



Principality Building Society House Price Index Wales Q2 2024

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Average house price in Wales rises after five quarters of consecutive decline

The average price of a home in Wales has increased to more than £236,000 in the second quarter- 2.4% below the year-earlier level and still 5% below its peak of £249,000 at the end of 2022.

The figures have been released from Principality Building Society's Wales House Price Index for Q2 2024 (April-June), which demonstrates the rise and fall in house prices in each of the 22 local authorities in Wales.

The pick-up in this second quarter has begun to diminish the downturn in house prices from the 2022 peak, and could spell a new dawn for the housing market in Wales.



Annual change %

-2.4



Quarterly change %

3.1



Increase in transact.%

24 Q1 2024 vs Q2 2023



Average house price

£236,369



Shaun Middleton, Head of Distribution at Principality Building Society said:

“ The second quarter of 2024 has brought much-needed positive news to the Welsh housing market. After five consecutive quarters of declining house prices, we are now seeing a recovery.

The picture across Wales shows that overwhelmingly local authorities have been reporting quarterly price increases, rather than decreases, for the first time since 2022, translating into a steady rise in house prices.

The average price of a home sold in Wales rose to £236,369 in the second quarter of 2024, rising 3.1% but still -2.4% below the year-earlier level and still 5% below its peak of £249,000 at the end of 2022. Meanwhile, a majority of local authorities reported higher prices in Q2 for the first time since 2022, resulting in the most positive market conditions for two years. While some local authorities saw decreases, such as Merthyr Tydfil, average prices in Bridgend exceeded £250,000 to hit a new peak.

There were 10,200 transactions in Wales in the second quarter of 2024, 24% more than in the first quarter and 16% up on the same period a year ago. This represents an area of growth, as quarterly transactions have continuously declined since late 2021.

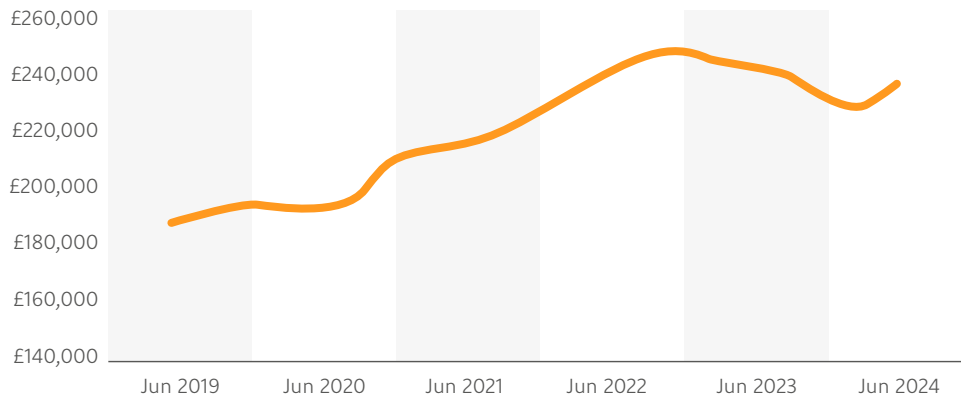
Meanwhile, a recent survey by Principality revealed that 66% of its members consider the type and size of a home as the most critical factors when house hunting, with many preferring detached houses. In Q2, detached house sales experienced a modest resurgence, though their recovery remains weaker than that of flats. The total number of transactions for flats increased by one-third compared to both the previous quarter and the same period last year, almost certainly reflecting affordability pressures elsewhere in the market.

Shaun continued: “This increase, bringing the average price to £236,369 in Wales, marks a significant turnaround and suggests that the market may be stabilising. The last few years have marked the most challenging housing market conditions since the Global Financial Crisis in 2008, with first-time buyers encountering the toughest conditions in about 70 years, according to the Building Societies Association.

Looking ahead, the new UK Labour Government are moving forward with a significant legislative move aimed at accelerating the development of infrastructure and the construction of 1.5 million homes in England, meanwhile the Welsh Government has committed to deliver 20,000 new low-carbon homes for rent within the social sector during the current term.

