

West Midlands heads annual price growth at 12.0%

- ✓ Wales slips back after leading for six months
- ✓ South East climbs into second place with 10.3% rise...
- ✓ ...whilst North East edges along at 1.1%

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)
£357,750	344.1	1.5	7.7	5.7

Richard Sexton, director at e.surv, comments:

“Leading the way this month with the largest increase in annual house price growth is the West Midlands, up from 9.5% to 12.0%, pushing Wales from the top position in the league table which it had held for the last six months. In the West Midlands, “Detached” homes have seen the highest percentage increase followed by “Semi-detached” and “Terraced” properties.

“Elsewhere, the return to work for many, even on a part-time basis, has meant that many commuter belt towns have fared well this month. Property analysts have recently noted that in the South East, towns such as Guildford, Esher, Farnham and Horsham are experiencing a strong pick-up in demand.

“There remains a supply crunch in the UK market. The lack of desirable stock available on the market has not deterred those wanting to move but has thwarted their ability to do so. New buyer registrations have remained strong yet the types of properties in demand (those that offer the potential for home office space or have gardens) are in poorer supply delivering further price support. Adding further pressure is the lack of supply of new housing as developers seek to recover from the impacts of the pandemic on labour and materials and endeavour to meet the government’s expectations of contributing to the remedial costs of cladding.

“While, at first glance, all this might appear to stack up against borrowers, mortgage competition remains keen and attractive long-term fixed rates are available. Combined with potentially substantial lockdown savings, many borrowers still have the wherewithal and desire to invest in new homes as this data is showing.”

Table 1. Average House Prices in England and Wales for the period January 2021 – January 2022

[Link to source Excel](#)

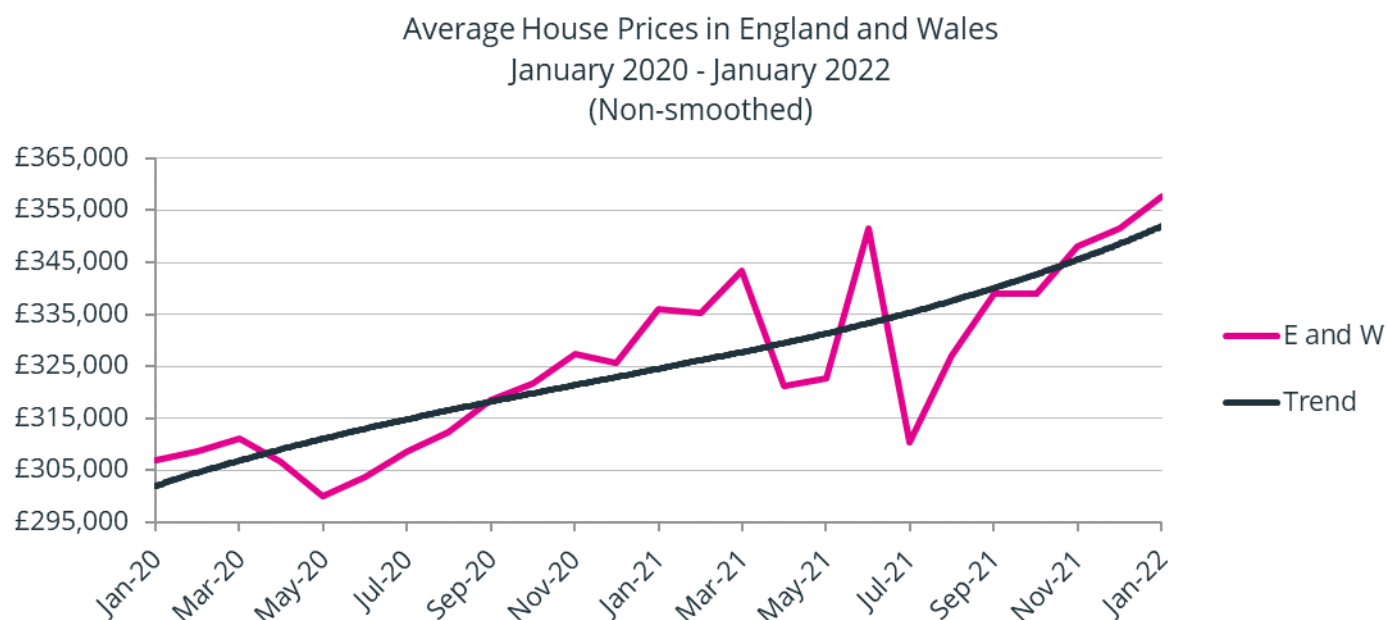
Month	Year	House Price	Index	Monthly Change %	Annual Change %
January	2021	£332,276	319.6	0.8	8.4
February	2021	£338,211	325.3	1.8	9.5
March	2021	£333,311	320.6	-1.4	7.9
April	2021	£329,141	316.6	-1.3	7.6
May	2021	£331,854	319.2	0.8	9.3
June	2021	£328,240	315.7	-1.1	7.9
July	2021	£329,711	317.2	0.4	7.0
August	2021	£325,496	313.1	-1.3	3.9
September	2021	£335,000	322.2	2.9	5.5
October	2021	£342,000	329.0	2.1	6.1
November	2021	£346,192	333.0	1.2	6.6
December	2021	£352,449	339.0	1.8	6.9
January	2022	£357,750	344.1	1.5	7.7

