

Annual price falls moderate in December

- Cash and mortgage data show average annual price decline is easing...
- ...and monthly prices increase by +0.2%
- North East has positive +0.8% price change over the year
- Transactions at lowest levels of last seventeen years

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)
£362,187	348.2	0.2	-3.5	-3.9

Richard Sexton, Director at e.surv, comments:

“Our data this month provides some light relief for home-owners. On a monthly basis house prices have risen, in this instance by some £550, or 0.2%, in December 2023, and now stand at a level last seen in February 2022.

“The continued fall in the rate of inflation, and its subsequent impact on mortgage pricing, is slowly beginning to feed into the housing market. The annual average sale price of homes in England and Wales that were sold and completed in December fell by some £13,150, or -3.5%, a reduction in November’s rate of -3.7%. Our data includes all transactions whether using cash or mortgage finance so gives a reliable picture of what is actually happening across the entire market. This shows us that this is the first time in the last sixteen months in which the annual rate has improved over the previous month.

“Looking forward, with no further anticipated interest rate rises predicted (and indeed cuts perhaps from as early as May) and the prospect of a pre-election budget that will to some degree address housing market woes, we can expect borrowers to continue to benefit from lower mortgage rates as lenders fight for market share in a recovering market.”

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

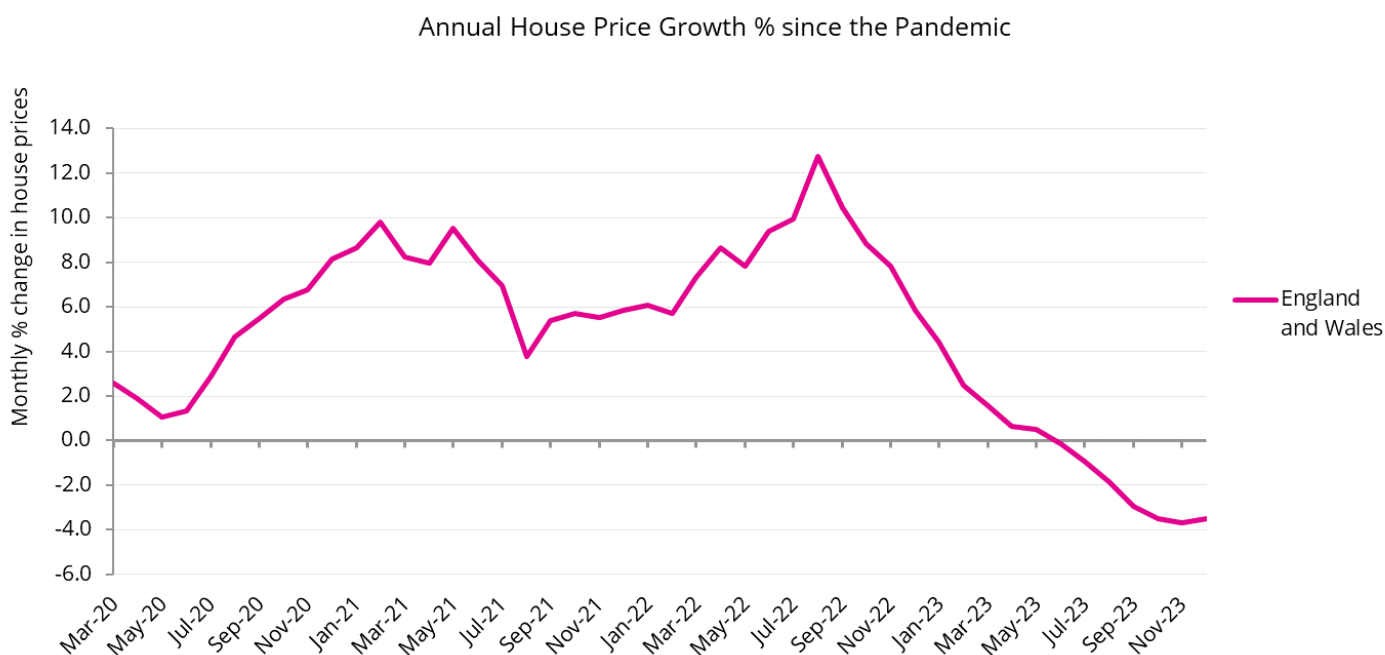
[Link to source Excel](#)

