

Prices bounce back in June aided by extended stamp duty holiday

- ✓ Annual prices increase by nearly 14%, excluding London
- ✓ Price trend for flats remains low or negative
- ✓ The North West has seen highest rate of growth for last nine months

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)
£336,247	321.8	0.8	10.7	13.9

Richard Sexton, director at e.surv, comments:

“Over the last twelve months, our index has shown the average price of a home sold in England and Wales has increased by some £32,500, or 10.7%. If we exclude London from this then the figure is a very considerable 14%. Nevertheless, even including the capital, this is the highest annual rate since February 2005. It is now fourteen months since any of the areas in our index have recorded a fall in house prices, and this is while the UK economy has been under the severest pressure it has faced in living memory.

“Any slowing of price rises in the period of March to May because of the initial expected end of the stamp duty holiday has been short-lived. This is in part because of the extension of the holiday but also the more general optimism in the economy which has seen many transactions that were previously postponed come back online.

“Mid April, even before the stamp duty holiday ends, the government has introduced further fiscal support in the shape of its 95% Loan to Value mortgage guarantee scheme. This is giving continued support and confidence to borrowers and mortgage lenders, many of whom have re-introduced their own higher LTV lending to the market. This is good for the market and for home-movers.

“This fiscal support, combined with the UK’s monetary policy of historically low interest rates, continues to make home moves more affordable and has meant buyers can take advantage of cheaper borrowing and the savings they have made in lockdown to make their home moves.”

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

[Link to source Excel](#)

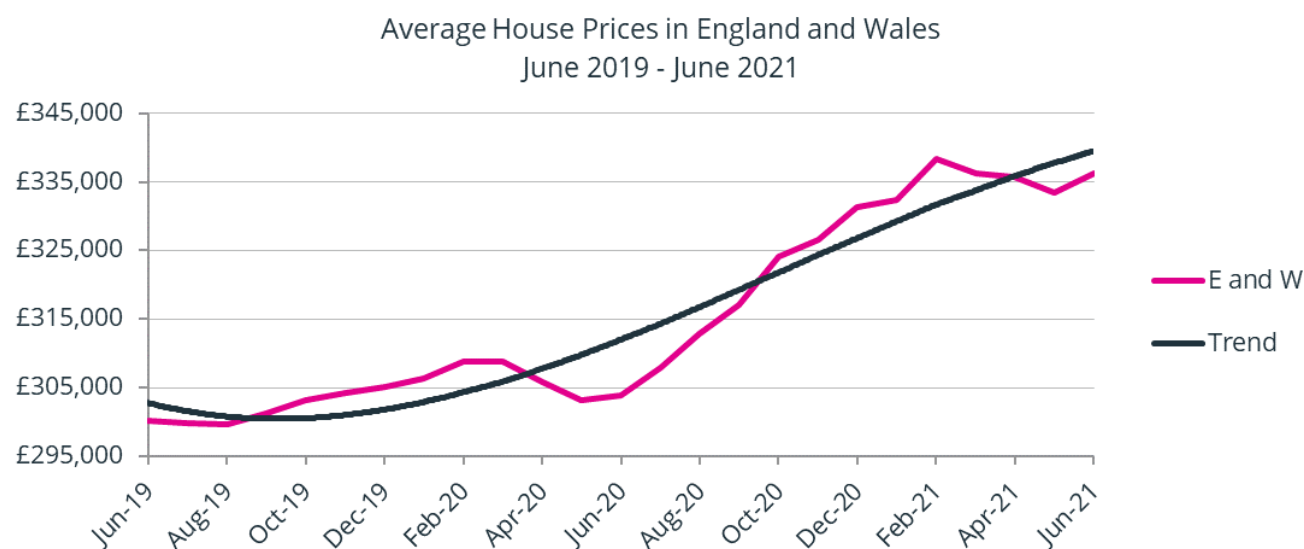
Month	Year	House Price	Index	Monthly Change %	Annual Change %
June	2020	£303,816	292.4	0.2	1.2
July	2020	£307,975	295.5	1.4	2.8
August	2020	£312,829	300.1	1.6	4.4
September	2020	£317,089	304.4	1.4	5.3
October	2020	£324,161	309.9	2.2	6.9
November	2020	£326,663	313.5	0.8	7.4
December	2020	£331,420	317.1	1.5	8.6
January	2021	£332,445	318.1	0.3	8.5
February	2021	£338,410	323.8	1.8	9.6
March	2021	£336,330	321.8	-0.6	8.9
April	2021	£335,796	321.3	-0.2	9.8
May	2021	£333,523	319.1	-0.7	10.0
June	2021	£336,247	321.8	0.8	10.7

