

# Principality Building Society **House Price Index** **Wales Q4 2024**

**Where home matters**

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# Housing Market in Wales Poised to Recover.

The average price of a home sold in Wales increased slightly to £233,200 in the final quarter, remaining approximately at the same level as it started in the first quarter of 2024.

The figures have been released from Principality Building Society's Wales House Price Index for Q4 2024 (October – December), which demonstrates the rise and fall in house prices in each of the 22 local authorities in Wales.

The uplift in sales saw the number of transactions at the highest level for three years, following quarter-on-quarter growth signalling strong consumer appetite, and a housing market in Wales that is poised to turn a corner.



Annual  
change %

-0.4



Quarterly  
change %

+0.3



Increase in  
transact.%

18 Q3 2024  
vs Q4 2024



Average  
house price

£233,194



**Iain Mansfield,**  
Chief Financial Officer at  
Principality Building Society, said:

“ The housing market in Wales has demonstrated resilience against a challenging environment throughout 2024, with Principality's House Price Index showing clear signs of renewed confidence. The steady growth in transactions highlights strong demand for housing underpinned by the ongoing challenge of limited supply, which continues to shape the market landscape.

The average price of a home sold in Wales increased by 0.3% in the fourth quarter of 2024, which is just 0.4% below the prior year, but still 6% lower than its peak of £249,000 at the end of 2022. This represents green shoots for the housing market in Wales, with prices poised to rise with a more favourable rate environment expected in 2025.

Despite this national picture, those looking to potentially buy or sell their home will be interested in the price movement at a regional level, which does present a mixed picture depending on location. Some areas, like Carmarthenshire and the Isle of Anglesey are seeing price increases, so buyers could expect to pay more, which could in part be reflected in the lower volume

of transactions. While other areas like Merthyr Tydfil may see price declines, with the price of houses in the area dropping 17.9% in the last three months of the year. While this number does appear quite stark, an element of this reduction will be due to the type of properties sold during this period, such as an increase in terraced houses, so it's important to view the year-on-year trend for the region, which suggests just over a 5% drop.

Overall, our research, based on HM Land Registry data, can reveal there are less price declines in regional areas than a year ago, for the past three quarters of the year, offering some stability for buyers and sellers in a changing market.



## Iain Continues..

A more stable housing market is welcome news for buyers and speaks to the strong demand for housing, driven by buyers looking to enter or move within the market, despite the challenging landscape of the last few years. This demand is evident in the approximately 12,800 transactions that were recorded in Wales in the fourth quarter, which represents an 18% increase when compared to the third quarter. It is also a 28% rise year-on-year – the highest level observed since late 2021.

This reflects the continued recovery in transactions that commenced in the second quarter and indicates that despite continued cost-of-living pressures, and the elevated rate environment, demand continues to grow.

A key driver of that demand is likely the low supply of housing in Wales. In 2019, Welsh Government’s own research suggested Wales needs between 6,700 to almost 10,000 new homes of all types on average, annually, to meet housing need. Despite Welsh Government’s longstanding target to build 20,000 new homes by 2026 to ease housing constraints, current levels of supply are falling short of this requirement.

While supply is a real challenge for buyers, there is also more that can be done to support buyers when it comes to the matter of affordability- especially for those hoping to get onto the housing ladder for the

first time. Principality conducted a recent survey which revealed that 75% of our Member respondents say that house prices in the UK are ‘too high’, and a further 74% of respondents agreeing it is ‘much harder’ for young people to get on the housing ladder.”

Iain continued, “Overall, with inflation above target and rising national insurance contributions for employers expected to slow wage growth , the market will look to the forthcoming Bank of England base rate decision to ease affordability.

After taking into account seasonal factors, including the General Election last year and subsequent Autumn Budget, we are looking towards a gradual market recovery, with Wales demonstrating positive signs of steady improvement.

Looking ahead, the UK Government have stated they are committed to extensive planning reforms in order to restore local housing targets – with a particular focus on increasing social and affordable housing. This coupled with the additional help for first time buyers in Wales, announced at the recent Welsh Government Budget, signals a positive future outlook. There is undoubtedly more to be done to ease affordability, and as a leading funder that works with the majority of housing associations in Wales, Principality has a vested interest in being part of the solution.

