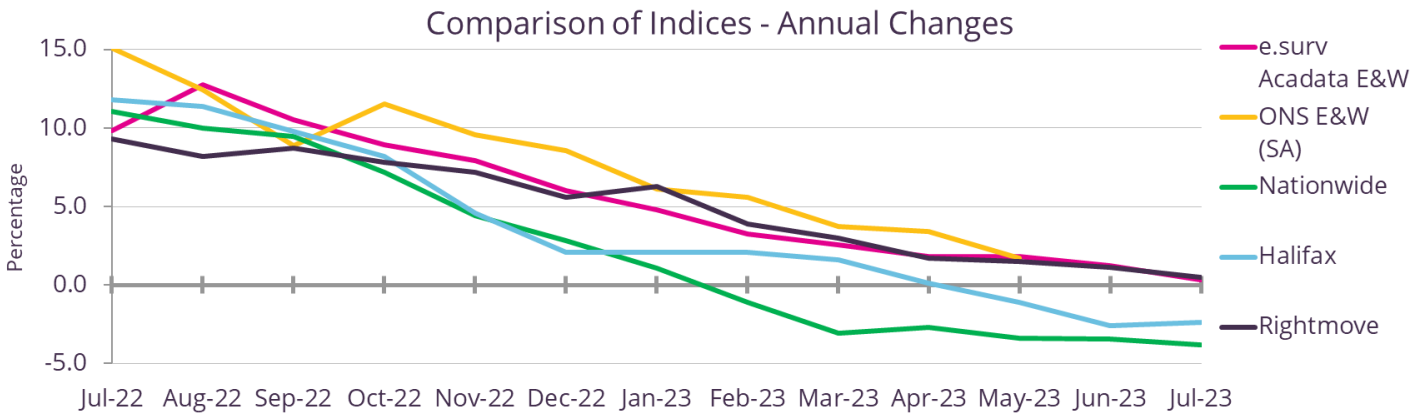
In June 2023, prices rose on a monthly basis in 45 of the 110 Unitary Authorities, which is 1 more than in May, suggesting a slightly more sluggish environment compared to the first quarter of the year: for example, in February 2023 there were 65 authorities with price rises. The area with the biggest increase in prices in June was the Vale of Glamorgan, up by 5.1% in the month. The authority with the second-highest price growth in June was Hartlepool, up by 4.0% in the month.

In June, there were three GOR areas with an upward movement in prices in the month, Greater London up by +0.7, the East Midlands up by +0.3% and the West Midlands up by £100, or 0.0%. Greater London is briefly discussed above. In the East Midlands, 6 of its ten Unitary Authorities / Counties had an upward movement in house prices in the month:- Rutland (+3.2%), North Northamptonshire (+2.3%), City of Nottingham (+1.5%), Derbyshire (+1.2%), Lincolnshire (+0.6%) and Nottinghamshire (+0.1%). In the West Midlands, 5 of its eight Unitary Authorities / Counties had an upward movement in house prices in the month:- Telford and Wrekin (+2.5%), Herefordshire (+1.0%), Staffordshire (+1.0%), West Midlands (+0.4%) and Shropshire (+0.2%).

Staffordshire is one of the six Unitary Authorities / Counties in June that have set a new record average house price in the month, assisted by the sale of a five-bedroomed detached home for £2.5 million, the second-highest priced home of the year, located in Sutton Coldfield, some ten miles to the north of Birmingham City Centre.

