

HOUSE PRICE
INDEX

Principality Building Society House Price Index Wales, Q2 2020

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Average house prices in Wales remain steady in Q2 despite pandemic

Average house prices in Wales grew by 2.2% in Q2 2020 and stand at £191,880, although the number of purchases is lower than normal due to lockdown measures that were in place.



Mike Jones, Interim CEO at Principality Building Society, said:

“We remain cautious about how we interpret average house price data

for Q2 because sales are down by more than 60 per cent compared with the same period in 2019. The temporary increase in the Land Transaction Tax to help first time buyers in particular, is likely to stimulate the market in the short-term, along with increased levels of activity following the easing of lockdown restrictions. However, once the UK Government furlough schemes come to an end in October, there may well be a rise in job losses and this, in turn, is likely to have a negative impact on consumer confidence in general. If this happens, then we would expect to see lower levels of activity in the housing market across the UK, and not just Wales.”

Overall, during Q2 2020, average prices in Wales have fallen by 0.7% in the quarter. The different property types have seen varying movements in price. During Q2 2020, terraced properties have increased in value by an average 5.7%, detached properties by 3.8%, while semi-detached have fallen by 2.6%, with flats down by 9.0%. The reduction in sales by property type is skewed as a result of lockdown restrictions during Q2, with terraces down 61% over the three months April to June 2020 compared to the same three months in 2019, with semi-detached properties down by 65%, flat sales down by 68% and detached properties down by 70%.

Most property observers are anticipating that average prices in Wales will continue to rise in Q3, following the increase in the Land Transaction Tax threshold from £180,000 to £250,000, which came into effect on 27th July, although the savings do not apply to those buying a second home or buy-to-let property.

Looking at the top 11 local authorities by value (see map), the average annual increase in prices is 4.6%, compared to an average annual 0.2% decrease among the 11 lowest areas by value. This suggests that prices for high value properties are continuing to climb, while the lower-priced properties are seeing prices fall. A similar theme is found when looking at the latest quarterly rate, with the top 11 authorities by value recording an increase in prices of 0.6%, while the lowest 11 areas are seeing price falls of 1.3%.

There were seven local authorities where prices rose, with 15 areas seeing house prices fall. The majority of authorities with increasing prices were to the south of the country, particularly in the Vale of Glamorgan, although Ceredigion and Denbighshire were notable exceptions.

Market Snapshot

In January 2020, a record average price of £193,299 was set in the month. The average price dipped slightly in February, but recovered in March, finishing Q1 2020 at £193,257, just short of the January record. Although the lockdown started in March, most decisions to purchase properties in that month would have been taken before the extent of the pandemic was known. Prices would therefore have been relatively unaffected by the Covid outbreak until the month of April.

Average annual and quarterly change by local authority

