Office for National Statistics

Statistical bulletin

House price statistics for small areas in England and Wales: year ending December 1995 to year ending March 2017

House price statistics for a range of geographies in England and Wales, on a quarterly rolling year basis.

Contact:
Nigel Henretty
better.info@ons.gsi.gov.uk
+44 (0)1329 447934

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Table of contents

1 . Main points

- The median price paid for residential properties in neighbourhoods (middle layer super output areas) within England and Wales ranged from £28,500 (within County Durham) to £2,550,000 (within Westminster).
- The nominal total value of residential property transactions in England and Wales for year ending March 2017 was £239 billion, down from £273 billion in the year ending March 2016; this is the first time it has decreased since the year ending March 2009.
- In the year ending March 2017, there were 21% of neighbourhoods in England and Wales that had an increase in the number of property transactions since the previous year; this is partly because of higher numbers of transactions preceding the changes to Stamp Duty that took effect on 1 April 2016.
- The house price gap was widest in the North West of England, where the median price paid for property in the 10% most expensive neighbourhood was 2.8 times more than the 10% least expensive neighbourhood.

2 . Things you need to know about this release

The House Price Statistics for Small Areas (HPSSAs) use data from the Land Registry (LR) to provide statistics on the price paid and composition of residential property transactions for properties that were sold in England and Wales. Properties sold at a discount to market level, such as properties sold under the Right to Buy scheme, are excluded from the data.

The entire series of data in the HPSSAs (back to year ending December 1995) is revised quarterly and these data supersede all previously published HPSSA data, to ensure that:

- residential property transactions added to or edited in the LR Price Paid Data (PPD) are included, especially in more recent periods to which changes are more likely to relate
- if a geography change is made the entire series reflects the new structure, avoiding geographic breaks in the time series

The smallest areas for which statistics are presented are middle layer super output areas (MSOAs), of which there are 7,201 in England and Wales, each containing around 3,000 households. These are referred to as neighbourhoods in this statistical bulletin. Statistics for neighbourhoods therefore provide a detailed geographic understanding of housing trends.

HPSSAs provide a different set of statistics to the UK House Price Index (UK HPI). The UK HPI is weighted to reflect the mix of properties sold in the previous year, which is broadly representative of the mix of properties in the overall dwelling stock. The HPSSAs are not mix-adjusted but use rolling years to better reflect the actual mix of property sold than is possible with a shorter period. This means that the UK HPI provides a measure of the changing value of properties in the housing market, whereas the HPSSAs measure the price paid for properties sold in a given period. Therefore the two sets of statistics provide different figures.

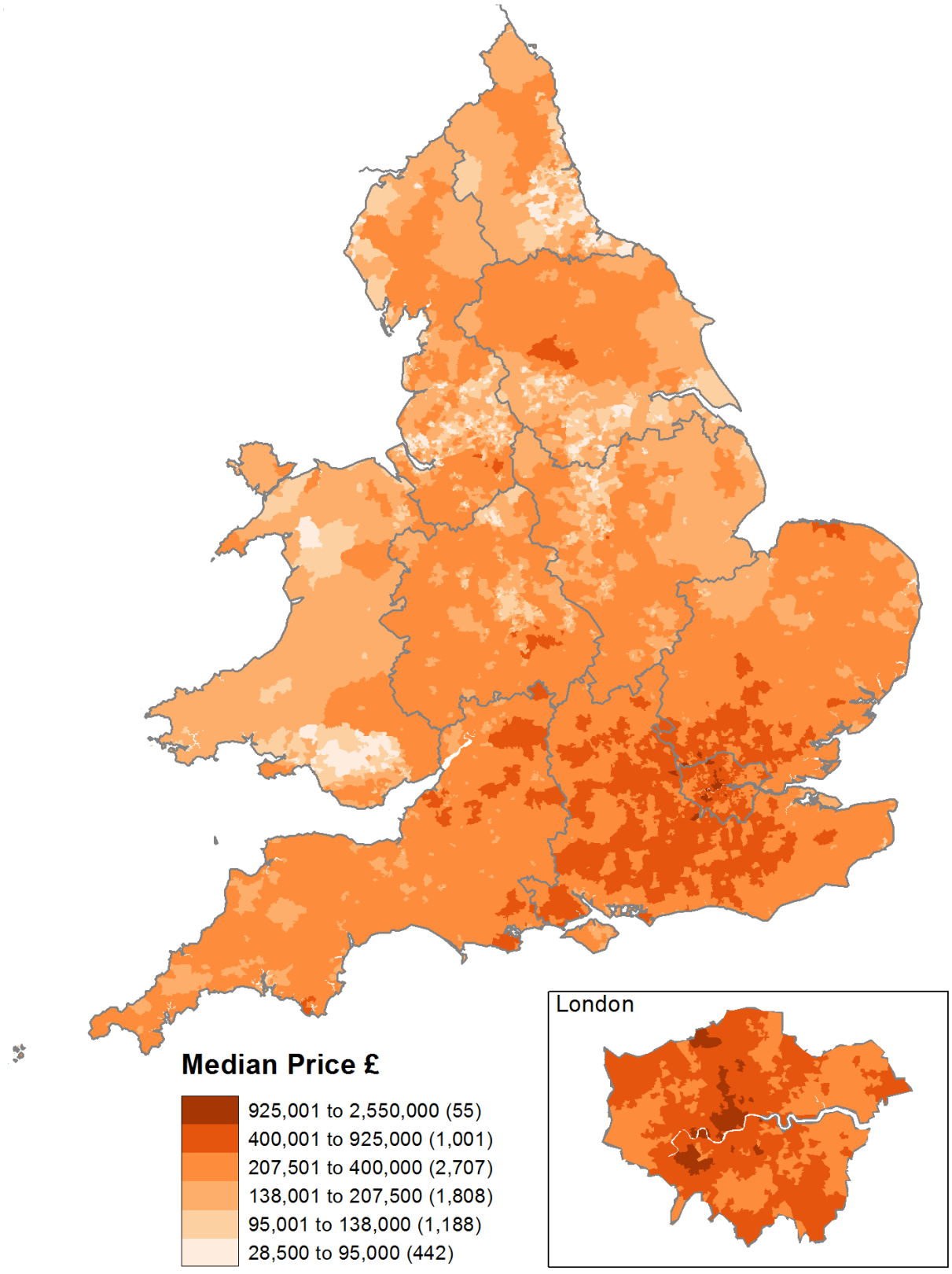
The HPSSAs report the non-adjusted average transactional values down to the small area level and are therefore particularly useful when identifying the change in price for properties actually sold in a given period and area. HPSSAs can also be used to identify changes in the number of property transactions, housing market value and the composition of transactions by property type.

