

Average house prices continue to fall in October

- Cash and mortgage data show average prices now falling by an annual -4.1%
- But some hot spots remain – City of Westminster up by 13.6%
- Transactions still trailing 2022 levels

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)
£362,777	347.6	-0.4	-4.1	-4.8

Richard Sexton, Director at e.surv, comments:

“Our data this month shows that on an annual basis, the average sale price of completed home transactions using cash or mortgages in England and Wales in October 2023 fell by some £15,700, or -4.1%, and now stands at £362,777.

“However, notwithstanding this decrease we see from cash and mortgaged sales data, we can safely say the continued lack of supply will continue to support prices from any seismic fall. There are also significant regional differences within the headline data. The North East reports the smallest fall in prices over the last twelve months, at -1.5%, relegating Yorkshire and the Humber to second place. When we look more closely at London, the two boroughs with the highest rise in prices in September were the second and third most expensive boroughs in London, being the City of London, at +5.1% and the City of Westminster, at +3.6%.

“Despite the current dip in property prices, the market is supported by a robust labour market and improving affordability. Furthermore, the upcoming Autumn Statement could support sales volumes and pricing in the coming months if the government introduces supportive measures for both ends of the market, such as stamp duty relief for downsizers and assistance for first-time homebuyers.

“As such, we eagerly await the Autumn statement to see if it will include specific measures to support the market.”

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

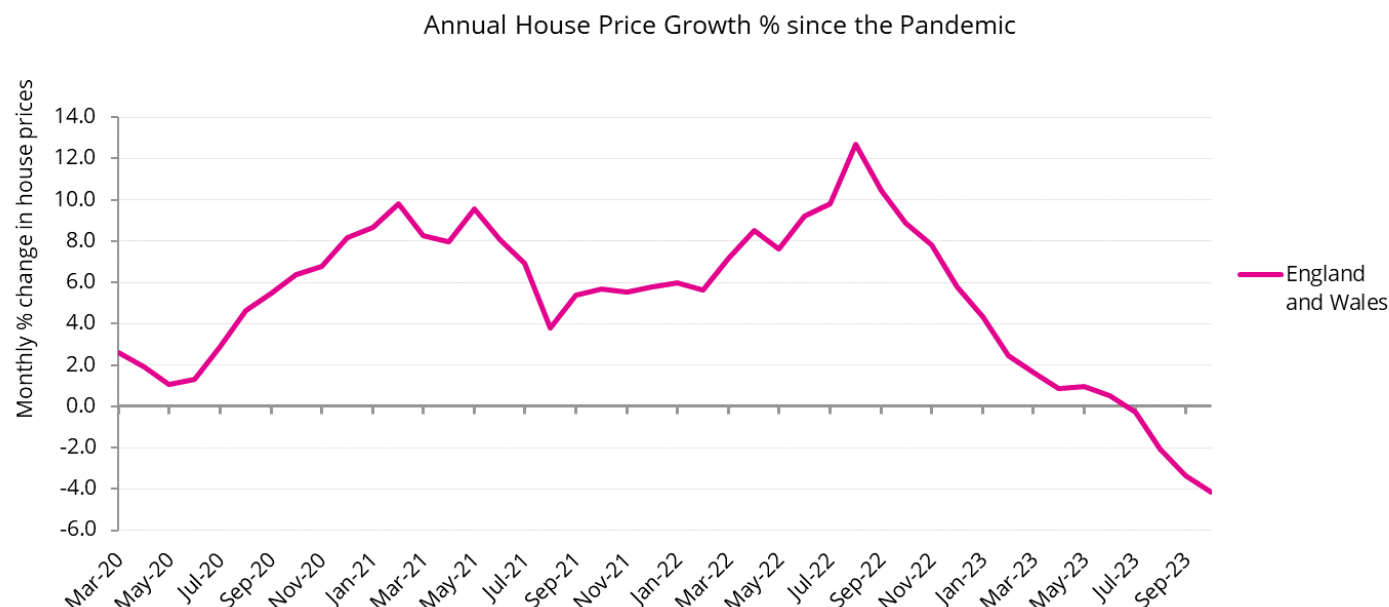
[Link to source Excel](#)

