

Housing market steady ahead of interest rate cuts

- Prices just 1.3% lower than a year ago
- Three English regions in positive territory; Wales near a turning point
- London set to support national price performance

House Price	Index*	Monthly Change %	Annual Change %	Annual % (excluding London and the SE)
£360,630	367.2	-0.1	-1.3	-1.0

- see Footnote 5 at end of this report

Richard Sexton, Director at e.surv, comments:

In July 2024, the England and Wales housing market showed a slight decline, with the average sale price of a home decreasing by approximately £500 (0.1%) to £360,630. This minor downturn pauses the incremental gains seen in the preceding months. Despite the monthly volatility shown in Figure 1, the overall market performance has remained relatively stable over the past quarter. This stability is noteworthy given the ongoing affordability challenges and uncertainties surrounding the July General Election.

The annual change in house prices, showing a decrease of 1.3%, marks the most robust performance since June 2023. This represents a significant improvement from the nearly 4% annual declines experienced in previous months. It suggests that the market has weathered the most challenging conditions, which peaked in late 2023, and is now on a gradual, albeit uneven, recovery path.

Moreover, the recent cut in official interest rates by the Bank of England, the first in four years, alongside the new Labour Government's emphasis on boosting housing supply, is expected to instil greater confidence and activity in the housing market. This impact is already evident as a number of mortgage lenders lower rates to below 4%. This trend is likely to make borrowing more affordable for potential homebuyers, further stimulating demand and supporting overall market growth in the second half of the year.

Regionally, the housing market has seen positive annual price movement across all parts of England and Wales. The North East and North West are leading with the highest year-on-year price increases, while the South West and Wales have also shown notable improvements.

Looking ahead, wage growth and lower inflation are expected to make mortgage costs more affordable relative to incomes. On the supply side, the government's commitment to mandatory

building targets and an increased output goal of 370,000 homes per annum signals a clear direction towards enhancing housing supply, though this will take time to materialise.

The housing market in July 2024

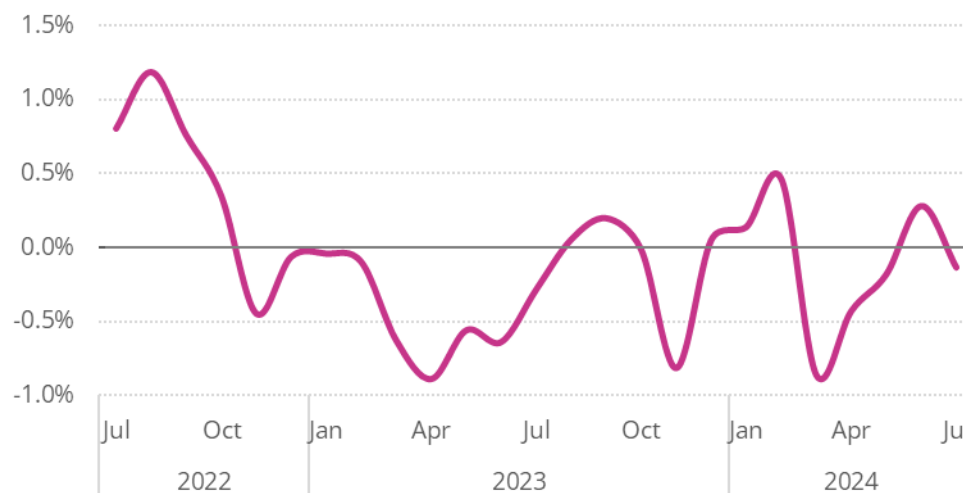
Table 1. Average House Prices in England and Wales for the year to July 2024

Month	Year	Property Price	Index*	Monthly % change	Annual % change
Jul	2023	£365,316	372.0	-0.3	-1.4
Aug	2023	£365,506	372.2	0.1	-2.5
Sep	2023	£366,222	372.9	0.2	-3.0
Oct	2023	£366,158	372.9	0.0	-3.4
Nov	2023	£363,164	369.8	-0.8	-3.8
Dec	2023	£363,342	370.0	0.0	-3.6
Jan	2024	£363,837	370.5	0.1	-3.5
Feb	2024	£365,514	372.2	0.5	-2.9
Mar	2024	£362,352	369.0	-0.9	-3.2
Apr	2024	£360,785	367.4	-0.4	-2.7
May	2024	£360,122	366.7	-0.2	-2.3
Jun	2024	£361,126	367.7	0.3	-1.4
Jul	2024	£360,630	367.2	-0.1	-1.3

- see Footnote 5 at end of this report

Figure 1. Monthly prices moving sideways

E&W monthly price changes, last 2 years



In July, the average sale price of a home in England and Wales edged lower by about £500 (0.1%) to £360,630.

