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UK HOUSE PRICES: NORTH WEST IS BEST PERFORMING REGION

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THE ULTIMATE GUIDE TO UK HOUSE PRICES

'House prices are a huge element of any property buyers journey, whether purchasing a property for a personal or investment purposes'



House prices are a huge element of any property buyers journey, whether purchasing a property for personal or investment purposes. In order to get a full and detailed understanding of UK house prices, how they've changed over the years, and how they're predicted to change, it's important to read as much information as possible about property prices in the UK.

If you're interested in learning more about UK house price trends, the current state of the UK property market, and predictions on future property price changes, you'll find all of this in our ultimate guide to UK house prices. Keep reading to find out where UK house prices increase and decrease, information on property values by postcode, and more.

Past Property Market Trends

The UK property market has changed massively throughout the years, especially in regards to property prices. So how have UK house prices changed? How much do house prices rise in different cities across the UK? Which particular regions have seen the strongest growth? And what effect did Brexit have on property price fluctuations?

How Much Have UK House Prices Changed Over the Last 5-10 Years?

Over the last five to ten years, growth in property prices has been significant across the UK. When analysing data from the Land Registry UK House Price Index, it's clear that the average UK house price has seen huge growth over the last ten years. In January 2010, property prices in the UK stood at £167,469 on average, compared to average property prices in the UK of £233,027 in 2020. This means that over a ten year period, UK house prices have increased by 39% on average, which is an impressive rate of growth. Within a five year period, the same data reveals that average UK house price growth stood at a figure of 22%.



UK house prices have
increased by 39% in
the past 10 years



Regional Property Market Trends

While UK house price growth has been significant across the country as a whole, there has been a more noticeable increase in certain parts of the UK. House price increases by area vary massively, and certain UK regions come with a higher increase in property prices over the last 5 to ten years. So what trends have we seen in the growth of regional house prices?

For those who feel they are clued up on the best areas to invest in the UK, it may come as a surprise that regions in the South have proven to have higher rates of property price growth than the North when looking at house price data over a ten year period. Between January 2010 and 2020, London saw a whopping 71% increase in UK house prices, followed by the East of England's property price growth of 54%, the South East's property price growth of 48%, and the East Midlands growth of 43%. When comparing UK house prices by region over ten years, the North East is actually the worst performing area in England with a growth of just 7%, while Northern Ireland's growth rate stood at just 3%.

It wasn't until 2015 that we saw a shift in the growth of regional house prices, with North West house prices outperforming that of London with a growth of 21% in the North West and 18% in London between January 2015 to 2020. Between 2018 and 2020, house price increases by area highlighted the strength of North West house prices compared to Southern regions. Within this two year period, house prices in the North West increased by 6% and those in the Midlands by 7.6%, while London property prices saw negative growth of - 0.1%. The South East saw a similarly low growth of just 0.9%, while the South West regions growth was slightly higher at 2.2%. Overall, England's property price growth during this period came to 3.3%, which shows that house prices in the North West of the UK exceeded the national average.

UK HOUSE PRICE GRAPH

REGION	2010 - 2020	2015 - 2020	2018 - 2020
LONDON	71%	18%	-0.10%
SOUTH EAST	48%	22%	0.90%
SOUTH WEST	37%	21%	2.20%
EAST OF ENGLAND	54%	27%	0.50%
WEST MIDLANDS	38%	27%	7.60%
EAST MIDLANDS	43%	27%	7.60%
YORKSHIRE & THE HUMBER	24%	21%	5.70%
NORTH EAST	7%	9%	3.40%
NORTH WEST	26%	21%	6%
SCOTLAND	19%	14%	5%
WALES	27%	19%	6.60%
NORTHERN IRELAND	3%	26%	7.80%

How Did the Brexit Vote Affect UK House Prices

Over the last ten years, Brexit has had one of the biggest influences on the UK property market and UK house prices. In the lead up to the 2016 EU referendum, many people, particularly investors, were fearful of the effect that Brexit would have on property prices in the UK. While property prices did fall as a result of this uncertainty, the market wasn't affected as dramatically as many expected.

