

### Housing market sees Summer lull

- Average prices 2.6% lower than a year ago
- More affordable areas of northern England see small gains; London showing signs of recovery
- Lower mortgage rates set to perk up sales and broaden market recovery

House Price	Index*	Monthly Change %	Annual Change %	Annual % (excluding London and the SE)
£356,056	362.6	-0.5	-2.6	-1.9

- see Footnote 5 at end of this report

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

“Our analysis this month shows that in August, the average sale price of a home in England and Wales was just over £356,000 - nearly £1,800 or 0.5% lower than the July average.

The England & Wales data, which include cash purchases, illustrate that while the base rate cut in August was welcome, it has not transformed the picture for those wanting to move home. Affordability remains an issue for many potential buyers still adjusting to mortgage rates now based on expectations of slower Bank of England interest rate cuts.

When the market sees another cut in due course we should expect that to feed into buyer confidence and increase the downward pressure on mortgage rates and, as importantly, ease lenders’ mortgage stress tests.

The government’s commitment to new housing is welcome but the supply of stock remains tight and this will be the case for some time yet. The lack of supply will support the prices of the right kind of property, lifting averages more generally.

Looking forward, we should expect the prices to pick up. Buyer registrations are growing and we should also expect borrowing rates to improve. Lower interest rates will we think further support house prices over the coming months and hopefully be enough to offset any potential headwinds buyers may encounter in October’s budget.”

## The housing market in August 2024

In August, the average sale price of a home in England and Wales was just over £356,000 - nearly £1,800 or 0.5% lower than the July average.

Table 1. Average House Prices in England and Wales for the year to August 2024

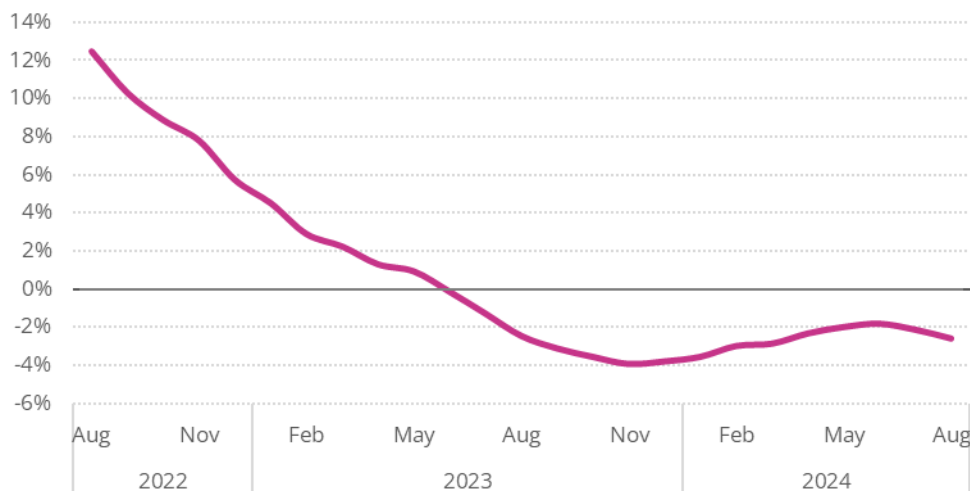
Month	Year	Property Price	Index*	Monthly % change	Annual % change
Aug	2023	£365,581	372.3	0.0	-2.5
Sep	2023	£365,964	372.7	0.1	-3.1
Oct	2023	£365,602	372.3	-0.1	-3.6
Nov	2023	£362,634	369.3	-0.8	-3.9
Dec	2023	£362,875	369.5	0.1	-3.8
Jan	2024	£363,612	370.3	0.2	-3.6
Feb	2024	£365,487	372.2	0.5	-3.0
Mar	2024	£364,046	370.7	-0.4	-2.9
Apr	2024	£363,035	369.7	-0.3	-2.3
May	2024	£362,255	368.9	-0.2	-2.0
Jun	2024	£360,239	366.8	-0.6	-1.8
Jul	2024	£357,833	364.4	-0.7	-2.1
Aug	2024	£356,056	362.6	-0.5	-2.6

\* see Footnote 5 at end of this report

Our latest figures indicate that prices have nudged lower for six months in a row. Although the monthly changes are for the most part relatively small, the cumulative effect has been to reverse the gradually improving year-on-year picture seen earlier.