Note: The e.surv Acadata 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, June 2019 – June 2021

[Link to source Excel](#)



The average price of completed home sales funded by both mortgages and cash grew at an annual rate of 10.7% in June. This rate is the highest year-on-year growth reported during the pandemic. Regular readers of this release should note that the rate reported last month was reduced as a result of further data for the period March to May 2020 being released subsequently by Land Registry. This revealed that there had actually been a fall in prices for these months. Figure 1 illustrates the corrected path taken by average house prices during the pandemic.

Initially, prices fell during the first lockdown in the UK from March to May 2020, following which there was a recovery for nine consecutive months. This was then followed by a reduction in prices, as the cessation of the stamp duty holiday - initially planned for March 2021 - began to influence the market, until the announcement of its extension in England and Wales was made in early March.

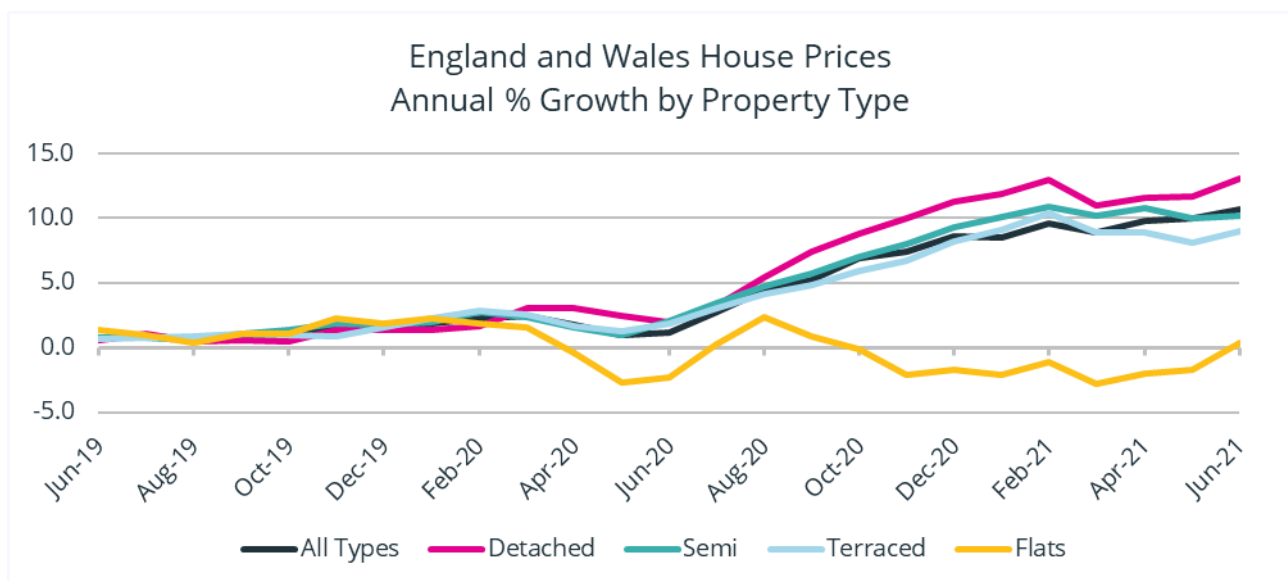
As our index records transactions at the point of completion of the sale, there is typically a time lag of two-to-three months from an event occurring in the market and its effect being seen in the housing statistics. Hence it would appear that the anticipated bounce in prices associated with the extension of the stamp duty holiday in early March didn't become apparent in our housing data until June 2021.

As shown by Figure 2, detached and semi-detached homes have been the leading drivers in the increase in house prices since the May 2020 lockdown, with terraced homes closely following. Flats remain the exception, with price falls in eight of the last nine months, from October 2020 onward.

