



Asking Price Index

Released 12/04/19 April 2019

Brexit Blues Make for Slowest Spring Market in Five Years

Headlines

- Typical Time on Market for England and Wales is currently 93 days (median), 15 days longer than in April 2018, making it the slowest April since 2014.
- Supply of UK instructions down 8% year-on-year as vendors play wait and see.
- National average price growth remains negative (-0.3%) year-on-year.
- Spring optimism boosts the average home price in England and Wales, by 0.2% again this month.
- Seasonal positivity nudges up prices in Wales and Scotland, and in all English regions with the exception of the East of England (-0.1%), the North East (-0.2%) and Greater London which remained the same (month-on-month).
- Typical Time on Market rises indicate the worst regional slowdowns are in Greater London (+38%), the East of England (+29%) and the South West (+25%) year-on-year.
- Total stock levels across England and Wales are up just 3.7% year-on-year.
- The only regional supply increase was observed in the West Midlands (+4%); all other regions showed no change or reductions in supply.
- London supply dropped again (down 25% year-on-year) and stock levels reduced (13%), further paving the way for price recovery.

Home Asking Price Trend for England & Wales



Source: Home.co.uk Asking Price Index, April 2019. Indexed to May 2004 (Value = 100).



Summary

Market pessimism and Brexit uncertainty are dogging property sales. Negative sentiment in a growing number of regions has applied the brakes to the normally surging spring property market. Both buyers and vendors are holding back due to increased fear of price falls and the Brexit debacle. This wait-and-see attitude has translated into both falling supply and falling demand. Thus far these factors have had little net effect on the established pricing trends but properties are spending much longer on the market.

The Typical Time on Market for unsold property in England and Wales is now 93 days, 15 days longer than in April last year. In fact, year-on-year increases in this measure are evident in seven of the nine English regions and in Scotland. The largest increases in marketing times are to be found in the regions where prices are undergoing a corrective phase (London, the East, the South East and the South West) but large rises are now also evident in the formerly booming North West and East Midlands.

Overall, annualised price growth in England and Wales remains in the red (-0.3%) despite a muted month-on-month rise of 0.2%. Spring optimism has, in fact, managed to lift prices in the northern and western English regions, Wales and Scotland. However, increased negative sentiment in the South and East meant no change for

Greater London and falls for the East of England (-0.1%) and the North East (-0.2%). The South East and South West did manage small rises (0.2% and 0.4% respectively since March) but have remained in negative territory year-on-year.

London's annualised losses have notched back again from 3.2% to 3.1%, although the average price remains 6.9% lower than the peak set in May 2016. Asking price falls in the South East also continue to ease (now 1.7% year-on-year) but worsened in the East (2.9%) where the post-boom price correction is fully underway.

Overall, supply of property for sale entering the UK market is down by -8% (owing to increased caution on the part of vendors) while the total stock for sale has increased by a mere 3.7% year-on-year, thus indicating that supply and demand remain reasonably balanced.

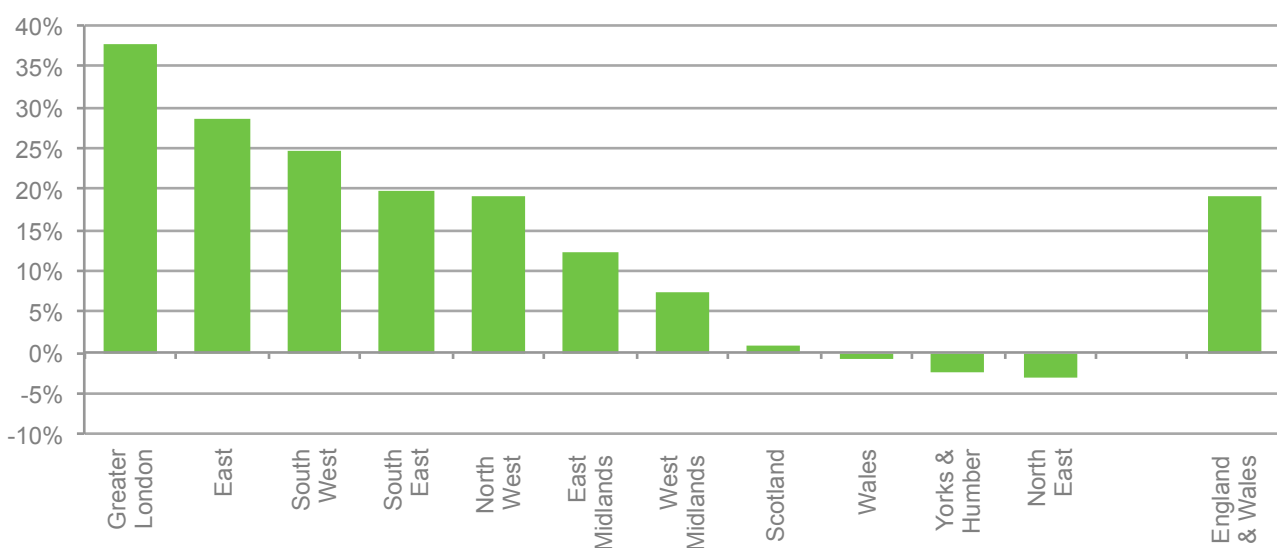
In April 2018, the annualised rate of increase of home prices was 1.3%; today the same measure is -0.3%.

