



# Principality Building Society House Price Index Wales Q3 2024

Where home matters  
[principality.co.uk](http://principality.co.uk)  
0330 333 4000\*

# A Gradual Market Recovery

The average price of a home sold in Wales dropped to about £232,400 in the third quarter –2.9% below the year-earlier level and almost 7% 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 Q3 2024 (July–October), which demonstrate the rise and fall in house prices in each of the 22 local authorities in Wales.

The pick-up in transactions in the third quarter has offset the slight downturn in house prices, signalling a gradual market recovery.



Annual change %

-2.9



Quarterly change %

-1.7



Increase in transact.%

18 Q2 2024 vs Q3 2024



Average house price

£232,430



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

“The third quarter of 2024 signifies a slow and steady recuperation of the housing market, despite house prices adjusting slightly down in the third quarter, following an uptick in the second.

Across Wales, developments at authority level are mixed, reporting no-clear direction with house price trends. Nevertheless, there is a clear upward trend in sales, demonstrating that market activity is overall looking positive.

The average price of a home sold in Wales has dropped to £232,430 in the third quarter of 2024, dropping by 1.7%, which is still –2.9% below the year-earlier level and almost 7% below its peak of £249,000 at the end of 2022. The majority of local authorities have reported drops for this quarter, though there are pockets of increases which should not be overlooked.

Merthyr Tydfil appears to have turned a corner with a 9.1% hike since the second quarter, following an earlier period of significant annual falls, followed by Wrexham with a 5.3% increase.

While the raw data suggests that the market trend at a local level could be directionless, there are other positive contributing factors which should not be ignored. There were around 11,200 transactions in Wales in the third quarter, 18% more than in the second quarter and 11% up on the same period a year ago. This supports the recovery in property sales which began in the second quarter of this year, following a period of steady decline. For two years, cost-of-living pressures and higher interest rates had significantly reduced demand and slowed activity across most of the UK, including Wales.

A recent survey conducted by Principality revealed that almost half (48%) of member respondents say that the Bank of England base rate level has impacted their ability to save.

With that in mind, the recent base rate reduction to 5%, and economists' predictions that this may fall further, encourage better market conditions. This paired with the resurgence in sales of detached, semi-detached and terraced houses suggests that affordability in Wales is on the rise.

Shaun continued, “Overall, accounting for seasonal impacts such as the General Election and time of year, the data supports a gradual market upturn, with Wales showing glimmers of steady improvement.

Looking forward, the October budget announcement is on the horizon, and the UK Government has hinted that they are focussing heavily on the housing crisis in their upcoming budget, indicating a commitment to extensive planning reforms; aims to deliver and increase social and affordable housing, and additional help for first-time buyers with support for those who struggle with large deposits.

Overall, the message is that while house prices are still adjusting downward, sales activity is gaining momentum, suggesting that a slow but steady recovery might be on the horizon. However, the pace and nature of the recovery vary by region and property type, so potential buyers should stay informed about local conditions.



## Average house prices in Wales, June 2019 to September 2024

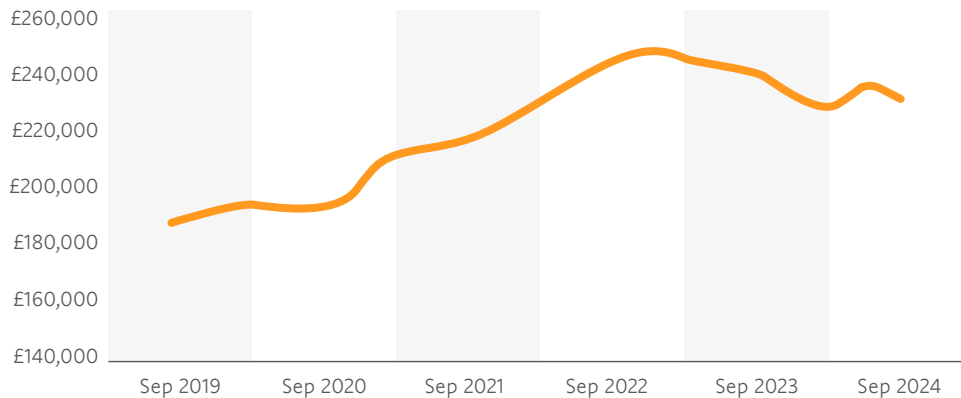


Chart 1, Source: Acadata, mix and seasonally adjusted

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 fell back in the third quarter, partially reversing the gains seen in the previous quarter.

