

# Principality

## House Price Index

### Wales

Q1 2018

Data provided by **aca**data

The average house price in Wales is **£181,320**

#WalesHPI

## House prices in Wales continue to rise

Annual house price growth

**2.9%**



Quarterly house price growth

**0.2%**



Estimated house sales

**-4%**



Modest house price growth expected in 2018



The average house price in Wales has increased by £5,133, or 2.9%, over the last 12 months, as first time buyers and home movers continue to take advantage of the low rates of interest currently available on mortgages.

Over the last quarter, prices increased by 0.2%, which is a lower rate than that seen during both Q3 & Q4 2017. Housing sales are down by 4%.

Tom Denman, Chief Financial Officer at Principality Building Society, said: "As expected the Welsh housing market continues to grow at a modest, steady rate, as homeowners continue to take advantage of historically low borrowing rates.

"The market is still being driven largely by first time buyers and

re-mortgaging. The number of mortgages for first time buyers is growing at twice the rate of the rest of the UK in Wales and it would appear Help to Buy Wales has clearly had a positive impact on the housing market. This is welcome news for those looking to step on to the housing ladder in Wales."

## Market snapshot

A new stamp duty, the Land Transaction Tax (LTT), came into being in Wales on 1st April 2018, to replace Stamp Duty Land Tax, with purchasers of properties in excess of £400k having to pay additional tax over the previous rates. There is a possibility some buyers brought forward their purchases to avoid paying the additional tax which would have been due from April 2018 onward. We will update on whether this took place in our next report.

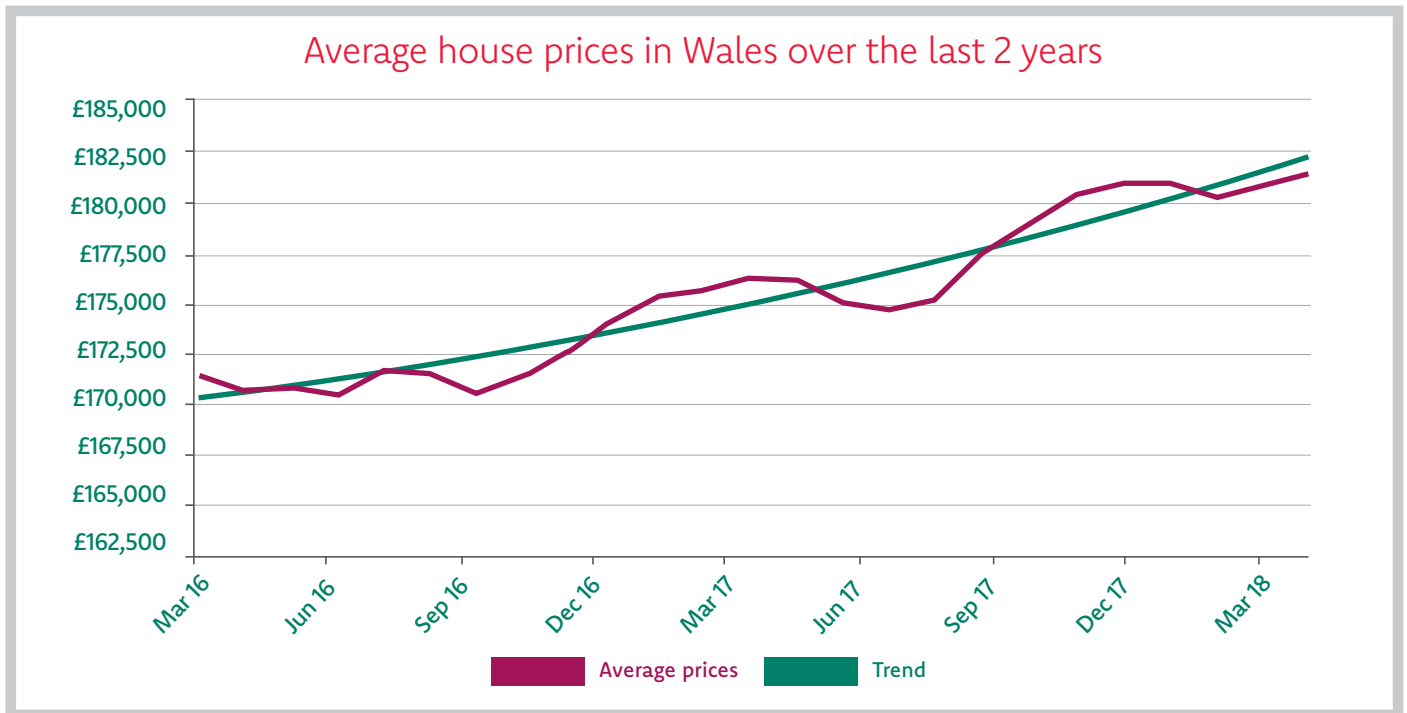
Looking at the local authorities on an individual basis, there are 10 areas where the annual price increase exceeded 4.5%, and 12 areas where the rates were lower. Monmouthshire had the highest rate of change in prices over the last 12 months at 8.6% and is also the local authority area with the highest average house price in Wales, at £279,434.

