

Prices continue to climb in January - up 1.2% in the month

- ✓ The South West sees the highest increase in prices over the last year
- ✓ Stamp duty holiday continues to influence the market
- ✓ London has lowest price growth of all regions

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)
£330,958	321.5	1.2	8.7	10.7

Richard Sexton, director at e.surv, comments:

"2020 proved an exceptional year in almost every way and many of the changes it ushered in won't be easily swept aside. Indeed, our data shows that the remarkable growth in property prices we saw in the second half of last year has continued into 2021. Rapid growth in the South West, East Midlands and the North West means that average property prices have started the year up close to 9% on January 2020.

"There are, as always, a number of factors at play, but we may well have moved beyond the release of the demand that was pent-up at the start of 2020 and into a new phase for the market. For many, the pandemic has proved very financially trying, but this hasn't been universal. For some households, where people have kept their jobs and transitioned totally to home-working, the pandemic has provided an opportunity to cut spending and build their savings.

"For these consumers in a more fortunate financial position, the combination of low mortgage rates and the Stamp Duty holiday have made entering (or often re-entering) the property market an attractive prospect. Many buyers have made the decision to make a move in the last year and the popularity of larger properties with more outdoor space has increased greatly, as buyers have re-evaluated their current living situation.

"That activity in the property market has been able to continue at all over the last year, is due in a large part to the industry's willingness to embrace technology and work innovatively. From remote valuations to virtual house viewings, the industry has shown that it is able to adapt and change to meet extraordinary circumstances – a positive sign for the future."

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

[Link to source Excel](#)

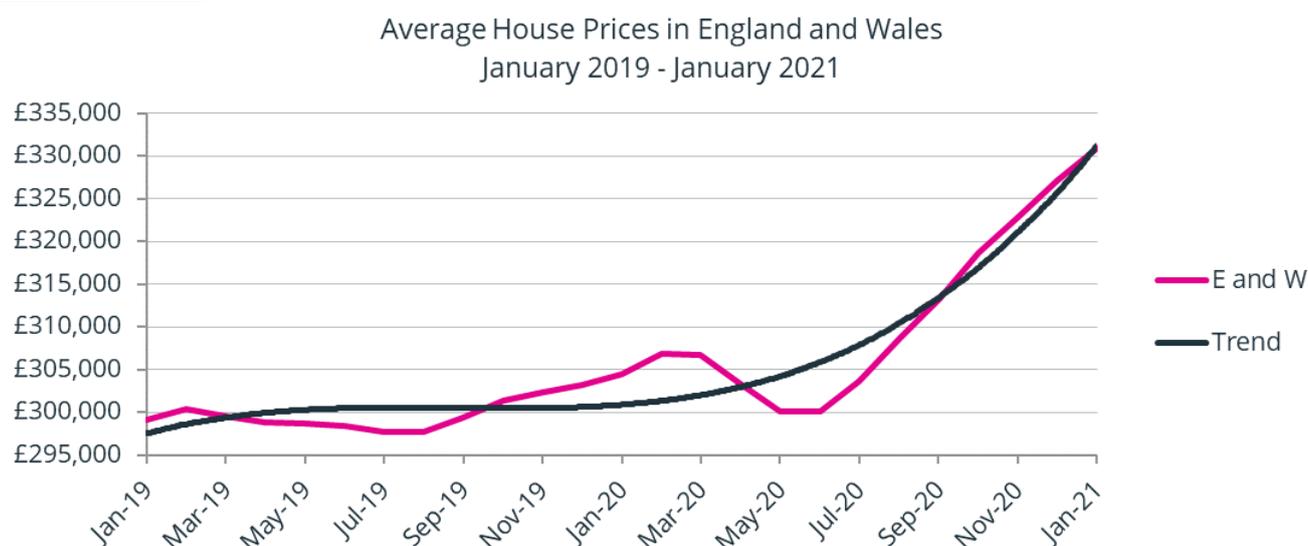
Month	Year	House Price	Index	Monthly Change %	Annual Change %
January	2020	£304,512	295.8	0.4	1.8
February	2020	£306,897	298.1	0.8	2.2
March	2020	£306,682	297.9	-0.1	2.4
April	2020	£303,365	294.7	-1.1	1.5
May	2020	£300,154	291.6	-1.1	0.5
June	2020	£300,057	291.5	0.0	0.5
July	2020	£303,568	294.9	1.2	1.9
August	2020	£308,570	299.8	1.6	3.7
September	2020	£313,220	304.3	1.5	4.6
October	2020	£318,770	309.7	1.8	5.8
November	2020	£322,830	313.6	1.3	6.7
December	2020	£327,118	317.8	1.3	7.9
January	2021	£330,958	321.5	1.2	8.7