Month	Year	House Price	Index	Monthly Change %	Annual Change %
October	2022	£378,441	360.8	0.3	8.9
November	2022	£376,935	360.1	-0.4	7.8
December	2022	£376,685	360.9	-0.1	5.8
January	2023	£375,789	360.0	-0.2	4.4
February	2023	£374,566	358.8	-0.3	2.5
March	2023	£371,767	356.2	-0.7	1.6
April	2023	£369,095	353.6	-0.7	0.8
May	2023	£368,797	353.3	-0.1	1.0
June	2023	£368,231	352.8	-0.2	0.5
July	2023	£368,199	352.7	0.0	-0.3
August	2023	£366,152	350.8	-0.6	-2.1
September	2023	£364,391	349.1	-0.5	-3.4
October	2023	£362,777	347.6	-0.4	-4.1

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 annual rate of change in house prices in England and Wales, March 2020 – October 2023 [Link to source Excel](#)

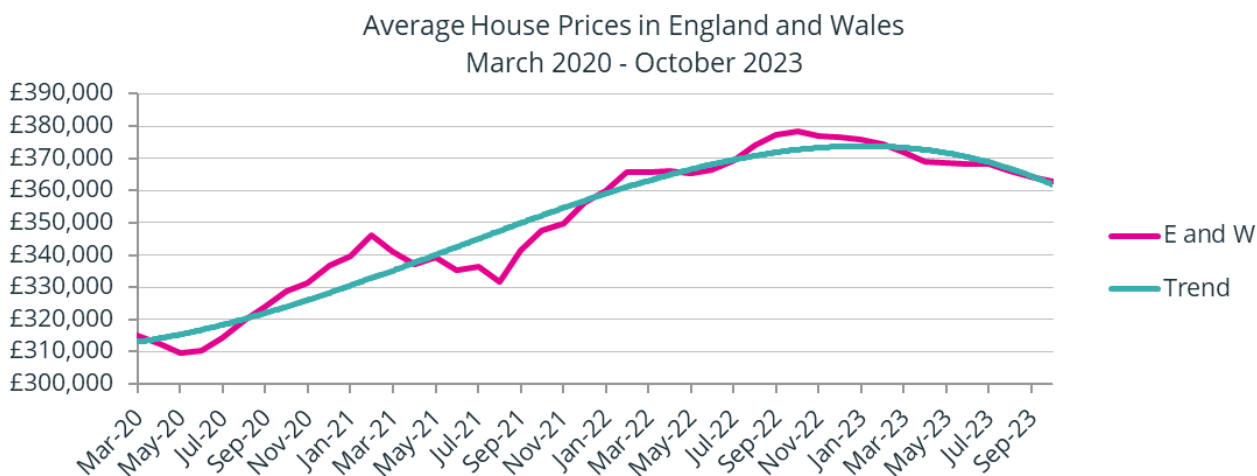


On an annual basis, the average sale price of completed home transactions using cash or mortgages in England and Wales in October 2023 fell by some £15,700, or -4.1%, and now stands at £362,777. This is the biggest fall in house prices since August 2009, when the housing market was recovering from the aftermath of the banking crisis of 2007/2010. The negative rate of change follows almost fourteen months of consecutive drops in value, from a peak growth rate of +12.7% in August 2022.

The market was at that time experiencing buoyant demand following the Covid pandemic, and supported by historically low interest rates.

House prices have fallen by some -£1,600, or -0.4%, in the month of October 2023. Prices have now dropped to levels last seen in February 2022.

Figure 2. The average house price growth in England and Wales, March 2020 – October 2023 [Link to source Excel](#)



However - as Figure 2 illustrates and as previously stressed - in terms of actual (nominal) prices, the fall in price of a not insubstantial £15,700 since its peak in October 2022 must be viewed against the cumulative £47,600, or 15%, rise in prices since the start of the pandemic in March 2020 – so some perspective is required. At the same time, over this same period, the CPIH Inflation Index has risen by some 20% - so in real terms, i.e., taking account of inflation, the average price of a home has fallen by -5% 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 period. Clearly, though, there will be some buyers who bought most recently and who will not have built up such a cushion.

The housing market in October 2023

By the time this release is published we will be firmly in the run up to the November 22nd Autumn statement by the Chancellor of the Exchequer. This will without doubt set out plans to stimulate the housing market, and not least to assist first time buyers (FTB). It is impossible to say precisely what may be announced, as the policy decisions are often taken only in the last 24 hours. An extension of the Mortgage Guarantee scheme has been trailed, as has a revised FTB ISA. The Treasury may also yet again reach for its time-honoured but flawed solution of a cut in Stamp Duty.