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 in England and Wales, not smoothed January 2020 – January 2022

[Link to source Excel](#)



As we enter 2022, the Figure 1 graph shows an almost continuous rise in house prices since July 2021, albeit perhaps at just a slightly slower pace (ie less steep line). A key driver for this is the lack of stock coming onto the market, thus encouraging relatively strong competition for those properties that are put up for sale.

Although the temporary stamp duty incentives have long since ceased, there remains a relatively strong demand for properties still largely linked to the lifestyle changes brought about by the pandemic. Although the Government has abandoned its “Work from Home” recommendation, many organisations (and their employees) have fully embraced flexible working, suggesting that demand may well remain strong through this year - a matter we return to later.

Regional House Prices, December 2021

Figure 2. The annual change in the average house price for the three months centred on December 2021, analysed by GOR [Link to source Excel](#)

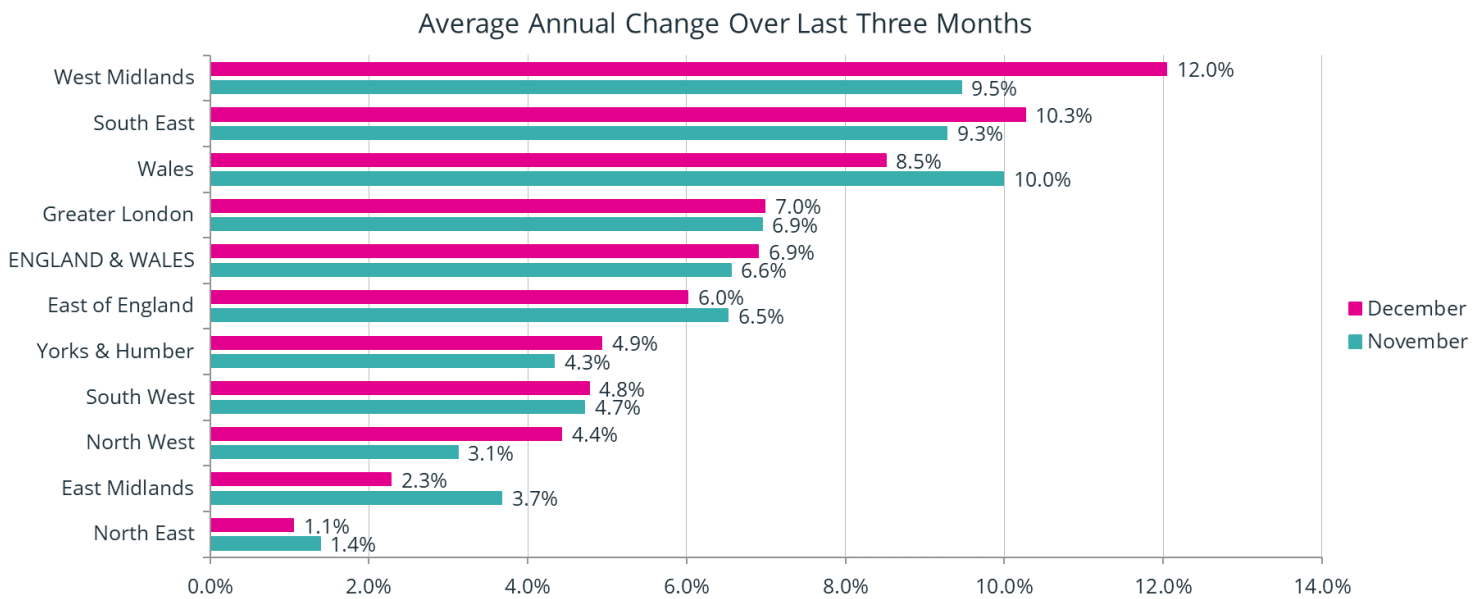


Figure 2 shows the percentage change in annual house prices on a regional basis in England and Wales for December, averaged over the three-month period of November and December 2021, and January 2022, compared to the same three months in 2020/21. It also shows the similarly-averaged figures for November 2021.

