



Asking Price Index

Released 12/06/14 June 2014

High Prices Tempt More Londoners to Sell

Headlines

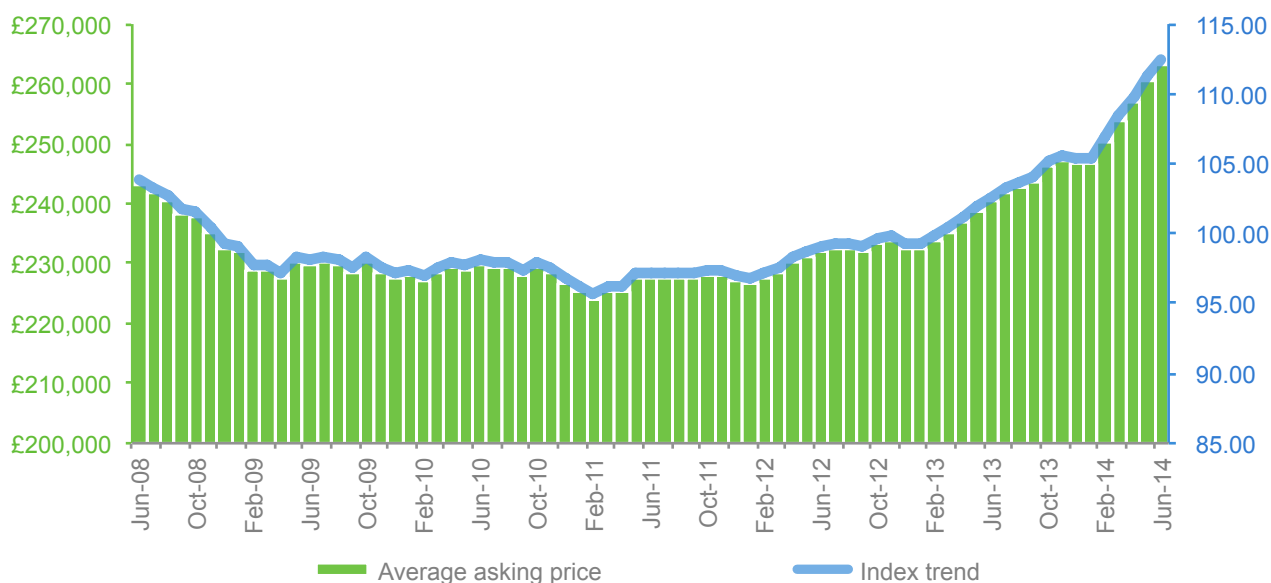
- Asking price rises accelerate further, bringing the average annual appreciation for England and Wales to 9.6%
- Typical time on market across England and Wales drops further to just 88 days
- Sky-high prices in London tempt more vendors into the market
- Home prices in Greater London rose a further 1.6% over the last month, bringing the annual rise to an astounding 21.1%

Summary

Ever-increasing positive sentiment about property investment is driving the market across all of mainland UK. Time on market figures are now falling dramatically in formerly lacklustre areas such as the North East and Wales. Demand is increasing in all regions, and above inflation price rises in the North and Wales are to be expected over the next 12 months as demand begins to outpace supply. By contrast, London is much further along the economic cycle.

After four years of falling supply, sky-high pricing is now tempting more vendors into the capital's marketplace, as evidenced by a recent uptick in supply (up 8% year-on-year). However, supply is not going to match demand in the Greater London region anytime soon. Prices in and around the capital are still rising rapidly (21.1% over the last 12 months) and the typical time on market is now a mere 43 days, suggesting that demand is still increasing ahead of supply.

Home Asking Price Trend for England & Wales



Source: Home.co.uk, June 2014



Regional Market Round-up

Home prices rose in all English regions, Scotland and Wales over the last month, with the exception of the North East, where prices slipped marginally (0.1%). Scotland and the West Midlands posted only marginal gains of 0.1% and 0.3% respectively. Monthly price rises were strongest in East Anglia (2.0%), the East Midlands (1.6%) and Greater London (1.6%). Contrary to the expected seasonal trend, all English regions, Scotland and Wales registered a drop in the average marketing time over the last month. This attests to the fact that we are still witnessing increasing demand from buyers across the UK.

Analysis of typical marketing times (more responsive and representative figures than average marketing times) across the regions reveals which markets are improving the most. Wales is by far the most improved property market, with a drop of 37 days in just one month (from 166 to 129 days). The North East is also gaining considerable momentum, and the typical time on market has fallen 29 days over the last month to a new post-crisis low of 138 days.

The English regions where the market has fully recovered, Greater London, the South East, East Anglia, the South West and East Midlands, show little or no change in marketing times over the last month.