Month	Year	House Price	Index	Monthly Change %	Annual Change %
December	2022	£375,356	360.9	0.0	5.8
January	2023	£374,628	360.2	-0.2	4.4
February	2023	£373,307	358.9	-0.4	2.5
March	2023	£370,332	356.0	-0.8	1.6
April	2023	£367,246	353.1	-0.8	0.7
May	2023	£366,106	352.0	-0.3	0.5
June	2023	£364,741	350.7	-0.4	-0.2
July	2023	£364,756	350.7	0.0	-0.9
August	2023	£365,650	351.5	0.2	-1.8
September	2023	£364,386	350.3	-0.3	-2.9
October	2023	£363,633	349.6	-0.2	-3.5
November	2023	£361,633	347.7	-0.6	-3.7
December	2023	£362,187	348.2	0.2	-3.5

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

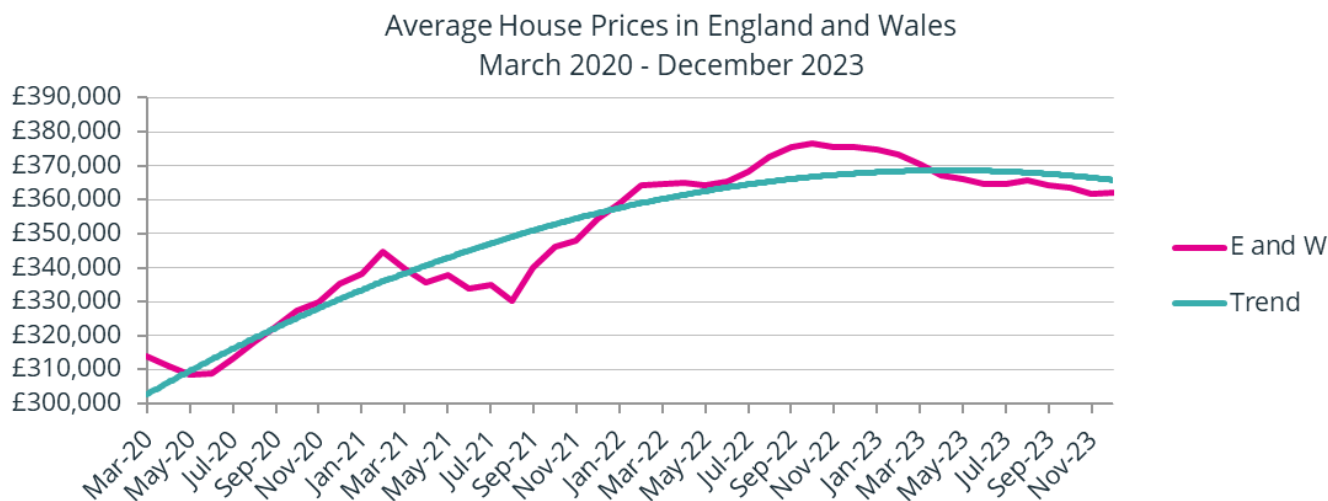


The annual average sale price of completed home transactions using cash or mortgages in England and Wales in December 2023 fell by some £13,150, or -3.5%, and now stands at £362,187. This reduction follows a -3.7% fall in the annual rate seen in November and - with this slight uptick - it is

the first time in the last sixteen months in which the annual rate has improved over the previous month.

On a monthly basis house prices have also risen, in this instance by some £550, or 0.2%, in December 2023, and now stand at a level last seen in February 2022.

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



However - as Figure 2 illustrates and as previously stressed - in terms of actual (nominal) prices, the fall in price is a not insubstantial £14,500 since its peak in October 2022. While this must be viewed against the cumulative £48,350, or 15%, rise in prices since the start of the pandemic in March 2020, it will still be significant for those who have bought more recently and who will not have built up the cushion more established buyers will enjoy.

The housing market in December 2023

The Autumn statement came and went in late November with none of the anticipated housing market measures featuring - just the mortgage guarantee scheme being extended for 18 months. It is possible that other measures have been held back till the March 2024 Budget, which might then feed into the run up to a snap election. Without doubt, political pressures are intensifying as the General Election approaches and the housing market will probably feature strongly in that process.

In the meantime, the market is benefitting from the view that no further base rate rises are anticipated, and indeed that there is a strong likelihood the Bank Base rate may fall to 3.75% by late in 2024. This is what the markets are now assuming and, with swap rates that are used to price fixed rate mortgages reflecting that, lenders have begun to drop their rates in a bid to make up for the slow year that has just passed. This so called "mortgage war" will be very helpful for the estimated 1.6 million borrowers who are due to come off their existing fixed rate deals by the end of 2024. Although these borrowers will still experience an increase in costs over their previous very low-rate mortgages, the fact is that the shock will be somewhat less than previously expected. Consumer confidence is now less negative than it was, and the same is true of surveyor expectations of the market. With lower rates in the offing, there is now a sense that market momentum might increase over the course of the year. Analysts' forecasts for 2024 are very varied, ranging from close to 5% down to 5% up - though, in

part, this turns on when they were made. Some firms have recently put out revised and more optimistic forecasts reflecting the more positive emerging outlook. The slight uptick we have reported here is symptomatic of how the year might progress. Some analysts suggest the first few months may still look and feel somewhat negative, but that as the year progresses market confidence will grow and trends in transactions and prices will benefit. Quite clearly there are a lot of factors at play, both national and international, all of which have the potential to be positive or negative. Only time will tell.

