

25/03/2016

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Flat prices rise by £1,000 per month since financial crash

- Flat prices have outperformed all other property types, rising by over £86,000 since 2008
- On average people paying almost £20,000 more for flats than semi-detached properties
- First-time buyers bypass flats in favour of semi-detached homes

The average price of a flat in the UK has risen by £86,474 (£1,029 per month) since property prices were at their lowest in late 2008 – from £150,749 in Q4 2008 to £237,223 at the end of 2015, according to the latest research from Halifax.

The 57% increase in the average price of a flat is significantly higher than the 37% rise for all residential properties over the same period. Additionally, it means that buyers are on average now paying almost £20,000 (£17,978) more for a flat than for a semi-detached home, meaning only detached properties and bungalows command a higher price nationally. Detached homes recorded the smallest rise (20%) over the past seven years, while terraced and semi-detached houses saw price rises of 38% and 34% respectively since 2008. [Table 1]

A considerable proportion of the national rise in flat values since 2008 is due to the rapid increase in flat prices in London (62%); flats represent a much higher share of the property market here than elsewhere; half of sales in the capital (50%) are of flats compared with the UK average of 17%.

However, if London performance is excluded, then price growth is greatest for terraced homes (31%); closely followed by semi-detached houses (29%). Both have outpaced flats (26%). Detached home properties remain the worst performer (19%) on this basis. [Table 2]

Prices have increased by around 20% across all property types since 2013 with the exception of detached properties, which have seen a much lower rise (8%). [Table 3]

Martin Ellis, housing economist at Halifax, commented:

“The high prices being paid for London flats have had a significant impact on the national picture when it comes to property type winners and losers. This is the result of more flats being sold in the capital and at the higher end of the market. Such is their popularity that flats continued to outperform other property types in the capital last year, with an annual price growth of 17% by the end of 2015.”

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Proportion of sales by property type

Terraced homes (30%) and semis (29%) are still the most popular types of property purchased as in 2008. There have, however, been some changes in market composition over the past seven years, with an increase in the share of semi-detached homes (from 25% to 29%), whilst the proportion accounted for by flats has fallen from 22% to 17%. [Table 5]

This shift from flats to semis has been particularly marked for first-time buyers. Semi-detached homes have risen in popularity, accounting for 29% of purchases in 2015 compared with 23% in 2008. However, flat sales for first-time buyers have fallen from 32% of all property sales to 23% over the same period. [Table 5]

Martin Ellis continues: "Semi-detached and terraced homes have remained the most popular property types amongst purchasers, and increasingly so for first-time buyers. Whilst many might expect a flat to be the most typical first step on the housing ladder, it is clear that this is shifting with more and more first-time buyers bypassing this option, choosing a semi-detached house instead."

Flats and terraced homes are best for buyers with tight budgets

A typical flat costs less than £120,000 – below the lowest stamp duty threshold – in the North, Wales and Yorkshire and the Humber, and costs between £120,000 and £145,000 in the North West, West Midlands, East Midlands and Scotland.

Whilst average flat prices are lower than for any other property type in London, at £385,269, they are considerably higher than flat prices anywhere else in the UK.

The average price of a terraced home is between £120,000 and £147,000 in all regions outside southern England. [Table 4]

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Table 1: UK house prices by property type, 2008-2015

Property Type	Q4 2008 (£)	Q4 2009 (£)	Q4 2013 (£)	Q4 2015 (£)	2 year % Change	7 year % Change
Terraced	147,061	150,307	172,966	203,340	18%	38%
Bungalows	185,674	192,373	199,217	237,462	19%	28%
Semi-Detached	163,911	166,024	183,001	219,255	20%	34%
Detached	274,115	290,208	305,391	328,308	8%	20%
Flat	150,749	159,292	195,271	237,223	21%	57%
All Properties	174,519	179,148	203,357	238,427	17%	37%

Source: Halifax

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Table 2: Average House Price by property type and region, % change 2008-2015