The Severn Bridge toll fees are due to cease before the end of 2018, making commuting to cities like Bristol much cheaper. This could see a rise in property sales in Monmouthshire and nearby towns and cities across South East Wales.

The area with the largest increase in prices over the quarter is Wrexham where prices have increased by 5.7%, followed by the Isle of Anglesey at 5.0%. In Wrexham it is the price of detached homes that have seen the largest increase in values, from an average £230,000 in Q4 2017 to £255,000 in Q1 2018.

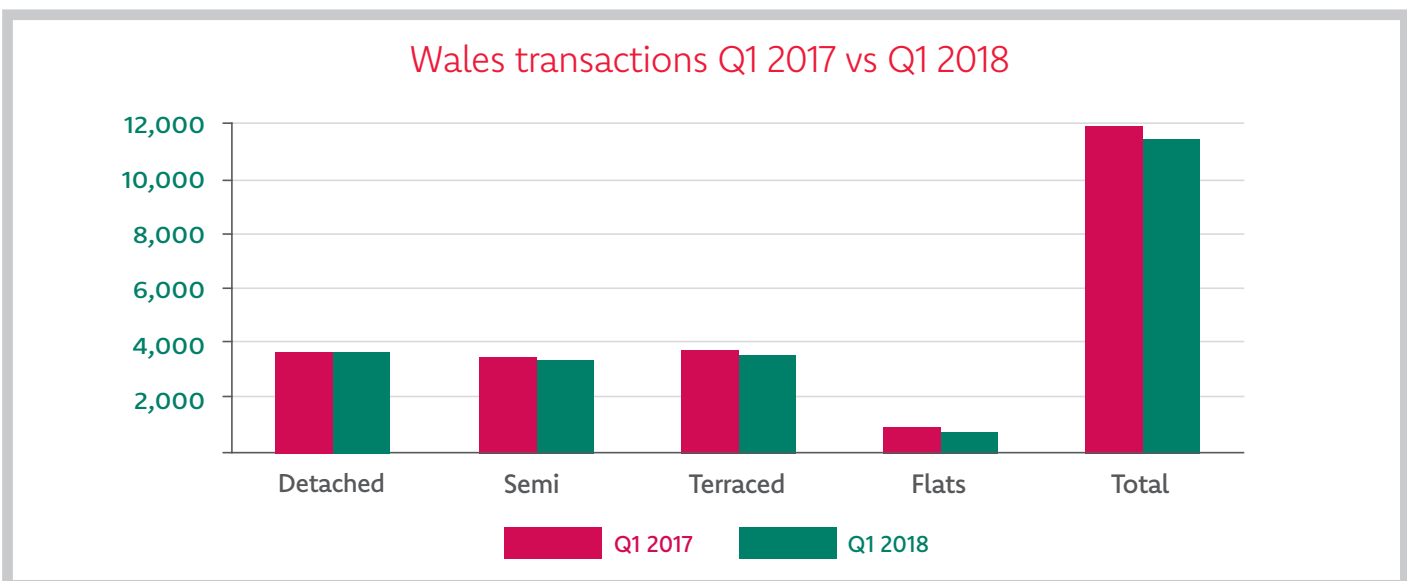
## Market trends

Over the year from Q1 2017 to Q1 2018, seven of the 22 local authorities have seen prices fall. As the graph below shows, prices finished the quarter marginally below the trend of the last 24 months, although we anticipate an upward revision to the March 2018 prices by the Land Registry, a consequence of people buying more expensive properties prior to extra stamp duty charges from the LTT in April 2018.