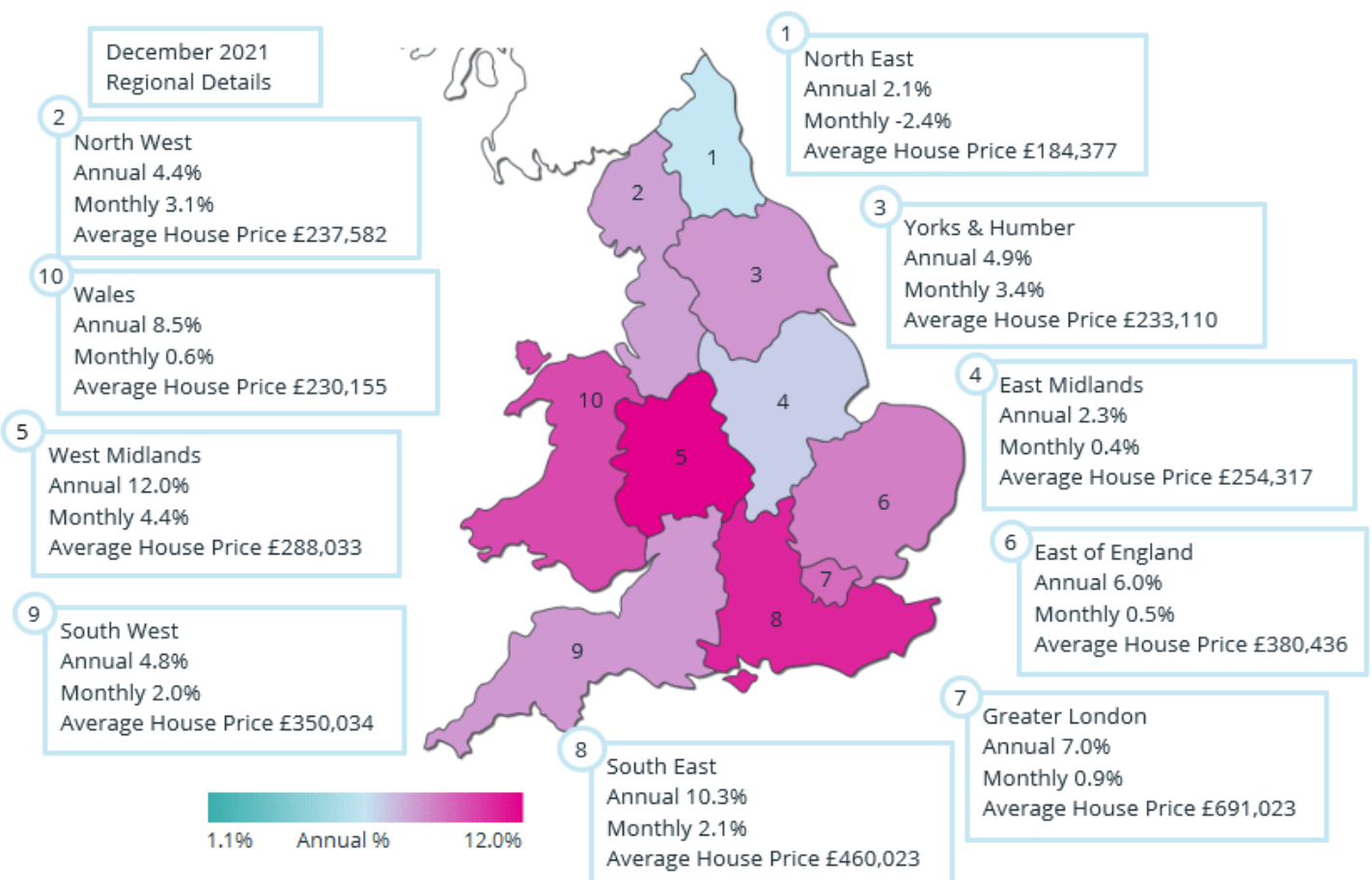
In general terms, six areas have seen an increase in their annual rate of growth, while four areas have seen a fall. The largest increase in rates, of +2.5%, was in the West Midlands, up from 9.5% to 12.0%, and thus pushing Wales from the top position in the league table - which it had held for the last six months. Seven of the eight unitary authority/metropolitan areas which constitute the West Midlands region set new record average price levels in December. The West Midlands is discussed in greater detail later in this report.

