

### Annual price growth increases to 10.4% in England and Wales

- ✓ Demand for homes continues to outpace supply, resulting in rising prices
- ✓ House price growth re-emerges in Greater London, climbing to 9.9%
- ✓ Wales maintains its place with the highest property price increase of the 10 GOR areas in England and Wales arising from pandemic lifestyle changes

**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) |
|-------------|-------|------------------|-----------------|----------------------------------------|
| £372,436    | 356.2 | 1.0              | 10.4            | 9.5                                    |

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

“This month’s data tells the story of the post pandemic race for space over the last year and the more recent demand for properties that fulfil the demands of hybrid working.

“If we look first at the annual trend, we see Wales remains the area with the highest annual growth rate, a position it has held for nine months. The demand for more rural living has underpinned this. Lifestyle choices and the requirement for more spacious properties that deliver good working-from-home conditions are encouraging buyers to reassess their opportunities.

“However, if we examine the monthly performance, Greater London emerges as the area with the largest increase in its growth rate, up from 5.5% last month, to 9.9% this month. We mentioned in our last index that this change was underway, arguably the result of a renewed need for properties that were well connected to London.

“As a result, nationally, the average price paid for a home in England and Wales in April 2022 was £372,436, up some £3,600, or 1.0%, on the average price paid in March. This sets yet another new record level for England and Wales. Prices are now some £35,000, or 10.4%, above April 2021 levels, and show a 2.4% increase over March 2022’s revised annual rate of 8.0% for homes bought with cash or with a mortgage.

“It may be tempting to assume that higher interest rates will impact homebuyers’ aspirations, but rates remain comparatively low and property remains a keen investment too as inflation puts pressure on equities and other asset classes. There is still too little of the right kinds of property available and this will continue to support growth as people reflect and act upon their aspirations for the future and what that means for where they need to live.”

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

[Link to source Excel](#)

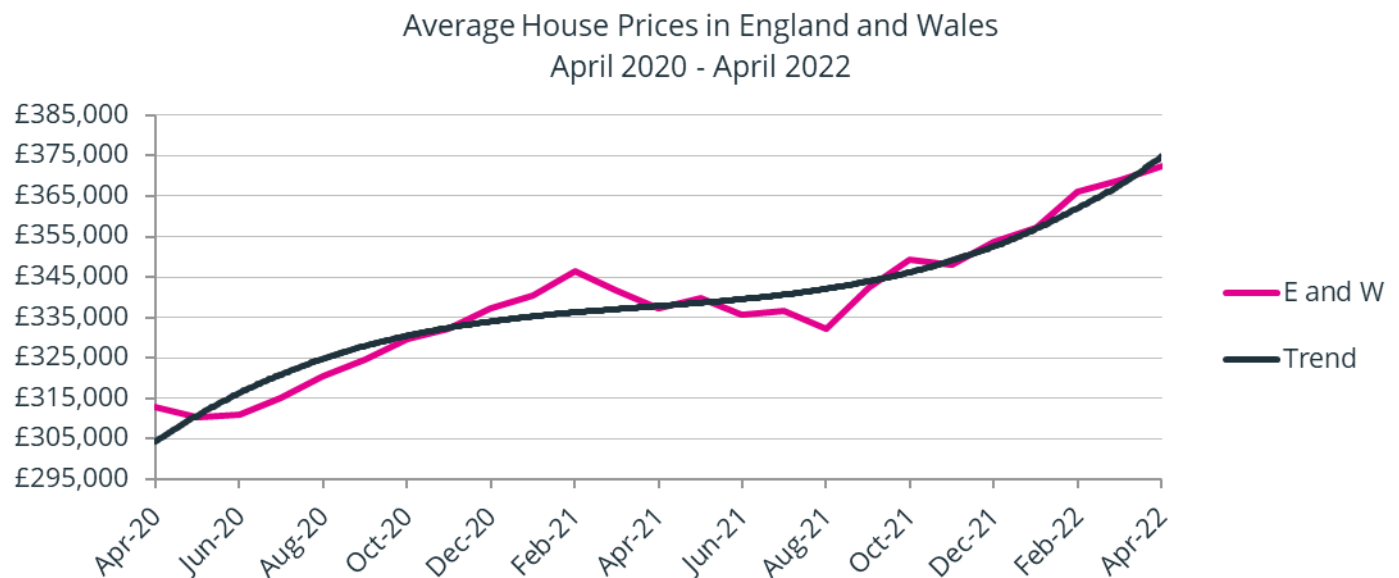
| Month     | Year | House Price | Index | Monthly Change % | Annual Change % |
|-----------|------|-------------|-------|------------------|-----------------|
| April     | 2021 | £337,369    | 316.8 | -1.2             | 7.8             |
| May       | 2021 | £339,876    | 319.2 | 0.7              | 9.5             |
| June      | 2021 | £335,705    | 315.7 | -1.2             | 8.0             |
| July      | 2021 | £336,716    | 316.7 | 0.3              | 6.8             |
| August    | 2021 | £332,092    | 312.5 | -1.4             | 3.7             |
| September | 2021 | £342,470    | 321.5 | 3.1              | 5.5             |
| October   | 2021 | £349,322    | 328.3 | 2.0              | 5.9             |
| November  | 2021 | £348,134    | 332.5 | -0.3             | 4.8             |
| December  | 2021 | £353,619    | 338.2 | 1.6              | 4.8             |
| January   | 2022 | £357,378    | 341.8 | 1.1              | 5.0             |
| February  | 2022 | £366,207    | 350.3 | 2.5              | 5.7             |
| March     | 2022 | £368,854    | 352.8 | 0.7              | 8.0             |
| April     | 2022 | £372,436    | 356.2 | 1.0              | 10.4            |

