

### Continued price increases in February - annual rates reach 8.6%

- ✓ The South West records exceptionally high annual price growth at 15%
- ✓ Prices continue to climb across all regions
- ✓ London has lowest growth rate, with price falls in central areas

**Note:** The e.surv 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)
£333,331	323.8	1.1	8.6	10.7

#### Richard Sexton, director at e.surv, comments:

“While our survey recorded continued price rises in February, it suggests the market was continuing to soften ahead of the original deadline for the stamp duty holiday at the end of March. The government’s extension in the Budget will give hope not only to those currently trying to complete but possibly stoke expectations that activity may reignite. The extension though is largely about helping clear the backlog rather than adding further significant stimulus and our belief is that the success of the market for the rest of this year is inextricably linked to the health of the wider economy.

“In the Budget, the government underlined its commitment to the housing market with the announcement of its new mortgage guarantee scheme. This is welcome because although mortgage approvals have reached record highs in recent months, raising a deposit continues to be a huge hurdle for many buyers to overcome. The government guaranteed scheme will really help some potential buyers accelerate their home-buying plans and offer a helping hand to borrowers wanting to trade up.

“What we have seen over the past few months is that demand regionally has been fuelled by changing housing preferences as a result of the pandemic and the lockdowns of the last year. The regions have benefitted as city dwellers have opted to embrace working from home with far less commuting. The pandemic has changed what many people want in a property and, in many cases, they are leaving big cities for smaller towns or more rural areas. Lifestyle changes and the stamp duty change have worked together to underpin the price rises of the last year.”

Table 1. Average House Prices in England and Wales for the period February 2020 – February 2021

[Link to source Excel](#)

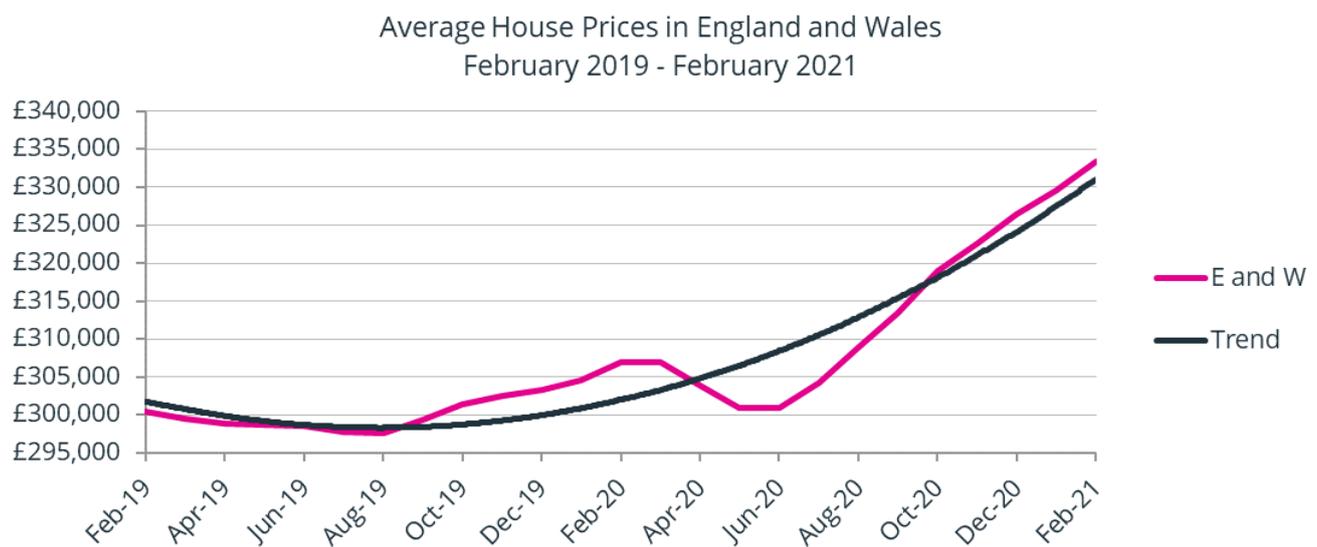
Month	Year	House Price	Index	Monthly Change %	Annual Change %
February	2020	£306,992	298.2	0.8	2.2
March	2020	£306,979	298.2	0.0	2.5
April	2020	£303,901	295.2	-1.0	1.7
May	2020	£300,960	292.4	-1.0	0.8
June	2020	£300,967	292.4	0.0	0.8
July	2020	£304,234	295.5	1.1	2.2
August	2020	£308,908	300.1	1.5	3.8
September	2020	£313,379	304.4	1.4	4.7
October	2020	£318,998	309.9	1.8	5.8
November	2020	£322,699	313.5	1.2	6.7
December	2020	£326,464	317.1	1.2	7.7
January	2021	£329,590	320.2	1.0	8.2
February	2021	£333,331	323.8	1.1	8.6

**Note:** The e.surv House Price Index provides the “in average of all prices paid for domestic properties”, including those made with cash.