The area with the third highest increase in annual price growth was the South East, up from 9.3% in November to 10.3% in December, which puts the South East region in second place in the figure above. Property analysts have recently been noting that towns in the South East, such as Guildford, Esher, Farnham and Horsham, are experiencing a strong pick-up in demand, from purchasers who may need to commute into London once or twice per week.

The four areas which have seen price growth fall in December are Wales, down by 1.5% from last month's 10.0%, the East Midlands (minus 1.4%), the East of England (minus 0.5%) and the North East, down by 0.3%.

England and Wales Regional Heat Map for December 2021

These different trends are displayed below in the Regional Heat Map for December, though it is somewhat difficult to discern a specific spatial pattern. We can identify the two regions in blue on the east coast of England, indicating price growth below 2.5%. These areas are followed by a grouping of the North West, the South West and Yorkshire and the Humber, which lie in a growth range of 4.4% to 4.9% - but are located at almost opposite corners of England. There is then a grouping of the East of England, Greater London and Wales, with price growth ranging from 6.0% to 8.5%. Finally we have the two hot-spots of the South East and the West Midlands, where price growth is in double digits, of 10.3% and 12.0% respectively. While the so-called “race for space” may explain part of this, it is clear that other factors are at work.



The housing market in early 2022

As is evident from the above, the market is displaying considerable strength at the start of the year, despite being shorn of many of the incentives that carried it forward in 2021. Clearly, there are strong regional and country variations, but there is little evidence of the anticipated slow down that some had suggested. Indeed, with the continuing shortage of supply - driven in part by the compounding effect of existing owners tending to buy their next home before selling their existing property - the shortage is exacerbated.

Rising house prices have an inevitable impact on affordability, and this pressure will be added to should interest rates and general cost inflation rise through the year. At the same time, mortgage competition remains intense and borrowers have been able to lock in very attractive long-term fixed rates.

January - Annual Price Trends

Figure 3. The annual change in house price growth in England and Wales, for the two-year period from January 2020 to January 2022, including and excluding Greater London and the South East. [Link to source Excel](#)