Regional Round-up

Price correction phases persist in four English regions and are yet to take hold in the remaining five, although the East Midlands is slowing and annualised growth has fallen to just 2.4%.

The headline figures show that 2019 is a year of house price correction, but the fortunes of any given region depend on where they currently are in the property growth-correction cycle. The

12-month Change in Typical Time on Market by Region, Apr 2019 vs Apr 2018



■ 12-month % change in median time on market

Source: Home.co.uk Asking Price Index, April 2019

Regional Supply Change, Apr 2019 vs Apr 2018



Source: Home.co.uk Asking Price Index, March 2019

Greater London market was, of course, the first region to rally after the financial crisis hit, and then the first to slip into the red. London will inevitably be the first to recover and the initial green shoots have recently become evident in the form of rapidly rising rents in a growing number of the more central boroughs plus a large reduction of stock for sale over the last twelve months (now down 13%). Meanwhile, the Welsh market is still showing considerable strength despite being much later in the property cycle.

Whilst there is clearly a little more price growth potential in the late-cycle regions (northern and western regions), Brexit uncertainty has had a widespread braking effect. A wait-and-see attitude on the part of buyers has reduced market activity and, most visibly, the time the typical property spends on the market.

As might be expected, Greater London has been affected the most, along with the other three regions suffering sliding prices (the East, South West and South East). Perhaps more surprising is how much the North West, East Midlands and West Midlands have decelerated. Whilst we have predicted that they are each approaching the top of their growth curves, such a sudden slowdown was not expected and appears to be a direct result of Brexit uncertainty. Moreover, the effect of buyers sitting on their hands is likely to cut short these regions' respective growth cycles.

Meanwhile, it is arguable that Scotland, Wales, Yorkshire and the North East might have had greater increases in momentum had Brexit fears not had such a dampening effect. Future growth in these markets looks set to be more muted as a consequence.

It is important to note that vendor behaviour has also been affected by Brexit woes.

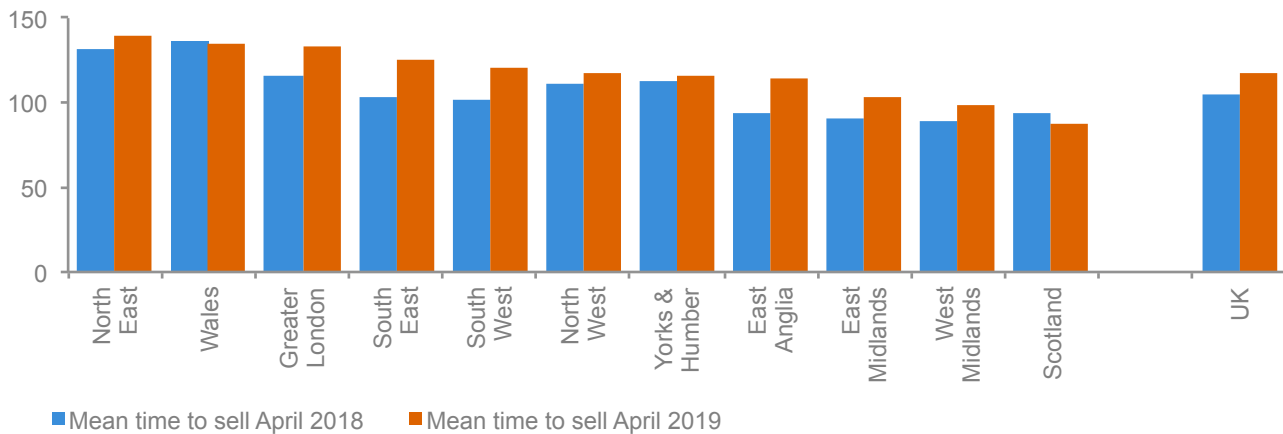
Again, it is London that is most affected with a dramatic drop in the number of vendors committing to the market. Such a reduction in supply will likely support pricing in the capital going forward. Scarcity is also increasingly apparent in the South East, North West, Wales, the South West and the East but to a lesser extent. Nonetheless, this drop in supply will help counter the effect of reduced demand as buyers prevaricate. Doubtless, a stabilising effect for prices in these uncertain times.