According to Halifax, UK house prices fell by 1% in July 2016 – a month after the EU referendum vote. By October of that same year, however, property prices in the UK had increased by £2,623. Between October 2016 to October 2017, there was a reported UK house price growth of 4.5%. While the UK is still yet to leave the EU, evidence suggests that Brexit has had less of an effect on UK house prices as first expected. Any future impact made on the UK property market following the UK's final exit from the European Union will likely follow a similar pattern and only result in a temporary change.

**FIND OUT MORE ABOUT
THE UK PROPERTY MARKET
AFTER BREXIT**

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UK House Prices in 2020

Fast forward to 2020, and average UK house prices have continued to rise, particularly in certain parts of the country. During the beginning of 2020, average asking prices for UK property had increased by 2.3% since 12th December, following Boris Johnson's election victory. According to Rightmove, this growth added around £6,785 onto the value of average UK house prices. So how do UK house prices in 2020 vary according to different areas and postcodes?

Current UK House Prices by Postcode

The average UK house price is currently £437,115 according to Zoopla. For many, this is a high price to pay, especially for investors looking to get the most out of rental returns from their investment. Fortunately, the UK average house price is not representative of a lot of regional house prices. Regions in the North, especially the North West, boast lower average property prices paired with strong house price growth rates. North West house prices currently stand at £234,380 as a whole, with cities like Liverpool offering some of the lowest house prices in the UK. Here is a comparison of some current UK house prices by region, looking at some of the most and least affordable postcodes in the country.

TOP 5 UK POSTCODES BY RENTAL YIELDS

1	2	3	4	5
L1 LIVERPOOL	M50 MANCHESTER	B1 BIRMINGHAM	SL5 EAST BERKSHIRE	W11 LONDON
£114,835	£203,662	£249,325	£1,133,424	£2,327,054

L1 - Liverpool

Considered one of the most affordable places to buy property in the UK, a number of Liverpool postcodes boast some low average property prices. L1, spanning a large portion of the city centre, boasts an average property price of £114,835 according to Zoopla. The low price tag of L1 Liverpool properties is part of the reason behind the area's strong rental yields, with L1 offering yields of 10% and taking the top spot of Totally Money's buy to let area guide. If you're looking to keep costs low with your investment and seeking the most affordable UK house prices by postcode, Liverpool's L1 postcode is not to be missed.

W11 - London

When it comes to affordable UK house prices, London is not a city which immediately springs to mind for the majority of people. The English capital is notoriously known for having some of the most expensive property prices in the UK, which is why so many investors are choosing to seek opportunities in more affordable cities. Spanning the famous Notting Hill area, W11 in London is home to some of the priciest properties on the market. Despite the worldwide recognition that comes with Notting Hill and its reputation as a trendy London hotspot, with an average house price of £2,327,054, investors will struggle to make much of a return on investment in this area.



M50 - Manchester

Manchester is home to a number of affordable postcodes in the UK. One of the most popular areas for investment is Salford Quays, due to the presence of MediaCityUK – a large scale regeneration project and business destination. The M50 postcode in Salford Quays offers some affordable property prices, with an average of £203,662. While a little more pricey than Liverpool's L1 postcode, this area offers a lot of potential for strong yields due to high rental costs. Capital growth is also strong in the area thanks to MediaCityUK, which is continually redeveloping into one of the country's most exciting destinations.

SL5 - East Berkshire

In the South East of England is Berkshire – a quaint English town filled with plenty of countryside attractions. The SL5 postcode of Berkshire covers the Ascot area and comes with an average property price of £1,133,424. This shows the divide between the North and the South when it comes to UK property values by postcode, and highlights the fact that London is not the only Southern city with extravagant price tags.

B1 - Birmingham

The B1 postcode of Birmingham spans the Birmingham city centre area and offers an average property price of £249,325. While this is higher than the average prices in Manchester and Liverpool's postcodes, it's still pretty low considering the West Midlands has typically higher prices than the North. Birmingham has a lot to offer in terms of property investment, but the average yields of 4.61% fall short of those available in the North West.