Figure 1. Downward pressure on prices yet to lift

### E&W annual price changes, last 2 years



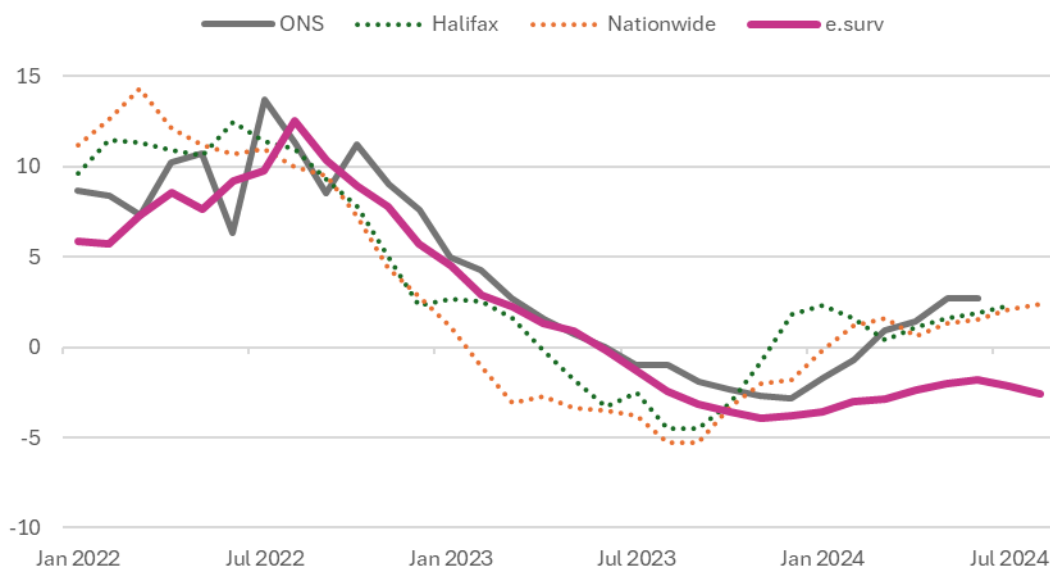
On an annual basis, average prices in August were about 2.6% lower than a year ago, as Figure 1 shows. While this represents a modest improvement on where we were in late 2023, prices have yet to move onto a more convincingly upbeat trajectory.

Prices for England and Wales as a whole remain about 6% below the previous peak reached in October 2022.

It is worth noting that our e.surv index paints a slightly more subdued picture of market conditions than some other leading indices (see Figure 2). A small part of the discrepancy lies in the fact that e.surv's index relates to England and Wales rather than the whole of the UK, and therefore does not reflect the stronger market conditions witnessed in Scotland and Northern Ireland. More generally, recovery of the housing market to date is more evident in lower-priced areas and this may be weighted differently across the different indices.

Discrepancies between different house price metrics are by no means unusual, and the more important underlying message common to them all is that the housing market remains in fairly subdued territory.

Figure 2. How annual house price changes compare



At the start of August the Monetary Policy Committee of the Bank of England voted narrowly in favour of cutting the bank rate by 0.25% and this in conjunction with continued rate reductions by mortgage lenders has brought the cost of borrowing down compared to a few months ago.

And, with prices still falling in most areas, it has created a window of opportunity for households to enter the market. In July the RICS housing market sentiment report indicated that new buyer enquiries were rising and though the August holiday period has a dampening effect we would expect that picture to continue and that sales would start to rise reflecting that. Mortgage approvals, another early indicator of market activity, were up in July and the highest for almost 2 years.

All of this points towards a market that is poised to move forward and this is most likely to be during the autumn. The Bank has been keen to dampen any expectation of further rate cuts in the short term but the market has started to price them in.

At the same time the Chancellor's Autumn Budget Statement will be made on 30<sup>th</sup> October and of course that has the potential to impact these rising market trends. However, the government will not want to undermine these green shoots as it needs economic growth and increased confidence and spending around housing is one of the most potent areas for delivering this.

