

The Year ends on a high, up 7.8%

- ✓ Prices have increased by 51% over the last ten years
- ✓ The South West sees the highest increase in prices over the last year
- ✓ Stamp duty holiday continues to support the market

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)
£326,762	317.6	1.4	7.8	8.9

Richard Sexton, director at e.surv, comments:

“During 2020, large numbers of people across the UK were confined to their houses for long periods of time, as we battled the pandemic. Over the year many people were forced to adapt their homes to function as offices, schools and nurseries. This increased emphasis on where we live and where we spend so much of our lives undoubtedly helped focus many people’s minds on the property market.

“This increased focus was reflected in the types of property that were most sought after in 2020. Larger, typically more expensive, properties with more outdoor space became even more highly prized, which in turn increased the price of the average transaction.

“Indeed, prices rose rapidly over much of England and Wales in 2020, with the average house price in December up 7.8% on the previous year. This is the highest annual increase since 2016, though it is worth noting that most of this growth took place in the last six months of the year as pent-up demand was released by more relaxed coronavirus restrictions.

“The market was further stimulated in July by the introduction of the Stamp Duty holiday, which is still set to last until the end of March 2021 and continues to fuel activity in the market.

“Taking a longer view, average house prices in England and Wales have increased 51% over the last decade. Even examining house price growth in the context of this time frame, though, 2020 still stands out.

“It’s important to remember that the pandemic which produced such an unusual year is very much still with us. Everyone involved in the property market must continue to operate in a responsible manner, making use of technology where possible to support the industry while putting safety first.”

Table 1. Average House Prices in England and Wales for the period December 2019 – December 2020

[Link to source Excel](#)

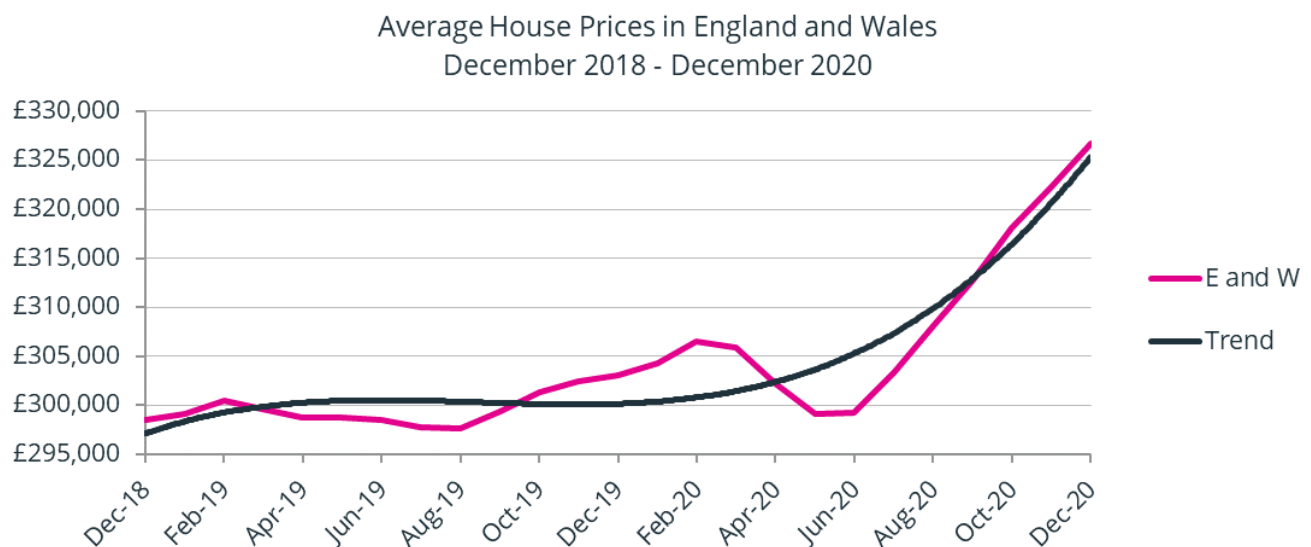
Month	Year	House Price	Index	Monthly Change %	Annual Change %
December	2019	£303,020	294.6	0.2	1.5
January	2020	£304,333	295.8	0.4	1.7
February	2020	£306,443	297.9	0.7	2.0
March	2020	£305,922	297.4	-0.2	2.1
April	2020	£302,138	293.7	-1.2	1.1
May	2020	£299,088	290.7	-1.0	0.1
June	2020	£299,271	290.9	0.1	0.3
July	2020	£303,236	294.8	1.3	1.8
August	2020	£308,061	299.5	1.6	3.5
September	2020	£312,783	304.0	1.5	4.5
October	2020	£318,110	309.2	1.7	5.6
November	2020	£322,249	313.2	1.3	6.6
December	2020	£326,762	317.6	1.4	7.8