3 . Median price paid increased in the majority of neighbourhoods for fifth consecutive year

In the year ending March 2017, the median price paid for residential properties in neighbourhoods (middle layer super output areas) ranged from £28,500 (within County Durham) to £2,550,000 (within Westminster).The neighbourhood in County Durham has had the lowest median price paid for the fifth consecutive quarter although the price here increased in year ending March 2017 for the first time since 2014. The neighbourhood in Westminster has had the highest median price paid for the entire time series of the House Price Statistics for Small Areas. Figure 1 shows the median price paid for neighbourhoods in England and Wales in year ending March 2017.

Figure 1: Median price paid for all dwellings by middle layer super output areas (MSOA)

England and Wales, year ending March 2017



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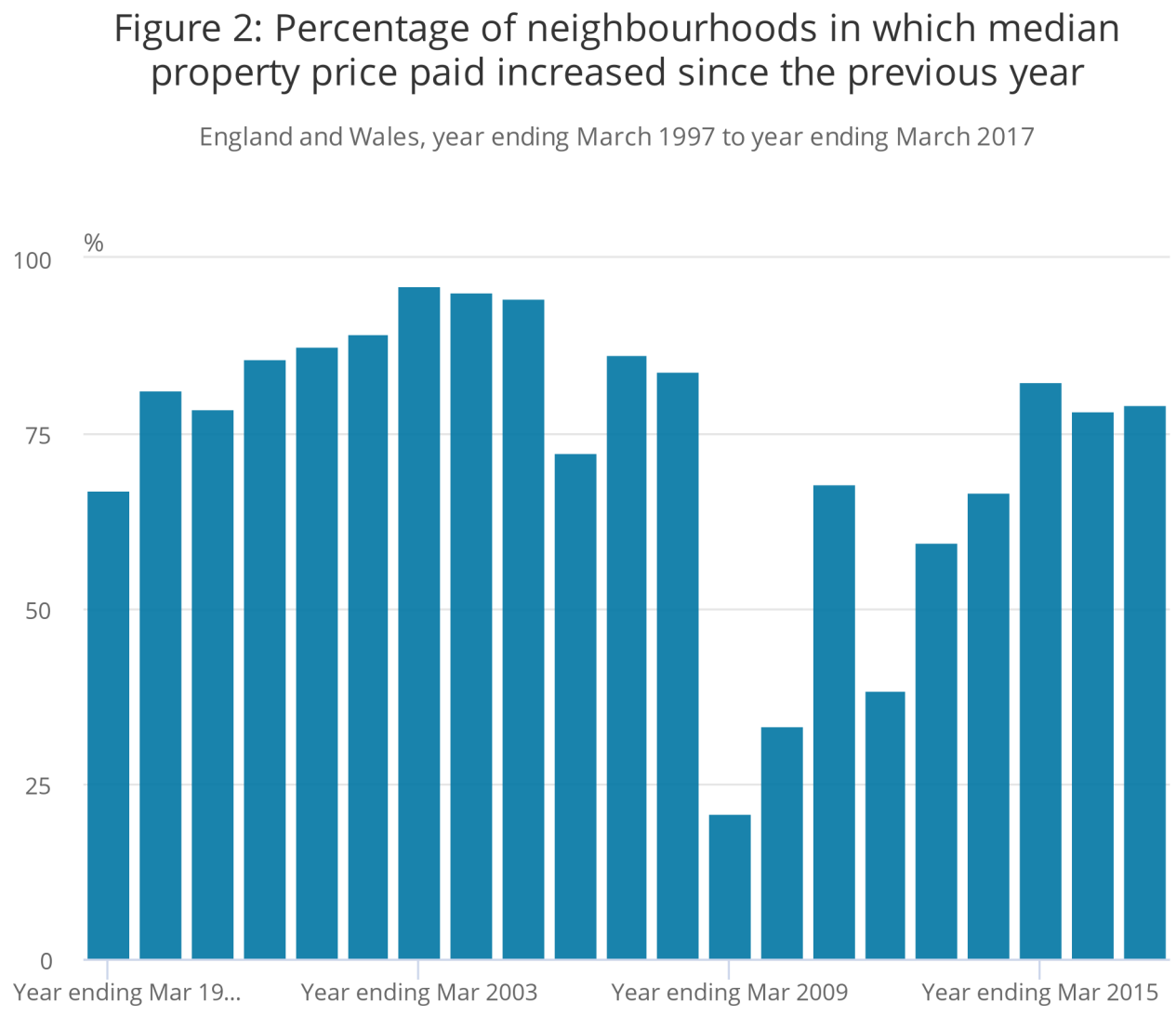
In the year ending March 2017, the median price paid for residential properties increased in 79% of neighbourhoods in England and Wales. Figure 2 shows that the percentage of neighbourhoods in which the median price paid increased, has remained relatively stable in the last three years, following a relatively large decrease during and immediately after the economic downturn. This trend for England and Wales is also the case within the English regions and Wales.

