

HOUSE PRICE  
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# Principality Building Society House Price Index Wales, Q1 2019

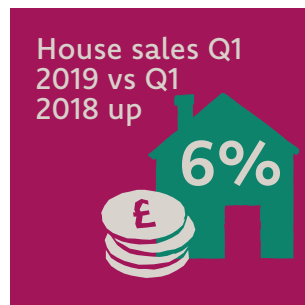
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Where home matters

# Annual house price growth in Wales subdued

The average house price in Wales has fallen in Q1 2019 by 0.8%, while annual growth rate is at its lowest level since August 2013 at 0.4%. The fall in prices over the last three months is attributed to ongoing uncertainty surrounding Brexit, but house sales remain relatively buoyant, up by 6% in Q1 2019 vs Q1 2018.

The average house price in Wales is **£185,018**



**Tom Denman,**  
Chief Financial Officer  
at Principality Building  
Society said:

“As anticipated, we have seen a quarterly decline in house prices which is connected to the ongoing economic uncertainty caused by Brexit. House sales are up year on year, with Brexit seemingly not having the same negative effect on the number of sales that are taking place in the Welsh housing market as it has in southern parts of England, in particular. The south-east of Wales continues to see house price growth as a result of the abolition of the Severn Bridge tolls and the widening commuter belt between Bristol and Cardiff. With political uncertainty continuing, it’s difficult to gauge whether the market will bounce back in quarter two or will continue to show signs of slowing.”

## Market Snapshot

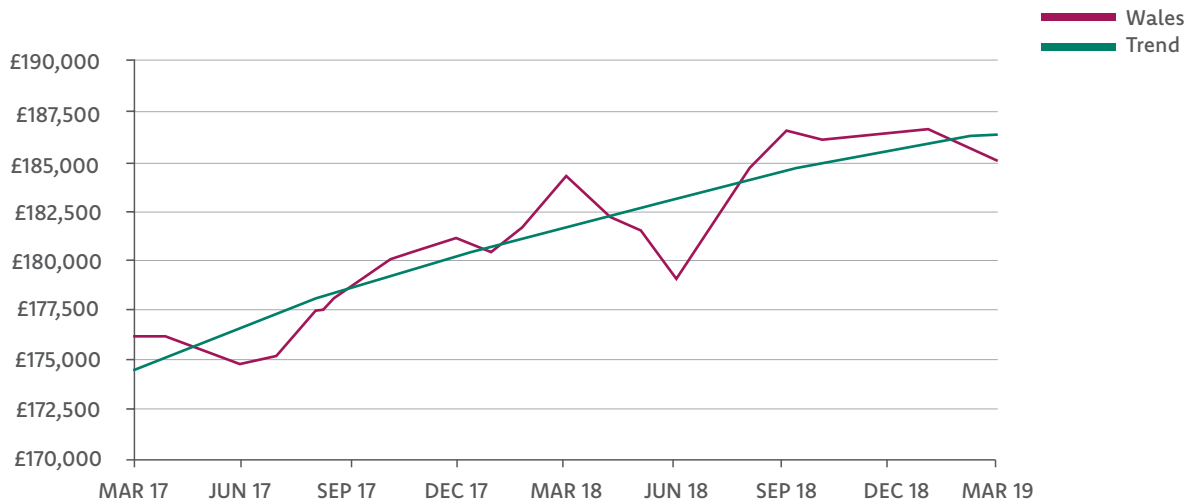
During Q1 2019, prices in Wales have fallen by an average 0.8%. The main reason for this decline in prices is the uncertainty caused by Brexit, with many buyers and sellers waiting for a clear decision on the future direction of the country before committing to the purchase or sale of a property. The lack of decisions on the purchase of a property appear to be more prevalent at the higher end of the market, with first-time buyers remaining keen to climb onto the property ladder.