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, December 2018 – December 2020

[Link to source Excel](#)

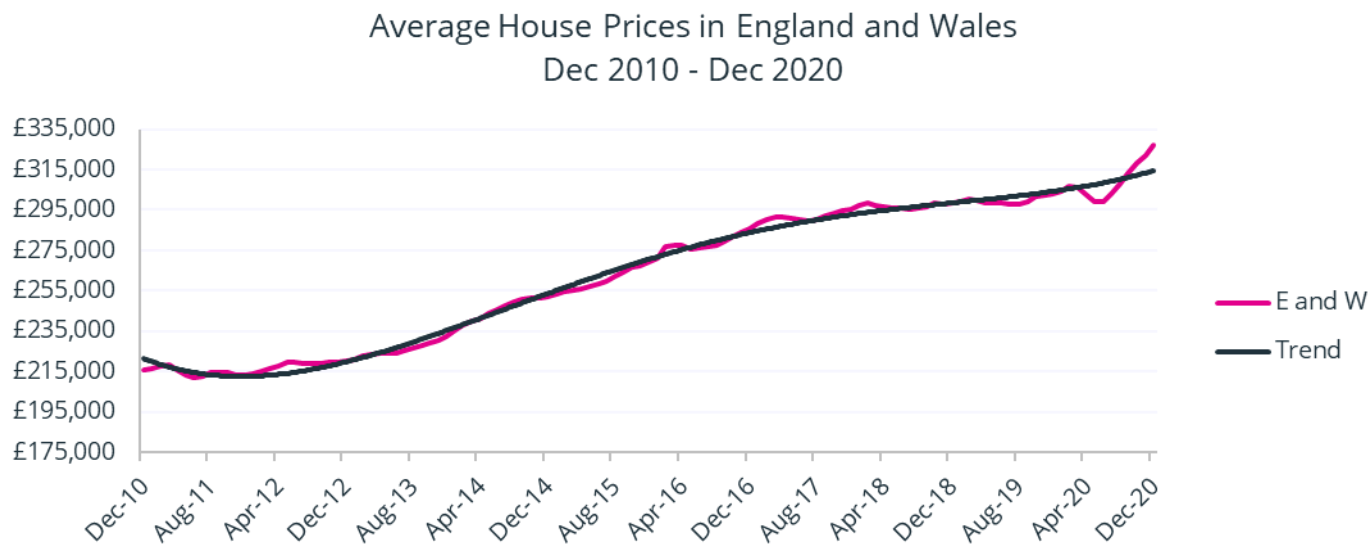


December has clearly ended on a high. House prices in the month have continued to climb, with the monthly % rate of house price growth now standing at 1.4% and the annual rate reaching 7.8%. Figure 1 illustrates the rapid increase in the average price that has taken place since the end of the first lockdown, up by some £27,500 from June. The average house price in England and Wales now stands at £326,762 which establishes a new record level for the fifth month in succession.

As we reach the end of the second decade of the 21st Century it is instructive to show the course of the average house price over the last ten years.

Figure 2. The average house price in England and Wales, December 2010 – December 2020

[Link to source Excel](#)



As we can see from the above there has been a notable acceleration in prices over the last six months compared to the general movement in prices over the last ten years. Certainly, there have been other oscillations in price during the last decade, for example around April 2016, when the additional 3% rate of stamp duty was added to the price of second homes. However, the movements in average prices at that time pale into insignificance compared to the growth that has occurred over the last six months of 2020.

Average house prices have increased by 51% over the past ten years from £216,000 in December 2010 to £326,500 in December 2020. The movement in the CPIH price index over this same period is 19%, hence house prices in real terms have increased by 32% over the last ten years.

Regional House Prices, November 2020

Figure 3. The annual change in the average house price for the three months centred on November 2020, analysed by GOR

[Link to source Excel](#)