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## Average house prices in Wales over the last 5 years

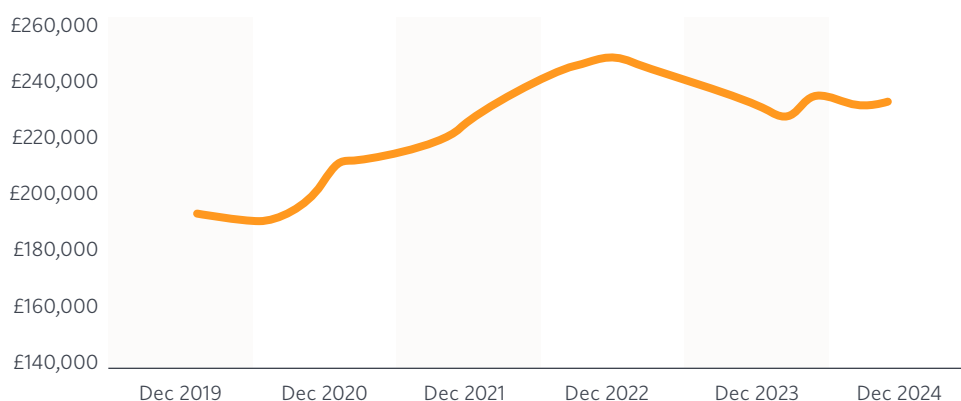


Chart 1: Average house prices in Wales, last 5 years  
Source: Acadata, mix and seasonally adjusted

Chart 1 above shows the average price of homes in Wales over the last five years, suitably adjusted for the mix of property types and seasonal effects. Prices were 0.3% higher in the fourth quarter of 2024, more or less returning prices to where they started the year.

After peaking at just over £249,000 in late 2022, the average price of a home in Wales now stands £16,000 lower at about £233,200, representing a fall of 6%.

While this could look like a drop at first glance, average prices have been above the low point reported in the first quarter for the past three quarters. The year-on-year decline of 0.4% represents an overall course correct, as this decline is less significant than those seen previously, signalling a new positive direction of travel.

## Annual % change in prices by property type 12 months to December 2024

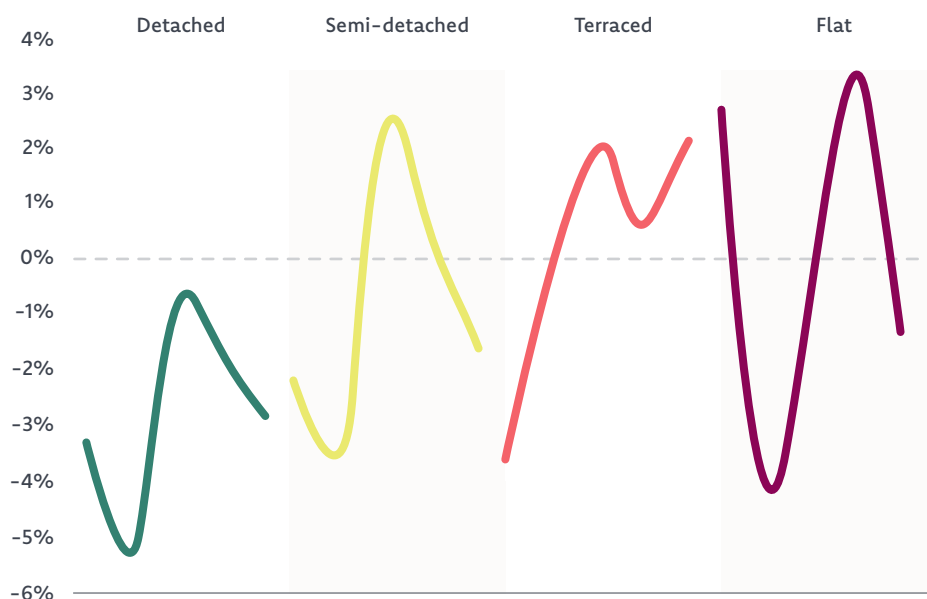


Chart 2: Annual % change in prices by property type, Wales, 12 months to December 2024  
Source: Acadata, mix and seasonally adjusted

Although the market downturn adversely affected all property types, with the prices of all types some way below their previous peak levels, market performance has diverged over the recent past (see Chart 2).