At this moment, and as we have reported, the cooling of the housing market continues with prices falling in both real and nominal terms. The areas which have experienced the biggest price rises since the start of the pandemic are also those which are seeing the greatest price falls. Most commentators now assume transactions for 2023 will be around 1m down from 1.2 million, and that prices will be down in nominal terms by around 3-5%. It is also suggested that this pattern will continue through 2024.

Aside from government stimulus measures, the key drivers of whatever outcome the market arrives at will be the macro-economy, and not least wages and jobs. There are clear concerns that the economy could move into recession, along with a serious housing market downturn. Arrears and possessions have been rising slowly but steadily, and with many more households still to come off much lower fixed mortgage rates so the pressures on household budgets will grow. Higher rates for longer has been the BoE mantra, so rate cuts are not likely in the first instance.

At the same time - with the income of all recent mortgage borrowers having been stress-tested to cope with a 3% rise in rates - there should be a significant cushion (assuming of course all other costs remain equal, which they won't have done). There will be real pressure on some borrowers, but again lenders are upping their forbearance activity, and via the government supported Mortgage Charter when they run into difficulty. In addition, government support for the mortgage interest scheme is now accessible earlier for borrowers who become unemployed. Generally therefore there is much that might temper reality and reduce the impact of a worsening economy. Indeed, given the rapid fall off in housing starts and so on, once recovery does come we can expect prices to move ahead quite quickly, given the underlying shortfall in relation to demand.

Average Annual English Regions and Wales House Prices

Figure 3. The annual change in the average house price for the three months from August to October 2023, analysed by GOR [Link to source Excel](#)

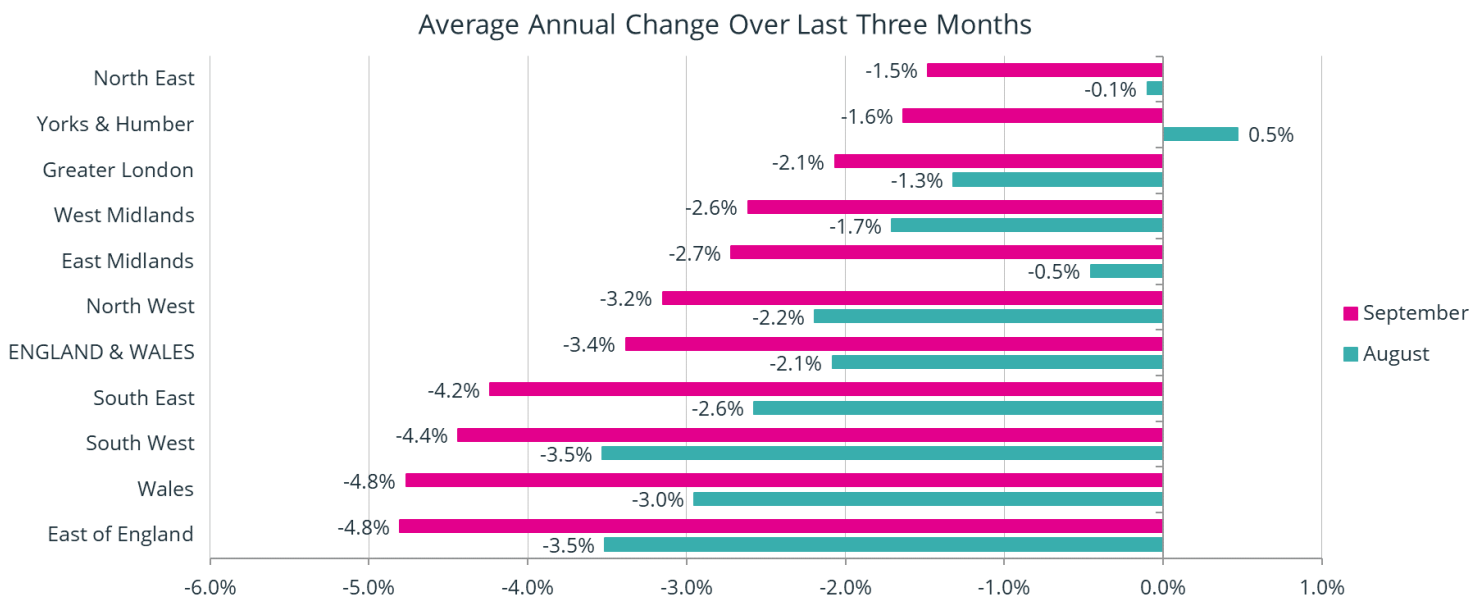


Figure 3 shows the percentage change in **annual** house prices on a regional basis in England and for Wales, **averaged over the three-month period of August to October 2023**, compared to the same three months in 2022. These figures are calculated on a rolling three-month basis to smooth out the minor changes in price which almost inevitably arise, and are centred on September 2023 (pink line), with Figure 2 also showing the similarly averaged figures for August 2023, one month earlier (blue line). The Acadata prices are also adjusted for seasonal variation.