Time to Sell

A further key indicator displaying the slowdown across all regions is Time to Sell. This measure is calculated to show the average time for a property to reach 'sold' status for all the English regions, Scotland and Wales. Of course, not all properties that enter the marketplace do actually sell but these figures, unlike the Time on Market indicator, are based on those that do. In the chart we compare this month with April 2019.

Only Wales and Scotland show an improvement in average selling time: the former by one day and the latter by seven days. Elsewhere, every single region in England shows an increase in the mean Time to Sell. By far the largest increases are to be found where prices are already falling, namely London, the East, the South East and the South West. But even the North West and Yorkshire show small increases in their selling times, which is testament to the shadow of Brexit combined with the growing public expectation of falling prices.

Time to Sell, Apr 2019 vs Apr 2018



Source: Home.co.uk Asking Price Index, March 2019



Cautious behaviour on the part of both buyers and vendors has slowed the market considerably.

As a result, we expect transaction rates to drop and the market to stagnate. Marketing times will likely increase and certainly continue to be much higher than last year. However, we do not expect this to affect pricing in the short term due to the concomitant reduction in supply.

With the no-deal Brexit scenario seemingly less likely following an exceptionally close parliamentary vote, the negotiations could go on for some time. The short-term outlook for the UK therefore resembles a slow-motion property market with fewer participants. Not good for agents and not good for the home-moving public who may suffer costly and stressful delays.

Whilst Brexit news hogs the headlines, rents in London are relatively unreported but, as we predicted, they are showing some remarkable growth. Three central boroughs, Hammersmith and Fulham, Wandsworth and Southwark lead the charge with double-digit rent rises over the last year

(of 17%, 13% and 16% respectively). Significant rent rises are also evident in Islington, Kingston, Hackney and Kensington & Chelsea, which are all showing annualised rises above the 5% mark.



The supply of rental accommodation has fallen by around 24% in Greater London over the last two years. Landlords have been cashing up their low-yielding properties, prompted by the twin assaults of increased tax and regulation. In some locations the rental drought is very acute and it is in those areas that rents are rising fastest.

The upshot for the London property market is that yields are improving rapidly and this will soon attract more investors. These are the green shoots ready to reignite the London sales market once the foggy haze of Brexit clears.

Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Apr-19
Average Asking Price	£186,099
Monthly % change	0.4%
Annual % change	2.3%

North East	Apr-19
Average Asking Price	£157,829
Monthly % change	-0.2%
Annual % change	0.3%

Yorks & The Humber	Apr-19
Average Asking Price	£198,269
Monthly % change	0.5%
Annual % change	3.3%

North West	Apr-19
Average Asking Price	£204,333
Monthly % change	0.4%
Annual % change	3.2%

West Midlands	Apr-19
Average Asking Price	£251,790
Monthly % change	0.5%
Annual % change	4.8%

East Midlands	Apr-19
Average Asking Price	£234,370
Monthly % change	0.2%
Annual % change	2.4%

East	Apr-19
Average Asking Price	£349,879
Monthly % change	-0.1%
Annual % change	-2.9%

