

Principality

House Price Index

Wales

Q2 2018

Data provided by **aca**data

The average house price in Wales is **£176,456**

#WalesHPI

House price growth in Wales slows down

Annual house price growth

1.0%



Quarterly house price growth

-4.3%



Estimated house sales

-5%



Modest house price growth expected in 2018



The average house price in Wales is £176,456 in Q2, 1% higher annually but 4.3% lower than the previous quarter. The introduction of the Land Transaction Tax (LTT) in April, suggests this has impacted on Q1 and Q2, with more

purchases of expensive properties in Q1, and sales falling off in Q2.

Total house sales are estimated to be down by 5% in the first half of the year compared with the same period in 2017.

Tom Denman, Chief Financial Officer at Principality Building Society, said: “The subdued housing market growth is consistent with the picture across the rest of the UK. Whilst house prices have grown modestly, the data suggests that there was an increase in higher value sales prior to the introduction of the new stamp duty in Wales, which may have driven up prices in Q1. This has resulted in a more marked fall in average prices quarter-on-quarter.

“The buy-to-let market remains subdued, which is perhaps reflected by the decline of flat sales this quarter. Lending to first time buyers is relatively good with opportunities to take advantage of low interest rates and government Help to Buy schemes. Next time buyers are showing more caution and this is likely a result of uncertainty around rising interest rates, Brexit and the subdued nature of the wider economy. We envisage this very modest growth to continue throughout 2018.”

Market snapshot

The most significant event in the Welsh housing market in the first six months of 2018 was the introduction of the new Land Transaction Tax (LTT) in April 2018.

The data suggests buyers of high-value properties may have brought forward their purchases into March or earlier to avoid paying the additional tax, which would have been due from April 2018 onward.

Similarly, those purchasing lower-valued homes may well have delayed their purchase until April or later as the exemption threshold had increased from £125,000 to £180,000 after that date.

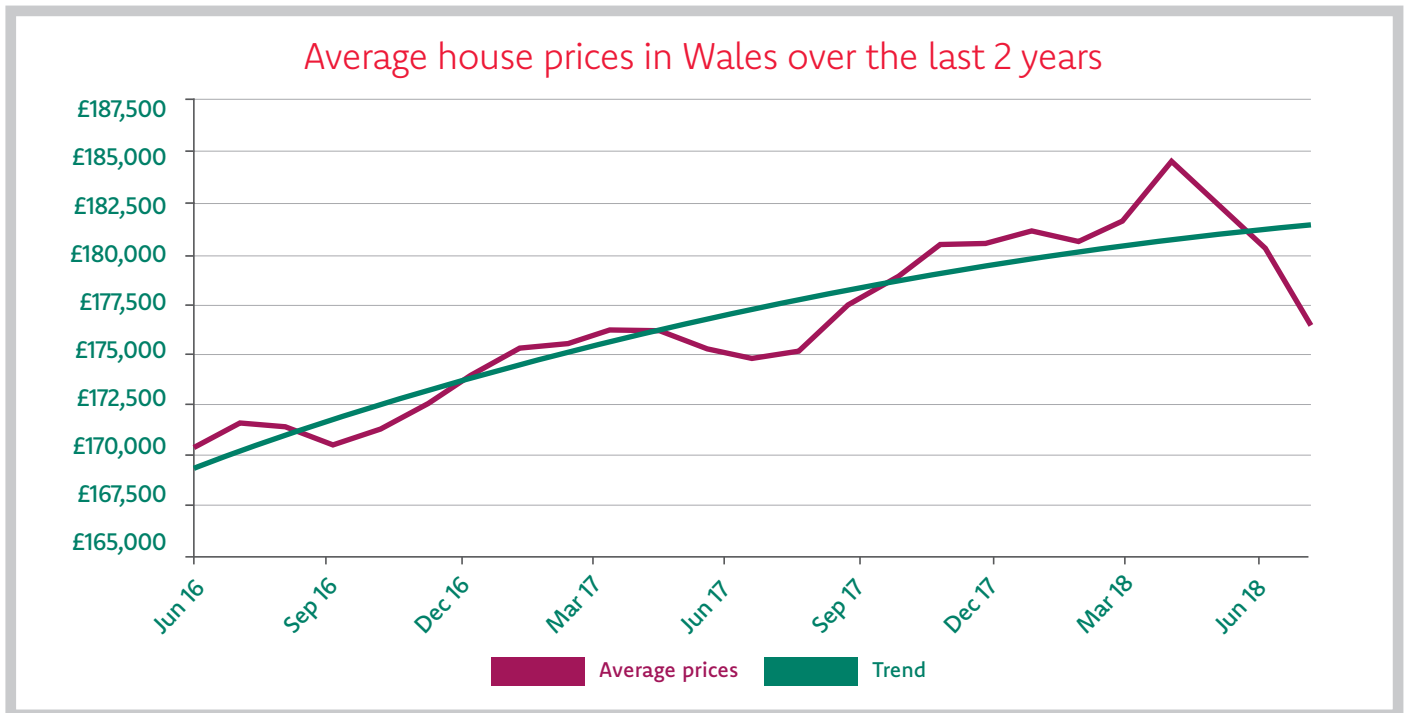
In Q1 2018 we saw a 40% increase in sales of £400k plus homes compared with the same period in 2017, whereas Wales as a whole saw a 3% increase in sales over the same period.