Figure 2: Percentage of neighbourhoods in which median property price paid increased since the previous year

England and Wales, year ending March 1997 to year ending March 2017



Source: Office for National Statistics and Land Registry

When we look at housing market activity (the number of property transactions) in England and Wales, a different pattern emerges. There were 844,424 registered property transactions in England and Wales in the year ending March 2017, having fallen from 986,362 in the year ending March 2016.

Figure 3 shows the percentage of neighbourhoods in which the number of property transactions increased compared with the previous year. In the year ending March 2017, there were 21% of neighbourhoods that had an increase in the number of property transactions since the previous year, compared with 68% for the year ending March 2016. This is the lowest percentage of neighbourhoods to have an increase since the economic downturn in 2009. This is in part caused by the after-effects of the spike in the number of property transactions in March 2016, before the Stamp Duty changes that came into effect on 1 April 2016.

The latest data, for the year ending March 2017, covers the period April 2016 to March 2017. This is the first time since the Stamp Duty changes that the large number of transactions that took place in March 2016 are not included in the reference period for the data. When comparing the year ending March 2017 with the year ending March 2015 (before the Stamp Duty changes took effect), 37% of neighbourhoods had an increase in the number of transactions. This shows that although the Stamp Duty changes had a substantial effect on the subsequent reduction in the number of transactions, the year ending March 2017 does appear to have a relatively low level of housing market activity even when accounting for this.

Figure 3: Percentage of neighbourhoods in which number of property sales increased since the previous year

