



Asking Price Index

Released 12/04/16 April 2016

Prices Push On Up Across the Regions but London Stalls

Headlines

- Prices rise in all parts of the UK except London, making the mix-adjusted average asking price for England and Wales jump a further 0.5% since last month.
- East of England, London and the South East marketing times creep up in the wake of the BTL buying frenzy.
- The East of England shows the largest monthly rise of 1.0% as demand outweighs supply in the region.
- Supply continues to contract overall with a decrease of 6% year-on-year.
- Typical Time on Market plummets to just 76 days across England and Wales: 12 days less than in Apr 2015 and the lowest such figure observed since Dec 2007.
- The average annual home price appreciation for England and Wales dips again to 7.5%.
- The total stock of property on the market edges up but is still 12% less than in April last year.
- Supply of property for sale continues to increase in Greater London.

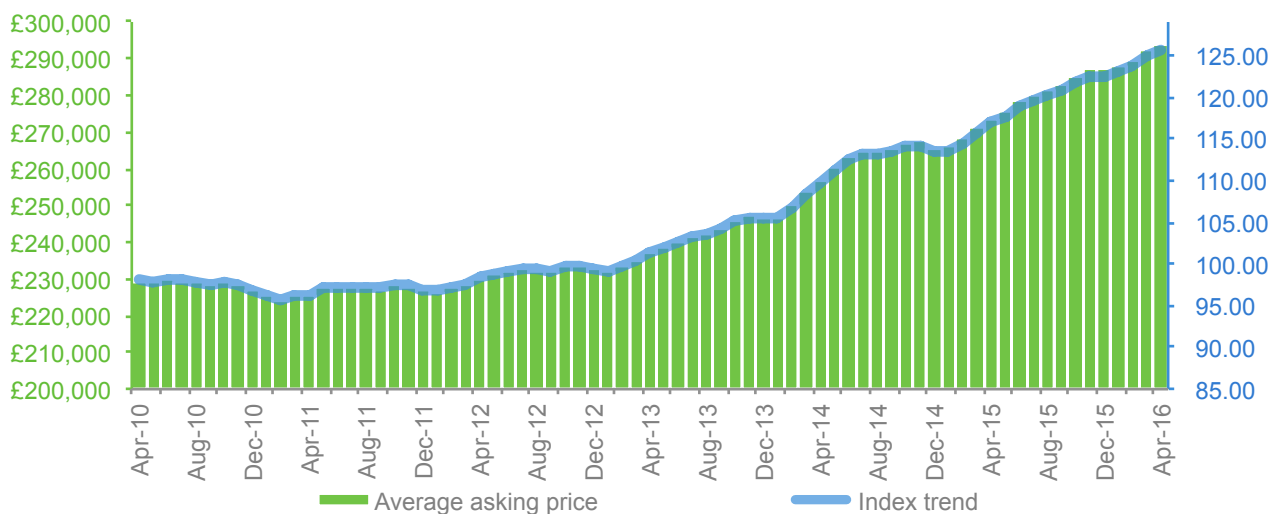
Summary

As the dust settles following the extraordinary Buy-to-Let buying frenzy triggered by the change in stamp duty, we observe that home prices show continued growth in all regions except Greater London this month. However, rising Typical Time on Market figures in the East of England, the South East and Greater London are contrary to seasonal expectations, and this is a clear indicator that the anticipated slowdown is taking hold as demand dips, at least for the time being, while the market pauses for breath. In Greater London, the combination of high prices, rising supply and reduced demand region looks set to keep prices in check over the coming months.

The total stock of property for sale remains historically very low indeed despite gradually rising supply in London and Scotland. In all English regions outside of London and in Wales, scarcity holds firm as the key market driver. Overall, the number of properties entering the UK market is down 6% compared to a year ago. The supply shortage is most keenly felt in the West Midlands where 12% less new stock arrived on estate agents' books during last month vs. March 2015, and this will ensure prices in this region keep rising over the summer months. Similarly, the South West of England supply shortage is worsening as indicated by 11% less stock being registered on agent portfolios last month.

