

MARKET

# Mid-year market report: Huddersfield steals London's crown

House-price growth in the capital ground to a halt in the first half of 2016, but there are some surprising success stories

Hugh Graham

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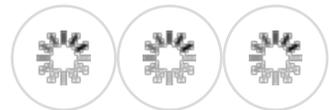


Average house prices in Huddersfield have risen by 4.71% in the past six months

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What a difference a year makes. In July 2015, property prices in London reigned supreme, topping all other regions of the country in terms of growth, while David Cameron was riding high after his “sweetest victory” in the spring election. Yet just 12 months later, the Notting Hill set have been ousted from power and the capital has been toppled from the top of the charts: in a new survey of average prices in 11 regions

by the property portal Zoopla, it has fallen from first place to ninth, with a minuscule 0.09% growth from January to June 2016 (up £601 to a typical £650,862).

The action has moved up north, to Brexit territory: the region with the highest growth in the first six months, 3.24%, was northwest England, and in second place was Yorkshire and Humber, up 2.63%. The town or city with the highest rise in house prices was the distinctly unglamorous West Yorkshire market town of Huddersfield, up 4.71% in six months to an average of £167,306. Once a textiles hub, it's now flavour of the month for Britain's big 21st-century industry: buy-to-let investment.

“We're seeing a lot more investors,” says Nicky Thompson, branch manager at Hunters estate agency in Huddersfield. “Stock is cheap and the yields are really good. We had a couple from Essex last week. They wanted a second property and the yields weren't viable down south. They did their research and bought a terraced house for £120,000, which could easily be let for £500 a month. Quite a few investors come from the south.”



No 1 most viewed: the most searched-for words on Zoopla are 'garden' and 'garage' — and this semi in Hampstead Garden Suburb has both. The five-bedroom house was for sale at £2.25m with Glentree Estates ([glentree.co.uk](http://glentree.co.uk))

No wonder, then, that West Yorkshire ranked third in Zoopla's most searched-for

locations this year, after the metropolises of London and Greater Manchester. But it's not only southerners who are lured by its Victorian stone cottages. Huddersfield is midway between Manchester (about 30 minutes by train) and Leeds (20 minutes), making it desirable for those priced out of those "northern powerhouse" cities.

"We often have couples where one person works in Leeds and the other in Manchester," says Alex McNeil, partner at Bramleys estate agency in Huddersfield. "And there was a rush of buy-to-let investors this year, trying to beat the stamp-duty changes." A 3% surcharge on second homes was introduced in April. "There's strong rental demand here, too, as it's a university town."

Although McNeil concedes that the town could use some regeneration, he says the fundamentals are good: as well as good transport links, it has more than 3,000 listed buildings. The economy has a niche in specialist engineering — valves and pumps — and there's a fledgling tech sector.

Unemployment has fallen by 50% in five years, the town centre has a Marks & Spencer and a House of Fraser, and it's surrounded by beautiful countryside, including the area around Holmfirth, where *Last of the Summer Wine* was filmed.



No 4 most viewed: Knowsley Manor, in Bolton, Greater Manchester, is a newly built Georgian-style house with seven bedrooms, an indoor pool, a gym and a home cinema. It's on the market for £3.25m ([fineandcountry.com](https://www.fineandcountry.com))

This shift in fortunes from south to north “is a pattern we’ve seen for a couple of years, and it’s still gathering momentum”, says Graham Davidson, managing director of Seure Property Investment, which specialises in buy-to-let properties in northern towns.

Although regenerated cities such as Manchester and Liverpool are now more desirable places to live, he attributes the success of places such as Huddersfield and the second-place finisher, Coventry (the West Midlands city saw prices rise by 3.45% in the six months to June) to sheer cheapness. “A £10,000 rise is a huge uplift when prices were only £100,000 to begin with.”

Low prices may be luring landlords, but so is Britain’s burgeoning rental culture: among Zoopla’s top 10 most searched-for terms this year, below the usual suspects “garden” and “garage”, was “furnished”, which was not on last year’s list. A booming HMO (house in multiple occupation) market, aimed at student renters, is fuelling prices in York (up 3.4%), according to David Parker, branch manager of Hunters in the city.

The biggest driver of northern success, however, is the craziness of prices in the capital. “The average house price in London is now 12 times the average salary, and that’s not sustainable,” Davidson says.

The rise of the north seems to stop at the border: Scotland finished last among the 11 regions for growth for the second year in a row, with average prices falling by 0.76% to £178,428. Aberdeen was the worst-performing city or town in Britain, down 2.6% to £221,413.



