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Flats and Terraced prices up by a third since 2003

Flats or terraced homes have been best performers in most regions since 2003

Flat prices have outperformed all property types since 2009 due to increases in London

Britain's flats have increased in value by an average of £394 per month over the past decade, the largest increase in cash terms of any property type, according to latest research from Halifax. The average price of a flat has risen by almost £47,500 from £133,483 a decade ago to £180,799 today.

The 35% increase in the average price of a flat is closely followed by terraced houses (32%). Detached homes have recorded the smallest rise over the past decade (17%). [See Table 1]

Flats or terraces were the best performers in all but two regions over the last decade – West Midlands (bungalows) and the South East (semi-detached). [See Table 2]

Whilst flats have increased most in price nationally since 2003, much of this rise can be attributed to the performance of flat prices in London where flats represent a relatively high proportion of the property market. Flats have outperformed all other property types in Greater London, East Anglia and Scotland.

Terraced homes were the best performing property type in a greater number of regions: six – the three regions of northern England (the North, North West and Yorkshire and the Humber), the East Midlands, Wales and the South West.

Housing Market Peak (2003-2007)

Terraced properties (73%) and flats (61%) recorded the biggest price rises during the four years prior to the peak of the housing market cycle in 2007. Detached homes (47%) and bungalows (48%) experienced the smallest increases.

Housing Market Downturn (2007–2009)

All property types recorded substantial price falls during the housing market downturn between 2007 and 2009, but bungalows fared best. During this period, the average price of a bungalow fell by 21% to £180,271. Terraced houses (-33%) and flats (-32%) were the worst performers.

The tightening in credit criteria and the reduction in mortgage availability following the onset of the financial crisis made it more difficult for first-time buyers (FTBs), in particular, to enter the market. This helps to explain why terraced houses and flats saw the largest price falls during 2007-2009 as these property types are very popular with FTBs, accounting for around 60% of all FTB purchases. In contrast, circumstances for first-time buyers were significantly easier during 2003-2007 with a much greater availability of high loan to value mortgages, which helped to drive up prices for terraces and flats significantly in this period.

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Housing Market Recovery (2009-2013)

Prices have improved across all property types since 2009 with flats recording the largest increase between 2009 and 2013 (24%) followed by terraced properties (14%). Bungalows have seen the smallest rise (7%), closely followed by semis (8%) and detached homes (8%). The increase in flat prices nationally has been led by London (26%) with a more subdued performance elsewhere in the country.

There has been an increase in the number of first-time buyers since 2010 but a modest decline in the number of those moving home. This is reflected in a bigger rise in prices for those property types that are most popular with FTBs – flats and terraces – whilst those types that are more popular with homemovers – semis, detached homes and bungalows – have increased more slowly in price.

Martin Ellis, housing economist at Halifax, commented:

"While prices have risen for all property types during the past there have been a number of distinct periods of performance in the last ten years. Bungalows and detached properties fared best during the downturn between 2007 and 2009 as these property types are less popular with first-time buyers who were particularly badly affected by the tightening in mortgage credit criteria and availability at the height of the financial crisis.

"During the recovery since 2009 larger property types such as detached homes, semis and bungalows have underperformed flats and terraces. The demand for such properties has been partly constrained by a widespread lack of equity amongst homeowners who bought for the first time around the peak in the market and who are therefore finding it difficult to finance a move to a larger home."

OTHER KEY FINDINGS

Flats and Terraced homes are ideal for buyers with stretched budgets

A typical flat currently costs less than £100,000 in the East Midlands (£86,655) and less than £110,000 in the North, Yorkshire and the Humber and West Midlands. The average price of a terraced home is also less than £110,000 in the North and the North West. London has by far the highest average price for flats, at £286,993, but flats are the least expensive of all property types in the capital. Flats account for a much higher proportion of FTB purchases in the capital – nearly one in two - than elsewhere in the country.

Semis look attractive for buyers with more to spend, particularly in the north

A typical semi-detached home costs between £130,000 and £140,000 in the North, Yorkshire and the Humber, East Midlands, Wales and Scotland. Prices for semis are significantly higher in southern England: £164,000 in East Anglia, £186,000 in the South West, £243,000 in the South East and £378,000 in London.

Detached property prices average in excess of £200,000 in all regions

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In all regions, the average price for detached properties is over £200,000. The average price is between £215,000 and £260,000 in all regions outside London, the South East and the South West. The average price of a detached property is £582,000 in London and £411,000 in the South East. [See Table 3]

Table 1: UK house prices by property type, 2003-2013

Property Type	Q2 - 2003 (£)	Q2 - 2007 (£)	Q2 - 2009 (£)	Q2 - 2013 (£)	2003-2007% change	2007-2009% change	2009-2013% change	10 year % Change (2003-2013)
Terraced	121,533	209,917	140,690	160,133	73%	-33%	14%	32%
Bungalows	154,970	229,520	180,271	192,237	48%	-21%	7%	24%
Semi-Detached	138,770	216,872	159,251	171,862	56%	-27%	8%	24%
Detached	244,734	359,497	266,060	286,175	47%	-26%	8%	17%
Flat	133,483	215,439	146,024	180,799	61%	-32%	24%	35%
All Properties	154,503	241,838	169,533	189,145	57%	-30%	12%	22%

Source: Halifax

Table 2: Average House Price by property type and region, % change 2003-2013

Region	Terraced	Semi-Detached	Detached	Bungalows	Flats
North	45%	32%	25%	12%	29%
North West	36%	28%	12%	8%	12%
Yorkshire & the Humber	41%	28%	25%	31%	1%
West Midlands	23%	22%	13%	33%	11%
East Midlands	27%	21%	12%	6%	-15%
East Anglia	25%	19%	13%	15%	32%
Greater London	27%	23%	13%	21%	37%
South East	19%	22%	15%	17%	19%
South West	22%	19%	18%	19%	14%
Wales	55%	33%	22%	31%	27%
Scotland	47%	50%	35%	49%	57%
UK	32%	24%	17%	24%	35%

Source: Halifax

Table 3: Average House Price by property type and region, 2013

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	Terraced	Semi-Detached	Detached	Bungalows	Flats
North	107,077	129,555	220,278	135,861	100,691
North West	104,285	143,097	240,610	154,597	113,404
Yorkshire & the Humber	111,203	131,331	237,742	165,659	100,693
West Midlands	120,962	145,666	255,388	210,177	108,275
East Midlands	113,376	129,853	222,259	149,790	86,655
East Anglia	143,787	164,003	254,334	164,852	125,531
Greater London	335,957	378,048	581,546	346,539	286,993
South East	195,882	243,208	411,295	262,695	154,953
South West	164,298	186,084	321,848	228,788	141,359
Wales	114,911	129,770	214,987	158,234	111,769
Scotland	115,252	137,486	235,883	176,519	121,089
UK	160,133	171,862	286,175	192,237	180,799

Source: Halifax

Editors' Notes:

¹ All property prices are based on the crude average prices from the Halifax House Price database in quarter two 2012 and quarter two 2007.

Data Sources: all data is from the Halifax House Price database.

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