Average Annual English Regions and Wales House Prices

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

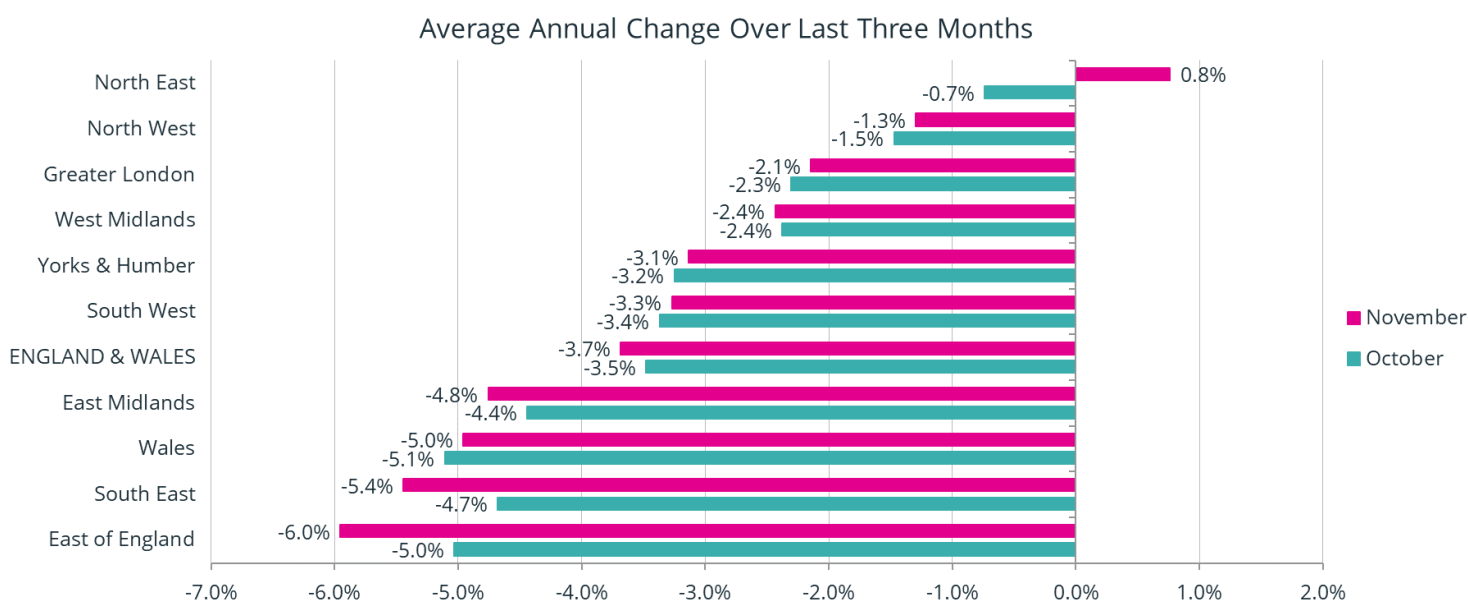


Figure 3 shows the percentage change in **annual** house prices on a regional basis in England and for Wales, **averaged over the three-month period of October to December 2023**, compared to the same three months in 2022. These figures are calculated on a rolling three-month basis to smooth out the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

Figure 3 presents a rather mixed bag of change in price movements among the 10 GOR areas, with six showing an upward movement in their rates compared to the previous month, and four areas where price declines have accelerated. The largest change in rates took place in the North East, up by +1.5% on the previous month, making it the only region to have a positive annual rate of growth, at +0.8%. The second-largest movement in rates occurred in the East of England, where prices fell by an additional -1.0%, resulting in a decline of -6.0% on an annual basis, which is the largest decrease in prices seen in any region over a twelve month period since October 2011.

The four areas with more negativity in their rates of growth since the previous month were the East of England, the South East, and the East and West Midlands. The six GOR areas with a positive change in

growth rates were Wales, the three northernmost regions of England, the North East, the North West and Yorks and Humber, plus the South West and Greater London.