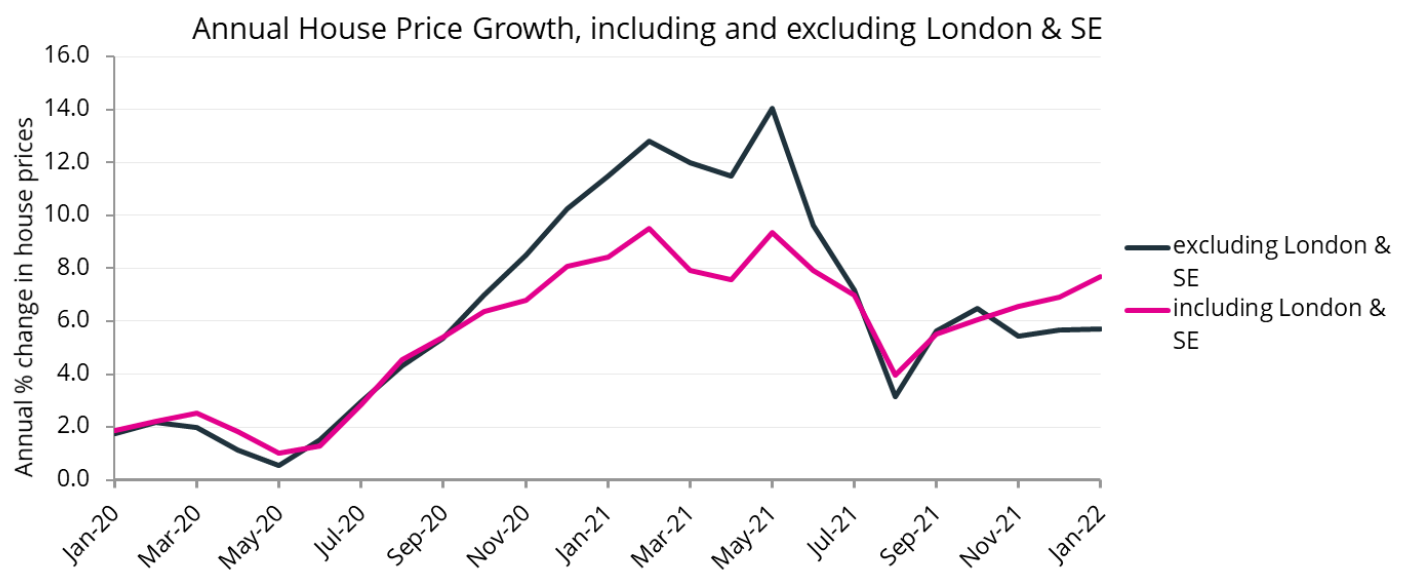


Figure 3 shows the annual growth rate over the last two years for England and Wales, both including and excluding Greater London and the South East. As can be seen, the annual rates of house price growth between these two groupings were similar up to September 2020. However, as in previous periods, these two groupings have once again started to diverge. London and the South East held back the national rates from September 2020 to July 2021 (dates that roughly aligned with the period when the SDLT tax holiday was at its maximum in England, and the equivalent LTT holiday was also operational in Wales). Then over the period from July 2021 to September 2021, the LTT tax holiday in Wales ceased, and the SDLT holiday in England was at a much-reduced rate. During this time, the annual rates settled back to tracking one another. However, from October 2021, i.e. one month after the SDLT holiday in England had stopped, we can see that the two groupings again diverged, but this time with Greater London and the South East witnessing higher growth rates than elsewhere. Given the price differentials between regions and countries, a resurgent London and SE market does tend to drag national price indices upwards quite strongly, so it is clearly a factor to be borne in mind.

Transactions

Figure 4. The number of housing transactions per month, January 2016 – September 2021 [Link to source Excel](#)

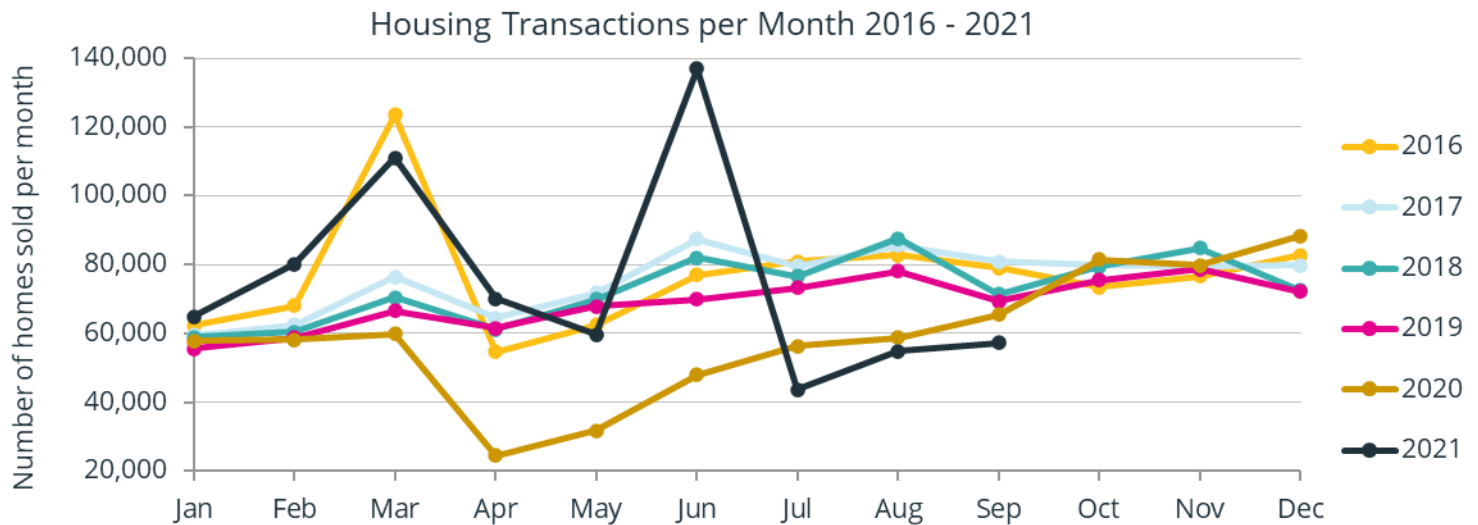


Figure 4 shows the number of domestic housing transactions per month recorded in England and Wales at the Land Registry for the period from January 2016 to September 2021. The named month is that of contract completion, i.e. the date when a property legally changes hands.

