

## THREE YEARS ON: HOW THE PANDEMIC RESHAPED THE UK HOUSING MARKET

- **UK house prices have risen by +20.4% (£48,620) over the last three years (compared to just +7.8% over the previous three years)**
- **Wales recorded the strongest house price growth (+29.3%) of any UK region or nation since the start of 2020**
- **The average price for bigger homes has grown at nearly twice the rate than for smaller properties**
- **Five UK regions have seen the average price of detached houses jump by more than £100,000 since the start of the pandemic**

It's now almost three years since the onset of the pandemic, when the UK was thrust into lockdown for the first time.

One of its many impacts was to transform the UK's property market almost overnight – prompting a sudden drop in activity as the market largely shutdown, followed soon after by a surge in transactions as initial restrictions began to ease.

New research, based on data from the *Halifax House Price Index*, has examined how the rate of house price growth – driven by fundamental shift in buyer demand – has varied for different property types across the country since the start of 2020.

### The big picture

At a national level, average UK house prices grew by +20.4% between January 2020 and December 2022, up by £48,620 (from £237,895 to £286,515).

For comparison, in the three years prior (January 2017 to December 2019), average house prices grew by just +7.8%, or £17,158.

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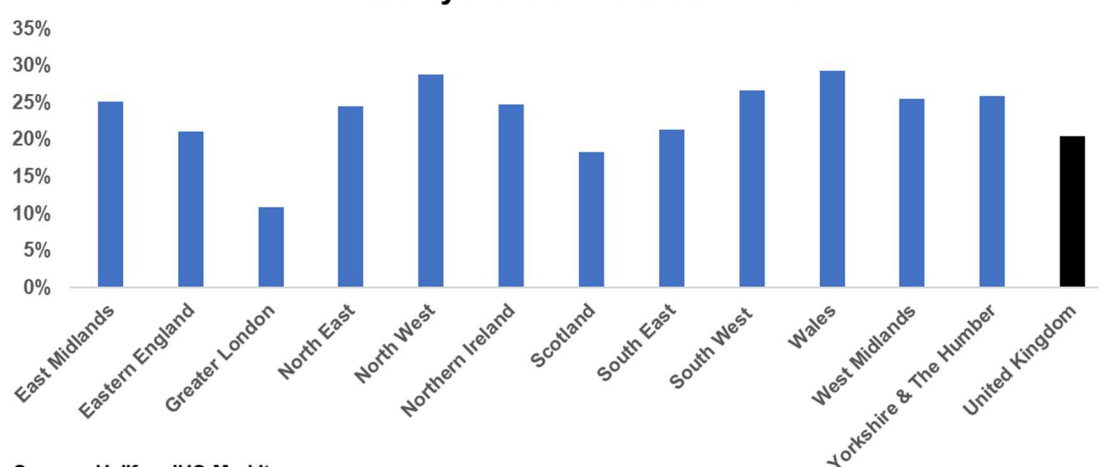
# Press Release



Wales saw the strongest house price growth of any UK nation or region over the last three years, rising by +29.3% from £168,101 to £217,328 (+£49,227).

In cash terms, the South East of England saw the biggest jump, up by £69,224 (+21.3%) from £325,448 to £394,672.

## Halifax: UK house price inflation by region January 2020 to December 2022



Source: Halifax, IHS Markit

## Growth by property type



### Detached houses

Drill down into different property types and it's an interesting story. Take larger homes for example.

Heading into the pandemic, the rate of annual house price inflation for detached properties was relatively sluggish compared to other property types (at +1.7% in January 2020 versus +4.1% for flats), with buyers perhaps less willing to pay a premium.

Fast-forward just a few months and everything had changed. Suddenly there was surging demand for larger homes. This was driven by a number of factors, but foremost was the race for space, as prospective buyers sought bigger properties, often in more rural areas. This was in response to the radical changes to people's lifestyles and working habits brought about by lockdown.