**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, smoothed, April 2020 – April 2022

[Link to source Excel](#)



The seemingly remorseless rise in prices continues. The average price paid for a home in England and Wales in April 2022 was £372,436, up some £3,600, or 1.0%, on the average price paid in March. This sets yet another new record level for England and Wales – and for the sixth time in the last seven months, thus underlining the recent strength of the market. Prices are now some £35,000, or 10.4%, above April 2021 levels, and show a 2.4% increase over March 2022’s revised annual rate of 8.0% for homes bought with cash or with a mortgage.

As Figure 1 above shows, the average house price in England and Wales has continued to increase throughout the first four months of 2022 on a near straight-line basis, confounding all the predictions of a slowing growth rate - the result of the increased cost of living pressures on consumers. As shown in this report, house prices throughout large parts of England and Wales have continued to climb in 2022, despite the wider context.

## Average Annual Regional House Prices, Q1 2022

Figure 2. The annual change in the average house price for the three months from February 2022 to April 2022, analysed by GOR [Link to source Excel](#)

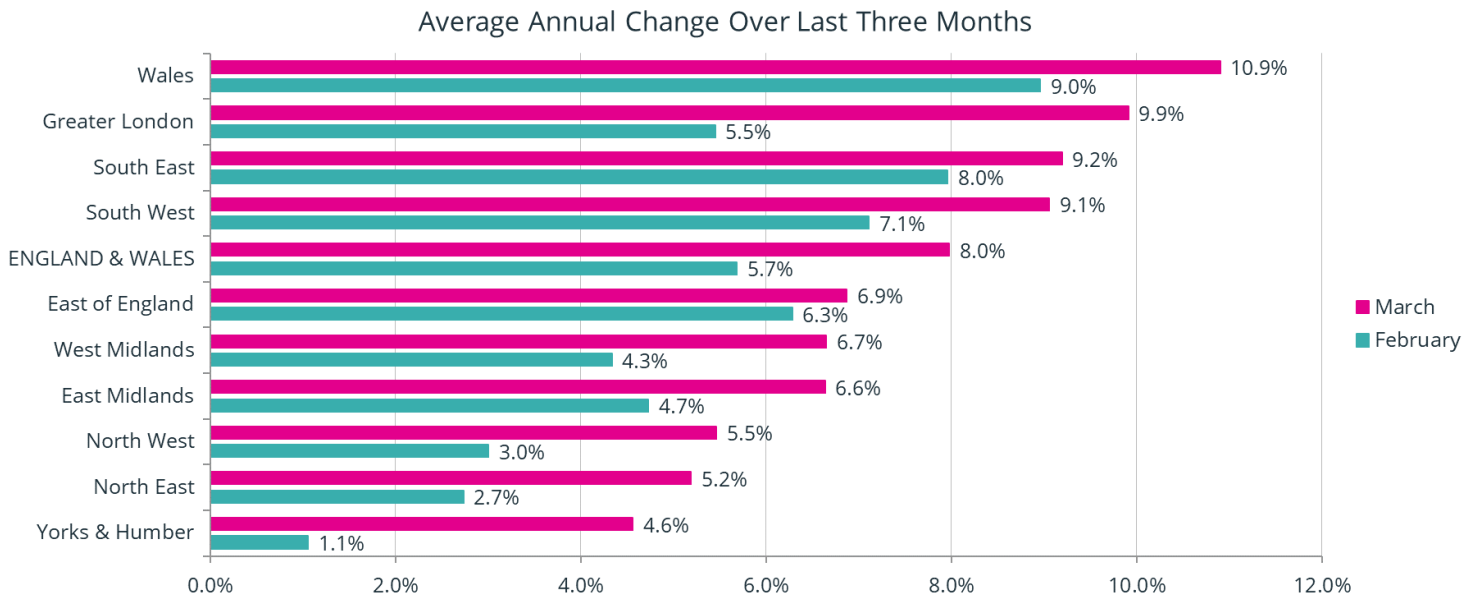


Figure 2 shows the percentage change in **annual** house prices on a regional basis in England, and for Wales, averaged over the three-month period of February to April 2022, compared to the same three months in 2021. These figures are produced on a rolling three-month basis, with Figure 2 showing the similarly averaged figures from one month earlier.

All ten GOR areas have seen an increase in their annual rates of growth, compared to the previous month. Notably, the GOR area with the largest increase in its growth rate is Greater London, up from 5.5% last month, to 9.9% this month. This is significant, as it underlines the bounceback in London prices after a period in the doldrums. The second-highest increase is in Yorkshire and the Humber, where rates have increased from 1.1% to 4.6%, although the region remains at the bottom of our price growth league table. The area with the lowest increase in rates over the three months is the East of England, with an increase of +0.6% in its rate of 6.9%, up from the 6.3% recorded last month.