Together with our insight, this suggests that the second quarter may well represent a new dawn for the housing market in Wales, as we expect house prices to increase, with a higher volume of transactions, supported by better economic conditions, increased affordability and growing buyer interest.”

Average house prices in Wales, June 2019 to June 2024



Source: Acadata, mix and seasonally adjusted

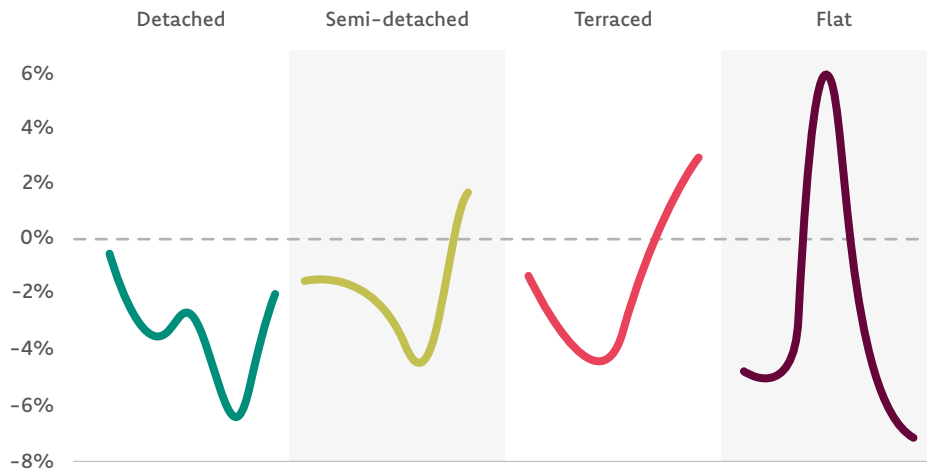
The chart above shows the average price of homes in Wales over the last five years, suitably adjusted for the mix of property types and seasonal effects. The second quarter marks the first meaningful recovery in prices after five consecutive quarters of price falls.

After peaking at just over £249,000 in late 2022, the average price of a home in Wales progressively eased back by a cumulative £20,000 through to the first quarter of 2024. This represented an 8% fall in nominal terms and considerably more (-14%) in real terms - that is after adjusting for consumer inflationary pressures - making this the weakest

period for the Welsh housing market since the aftermath of the Global Financial Crisis in 2008.

The pick-up in this second quarter has begun to diminish those "losses" from the 2022 peak coming down now to just 5% (12% in real terms) and more than halving the fall in the annual rate of price change to -2.4%.

