

22/09/2014

Flat prices up by over £50,000 in the past 10 years

Flats prices have risen by more than twice the average for all properties

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

The average price of a flat in the UK has risen by nearly £51,000 (£425 per month) from £157,172 in 2004 to £208,169 today, according to latest research from Halifax.

The 32% increase in the average price of a flat is more than double the 15% rise for all residential properties over the same period. Detached homes (12%) and bungalows (13%) have recorded the smallest rises over the past 10 years. [Table 1]

Whilst flats have increased most in price nationally since 2004, much of this rise is due to the performance of flat prices in London, where flats represent a relatively high proportion of the property market.

Terraced homes have been the best performing property type in the greatest number of regions (five of the 12): North West, Yorkshire and the Humber, West Midlands, East Midlands and East Anglia. [Table 2]

Semi-detached and terraced homes have remained the most popular types of property purchased over the past ten years. These two types represent 60% of all home sales in 2014; up from 56% in 2004. For first-time buyers, semi-detached homes have risen in popularity, accounting for 29% of purchases in 2014 compared with 25% in 2004. Detached sales have fallen from 21% of all property sales to 16% over the past decade. [Table 5]

Last Five Years - Housing Market Recovery (2009-2014)

Prices have improved across all property types since 2009 with flats recording the largest increase between 2009 and 2014 (43%). Terraced properties (31%) experienced the next biggest rise. Bungalows have seen the smallest gain (15%). The increase in flat prices nationally has been led by London (44%) with a more subdued performance elsewhere in the country. [Tables 1 and 3]

Housing Market Downturn (2007-2009)

All property types recorded substantial price falls during the housing market downturn between 2007 and 2009. Terraced houses (-33%) and flats (-32%) performed the worst, declining in value by approximately one-third. Bungalows (-21%) and detached homes (-26%) fared best. [Table 1]

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 – which are very popular with FTBs - recorded the largest price falls during 2007-2009.

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Martin Ellis, housing economist at Halifax, commented:

"There has been a significant increase in the number of first-time buyers since 2010 compared with a modest decline in the number of those moving home. This difference is reflected in a bigger rise in prices over the past five years for those property types that are most popular with first-time buyers: flats and terraces.

"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. Many of these homeowners are still 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 (£94,500) and between £100,000 and £110,000 in the North, Yorkshire and the Humber and West Midlands. The average price of a terraced home is below £120,000 in the North, North West, Yorkshire and the Humber and Wales. Whilst London has by far the highest average price for flats, at £328,800, flats are the least expensive of all property types in the capital. [Table 4]

Detached property prices average in excess of £225,000 in all regions

The average price for detached properties is over £225,000 in all UK regions. The average price of a detached property is £706,000 in London and £481,000 in the South East. [Table 4]

Table 1: UK house prices by property type, 2004-2014

Property Type	Q2 2004 (£)	Q2 2007 (£)	Q2 2009 (£)	Q2 2014 (£)	2004-2007 % Change	2007-2009 % Change	2009-2014 % Change	10 year % Change (2004-2014)
Terraced	149,067	209,917	140,690	183,738	41%	-33%	31%	23%
Bungalows	183,661	229,520	180,271	208,115	25%	-21%	15%	13%
Semi-Detached	166,968	216,872	159,251	192,571	30%	-27%	21%	15%
Detached	284,449	359,497	266,060	318,264	26%	-26%	20%	12%
Flat	157,172	215,439	146,024	208,169	37%	-32%	43%	32%
All Properties	186,478	241,838	169,533	214,450	30%	-30%	26%	15%

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Table 2: Average House Price by property type and region, % change 2004-2014

Region	Terraced	Semi-Detached	Detached	Bungalows	Flats	All Properties
North	8%	1%	10%	11%	8%	5%
North West	13%	6%	3%	2%	0%	5%
Yorkshire & the Humber	17%	8%	4%	6%	-14%	5%
West Midlands	15%	9%	6%	1%	-7%	5%
East Midlands	12%	9%	7%	6%	-19%	4%
East Anglia	27%	12%	20%	10%	16%	12%
Greater London	36%	34%	12%	42%	36%	30%
South East	21%	23%	20%	24%	17%	11%
South West	12%	15%	15%	7%	6%	7%
Wales	15%	4%	4%	10%	22%	4%
Scotland	28%	30%	23%	36%	43%	30%
UK	23%	15%	12%	13%	32%	15%

Source: Halifax

Table 3: Average House Price by property type and region, % change 2009-2014

Region	Terraced	Semi-Detached	Detached	Bungalows	Flats	All Properties
North	15%	10%	17%	25%	13%	20%
North West	12%	11%	10%	3%	16%	15%
Yorkshire & the Humber	13%	12%	7%	14%	3%	13%
West Midlands	22%	16%	9%	9%	13%	18%
East Midlands	22%	14%	16%	11%	3%	17%
East Anglia	31%	12%	17%	9%	n/a	17%
Greater London	67%	49%	53%	n/a	44%	49%
South East	24%	26%	38%	33%	20%	25%
South West	13%	27%	19%	11%	10%	14%
Wales	15%	11%	3%	15%	10%	13%
Scotland	-1%	9%	7%	17%	16%	11%
UK	31%	21%	20%	15%	43%	26%

Source: Halifax

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Table 4: Average House Price by property type and region, 2014

Region	Terraced	Semi-Detached	Detached	Bungalows	Flats	All Properties
North	108,363	133,345	236,319	173,845	101,883	143,496
North West	113,906	153,872	261,442	170,124	123,924	156,272
Yorkshire & the Humber	118,954	139,092	242,208	170,815	104,546	149,525
West Midlands	133,998	159,231	277,528	192,630	107,138	172,084
East Midlands	124,404	141,024	241,026	172,451	94,518	163,317
East Anglia	169,967	175,389	287,444	187,800	127,160	199,628
Greater London	416,330	450,928	705,828	389,459	328,771	388,824
South East	220,680	272,815	481,002	291,932	171,598	271,954
South West	180,235	212,184	332,861	235,072	149,777	214,083
Wales	118,161	137,229	226,468	166,206	128,667	150,068
Scotland	124,493	151,237	257,119	194,179	133,532	164,219
UK	183,738	192,571	318,264	208,115	208,169	214,450

Source: Halifax

Table 5: Property sales by buyer and property type, 2004-2014

Property Type	Buyer Type	6 months to June 2004	6 months to June 2014
Terraced	First Time Buyer	42%	38%
	Home Mover	25%	24%
	All Buyers	31%	31%
Semi Detached	First Time Buyer	21%	29%
	Home Mover	27%	30%
	All Buyers	25%	29%
Flats	First Time Buyer	29%	23%
	Home Mover	11%	10%
	All Buyers	17%	17%
Detached	First Time Buyer	5%	7%
	Home Mover	28%	27%
	All Buyers	21%	16%
Bungalows	First Time Buyer	2%	3%
	Home Mover	9%	9%
	All Buyers	7%	6%

Source: Halifax

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Editors' Notes:

¹ All property prices are based on the crude average prices from the Halifax House Price database in quarter two 2014, quarter two 2009 and quarter two 2004.

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

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