Wales remains the GOR area with the highest annual growth rate, a position it has held for nine months. Wales has been assisted in maintaining its top position in the league table this month by the 20.9% increase in prices recorded in Swansea, the highest growth rate of all the 110 unitary authorities / metropolitan counties that we monitor throughout England and Wales. Swansea has reached this elevated position in part driven by a single transaction, the sale of a £1.7 million detached home on the south side of the Gower Peninsula overlooking the sea and the surrounding countryside. This was the highest-priced property sold in Swansea over the last two years. Although we don't know the circumstances relating to this particular property, it has the hallmarks of being a

classic pandemic “lifestyle change” purchase, where the buyer is looking for a home in a wide open space, in a scenic beauty spot.

In second place in terms of house price growth is Greater London, where prices have increased by an annual rate of 9.9%. This is the highest growth rate seen in Greater London since June 2016. As the pandemic restrictions are lifted, there would appear to be a general trend of buyers moving back into central London, as offices in the capital begin to re-open. Additionally, overseas buyers can travel into the United Kingdom without the recent need to quarantine on their arrival, with areas such as Kensington and Chelsea and the City of Westminster proving favoured destinations. These two boroughs have recently returned to positive annual growth rates, reaching 7.4% and 9.3% respectively in March, while popular boroughs with plenty of green space on the outskirts of the capital, such as Richmond upon Thames and Merton, are experiencing growth rates in excess of 20.0%.