After peaking at just over £249,000 in late 2022, the average price of a home in Wales now stands £17,000 lower at about £232,400.

This represents a nearly 7% fall in nominal terms and considerably more in real terms – that is after adjusting for consumer inflationary pressures. With the “real terms” peak actually a bit earlier in 2022, the third quarter’s reversal means that prices are 13% below their 2022 peak in real terms – not much different from earlier this year. In this sense, the housing market in Wales has yet to fully emerge from its weakest period since the aftermath of the Global Financial Crisis in 2009.

That said, there are positive signs. It was principally weaker than usual seasonal factors that dragged average prices down 1.7% compared with the second quarter – perhaps reflecting uncertainty in the aftermath of the General Election period and hopes of further mortgage rate reductions later in 2024. Actual prices, that is before seasonal adjustment factors are included, have been more or less unchanged over recent months. Even with the slowdown in Q3, average prices are above the low-point reported in the first quarter and the 2.9% year-on-year decline is less than seen earlier in 2024.

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

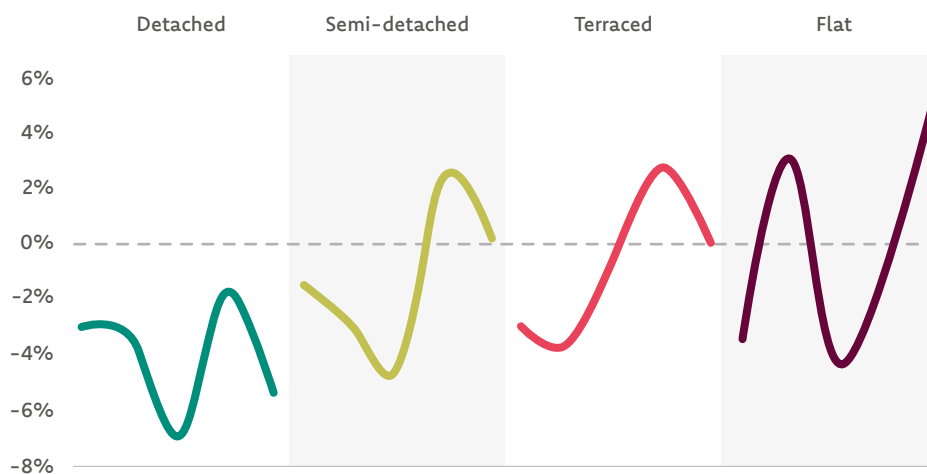


Chart 2, Source: Acadata, mix and seasonally adjusted

Although the market downturn has adversely affected all property types over recent years, the performance of different property types has diverged (see Chart 2).

Whilst the prices of semis and terraced properties eased back in the third quarter, they continue to show (very) modest year-on-year gains.

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, prices edged up modestly over the quarter and are up by almost 5% year-on-year. Movements in flat prices over the past year compare favourably with houses in most local authorities (where sales numbers are material) other than Swansea.

