

HOUSE PRICE
INDEX

Principality Building Society House Price Index Wales Q1 2024

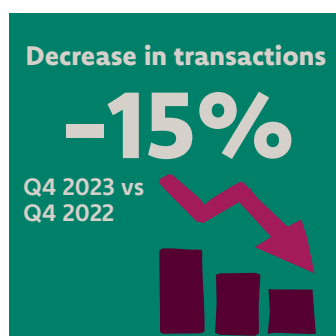
Where home matters
[principality.co.uk](https://www.principality.co.uk)
0330 333 4000*

Average house price in Wales falls for fifth consecutive quarter

The average price of a home in Wales fell to £229,000 in the first quarter – nearly £20,000 below its peak of £249,000 at the end of 2022.

The figures have been released from Principality Building Society's Wales House Price Index for Q1 2024 (January -March), which demonstrates the rise and fall in house prices in each of the 22 local authorities in Wales.

Although nominal prices are 23% higher than 5 years ago, this broadly matches the rise in consumer prices over the period, meaning that property prices in real terms are back to where they were in Q1 2019.



Shaun Middleton, Head of Distribution at Principality Building Society said:

“The downward trend of house prices has continued for the fifth consecutive quarter in Wales. Economic pressures, coupled with the higher cost of mortgages has meant affordability continues to be a problem for many buyers, placing undoubtable pressure on the housing market in Wales.

The picture across Wales shows that overwhelmingly local authorities have been reporting price decreases, rather than increases, translating into another year-on-year falling of house prices.”



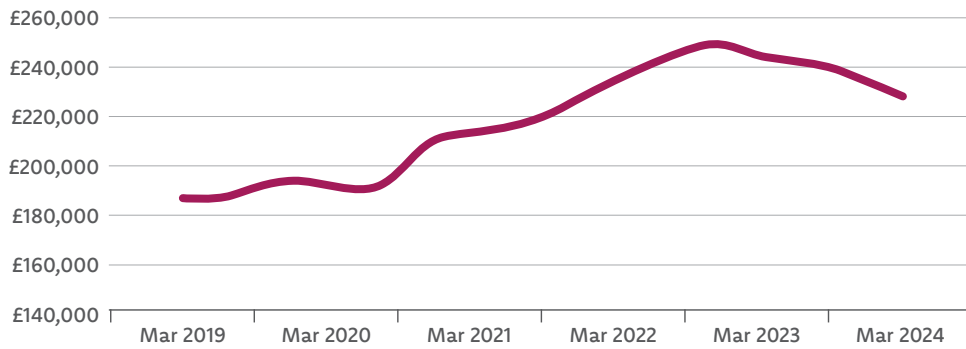
The average price of a home sold in Wales fell to £229,000 in the first quarter of 2024 – nearly £20,000 below its peak of £249,000 at the end of 2022. Compared with a year earlier, only four local authorities reported property prices increasing. While the majority of these increases are nominal, Flintshire bucked the trend by reporting an increase of more than 12%.

There were just below 8,400 transactions in Wales in the first quarter, 15% fewer than the last quarter of 2023. This represents another decline on quarterly translations, which have continuously declined since late 2021.

Shaun continued: “Despite what has marked the most challenging housing market conditions since the Global Financial Crisis in 2008, the latest news that inflation continues to fall – although slower than anticipated – suggests that the housing market in Wales could soon see more positive signs. Many economic analysts have also predicted that the Bank of England base rate has peaked at 5.25 and will fall this year. This assumption is prompting better mortgage deals and easing the affordability of housing.

Consumer confidence is also improving, along with wage growth, as pent-up demand for housing builds. Looking ahead, there may well be another fiscal event from UK Government, but at the very least a General Election on the horizon, and a newly formed Welsh Government in Wales with a mandate to tackle affordable housing. Together with our insight, this suggests that this quarter may well represent the low point for house prices in Wales, which we expect to rise as affordability increases.”

Average House Price in Wales, March 2019– March 2024



Source: Acadata, mix and seasonally adjusted

There have now been five consecutive quarters of price falls since average prices peaked in Wales at just over £249,000 in late 2022. Prices eased back by a further £5,000 in the first quarter of 2024 to a little over £229,000. This is 8%– or nearly £20,000– below their recent peak, but still 23% higher than five years ago.