In September, all Countries and Regions are showing a negative movement in their rates of change – this is the first time that all ten areas have had a negative rate since June 2011, some twelve years earlier, when stamp-duty had just been increased on homes over £1 million and mortgage finance was in short supply.

This month, it is the North East that is reporting the smallest fall in prices over the last twelve months, at -1.5%, relegating Yorkshire and the Humber to second place in the Table above. In the North East, Tyne and Wear has seen a 2.6% increase in prices over the year, which has partly offset the falls in six of the seven other constituent areas in the region, with both semis and terraces recording an increase in prices of 11.1% and 7.2% respectively, while detached properties and flats have seen price falls.

However, on a monthly basis, the two GOR areas with the lowest price falls in September, compared to August, were Greater London, at -0.8%, and the West Midlands, at -0.9%. These figures contrast with the two largest falls in rates of the East Midlands, at -2.2%, and Yorkshire and the Humber, at -2.1%, indicating the extent of the variance that is taking place across the various GOR areas.

Bottom place in the annual changes shown in Figure 3 above is the East of England with the biggest fall in its rate over the year of -4.8%. Nine of its eleven constituent areas have price falls, with the two largest being in Central Bedfordshire at -7.8%, followed by Essex at -7.4%. Over the year, the price of flats in Central Bedfordshire has fallen in value by -16.5%, followed by terraces at -8.8%, while in Essex detached properties have fallen in value by -8.7% and flats by -7.7%.

In Greater London, which stands in third place in September in Figure 3 - having been in bottom position for eleven of the previous sixteen months - prices have fallen by an average -2.1% over the previous twelve months, compared to -1.3% one month earlier. In September, only 6 of the 33 London boroughs have seen prices rise over the previous twelve months, but the six include the City of London, at +23.5%, the City of Westminster, at +13.6% and Richmond upon Thames, at a more modest +5.0%, with these three boroughs being in the top five London boroughs when ranked by their average property values. The remaining three boroughs of the six with rising prices over the year were Havering, ranked 29th by its property value, at +5.0%, Haringey, ranked 11th by value, at +3.3% and Hillingdon, ranked 25th by value, at +0.2%.

On a monthly - as opposed to annual - basis, the two boroughs with the highest rise in prices in September were the second and third most expensive boroughs in London, being the City of London, at +5.1% and the City of Westminster, at +3.6%.

Again on a **monthly** basis, looking at the movement in the 10 GOR areas in September, there was only one area with a price increase, being the South West, at +0.3% - with the North East almost being included in this category, since its average price in September was only £10 less than in August. The three largest falls in prices in the month were in Yorkshire and the Humber, at -1.0%, with Wales and the East of England in equal second-to-last position at -0.9%. The various changes in price growth across England and Wales thus reflect the diverse nature of the property markets across both countries.