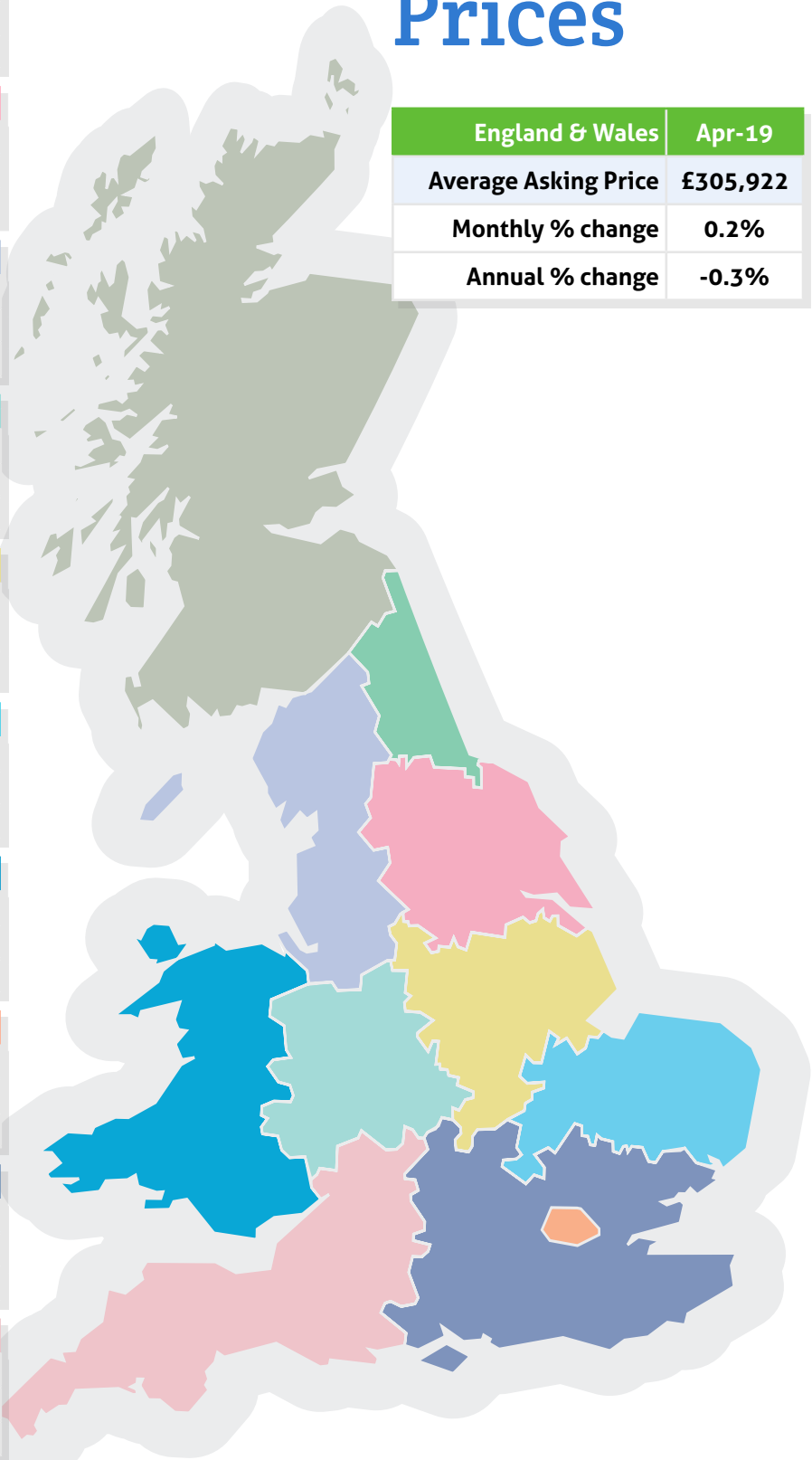
Wales	Apr-19
Average Asking Price	£207,521
Monthly % change	0.7%
Annual % change	5.6%

Greater London	Apr-19
Average Asking Price	£515,025
Monthly % change	0.0%
Annual % change	-3.1%

South East	Apr-19
Average Asking Price	£392,565
Monthly % change	0.2%
Annual % change	-1.7%

South West	Apr-19
Average Asking Price	£321,892
Monthly % change	0.5%
Annual % change	-0.4%

England & Wales	Apr-19
Average Asking Price	£305,922
Monthly % change	0.2%
Annual % change	-0.3%



Source: Home.co.uk Asking Price Index, April 2019

UK Time on Market

Scotland	Apr-19
Average Time on Market	230
Typical Time on Market	126
Annual % supply change	0%

North East	Apr-19
Average Time on Market	229
Typical Time on Market	126
Annual % supply change	-1%

Yorks & The Humber	Apr-19
Average Time on Market	174
Typical Time on Market	86
Annual % supply change	-2%

North West	Apr-19
Average Time on Market	181
Typical Time on Market	106
Annual % supply change	-9%

West Midlands	Apr-19
Average Time on Market	144
Typical Time on Market	72
Annual % supply change	4%

East Midlands	Apr-19
Average Time on Market	143
Typical Time on Market	74
Annual % supply change	0%

East	Apr-19
Average Time on Market	144
Typical Time on Market	81
Annual % supply change	-6%