England and Wales, year ending March 1997 to year ending March 2017

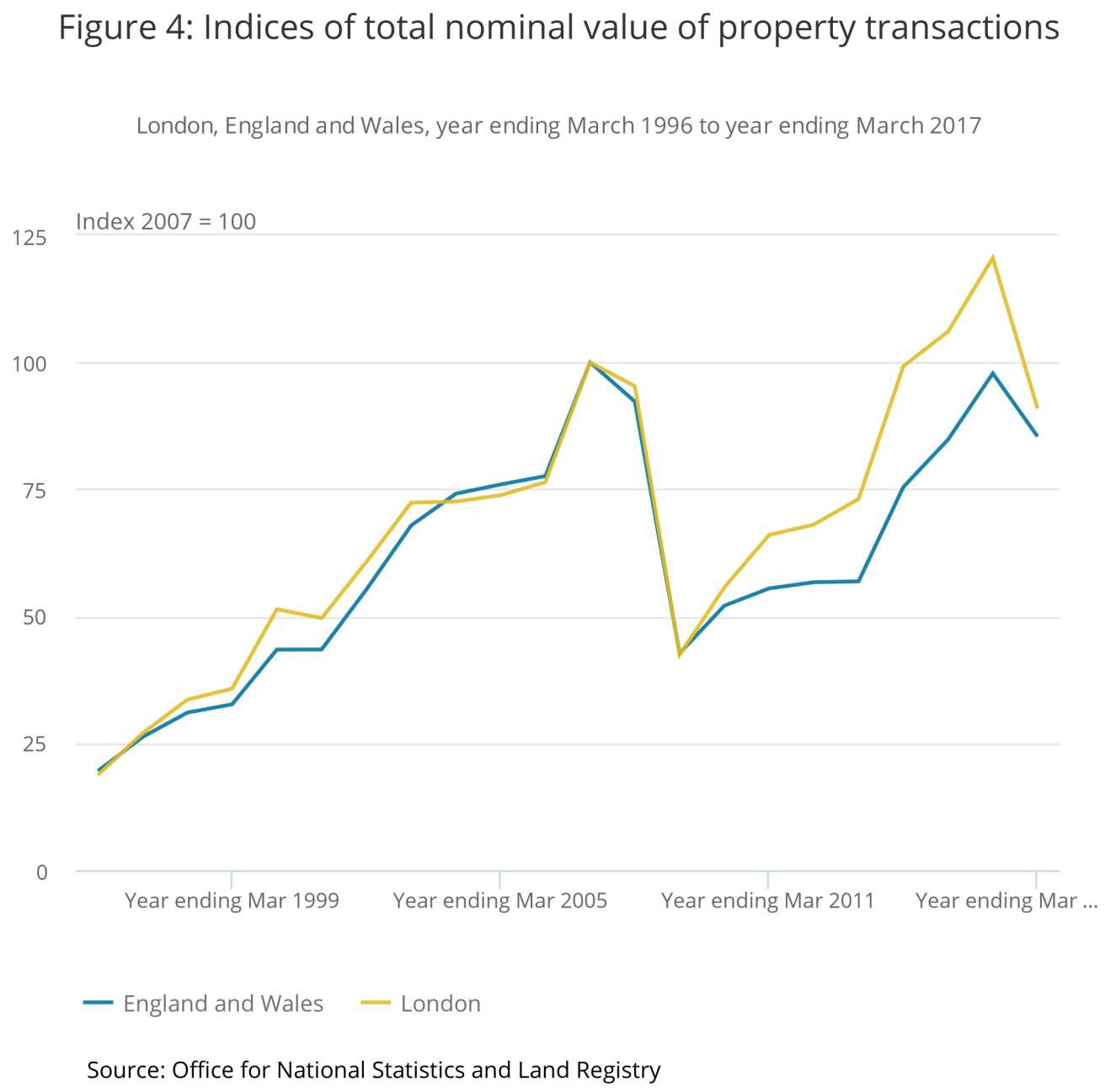
Source: Office for National Statistics and Land Registry

Housing market value (HMV) is the total value of residential property transactions for an area. It is driven by a combination of property prices and the number of property transactions. This can be used to provide an overview of the scale of the property transaction economy. These housing market value statistics are presented in nominal terms, which mean that they have not been adjusted to take account of inflation and so they present the simple total transactional value of all property sales.

The total HMV in England and Wales for the year ending March 2017 was £239 billion. This is a decrease of £35 billion on the previous year and the first time it has fallen since the year ending March 2009. The total HMV in nominal terms was lower in the year ending March 2017 than the pre-downturn peak, both for England and Wales as a whole and for London. London's total HMV has decreased more sharply than in England and Wales over the last few years, although all regions in England and Wales have had some decreases in HMV.