Annual % change in prices by property type, Wales, 12 months to June 2024



Source: Acadata, mix and seasonally adjusted

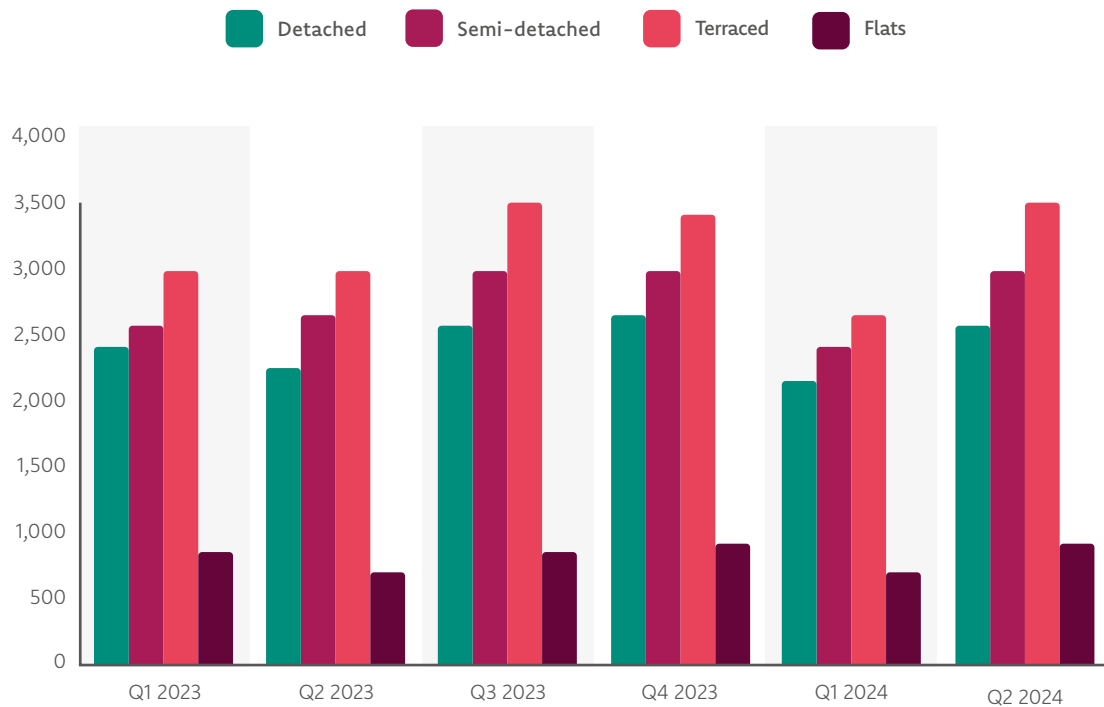
Although that market downturn adversely affected all property types, we are once again beginning to see clear water between the performance of different property types and most notably between houses and flats.

In Chart 3 see improving conditions for the three types of house properties. This is especially true for semis and terraced properties, which are now showing modest year-on-year gains and are only about 1% off their previous 2022 peak levels.

Detached houses have experienced a lacklustre few years, perhaps representing the flip-side of the strong demand for those properties during and immediately post-Covid and reflecting the more discretionary nature of such purchases, though the situation now appears to be stabilising.

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 can be very volatile, it seems clear that the brief honeymoon period for small properties we reported on previously has come to an end. As well as flat prices falling by 7% year-on-year (a little less in Cardiff and Swansea areas), they remain 12% below their peak even in nominal terms.

Quarterly transactions by property type, Wales, 2023 & 2024



Source: HM Land Registry and Acadata estimates

Acadata estimates that there were about 10,200 transactions in Wales in the second quarter, 24% more than in the first quarter and 16% up on the same period a year ago.

This marks the first meaningful recovery in property sales for nearly two years, and follows a protracted period of more or less continuous decline as cost of living pressures and higher interest rates have acted as a major drag on demand and activity across most of the UK and including Wales.

For the most recent four quarters sales activity in Wales was down 10% compared with a year earlier, with sales of detached properties being somewhat weaker than that and continuing the pattern of the past couple of years.

Sales recovered across the board in Q2, but were especially strong for flats – up a third both on the quarter and the year earlier – almost certainly reflecting affordability pressures elsewhere in the market.