# Average annual and quarterly change by local authority

Local Authority	Sep 2023	Jun 2024	Sep 2024	Annual Change %	Quarterly Change %
Blaenau Gwent	£143,710	£146,924	£151,294	5.3	3.0
Bridgend	£209,315	£241,415	£226,785	8.3	-6.1
Caerphilly	£199,662	£203,956	£198,052	-0.8	-2.9
Cardiff	£292,627	£303,399	£292,725	0.0	-3.5
Carmarthenshire	£216,005	£217,614	£203,356	-5.9	-6.6
Ceredigion	£267,606	£270,573	£269,585	0.7	-0.4
Conwy	£247,669	£238,703	£233,573	-5.7	-2.1
Denbighshire	£211,102	£209,453	£213,092	0.9	1.7
Flintshire	£227,792	£224,596	£223,089	-2.1	-0.7
Gwynedd	£231,724	£224,235	£215,268	-7.1	-4.0
Isle of Anglesey	£289,787	£256,012	£253,794	-12.4	-0.9
Merthyr Tydfil	£162,717	£169,328	£185,436	14.0	9.5
Monmouthshire	£366,976	£371,049	£358,558	-2.3	-3.4
Neath Port Talbot	£168,487	£178,563	£174,458	3.5	-2.3
Newport	£245,550	£242,770	£244,234	-0.5	0.6
Pembrokeshire	£256,145	£251,354	£250,756	-2.1	-0.2
Powys	£264,414	£259,024	£263,241	-0.4	1.6
Rhondda Cynon Taf	£178,574	£179,486	£171,711	-3.8	-4.3
Swansea	£231,493	£223,791	£233,418	0.8	4.3
The Vale of Glamorgan	£340,931	£339,245	£299,812	-12.1	-11.6
Torfaen	£217,234	£230,740	£207,103	-4.7	-10.2
Wrexham	£215,828	£210,013	£221,050	2.4	5.3
<b>Wales</b>	<b>£239,378</b>	<b>£236,369</b>	<b>£232,430</b>	<b>-2.9</b>	<b>-1.7</b>

Table 1, Source: Acadata, mix and seasonally adjusted

The latest local authority metrics (see Table 1) suggest that the market has been somewhat directionless in recent months. The number of authorities reporting price gains quarter-on-quarter (7) and year-on-year (8) were down on Q2 but on a par with recent earlier quarters.