Figure 4: Indices of total nominal value of property transactions

London, England and Wales, year ending March 1996 to year ending March 2017



Source: Office for National Statistics and Land Registry

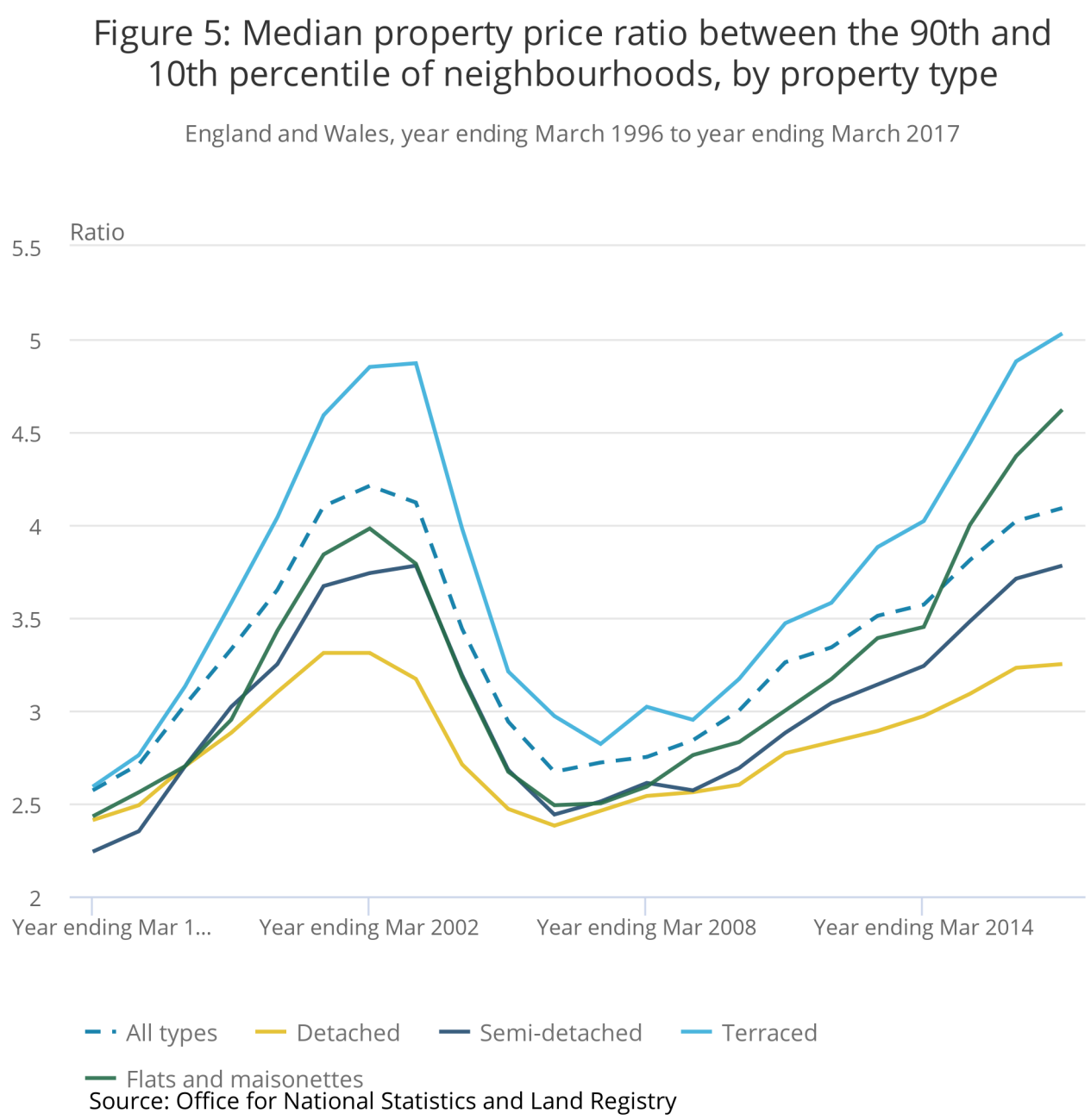
4 . The changing house price gap

This section uses the ratio of the median property price paid in the 90th and 10th percentile of neighbourhoods for each year, referred to as the house price gap. The aim here is to illustrate how many times more those neighbourhoods with relatively high property prices (as shown by the 90th percentile) are, compared with those with relatively low prices (as shown by the 10th percentile). This helps to provide an indication of the variation of the property market in an area, whilst excluding the effects of extremely high or low property prices. For example, in this section, a ratio with a value of 2 means the area with high house prices (90th percentile) is double the price of the area of low house prices (10th percentile).

Figure 5 shows that the house price gap for all property types in England and Wales had a ratio of 4.1 in the year ending March 2017. The house price gap ratio has generally been rising over the last 10 years, which means that the variation in the property market has been increasing in England and Wales. This trend exists for all different property types, but terraced properties and flats have had the largest increase in the ratio in recent years. Terraced properties have consistently had the highest ratio and are the first property type for which the value of the 90th percentile has exceeded five times the value of the 10th percentile.

Figure 5: Median property price ratio between the 90th and 10th percentile of neighbourhoods, by property type