Note: The e.surv House Price Index provides the “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, January 2019 – January 2021

[Link to source Excel](#)



House prices in January continued to climb, with prices rising by 8.7% over the last twelve months. Figure 1 above 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 seven consecutive months of price growth as lifestyle changes and the stamp duty holiday began to influence some buyers’ behaviour.

In January, the e.surv Acadata monthly House Price index records a growth rate of +1.2%, which is in stark contrast to the recently reported Nationwide and Halifax monthly indices which both show falls

of -0.3%. This prompts the question “Can all three indices be correct?”, and our answer is “Yes, they can!” The reason for this is that the Acadata and Nationwide and Halifax indices are based on the timing of a purchase at different stages in the process, and in January 2021, it happens that the timing of a sale makes a crucial difference to the price growth metrics.

Nationwide and Halifax both measure their house price indices from the date of mortgage approval, whereas the e.surv Acadata index takes its data from the date of completion of the sale – in most cases that is also the day on which the purchaser takes possession of the keys and starts the move into the property. In most months, this distinction in the timing between the two measures makes little difference. But at this time it makes a significant difference, reflecting the impending curtailment of the stamp duty holiday at the end of March 2021.

The key to understanding this is recognising that the most recent aspiring purchasers may have entered into the process with little hope that they will benefit from the existing stamp duty holiday, not least because of the usual length of time it takes to complete all the various stages of a property purchase, along with the current strict qualifying deadline of midnight on 31st March 2021. As a consequence, there could be less pressure to enter into the legal purchase contract, and hence the pressure on the buyer to possibly pay a premium to take advantage of the saving in tax could have consequently been diminished.

However, for those who are already some way along the road to a home purchase, they may have to wait to find out if they benefit from the tax savings that the stamp duty holiday may bring.

In its latest property blog, Rightmove estimates that in mid-January there were 613,000 homes that had been sold subject to contract but still awaiting legal completion. HMRC recently reported that 137,200 non-seasonally adjusted residential property transactions took place in December 2020 (which was incidentally the highest December total over the last ten years). If this rate continues, say, over the first three months of 2021, some 411,000 sales will complete, leaving about 200,000 properties missing the deadline.

Regional House Prices, December 2020

Figure 2. The annual change in the average house price for the three months centred on December 2020, analysed by GOR

[Link to source Excel](#)