England and Wales Regional Heat Map

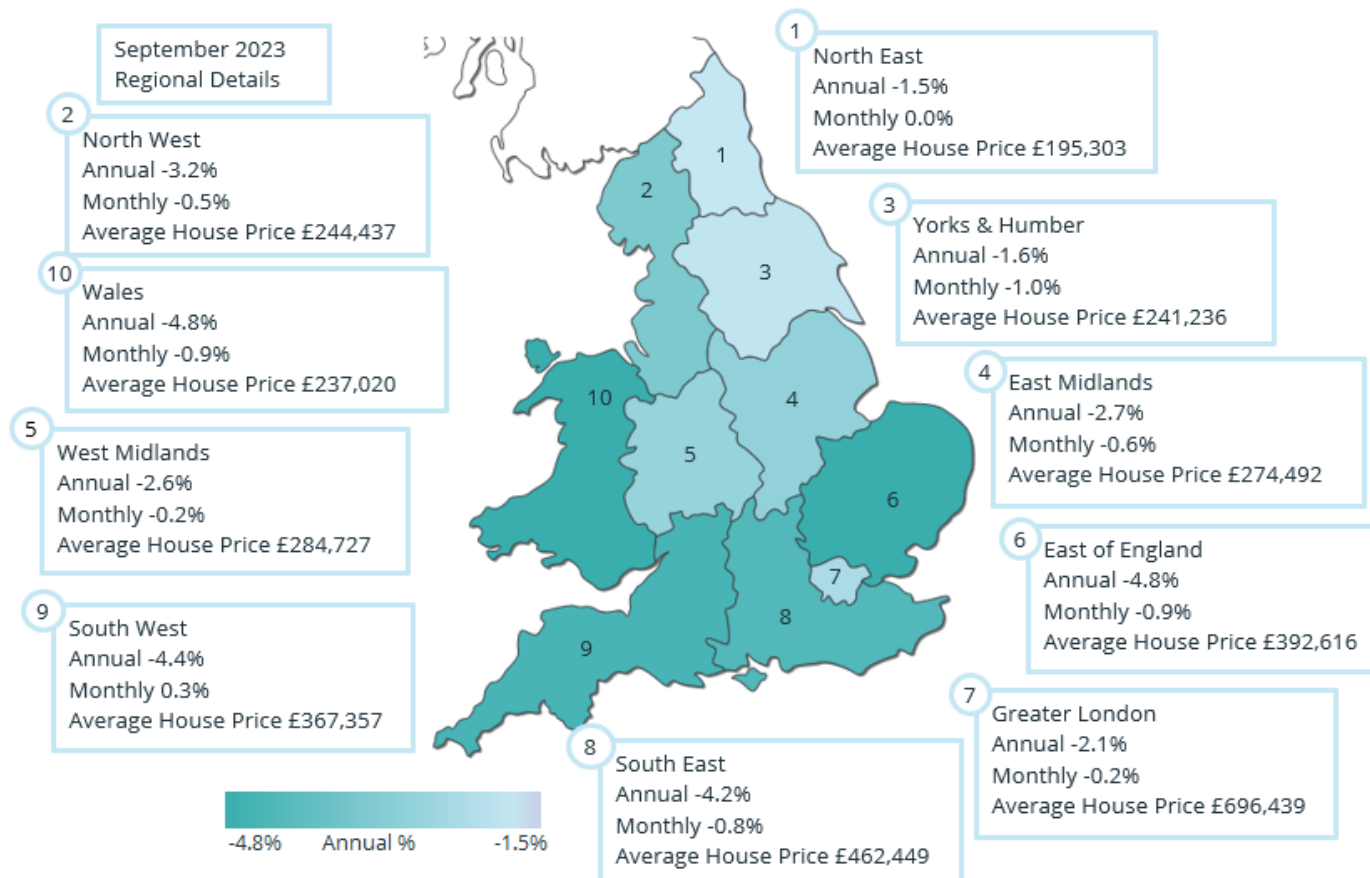
These different trends are then evident in the Regional Heat Map shown below for **September 2023**.

Last month, the question was whether all the GOR areas in England and Wales will be coloured green this month. The answer is a resounding “Yes”, although there are at least three differing hues of green.

The first group relates to the light green areas where the annual price falls are no lower than -2.1%, being the North East and Yorkshire and the Humber, both located on the East Coast of England, to which one can add Greater London. The two north-eastern regions represent the two lowest-priced areas in England – which may be proving attractive since affordability is a major factor in the current housing market. London is of course at the opposite end of this scale but, as discussed above, it is mostly the top-end of the market in London that is seeing price growth – and London’s high-value areas tend to be a law unto themselves in the UK’s property market.

Then come the mid-green areas of the East and West Midlands and the North West, where the price falls range between -2.6% and -3.2%.

Finally, the remaining English regions and Wales are all shaded in dark green, with prices falling by -4.2% or more, with the English regions all being based to the south of the country.



Annual Change in prices

The annual price change in England and Wales in October 2023, for both mortgage and cash-based house purchases, was an arithmetic average of -4.1%. The rate of -4.1% in October is -0.7% below the revised rate of -3.4% for September 2023, and - with the exception of May 2023 - represents the fourteenth month in succession in which the annual rate of house price growth has slowed from the peak of +12.7% in August 2022. The average house price now stands at £362,777, which is close to the price seen in February 2022, some twenty-one months earlier.

In September 2023, only 14 of the 111 Unitary Authority areas (one more authority than last month, since we now include Cumberland, and Westmorland and Furness, in place of Cumbria) in England and Wales were recording house price gains over the previous twelve months. This contrasts with the 26 authorities in August 2023 with price rises over the previous year.