England and Wales, year ending March 1996 to year ending March 2017



Source: Office for National Statistics and Land Registry

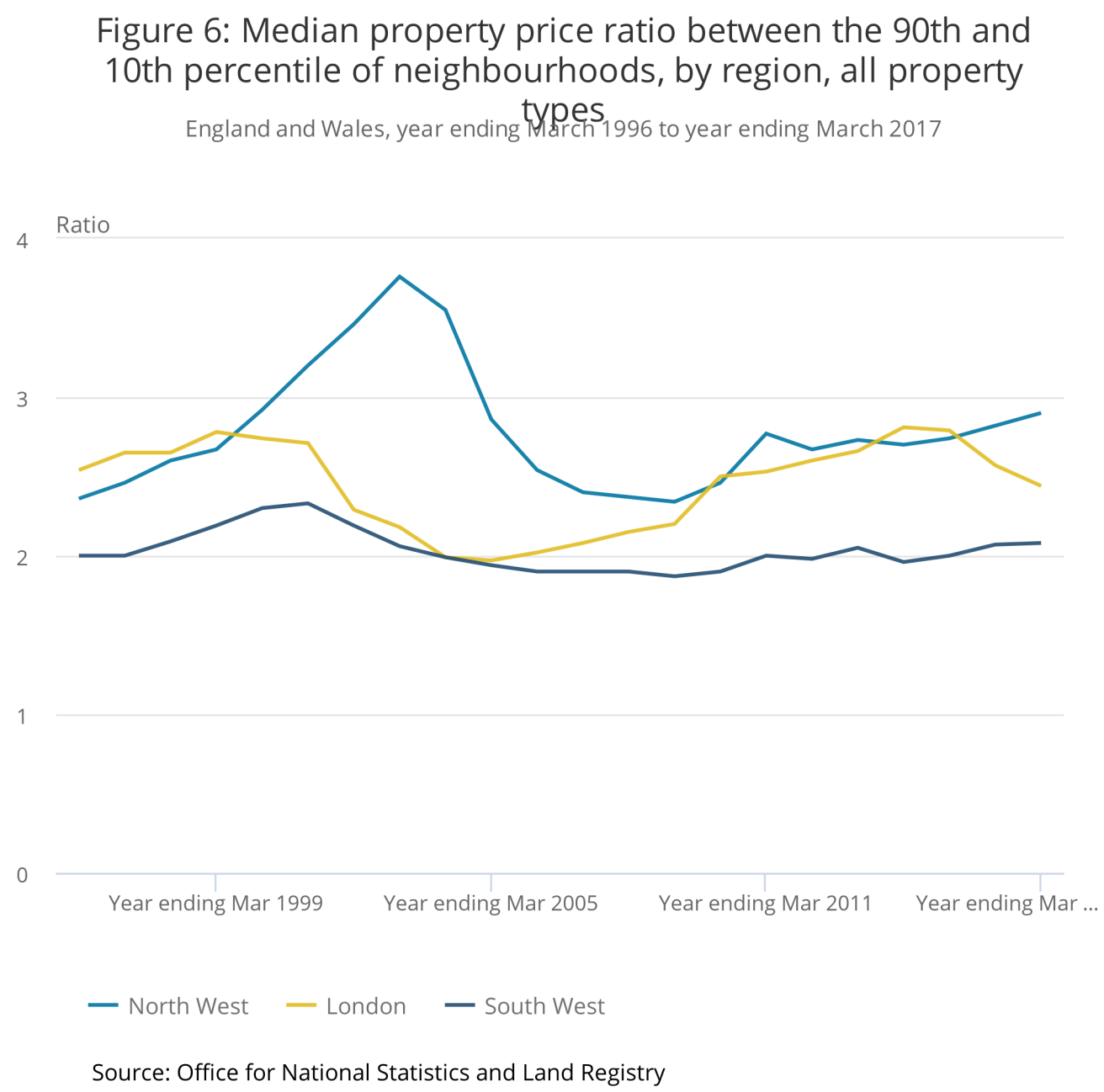
When we explore the house price gap by region we see a range of different patterns between 1996 and 2017. Figure 6 shows ratios for the North West, London and the South West. The North West had the highest house price gap in the whole time series (3.8 in 2003) but also the most change over the period. This 2003 peak was caused by rising prices at the 90th percentile and stable prices at the 10th percentile. Once the 10th percentile prices also started to rise the ratio decreased. A number of other regions show a similar pattern (albeit at slightly lower levels).

In London, the ratio of the 90th percentile to 10th percentile house price has generally been smaller than some other regions, despite London having the highest median property prices overall. This is because house prices in London have generally risen at both the top and bottom ends of the property market, whereas in other regions, the top end of the market has increased more rapidly than the bottom end.

The South West region shows both the lowest house price gap and is also the most consistent over time ranging from 1.9 to 2.3 over the time series. In this region, movements at both ends of the market have followed a similar pattern, albeit with the lower priced end of the market increasing less. This resulted in a relatively stable ratio.

