



[UK Cities House Price Index \(/uk/insight/uk-cities-house-price-index/\)](/uk/insight/uk-cities-house-price-index/)

March, 2017

UK Cities House Price Index - March 2017

On 28 April, 2017

- City house price growth is running at 6.4%, up from 4.9% in December 2016.
- Growth over 2017Q1 (3.5%) was the highest quarterly increase for 3 years as large regional cities registered an acceleration in the rate of price inflation.
- London, Oxford and Cambridge are in the bottom 5 cities registering the lowest growth.

City level house price growth rate is 6.4%, up from 4.9% at the end of last year. 2017Q1 saw city level house prices rise by 3.5%, the highest quarterly rate of price inflation for 3 years. House price inflation in London continues to slow and has now reached 4.9% yoy which means the capital is among the five slowest growing cities along with Oxford and Cambridge.

City house price growth 6.4%yoy

UK city house price growth is picking up momentum. House price growth in the first quarter of the year was 3.5%, the highest quarterly rate of growth for 3 years (Fig. 1). This has resulted in the annual growth rate increasing to 6.4%, up from 4.9% at the end of 2016 Q4 but still lower than 12 months ago (8.1%).

Growth at 12 year high in larger regional cities

The impetus for faster house price growth is emanating from large regional cities such as Newcastle, Glasgow and Edinburgh with Newcastle. These cities have registered above average price increases over the first quarter of 2017 (see Table 2). Manchester remains the fastest growing city covered by the index where the annual growth rate is 8.8% followed by Birmingham at 8.0%.

Attractive affordability levels, record low mortgage rates and an improving economic outlook are all supporting demand for housing. Together with limited availability of stock for sale this is creating scarcity and an upward pressure on house prices. Price rises are not running away but house price growth is well ahead of earnings growth.

Prices rises at 12 year high in some regional cities

Fig. 3 shows the ratio between new supply and sales agreed comparing London to Birmingham and Manchester. It highlights how the balance between new supply and sales remains 'tight' in Birmingham and Manchester while market conditions have weakened in London. In the case of Birmingham (8.0%), Manchester (8.8%) and Newcastle (5.6%), continued improvement in underlying market conditions has resulted in the annual rate price increases reaching levels not seen since early-2005.

Southern cities ex-growth

In contrast, house price growth in London, Oxford and Cambridge has slowed to less than 5% for the first time in five years as affordability pressures, and tax changes for investors, constrain demand. It is clear that in London sales are failing to keep pace with supply. Stock that is on the market will require downward price adjustments in order to sell.

Table 1 - UK 20 City Index Headline Results

Month	3 mth. change	%yoy	Average price
Oct-16	0.1%	5.9%	£239,300
Nov-16	0.3%	5.6%	£239,600
Dec-16	0.3%	4.9%	£239,800
Jan-17	1.1%	5.0%	£241,900

Jan-17	2.1%	5.9%	£241,500
Feb-17	2.6%	6.2%	£245,800
Mar-17	3.5%	6.4%	£248,200

Table 2 - City level summary

City	Current price	%yoy Mar 2017	% last 3 months
Manchester	£153,600	8.8%	3.4%
Birmingham	£150,900	8.0%	3.5%
Bristol	£264,200	7.3%	2.1%
Edinburgh	£208,000	7.1%	4.5%
Glasgow	£117,500	6.8%	3.7%
Nottingham	£142,600	6.7%	2.2%
Portsmouth	£225,000	6.7%	1.9%
Leicester	£162,100	6.6%	1.8%
Liverpool	£116,500	6.5%	2.7%
Southampton	£223,100	6.4%	1.2%
Bournemouth	£278,100	6.4%	2.3%
Sheffield	£132,100	5.7%	2.8%
Newcastle	£127,100	5.6%	4.2%
Cardiff	£197,300	5.4%	2.4%
Leeds	£156,700	5.2%	1.7%
London	£490,100	4.9%	2.2%

