

Principality Building Society

House Price Index

Wales

Q4 2018

Data provided by **aca**data

The average house price in Wales is **£186,699**

#WalesHPI

House prices in Wales set a new peak

Annual house price growth

3%



Quarterly house price growth

0.3%



Estimated annual sales growth

0%



Modest house price growth expected in 2019



The average house price in Wales has reached a new peak of £186,699 and annual growth is 3% in 2018, with local authorities in South East Wales seeing the biggest price growth.

However, price growth in Q4 slowed down to just 0.3% compared with the previous quarter. The overall number of home sales in 2018 of just over 48,000, are broadly the same as 2017.

Tom Denman, Chief Financial Officer at Principality Building Society, said: "There are a number of possible reasons why Welsh house prices are at an all-time high - interest rates are currently close to their historic low, the number of people in work is near an all-time high whilst average weekly earnings have risen above the rate of inflation. Welsh Government housing schemes have also helped would-be property owners onto, and up, the housing ladder.

We know from a recent survey we did that a quarter of people in Wales admit Brexit is affecting whether they buy or sell a home. Brexit has undoubtedly affected the market but so far hasn't dampened the market in Wales as much as England, with the number of property sales estimated to be on a par with last year. Affordability of homes in the country compared to areas of south-west England is likely to have helped growth, along with supply and demand."

Market snapshot

Wales achieved a new peak average house price in December 2018, at £186,699, being some £2,000 higher than the previous peak seen in September 2018. In part this new level can be seen to have benefitted from the new threshold of £180,000 associated with the introduction of the Land Transaction Tax in April.

In addition, three local authorities achieved new record average prices in December 2018 - Monmouthshire (£290,437), Newport (£199,046) and Caerphilly (£155,672).

All but three of the local authorities have seen their average house prices rise in 2018.

Six local authority areas had annual price increases of 6.0% or higher. These were Torfaen (8.7%), Caerphilly (7.5%), Blaenau Gwent (7.2%), Newport (6.5%), Monmouthshire (6.1%) and the Vale of Glamorgan (6.0%). With the exception of the Vale, these areas are all located in the south-east corner of Wales.

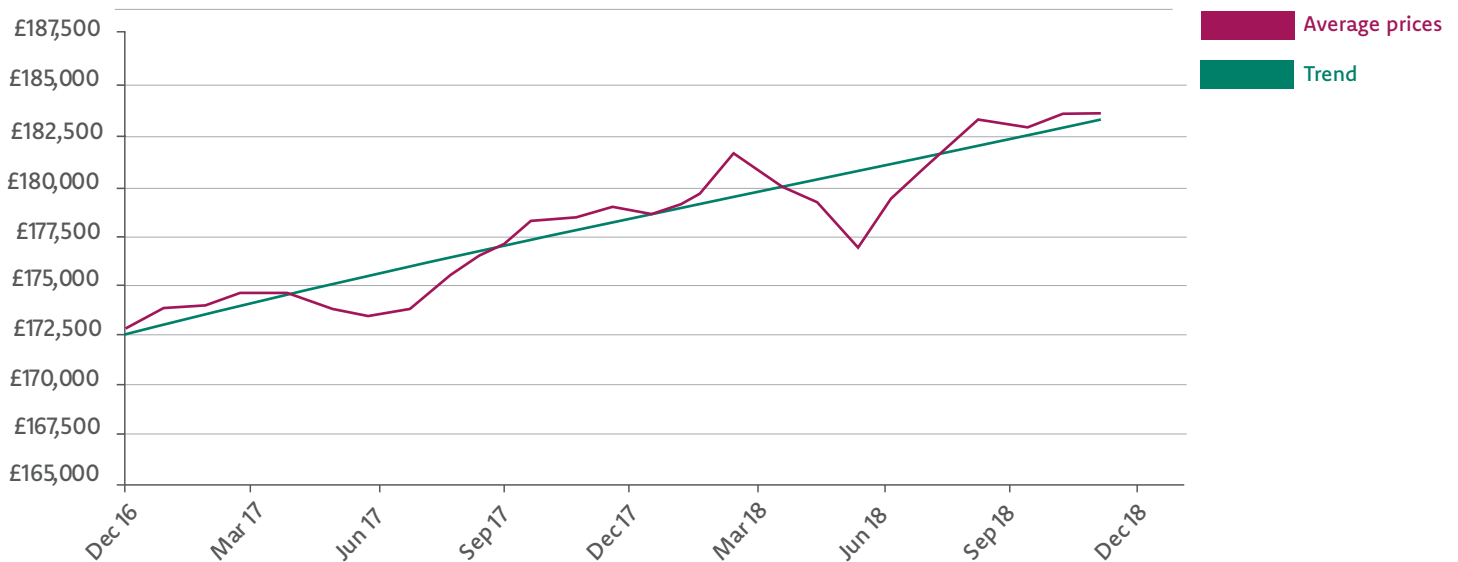
It is probable that these areas are reaping the benefits derived from the removal of the toll from the Severn Bridge. What has certainly been observed over the last year is an increase in commuting to Bristol, a city which is currently enjoying considerable economic growth and has an average house price of £325,000.