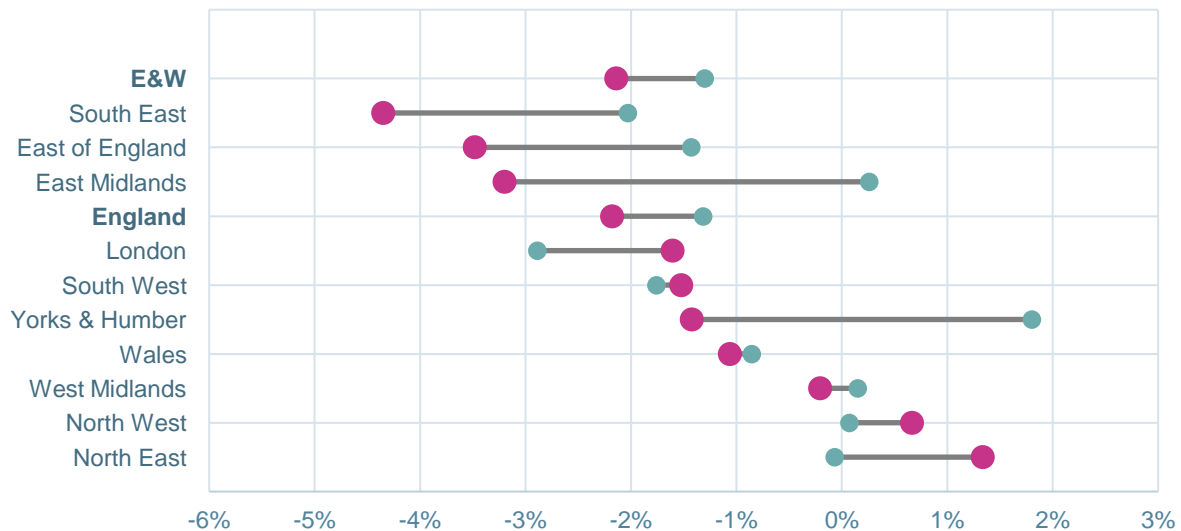
In addition, as this release has highlighted, the London market shows promising signs of recovery and the rate cut has particular implications here given the high cost of housing. Over previous years some of the London demand has been displaced to other regions and not least the Midlands and the North. As recent research has indicated there is some evidence to suggest more of that demand is now being retained in London as households have taken advantage of falling prices in the capital and lower borrowing costs.

Although the South-East is lagging behind currently we can of course expect to see this region also benefit.

Overall, there are a lot of factors playing out over the rest of this year in terms of how the market might be impacted. Forecasts for the year remain firmly in positive territory, however, and with the scale of pent-up demand that has built up over recent years there are grounds for considerable optimism going forward.

## The English Regions and Wales

Figure 3. Annual house price inflation compared, July 2023 and July 2024



Note: Figures are calculated on a rolling three-month basis centred on the middle month, compared with year-earlier periods.

Given what we have said earlier, it is not surprise that over the past couple of months market conditions in many parts of England and Wales have been a little more bearish.

But if we take a step back and look at how things have changed over the past year, we see an interesting picture. Figure 3 shows **annual** house price inflation for England and its regions and Wales in July 2024 (pink circles) and **a year** earlier (blue circles).

The North East and North West are the only areas where average prices are currently rising in positive terms. Both areas are also seeing stronger price pressures than a year ago. The only other region registering a meaningful pick-up is London, although here average prices are still falling modestly year-on-year. Elsewhere, with the exception of the South West, annual price inflation continues to be negative and prices are falling by more than a year ago.