Market activity in the formerly lacklustre North East shows signs of significant improvement. There and in the North West, marketing times have reduced considerably and prices are on the rise. The North West market is improving more quickly as supply levels in this region indicate a new declining trend and consequently prices may show further significant upward progress across the rest of the year. Meanwhile, the Welsh property market remains the poorest performer. Prices there have fallen by 0.2% over the last six months and marketing times are higher than in any English region or Scotland. Overall, the current mix-adjusted average asking price for England and Wales is now 7.5% higher than it was in April 2015, and we predict further rises over the next few months due to worsening supply in an increasing number of regions. However, the year-on-year % rise is expected to attenuate as the London market cools.

Home Asking Price Trend for England & Wales



Source: Home.co.uk, April 2016



Regional Market Round-up

Outside of London and the already buoyant markets of the South East and East of England, we are observing both significant improvements in market activity and price rises. The most improved regional market, in terms of marketing times, is Yorkshire, where the typical property is currently spending 19% less time on the market than a year ago. The next most improved regions are the East of England and the West Midlands, with properties spending 17% less time on the market.

The East Midlands market also has much more momentum: typical marketing times there are 16% lower than a year ago. Perhaps surprisingly, the next most improved regions are the North East and North West. In each region, typical marketing times have dropped by 12% over the last 12 months in these high rental yield areas. Scotland also shows a similar improvement of 13%. It should be noted that the recent burst in Buy-to-Let investment demand will have boosted marketing time performance across the UK.

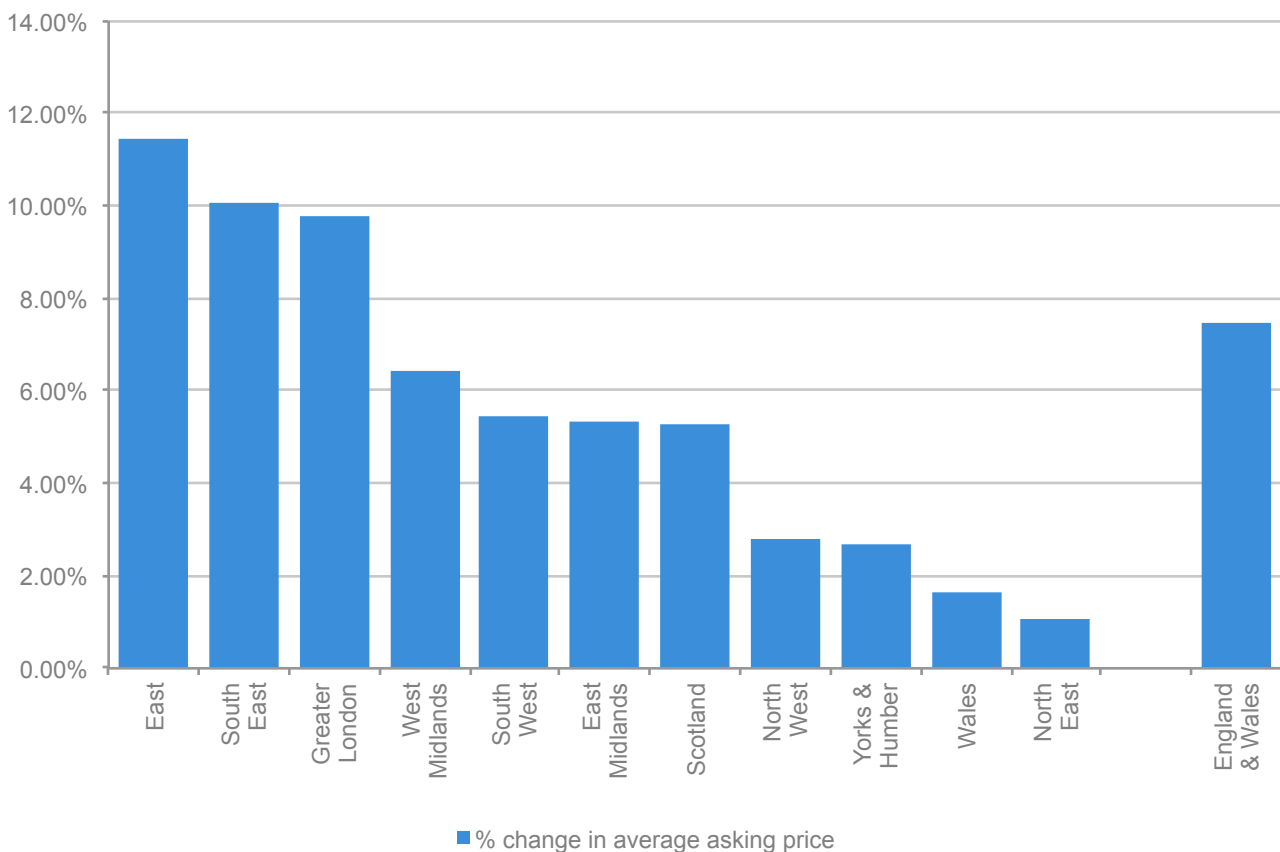
Regional price changes are driven chiefly by both supply and demand. Rising supply and waning demand has meant that Greater London has slipped to third place in the regional price growth league tables. Heading up the list is the East of England where intense competition and a relatively buoyant local economy have driven prices up by 11.5% over the last 12 months.

