

26/09/2012

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SEPTEMBER 2012**

## **Value of detached houses up by over £640 per month in past decade**

**\*Bungalow prices are the most resilient over the past five years\***

The value of Britain's detached properties has increased by an average of £642 per month over the past decade, the largest increase in cash terms compared to other property types; according to latest research from the Halifax. Since quarter 2 2002, the average price of a detached property has grown by almost £77,000 (or 38%) to £282,211 today.

Over the past 10 years, the average price of terraced houses has grown by 41% to £151,568. The average price of both semis and bungalows has grown by 37% (to £165,565 and £185,365 respectively). [See Table 1]

**Since 2007, property prices are lower, but some not as much as others...**

However, since the start of the financial crisis in 2007, bungalows have outperformed all other property types. In the past five years, the average price of a bungalow has fallen by 19% to £185,365. This compares with a 21% decline in the average price of a detached property and a 24% fall in the price of semis. Terraced houses (-28%) and flats (-25%) have been the worst performers.

An increase in property prices, fewer higher LTV mortgages and the higher levels of deposits required has since 2007 impacted many buyers, making it more difficult for first-time buyers (FTB), in particular, to enter the market. This is consistent with terraced houses and flats recording the largest price falls in recent years as these property types are very popular with FTBs. Terraces and flats combined accounted for nearly two-thirds (63%) of all FTB purchases in the first half of 2012.

In contrast, during the five years before the crisis (2002-2007) both terraces (£1,710 per month or 96%) and flats (£1,420 per month or 65%) recorded larger price rises. Circumstances for first-time buyers were easier at this time with a much greater availability of high loan to value mortgages.

**Price differences between detached properties and most other property types have widened since the start of the housing downturn**

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The average price of a detached house is now £117,000 (70%) higher than that for a semi-detached home; a gap that has widened from 66% at the height of the housing market in mid 2007.

Similarly, percentage differences in prices between detached properties and terraces and flats have also widened. The average price for a detached home is 86% higher than for a terraced house compared with 71% five years ago. In 2012, the average price of a detached house is 75% higher than for a flat; five years ago they were 67% higher. [See Table 2]

**Martin Ellis, housing economist at Halifax, commented:**

"Prices of all property types have fallen over the past five years with the biggest declines for flats and terraced homes. These types are particularly popular with first-time buyers and their sharper price falls probably reflect the difficulties that those looking to enter the market for the first time have been facing. The prices of those property types which are less reliant on first-time buyers, such as bungalows and detached homes, have been more resilient.

"One benefit of the decline in prices has been that flats and terraced houses can now typically be bought for less than £100,000 in some parts of the country. This is a far cry from five years ago when little was available below this price."

**OTHER KEY FINDINGS**

**Semis and terraced housing account for a larger share of house sales since 2007 - at expense of flats and detached homes**

Semi-detached and terraced homes remain the most popular types of property purchased. These two properties types combined represent nearly two-thirds (63%) of all home sales; a share that has risen from 55% in 2007. Semi-detached properties have seen their share of all house sales increase from 25% in 2007 to 30% in 2012. The share of terraced homes has risen from 30% to 33% during the period.

In contrast, flats have seen a sharp drop in their share of all sales since 2007, declining from 22% to 15%.

Detached homes have also seen their share of all sales declines; from 18% in 2007 to 14% in 2012.

The increase in the share of sales accounted for by semis and terraced housing may be due to greater difficulty in trading up to detached houses and low transactions levels for flats given low new-build volumes and existing flat owners are often unable to trade up because of little or no equity.

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## Flats and Terraced properties ideal for buyers with stretched budgets, particularly in the North

A typical flat currently costs less than £100,000 in the North, West Midlands and East Midlands. The average price of a terraced home in the North and North West is also slightly below £100,000.

## Semis look good for buyers with a bit more to spend, detached properties command over £200,000 in all regions

£124,000 to £140,000 buys a typical semi-detached home in the North West, Yorkshire & Humber, West Midlands, East Midlands, Wales and Scotland. Prices for semis are much higher in southern England: £161,000 in East Anglia, £184,000 in the South West, £232,000 in the South East and £339,000 in London.

In all regions, the average price for detached properties is over £200,000; those in the North commanding £219,000. In the North West, Yorkshire and the Humber, East Midlands, Wales and Scotland typical detached properties are in the range between £220,000 and £240,000. The average price of a detached property is £579,000 in London and £404,000 in the South East. [See Table 3]

**Table 1: UK house prices by property type, 2002-2012**

Property Type	Q2-2002 (£)	Q2 - 2007 (£)	Q2 - 2012 (£)	5 year % change (2002/07)	5 year % change (2007/12)	10 year % Change
Terraced	107,327	209,917	151,568	96%	-28%	41%
Bungalows	135,757	229,520	185,365	69%	-19%	37%
Semi-Detached	120,728	216,872	165,565	80%	-24%	37%
Detached	205,224	359,497	282,211	75%	-21%	38%
Flat	130,248	215,439	161,663	65%	-25%	24%
All Properties	137,273	241,838	179,170	76%	-26%	31%

Source: Halifax

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**Table 2: Price Difference between Detached and other Property Types**

Property Type	Difference v Detached Properties 2002 (£)	Difference v Detached Properties 2007 (£)	Difference v Detached Properties 2012 (£)	% Difference v Detached Properties 2002	% Difference v Detached Properties 2007	% Difference v Detached Properties 2012
Terraced	-97,897	-149,580	-130,643	91%	71%	86%
Bungalows	-69,467	-129,977	-96,846	51%	57%	52%
Semi-Detached	-84,496	-142,625	-116,646	70%	66%	70%
Flat	-74,976	-144,058	-120,548	58%	67%	75%
<b>All Properties</b>	<b>-67,951</b>	<b>-117,659</b>	<b>-103,041</b>	<b>57%</b>	<b>49%</b>	<b>58%</b>

Source: Halifax

**Table 3 – Average House Price by property type and region 2012**

	Terraced	Semi-Detached	Detached	Bungalows	Flats
North	99,629	124,049	218,921	140,547	92,961
North West	99,457	139,318	236,211	158,300	106,920
Yorkshire & the Humber	102,927	124,717	233,083	158,504	104,176
West Midlands	115,757	138,703	253,042	189,830	96,855
East Midlands	108,108	129,004	221,277	153,687	92,794
East Anglia	142,906	160,841	248,195	161,335	102,454
Greater London	305,221	339,021	578,885	280,209	256,855
South East	186,559	232,333	404,018	249,037	141,452
South West	161,509	183,953	309,876	205,556	133,042
Wales	104,774	124,319	221,468	156,670	104,338
Scotland	114,921	139,017	238,111	171,172	111,602
<b>UK</b>	<b>151,568</b>	<b>165,565</b>	<b>282,211</b>	<b>185,365</b>	<b>161,663</b>

Source: Halifax

**Editors' Notes:**

<sup>1</sup> 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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