## Commentary: John Tindale and Peter Williams, Acadata Senior Analysts

Figure 1. The average house price in England and Wales, February 2019 – February 2021

[Link to source Excel](#)



House prices in February continued to advance, rising by 8.6% in the last twelve months. Figure 1 charts prices during the pandemic, with an initial dip in early 2020 linked to the first lockdown in the UK from March to June, followed by eight consecutive months of price growth as lifestyle changes and the stamp duty holiday began to influence demand. As the lines show, price growth has been accelerating.

The e.surv Acadata monthly index records a growth rate of +1.1%, which is the eighth consecutive month in which prices have risen by +1.0% or more, compared to the previous four years in which monthly prices remained steadfastly below the +1.0% level.

In comparative terms, the four indices that have published their annual house price growth for February are showing significantly differing results with, in descending order, the e.surv HPI reporting annual growth of 8.6%, Nationwide 6.9%, Halifax 5.2% and finally Rightmove at 3.0%. In fact, the range of these four annual indices of 5.6% is the largest it has been in over a year. However, as we discussed last month, the spread of these results is likely to be a function of the point in time at which the price is measured in the house buying process.

The e.surv HPI is measured at completion of the sale, when the transfer of funds from buyer to seller takes place and the buyer becomes the legal owner of the property. In normal times this is typically some 90 days after the point of sale, when a price is agreed between the buyer and the seller but remains subject to contract. We know that sales are taking longer to complete, partly a function of how the response to Covid has made the process more complex, along with a surge in activity leading to a backlog of sales remaining to be processed.

What is clear is that all the reported indices show that house price growth began to diminish, although the Nationwide annual rate increased marginally this month, to the lender's evident surprise as it had expected to see further softening in the annual rate. And finally the e.surv index is reporting the highest price rise of all four indices. This is likely to be based largely on decisions taken by purchasers some four or five months earlier, towards the end of the 2020 summer period, and then possibly modified and even renegotiated over time in the light of emerging market conditions and any survey findings.

Each index captures the price at different stages in the purchase process. Rightmove's asking price is about sellers' aspirations, and perhaps reflects the current mood in the market. Halifax and Nationwide record the price at the point the mortgage is agreed, while e.surv captures the price when the property is finally sold. The fact that some have been showing a downward trend across this spectrum of price points is perhaps indicative of an embedded trend.

We started this section by advising that the range between the indices is the biggest seen in over a year. A contributory factor is possibly the extra time that it is currently taking to complete a sale.

## Regional House Prices, January 2021

Figure 2. The annual change in the average house price for the three months centred on January 2021, analysed by GOR

[Link to source Excel](#)