THE EFFECTS OF COVID-19 ON UK HOUSE PRICES

'By avoiding investments now, investors could be missing out on capital gains in the future'



COVID-19 & THE UK PROPERTY MARKET

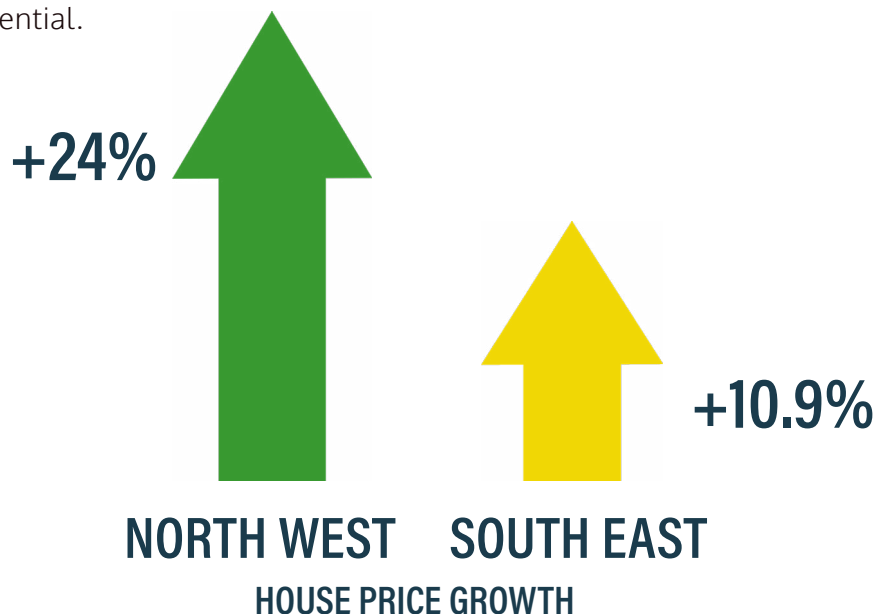
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While things looked plain sailing for the UK property market and the economy during the end of 2019 and the beginning of 2020, by mid-March, the UK economy suffered a sudden shock to the system. The Covid-19 pandemic meant that UK businesses shut down, many people were made redundant, and a lot of people were left questioning– is now a good time to invest? This unexpected strain on the economy led many to believe that the UK property market was set to dip drastically, and while UK house prices have inevitably seen some decline, this doesn't mean that there isn't still significant growth in store.

UK Property Price Predictions

Despite the uncertainty that the country faces in light of the Coronavirus outbreak, a lot of positive UK property price predictions are in store for the future of the market and UK house prices. Predictions by Savills, a leading property market source, show that by 2024, the UK as a whole will see property price growth of 15.3%. While this is an attractive figure, house price increases by area suggest that certain regions will outperform the national average, with the North West continuing to lead the way. Out of all UK regions, those in the North tend to perform highly when it comes to house price growth. The North West, in particular, has seen some of the strongest property price growth when analysing UK house price trends, and the latest property price news for the UK suggests this growth is set to continue.

By 2024, Savills predicts that the North West region will see house price growth of 24%, followed by 21.6% growth in Yorkshire and the Humber, and 19.9% growth in the North East and Scotland. In the same report, the lowest-performing regions are expected to be London with 4% growth, and the East and South East of England with a house price increase of 10.9%. It's clear that areas down South are bringing down the national average growth predictions for the UK as a whole, and that in order to maximise capital growth potential over the coming years, looking for opportunities up North is essential.



Why Have North West House Prices Outperformed London in the Last 5 Years?

The significance of North West house prices towards UK property market growth as a whole may have left many wondering why house prices in the North West of the UK present stronger growth than other regions. There are a number of factors that have contributed towards the strength of the North West housing market in the UK – all of which are essential for investors to know about.