There are three conspicuous peaks on the graph, along with three associated troughs. The peaks are all stamp duty related events, taking place in March and June 2021 (in black) and March 2016 (in yellow). The March 2021 event was one month before the original date planned for Chancellor Sunak's SDLT tax holiday to end – this termination date was in fact extended to 30 June 2021 at its full rate, and to 30 September 2021 at the reduced rate – but the announcement of its extension wasn't made until 3 March 2021, and many purchasers already had plans to buy a property within the original timescale – hence the March 2021 spike. The second peak was in June 2021, the final date within which the full SDLT tax holiday was available under Sunak's revised plans.

HMRC has published its estimates for domestic property sales in England and Wales for September 2021, suggesting that a further spike of 150,000 transactions took place in that month – but the Land Registry has to date only actually recorded 57,250 purchases for the month – watch this space as more data become available.

The other peak on the chart shows the 123,500 transactions that took place in March 2016 in England and Wales. This occurred one month ahead of the introduction of the 3% additional SDLT surcharge on second homes and buy-to-let properties, which caused a flurry of purchases in the month, so as to forestall the payment of the additional tax in April of that year.

Each spike in transactions tends to be followed by a dip in sales, reflecting the ability of buyers to bring forward their purchase into an earlier month.

For the record, the HMRC provisional estimates for the number of domestic housing transactions in England and Wales in October, November and December 2021 are 73,000, 89,200 and 100,600 respectively, although we should point out that we have found in the past that the HMRC transaction estimates are typically 30% higher than the final recorded Land Registry sales completions.

Deeper dive on the West Midlands Region

Given that the West Midlands region currently heads up our Regional House Price Table, see Figure 2 above, it is appropriate to further analyse its constituent parts.

Figure 5. The average house price in the West Midlands Region, not smoothed, December 2019 – December 2021 [Link to source Excel](#)

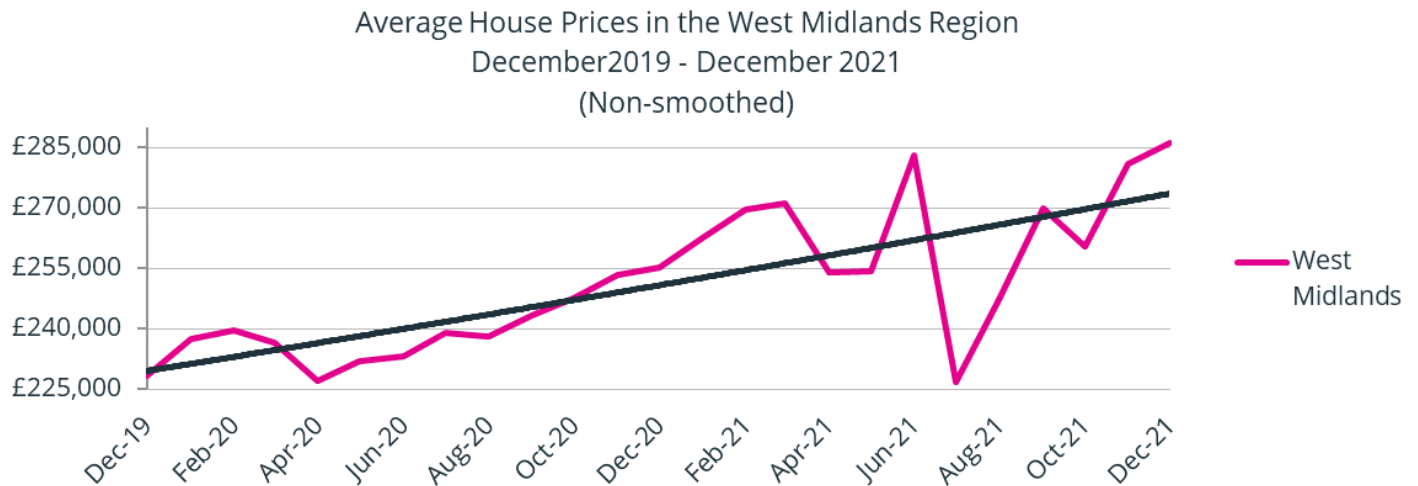


Figure 5 above shows the movement in the average house price in the West Midlands region over the last two years. The distinctive parts of the graph include the “mini-peak” in prices of £271,000, in March 2021, at the time of the originally intended termination of the SDLT holiday, followed by an associated fall in prices in April. The subsequent peak in prices in June 2021 (£283,000), at the termination of the fully rated SDLT holiday, was followed by its associated trough in prices one month later. Finally the third, but lesser “SDLT-related” peak occurred in September (£270,000), together with its associated smaller fall in prices one month later. Also clear is the continuing rise in prices since October 2021 to a new peak of £286,000 in December, with the climb in average prices over the last three months unrelated to any SDLT tax holidays.