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By the start of 2021, annual growth for detached homes had jumped to +9.2%. Fuelled further by cuts to Stamp Duty, across the UK, the average price of a detached home rose by +25.9% or £93,345 between the start of 2020 and the end of 2022. This compares to just +8.8% or £28,757 in the three years prior (January 2017 to December 2019).

Looking at the pace of growth, Wales saw the strongest house price inflation for detached houses over the last three years, up by around a third (+33.8%) or £86,675.

In cash terms, five UK regions – Eastern England, Greater London, South East, South West and West Midlands – saw the average price of a detached property rise by more than £100,000.



## Flats

By contrast, demand for smaller properties in more urban areas fell during the pandemic – and nowhere was shift this more acute than in London.

At a UK level, the average price of a flat increased by +13.3% (£19,028) between the start of 2020 and the end of 2022.

However the capital saw the average price of its flats grow by just +3.8%. Even with an expensive starting point (£361,954 in January 2020), that translates to just a £9,996 increase – the weakest price rise of any property type across all regions and nations over the last three years.

Compare this with the North West of England, where prices for flats still managed to jump by £24,293 (+23.5%) over the same period.



## Semi-detached and terraced houses

Semi-detached and terraced houses saw their average value increase by +23.1% (£55,361) and +21.1% (£38,743) respectively over the last three years.

In both cases Greater London saw the biggest increase in cash terms, up by £90,076 for semi-detached and £69,094 for terraced homes. In percentage terms though these were among the smallest increases for these property types across the UK, at +15.8% and +14.4% respectively, such was the impact of the capital's higher average starting point.

In terms of the strongest rate of growth since the start of 2020 for semi-detached houses this came in the South West (+30.8%) followed by Wales (+28.4%). For terraced homes it was the North East (+32.1%) and then the North West of England (+29.8%).

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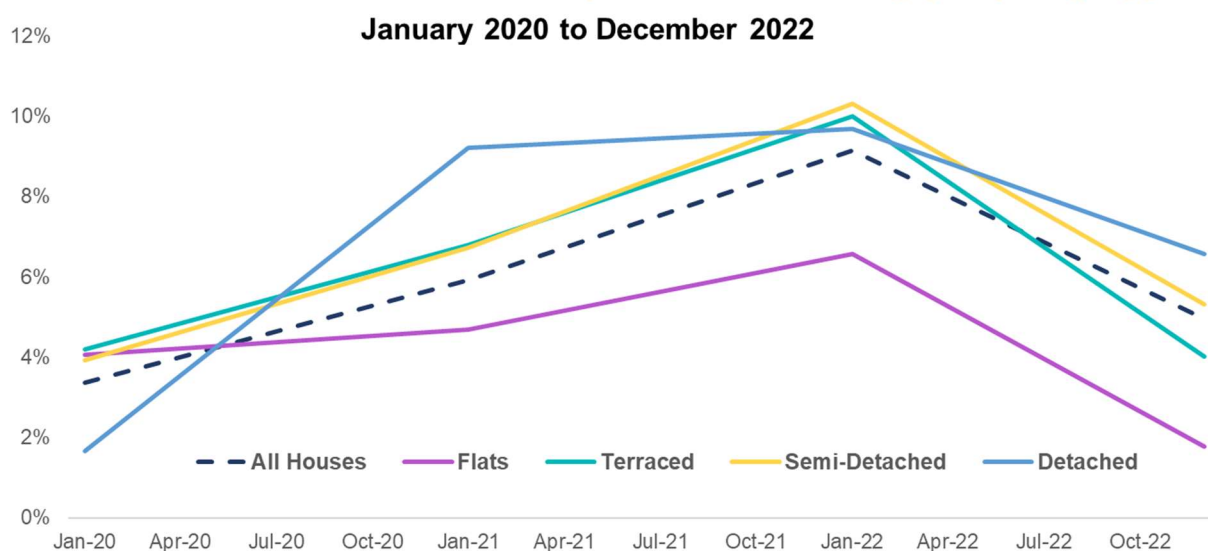