The most notable feature is that terraced properties have performed most strongly and have seen modest year-on-year gains throughout 2024.

Detached and semi-detached properties have had a more uneven experience, although both ended 2024 slightly more positively than they started the year.

While we should not read too much into the information on flats, given that limited sales in many areas does mean that reported flat prices are more volatile, flat prices appear to be in the doldrums once again albeit there are signs of a firmer market in Swansea.



# Geography

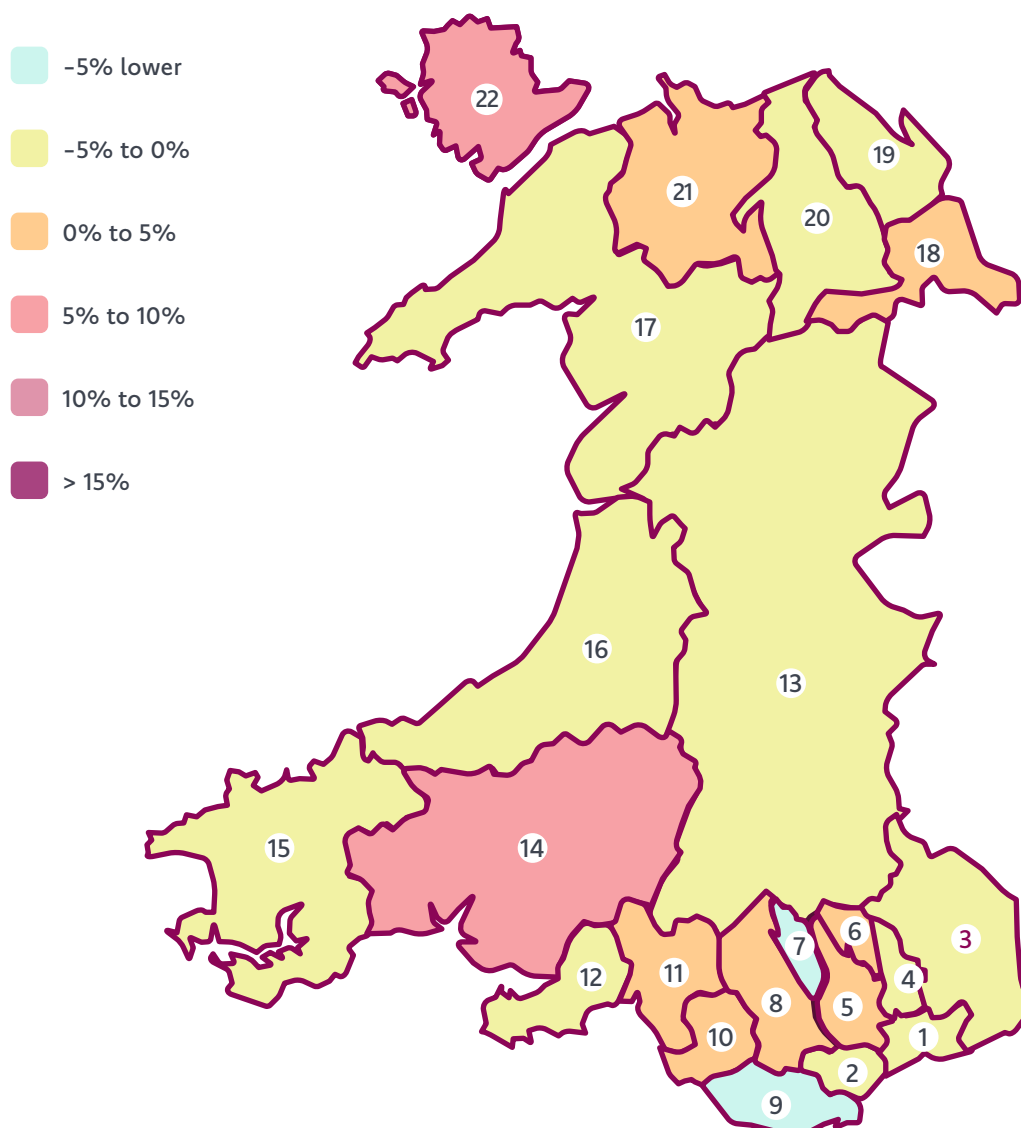
## Annual and quarterly average house price changes