Nevertheless, strong underlying inflationary pressures until recently have helped to disguise that this has been the weakest period for the Welsh housing market since the aftermath of the Global Financial Crisis in 2009. After adjusting for inflationary pressures, property prices are 14% below their 2022 peak, and are now running in line with their level five years ago.

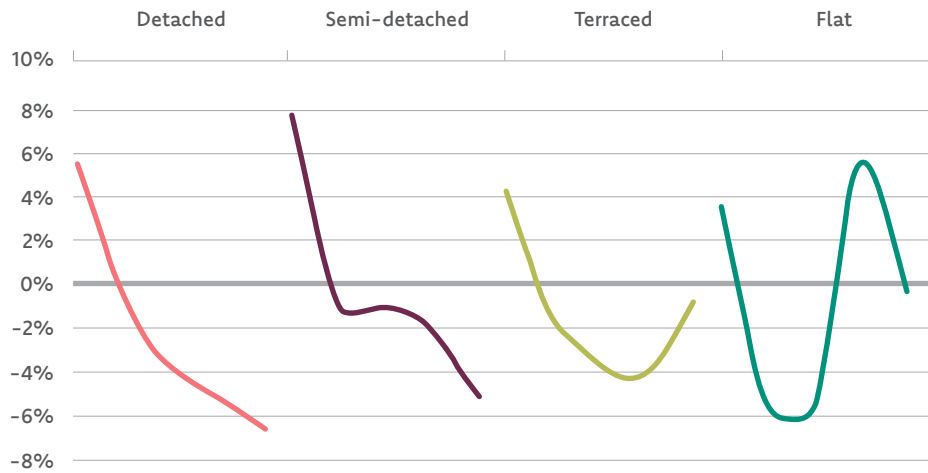
House price inflation



Source: Acadata, mix and seasonally adjusted

This is the fifth quarter in a row of house price falls. The 2.1% decline in prices recorded in this first quarter was similar to Q4, but with the jobs market appearing fairly resilient and expectations of Bank of England interest rate cuts during 2024, Q1 may well represent the low point for house prices. Certainly, we are already seeing significant cuts in mortgage rates and increases in some measures of housing market activity.

Annual % change in prices by property type in Wales



Source: Acadata, mix and seasonally adjusted

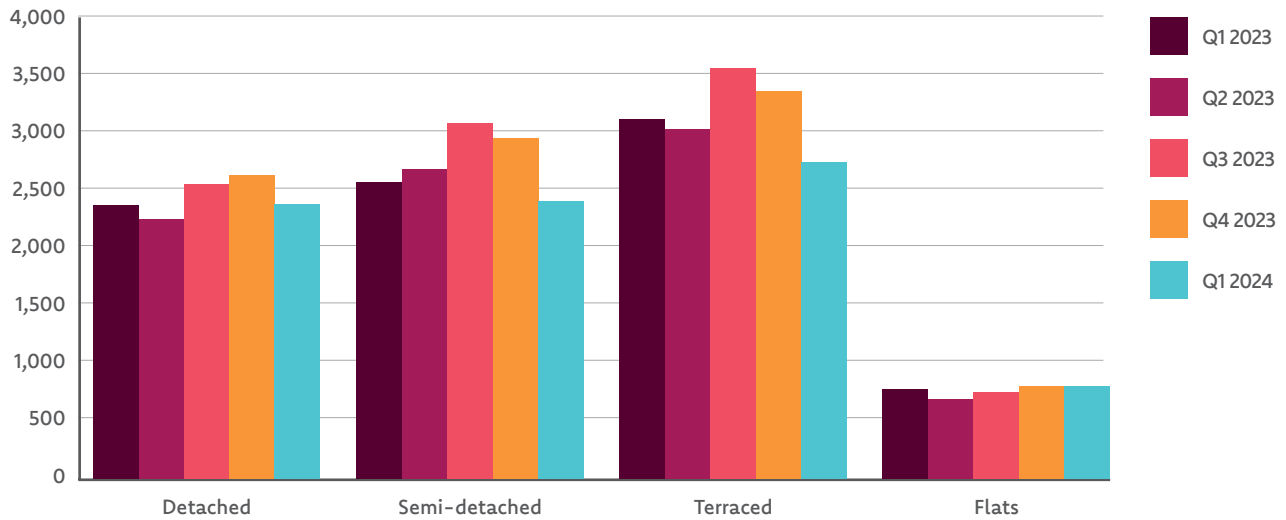
All property types have been adversely affected by market conditions.