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UK average house price by property type	All	Flat	Terraced	Semi-detached	Detached
Average price January 2020	£237,895	£142,792	£183,660	£239,605	£359,725
Average price December 2022	£286,515	£161,819	£222,403	£294,965	£453,070
Percentage growth	20.4%	13.3%	21.1%	23.1%	25.9%
Price change	£48,620	£19,028	£38,743	£55,361	£93,345

## Halifax: UK annual house price inflation by property type



Source: Halifax, IHS Markit

**Charting house price growth:** Demand for larger homes saw the average price of a detached house rise much more quickly than other property types at the start of the pandemic – a trend that continued for some time.

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**Kim Kinnaird, Mortgages Director, Halifax, said:**

*“The pandemic transformed the shape of the UK property market, and while some of those effects have faded over time, it’s important we don’t lose sight of the huge step change seen in average house prices.”*

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# Press Release



*“Heightened demand created a much higher entry point for bigger properties right across the country, and that impact is still being felt today by both buyers and sellers, despite the market starting to slow overall.*

*“Taking detached houses as an example, average prices remain some 25% higher than at the start of 2020. Even if those values were to fall by 10%, they would still be around £50,000 more expensive than before the pandemic.”*

**ENDS**

**Please see following pages for full data tables.**

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**Table 1: Property type: ALL PROPERTIES**  
Regional average house price change between January 2020 and December 2022

Region	Average price January 2020	Average price December 2022	Three-year price change	Three-year % change
East Midlands	£192,185	£240,480	£48,295	25.1%
Eastern England	£278,673	£337,269	£58,596	21.0%
Greater London	£488,588	£541,472	£52,884	10.8%
North East	£136,449	£169,853	£33,403	24.5%
North West	£175,898	£226,409	£50,511	28.7%
Northern Ireland	£147,522	£183,896	£36,374	24.7%
Scotland	£168,866	£199,757	£30,891	18.3%
South East	£325,448	£394,672	£69,224	21.3%
South West	£240,805	£304,804	£64,000	26.6%
Wales	£168,101	£217,328	£49,227	29.3%
West Midlands	£199,711	£250,578	£50,866	25.5%
Yorkshire & The Humber	£162,978	£205,055	£42,076	25.8%
<i>United Kingdom average</i>	<i>£237,895</i>	<i>£286,515</i>	<i>£48,620</i>	<i>20.4%</i>

**Table 2: Property type: FLATS**  
Regional average house price change between January 2020 and December 2022

Region	Average price January 2020	Average price December 2022	Three-year price change	Three-year % change
East Midlands	£111,083	£129,986	£18,903	17.0%
Eastern England	£175,251	£198,429	£23,178	13.2%
Greater London	£361,954	£375,700	£13,746	3.8%
North East	£75,656	£87,919	£12,263	16.2%
North West	£103,280	£127,573	£24,293	23.5%
Northern Ireland	£94,046	£104,043	£9,996	10.6%
Scotland	£99,340	£111,296	£11,957	12.0%
South East	£203,881	£231,861	£27,980	13.7%
South West	£149,688	£179,945	£30,257	20.2%
Wales	£95,341	£119,577	£24,236	25.4%
West Midlands	£121,709	£136,098	£14,389	11.8%
Yorkshire & The Humber	£103,928	£118,600	£14,672	14.1%
<i>United Kingdom average</i>	<i>£142,792</i>	<i>£161,819</i>	<i>£19,028</i>	<i>13.3%</i>

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**Table 3: Property type: TERRACED HOUSES**  
Regional average house price change between January 2020 and December 2022