Local Authority	Dec 2023	Sep 2024	Dec 2024	Annual Change %	Quarterly Change %
Blaenau Gwent	£143,826	£153,357	£156,044	8.5	1.8
Bridgend	£227,845	£227,773	£232,053	1.8	1.9
Caerphilly	£204,553	£204,461	£205,258	0.3	0.4
Cardiff	£298,890	£297,226	£283,740	-5.1	-4.5
Carmarthenshire	£208,460	£210,824	£227,702	9.2	8.0
Ceredigion	£271,326	£268,575	£261,115	-3.8	-2.8
Conwy	£236,492	£236,787	£243,652	3.0	2.9
Denbighshire	£210,945	£212,723	£208,846	-1.0	-1.8
Flintshire	£236,691	£221,144	£228,433	-3.5	3.3
Gwynedd	£252,744	£227,718	£221,330	-12.4	-2.8
Isle of Anglesey	£277,310	£257,168	£277,120	-0.1	7.8
Merthyr Tydfil	£159,828	£184,450	£151,514	-5.2	-17.9
Monmouthshire	£344,933	£366,699	£352,239	2.1	-3.9
Neath Port Talbot	£176,844	£169,096	£170,932	-3.3	1.1
Newport	£248,535	£245,814	£234,624	-5.6	-4.6
Pembrokeshire	£264,305	£249,311	£240,674	-8.9	-3.5
Powys	£252,425	£269,531	£258,399	2.4	-4.1
Rhondda Cynon Taf	£174,172	£173,150	£177,908	2.1	2.7
Swansea	£224,328	£235,500	£235,566	5.0	0.0
The Vale of Glamorgan	£319,363	£324,288	£292,868	-8.3	-9.7
Torfaen	£213,946	£212,310	£205,557	-3.9	-3.2
Wrexham	£210,071	£221,789	£221,928	5.6	0.1
<b>Wales</b>	<b>£234,086</b>	<b>£232,430</b>	<b>£233,194</b>	<b>-0.4</b>	<b>0.3</b>

Source: Acadata, mix and seasonally adjusted

# Quarterly price changes by local authority

## December 2024



Source: HM Land Registry and Acadata estimates

1 Newport	2 Cardiff	3 Monmouthshire	4 Torfaen	5 Caerphilly	6 Blaenau Gwent
-4.6%	-4.5%	-3.9%	-3.2%	0.4%	1.8%
7 Merthyr Tydfil	8 RCT	9 Vale of Glamorgan	10 Bridgend	11 Neath Port Talbot	12 Swansea
-17.9%	2.7%	-9.7%	1.9%	1.1%	0.0%
13 Powys	14 Carmarthenshire	15 Pembrokeshire	16 Ceredigion	17 Gwynedd	18 Wrexham
-4.1%	8.0%	-3.5%	-2.8%	-2.8%	0.1%
19 Flintshire	20 Denbighshire	21 Conwy	22 Anglesey		
3.3%	-1.8%	2.9%	7.9%		