The three local authority areas that have seen average house prices fall over the last year are Pembrokeshire (-1.4%), Denbighshire (-1.9%) and Neath Port Talbot (-2.4%).

Market trends

The graph shows how house prices in Wales have been growing over the last two years. Prices have in general been oscillating around the trend, reacting to the various events that have occurred over the last 24 months, namely the snap General Election of June 2017 and the introduction of the Land Transaction Tax in Wales in April 2018.

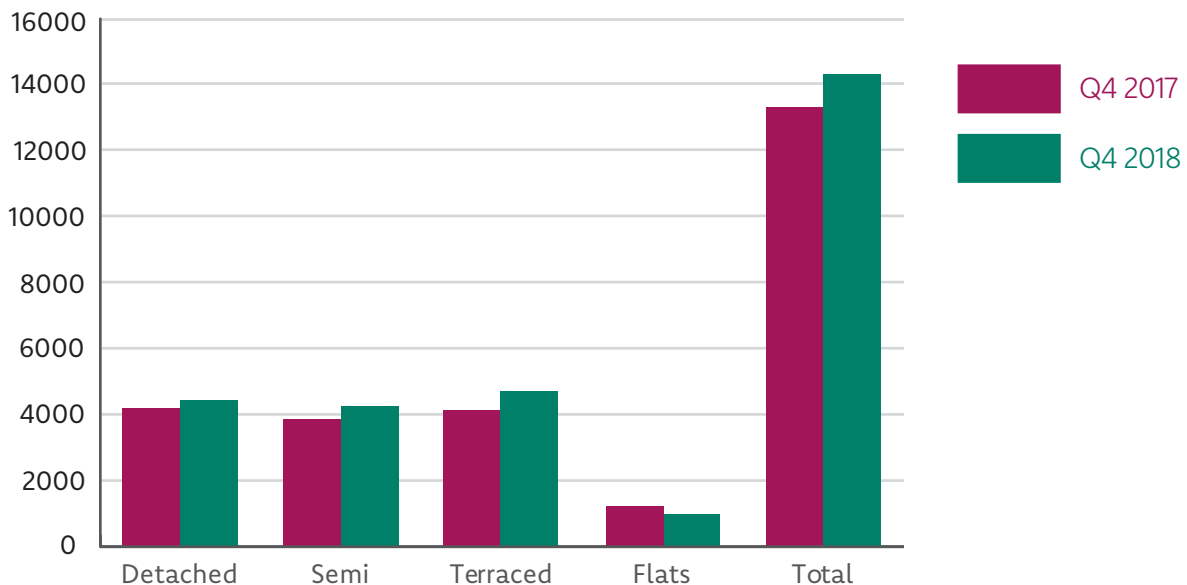
Average House Prices over last 2 years - Wales