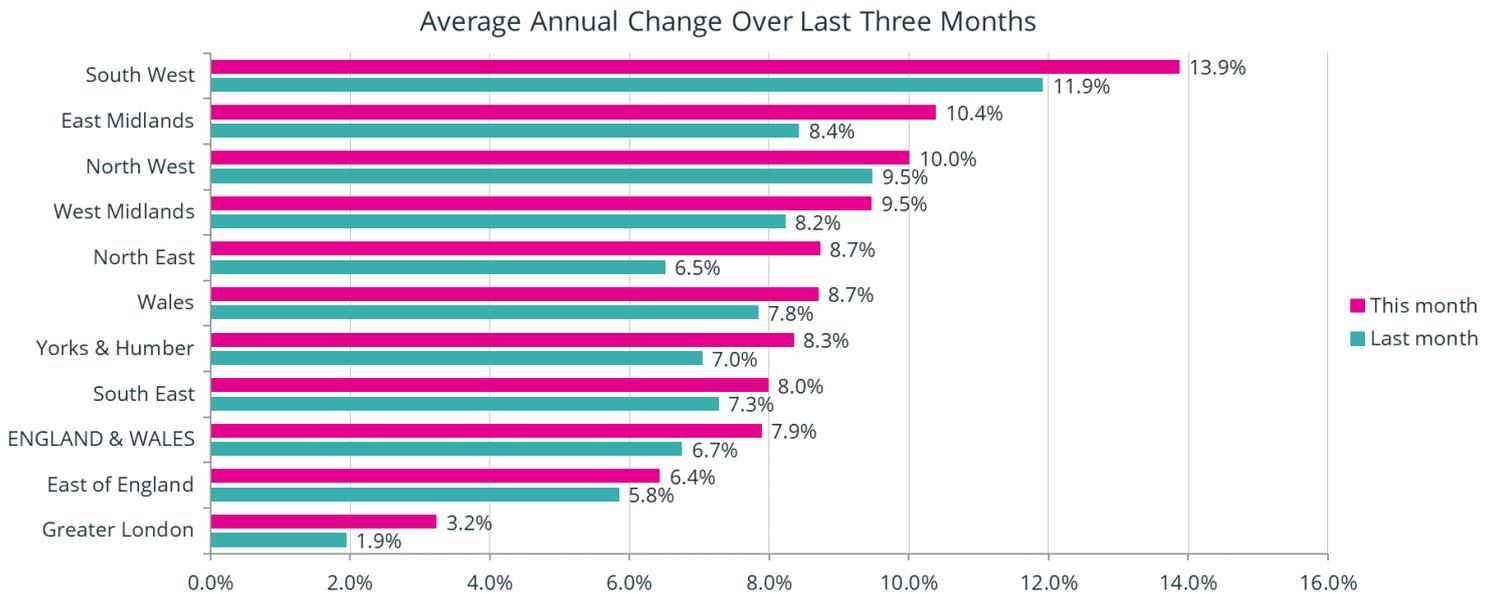


Figure 2 shows the percentage change in house prices, averaged over the three-month period of November and December 2020, and January 2021, compared to the same three months in 2019/2020. It also shows the similar figures from last month. As is evident, there has been continued price growth across Wales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