The area with the highest annual increase in prices in September 2023, for the second month running, is Rutland, but at only 5.0% this month, compared to 19.8% growth last month – the average price being boosted by the sale of a four-bedroom terrace, in Burley, for £1.3 million, in what is otherwise a quiet market.

By way of contrast, the Unitary Authority area with the largest fall in prices over the last twelve months is, for the third month running, Denbighshire in Wales, at -17.0%. All property types in Denbighshire have seen price falls over the year, with the largest fall being in detached homes. Denbighshire is now ranked in 93rd position out of the 111 Unitary Authorities in England and Wales, in terms of its average house price, having been in 79th place one year earlier.

Monthly Change in prices

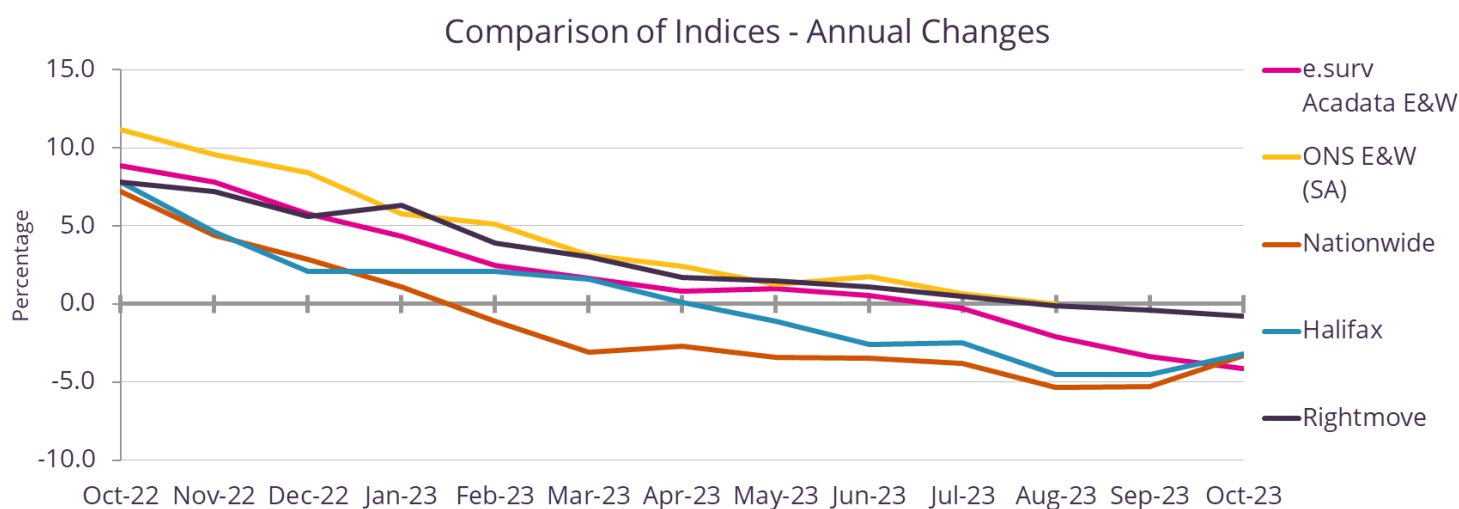
Average house prices fell by some £1,600, or -0.4%, in October 2023, compared to £1,760, or -0.5% in September 2023. This was the twelfth month in succession in which the average price paid for a home has fallen, making the total reduction in 2023 some -£13,900. However, as referred to earlier, this total needs to be contrasted with the near £47,600 increase in prices that has taken place since the start of the pandemic – most homeowners are therefore still likely to have gained considerable equity in their property over this period, despite the recent price falls.

In September 2023, prices rose on a monthly basis in 38 of the 111 Unitary Authority areas, which is 5 fewer than in August, reflecting the continuing slowing of prices across most of England and Wales. The area with the biggest increase in prices in September was Bournemouth, Christchurch and Poole, up by 6.2% in the month. All property types in the area saw prices rise in the month, with the largest rise being in detached properties, with the average price of these rising from £635k in August 2023 to an average £645k in September. This increase in Bournemouth, Christchurch and Poole's detached average price was assisted by the sale of a £1.7 million detached home on Canford Cliffs Road, which leads down to Canford Cliffs Beach, adjacent to Sandbanks, at the entrance to Poole Harbour.

