

HOUSE PRICE  
INDEX

# Principality Building Society House Price Index Wales, Q4 2019

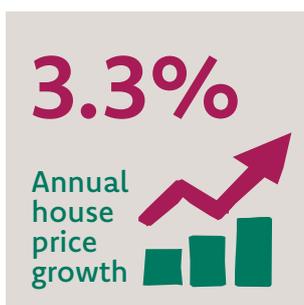
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# Average house prices rise in Wales

Wales saw house prices grow by an average of 3.3% in 2019, a £6,237 rise in the average house price over the previous 12 months and stands at a new peak of £193,254. House price growth in Wales increased during the second half of 2019, driven by first time buyer demand and an increased demand for holiday homes. However, house sales in Wales were down by 6% in 2019 compared with 2018.

The average house price in Wales is **£193,254**



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

“It’s been a decent year for average house price growth in Wales, mainly supported by historically low interest rates, a shortage of housing supply and relatively high employment. First time buyers were the driving force behind housing sales, with holiday homes and holiday lets also performing well. Although Brexit uncertainty and the General Election had a greater impact on the housing market in the south of England, sales were still down by 6% in Wales in 2019 compared with 2018. Now that there is a bit more clarity politically, we will wait to see if house sales pick up in 2020, although we anticipate continued modest growth in terms of house prices as a whole.”

## Market Snapshot

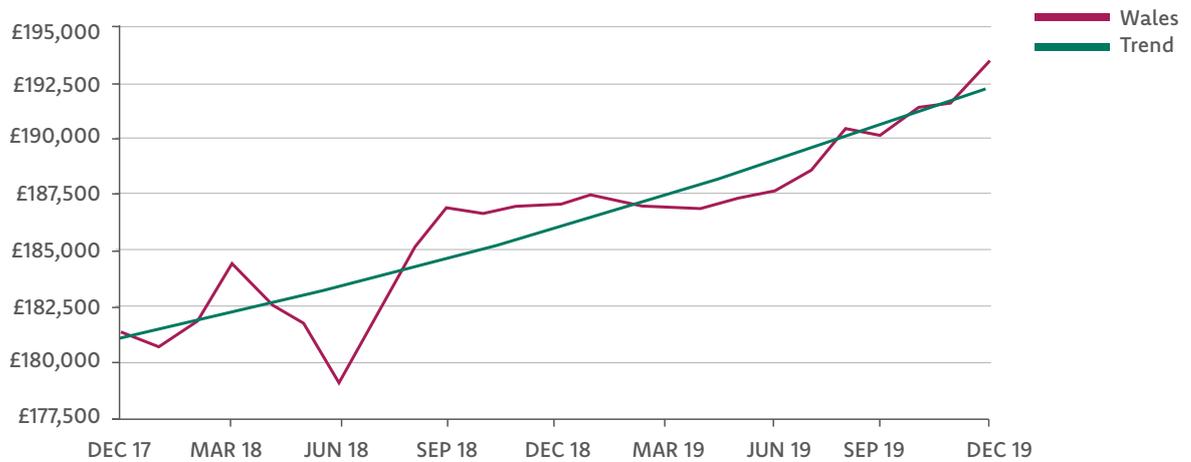
There are three main themes which are currently evident in the housing markets in Wales. The first is around first time buyers dominating the market. UK Finance has recently published its analysis on the Welsh housing market for the period Q3 2016 to Q3 2019, which showed an increase of 4.1% in the number of loans provided to first time buyers over the period, but a 5% decrease in the loans to home-movers. The average value of homes purchased by first time buyers in Q3 2019 was £151,416, up by £5,100, or 3.5%, over the previous year.

The second theme is that of ‘affordability’, which is not just limited to the first time buyer market. The average house price in Wales at £193,254 compares with an average price of £304,000 in England, while the average salary per year in Wales is £27,820 versus £30,752 in England according to latest statistics from the Office for National Statistics.

Thirdly, there appears to be a strong demand for holiday homes, with ‘staycations’ becoming more popular in England and Wales as a whole.