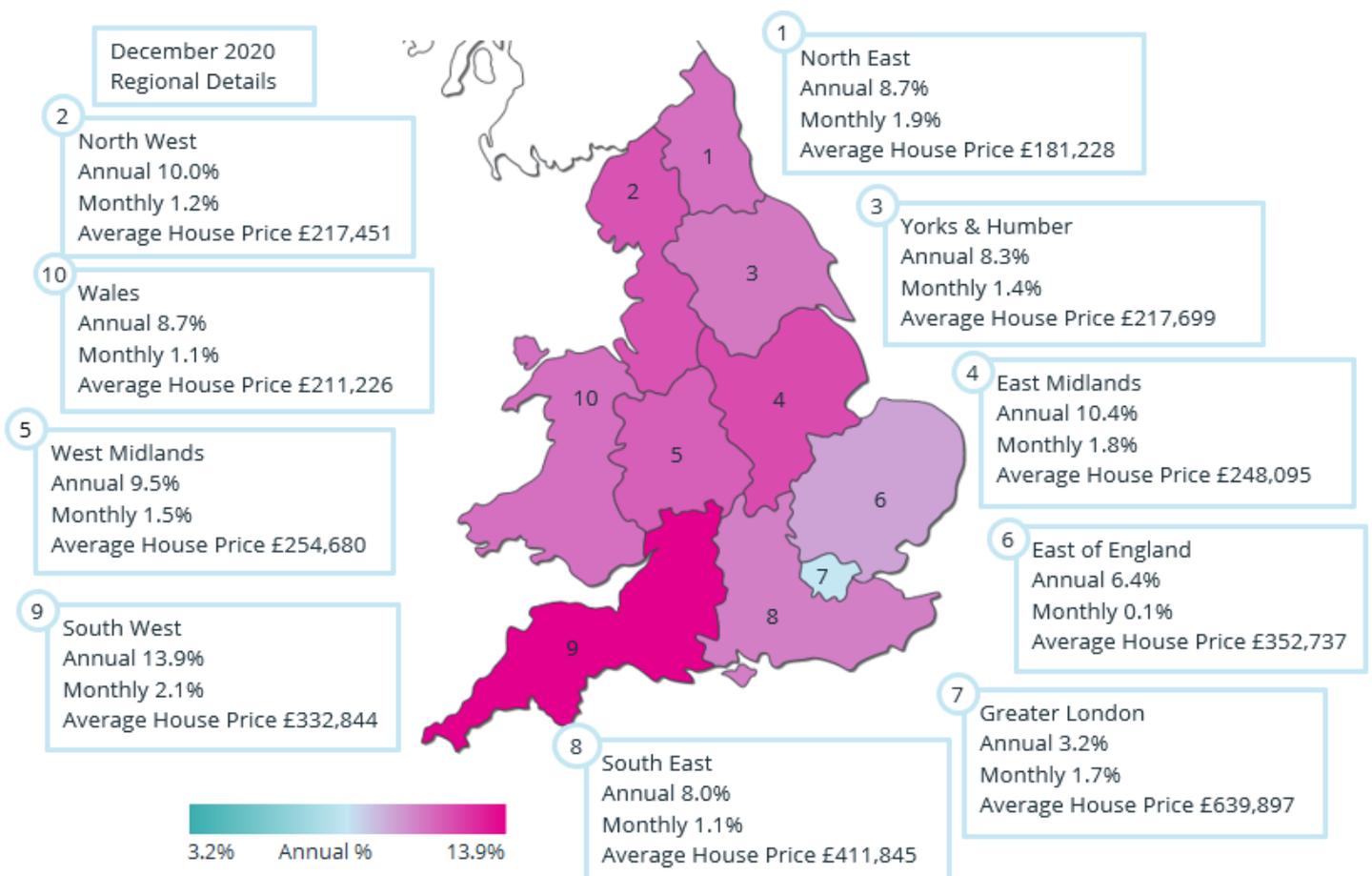
Figure 2 shows the South West with the highest annual house price growth, of 13.9%, and with areas within it such as Bath, Bournemouth, Bristol, Cornwall, Gloucestershire and Wiltshire all experiencing price growth in excess of 15%. This month, the East Midlands has moved up to second position, with growth of 10.4%, displacing the North West into third place with growth at 10.0%.

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 6.4% recorded in the South East and East of England remain high in relative terms - just twelve months ago, at the start of 2020, house prices nationally were rising at a modest 1.8%.

All GOR areas have seen an increase in their prices compared to the previous month. The area with the highest change in prices in the month is the North East, where prices increased from 6.5% to 8.7%. Conversely, the area with the lowest growth in its annual price rate, of 0.5%, is the North West, but this is on the back of its earlier 9.5% rise.

Meanwhile, restrictions on long-distance travel and the possible need to quarantine on arrival have been discouraging foreign investors, potential employees and students from visiting the capital. This has resulted in a reduction in rentals in central London areas, with the fall in landlord purchases putting further pressure on property prices. The City of Westminster, the City of London and Camden are showing a negative movement in prices over the last twelve months, at odds with almost all unitary authority areas outside of the capital.

England and Wales Regional Heat Map for December 2020



Annual and Monthly Price Trends

Prices in England and Wales over the last year have increased by 8.7%. These are actual prices (nominal) and not adjusted for inflation (real). 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.

As discussed last month, 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 which has incentivised purchasers to secure a deal prior to its planned termination at the end of March 2021.

Looking at the national data on a monthly basis, in January prices in England and Wales rose by some £3,850, or 1.2%. This is 0.1% lower than the revised 1.3% increase recorded for December 2020, and represents the lowest rate recorded since July 2020, when prices began to rise following the 'coming-out' from the first lockdown (23rd March 2020).

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), 75 of the 109 unitary authorities / counties in England and Wales reached a new record price in December 2020. This is the highest number of peak prices that have occurred in a single month since our records began in January 2000.

There are some remarkable figures to be found in this analysis. For example, 13 of the 14 constituent unitary authorities / counties in the South West achieved record prices. Similarly, 9 of the 10 areas in the North West are at record levels, as are 8 of the 9 areas in the East Midlands.

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.

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

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