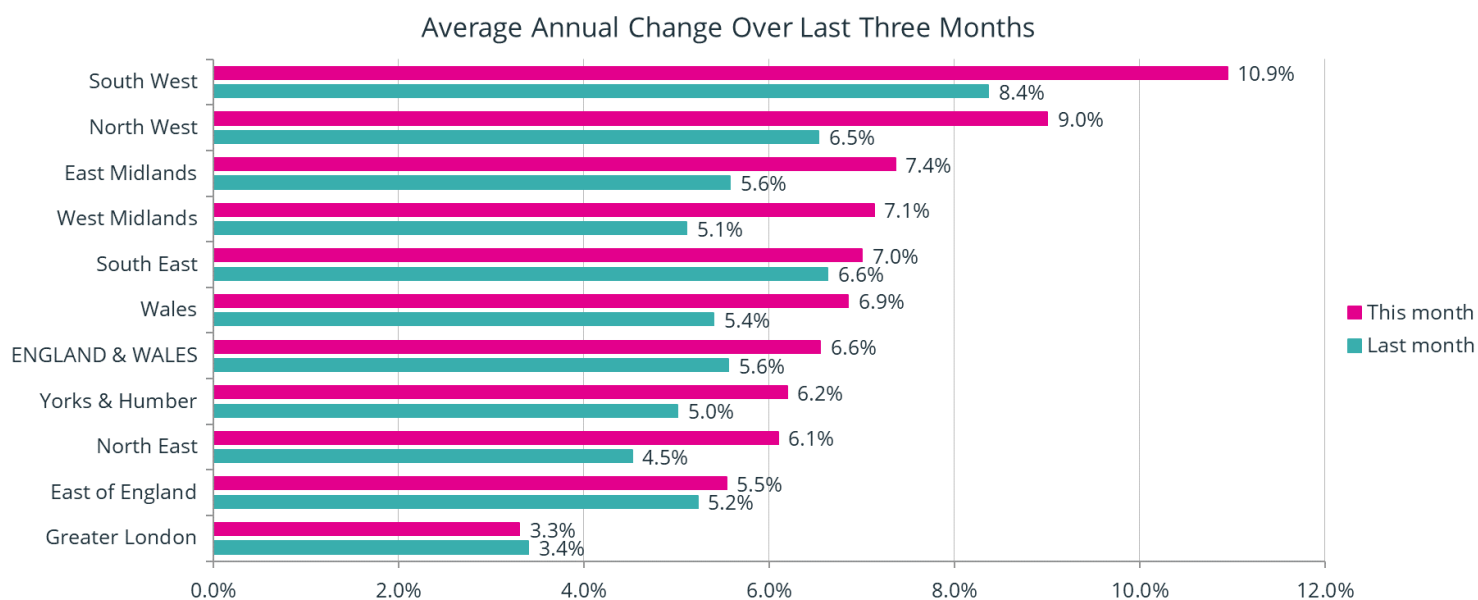


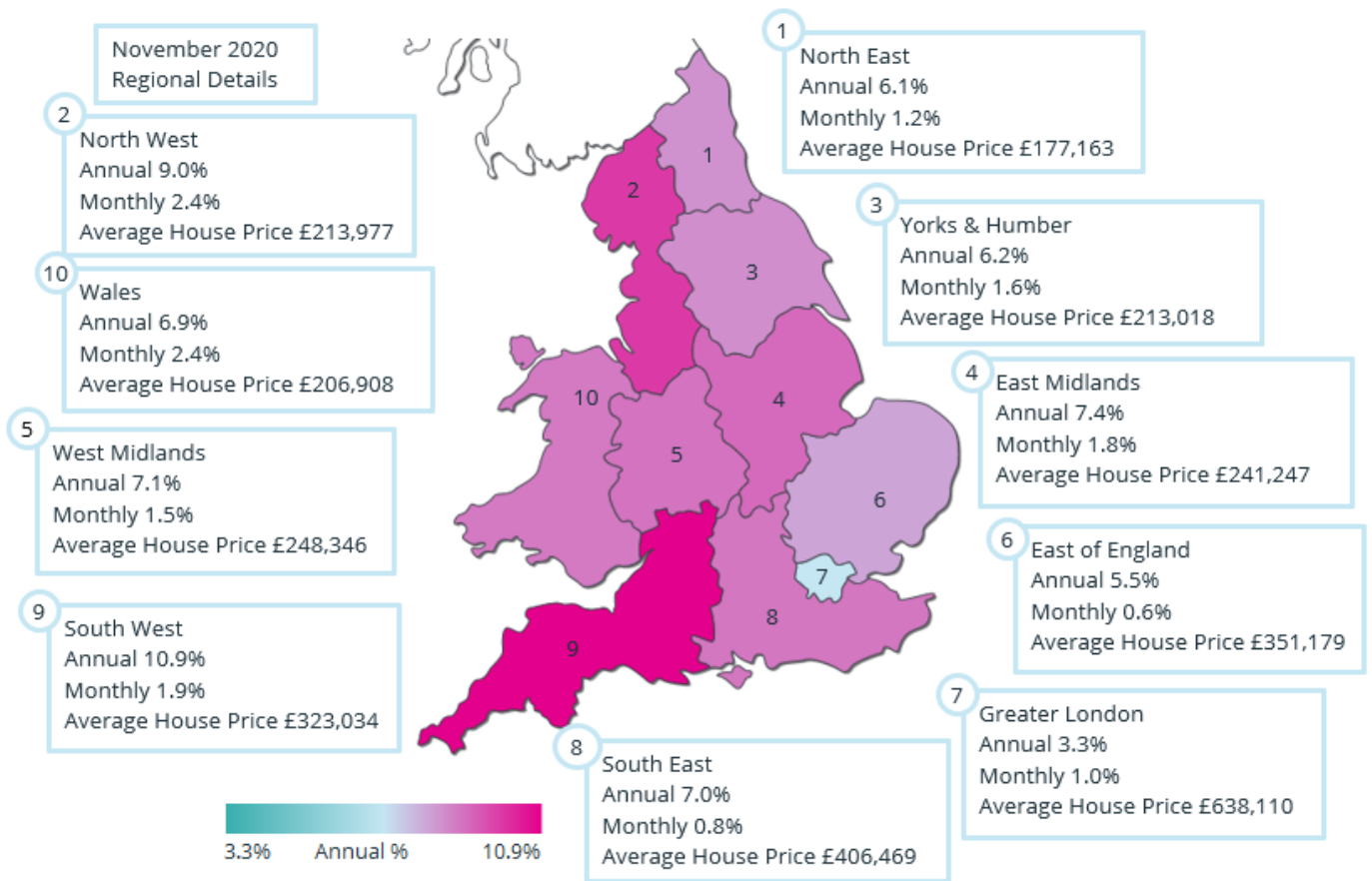
Figure 3 shows the percentage change in house prices, averaged over the three-month period of October, November and December 2020 (and centred on November), compared to the same three months in 2019. It also shows the similar figures from last month. There has been sustained price growth across both countries and the English regions. This is the third consecutive month in which all ten GOR areas have simultaneously set a new record average house price. It is also the fifth month in a row in which all ten of the GOR areas have seen a positive movement in their annual growth rates.