The North West region is home to two major UK cities, Liverpool and Manchester. Both these cities are known for their vibrant culture, famous student scenes, and thriving economy. More recently, these two UK cities have made a name for themselves as property investment hotspots thanks to growing house prices and high rental yields. One of the biggest contributing factors to North West house price growth is regeneration, with both Liverpool and Manchester seeing extensive city-wide regeneration schemes over recent years. Projects such as MediaCityUK in Manchester and LiverpoolONE in Liverpool have injected billions worth of investment and redevelopment into the North West, and attracted plenty of worldwide interest.

MediaCityUK in Manchester and LiverpoolONE in Liverpool have injected billions worth of investment and redevelopment into the North West'



With plenty of schemes planned for the future, including the eagerly awaited Liverpool Waters project, it's clear that city's in the North West are gaining their much-deserved attention, and taking focus away from London. As a result of regeneration improving the appeal of these cities, house prices have surged due to increased property market interest. Investors who may have once jumped at the chance of a London investment are realising that there's greater potential to be had up North, paired with much lower prices and more substantial returns. London, in comparison, is seeing less property market interest due to unaffordable prices and low yields, which is only boosting the regional house prices of the North West further.

More young professionals are viewing Liverpool and Manchester as top cities to live and work in. Higher numbers of people are choosing to move to the North West, leading to an increase in demand which is undoubtedly contributing to the price changes in this UK region. In the year to June 2017, 330,000 people left the confines of the capital, and in 2018, record numbers of Londoners had been selling their existing properties to move up North.

One of the biggest markets when it comes to UK property investment is the student housing market. Home to some world-class universities such as the University of Liverpool and the University of Manchester, the North West attracts huge numbers of students each year, boosting demand for student accommodation. With student accommodation often being a lot more affordable than residential property types, investors can purchase a student property for as low as £59,995 with Liverpool's City Point development, then benefit from a high level of expected growth.

