

UK Cities House Price Index

September 2018

- City house price inflation moderates to 3.2%, down from 3.8% a year ago.
- Five cities with growth in excess of 6% per annum, two cities registering annual price falls.
- 54% of London City postcodes are registering annual price falls. This is higher than the 45% reported six months ago but lower than in June as more areas start to register monthly price rises.

City house price inflation +3.2%

The rate of house price growth across UK cities continues to moderate. The 20-city index is registering an annual rate of house price inflation of 3.2%, down from 3.8% a year ago.

Table 1 - UK 20 city index summary, September 2018

Month	3 month change	%yoy	Average price
Apr-18	0.6%	2.4%	£248,500
May-18	1.0%	2.3%	£249,700
Jun-18	0.9%	1.9%	£250,600
Jul-18	1.3%	2.1%	£251,700
Aug-18	1.7%	2.9%	£253,900
Sep-18	1.8%	3.2%	£255,000

Source: Hometrack House Price Indices

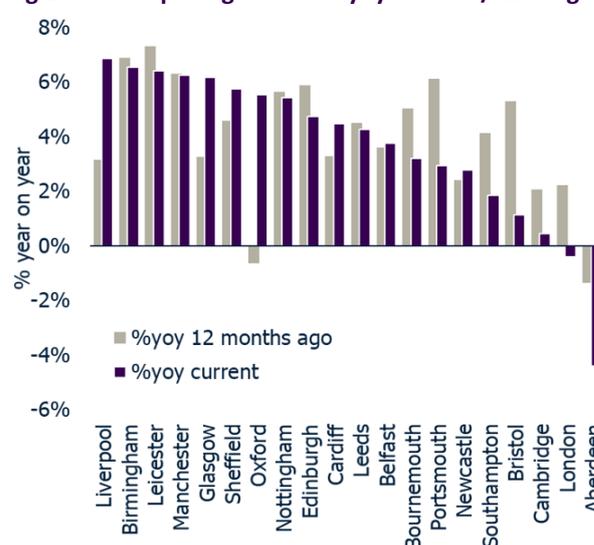
Liverpool fastest growing city

Liverpool is the fastest growing city with annual inflation at 6.9% followed by Birmingham (6.5%) and Leicester (6.4%). There are five cities where house price inflation is running at over 6%, more than twice the rate of earnings growth (2.7%), as prices rise off a low base and affordability remains attractive.

Annual price falls in two cities

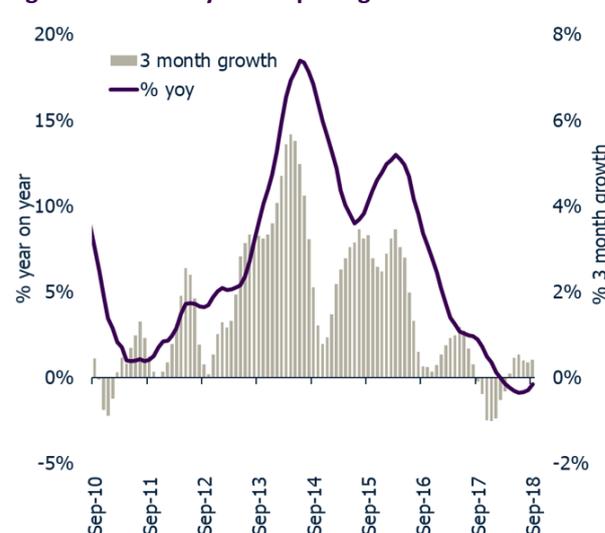
House prices are falling on an annual basis in two cities, Aberdeen (-4.4%), London (-0.4%). London has attracted significant focus as a market experiencing the greatest downward pressure on house prices. The annual rate of growth in London has been negative for the last 7 months, largely a result of quarterly price falls in the six months to January 2018. Since then the quarterly rate of growth has been positive and this has supported the annual rate of growth (Fig.2).

Fig.1 – House price growth – %yoy current / 12m ago



Source: Hometrack UK Cities Index

Fig.2 – London City house price growth



Source: Hometrack UK Cities Index

Note: All price changes are quoted in nominal terms. Hometrack's House Price Indices are revisionary and not seasonally adjusted.