Oxford	£411,600	3.7%	-1.7%
Belfast	£127,500	2.9%	0.5%
Cambridge	£428,300	1.7%	2.7%
Aberdeen	£173,300	-8.7%	-6.2%
20 city index	£248,200	6.4%	3.5%
UK	£208,200	5.7%	2.5%

Source: Hometrack House Price Indices

Fig. 1 - UK City house price inflation

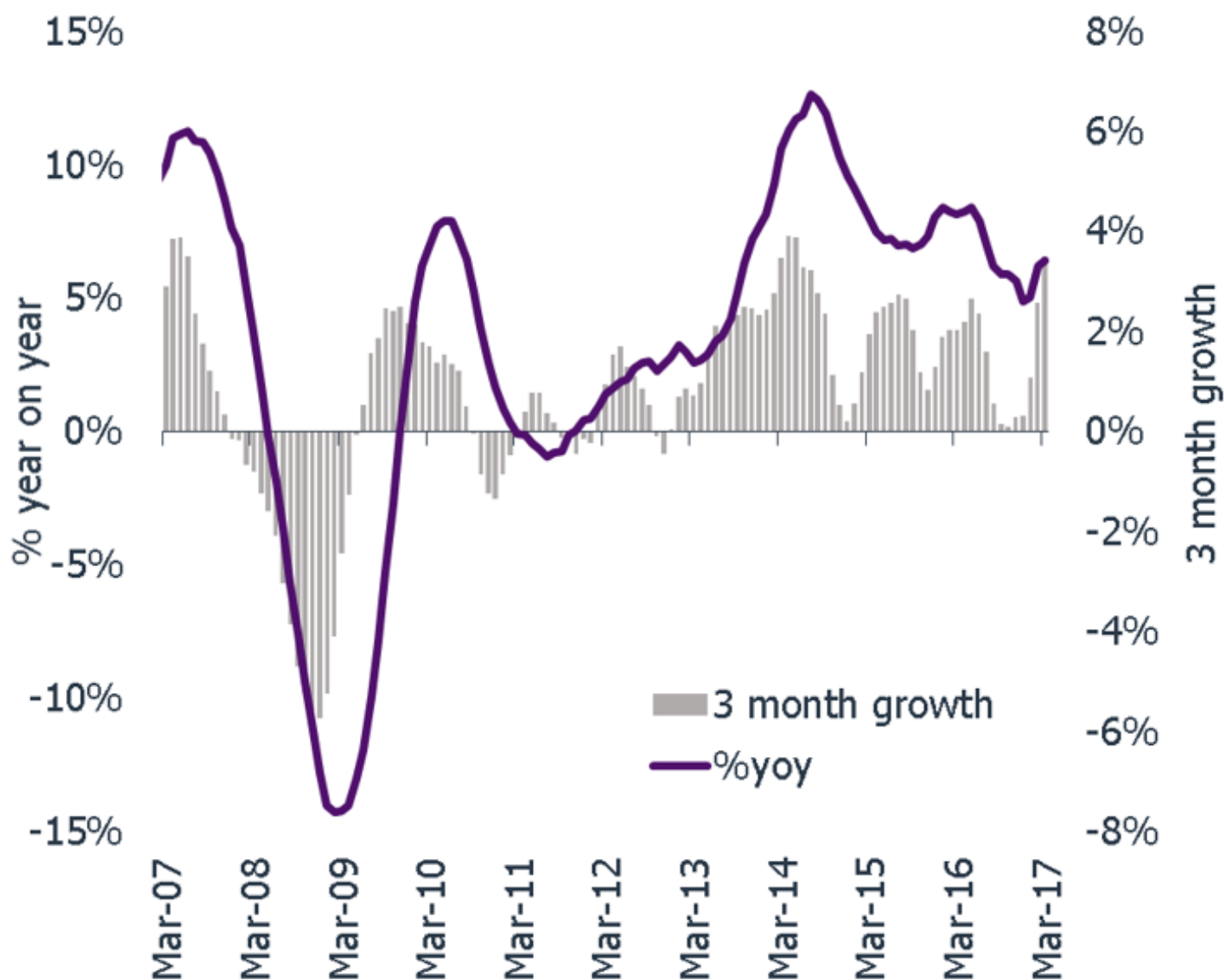
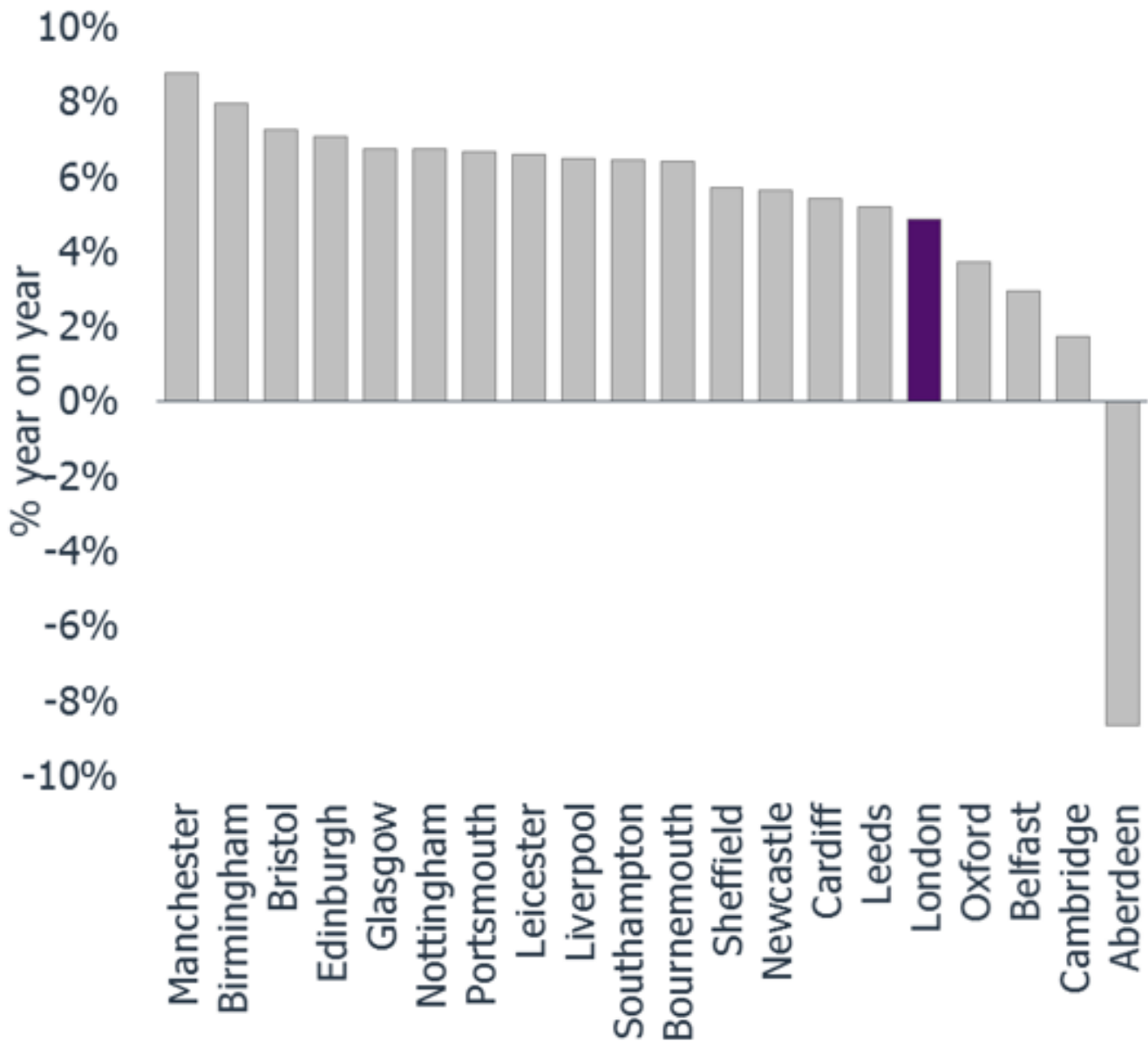