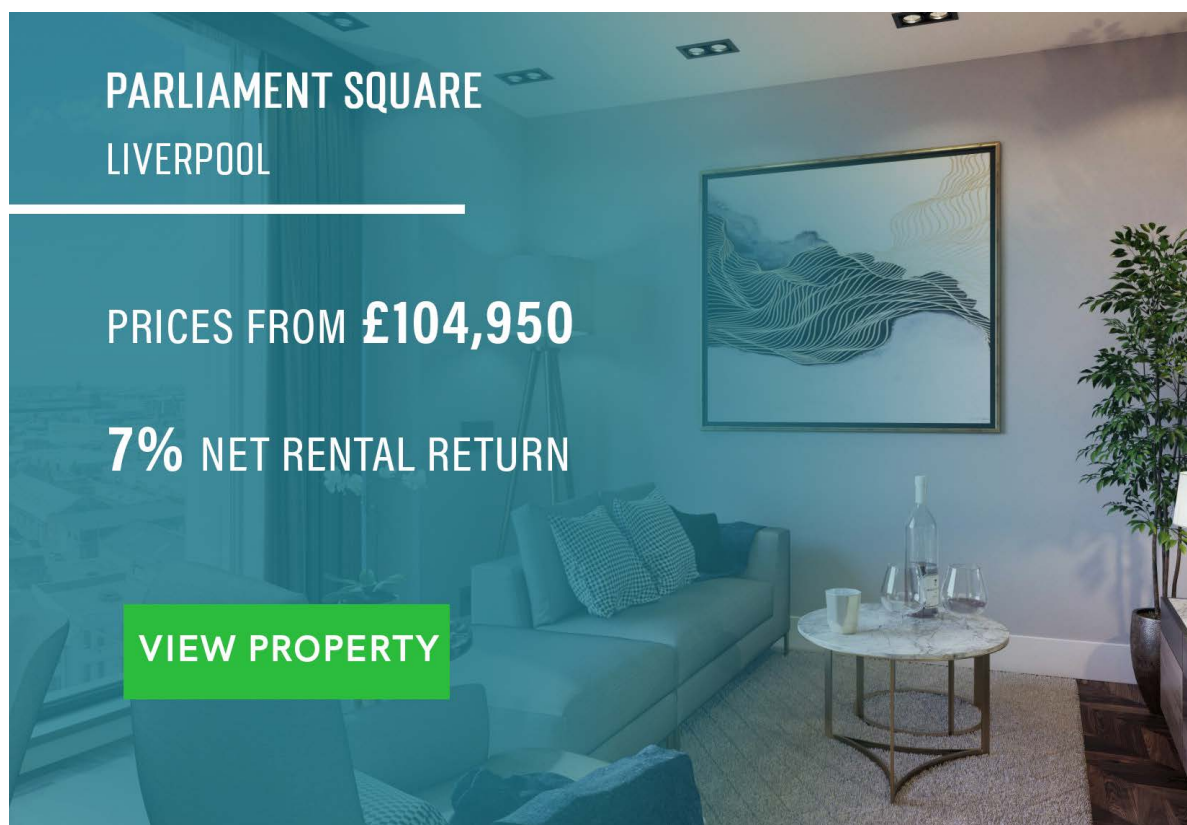
330,000 

**330,000 people left London for the
north in the year to June 2017**

How Important are House Price Growth Predictions For Investors?

Understanding and researching UK house prices and property market predictions is an important part of any investment journey. This is because without knowing about the past, current, and future state of the area you're looking to invest in, you get no indication of possible capital growth returns.

Capital growth is one of the most lucrative elements of a buy to let investment. If your property grows in value over time, you will have built up two types of returns – rental returns and capital gain. By the time you come to sell your property, its value could have increased in line with local property market trends, and you will benefit from a large lump sum of money on top of the money you've earned through rental income. By identifying the best house price increases by area, you can narrow down the locations with the best investment opportunities before making your purchase, and avoid any cities or regions with slow expected growth.



**PARLIAMENT SQUARE
LIVERPOOL**

PRICES FROM £104,950

7% NET RENTAL RETURN

VIEW PROPERTY

What's Happening to UK House Prices During Lockdown?

Following the government imposed UK-wide lockdown due to the Coronavirus pandemic, the UK property market experienced some changes. Estate agents were required to start offering virtual viewings only, and the number of buyers looking to make a property sale had slightly dropped.

While there's limited information online regarding the change to UK house prices during the Coronavirus outbreak, Land Registry's UK House Price Index's most recent data reveals that between February and March 2020, UK house prices fell by 0.2%. During the same period, however, average property prices in Liverpool appear to have increased by 2.9%, while Manchester prices also grew by 0.9%. This suggests that despite the uncertainty the Covid-19 outbreak has brought to the UK economy and property market, cities in the North West may see very little effect compared to other UK areas.

Will UK House Prices Ever Rise Again?

If past UK house price trends are anything to go by, it's evident that despite market uncertainty and possible property market falls, UK house prices are sure to rise once the economy has settled. Savills predicts property prices will rise by 15.3% in the UK by 2024, with an average growth of 24% expected for the North West. Bricks and Mortar is one of the strongest assets to invest in due to the resilience of the property market, which is why savvy investors are continuing to purchase buy to let property despite any widespread concerns. By investing right now, investors are also able to take advantage of some of the biggest ever discounts, offering the chance to make an investment at below-market value and benefit from even higher capital growth.

ARE YOU READY TO INVEST IN THE UK PROPERTY MARKET?

'Whether you're an overseas property investor or an investor based in the UK, if you're ready to purchase student or residential property, get in touch with RWinvest'



Whether you're an overseas property investor or an investor based in the UK, if you're ready to purchase student or residential property, get in touch with RWinvest. We have a range of fantastic investment opportunities to choose from in top North West postcodes, offering yields of up to 8%.

Contact us today, and one of our knowledgeable property consultants will be able to advise you on our current opportunities and talk you through your available options. For more UK and North West housing news, head to the buy to let news section of our website.

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