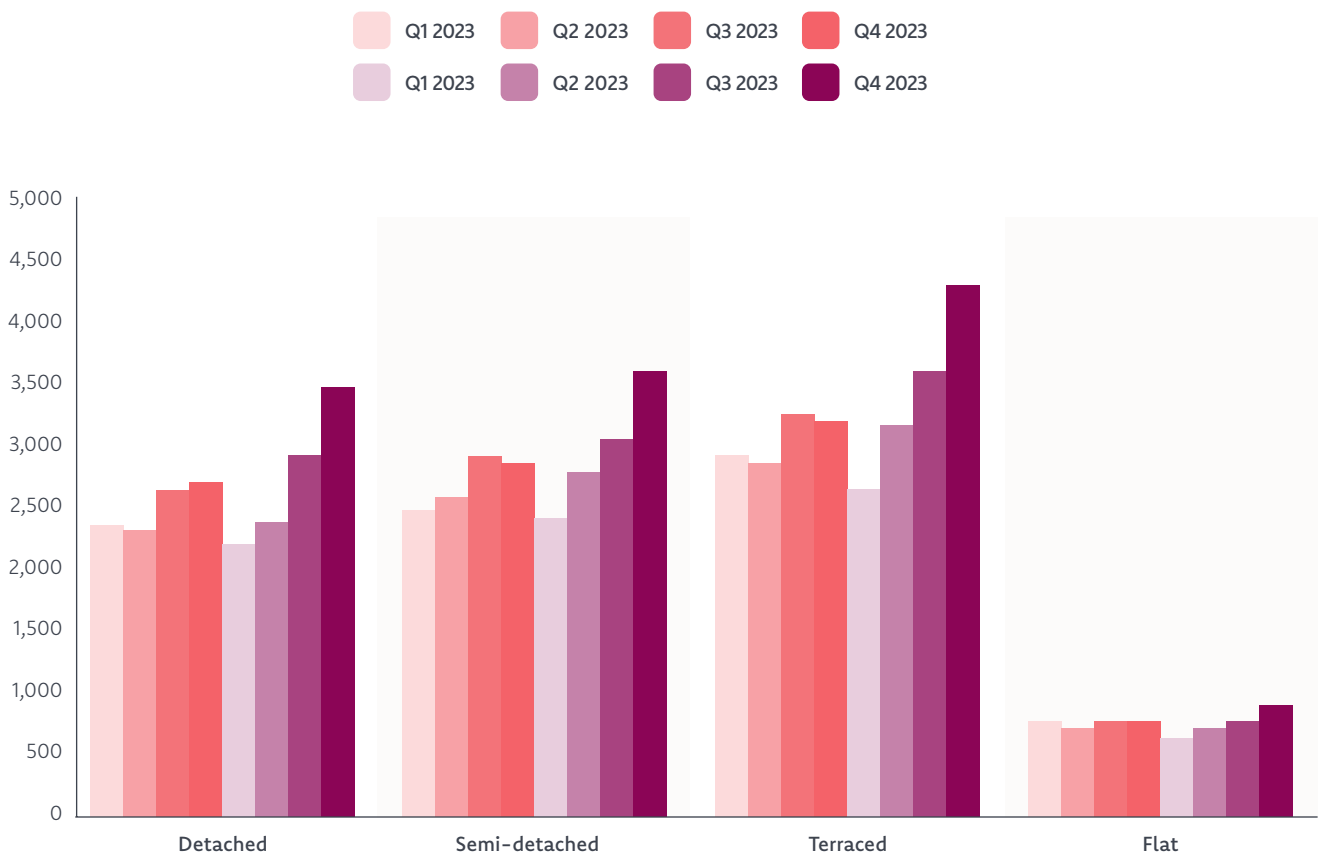
[Click here](#) to view Principality's interactive HPI map for Wales

Figure 1 maps the latest quarterly price movements by local authority. Darker red shades denote local authorities where prices have risen fastest since the third quarter through to blue where there have been falls.

The increase in prices in the second quarter began to decline slightly in the last two quarters, with ten local authorities posting quarterly price increases in Q4 – on a par with most recent quarters.

That said, Blaenau Gwent – one of the authorities with the lowest-priced properties – saw prices rise by 1.8% in Q4 to record a new peak of just over £156,000.

## Quarterly transactions by property type 2023 & 2024



Source: HM Land Registry and Acadata estimates

Transactions have again increased in the fourth quarter, continuing the recovery in property sales that began in the second quarter.

## Future outlook

2024 marked a gentle recovery, with a significant pick-up in demand but with evidence of continued market resistance to higher prices. However, if the projected falls in interest and mortgage rates take place as expected, the market will likely respond in kind, with prices projected to increase.

The Welsh Government's December Budget raised the Land Transaction Tax (LTT) rate on additional property purchases by 1%.

In terms of the main residential rates applied to the mainstream residential market some 60% of transactions (those under £225,000) are exempt from LTT and this continues unchanged. The proposed LTT increases will have some but probably limited impact on the market. Indeed, it slightly shifts the balance in favour of home buyers.

There is also further good news in that Welsh Government has also extended the Help to Buy scheme to September 2026 and put in place the funding to do this (£57m) thus supporting buyers of newly-built homes and housebuilders.

Overall, there is considerable positivity about the market in Wales. The RICS survey for November highlighted rising enquiries, instructions and agreed sales and the latest Savills forecast suggests prices in Wales will rise 3.5% in 2025 and 5.5% in 2026 with an outlook for a 25% rise over the next 5 years. All this underlines the sense that the market has turned a corner.