Figure 3 shows the South West confidently retaining its first place as the region with the highest house price growth, of 10.9%, and with areas within it such as Cornwall, Bournemouth, Bristol and Gloucestershire all experiencing price growth in excess of 15%. This month, the North West has moved up to second position, with growth of 9.0%, followed by the East Midlands at 7.4%.

Interestingly, the South East and the East of England have both moved down the growth league table by three places compared to last month – perhaps suggesting that movement away from the capital to nearby suburbs is beginning to run its course, while the South West’s exceptional growth indicates demand for countryside and coastal locations remains strong.

All GOR areas have seen an increase in their price growth this month compared to the previous month, except for Greater London where price increases have slowed by -0.1%. What the figure also shows is that there is no simple North/South divide here in terms of English regions - indeed the pattern here is perhaps somewhat crudely closer to East/West as the heat map below shows,

Regional Heat Map for November 2020



Annual and Monthly Price Trends

Prices in England and Wales over the last year have increased by 7.8%. This is the highest annual rate for over 4 years, i.e. since April 2016 when prices were increasing by 8.4%. As discussed in some detail last month, the major drivers for the current rise in house prices are the pent-up demand built up in late 2019 due to the prolonged Brexit negotiations, the historically low interest rates which have made homes more affordable 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.

However, we also cannot ignore the specific and selective impact of the lifestyle changes associated with the pandemic which are rolling out across the market. Many homeowners are looking for properties which are more comfortable and suitable to live in, especially during a 'lockdown' and beyond as the relationship between home and workplace changes. Clearly this is a selective migration, with the more affluent perhaps best placed to make the changes.

Looking at the national data on a monthly basis, in December prices in England and Wales have risen by some £4,500, or 1.4%. This is 0.1% higher than the 1.3% increase recorded in November 2020, and represents the fourth-highest monthly increase of the last year.

We are not yet able to provide December-centred data for the Regions, due to the low number of transactions to date that have been processed by the Land Registry for this latest month. However, looking at the November data on a monthly basis, Wales and the North West were the two countries/regions with the equal highest growth rate of 2.4%, followed by the South West at 1.9%. These are regions all renowned for their scenic beauty and therefore perhaps provide the perfect locations for those seeking lifestyle changes. At the other end of the scale, the East of England had the lowest monthly growth rate of 0.6%, just below the South East at 0.8% and Greater London at 1.0%. These three regions may all fall into the 'old-style' requirement of proximity to the place of work, which seemingly has fallen out of favour among those who are able to work from home.

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

Press contacts

Patrick Davies

Senior Account Executive, Rostrum (PR agency for e.surv)

p.davies@rostrum.agency

0203 404 7700

Emma Short

Head of Marketing Communications, e.surv

emma.short@esurv.co.uk

07775 544 834

Richard Sumner

Acadata

richard.sumner@acadata.co.uk

020 8392 9082