The South East is also outpacing London with a rise of 10.1% over the same period.

Price growth in the West Midlands is accelerating and may rise sufficiently so as to challenge London by the end of the year. We also expect further significant growth in the South West, East Midlands and Scotland over the coming months.

Meanwhile, price growth in the North West and Yorkshire is steadily increasing, and we expect the North East to overtake Wales in future months as demand is greater there than in the Principality, as indicated by better marketing times. For more information on regional property market performance please see pages 4 and 5 of this report.

% Change in Regional Asking Price (Apr 2016 vs. Apr 2015)



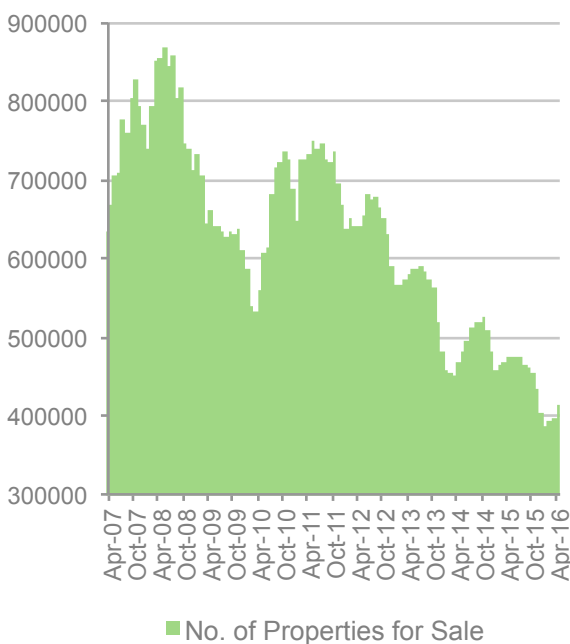
Source: Home.co.uk, April 2016

Stock of Property for Sale

The current property count is on a rising trend but the chart below puts this clearly into perspective. Any rise is starting from historically unprecedented levels. Seasonality dictates that the maxima occur during the summer months and, judging by the current trend, it does not look likely that we will see a greater number of properties on the market this summer than were available last year. Hence, despite the increase in supply in London, it is the falling levels of supply in the regions that will ensure property remains scarce overall.

At some point in the not too distant future, the currently hot markets in the South East and East of England will cool due to affordability constraints. At that time, we will most likely begin to witness rising stock levels and stagnating prices.

Total Stock of Property for Sale (England and Wales)



Source: Home.co.uk, April 2016



The Buy-to-Let stampede has meant that the property market has had what amounts to a dose of steroids to kick off what was already going to be an excellent year for house prices.



In the wake of this aberrant episode we may well find that prices take a breather (as already observed in London), but the underlying fundamentals of cheap borrowing and tight supply will remain prevalent.

Undoubtedly, any sort of lull in demand from investors will be welcomed by first- and next-time buyers, especially those who had the wisdom to sit on their hands until the dust settled. The current figures suggest that London will be the best area to take advantage of waning demand and rising supply, but prices today remain very high and properties will need to hang around on the market much longer than they currently do before sellers will budge from their asking price. However, vendors in Belgravia, where the number of unsold properties has increased by 41% over the last year, are already cutting their asking prices and the average price for a flat in this prime location has slipped by 3% over the same period.