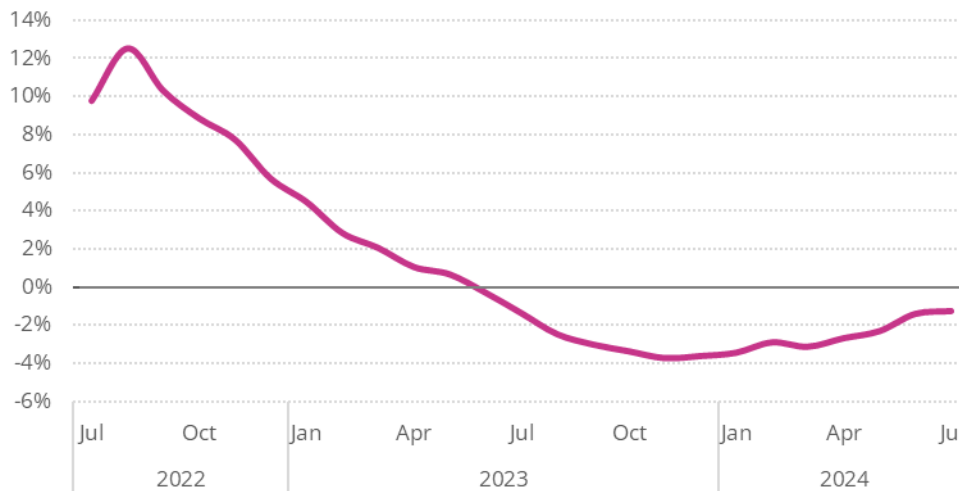
Although this brings to a halt the improving picture of recent months, Figure 1 reminds us that there is always considerable volatility in month-on-month movements. If we take a step back, we see that prices have more or less stood still over the past three months or so, a resilient performance given ongoing affordability pressures and the uncertainties associated with July's General Election.

Prices may still be nearly 5% off the previous peak reached in October 2022, but Figure 2 suggests that the most negative market conditions are now well and truly behind us. The low point was in late 2023 and an upward trend, albeit faltering, has been evident since.

Prices in July were just 1.3% below a year earlier. This is the strongest performance since June 2023 and a considerable improvement on the year-on-year falls of nearly 4% seen in previous months.

Figure 2. Annual house price changes in England and Wales

E&W annual price changes, last 2 years



With the new UK Government emphasising the importance of kick-starting housing supply and the Bank of England's recent decision to cut official interest rates for the first time in four years, many commentators anticipate that we will see greater confidence and activity over the coming months.

The market had anticipated August's rate cut so mortgage lenders were already lowering prices - that process will now continue though the Bank's MPC was at pains to stress that rate cutting would be "restrictive". There will be almost immediate relief for those borrowers on tracker and variable rate loans and the housing market will undoubtedly respond positively to this. However, as the June Financial Stability Report rate highlighted, rate shocks are still working their way through the stock of existing borrower with for example some 400,000 still to come off long term fixes shortly and where their payments could rise by over 50%. Over time, with continued wage growth and lower inflation, mortgage costs should move lower relative to incomes.