# Quarterly price changes by local authority, Q3 2024

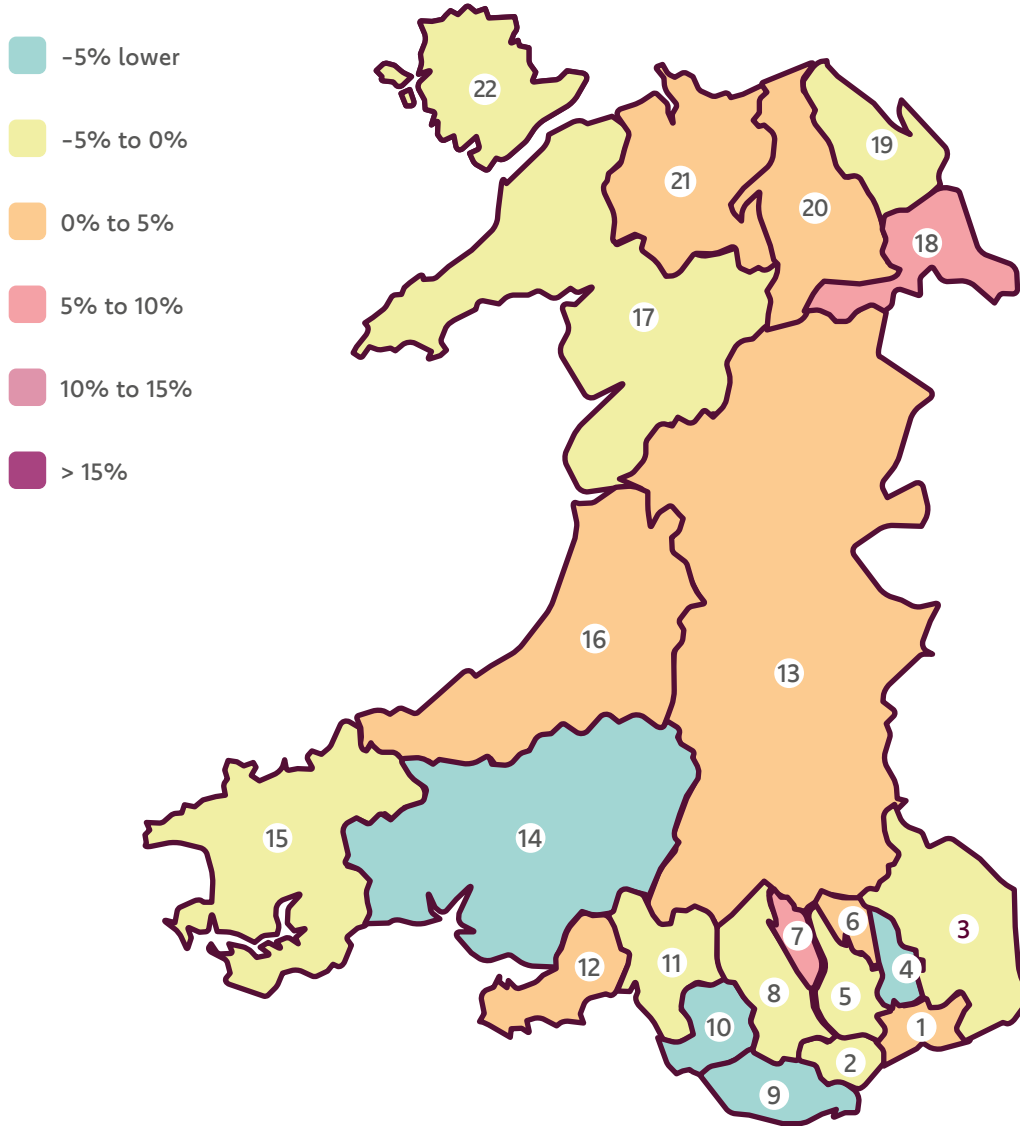


Figure 1, Source: HM Land Registry and Acadata estimates

1 Newport	2 Cardiff	3 Monmouthshire	4 Torfaen	5 Caerphilly	6 Blaenau Gwent
0.6%	-3.5%	-3.4%	-10.2%	-2.9%	3.0%
7 Merthyr Tydfil	8 RCT	9 Vale of Glamorgan	10 Bridgend	11 Neath Port Talbot	12 Swansea
9.5%	-4.3%	-11.6%	-6.1%	-2.3%	4.3%
13 Powys	14 Carmarthenshire	15 Pembrokeshire	16 Ceredigion	17 Gwynedd	18 Wrexham
1.6%	-6.6%	-0.2%	-0.4%	-4.0%	5.3%
19 Flintshire	20 Denbighshire	21 Conwy	22 Anglesey		
-0.7%	1.7%	2.1%	-0.9%		

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

Figure 1 gives a visual representation of recent quarterly price movements by local authority. Darker red shades denote local authorities where prices have risen fastest since the second quarter through to blue where there have been falls.

