

House Price Index

England and Wales

Under embargo until 00:01
Monday 17th July 2017

JUNE 2017 | Average House Price
in England and Wales

£301,114

AVERAGE MONTHLY CHANGE: -0.2%

AVERAGE ANNUAL CHANGE: 3.8%

Prices cool for summer as North-South Divide re-emerges

- Average house prices continue downwards trend, now £2,358 lower than March peak
- Annual prices grow 3.8% as the East of England reclaims top spot
- City of Westminster sees 19.7% increase as prime property leads London
- City of Peterborough has highest increase in transactions, up 31% on 2015 levels

Headline News

Prices fell in June, continuing to slide for the third month in a row with average values now down £2,358 in the last quarter. More than half the unitary authority areas in England in Wales – 60 out of 108 – reported prices falling over the month. The average price in June was £301,114, down 0.2% on May.

Despite this, the broad trend over the last year remains a modest rise, and prices are still 3.8% or £11,037 up on this time last year. The East of England, particularly, continues to show strong annual growth, regaining its top spot among the regions. In London, Westminster sets a new peak price, up 19.7% annually to reach £1,865,843.

Key Insights

The slide in house prices has coincided with the period since the calling of the general election in April, but it is not the sole cause. For a start, the surprise announcement in April was mid-month, too late to have any real impact on sales. And at the time, the result looked in little doubt.

Instead, the election and its result have merely exacerbated a slow-down in price growth that can be seen since the beginning of the year.

Predictions of a sustained correction still look premature, however. First, we've seen before that the market can rally, as it did after remaining flat for three months following last year's referendum. Second, mortgage rates remain low, helping buyers. And, finally, transaction levels in June were encouraging, with an estimated 72,500, up 10% on May, marginally ahead of the increase expected, albeit with levels lower than last year.

Quick Quotes

Oliver Blake, Managing Director of Your Move and Reeds Rains estate agents, said:

“Don't write the market off just yet. We've seen three months of falls, but it's far too early to panic. Mortgage rates are still affordable and the slow down we have seen will already have helped some buyers struggling with affordability.

“We're still seeing strong growth in the East and in prime London. We're also seeing a return to the North-South divide in terms of price growth. In many ways, it feels like we've been here before.”

Regional update

On an annual basis price rises continue to be broad-based, with 87 of the 108 unitary authority areas in England and Wales recording price rises over the year in May 2017. Six out of ten regions have also seen an increase in their annual rates from the previous month, with one recording no change.

Price rises are led by the East of England, which has regained the top spot for growth that it held earlier this year and for much of last year. Prices in the region grew 0.3% over the month and are up 6% annually, driven by strong growth in Norfolk (up 10%), Luton (7%) and Bedfordshire (8%), the last being

one of 12 authorities to record a new peak in the month. The East also has the area that's seen the greatest increase in transactions over the last two years. Sales in the city of Peterborough for the three months from March to May are up 31% on the same period in 2015.

The West Midlands, which led growth over the last quarter, has now fallen back into third place, with prices up 4.9% annually, below both the East and the South West. Annual growth in the latter now stands at 5.4%, with Bath and North East Somerset (11.5%), Cornwall (8.1%) and Devon (7.7%) showing particularly strong growth.

The fastest growing area annually, though, was the Isle of Anglesey, up 14.1%. While Pembrokeshire also saw strong growth (10.9%), Wales generally has fared less well, though, with prices up just 2% annually. Of the 21 areas where prices have fallen, Wales, with six, has the highest number.

Overall, annual price increases in May in England and Wales stood at 4.3% but a North-South divide seems to have re-emerged. Annual growth in the Midlands and South, excluding London, is above average, and the North and Wales are seeing below average growth.

Average house prices by region May 2017 with monthly and annual % growth.



