

HOUSE PRICE
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Principality Building Society House Price Index Wales, Q3 2021

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Average house price continues to rise in Wales to new peak

The price of homes in Wales hit a new peak of £218,783 in Q3, 11.5% higher than a year ago. This marks the third quarter in a row when annual house price inflation has been in double-digit percentages – the strongest performance since the mid-2000s.

Annual change

11.5%



Quarterly change

1.4%



Rise in transactions

52%

Q3 2020 vs Q3 2021



Average House Price

£218,783



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

“The Welsh housing market, like those elsewhere in the UK has outperformed expectations this year.

Demand has been higher and more resilient than many expected, and although market support in the shape of the Land Transaction Tax holiday and furlough payments has now ended, the scale of pent-up demand has been such, aided by savings accumulated in lockdown and continued low mortgage rates, that the market has continued to flourish.

Going into the fourth quarter and into 2022, we can see that price expectations have been lowered and the rate of growth has slowed.

Clearly there is now an expectation that interest rates will rise in the near term, albeit on a modest basis, and that this will still have an impact for many households and not least those active in buying and moving homes.”



Market Snapshot

The picture at local authority level is inevitably more complex than the national averages, as the new interactive map from Principality shows. [Click here](#) to view the map.

Property prices in Q3 were up in all areas when comparing the last 12 months with the previous 12, and by more than 15% in nine of the 22 local authority areas.

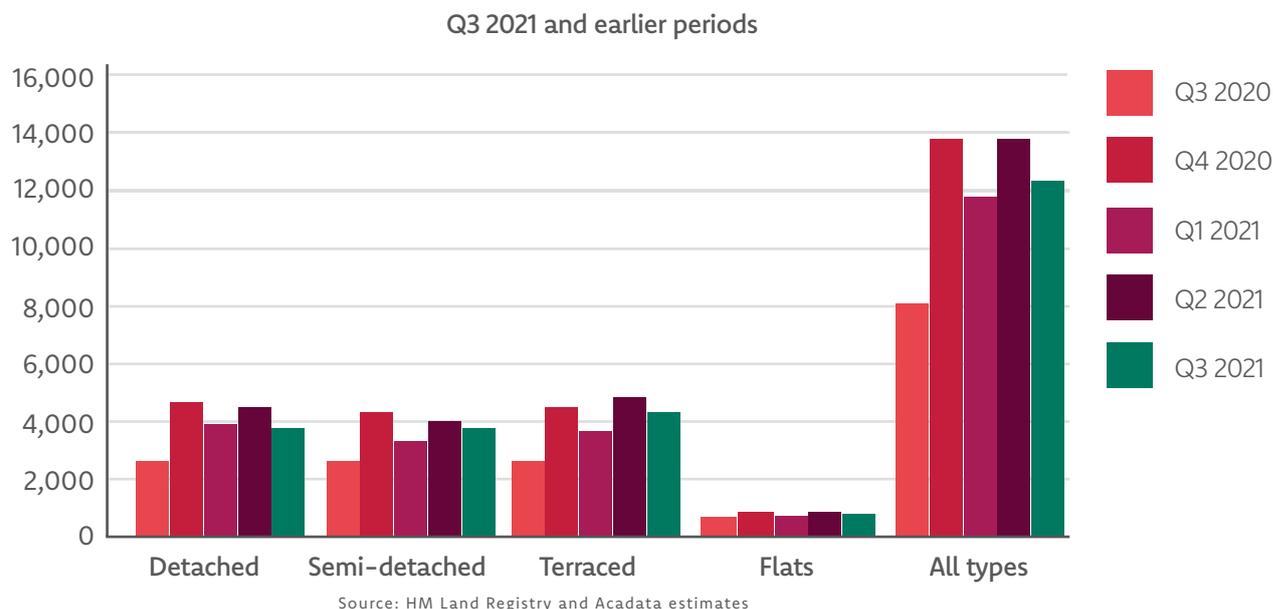
The stand-out local authorities were Blaenau Gwent and Wrexham, both reporting annual price increases of more than 20%, though another 10 areas including the cities of Cardiff, Newport and Swansea recorded double digit increases.