As mentioned above, in November, for the third month in succession, the North East has the highest rate of price growth of all ten GOR areas. In fact the North East has been in one of the top five spots for regional price growth in nine of the last twelve months. In the North East, Tyne and Wear has a 4.8% increase in prices over the year, up from the 2.3% seen in the previous month. It also reached a new record average price in November, of £215,269, one of only 3 areas in England and Wales to have done so. In addition to Tyne and Wear, Northumberland and Redcar and Cleveland have also seen a positive movement in prices over the last twelve months, helping to offset falls in the remaining five constituent areas of the North East region. In Northumberland, as in Tyne and Wear, all property types saw price increases over the year, with the largest increase being in terraced properties, while in Redcar and Cleveland it was semi-detached properties that made most of the running.

In second place in Figure 3 above is the North West, with a fall of -1.3% in prices over the last twelve months. The North West has also been in one of the top five places in Figure 3 for nine of the last twelve months. In the North West, there are four Unitary Authorities / Counties with rising prices over the previous twelve months, being Merseyside +3.1%, Cheshire East, +1.9%, Warrington, +0.9% and Halton, +0.5% - with Cheshire East also setting a record average price in the month of £375,904, close to the England and Wales average price of £361,633.

Bottom place in the annual changes shown in Figure 3 above is the East of England, with the largest fall in prices over the year, of -6.0%. The East of England has been in one of the bottom five places in Figure 3 for all twelve of the last twelve months, the only GOR area to have done so. All eleven Unitary Authorities / Counties in the East of England have negative price growth over the last twelve months, with four of its constituent areas having annual price falls larger than -5.5%. These are Central Bedfordshire -11.5%, Essex -8.5%, Norfolk -5.9%. and Bedford, -5.9%. In all four of these areas the largest fall in prices was in detached homes.

In Greater London, which stands in third place in Figure 3 for the second month running, prices have fallen by an average -2.1% over the previous twelve months, slightly less negative when compared to -2.3% one month earlier. In November, 8 of the 33 London boroughs have experienced price rises over the previous twelve months, with six of these eight boroughs in the top seven when ranked by property price. Consequently, these six high-value areas have largely offset the reduction in prices in the 25 boroughs with price falls. The three boroughs with the highest price rises are the City of London, +46.2%, Kensington and Chelsea, +10.4% and Richmond upon Thames, +6.2%. At the other end of the scale, the three boroughs with the largest falls over the last twelve months are Brent, -12.2%, Tower Hamlets, -11.4% and Enfield, -10.9%. Tower Hamlets has the second highest % of flat sales of the 33 London Boroughs, following the City of London, which is in first place.

On a monthly – as opposed to annual – basis, looking at the movement in the 10 GOR areas in November, there were two areas with price increases, being the North East, +0.3%, and the North West, +0.2%, with Wales seeing no change in its average house price, and seven regions with price falls. The largest faller in the month was the East of England, down by -1.2%, followed by the South East at -0.9%, the South West at -0.7% and Greater London at -0.5%. As can be seen, the largest fallers in the month are all located in the south of England.