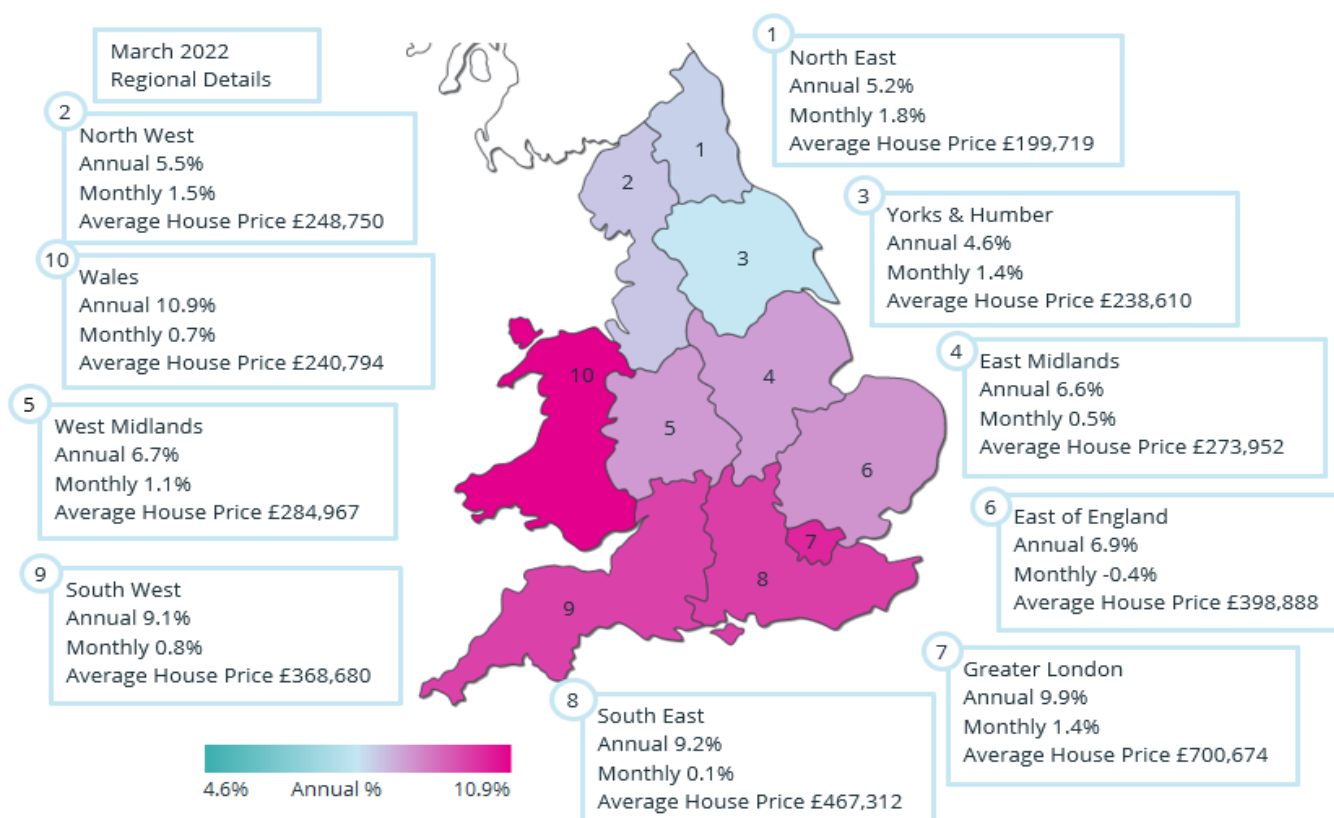
## England and Wales Regional Heat Map for Q1 2022

These different trends are evident in the Regional Heat Map shown below for Q1 2022.