The number of authorities recording price falls on a quarterly basis has gone up from three, in Q1, and 10 in Q2, to 12 in Q3. For the first time in more than a year there were more authorities (12) reporting lower rather than higher prices (10) – indicative of the changes now working through the market.

Indeed, we can see that the strongest price increases were back around the turn of the year. More recently, the number of authorities reporting higher prices has declined with only four – Blaenau Gwent, Cardiff, Carmarthenshire, and Newport – reporting new peak levels in September.

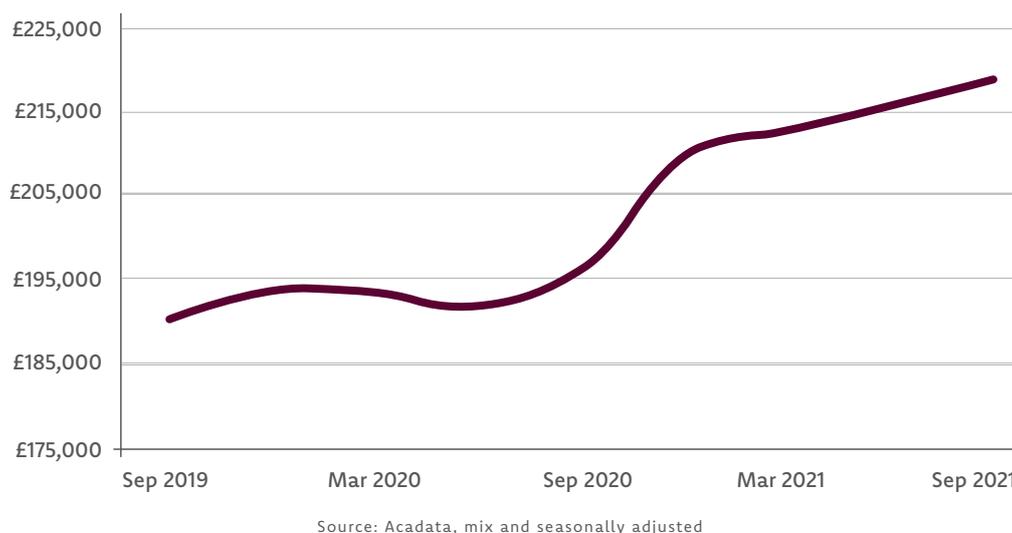
Newport reported the strongest increase, with prices there rising by more than 10% over the current quarter, after lagging the field in previous quarters.