Region	Terraced	Semi-Detached	Detached	Bungalows	Flats	All Properties
North	15%	15%	10%	22%	0%	18%
North West	11%	25%	15%	4%	11%	23%
Yorkshire & the Humber	20%	21%	13%	15%	12%	23%
West Midlands	25%	21%	11%	16%	-15%	25%
East Midlands	11%	28%	19%	19%	31%	27%
East Anglia	32%	24%	15%	31%	19%	24%
Greater London	69%	68%	37%	-	62%	62%
South East	39%	46%	28%	51%	36%	41%
South West	24%	18%	17%	25%	15%	18%
Wales	16%	14%	23%	-	-3%	21%
Scotland	6%	4%	3%	5%	14%	8%
UK (excl GL)	31%	29%	19%	25%	26%	30%
UK	38%	34%	20%	28%	57%	37%

Source: Halifax

Table 3: Average House Price by property type and region, % change 2013-2015

Region	Terraced	Semi-Detached	Detached	Bungalows	Flats	All Properties
North	18%	12%	2%	1%	10%	13%
North West	18%	17%	7%	6%	20%	16%
Yorkshire & the Humber	15%	12%	11%	15%	10%	14%
West Midlands	-2%	14%	10%	11%	21%	17%
East Midlands	12%	16%	16%	8%	35%	17%
East Anglia	18%	25%	13%	26%	25%	17%
Greater London	19%	24%	8%	14%	23%	19%
South East	27%	26%	9%	26%	26%	21%
South West	17%	13%	12%	6%	11%	12%
Wales	10%	13%	16%	10%	11%	16%
Scotland	7%	8%	5%	10%	13%	9%
UK (excl GL)	21%	19%	9%	19%	20%	18%
UK	18%	20%	8%	19%	21%	17%

Source: Halifax

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Table 4: Average House Price (£) by property type and region, 2015

Region	Terraced	Semi-Detached	Detached	Bungalows	Flats	All Properties
North	123,989	145,658	232,347	166,601	100,357	153,558
North West	125,547	173,562	270,185	180,660	130,872	171,822
Yorkshire & the Humber	131,036	152,921	262,494	177,238	119,631	164,829
West Midlands	146,365	169,313	293,874	226,783	129,780	190,192
East Midlands	132,870	158,059	255,686	182,663	125,892	181,343
East Anglia	179,483	209,940	309,786	222,111	154,672	223,096
Greater London	456,020	515,225	711,462	429,549	385,269	440,237
South East	261,657	326,361	486,935	341,965	202,084	314,899
South West	196,990	220,429	349,992	259,704	155,708	227,321
Wales	120,185	150,771	248,150	178,146	117,930	164,120
Scotland	132,456	158,011	252,021	190,470	134,093	166,633
UK (excl GL)	172,706	198,730	317,975	229,068	157,401	211,844
UK	203,340	219,255	328,308	237,462	237,223	238,427

Source: Halifax

Table 5: Property sales by buyer and property type, 2008-2015

Property Type	Buyer Type	12 months to December 2008	12 months to December 2013	12 months to December 2015
Terraced	First Time Buyer	39%	38%	36%
	Home Mover	27%	24%	24%
	All Buyers	32%	32%	30%
Semi Detached	First Time Buyer	23%	30%	29%
	Home Mover	27%	30%	30%
	All Buyers	25%	30%	29%
Flats	First Time Buyer	32%	21%	23%
	Home Mover	16%	10%	10%
	All Buyers	22%	16%	17%
Detached	First Time Buyer	4%	7%	8%
	Home Mover	23%	26%	28%
	All Buyers	16%	16%	18%
Bungalows	First Time Buyer	2%	3%	3%
	Home Mover	7%	9%	9%
	All Buyers	5%	6%	6%

Source: Halifax

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Editors' Notes:

All property prices are based on the crude average prices from the Halifax House Price database in quarter four 2015, quarter four 2013 and quarter four 2008.

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