There are four distinct areas in England and Wales in terms of house price growth, with a distinct North/South dimension. In the hot-spot is Wales, where annual price growth is 10.9% - this is 1.0% higher than the next GOR area of Greater London.

The South East is then grouped with the South West and Greater London to form a more general “South of England”, where prices are rising between 9.1% and 9.9% per annum.

The next group is the “Midlands”, consisting of the East and West Midlands, to which is added the East of England, where prices are rising between 6.6% and 6.9%. Finally, we have the “North” of England, consisting of the North East, the North West and Yorkshire and the Humber, where prices are rising between 4.6% and 5.5%.



## The housing market in spring 2022

Although there has been some increase in the supply of homes for sale - as this release shows - strong demand continues and in spite of the wider context. Although little firm evidence has emerged at this stage, what is likely is that the market has become more selective, with those in stronger credit positions - in occupations with continued wage growth, savings and in many cases a property to sell - having sustained the market. It is also indicative of the scale of the pent-up demand that has built over the last 2 years or more and which will take time to erode.

The pressures on first time buyers remain particularly acute, as well as their reliance upon parental contributions. These pressures will also be bearing down on parents. It will take time to see how all of this works through. It is no surprise that rumours of a revived "Right to Buy" have emerged, given that with the planned closure of "Help to Buy", along with a squeeze on other affordable home ownership products, the government is under increasing pressure regarding its stated ambitions to promote home ownership. Any intervention here would help support the market.

## April - Annual Price Trends

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

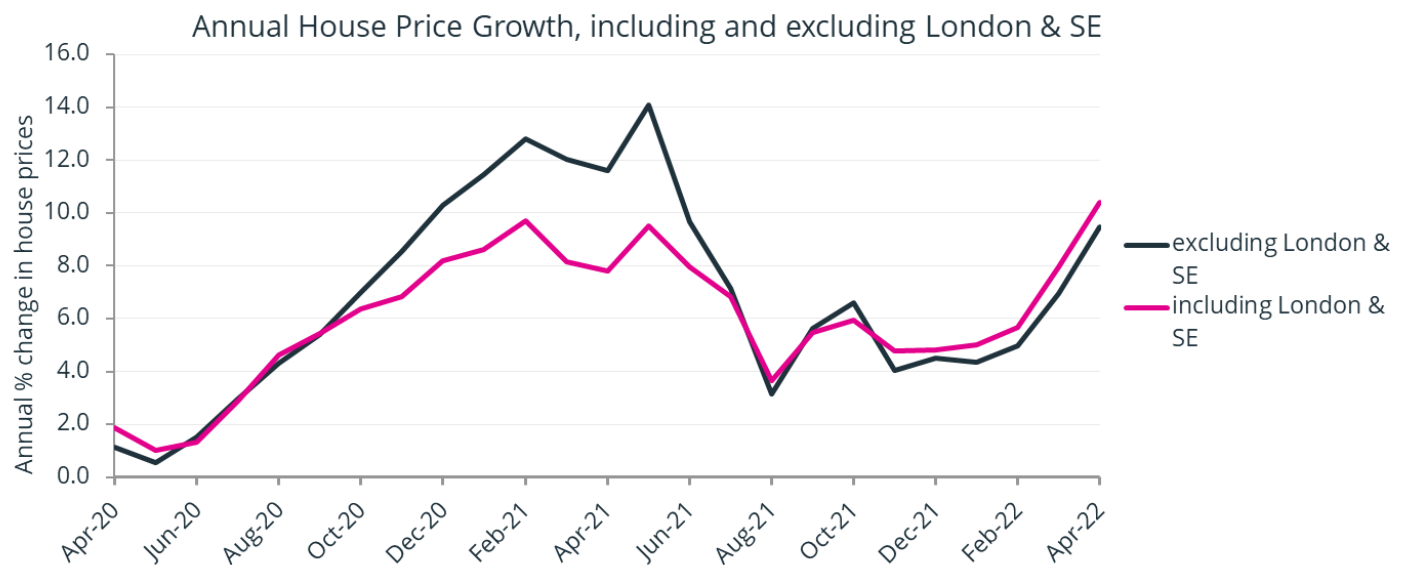


Figure 3 shows the annual growth rates in house prices over the last two years, one plot line including Greater London and the South East, along with the remainder of England and Wales (the red line), and the other excluding Greater London and the South East (the black line). As we discussed last month, the impact in the period from September 2020 to July 2021 can clearly be seen. This roughly approximates to the time when the SDLT tax holiday was operational in England, and the LTT tax holiday was applicable in Wales.