Looking at price movements by property type, different property types are up to 7% off their respective year-earlier levels.

Whilst not too much should be read into the recent performance of flats, given that limited sales in many areas does mean volatility in reported flat prices, detached properties are now the furthest from their peak in relative terms. It seems clear that there continues to be softness in demand for, as well as the prices of, larger properties.

This more adverse picture for detached properties perhaps represents the flip-side of the strong demand for such properties post-Covid, and the more discretionary nature of purchases of larger properties. Terraced homes by contrast are showing a degree of resilience, and this is likely to reflect the continuing affordability problems faced in Wales and elsewhere.

Quarterly transactions by property type, 2023-2024



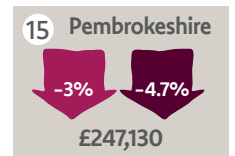
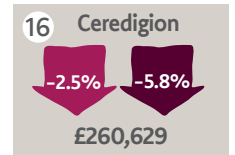
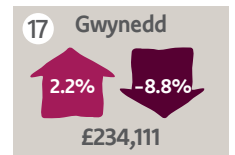
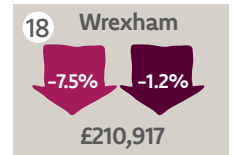
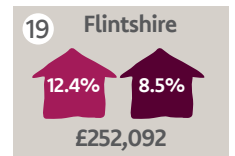
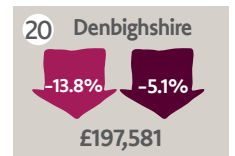
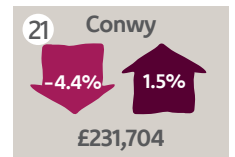
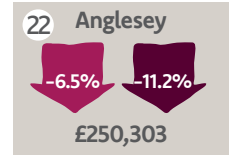
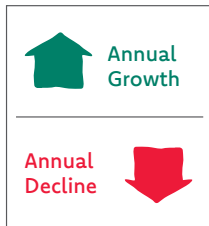
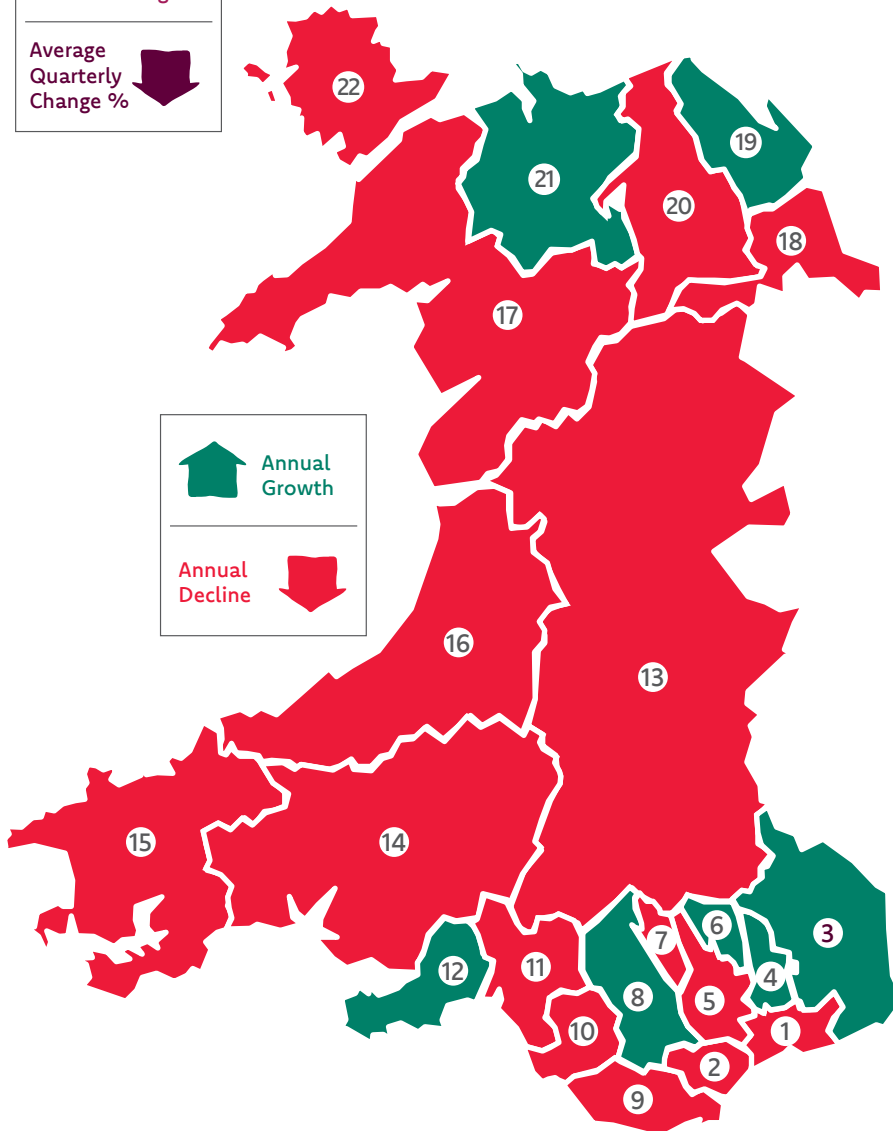
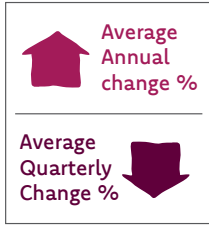
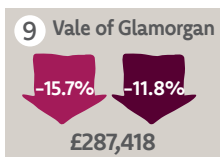
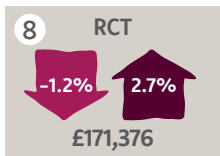
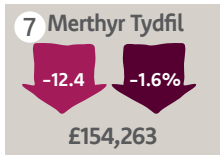
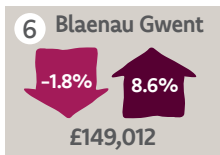
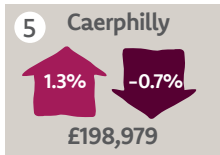
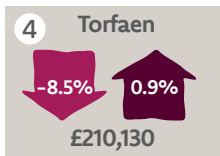
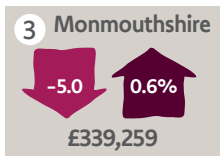
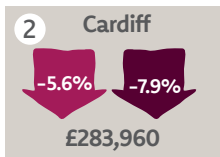
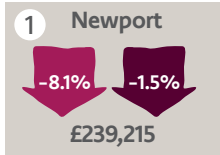
Source: HM Land Registry and Acadata estimates