No 6 most viewed: Footbridge House, in Winchcombe, Gloucestershire, has an indoor-outdoor layout, and five bedroom suites with balconies or terraces. It’s for sale at £1.95m ([watermarkcotswolds.com](http://watermarkcotswolds.com))

The Granite City’s poor performance is linked to the decline in oil prices and mass redundancies in that sector, while the dip for Scotland as a whole can be variously attributed to jitters ahead of the Holyrood election and to the effect of the Land and Buildings Transaction Tax, which replaced stamp duty in April 2015 and targets higher-priced properties and second homes.

“Scotland has never quite recovered from the credit crunch in 2008,” adds Bob Fraser, partner at the law firm Aberdeen Considine. “Edinburgh is having a strong recovery

now — there are lots of flats changing hands. It's where Aberdeen was a few years ago.”

Back in London, although prices in prime locations are falling, Zoopla users still like to fantasise over luxury property: the most viewed house so far this year was a five-bedroom 1930s semi in Hampstead that was on sale for £2.25m before being withdrawn in May.

“Everyone is aspirational, and Hampstead Garden Suburb is an area where families congregate,” says Trevor Abrahmsohn, managing director of Glentree Estates, which marketed the property. “People love art deco, and it has a fragrant, light, bright interior. In difficult times, people cling to a vision of where they'd like to live.”



The open-plan kitchen at Footbridge House, in Winchcombe, Gloucestershire

Uncertainty has influenced the market in 2016: 29% of house sales fell through in the second quarter of the year, often due to changes of heart, according to the investment firm Quick Move Now. So how will the vote for Brexit affect the market? Savills estate agency says buyers who have tried to renegotiate deals after the referendum have been looking for a 5%-10% reduction.

Average house-price growth in Britain is expected to slow to 3% for 2016, compared to 6% last year, then 1% in 2017, according to the auditors PwC. By 2018, it could be 8% lower than it would have been had Britain voted to remain in the EU. That translates into a “loss” of £60,000 in London, £10,000 in Scotland and £8,000 in the northeast.

The Brexit effect is being felt most acutely in the capital: the property research firm LonRes says the number of cuts to asking prices soared by 163% in the 12 days following the referendum result, compared with the 12 prior to the vote. Completions fell by 18% and were 43% lower than they had been a year earlier.

Property pros, as ever, are trying to look on the bright side. Prolonged low interest rates should help the market, and all the uncertainty may stimulate bargain-hunters, says Robert Bailey, founder of the high-end buying agency Robert Bailey Property. “When negotiating, don’t look for too much off the asking price or you will lose credibility,” he says. “A 10%-15% discount is sensible.”

For anyone selling, his advice is to remain calm. “When the dotcom bubble burst, some London vendors panicked and sold at significant losses. Those who held their nerve made huge gains over time.”



The interior of the most searched-for property

A Brexit slowdown may be no bad thing, adds Richard Rogerson, CEO of the buying agency RFR. “There had already been cool winds blowing because of the stamp-duty increases in December 2014. To be fair, that’s what the chancellor intended to do — better cooling than boom and bust.

“In some areas, prices will come off by 5%-10% in the short term. In the longer term, it’s impossible to know. If we keep passporting rights for the City, it will be benign. If we lose passporting rights and banks move to Frankfurt or Paris, that could have an impact, but that won’t happen overnight.”

Rogerson says that in 1977, when Montreal brought in French language rules that were perceived to be anti-business, and the city started to lose its status as the financial capital of Canada, it took about 10 years for the banks to move to Toronto. “But I don’t think the global elite care about the EU. They’ll always want a home in London, and they can afford to hold on if prices fall. They won’t sell for 30% off.”

Up in York, estate agents report that activity levels rose after the referendum result,

and a lot of people are looking again. So, is a crash on the cards? Davidson says it's unlikely. "It doesn't matter how messy Brexit is, the fundamentals of supply and demand haven't changed. Developers haven't built enough houses over the past two decades. And people will still need to relocate, upsize, downsize, change jobs. Supply is not going to change any time soon."

## **State of the market**

- In terms of price growth, London has fallen from first to ninth place out of 11 regions, compared to a year ago. Prices rose by 0.09% from January to June this year
- The most viewed property on Zoopla so far this year is a five-bedroom 1930s semi in Hampstead Garden Suburb, which was on the market for £2.25m
- The top three towns or cities for price rises in 2016 are Huddersfield (up 4.71%), Coventry (3.45%) and York (3.4%). The biggest fallers are Aberdeen (-2.6%), Plymouth (-1.84%) and Newcastle (-1.82%)
- The average home in Britain is now worth £290,725, up 1.29% since the start of 2016: a rise of £21 a day

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