In Q1 2019 there were 15 local authority areas where prices fell in the quarter, and seven where prices rose. Of the seven authorities with positive price changes, three have the lowest average prices in Wales; Merthyr Tydfil (0.5%), Neath Port Talbot (1.9%) and Blaenau Gwent (1.1%). It is likely that in these areas first-time buyers helped to maintain the positive movement in prices over the quarter.

Cardiff and Conwy reached new peak prices in March 2019. In Conwy it’s the average price of detached homes (the most frequently purchased property type in the area) that have seen the largest rise over the last year, up by an average £40,000 from £225,000 in March 2018 to £265,000 in March 2019. This has helped to set the new peak average price for Conwy of just over £190,000.

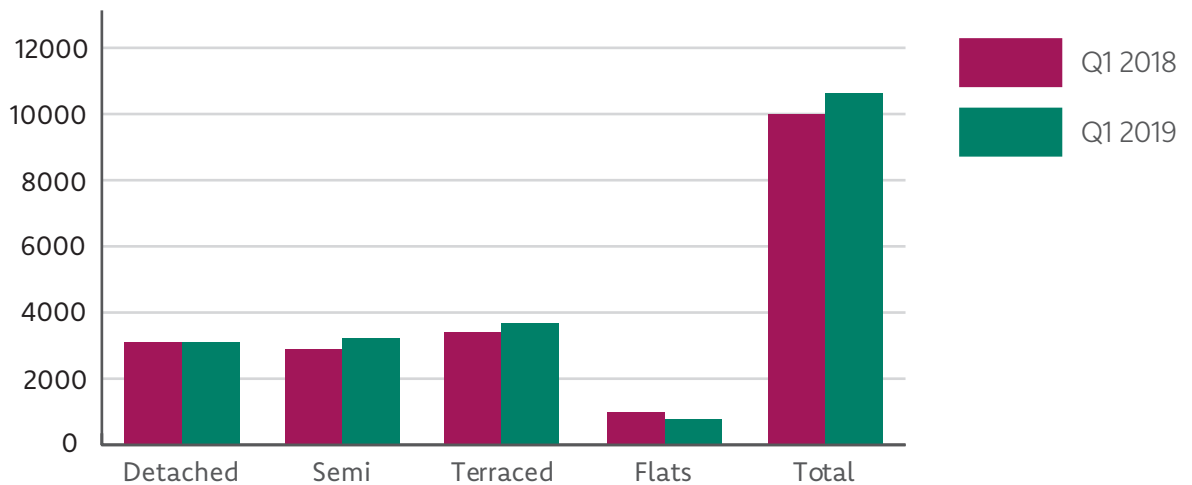
In Cardiff the average price of semi-detached properties and flats have helped to set a new peak average price for the area of just over £235,000. The average price of semi-detached properties has risen by £15,000 over the last year to £255,000 in March, while the average price of flats has also risen by £7,000 to £15,000 over the same period.