At the other end of the scale, the authority with the largest fall in prices in September was Halton, where prices fell by -4.6%. All property types in Halton saw a reduction in their average prices during September, particularly flats, with the average price of a flat falling to £90k in the month, from an average £104k for the year as a whole.

Comparison of Indices

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



This month, Figure 4 compares the annual rate of change in home prices as measured by the five different index providers (as listed to the right of the graph), for the period October 2022 to October 2023. As can be seen, in general all five indices are telling the same story, that of a reduction in the annual rate of house price growth over the last twelve months, with four of the five indices indicating that the rate of change in prices is now negative compared to twelve months earlier. The one exception is the ONS – but its index has only reported to the end of August 2023, at the time of going to press.

However, on closer examination, it can be seen that the indices fall into two separate groups: i) the indices that include cash sales in their calculations, namely the ONS, Rightmove and e.surv Acadata; and ii) the lender indices of the Halifax and Nationwide.

The two lender indices are in general the lowest two lines on the graph, suggesting that the fall in prices may have come earlier for those purchasing with a loan, as opposed to cash. Indeed, there is some logic to the argument that the fall in prices has come sooner, since the mortgage lenders are recording prices at the time they make an offer to their clients, as opposed to the sales, including cash, recorded by the ONS and e.surv Acadata, which use the “deed date” of the legal documents recorded by the Land Registry as the reference point. We therefore expect to see ONS and e.surv Acadata follow Nationwide and Halifax in reporting an uptick in annual rates in the next few months.

A similar story is also told by looking at the timing of the peak rates of growth of the five indices during the pandemic:-

March 2022	March 2022	June 2022	July 2022	August 2022
Nationwide	Rightmove	Halifax	ONS	e.surv Acadata
14.3%	10.4%	12.5%	14.8%	12.7%

Rightmove is the exception to the above rule, as it was one of the earliest to report the timing of the peak growth, but although it includes cash sales in its index, unlike the ONS and e.surv Acadata its timing is based on seller sentiment or expectations, as opposed to the actual sale completion date.

Housing transactions per month

Figure 5. The total number of housing transactions per month, January 2019 – August 2023 [Link to source Excel](#)

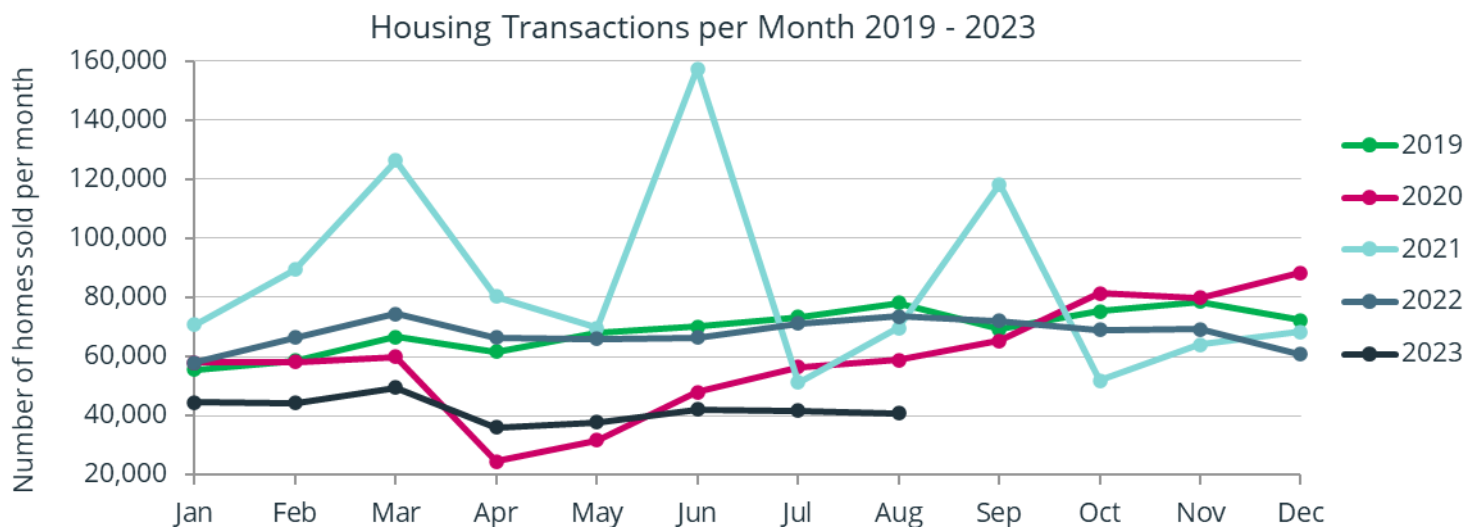


Figure 5 shows the total number of domestic property transactions per month recorded at the Land Registry for England and Wales, covering the period from January 2019 to August 2023.