Acadata estimates that there were about 8,400 transactions in Wales in the first quarter, 15% fewer than in the fourth quarter. As in many other parts of the UK, the wider economic pressures facing the housing market have acted as a major drag on demand and activity levels during the quarter. For Wales, quarterly sales transactions have declined continuously year-on-year since late 2021.

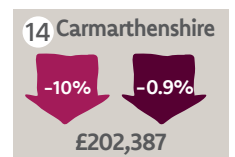
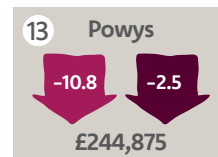
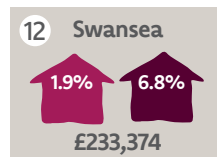
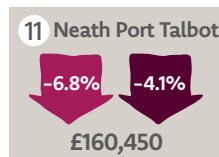
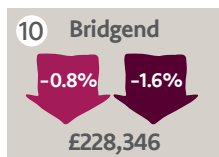
For the four quarters ended Q1 2024 as a whole, sales activity was down 17% a fifth compared with 2022, itself 13% weaker than 2021.

Flats also performed relatively strongly, with sales unchanged over Q4 but up 3% year-on-year.

Average annual and quarterly change by local authority



The Principality Quarterly House Price Index has been prepared by Acadata Ltd for the Principality Building Society. The underlying data used for the house price analysis are supplied by the Land Registry, which records all housing transactions that take place in England and Wales. The data are subsequently mix and seasonally adjusted by Acadata using established statistical procedures.



[Click here](#) to view Principality's interactive HPI map for Wales