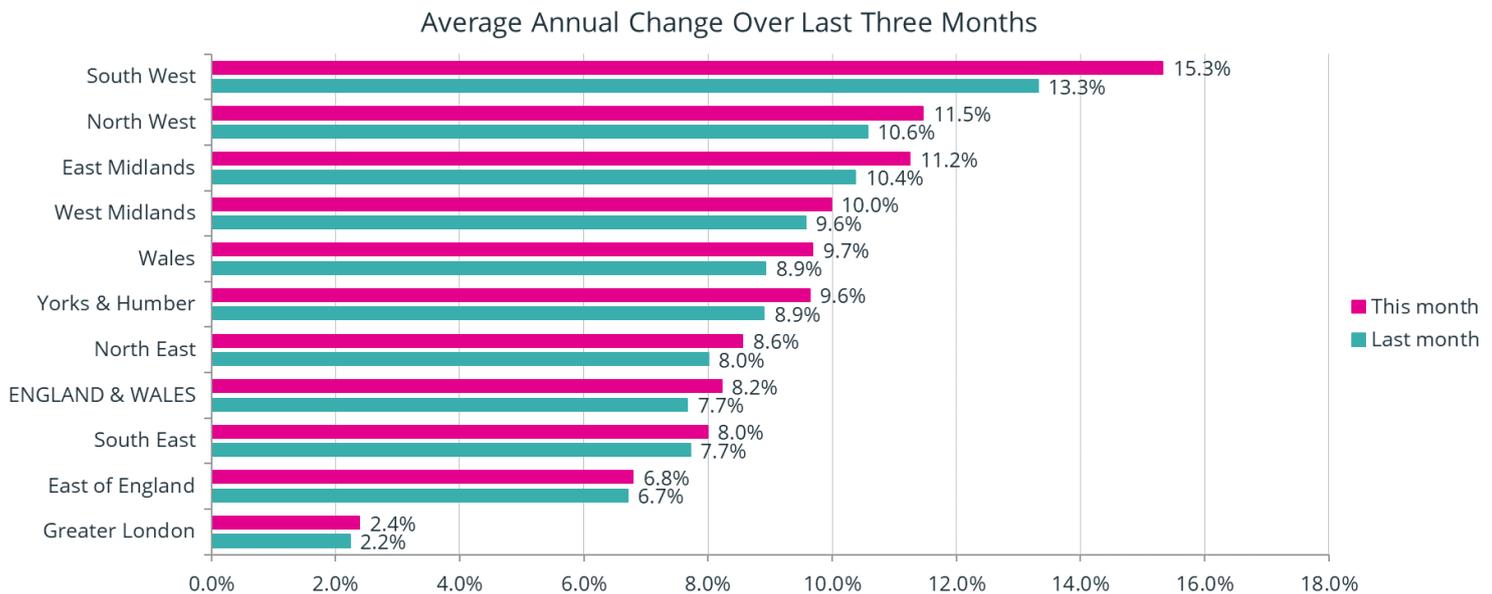


Figure 2 shows the percentage change in house prices, averaged over the three-month period of December 2020, and January and February 2021, compared to the same three months in 2019/2020. It also shows the similar averaged figures from last month. As is evident, there has been widespread price growth across Wales and all nine English regions. Once again, all ten GOR areas have simultaneously set a new record average house price, and it is the seventh month in a row in which all have seen a positive movement in their annual growth rates.

The South West has the highest annual house price growth, of 15.3%, and with areas within it such as Bournemouth, Cornwall and Gloucestershire all experiencing price growth in excess of 20%. This month, the North West and the East Midlands retain their second and third positions, with growth rates of 11.5% and 11.2% respectively. In the North West, Blackburn with Darwen had the highest annual rate, of 23.0%, while in the East Midlands, Nottingham City came highest at 18.1%.

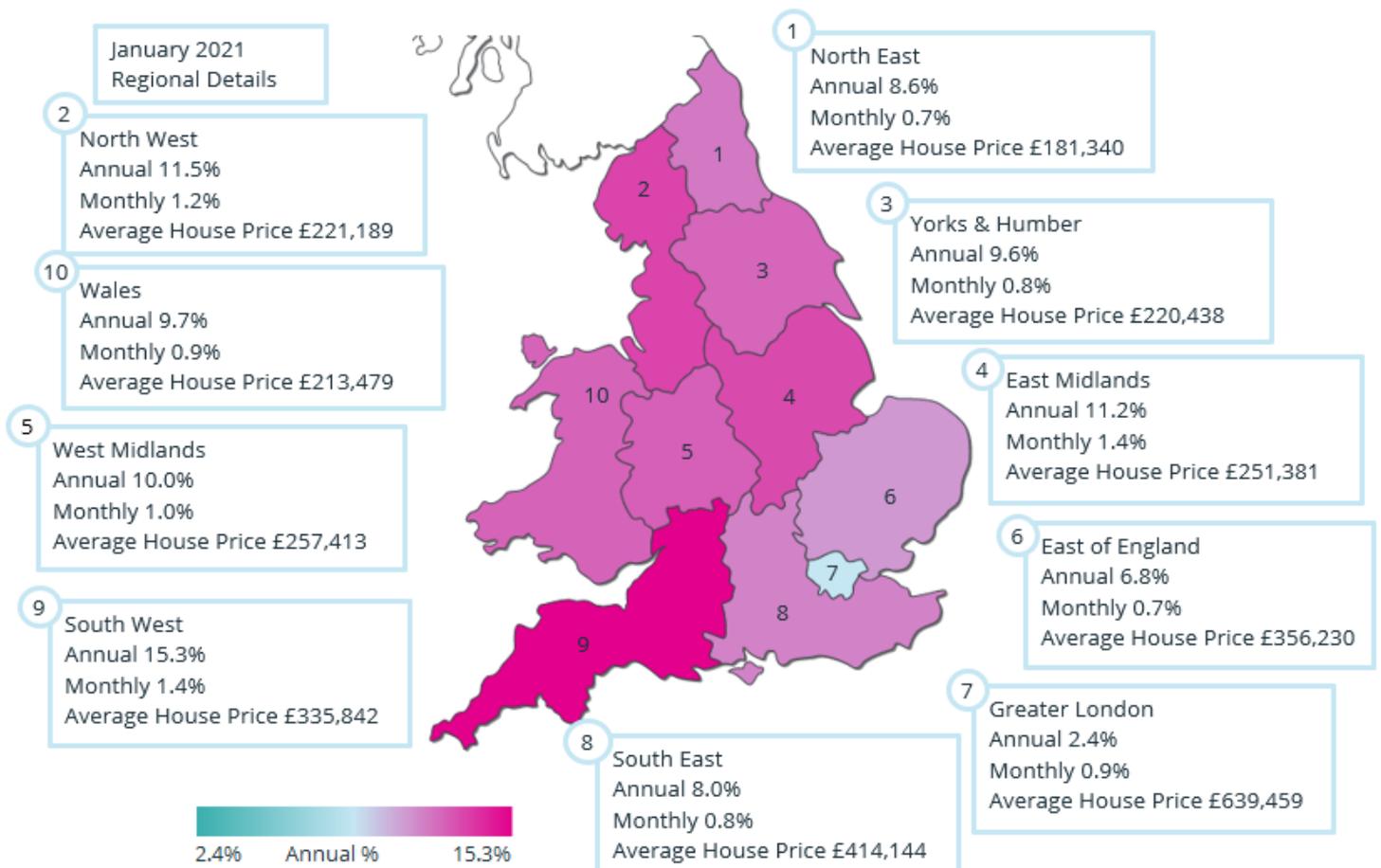
By contrast, the South East, the East of England and Greater London have the lowest rates of increase, probably indicating that the movement from inner and central London to the capital's suburbs has largely run its course. However, to put this in perspective, the growth rates of 8.0% and 6.8% recorded in the South East and East of England remain high in relative terms - just twelve months ago, in February 2020, housing commentators - us included - were getting excited about reporting national price rises of 2.2%.

