

# Principality

## House Price Index

### Wales

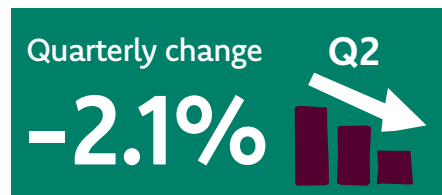
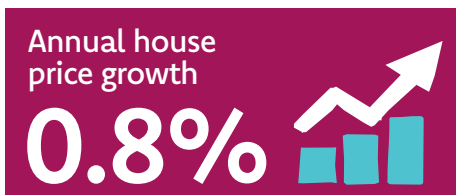
Q2 2017

Data provided by **aca**data

The average house price in Wales is **£171,720**

#WalesHPI

## Annual House Price growth in Wales slows



The average house price in Wales has increased by £1,375, or 0.8%, over the last 12 months. This annual rate is the lowest seen since August 2013 with the growth in average house prices slowing as the momentum of the housing

market eases. House prices in Q2 2017 are 2.1% lower than in Q1 2017, indicating that the market is slowing down. During the second quarter of the year a degree of uncertainty has pervaded the housing market of Wales.

Tom Denman, Chief Financial Officer at Principality Building Society, said: "In general terms the housing market tends to adopt a cautious attitude when the future direction of the economy becomes uncertain. We can therefore expect to see further fluctuations in housing sales and prices, as potential purchasers weigh up the pros and cons of making what is one of the largest investment decisions of their lives.

The cost of living is rising, which means that consumers need to spend more just to maintain their current standard of living. This is a significant extra pressure for those who are saving for a deposit.

Mortgage rates, however, remain at historic lows and the market is highly competitive for those who do choose to purchase, whether for the first time or to move up the market."

### Current Market

Care is always needed in interpreting consumer views in the aftermath of a political event like the General Election, particularly given the close result. We saw a similar fall in consumer confidence after the Referendum in June last year. However, by September 2016 confidence had largely bounced back.

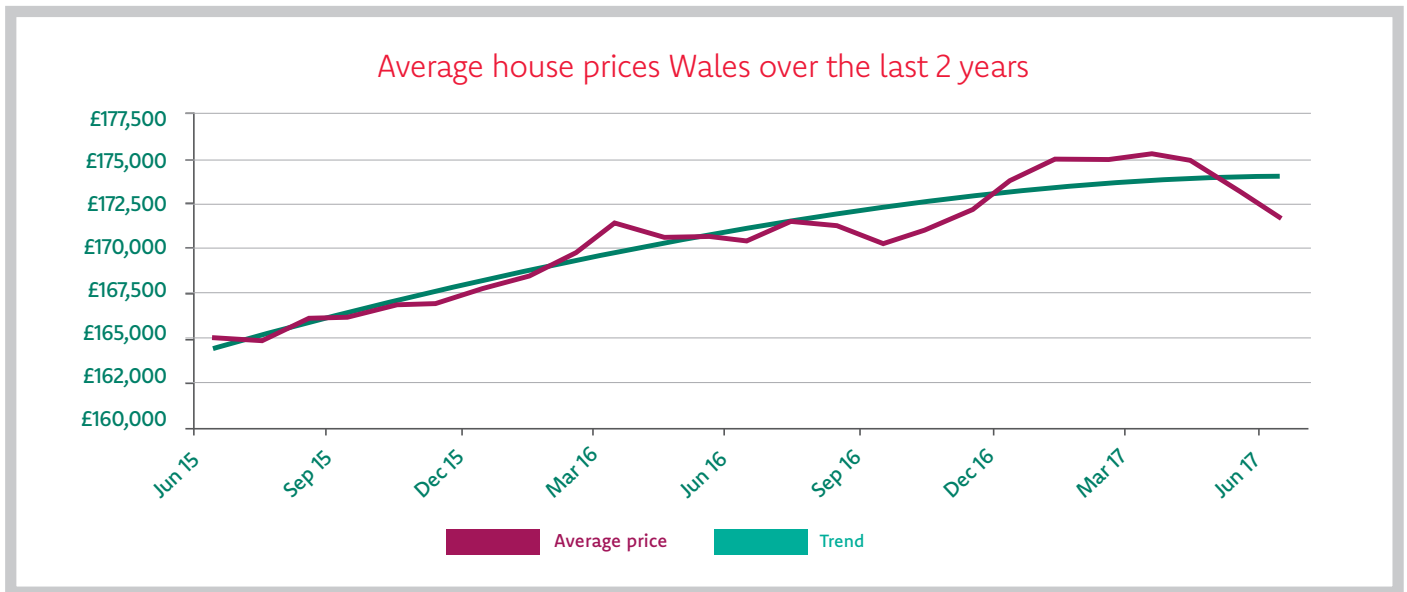
The fundamentals of the current housing market—namely low interest rates and high employment levels—remain in place, which are both key drivers in maintaining the upward trend in house prices observed over the last two years.