Table 2. Average House Prices in the West Midlands Region for the months December 2020 and November and December 2021 (mix adjusted). [Link to source Excel](#)

Prior Yr Rank	Rank By Price	Metropolitan County / Unitary Authority	Dec-20	Nov-21	Dec-21	Month % Change	Annual % Change
	1	WARWICKSHIRE	£331,674	£366,884	£379,746	3.5%	14.5%
	2	HEREFORDSHIRE	£304,959	£328,588	£341,589	4.0%	12.0%
	3	WORCESTERSHIRE	£297,644	£321,726	£328,098	2.0%	10.2%
	4	SHROPSHIRE	£288,111	£296,924	£298,358	0.5%	3.6%
	5	WEST MIDLANDS	£233,019	£253,626	£273,685	7.9%	17.5%
	6	STAFFORDSHIRE	£247,826	£256,989	£259,940	1.1%	4.9%
	7	TELFORD & WREKIN	£221,430	£222,282	£232,971	4.8%	5.2%
	8	STOKE-ON-TRENT	£142,284	£146,771	£150,509	2.5%	5.8%
NORTH WEST REGION			£257,082	£275,900	£288,033	4.4%	12.0%

Table 2 above lists the constituent Metropolitan Counties and Unitary Authority areas that make up the West Midlands region. It shows the movement in average house prices by authority over the last month and year. The areas are ranked in descending order of their average prices as at December 2021. Over the last month and year, the county (as opposed to the region) of the West Midlands has witnessed the highest increase in average house prices in the region, of 7.9% and 17.5% respectively. The West Midlands County covers the seven metropolitan districts of Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Woverhampton.

If we exclude “Shropshire” from the above Table, due to its being the most rural area within the region, we can conclude that it is the areas with the highest average house prices that have also experienced the highest annual growth rates within the region over the last year.

Figure 6. The percentage share of the Metropolitan Counties / Unitary Authorities in the West Midlands region based on four years of transactions 2017 – 2020 [Link to source Excel](#)