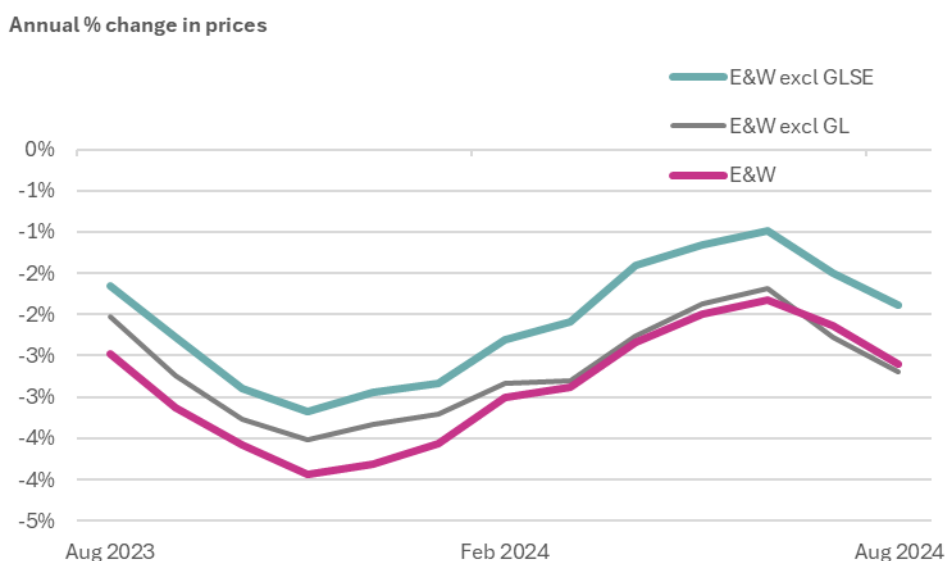
The North East continues to have the highest proportion of unitary authorities and counties reporting higher prices year-on-year, followed by the West Midlands, North West and Wales, so we would expect some of these areas to see higher prices year-on-year when we report on August.

Table 2. Average Prices in the English regions and Wales, July 2024

Geography	Jul 2023	Jun 2024	Jul 2024	Monthly % chg	Annual % chg
East Midlands	£276,943	£269,802	£268,087	-0.6%	-3.2%
East of England	£401,508	£391,481	£387,535	-1.0%	-3.5%
London	£696,494	£686,565	£685,314	-0.2%	-1.6%
North East	£192,571	£194,849	£195,148	0.2%	1.3%
North West	£246,662	£249,879	£248,306	-0.6%	0.7%
South East	£465,231	£450,755	£445,001	-1.3%	-4.3%
South West	£365,233	£364,147	£359,676	-1.2%	-1.5%
West Midlands	£285,322	£284,653	£284,742	0.0%	-0.2%
Yorkshire and The Humber	£242,819	£239,239	£239,368	0.1%	-1.4%
England	£372,502	£366,907	£364,393	-0.7%	-2.2%
Wales	£238,789	£236,655	£236,257	-0.2%	-1.1%
<b>E&amp;W</b>	<b>£365,656</b>	<b>£360,239</b>	<b>£357,833</b>	<b>-0.7%</b>	<b>-2.1%</b>

As the headline table at the start of this report points up, the 2.6% year-on-year decrease in house prices seen across England and Wales in **August** would shrink to 1.9% if we exclude London and the South East. With early indications that London helped to boost overall price growth nationally in August for the second month in a row, it is clear that it is the ongoing price softness in the South East that represents a significant drag on the performance of the overall market (see Figure 4), although this may change for the better as lower mortgage rates impact affordability.

Figure 4. South East drags England & Wales lower



## About the e.surv Acadata House Price Index

1. The e.surv Acadata House Price Index is produced by Acadata, a consultancy specialising in house price data.
2. The index is based on the **actual** prices at which residential properties in England and Wales are transacted, including prices for properties bought with cash. Based upon HM Land Registry reporting, such data typically represents the vast majority of all relevant transactions. As such, our figures stand out from those based on mortgage-based sales only, asking prices or prices based upon smaller samples.
3. The initial e.surv Acadata House Price Index for each month, employs an academic “index of indices” model, custom-built at Cambridge, to address smaller but still material sampling levels.
4. Our property prices and indices are calculated on a seasonal- and mix-adjusted basis. All e.surv Acadata House Price Index results are subject to change, for example when HM Land Registry publishes updated figures.
5. In June 2024 we made extensive one-off revisions to our entire dataset of Index figures so that they are now fully consistent with our published house price data. The cumulative nature of these revisions means that for April 2024 our revised Index figure is 6% higher than previously reported. Our methodology for estimating house prices has not changed.
6. Our indices reflect our best endeavours and are issued in good faith without any claim as to precision, accuracy or fitness for any purpose. They may not be used for commercial purposes without written permission from Acadata.
7. For longer time series of the data highlighted in this report and an interactive table comparing national and regional price metrics over time, please contact Acadata via its [website](#).

## 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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