Average annual and quarterly change by local authority

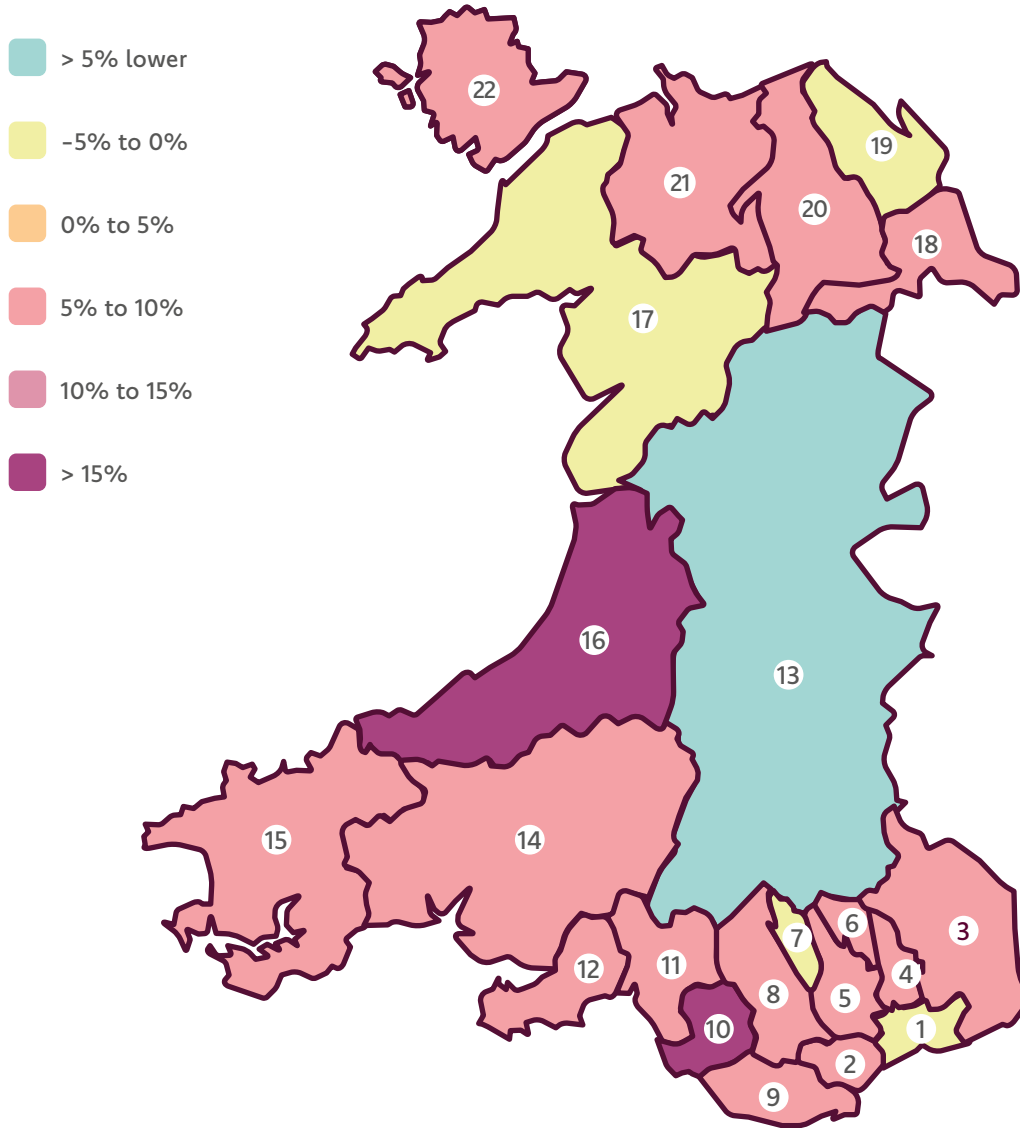
Local Authority	Jun 2023	Mar 2024	Jun 2024	Annual Change %	Quarterly Change %
Blaenau Gwent	£152,608	£144,802	£150,809	-1.2	4.1
Bridgend	£224,857	£215,864	£250,921	11.6	16.2
Caerphilly	£199,141	£197,914	£200,438	0.7	1.3
Cardiff	£300,340	£286,758	£300,587	0.1	4.8
Carmarthenshire	£225,553	£215,768	£218,229	-3.2	1.1
Ceredigion	£258,549	£242,105	£281,382	8.8	16.2
Conwy	£233,086	£230,959	£232,480	-0.3	0.7
Denbighshire	£217,760	£207,109	£207,182	-4.9	0.0
Flintshire	£234,529	£232,645	£227,168	-3.1	-2.4
Gwynedd	£215,573	£230,919	£227,433	5.5	-1.5
Isle of Anglesey	£275,370	£250,772	£251,750	-8.6	0.4
Merthyr Tydfil	£184,083	£150,791	£146,322	-20.5	-3.0
Monmouthshire	£376,476	£343,062	£359,878	-4.4	4.9
Neath Port Talbot	£171,008	£163,442	£174,795	2.2	6.9
Newport	£250,903	£241,106	£239,472	-4.6	-0.7
Pembrokeshire	£247,652	£249,951	£261,625	5.6	4.7
Powys	£270,030	£261,093	£245,664	-9.0	-5.9
Rhondda Cynon Taf	£168,250	£173,092	£178,434	6.1	3.1
Swansea	£226,540	£229,318	£236,285	4.3	3.0
The Vale of Glamorgan	£314,389	£309,347	£314,748	0.1	1.7
Torfaen	£214,208	£209,427	£226,808	5.9	8.3
Wrexham	£223,216	£211,001	£199,456	-10.6	-5.5
Wales	£242,076	£229,263	£236,369	-2.4	3.1