Comparison of Indices

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

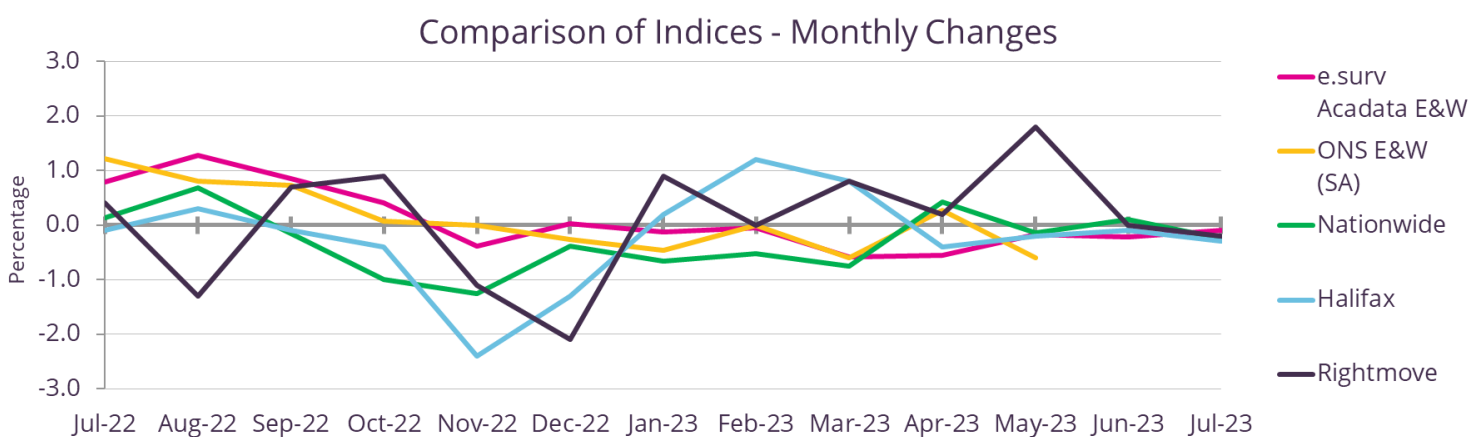


This month, Figure 3 compares the Annual rate of change in house prices as measured by the five different index providers (as listed to the right of the graph), for the period July 2022 to July 2023. Overall, the general direction of travel in house price growth is similar, although the rate of decline differs marginally between the indices.

In July 2023, two of the five indices are showing negative annual growth, being Nationwide at -3.8% and Halifax at -2.4%. It is interesting to observe that it is the two mortgage lender indices that are in negative territory, perhaps suggesting that those purchasing a property with a loan are looking at less expensive properties than they did in the past.

In May 2023 (the latest month for which the ONS HPI is available) the three indices which include both cash and mortgage purchases are in remarkable agreement, with e.surv Acadata at 1.8%, the ONS HPI at 1.7% and Rightmove at 1.5%. In fact, the e.surv Acadata and Rightmove indices have been tracking each other closely since February 2023, with e.surv Acadata recording +0.3% in July, while Rightmove is reporting +0.5%.

Figure 4. The monthly change in house prices July 2022 – July 2023 [Link to source Excel](#)



If we turn to the Monthly as opposed to Annual rate of change among the five indices, we again find remarkable similarity in the rates quoted for July, with a range amounting to just 0.2%. From high to low, there is e.surv Acadata at -0.1%, Nationwide and Rightmove at -0.2% and Halifax at -0.3%. This is the smallest range in monthly rates between the five indices of the last five years.

Housing transactions per month

Figure 5. The total number of housing transactions per month, January 2017 – June 2023 [Link to source Excel](#)

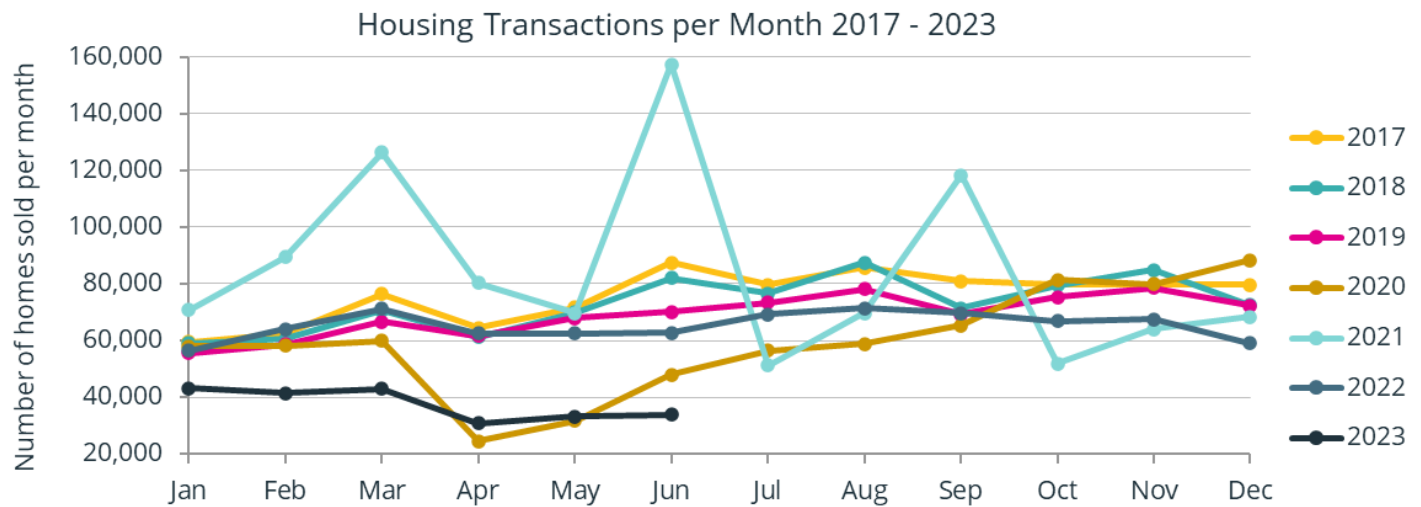


Figure 5 shows the total number of domestic property transactions per month recorded at the Land Registry for England and Wales, covering the period from January 2017 to June 2023.

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 65,300 sales per month – some 10% 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 59,000 – 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 37,600 sales per month to the end of June – the lowest level of transactions over these six 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 June 2023, so these totals will slowly increase over time, although they are unlikely to return to earlier peaks. Most housing commentators would agree that the reduction in home sales in 2023 is associated with further increases in the Bank Rate that have been taking place throughout the first seven months of the year.

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.

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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.

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For further information, please visit our website: www.esurv.co.uk

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