The demand for flats in central and inner areas of London, as well as in other major conurbations, is lower than pre-pandemic, partly as a result of lifestyle changes, along with new working arrangements: also because some mortgage lenders require EWS1 certificates to verify that buildings conform to safety standards. In addition, the lack of overseas buyers has also been a factor in dampening the price growth in London, particularly given their prominence in the pre-pandemic London market - especially in prime central London.

Figure 2. The annual change in the average house price for the period June 2019 to June 2021, by type

[Link to source Excel](#)



It is also evident in Figure 2 that from August 2020, the price of detached properties rose at a faster rate than that of semi-detached and terraced homes, at least until February 2021, when the rate slowed.

On a monthly basis, the e.surv Acadata index shows a growth rate of +0.8% in June, up from three months of negative rates from March to May 2021. This rise is most likely associated with the anticipated ending of the stamp duty holiday in March 2021 and the lack of demand for flats in the major city centres.

Regional House Prices, May 2021

Figure 3. The annual change in the average house price for the three months centred on May 2021, analysed by GOR

[Link to source Excel](#)

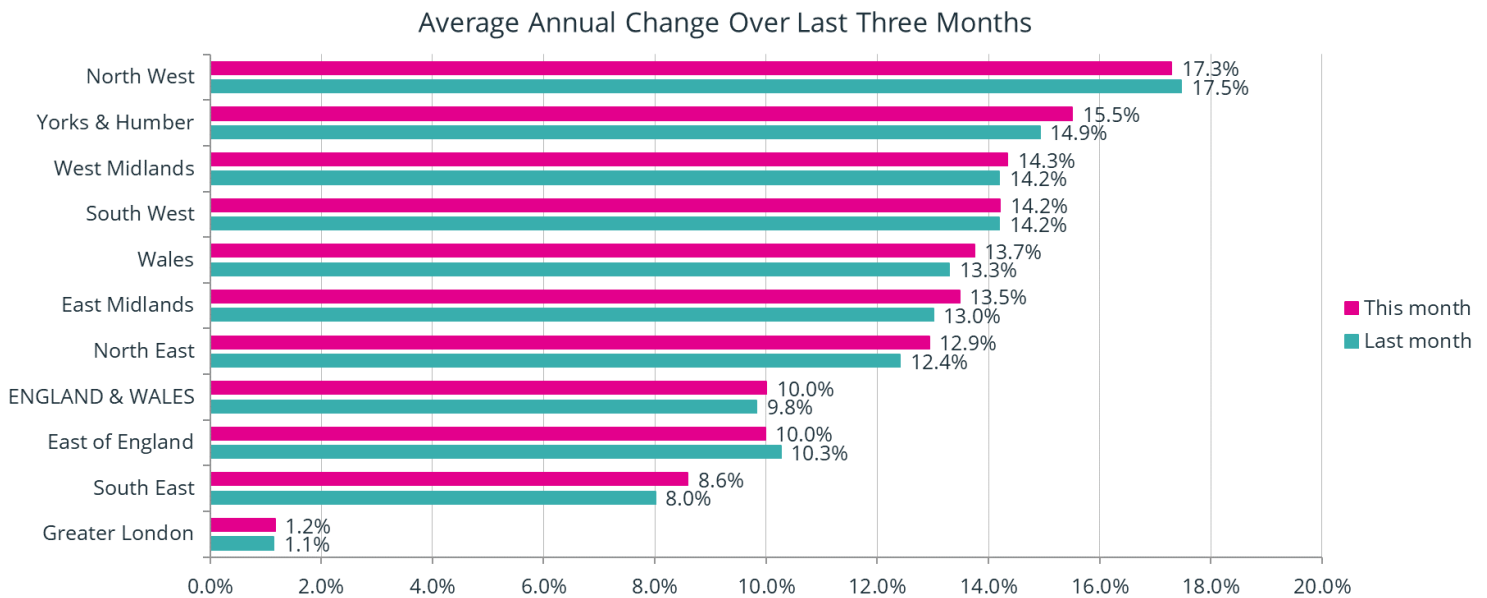


Figure 3 shows the percentage change in annual house prices, averaged over the three-month period of April, May and June 2021, compared to the same three months in 2020. It also shows the similarly averaged figures from last month.