As we predicted, the East of England has become the UK's leading price growth region owing to phenomenal demand and low supply. There and in the South East, we expect that prices will hit their affordability limits later this year as already seen in London. Moreover, we expect a similar price growth dynamic to take hold in the West Midlands, the South West and the East Midlands this summer, together with further significant price growth in 2017.

The above predictions are provided with the caveat that the UK stays within the EU. A vote to opt out would most certainly destabilise the UK's financial system and could prompt a hike in interest rates. This would spell disaster for the highly leveraged UK property sector. In a recent communication, the Bank of England stated in no uncertain terms that Brexit amounts to the biggest single threat to financial stability in the UK

Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Apr-16
Average Asking Price	£175,898
Monthly % change	0.7%
Annual % change	5.3%

North East	Apr-16
Average Asking Price	£154,802
Monthly % change	0.7%
Annual % change	1.1%

Yorks & The Humber	Apr-16
Average Asking Price	£178,537
Monthly % change	0.8%
Annual % change	2.7%

North West	Apr-16
Average Asking Price	£182,915
Monthly % change	0.9%
Annual % change	2.8%

West Midlands	Apr-16
Average Asking Price	£220,561
Monthly % change	0.6%
Annual % change	6.4%

East Midlands	Apr-16
Average Asking Price	£205,929
Monthly % change	0.9%
Annual % change	5.4%

East	Apr-16
Average Asking Price	£324,485
Monthly % change	1.0%
Annual % change	11.5%

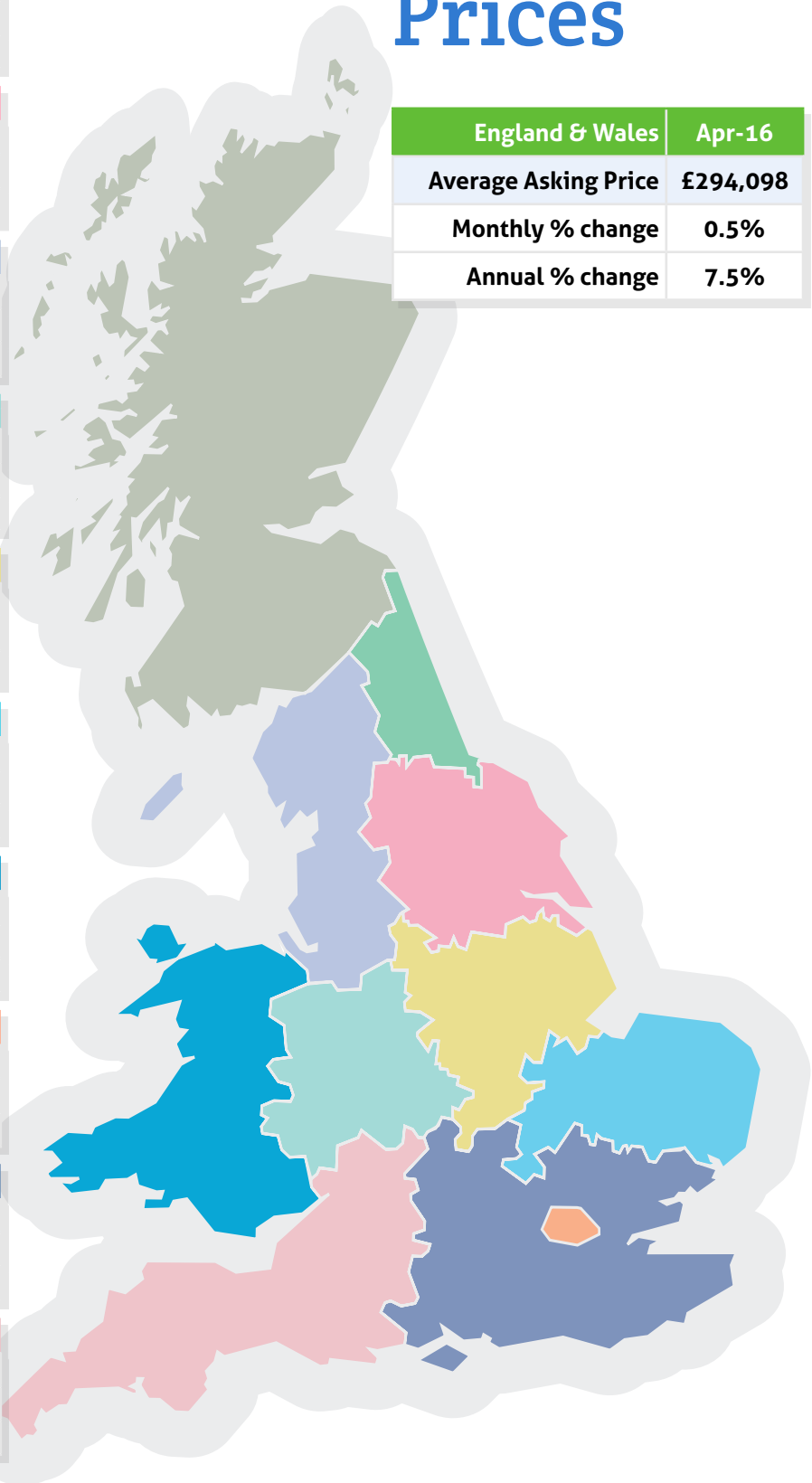
Wales	Apr-16
Average Asking Price	£184,021
Monthly % change	0.3%
Annual % change	1.6%