Quarterly transactions by property type, Wales



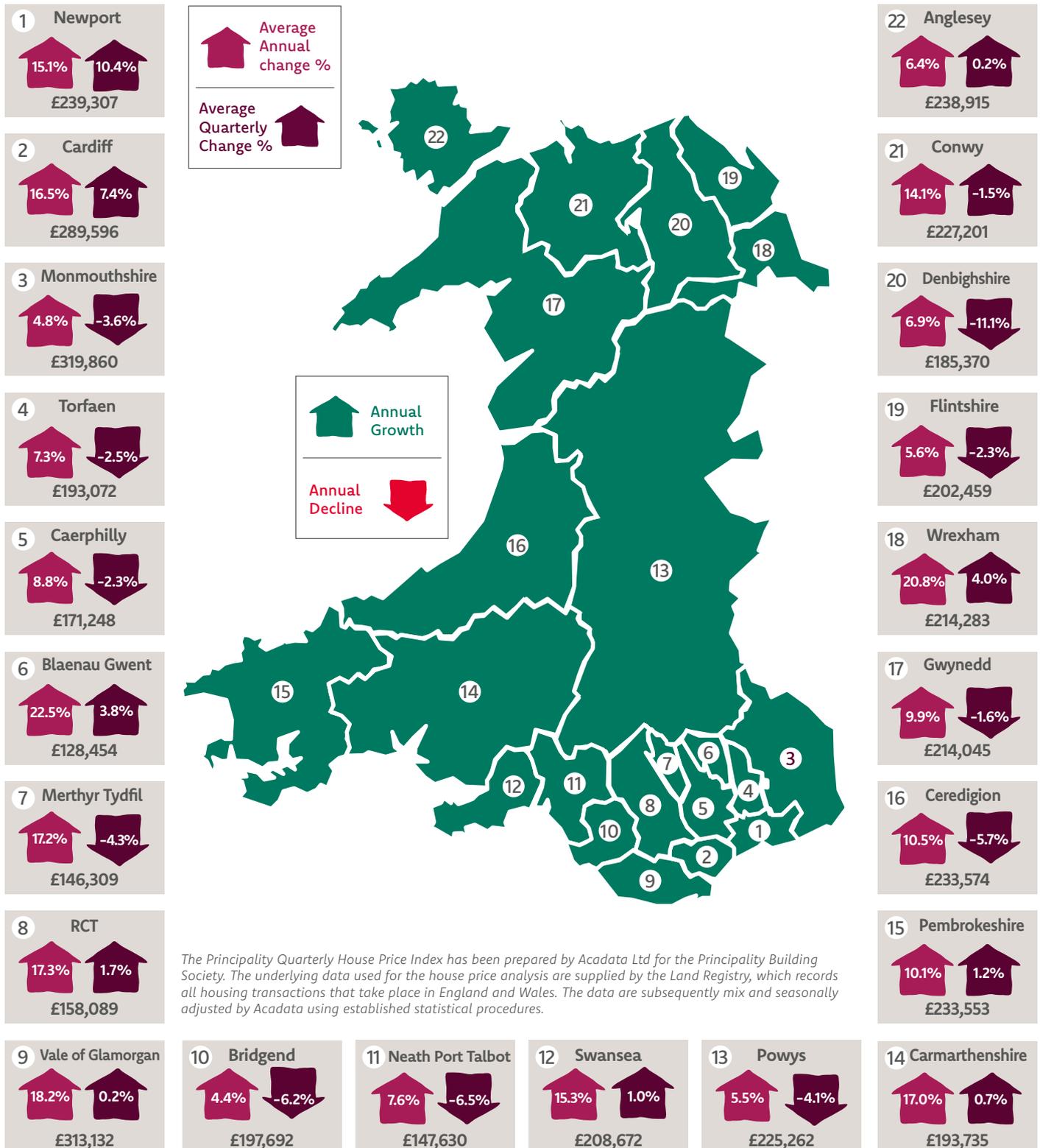
The transactions data provide the strongest evidence that there is an ongoing resurgence of demand, particularly in locations with more space, and notwithstanding the end of the Land Transaction Tax reliefs. We estimate there were around 12,300 transactions in Q3, on a par with activity levels in the previous three quarters, and comfortably higher than the 2019 average of 11,000-11,500 sales each quarter. Sales activity has see-sawed over recent quarters as a consequence of the temporary Land Transaction tax relief, but also lockdowns and the pandemic: however, as the chart shows it continues to be high across all house types (detached, semis and terraced) – up for the past four quarters on a year earlier by 58%, 47% and 47% respectively. Flat sales have picked up but are notably lagging, only 25% up on a comparable basis.

Average house prices in Wales, last 2 years



The rate of growth has however begun to edge lower, in part because statistically the comparisons are being made with a more buoyant period a year ago. At the same time, the impact of the ending of the transaction tax holiday in June was also finally working through. The chart above shows the average price of homes in Wales over the past couple of years, suitably adjusted for the mix of property types and seasonal effects. As can be seen, prices remain on an upwards trajectory – albeit the rate of increase is now slowing in this third quarter, despite this being one of the peak sales periods.

Average annual and quarterly change by local authority



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