In general terms, Wales and five of the nine GOR areas in England have seen their annual rate of house price growth continue to increase in May, with the South West and Greater London level-pegging with their April rates, while the North West and the East of England have seen growth rates start to reduce - albeit by only the smallest of amounts. It is now fourteen months since any of the GOR areas have recorded a fall in house prices, despite the UK economy having been in reverse during this period, as a consequence of the pandemic.

In June, the North West continues to lead the way (see Figure 3) as the region with the highest rate of annual house price growth, at 17.3%. This is the ninth consecutive month in which the North West has been top of our table, assisted in its prominence this month by Greater Manchester, Merseyside, Warrington, and Cheshire East, where prices have been increasing at an annual rate of in excess of 18%. This month it is the price of detached homes that has seen the largest increase in these areas, with prices up by some 23% in Greater Manchester, 22% in Warrington and 19% in Merseyside.

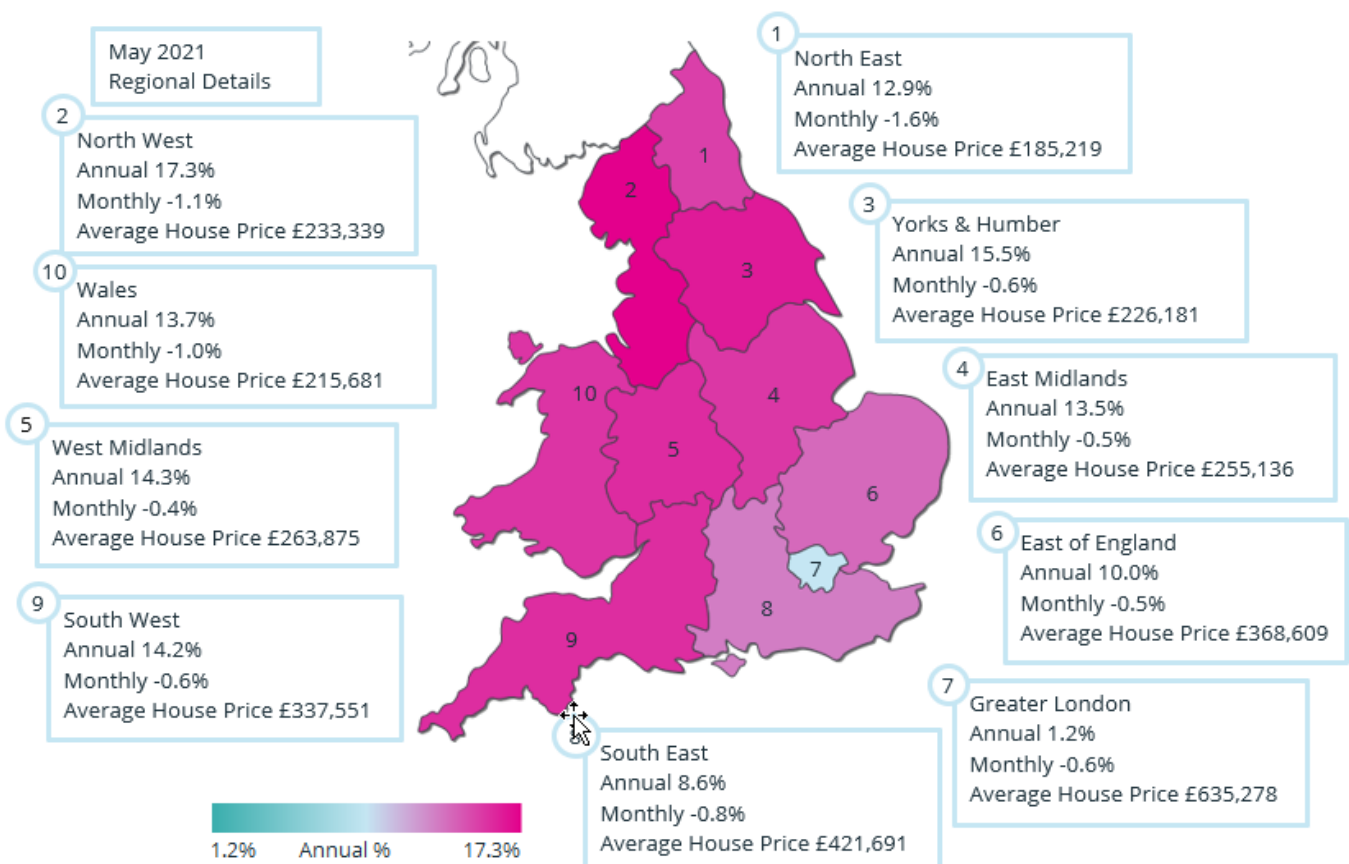
As expected, the three GOR areas of the East of England, the South East and Greater London continue to have the lowest rates of house price growth of the 10 regions, a pattern which has existed for the last seven months.