Greater London	Apr-16
Average Asking Price	£549,903
Monthly % change	0.0%
Annual % change	9.8%

South East	Apr-16
Average Asking Price	£390,093
Monthly % change	0.6%
Annual % change	10.1%

South West	Apr-16
Average Asking Price	£300,358
Monthly % change	0.8%
Annual % change	5.4%

England & Wales	Apr-16
Average Asking Price	£294,098
Monthly % change	0.5%
Annual % change	7.5%



Source: Home.co.uk, April 2016

UK Time on Market

Scotland	Apr-16
Average Time on Market	239
Typical Time on Market	126
Annual % supply change	5%

North East	Apr-16
Average Time on Market	253
Typical Time on Market	140
Annual % supply change	-5%

Yorks & The Humber	Apr-16
Average Time on Market	202
Typical Time on Market	109
Annual % supply change	-8%

North West	Apr-16
Average Time on Market	212
Typical Time on Market	123
Annual % supply change	-10%

West Midlands	Apr-16
Average Time on Market	164
Typical Time on Market	74
Annual % supply change	-12%

East Midlands	Apr-16
Average Time on Market	150
Typical Time on Market	69
Annual % supply change	-9%

East	Apr-16
Average Time on Market	110
Typical Time on Market	53
Annual % supply change	-7%