Despite these positive conditions, inflation has risen, reaching 2.9% in May, whilst the latest earnings figures for April show that wages grew by just 1.7% in the year. Consequently, this competing dynamic is helping to subdue the market.

(Source: ONS Consumer Price Index May 2017).

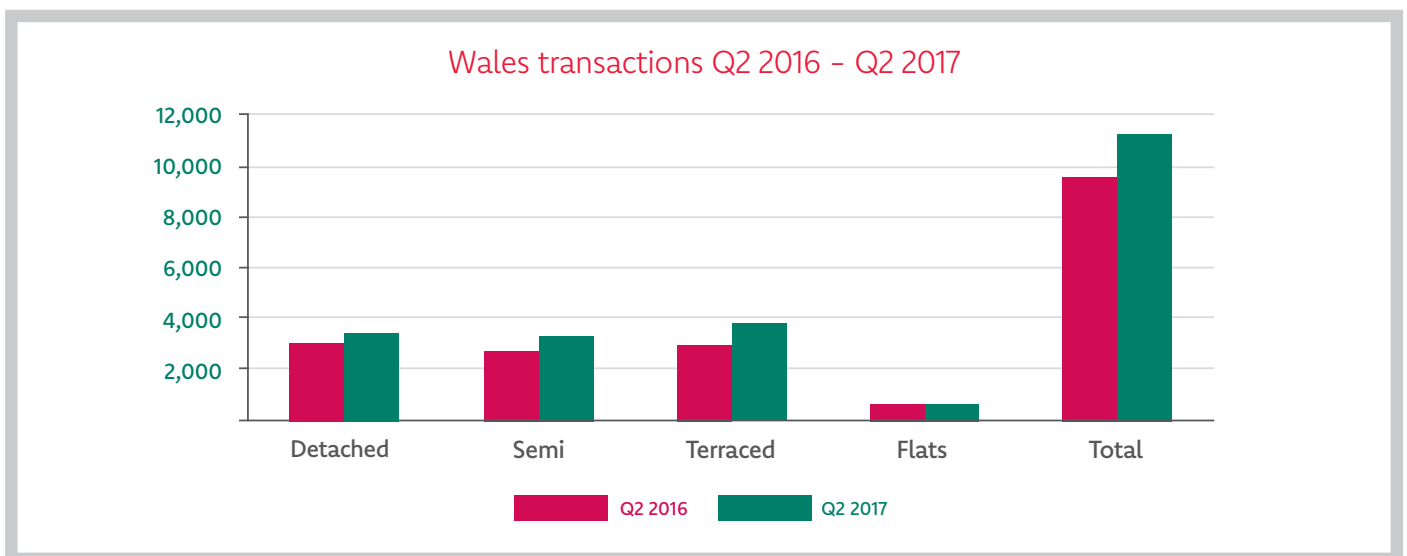
## Market trends

The quarter on quarter fall in house prices is a further indicator of the softening in the current market. Eight local authorities have seen a fall in annual house price growth over the last year, while 16 of the 22 local authorities have seen a fall in house price growth during the last quarter.