It is evident that growth rates were higher outside London and the South East of England and where the SDLT holiday had more impact. Looking at March 2021 in particular, ie just over one year ago, we can note that rates excluding the South East of England were at 12.0%, while including these two areas brought the average rate in England and Wales down to 8.1%, some 3.9% lower.

The reason for highlighting these rates is to point out that the north/south divide which can be seen in Figure 2 above largely arises from the differences in the starting points for the comparison around annual rates of change. If the North of England had not been at 12% some twelve months earlier, then we would be reporting a far higher change in prices for March 2022. Looking at Figure 3 above, we can see that the differential between the two groupings in terms of annual price growth continues through to July 2021, so we can expect to be describing a north/south divide for at least another two months.

## Inflation

On Thursday 5th May 2022, Andrew Bailey, the Governor of the Bank of England, announced that the Bank was expecting the rate of inflation in the UK to peak at 10.2% later this year. Those that are holding cash balances in a building society or clearing bank, where deposit rates are currently less than 1%, will therefore be experiencing a decline in their savings of around 9% per annum in real terms.

However, those that have their savings invested in property, where the current rate of house price growth across the country is an average 10.4%, will possibly be seeing a minor +0.2% real rate of return on their investment. In fact in March 2022, of the 110 Unitary Authorities / Metropolitan Counties in England and Wales, only 29 areas had price growth of 10% or higher – one would therefore need to pick a location for one's investment wisely.

There are of course several potential disadvantages to an investment in property, not least that there is no guarantee that its value will continue to increase, and indeed may well fall. There are also ongoing annual costs in owning a property, such as maintenance charges, council tax and insurance. There is also the possibility that if you do make a gain on the property's value when you come to sell, it will be subject to capital gains tax, if it is not your main residence. So investing in property is by no means a guaranteed return. But given the disparity between the current rise in house price values and the small amount of interest to be earned in the bank, no doubt some will be tempted into property ownership.

We mention this as it is a further factor in the current demand for purchasing properties which increases the competition for the homes that are put on to the market.



## Monthly Price Trends

In our latest Unitary Authority report on the March 2022 market, which takes into account February, March and April sales, prices have increased by 0.7%, compared to the previous month (the report is available on the [Acadata](#) website - see Unitary Authority Analysis). Of the 110 areas, 73 saw prices increase in the month, with 37 areas seeing falls.

The area with the highest increase in price growth in the month was Gwynedd at 6.4%. For those unfamiliar with Welsh Authority locations, Gwynedd is on the north west coast of Wales. The reason for the elevation in average prices in Gwynedd was as with Swansea - a single event, the sale of a 5-bedroomed detached home on the high street in Abersoch for £2.0 million. The property was originally marketed at £2.5 million, which, if achieved, would have made it the second-most expensive home in Gwynedd of the last two years.