In Q2 There was a 54% decrease in sales of £400k plus homes in April 2018 compared to April 2017, whereas for Wales overall the decrease was 1% for the same period.

The highest increase in prices over the last 12 months are all located in the south-east corner of Wales, being Torfaen (+7.9%), Monmouthshire (+6.5%) and Newport (+5.8%).

Market trends

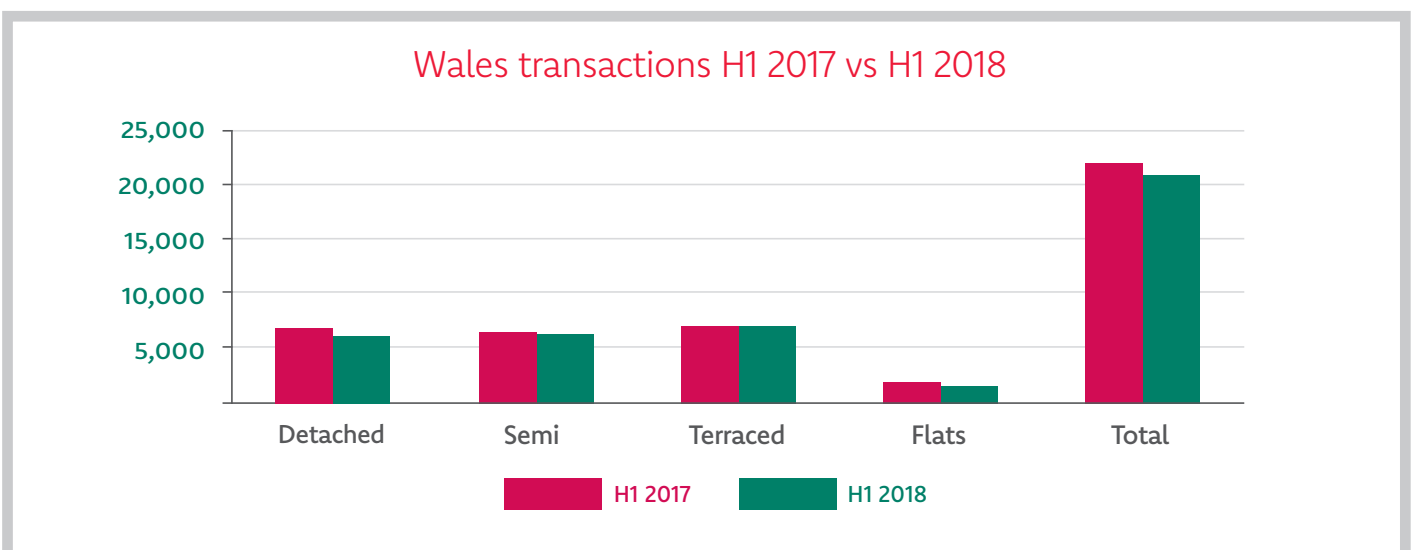
These average prices are driven by higher demand in this region, probably due to the expanding commuter belt between Cardiff and Bristol. Affordability is seen as one of the key reasons why people are willing to travel across the Severn every day, enhanced by the impending abolition of the bridge tolls. The average price of a home in Newport is currently £190,000, compared to an average house price of £300,000 in Bristol itself.