Region	Average price January 2020	Average price December 2022	Three-year price change	Three-year % change
East Midlands	£146,483	£185,902	£39,419	26.9%
Eastern England	£241,637	£296,276	£54,639	22.6%
Greater London	£478,856	£547,950	£69,094	14.4%
North East	£96,275	£127,183	£30,908	32.1%
North West	£125,258	£162,612	£37,354	29.8%
Northern Ireland	£91,173	£113,024	£21,851	24.0%
Scotland	£129,906	£149,691	£19,785	15.2%
South East	£279,853	£338,430	£58,576	20.9%
South West	£203,311	£255,105	£51,794	25.5%
Wales	£121,517	£153,918	£32,401	26.7%
West Midlands	£156,800	£197,178	£40,378	25.8%
Yorkshire & The Humber	£124,714	£155,887	£31,173	25.0%
<i>United Kingdom average</i>	<i>£183,660</i>	<i>£222,403</i>	<i>£38,743</i>	<i>21.1%</i>

**Table 4: Property type: SEMI-DETACHED HOUSES**  
Regional average house price change between January 2020 and December 2022

Region	Average price January 2020	Average price December 2022	Three-year price change	Three-year % change
East Midlands	£191,161	£240,620	£49,459	25.9%
Eastern England	£305,131	£372,773	£67,643	22.2%
Greater London	£571,453	£661,529	£90,076	15.8%
North East	£146,918	£182,764	£35,847	24.4%
North West	£183,230	£233,231	£50,001	27.3%
Northern Ireland	£134,238	£165,031	£30,793	22.9%
Scotland	£169,240	£198,914	£29,674	17.5%
South East	£349,821	£425,986	£76,165	21.8%
South West	£249,812	£326,760	£76,948	30.8%
Wales	£165,588	£212,546	£46,959	28.4%
West Midlands	£211,109	£269,557	£58,448	27.7%
Yorkshire & The Humber	£172,747	£217,851	£45,104	26.1%
<i>United Kingdom average</i>	<i>£239,605</i>	<i>£294,965</i>	<i>£55,361</i>	<i>23.1%</i>

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**Table 5: Property type: DETACHED HOUSES**  
Regional average house price change between January 2020 and December 2022

Region	Average price January 2020	Average price December 2022	Three-year price change	Three-year % change
East Midlands	£297,512	£385,004	£87,492	29.4%
Eastern England	£436,375	£536,577	£100,202	23.0%
Greater London	£780,511	£903,278	£122,767	15.7%
North East	£239,822	£306,327	£66,505	27.7%
North West	£286,335	£377,631	£91,297	31.9%
Northern Ireland	£192,944	£225,225	£32,280	16.7%
Scotland	£243,216	£300,558	£57,342	23.6%
South East	£500,539	£637,292	£136,753	27.3%
South West	£374,523	£490,066	£115,543	30.9%
Wales	£256,733	£343,407	£86,675	33.8%
West Midlands	£326,757	£431,257	£104,501	32.0%
Yorkshire & The Humber	£270,975	£357,000	£86,025	31.7%
<b>United Kingdom average</b>	<b>£359,725</b>	<b>£453,070</b>	<b>£93,345</b>	<b>25.9%</b>

## Notes to editor

This research is based on the same mortgage approval data used to calculate the Halifax House Price Index (HPI), the UK's longest running monthly house price series with data covering the whole of the UK going back to January 1983.

The standardised house prices presented in the research have been calculated using a similar approach to the HPI's mix adjusted methodology, with property price movements analysed on a like-for-like basis.

All data is based on a three-month average to smooth out monthly volatility e.g. December 2022 figures refer to the average price across October to December 2022. Therefore figures quoted may differ from those published previously in the monthly Halifax House Price Index. Data for 'all properties' is also seasonally adjusted.

This research has been conducted in partnership with IHS Markit, now part of S&P Global. IHS Markit, a world leader in critical information, analytics and solutions owns and acts as administrator for the Halifax House Price Index.

*The information in this release is intended for the sole use of journalists and media professionals. It has been prepared from information that we believe is collated with care, but it is only intended to highlight issues and it is not intended to be comprehensive. We reserve the right to vary our methodology and to edit or discontinue/withdraw this, or any other report. Any use of this report for an individual's own or third party commercial purposes is done entirely at the risk of the person making such use and solely the responsibility of the person or persons making such reliance. © Bank of Scotland plc all rights reserved 2023.*

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