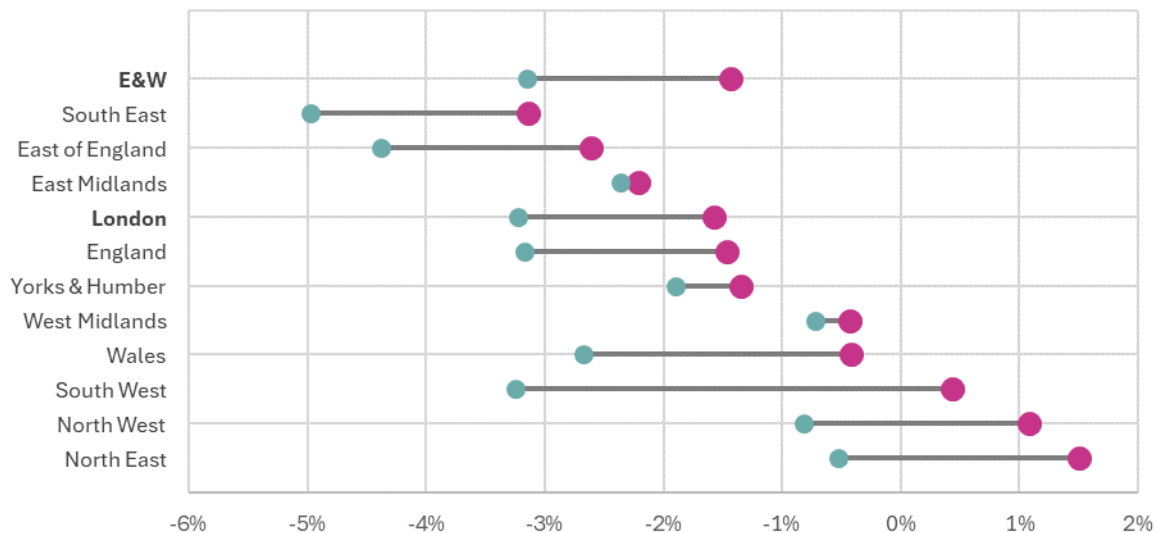
The outlook is thus for more positivity on the demand side. The same is true on the supply side. The government has announced the return to mandatory building targets and has increased the desired output to 370,000 homes per annum in a very clear commitment to bring new supply to bear down on house prices. Clearly that will take time but the intended direction of travel is clear. In the interim the market awaits details of the Freedom to Buy scheme, a permanent and hopefully improved version of the existing mortgage guarantee scheme which should further assist first time buyers.

This group has faced intense affordability pressures as the new Skipton Home Affordability Index revealed and this wasn't just worst in London but for varying reasons it also included the West

Midlands, Tyneside and Wales. As the report notes “The picture is particularly bleak for first-time buyer households in the bottom quarter of earners in Great Britain, earning less than £22,850 - fewer than one in 100 can afford to take the first step on the property ladder in their local area”. This underlines the scale of the challenges facing the new administration.

The English Regions and Wales

Figure 3. How annual price comparisons changed between March and June



Note: Figures are calculated on a rolling three-month basis centred on the middle month, compared with year-earlier periods.

Figure 3 shows the percentage change in **annual** house prices for England and its regions and Wales in June 2024 (pink circles) and **three months** earlier in March 2024 (blue circles).

The year-on-year price comparisons have moved favourably across all parts of England and Wales, albeit that the improvements have been noticeably more limited in the West and East Midlands.

Signs of a north-south divide in this data are becoming much less clear.

Whilst prices in North East and North West England are rising the most strongly (by more than 1% year-on-year), there has been a particularly sharp improvement in the South West, where prices are now also in positive territory. Wales too has seen a significant improvement compared with three months ago, even though currently prices continue to nudge lower.

Price trends across much of southern England are similar to the national picture and, as we discuss below, early indications for July are that London is no longer pulling down overall price growth in England and Wales.