Source: Acadata, mix and seasonally adjusted

The latest local authority metrics (see Table 1) provide a clear indication of the market's improvement in recent months.

Equal numbers of authorities reported year-on-year price gains and falls in June. This is the most positive outcome since March 2023 and materially better than recent quarters when an overwhelming majority of local authorities were reporting year-on-year price falls. Moreover, the number of local authorities reporting price falls (gains) of 5% or more was the lowest (highest) for at least a year. That said, as Table 1 shows, there are a small number of authorities – Merthyr Tydfil, Wrexham, Powys and Anglesey – where the annual rate of change remains strongly negative.

Quarterly price changes by local authority, Q2 2024



Source: HM Land Registry and Acadata estimates

1 Newport	2 Cardiff	3 Monmouthshire	4 Torfaen	5 Caerphilly	6 Blaenau Gwent
-0.7%	4.8%	4.9%	8.3%	1.3%	4.1%
7 Merthyr Tydfil	8 RCT	9 Vale of Glamorgan	10 Bridgend	11 Neath Port Talbot	12 Swansea
-3.0%	3.1%	1.7%	16.2%	6.9%	3.0%
13 Powys	14 Carmarthenshire	15 Pembrokeshire	16 Ceredigion	17 Gwynedd	18 Wrexham
-5.9%	1.1%	4.7%	16.2%	-1.5%	5.5%
19 Flintshire	20 Denbighshire	21 Conwy	22 Anglesey		
-2.4%	0.0%	0.7%	0.4%		

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

The heatmap gives a visual representation of the latest quarterly price movements by local authority. Darker red shades denote local authorities where prices have risen fastest since the first quarter through to blue where there have been falls.

The overall quarterly pattern in June was almost the polar opposite of that seen in March, with significantly more local authorities reporting price increases in the latest quarter (15) rather than falls (6) or negligible movement (in the case of Denbighshire). Taken overall, these were arguably the most positive market conditions for two years.

While Blaenau Gwent, Swansea, Rhondda and Carmarthenshire have reported quarterly improvements over successive quarters, Bridgend was the only authority to post a new record high average price (of more than £250,000). At the other end of the spectrum, Merthyr Tydfil has seen quarter-on-quarter falls for four quarters in a row, with prices there now a fifth below their previous peak.

Future outlook

Without doubt the Wales housing market has turned a corner although there will still be fluctuations over time and across the country. The May RICS housing market survey noted that new buyer enquiries, instructions to sell and agreed sales were all up even though price expectations were down reflecting the fact that people had decided that they had waited long enough to move on and even though conditions were far from perfect now was the time.

There is little to suggest the sudden announcement of a General Election had dampened that and with further evidence of lenders cutting mortgage rates and the market becoming ever more confident that the Bank of England will reduce its base rate from the second half of the year – possibly starting in August – there has been gathering momentum.

The recent Savills market update for Wales suggested prices in Wales might outperform the UK average over the next five years and indeed that the country could lead the way in terms of house price growth across the four countries of the UK. The report argued this was partly a product of affordability in Wales being less stretched than elsewhere.

Despite housing being a devolved responsibility, much will turn on the newly elected UK Government, who will have a significant impact via its fiscal policy for the UK alongside the Bank of England's monetary policy. As the Welsh Government has retained the Help to Buy scheme till the end of the 2024–25 financial year, and with housing supply targets being largely met, Wales has a rather more balanced supply and demand outlook than other parts of the UK.

That suggests that as the market recovers, we might expect modest price increases rather than rampant market price inflation – that surely must be a good thing.