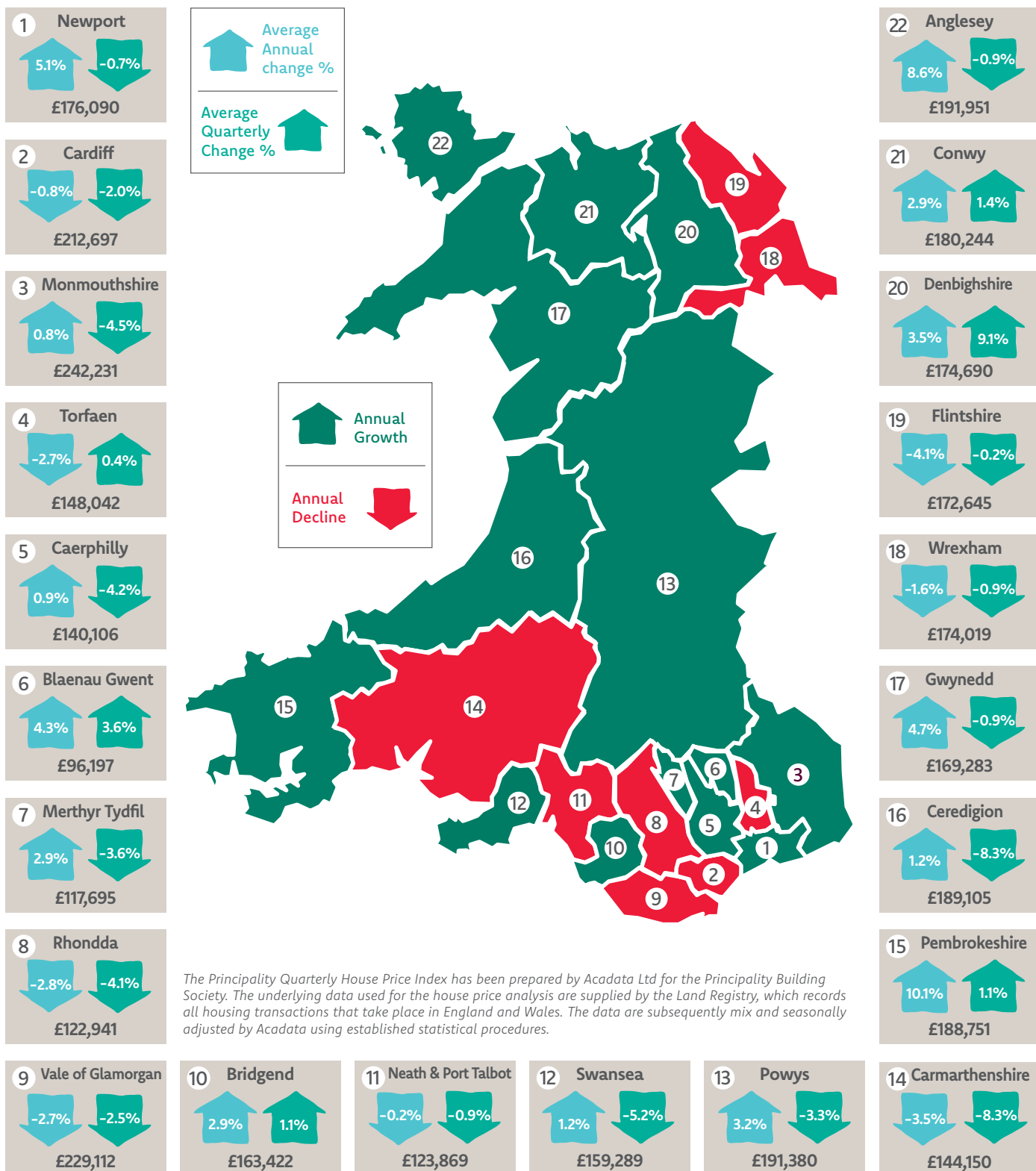
## Housing sales

The chart compares the number of housing sales in Wales, in the three months April 2017 to June 2017, with the same three months one year earlier. Overall, the chart indicates an estimated increase of 17% in transactions between Q2 2016 and Q2 2017. However, year to date 2017 versus the same period in 2016 has seen a 5% reduction in housing transactions. Sales of terraced properties have increased by 25% in Q2 2017 compared to one year earlier. There has been a similar, although slightly lower, increase of 20% in the purchase of semi-detached properties over this period. Detached properties have seen an 11% increase in purchases, while flats have seen a slight fall of 3% in the numbers sold. It is worth noting that in Q2 2016 sales were impacted by the high sales in Q1 2016 due to stamp duty changes.



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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