Housing sales

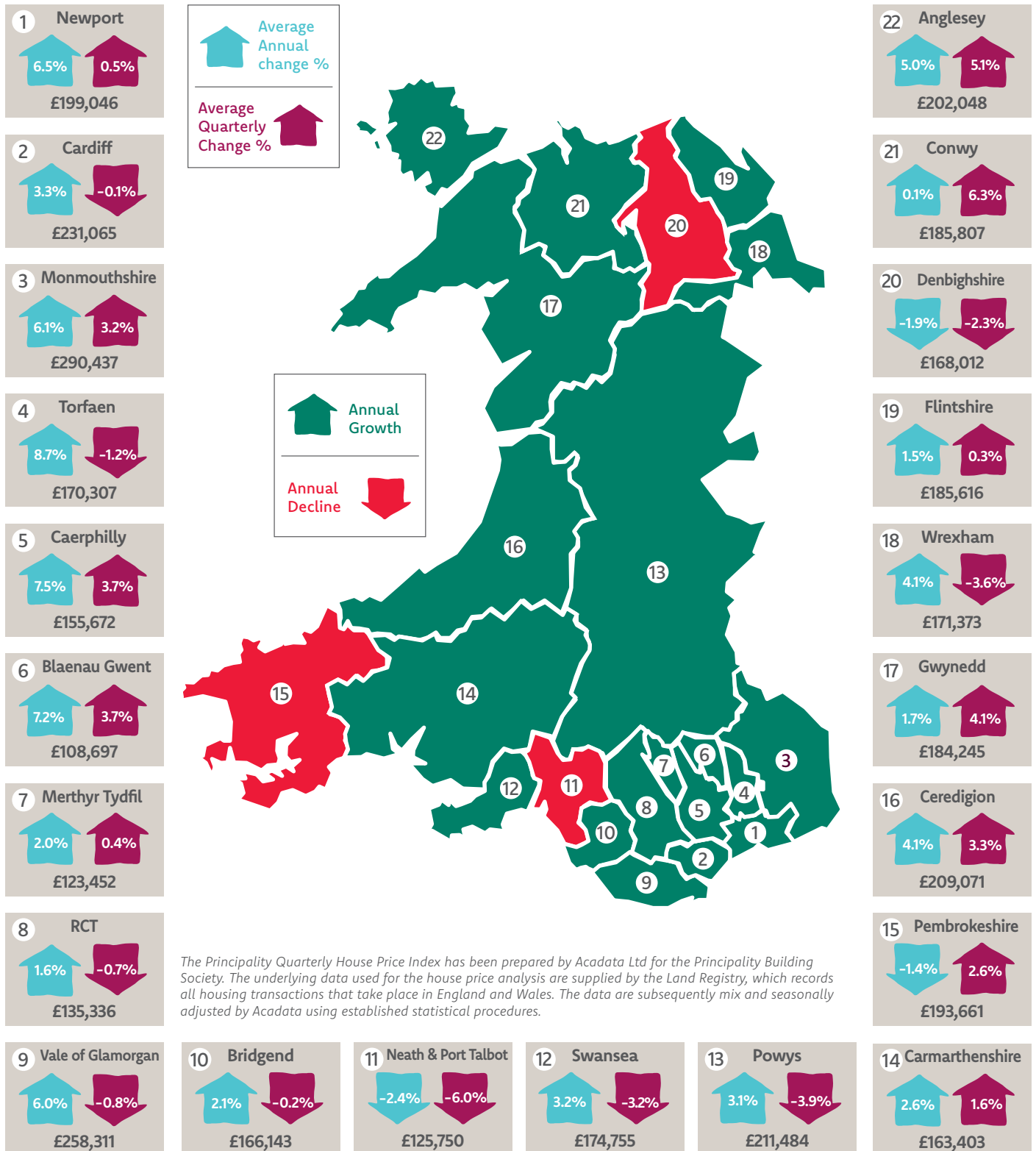
Overall, total 2018 sales in Wales are estimated to be similar to 2017 sales. The figures in the graph above show an increase in sales in Q4 2018 compared to Q4 2017 for each property type, with the exception of flats which have seen sales fall by 21% between the two years. UK Finance figures show a minor fall in first-time buyers, down by 2.3% in 2018 compared to the previous year, but across all property types. Flats are typically the property type of choice for the first-time buyers and new to market landlords and might explain this decline.

Wales Transactions Q4 2017 v Q4 2018



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



Contact: Jamie Pike | Corporate Affairs Manager | Tel: 029 2077 3812 | Email: Jamie.Pike@principality.co.uk