## Average house prices over last two years - Wales



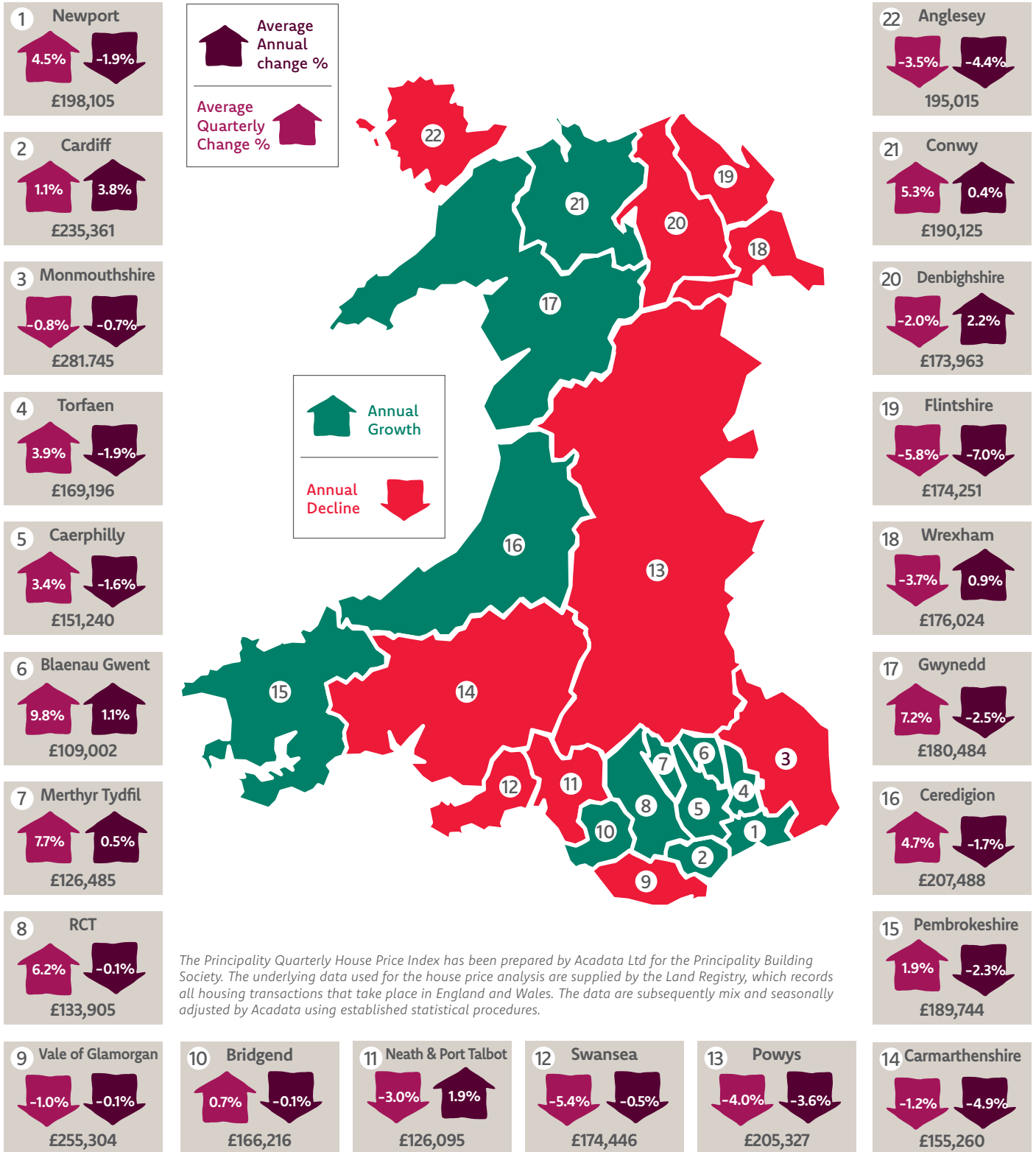
The above graph shows the rise in prices in March 2018 was followed by a fall between April and June 2018, as the number of high-value transactions decreased, having been brought forward into the earlier months to avoid paying Land Transaction Tax that was introduced in April. There were fewer housing transactions during Q1 2018 but a higher proportion of higher value ones. However, from June onwards prices climbed back in a near straight line to September. This was followed by a period of relatively flat prices from October 2018 to January 2019, with prices dropping in both February and March 2019 reflecting the uncertainties associated with Brexit.

## Wales transactions Q1 2018 vs Q1 2019



The chart above compares the number of housing sales in Wales during Q1 2019, with the same three months one year earlier. Sales rose by 6% in Q1 2019 compared to Q1 2018. There was an increase in sales in Q1 2019 compared to Q1 2018 for semi-detached and terraced properties by 10.3% and 11.5% respectively, but a decrease in sales for detached properties, down by 0.4% and flats, down by 12.3%. The Brexit effect, whilst prevalent in the southern regions of England, does not yet appear to be having any significant dampening effect on the number of sales that are taking place in the Welsh housing market.

# Average annual and quarterly change by local authority





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