Figure 6: Median property price ratio between the 90th and 10th percentile of neighbourhoods, by region, all property types

England and Wales, year ending March 1996 to year ending March 2017



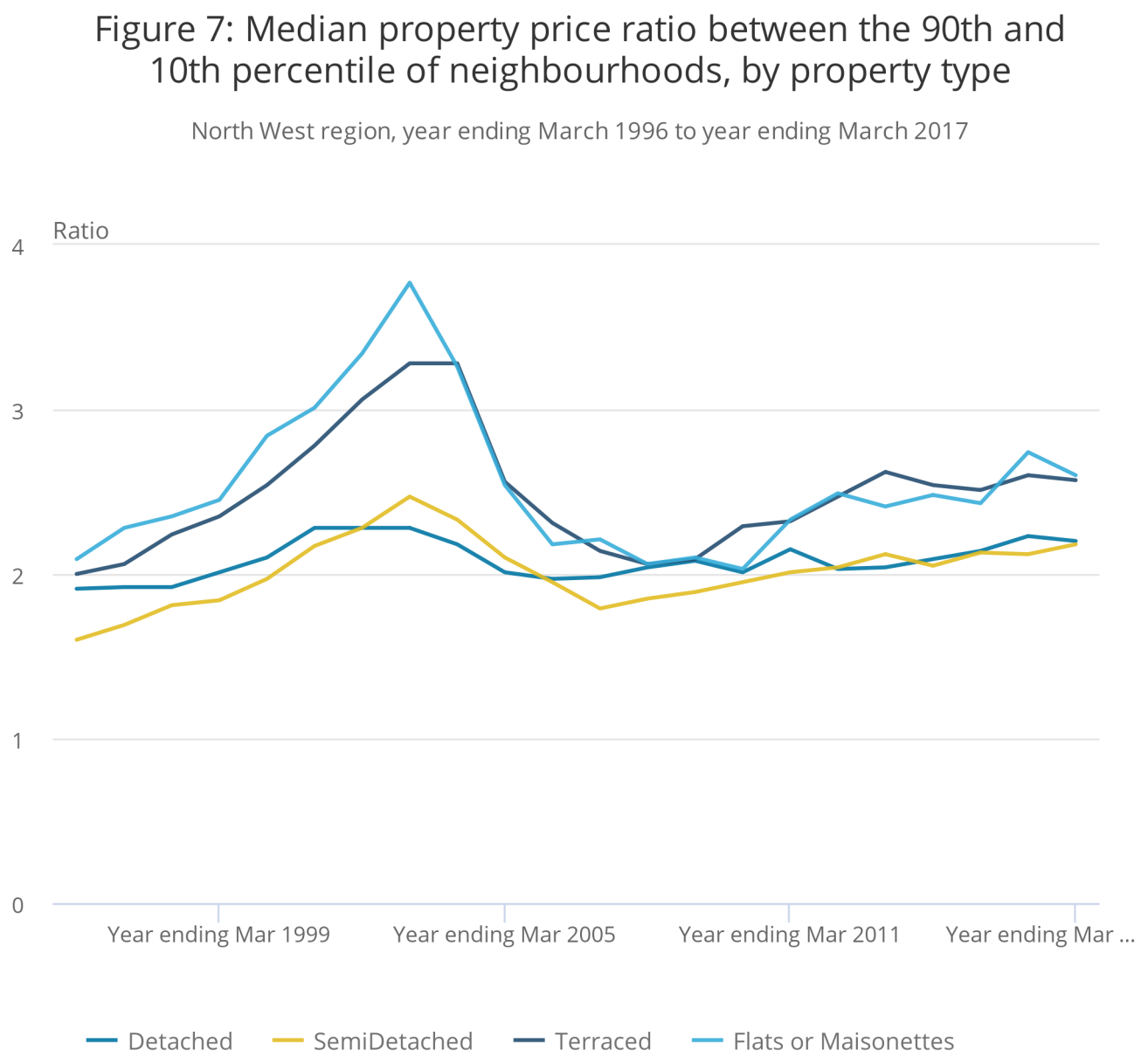
Source: Office for National Statistics and Land Registry

We've seen that the North West not only showed the highest ratio between the highest and lowest parts of the property market, but also the most variability. The following graphics look at this region in more detail.

In Figure 7, the North West is broken down into its four component property types. Between the four property types there are two distinct patterns over time: terraced properties and flats had the highest ratios and the most variability while detached and semi-detached properties generally had lower ratios and less variability.

Figure 7: Median property price ratio between the 90th and 10th percentile of neighbourhoods, by property type