The graph mainly relates to the period of the pandemic which has been covered in a number of the previous e.surv Acadata monthly News Releases. The main points made in those releases are the collapse of the housing market in April 2020 at the start of the pandemic; the slow path to recovery during the remainder of 2020; the three transaction peaks that arose in 2021, all being stamp-duty related; and the mildly enhanced market of 2022, until the arrival of Liz Truss as Prime Minister in September of that year.

Which brings us to the current year of 2023, the black line. The year started with the base interest rate at 3.5%, which at the time was the highest rate seen in the UK since November 2008, when it was lowered from 4.5% to 3.0%. The relatively high rate of 3.5% had an adverse effect on property transactions, with only 44,500 sales for January 2023 having been recorded by the Land Registry to date – the lowest January total since 2013, when strict lending criteria were limiting the number of mortgages made available.

The base bank rate has been increased a further five times during 2023, and at the time of writing stands at 5.25%. This has resulted in a limited number of property purchases during 2023, with an average sales total of 42,100 sales per month to the end of August – the lowest level of transactions over these eight months of the last seventeen years.

However, as discussed above, the Chancellor's Autumn Statement is to be delivered in a few weeks' time, which will possibly introduce some new measures to assist the housing market, especially given the anticipated timing of the next General Election, when housing is likely to be of major significance to all the political parties.

Housing Transactions – quarter-on-quarter movement

One of the features of the current market is the reduction in the number of housing transactions taking place, compared to the previous year's sales. There are two likely reasons for this. Firstly, in the current market buyers may be tempted to hold off making a purchase in the hope that prices will fall further, thus saving some money. Secondly, if sellers have a choice they may be tempted to stay in their existing home, rather than face having to sell at a loss or with a reduced profit. The result is that prices will tend to remain relatively stable, but the number of transactions will reduce.

We look at the evidence from Q1 2023 vs Q2 2023 by SSR region and by property type.

Table 2. The number of housing transactions for Q1 and Q2 2023, by SSR Region [Link to source Excel](#)

	NORTH	NORTH WEST	YORKS & HUMBER	WALES	WEST MIDLANDS	EAST MIDLANDS	EAST ANGLIA	SOUTH WEST	SOUTH EAST	GREATER LONDON	Total
Q1 2023	8,295	16,561	13,523	7,408	12,915	11,733	6,441	15,186	31,443	14,764	138,269
Q2 2023	7,209	13,804	11,513	6,540	10,979	9,670	5,409	12,777	25,736	12,235	115,872
% change	-13.1%	-16.6%	-14.9%	-11.7%	-15.0%	-17.6%	-16.0%	-15.9%	-18.2%	-17.1%	-16.2%

In general we can see that the smallest reduction in transactions over the two periods has occurred in Wales at -11.7%, followed by the North (East) at -13.1%, Yorkshire and the Humber at -14.9% and the West Midlands at -15.0%. The largest fall in transaction numbers has been in the South East at -18.2%. We then have the East Midlands at -17.6%, Greater London at -17.1%, the North West at -16.6%, East Anglia at -16.0% and the South West at -15.9%.

Although not an exact match, it is interesting to compare these rankings with the Heat Map on page 6. There would appear to be, with the exception of Wales, a correlation between the movement in prices and the fall in transactions.

Table 3. The number of housing transactions for Q1 and Q2 2023, by property type [Link to source Excel](#)

	Detached	Semi-det	Terraced	Flat/mais	Total
Q1 2023	30,586	40,327	41,873	25,483	138,269
Q2 2023	25,837	34,623	35,666	19,746	115,872
% change	-15.5%	-14.1%	-14.8%	-22.5%	-16.2%

The smallest fall in transaction numbers has been in the sale of semi-detached properties, at -14.1%, followed by terraces at -14.8% and then detached properties at -15.5%. This may suggest that the buy-to-let market is having an influence on property sales as terraces and semi-detached homes are a popular choice for lettings. Finally, flats have seen the largest fall in sales transactions, at -22.5%, which may reflect on the difficulties for first time buyers in a higher interest rate environment. Rightmove, in their monthly property blog, also suggested that interest rates are generally higher for low-priced properties, which could similarly be influencing the reduced number of flats being purchased.

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