England and Wales Regional Heat Map

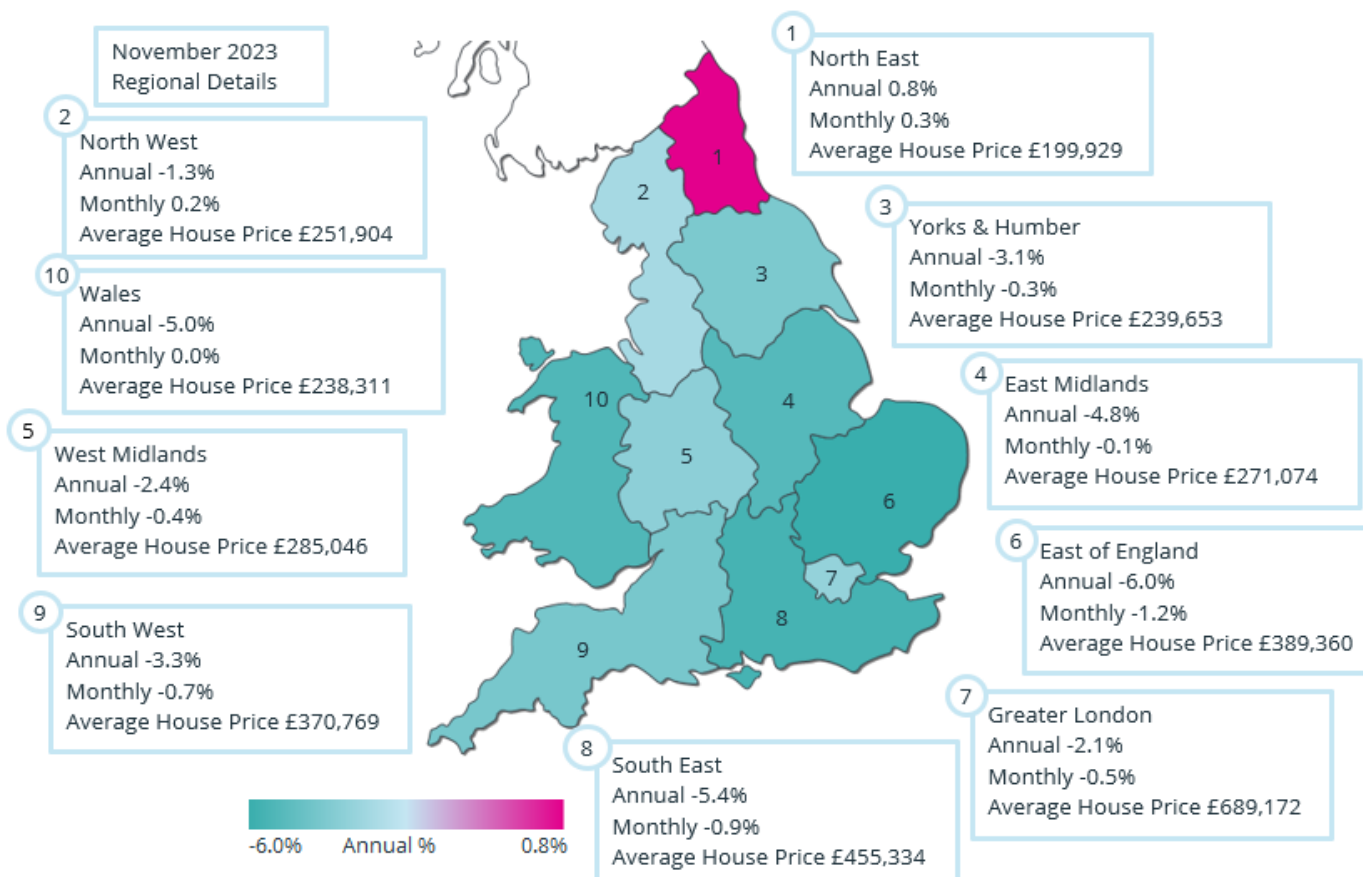
These different trends are then evident in the Regional Heat Map shown below for **November 2023**.

The first group relates to the red area in which there is just one member, the North East, being the only GOR area in November to have a positive annual rate of growth in prices, at +0.8%.

We then have, for the second month running, the lighter greens of the North West, the West Midlands and Greater London where the **annual** price falls are no lower than -3.0%.

Then come the mid-green areas of Yorkshire and the Humber and the South West, where price falls range between -3.0% and -4.0%.

Finally, the remaining English regions and Wales are all shaded in a darker green, with prices falling by -4.0% or more, with the English regions being mostly based to the south-east of the country, the exception being the East Midlands.



Annual Change in prices

The annual price change in England and Wales in December 2023, taking both mortgage and cash-based house purchases into account, was an arithmetic average of -3.5%. The rate of -3.5% in December is +0.2% higher than the revised rate of -3.7% for November 2023, and more importantly it is the first upward movement in the annual rate over the last sixteen months. The average house price now stands at £362,187, which is close to the price seen in February 2022, some twenty-two months earlier.

In November 2023, some 19 of the 111 Unitary Authority areas in England and Wales were recording house price gains over the previous twelve months, which is 9 more authorities with price rises over the year than in October 2023.

The area with the highest annual increase in prices in November 2023 is Tyne and Wear, up 4.8%. In Tyne and Wear all property types have seen an increase in prices over the last twelve months, with the most significant increase on a weight-adjusted basis being terraced properties, up from an average £173k in November 2022 to £180k one year later. The average price of terraces in Tyne and Wear was assisted in the month by the purchase of a 5-bedroom end-of-terrace townhouse in Jesmond, Newcastle, for £1.25 million.

By way of contrast, the Unitary Authority area with the largest fall in prices over the last twelve months is Merthyr Tydfil in Wales, at -15.6%. All property types in Merthyr Tydfil have seen price falls over the year, with the largest fall being in detached homes. However, Merthyr Tydfil has the lowest transaction count of all the Local Authorities in Wales, with just 4 sales recorded to date by the Land Registry for November 2023, so movements in prices - even when averaged over three months - will be unduly impacted by individual transactions, especially when expressed in percentage terms.