North West region, year ending March 1996 to year ending March 2017



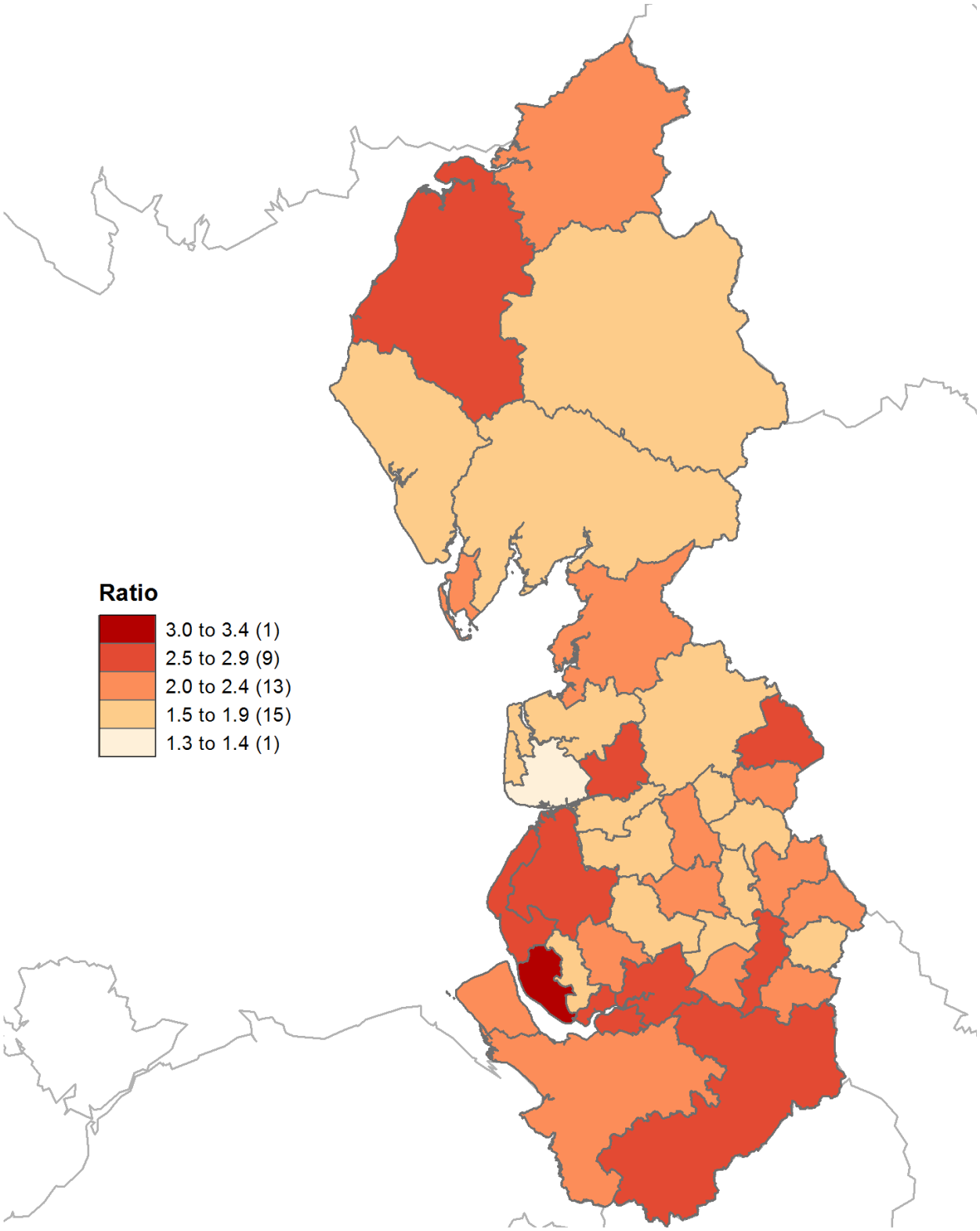
Source: Office for National Statistics and Land Registry

Figure 8 shows a map of the house price gap ratio for the neighbourhoods that make up the local authorities in the North West in the year ending March 2017. The ratios ranged from 1.4 in Fylde to 3.4 in Liverpool. In Fylde there are only nine neighbourhoods, in which detached and semi-detached properties were the most commonly sold type. These neighbourhoods are relatively homogenous in terms of house type and price variation, this keeps the ratio low.

In contrast, Liverpool has 61 neighbourhoods and a wider range of prices. Sales of terraced properties in Liverpool were prevalent, but there was a mix of relatively inexpensive areas and some relatively expensive areas in which detached and semi-detached properties are the most commonly sold type. The result of this mix is a higher ratio for Liverpool. Despite the large variations in the house price gap in these particular areas, most neighbourhoods in the North West had a ratio of between 1.5 and 3.

Figure 8: Ratio of 90th percentile to 10th percentile price paid by local authority district

North West region, year ending March 2017



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5 . Links to related statistics

More information about house prices can be found in the following publications:

UK House Price Index

Housing affordability in England and Wales

6 . What’s changed in this release

We have changed the way we label data columns in our datasets. This is to improve clarity by avoiding confusion between our rolling annual years and individual quarters. Data are now labelled in the format ‘Year Ending Mar 2017’. This column, referring to data for the months April 2016 to March 2017, would previously have been called Q1-2017.

7 . Quality and methodology

The House Price Statistics for Small Areas Quality and Methodology Information report contains important information on:

- the strengths and limitations of the data and how it compares with related data
- users and uses of the data
- how the output was created
- the quality of the output including the accuracy of the data

Details of the policy governing the release of new data are available in the UK Statistics Authority’s Code of Practice for Official Statistics or from the Media Relations Office via email to media.relations@ons.gsi.gov.uk.