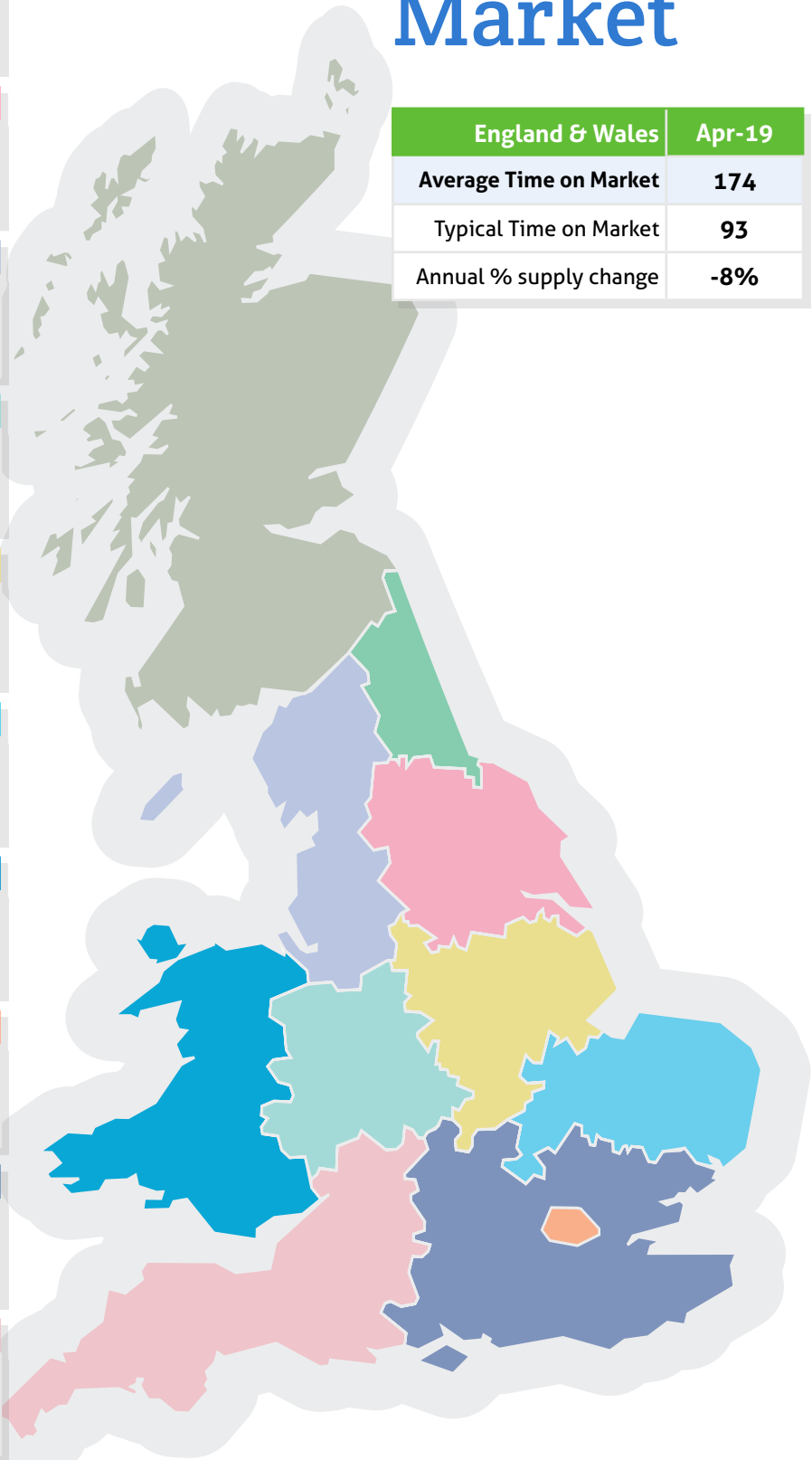
Wales	Apr-19
Average Time on Market	231
Typical Time on Market	137
Annual % supply change	-8%

Greater London	Apr-19
Average Time on Market	180
Typical Time on Market	106
Annual % supply change	-25%

South East	Apr-19
Average Time on Market	147
Typical Time on Market	79
Annual % supply change	-10%

South West	Apr-19
Average Time on Market	161
Typical Time on Market	86
Annual % supply change	-7%

England & Wales	Apr-19
Average Time on Market	174
Typical Time on Market	93
Annual % supply change	-8%



Source: Home.co.uk Asking Price Index, April 2019. 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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- To learn more about Home.co.uk please visit:
<https://www.home.co.uk/company/about.htm>
- For further details on the methodology used in the calculation of the HAPI please visit:
https://www.home.co.uk/asking_price_index/Mix-Adj_Methodology.pdf
- To learn more about Home.co.uk data services please visit:
<https://www.home.co.uk/company/data/>

Future release dates:

- Tuesday 14th May
- Wednesday 12th June
- Friday 12th July