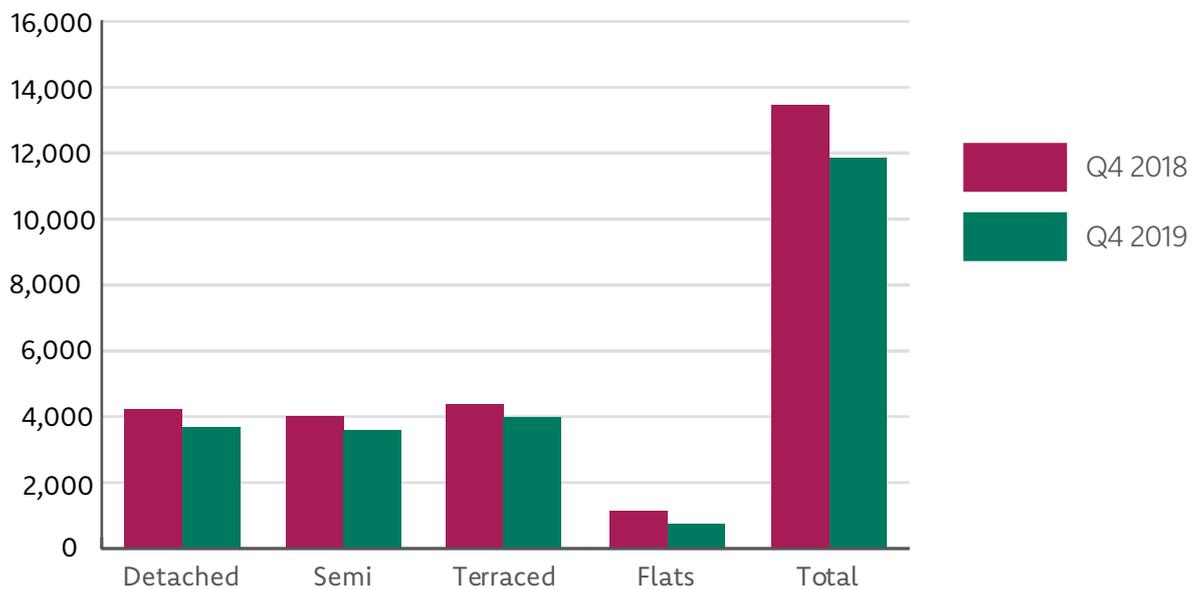
At the end of 2019, eight local authority areas have established new peak prices: (in alphabetical order) Bridgend, Denbighshire, Gwynedd, Merthyr Tydfil, Monmouthshire, Rhondda Cynon Taf and Swansea. Wales itself has also set a new peak average price at the end of 2019, which was the seventh month in 2019 in which a new record price has been reached.

## Average house prices over last two years in Wales



The annual rate of house price growth in December 2019 is 3.3%, which represents a £6,237 rise in the average house price over the previous 12 months. This rate is 1.1% higher than the September 2019 rate of 2.2%, and is further evidence that house price growth in Wales has been increasing during the second half of 2019.

## Wales transactions Q4 2018 vs Q4 2019



In 2019 there were some 44,600 sales of homes, which is around 2,900 sales, or 6.0%, less than in 2018. The reduction is likely to be due to the uncertainties associated with Brexit and then latterly the 2019 December General Election. Historically, there is a decline in sales during general election months.

Overall, the chart above indicates an estimated decrease of 11.3% in transactions between Q4 2019 and Q4 2018. The figures show that the largest decrease in sales in Q4 2019 compared to Q4 2018 have been flats, down by 32.6% over the period, followed by detached properties, down by 12.5%. Semi-detached sales reduced by 9.6%, with terraces down by 6.5%, which supports indications that first time buyers are now more attracted to terraced and semi-detached properties, rather than to small city centre flats.

## Average house price growth during the past decade

Local authority areas	December 2009	December 2014	December 2019	Ten year growth % 2009 – 2019	Rank
Cardiff	£168,819	£201,762	£238,311	41.2	1
Torfaen	£128,446	£144,180	£176,884	37.7	2
Newport	£149,432	£161,368	£199,311	33.4	3
Merthyr Tydfil	£106,659	£113,630	£141,657	32.8	4
Monmouthshire	£225,290	£234,313	£298,618	32.5	5
Vale Of Glamorgan	£202,731	£213,804	£264,026	30.2	6
Rhondda Cynon Taf	£110,684	£117,485	£142,733	29.0	7
Bridgend	£141,288	£154,216	£180,988	28.1	8
Blaenau Gwent	£88,472	£90,508	£112,796	27.5	9
Denbighshire	£155,952	£155,761	£192,665	23.5	10
Caerphilly	£126,753	£132,272	£155,666	22.8	11
Swansea	£156,363	£152,377	£188,417	20.5	12
Gwynedd	£160,861	£157,805	£190,868	18.7	13
Flintshire	£155,468	£169,924	£183,963	18.3	14
Neath Port Talbot	£118,113	£117,206	£138,029	16.9	15
Conwy	£165,772	£168,159	£193,520	16.7	16
Pembrokeshire	£178,784	£184,732	£208,134	16.4	17
Wrexham	£150,520	£156,879	£173,559	15.3	18
Powys	£186,439	£187,660	£214,404	15.0	19
Isle Of Anglesey	£172,862	£166,393	£198,296	14.7	20
Carmarthenshire	£148,683	£147,012	£164,519	10.7	21
Ceredigion	£185,157	£188,203	£201,557	8.9	22
<b>Wales</b>	<b>£155,233</b>	<b>£163,715</b>	<b>£193,254</b>	<b>24.5</b>	

The table above shows the movement in average house prices over the past decade, December 2009 to December 2019. House prices in Wales have risen by 24.5% over this period. However, over this same 10-year time span, the CPIH index for consumer price inflation has increased by some 22.6%. This shows that the average house prices in Wales have grown in 'real' terms by just 1.9% in the past decade.

Cardiff tops the list with house price growth of 41.2% for the decade, followed by Torfaen at 37.7% and Newport at 33.4%. The top nine authorities in terms of growth are all located in the south-east corner of Wales – which may indicate the extent to which Cardiff, and possibly Bristol, have had an impact on housing demand, and hence house prices, in this area over the last 10 years.

Denbighshire saw the highest price growth in north Wales during the past 10 years at 23.5%.

# Average annual and quarterly change by local authority