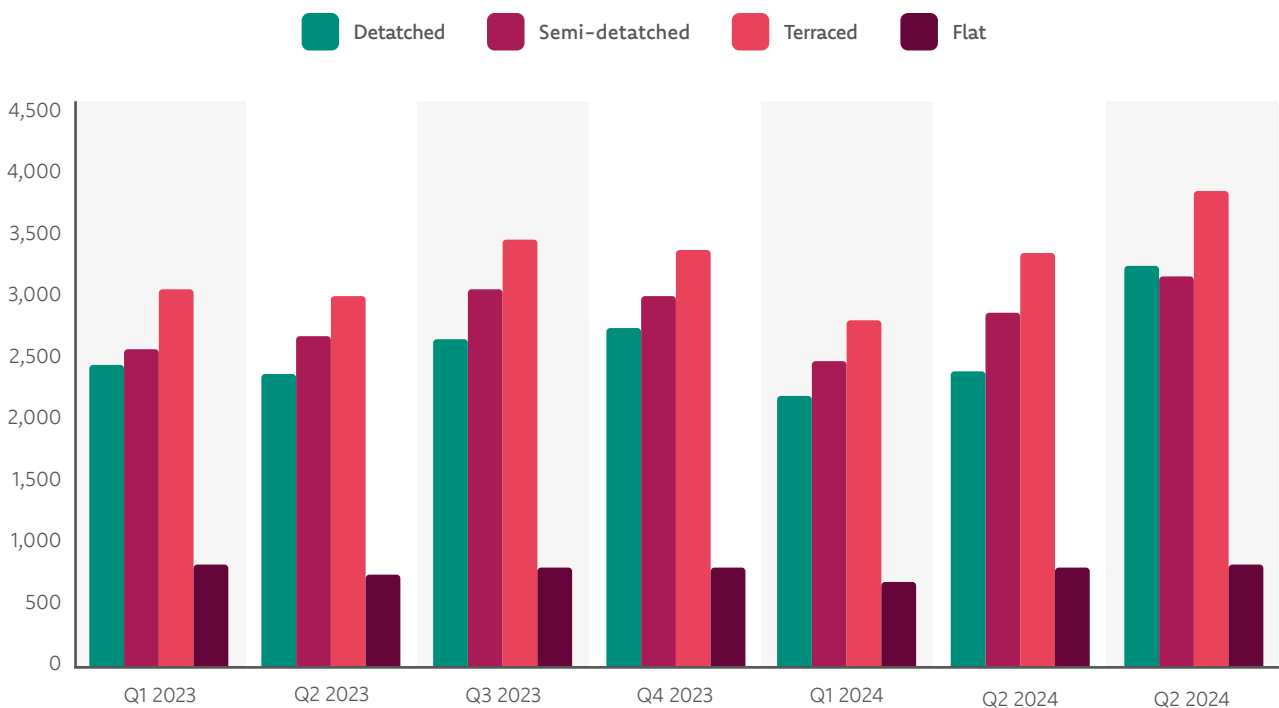
The overall quarterly pattern in the third quarter was not unlike Q1, albeit with a few more local authorities putting in more positive performances.

Only two local authorities reported price gains of 5% or more over the quarter, with Merthyr Tydfil leading the charge and the only authority to record a new peak of more than £185,000.

Merthyr was also the strongest riser year-on-year. This is something of a turnround, following an earlier period of significant annual falls. Blaenau Gwent was another authority where fortunes have improved, with several back-to-back quarterly improvements finally turning the annual comparison positive.

Focusing on annual changes, Carmarthenshire and Powys stand out as authorities that have now seen five or more consecutive quarters in which year-on-year prices have fallen.

## Quarterly transactions by property type, 2023 & 2024



Source: HM Land Registry and Acadata estimates

Acadata estimates that there were about 11,200 transactions in Wales in the third quarter, 18% more than in the second quarter and 11% up on the same period a year ago.

This builds on the recovery in property sales that began in Q2, 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 just 4% compared with a year earlier.

Sales recovered across the board in Q3, but particularly for detached properties – up 36% on the quarter and 22% on the year earlier.

## Future outlook

The latest trends support the view that this is a market where the worst is behind us, but which is not yet firing on all cylinders.

The most recent RICS agent surveys paint a fairly optimistic picture of the current Welsh market in terms of rising sales instructions and buyer enquiries, albeit there was some uncertainty regarding prices.

While housing demand has returned, so too has supply, and even though affordability pressures are less stretched in Wales than elsewhere, there is only limited scope for higher prices until wage rises and mortgage rate falls improve affordability. We have already seen lenders offering more competitive mortgage deals, but much still hinges on the Bank of England's monetary policy and how quickly it cuts official interest rates.

There is also a degree of caution ahead of the UK Budget in late October. With housing being a devolved responsibility, the Help to Buy scheme having been retained until April 2025 and Wales having a more balanced supply and demand outlook than other parts of the UK, any Budget measures to boost new build and first-time buyer affordability may have less impact here in Wales. But commentators also anticipate a wider range of UK-wide fiscal measures and these have the potential to influence the housing market in Wales both directly, and also indirectly, via any impacts on household finances and confidence.

In our view, the Wales housing market has turned a corner. Momentum is building and as wages rise and mortgage rates fall, we should expect housing market conditions to strengthen modestly over the coming months and into 2025.