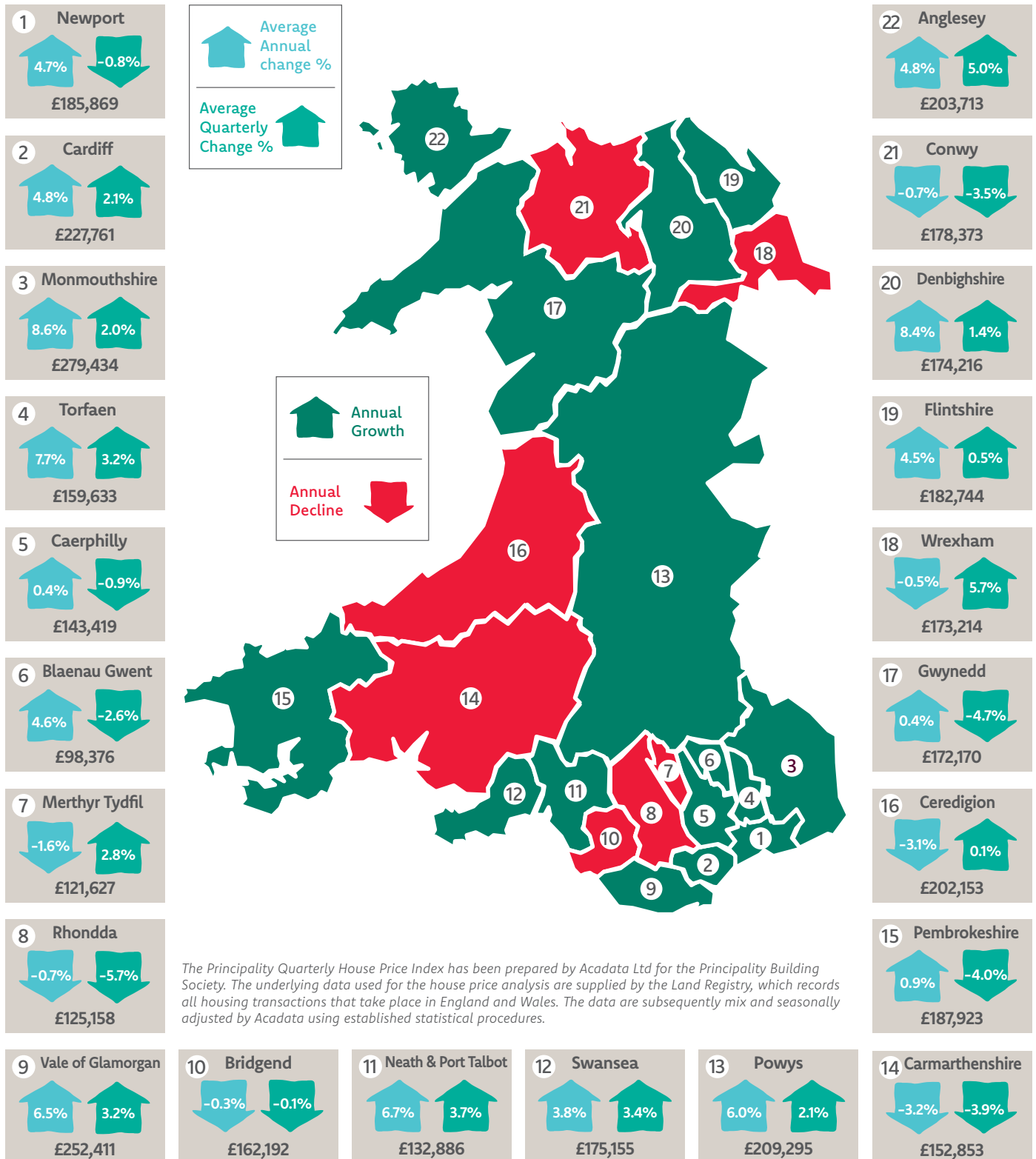
## Housing sales

Overall, there was an estimated fall of 4% in transactions in Q1 2017 compared with Q1 2018. There was a decline in sales for each property type, with the exception of detached properties, where a small increase in sales is forecast at +2%. A good start to 2018 is evident, with transactions in January 2018 being the highest for five years, although introduction of the LTT may also have had an effect. However, sales in February and March are below 2016 and 2017 levels.



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## Average annual and quarterly change by local authority



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