All GOR areas are showing an increase in their prices compared to the previous month. The area with the highest change is the South West, up from 13.3% to 15.3%. Conversely, the two areas with the lowest change in their annual price growth, of just 0.2% or below, are the East of England and Greater London - being a further indication that the weakest demand for housing is currently in the south east corner of England.

Greater London has a markedly lower price growth rate compared to the rest of Great Britain. Restrictions on long-distance travel and the possible need to quarantine on arrival have been discouraging foreign investors, potential employees and students from moving to or visiting the capital. Rents have fallen in central London areas, triggering a reduction in landlord purchases. The City of Westminster, the City of London, Tower Hamlets and Camden are all showing a negative movement in prices over the last twelve months, at odds with almost all unitary authority areas outside of the capital.

All of the above factors are then reflected in the main patterns seen in the Heat Map for January, with the blue indicating an annual growth rate below 2.5%, and the darker reds indicating rates above 11.0%. Greater London stands out as being the exception to the rest of the areas, and is also seen to be surrounded by two areas with lower growth rates. The South West can also be distinguished as being the hottest area on the map, followed by the North West and the East Midlands. Wales is seen to be on par with the West Midlands and Yorkshire and the Humber, while the North East marginally trails this middle group. There is no north/south divide this month, but rather it is the south east corner vs the rest.

## England and Wales Regional Heat Map for January 2021



## Annual and Monthly Price Trends

Over the last year, prices in England and Wales have increased by 8.6%. This is the highest annual rate for over 4 years, giving a real sense of how the housing market is significantly outperforming the wider economy.

The major drivers for the current rise in house prices are the pent-up demand developed in late 2019 due to the prolonged Brexit negotiations, the historically low interest rates which have made homes more affordable, the lifestyle changes associated with a move to more spacious premises and of course the temporary stamp duty holiday.

Looking at the national data on a monthly basis, in February, prices in England and Wales rose by some £3,750, or 1.1%. This is 0.1% higher than the revised 1.0% increase recorded for January 2021. The first two months of 2021 are recording the lowest monthly rates since prices began to rise in July 2020, and this is in line with expectations.

Although the full Acadata listing of the change in prices in each unitary authority area is not included here (it is available on the Acadata website), 77 of the 109 unitary authorities / counties in England and Wales reached a new record price in January 2021 – itself a record for the highest number of peak prices that have occurred in a single month since January 2000.

There are some remarkable figures to be found in this analysis. For example, 49 of the 109 unitary authorities / counties in England and Wales recorded house price inflation in excess of 10% per annum, the highest of which was Rutland at 32.5%, followed by the Isle of Wight at 23.2%.

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## Notes

### About the e.surv House Price Index

1. The e.surv 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 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 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 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](http://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 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 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](http://www.esurv.co.uk)

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