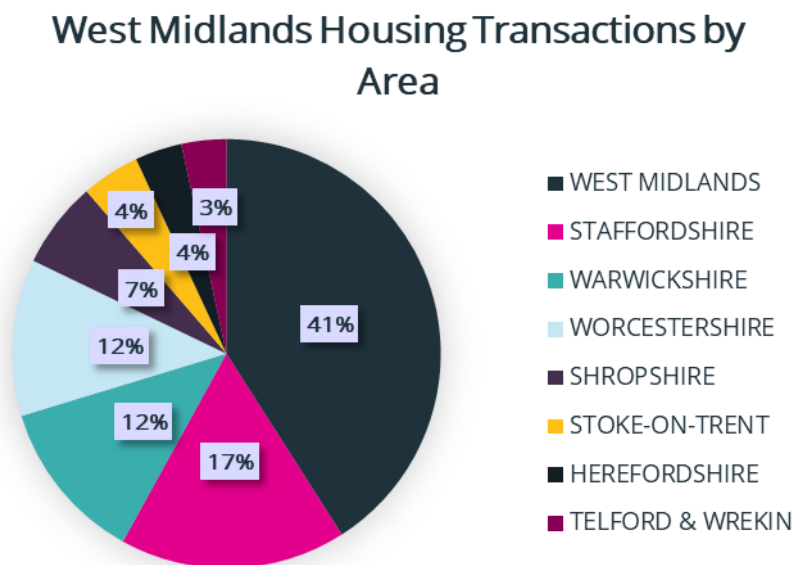
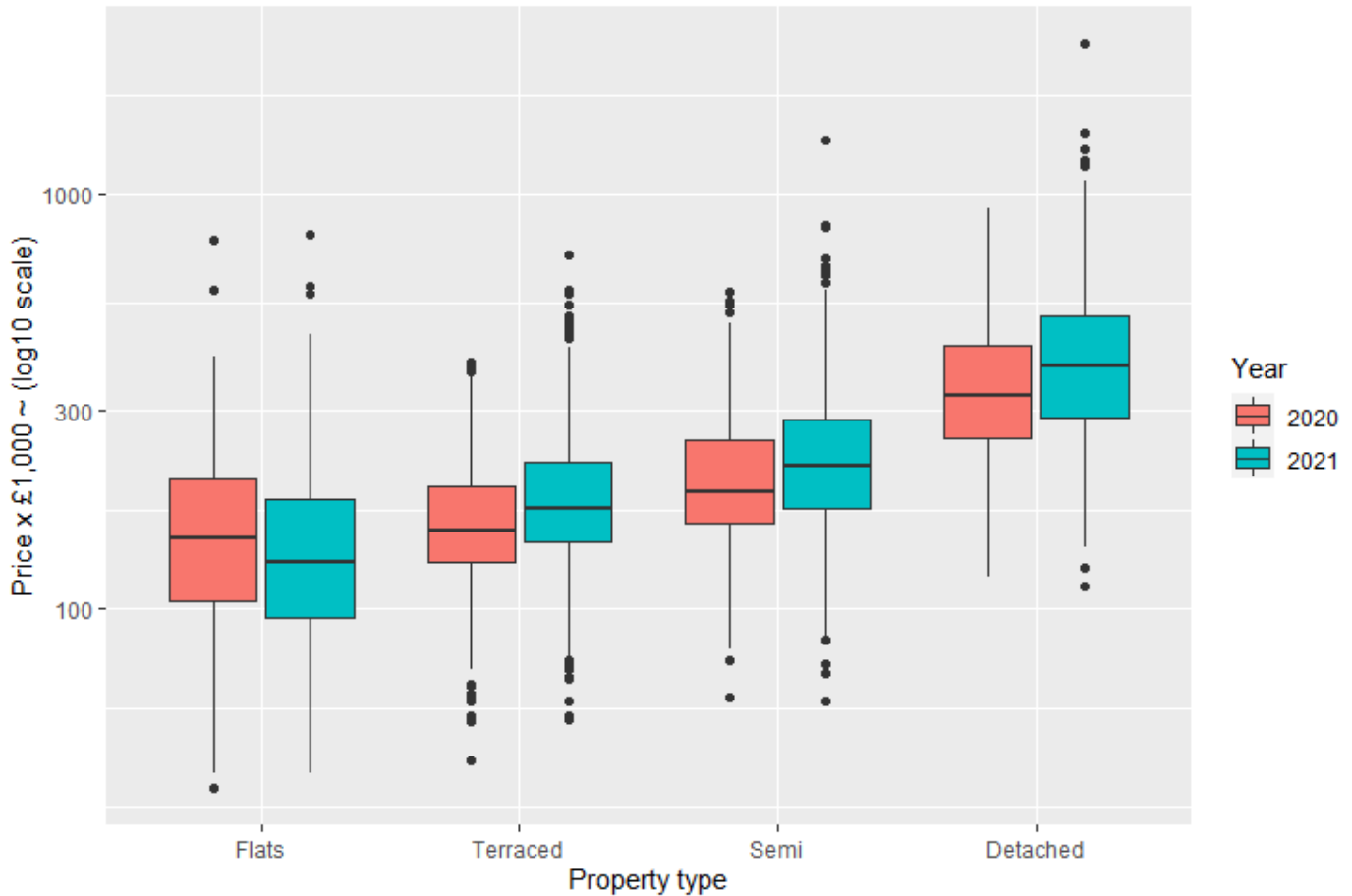


Figure 6 shows the percentage share of the eight constituent areas within the West Midlands region, based on a four-year transaction count from 2017 – 2020. The total number of transactions in the region within each year averaged 76,125 sales, which represents approximately 10% of the England and Wales domestic housing market.

Given that the County of the West Midlands has experienced the highest annual growth rate in the region, the Box Plot for the area shows how the individual property types have performed comparing Q2 2021 with Q2 2020.

West Midlands Q2 2020 and 2021



A quick reminder of Box Plots:- Each “Box” shows the 75% percentile price (top-edge of each pink or turquoise Box), the median price (middle-line in each Box) and the 25% percentile price (bottom-edge of each Box) for each property type for houses sold in the West Midlands during Q2 2020 and Q2 2021. The finger lines stretching out from the top and bottom of each Box show the range of the remaining 25% of transactions above and below the 75% and 25% percentiles, with the dots indicating outlying data.

It is evident that the median price of all property types, with the exception of flats, has increased across the two years. The median prices from the above analysis are summarised as follows:-

WEST MIDLANDS COUNTY

MEDIIAN PRICES	Q2 2020	Q2 2021	% change
Detached	£315,500	£382,000	21.1%
Semi-detached	£189,975	£220,000	15.8%
Terraced	£157,000	£175,000	11.5%
Flats	£142,750	£130,000	-8.9%

The analysis shows that “Detached” homes have seen the highest % increase in median prices between the two years, followed by “Semi-detached” and “Terraced” properties. “Flats” are the only property type to see a fall in median prices between the two years.

Notes

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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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

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