## Transactions

Figure 4. The number of housing transactions per month, January 2017 – January 2022 [Link to source Excel](#)

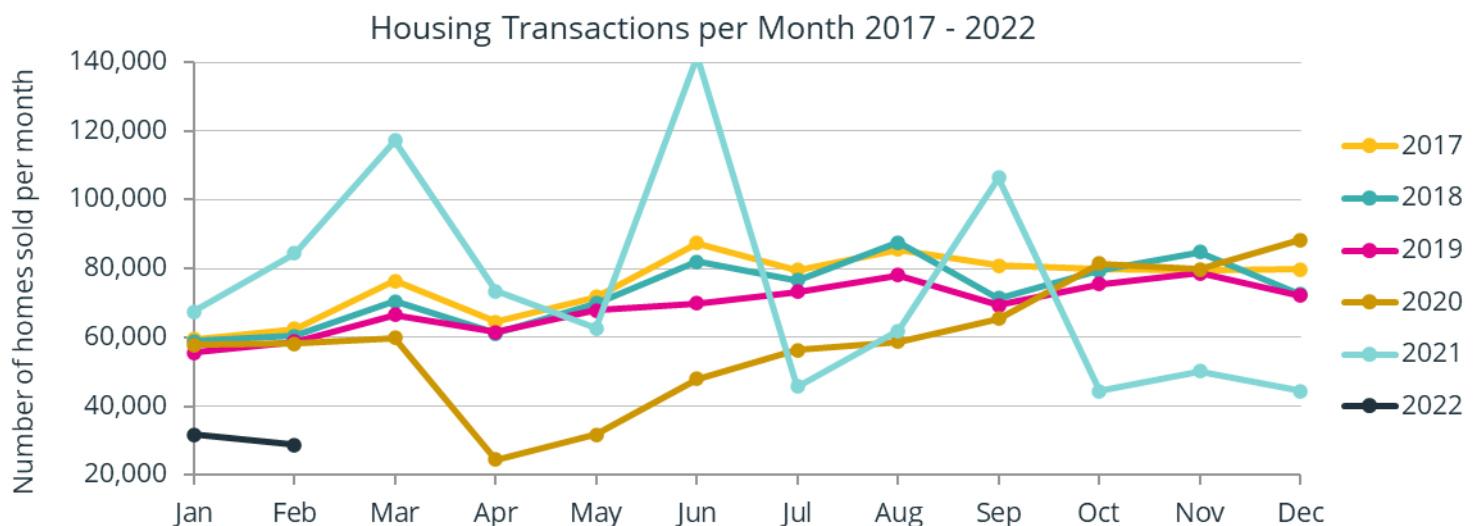


Figure 4 shows the number of domestic housing transactions per month recorded in England and Wales at the Land Registry for the period from January 2017 to February 2022.

As the Chart shows, the years 2017 – 2019 were relatively standard fare, with not too many fluctuations from one year to the next. However, from the start of the pandemic in March 2020, more pronounced changes can be seen in home-buying behaviour, as housing transactions in April 2020 plummeted, to be followed by a return in housing sales as confidence began to re-build. This then transformed into a period when sales exceeded previous levels, as “lifestyle” changes resulted in an increase in demand for homes, especially those with space to allow for “Working from Home”.

There are three conspicuous peaks in 2021 (the light blue line) shown on the graph, along with three associated troughs. The peaks are all stamp duty-related events, occurring in March, June and September 2021. 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 extended to 30 June 2021 at its full rate, and to 30 September 2021 at a 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 in England under Sunak’s revised plans, and the final date for the LTT holiday in Wales. The third peak, in September 2021, was the last month of the reduced-rate SDLT tax holiday in England.

Each peak is followed by a trough, indicating the extent to which buyers were able to bring forward their purchases into a tax-saving month, resulting in a lack of buyers the following month when the higher rates of tax were re-applied.

The apparent lack of sales in January and February 2022 is probably due to the Land Registry not being able to keep pace with the number of registrations it was required to process in 2021, causing some slippage in the 2022 totals processed to date.

The HMRC provisional estimates for the number of domestic housing transactions in England and Wales in January, February and March 2022 are 74,200, 85,000 and 100,000 respectively, although in the past HMRC transaction estimates are typically 30% higher than the final number of actual recorded domestic sales at the Land Registry. However, even after taking the 30% difference into account, there is still no indication of a collapse in home sales in the first quarter of 2022, which one might otherwise conclude from a first glance at Figure 4.



## 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](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 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.

### 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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