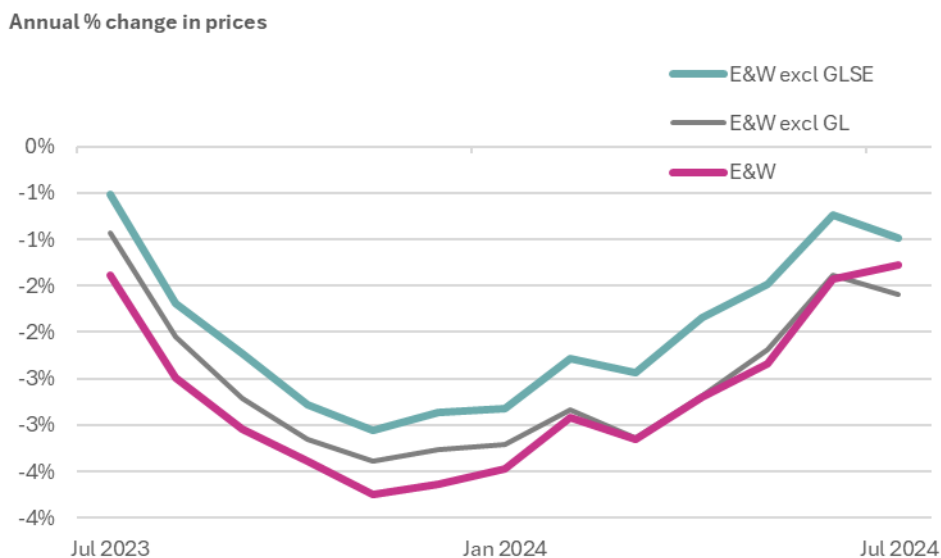
The North East and North West have the highest proportion of unitary authorities and counties reporting higher prices year-on-year, and there is every reason to think that both regions will see higher prices year-on-year when we report on July. Wales has the next strongest reading, although the early signs are that the country will continue in slightly negative territory.

Table 2. Average Prices in the English regions and Wales, June 2024

Geography	Jun 2023	May 2024	Jun 2024	Monthly % chg	Annual % chg
East Midlands	£276,177	£269,024	£270,077	0.4%	-2.2%
East of England	£402,415	£392,993	£391,903	-0.3%	-2.6%
London	£699,761	£680,361	£688,743	1.2%	-1.6%
North East	£191,515	£193,587	£194,382	0.4%	1.5%
North West	£246,343	£247,216	£249,003	0.7%	1.1%
South East	£467,342	£454,242	£452,664	-0.3%	-3.1%
South West	£366,094	£368,125	£367,661	-0.1%	0.4%
West Midlands	£285,886	£283,184	£284,644	0.5%	-0.4%
Yorkshire and The Humber	£241,854	£238,417	£238,605	0.1%	-1.3%
England	£373,252	£366,786	£367,783	0.3%	-1.5%
Wales	£238,745	£236,607	£237,747	0.5%	-0.4%
E&W	£366,366	£360,122	£361,126	0.3%	-1.4%

As the headline table at the start of this report points up, the 1.3% year-on-year decrease in house prices seen across England and Wales in **July** would shrink to 1.0% if we exclude London and the South East. For some while it has been the South East region rather than the capital that has been the most significant drag on the performance of the overall market (see Figure 4). For July, the early indications are that London actually helped to boost overall price growth nationally for the first time in more than two years.

Figure 4. London no longer drags England & Wales lower



About the e.surv Acadata House Price Index

1. The e.surv Acadata House Price Index is produced by Acadata, a consultancy specialising in house price data.
2. The index is based on the **actual** prices at which residential properties in England and Wales are transacted, including prices for properties bought with cash. Based upon HM Land Registry reporting, such data typically represents the vast majority of all relevant transactions. As such, our figures stand out from those based on mortgage-based sales only, asking prices or prices based upon smaller samples.
3. The initial e.surv Acadata House Price Index for each month, employs an academic “index of indices” model, custom-built at Cambridge, to address smaller but still material sampling levels.
4. Our property prices and indices are calculated on a seasonal- and mix-adjusted basis. All e.surv Acadata House Price Index results are subject to change, for example when HM Land Registry publishes updated figures.
5. In June 2024 we made extensive one-off revisions to our entire dataset of Index figures so that they are now fully consistent with our published house price data. The cumulative nature of these revisions means that for April 2024 our revised Index figure is 6% higher than previously reported. Our methodology for estimating house prices has not changed.
6. Our indices reflect our best endeavours and are issued in good faith without any claim as to precision, accuracy or fitness for any purpose. They may not be used for commercial purposes without written permission from Acadata.
7. For longer time series of the data highlighted in this report and an interactive table comparing national and regional price metrics over time, please see [Acadata's](#) website for contact details to purchase.

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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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