Monthly Change in prices

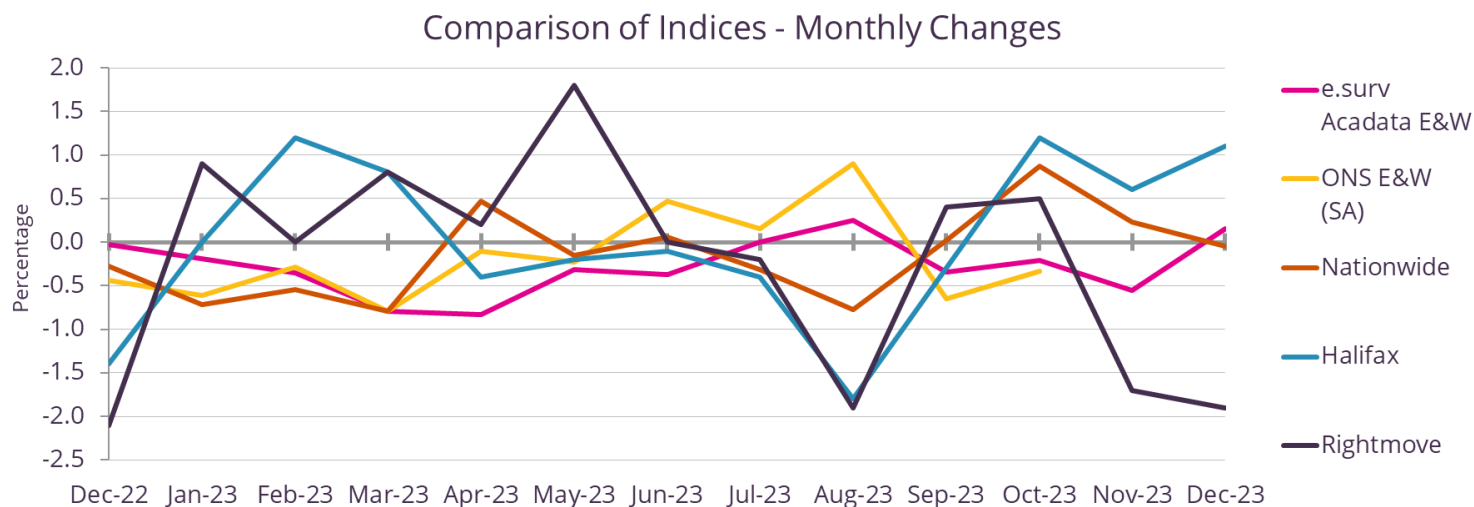
Average house prices rose by some £550, or +0.2%, in December 2023, being only the third month in 2023 in which the average house price increased. The average house price at the end of the year was estimated at £362,187, some £13,200 lower than a year earlier. However, as reported throughout 2023, this fall needs to be contrasted with the near £48,350 increase in prices that has taken place since the first pandemic lockdown in March 2020 - most homeowners are therefore still likely to have gained considerable equity in their property over this period, despite the price falls that have occurred later in 2023.

In November 2023, prices rose on a monthly basis in 47 of the 111 Unitary Authority areas, which is 14 more than in October, perhaps suggesting improved confidence in the various housing markets across England and Wales. The area with the biggest increase in prices in November was Rutland, up by 3.5%, but here, too, low transaction counts may have unduly influenced the data.

At the other end of the scale, the authority with the largest fall in prices in November was Blaenau Gwent, where prices fell by -3.5%. All existent property types in Blaenau Gwent (there were no flat sales) saw a reduction in their average prices during November, particularly terraced, with the average price of a terraced home in Blaenau falling from £120k to £114k in the month.

Comparison of Indices

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



This month, Figure 4 compares the **monthly** 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 December 2022 to December 2023. At first glance the monthly index chart would appear to be somewhat jumbled, with the index providers appearing to hold opposing views to each other, but hopefully further analysis will moderate this perception.

Looking at the monthly results for December 2023, Halifax is reporting the highest upward movement in prices from November, at +1.1%. The e.surv Acadata and Nationwide indices are relatively close to each other, at 0.2% and 0.0% respectively, while Rightmove is on its own with a negative -1.9%.

So why the differences between the indices? As previously reported, the two most significant factors affecting the indices are timing and methodology. December has been an interesting month for the housing market. At the start of the month most commentators were reporting a relatively downbeat position, as the Bank of England advised that any reduction in the base rate was unlikely to occur until at least the second half of 2024, or perhaps beyond. The market thus started the month with lower-than-average transaction counts and an expectation that prices would continue to fall, albeit by a small amount. However, about half-way through the month, lenders began to lower their mortgage rates as expectations on the future direction of interest rates began to change.