Fig. 2 - Annual house price growth by city



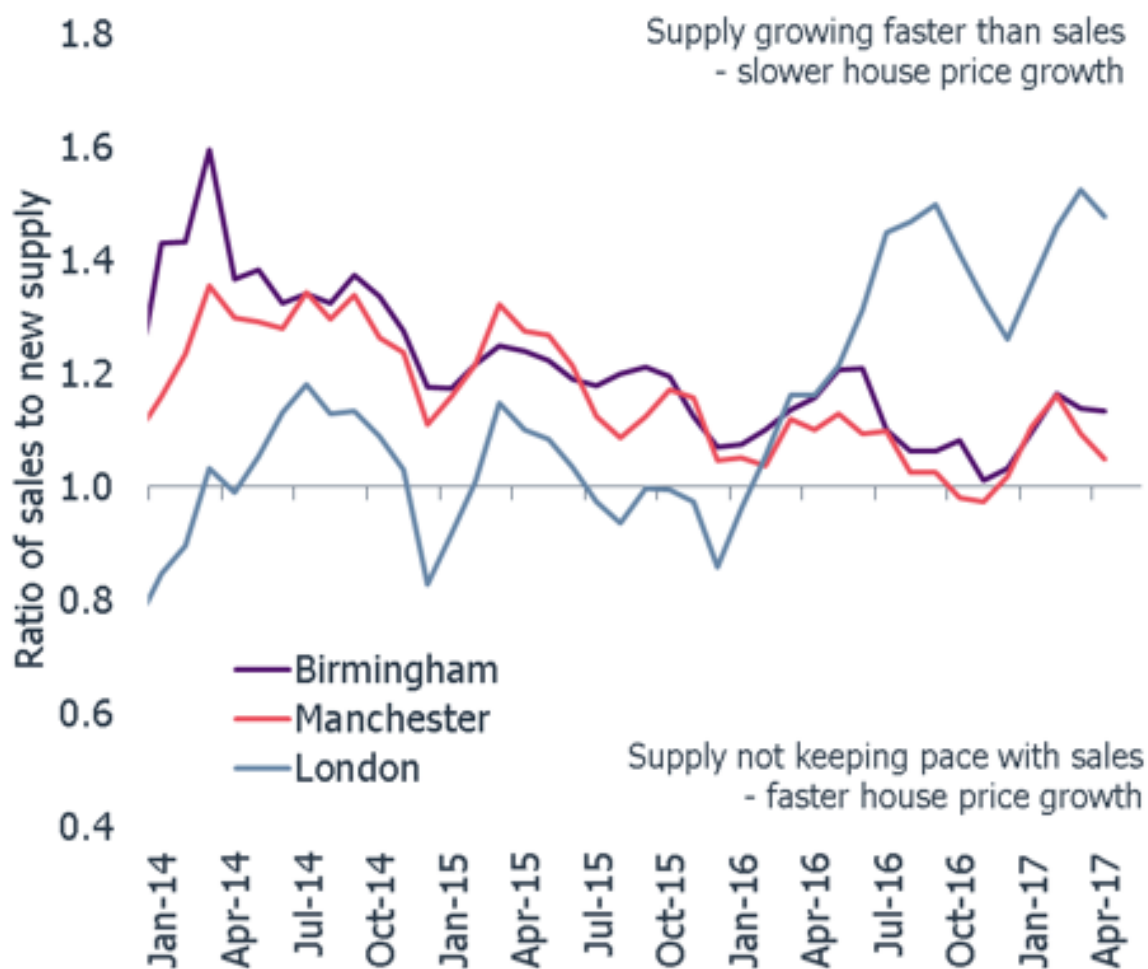
Election impact and immediate outlook

Buyers outside the south of England appear to be shrugging off concerns over Brexit and a squeeze on real incomes to take advantage of low mortgage rates. The announcement of the General Election may create some short term uncertainty although comparing the profile of sales volumes between election years and non-election years there is no material difference.