Greater London has the lowest price growth of all the GOR areas at 1.2%, and is the only one to have an annual rate of less than 8%. As we noted earlier, in Greater London it is the average price of flats that has seen the largest fall, down by 7.4% in May, compared to twelve months earlier. There are currently eleven London boroughs where average house prices have fallen over the year, with six of

these being in the top ten boroughs by value, i.e. most of the prime central areas of the capital. It is important to note that the Acadata house price series is mix-adjusted – which means we keep our mix of property types at a constant over time. In practice, it is evident that the number of flats sold in London over time has actually diminished, which will have resulted in the sale of terraced homes becoming more dominant. Since terraces tend to be more expensive than flats in central London, this will have raised the actual average price of all properties in these boroughs. The mix-adjustment enables a comparison of average prices in a borough to be made over multiple periods.

England and Wales Regional Heat Map for May 2021

All of these different trends are then highlighted in the Regional Heat Map for May, with the light blue indicating an annual growth rate below 2.0%, and the darker reds indicating rates above 14%. Greater London stands out as being the exception, and is surrounded by two areas with the lighter reds, indicating lower growth rates of 10.0% or below. The remainder of England and Wales above a line running roughly from the Isle of Wight to the Wash is almost uniformly red, with slightly lighter shades highlighting the East Midlands and the North East, where annual price rises range from 12.9% to 13.5%.



Annual and Monthly Price Trends

Over the last twelve months, the average price of a home sold in England and Wales has increased by some £32,500, or 10.7%. This is the highest annual rate since February 2005, giving a sense of how the housing market is significantly outperforming the wider economy.

There has been a recent dip in prices over the months of March, April and May 2021, reflecting the slowing in price growth as the stamp duty holiday approached its initial termination date. However, as already shown in figure 2, prices in June have returned to their previous trend, in part because the tax holiday was extended to the end of the month. It is clear that the SDLT holiday is not the only driver in the market, as mentioned earlier. Confidence has risen, the economy has been in recovery mode and many delayed transactions have now been brought forward. We will get a better sense of how big a factor the SDLT holiday will have been following the June data, when the benefit of the tax break in England will be halved and will cease altogether in Wales.

Clearly, the historically low interest rates which have made homes more affordable, the savings accumulated in lockdown and the lifestyle changes associated with a move to more spacious premises will all remain.

With the ending of the SDLT holidays in England and Wales, and with the furlough scheme also terminating in September, government-related support for the housing market will reduce in the third quarter of the year. Previous experience does show this will have an impact - but may be more than offset by stronger economic growth than previously anticipated. At present, the bounceback has been stronger than some had foreseen.

There are mixed views about how the housing market might evolve over the rest of 2021 - some analysts suggest a slowing after the summer, others that there will still be a significant pent-up desire to move, perhaps aided by rising wages. On that note, it is significant that home-movers returned to the market strongly in recent months - as distinct from first time buyers, who had been dominating. It is little wonder that the Bank of England is taking an ever-closer look at housing market trends, not least as part of its review of the current macro-prudential controls it has in place. Perhaps more strongly than ever before it now accepts that credit cost and supply, together with the supply of new homes are key factors in shaping market trends.

Although the full Acadata listing of the change in prices in each unitary authority area and London Borough is not included here, it is available on the Acadata website. The Acadata statistics for May show the effect of the slowdown in prices, with only 10 of the 109 unitary authorities / counties in England and Wales reaching a new record price, compared with 62 two months earlier. Similarly, none of the regions established new record prices in May, compared with all ten having done so in March 2021.

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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