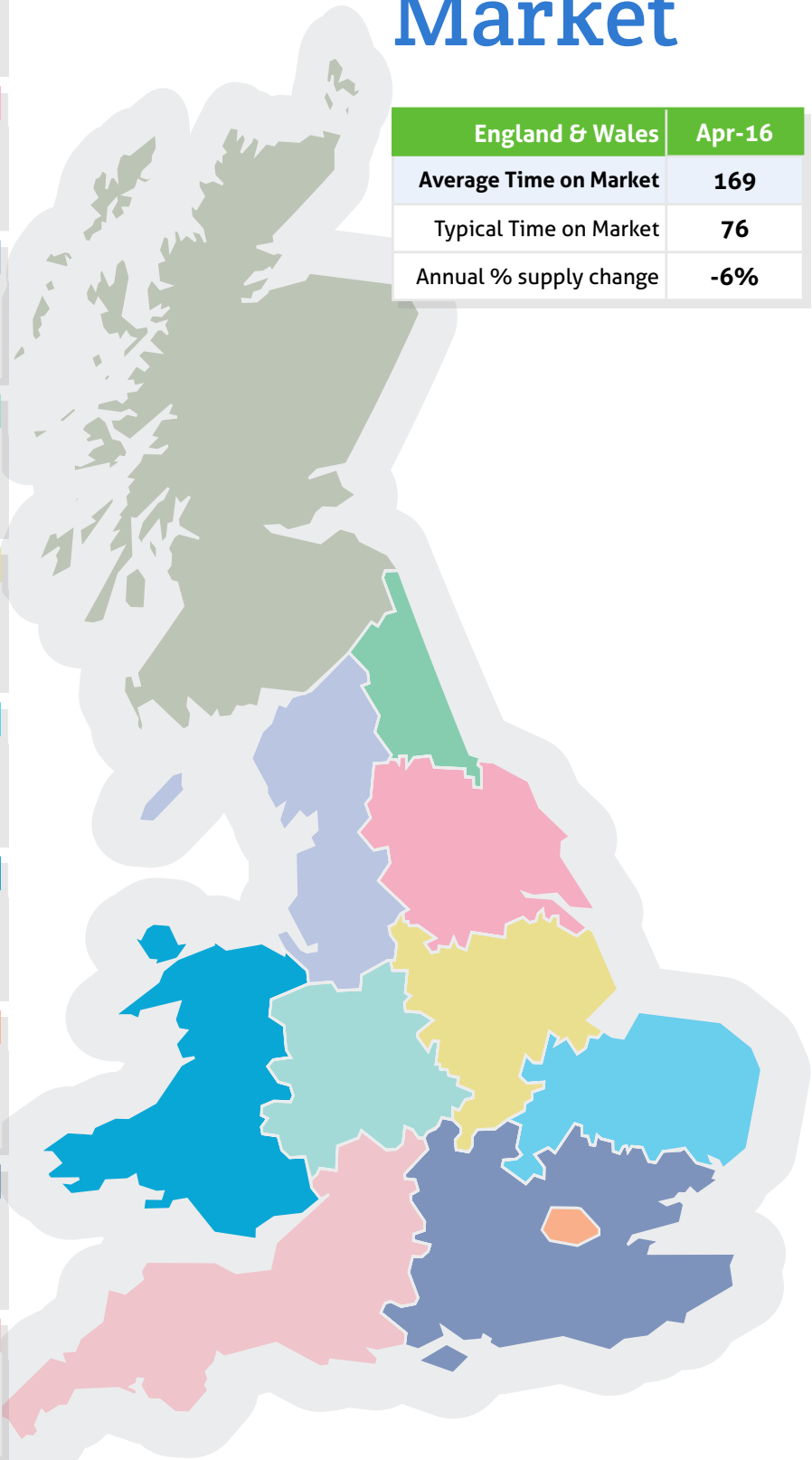
Wales	Apr-16
Average Time on Market	246
Typical Time on Market	153
Annual % supply change	-10%

Greater London	Apr-16
Average Time on Market	107
Typical Time on Market	55
Annual % supply change	6%

South East	Apr-16
Average Time on Market	100
Typical Time on Market	52
Annual % supply change	-2%

South West	Apr-16
Average Time on Market	151
Typical Time on Market	72
Annual % supply change	-11%

England & Wales	Apr-16
Average Time on Market	169
Typical Time on Market	76
Annual % supply change	-6%



Source: Home.co.uk, April 2016. Note: Average = Mean (days), Typical = Median (days)

About the Home.co.uk Asking Price Index

- The Home.co.uk Asking Price Index was originally devised in association with Calnea Analytics: the statistical consultancy responsible for the production of the official Land Registry House Price Index.
- The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) Survey of English Housing Stock (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the Office of National Statistics.
- The HAPI is the UK's only independent forward market indicator. The published figures reflect current and historic confidence of buyers and sellers of UK property on the open market. The HAPI is calculated every month using around 500,000 UK property house prices found in the Home.co.uk Property Search Index. This figure represents the majority of the property for sale on the open market in the UK at any given time.
- The HAPI is based on asking price data which means the index can provide insights into price movements around 5 months ahead of mortgage completion and actual sales data – thus making it the most forward looking of all house price indices. Properties above £1m and below £20k are excluded from the calculations.

Contact details and further information

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0845 373 3580
- To learn more about Home.co.uk please visit:
<http://www.home.co.uk/company/about.htm>
- For further details on the methodology used in the calculation of the HAPI please visit:
http://www.home.co.uk/asking_price_index/Mix-Adj_Methodology.pdf
- To learn more about Home.co.uk data services please visit:
<http://www.home.co.uk/company/data/>

Future release dates:

- Thursday 12th May
- Tuesday 14th June
- Tuesday 12th July