Compared to the level of uncertainty over Brexit, it is debateable whether the election will really make a material difference to buyers' decision in the next two months. In our view the current market trends appear well set for the rest of 2017 where above average growth in regional cities

offsets weak, single digit increases in southern cities.

Fig. 3 - Ratio of new supply to sales agreed



Source: Hometrack House Price Indices

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Table 1- UK 20 city index summary, February 2017

Month	3 mth. change	%yoy	Average price
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Source: *HomeTrack House Price Indices*

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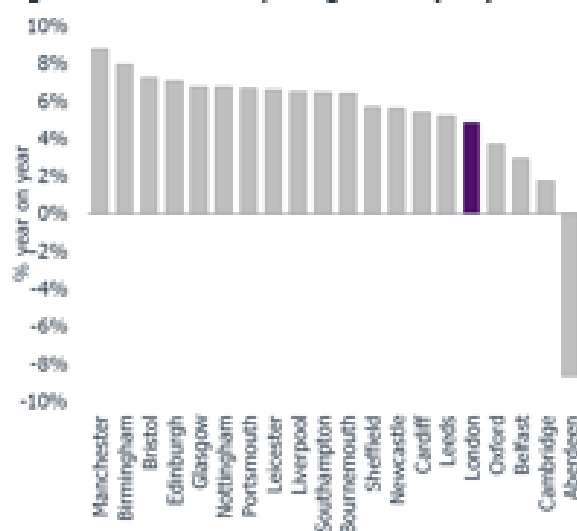
Note: All price changes are quoted in nominal terms. HomeTrack's house price indices are revisionary and not seasonally adjusted.

Fig. 1 – UK City house price inflation



Source: *HomeTrack UK Cities Index*

Fig. 2 – Annual house price growth by city



Source: *HomeTrack House Price Indices*

UK Cities House Price Index – March 2017

Related articles

[UK Cities House Price Index - February 2017 \(/uk/insight/uk-cities-house-price-index/february-2017-cities-index/\)](/uk/insight/uk-cities-house-price-index/february-2017-cities-index/)

24 March, 2017

City house price growth slows to 6.4%. Manchester fastest growing city as London slips to 10th in growth rankings. New analysis of city turnover reveals large increases and falls. Overall city turnover expected to be flat in 2017.

[UK Cities House Price Index - January 2017 \(/uk/insight/uk-cities-house-price-index/january-2017-cities-index/\)](/uk/insight/uk-cities-house-price-index/january-2017-cities-index/)

24 February, 2017

City level house price inflation is running at 6.9% while growth in London (6.4%) is running at its lowest level for 4 years and set to slow further. House prices in many regional cities where the recovery has been muted have material upside so long as the economy continues to grow and mortgage rates remain low.

[December 2016 - London drops to 7th in house price growth rankings \(/uk/insight/uk-cities-house-price-index/december-2016-cities-index/\)](/uk/insight/uk-cities-house-price-index/december-2016-cities-index/)

20 January, 2017

House price inflation in Manchester hits 12 year high. Growth in regional cities continues to overhaul London which dropped to 7th in the city house price growth rankings for 2016. Bristol is still the fastest growing city +9.6% but could be overtaken by Manchester in Q1.

[November 2016 - City house price growth to slow to 4% over 2017 \(/uk/insight/uk-cities-house-price-index/november-2016-cities-index/\)](/uk/insight/uk-cities-house-price-index/november-2016-cities-index/)

16 December, 2016

City level house price growth is running at 7.7%, in line with our projections this time last year. We expect city house price growth to slow to 4% in 2017 with weaker growth in London and other southern cities offset by sustained growth in large regional cities.



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