In any month, Rightmove is the first to publish, usually about half-way through the month, and their index is based on seller sentiment at the time. It was therefore not a surprise to see a negative movement in Rightmove’s index in December, as sellers will have been influenced by the downward movement in prices published by Nationwide and Halifax in November and will not have expected interest rates to be falling. In its property blog Rightmove advise “... Sellers who come to market in December often have a pressing reason to sell and need to find a buyer quickly, and therefore price more attractively to capture the attention of festivity-distracted buyers. However, this is a slightly bigger December drop (-1.9%) than usual (-1.5%).”

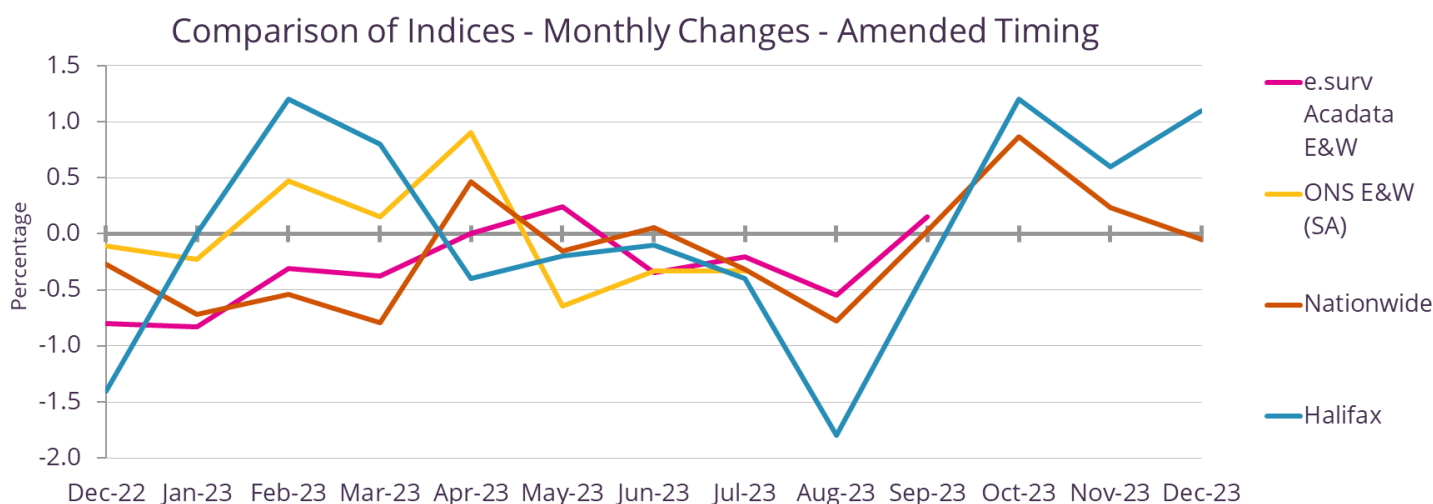
Nationwide is the next to publish, usually on the first day of the month. They base their index on the price reported at the time of making a mortgage offer to their clients. Again, it is understandable to see their index fall from +0.2% in November to 0.0% in December, as house prices were expected to

fall at the start of the month. Halifax publish one week later than Nationwide, again reporting on mortgage offers made to their borrowers. It is possible to argue that their index will be more buoyant than Nationwide, as the market conditions had improved. It is also generally believed that Halifax's customers are more northerly-based than Nationwide's, which is orientated more to the South East. If true, this may well explain why Halifax, at +1.1%, is reporting a higher upward movement in prices than Nationwide, as prices in the north of England have held up when compared to the south (see pages 4 and 5 above).

The e.surv Acadata index usually appears a few days after Halifax. However, this index is based on the Land Registry completed "sale date", which can be up to three months later than the mortgage offer dates used by Nationwide and Halifax. The ONS HPI also uses Land Registry data, based on the "sale date" but doesn't publish its index until two months have elapsed.

To demonstrate the point, Figure 5 below reproduces Figure 4 above, but lags the e.surv Acadata and ONS data by three months, hopefully to bring the indices to a 'common' timeline. The Rightmove index has been omitted to help clarify the comparison.