Insight Series

Hometrack UK Cities Index – September 2018

Annual price falls across 54% of London postcodes

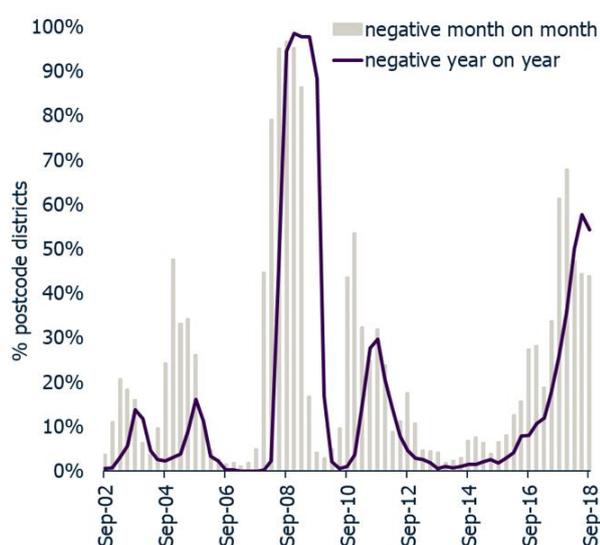
Back in February we reported that annual house price inflation was negative across 45% of London postcodes. Today this figure is higher at 54%, having peaked at 58% in June 2018 (Fig. 3). Most areas are registering annual price falls of between 0% and -5%.

Extent of monthly price falls has moderated

Measuring the coverage of markets experiencing annual price falls masks the trends over the most recent months. Fig. 3 plots the proportion of postcodes registering month on month price falls, which leads the annual data. Today, 44% of postcodes across London City are registering month on month price falls compared to 70% in December 2017.

This means 56% of postcodes are registering month on month price gains, implying that the proportion of markets registering annual price falls will slow further over the rest of the year.

Fig.3 – % London City postcodes registering price falls



Source: Hometrack UK Cities Index

London prices rising in outer and commuter areas

London's housing market is large and diverse. Our analysis of price changes by local authority area finds that price falls are concentrated in inner areas of London where affordability levels are most stretched and the gap between asking and sales prices is largest.

Hometrack is part of ZPG Limited, owner of some of the UK's most trusted digital platforms including Zoopla, uSwitch, PrimeLocation and Property Software Group. Hometrack provides residential property market insights, analytics, valuations and data services to over 400 partners including mortgage lenders, new home developers, investors, housing associations and local authorities. For more information about the business, our services and further insight visit www.hometrack.com.

Modest price increases continue to be registered in outer areas of London and the surrounding commuter zones where average prices are between £300,000 and £450,000 and affordability is less stretched than in central areas.

Table 2 -City level summary, September 2018

City	Current price	%yoy Sep-18	%yoy Sep-17
Liverpool	£120,500	6.9%	3.2%
Birmingham	£163,600	6.5%	6.9%
Leicester	£174,800	6.4%	7.3%
Manchester	£167,800	6.2%	6.3%
Glasgow	£122,800	6.2%	3.2%
Sheffield	£139,600	5.8%	4.6%
Oxford	£423,400	5.5%	-0.6%
Nottingham	£152,300	5.4%	5.6%
Edinburgh	£231,700	4.7%	5.9%
Cardiff	£206,200	4.5%	3.3%
Leeds	£165,000	4.3%	4.5%
Belfast	£129,700	3.8%	3.6%
Bournemouth	£290,400	3.2%	5.0%
Portsmouth	£240,600	2.9%	6.1%
Newcastle	£129,400	2.8%	2.4%
Southampton	£228,200	1.9%	4.1%
Bristol	£277,600	1.2%	5.3%
Cambridge	£435,600	0.4%	2.1%
London	£484,400	-0.4%	2.2%
Aberdeen	£163,300	-4.4%	-1.3%
20 city-index	£255,000	3.2%	3.8%
UK	£217,500	3.4%	3.9%

Source: Hometrack UK Cities Index

Two speed housing market to continue

The re-pricing process in London continues to unfold at differing speeds and against the backdrop of lower turnover. Demand remains weak and as a result we expect prices in London to continue to drift lower over 2019 as prices re-align to what buyers are prepared to pay. House price growth is set to remain above average in the most affordable regional cities.