Housing sales

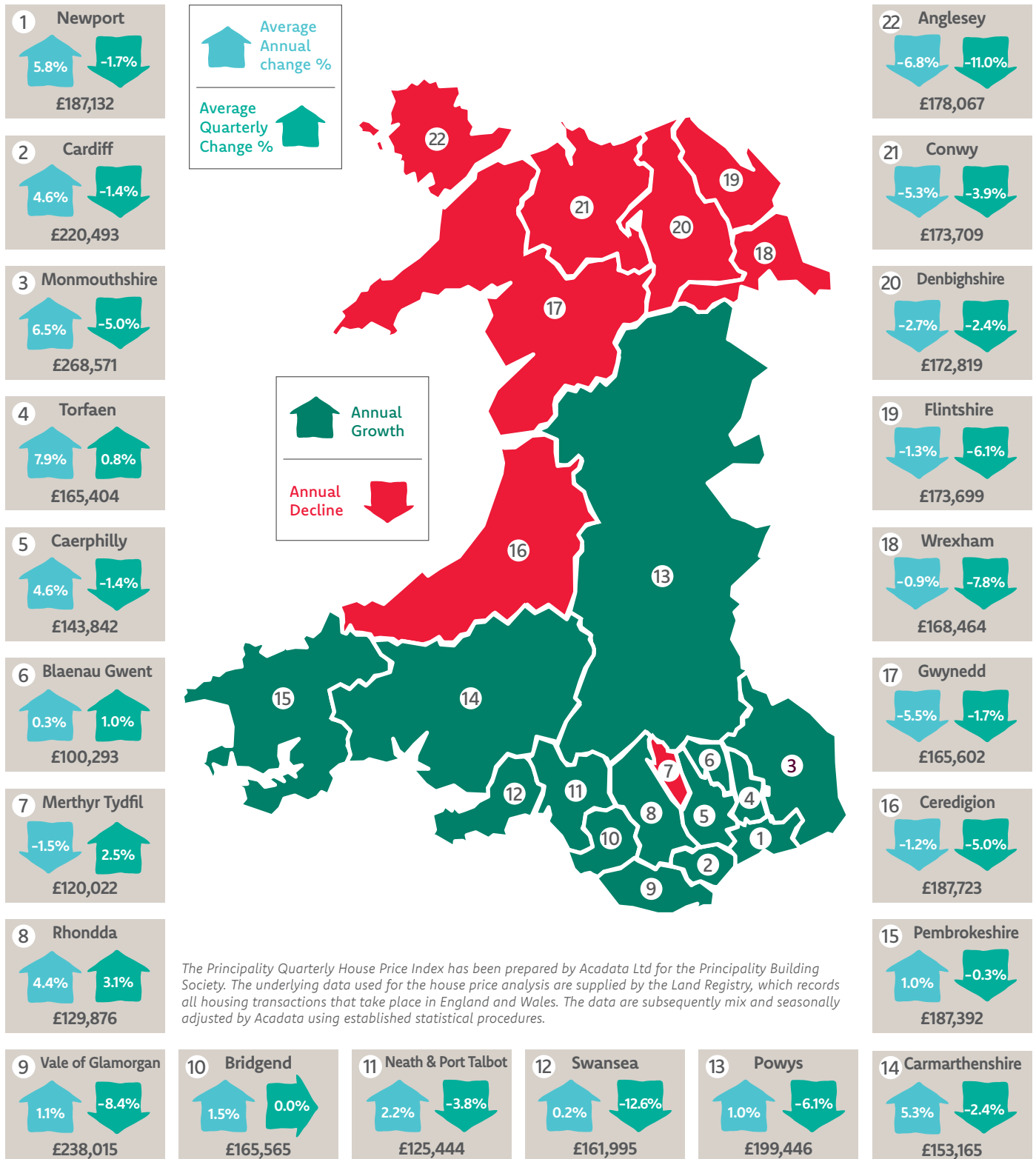
The chart below compares the number of housing sales in Wales in the six months to June 2018, with the same six months one year earlier. Overall, the chart indicates an estimated fall of 5% during 2018.

A decline is seen in all property types, with the exception of terraced properties that have equal sales volumes between the two years. Flats are showing the largest percentage fall in transactions of -18%, followed by detached homes at -9% and then semi-detached properties, down by -2%.



The Principality House Price Index for Wales is prepared from dataset provided by Acadata using its methodology. It is published as a secondary source of economic information, but is not intended to be relied on for any commercial or personal decisions and no responsibility is assumed by Principality or Acadata if it is used contrary to that intention.

Average annual and quarterly change by local authority



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