Figure 5. The monthly change in house prices December 2022 – December 2023 (time lagged) [Link to source Excel](#)



Although not a perfect fit, similarities can be seen between the four indices. In general, Halifax is the most volatile of the four indices displayed. This is likely to be due to the process of smoothing (averaging) the monthly results that are adopted by Nationwide and e.surv Acadata - but not by Halifax - in their methodologies.

Looking at the results from June 2023 onwards, there are marked similarities between Nationwide and e.surv Acadata, with the two indices following similar tracks. Similarities between Nationwide and the ONS HPI can also be seen over the period from Dec 2022 to June 2023, with the peaks and troughs of the two indices occurring in the same months.

As this shows, when the appropriate timeline is taken into account, the different price indices are more in agreement than might at first appear.

Housing transactions per month

Figure 6. The total number of housing transactions per month, January 2019 – September 2023 [Link to source](#)
[Excel](#)

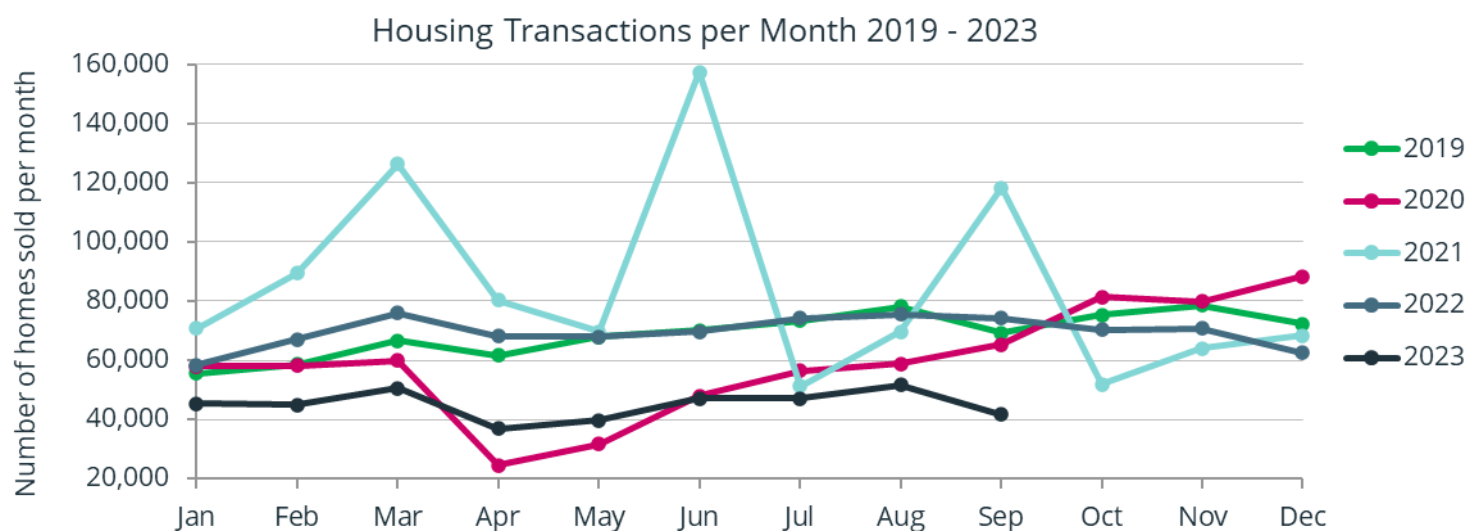


Figure 6 shows the total number of domestic property transactions per month recorded at the Land Registry for England and Wales, covering the period from January 2019 to September 2023.

This month, the focus is on 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. This relatively high rate had an adverse effect on property transactions, with only 45,251 sales for January 2023 being 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 Bank Base rate then rose a further five times during 2023, and at the time of writing stands at 5.25%. This has resulted in a reduced number of property purchases during 2023, with an average sales total of 45,000 sales per month to the end of September – the lowest level of transactions over these nine months of the last seventeen years.

To date, the Land Registry has processed 22,676 sales for October 2023, 12,385 sales for November 2023 and 4,862 sales for December 2023, but we anticipate that the totals for these three months will be considerably higher as the Land Registry processes further sales. But even with the reduced level of transactions for October and November, the e.surv Acadata Index will be utilising more data points than either of the lender indices.

In the latest ONS HPI market report for October 2023 the ONS state that “Recently, the transaction volumes available to calculate UK House Price Index estimates have been considerably lower than historically. We and HM Land Registry (HMLR) are working together to seek a greater balance between processing recently received applications and those that are older. In the meantime, revisions may be larger than usual in coming months.”

Clearly, the e.surv Acadata index is not the only HPI provider to be subject to revisions resulting from the low volume of transactions currently being provided by the Land Registry.

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