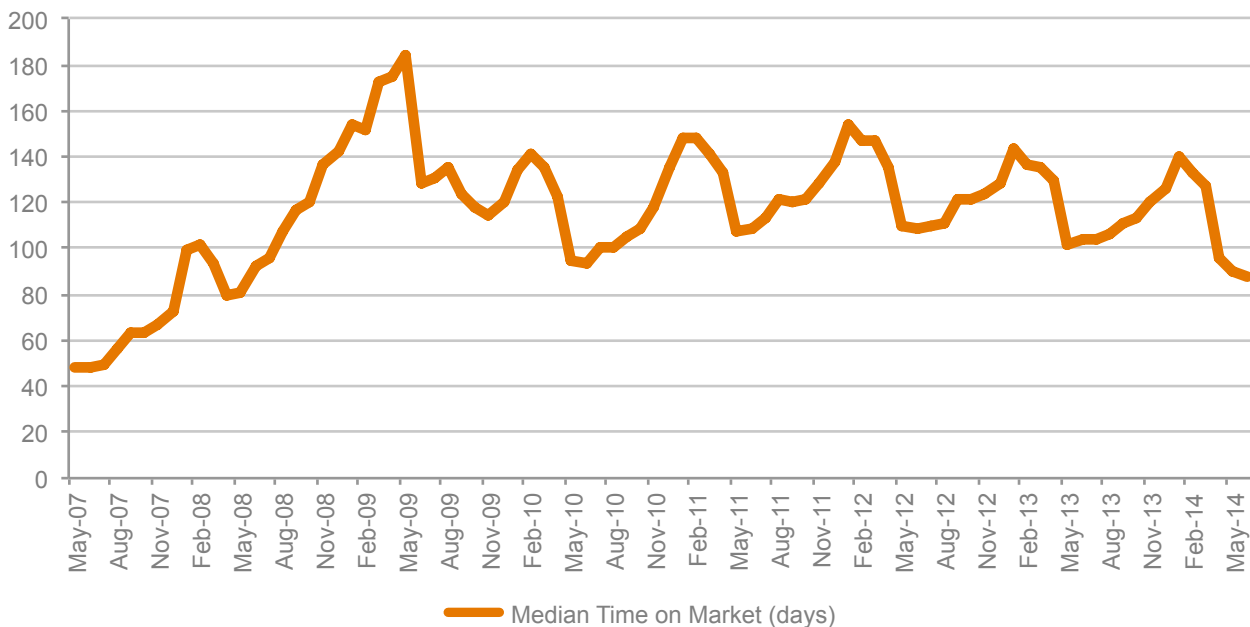
Time on Market falls further

Typical Time on Market falls to new post-crisis low.

The chart below shows the substantial improvement in marketing times observed over the last two years. Moreover, marketing times are falling faster now that the northern and Welsh property markets are showing considerable improvement as buyer demand picks up.

The downward trend looks set to continue, and we may expect that the Typical Time on Market, a measure of the demand-supply balance, will reflect pre-crisis figures by May 2015.

Typical Time on Market for England & Wales

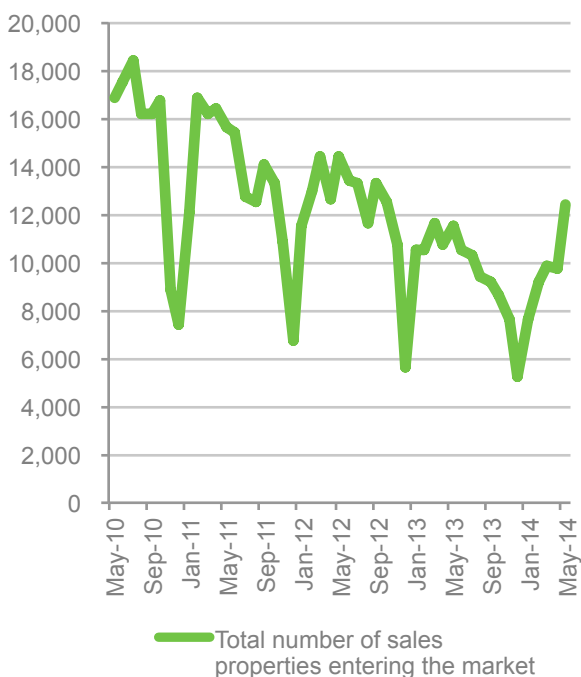


Source: Home.co.uk, June 2014

Supply of Property for Sale Finally Increases in London

Shortage of supply has been a key driver of the London housing market. However, as in any market, price rises eventually encourage more vendors into the marketplace. Over the course of the last month, we have observed a notable uptick in new instructions across Greater London. In fact, 8.2% more properties entered the market in May 2014 than in May 2013.

Supply of Property for Sale Entering the Market



Source: Home.co.uk, June 2014



It appears to be 'full steam ahead' for the UK property market. Even the formerly stagnating markets in the North and



Wales are now on the move. Demand is eating away at the stock backlog in these lesser performing areas and looks set to outpace supply over the coming months, mirroring the recovery profile of London and the surrounding regions which are now booming.

With the national mix-adjusted average price up 9.6% over the last 12 months, it's little wonder that investors and wannabe homeowners are increasingly desperate to get on the housing ladder. Buy-to-let investors and first-time buyers are competing head-to-head for the limited stock that is available and this, in turn, is depleting the country's For Sale stock, which is down 15% on May 2013. Moreover, supply of new market entrants across the UK is down 4% and this is exacerbating the supply-demand imbalance. It is of note that London has shown an uptick in supply over the last month. Should this trend continue, increasing supply will slowly apply the brakes on price rises in the UK's leading property market. Following on from that, we can expect a similar increase in supply over the coming months in the South East and East Anglia, where prices are currently soaring.

Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Jun-14
Average Asking Price	£162,293
Monthly % change	0.07%
Annual % change	-0.33%

North East	Jun-14
Average Asking Price	£154,225
Monthly % change	-0.15%
Annual % change	0.88%

Yorks & The Humber	Jun-14
Average Asking Price	£172,606
Monthly % change	0.82%
Annual % change	1.70%

North West	Jun-14
Average Asking Price	£177,805
Monthly % change	0.27%
Annual % change	2.78%

West Midlands	Jun-14
Average Asking Price	£201,951
Monthly % change	0.25%
Annual % change	4.36%

East Midlands	Jun-14
Average Asking Price	£190,201
Monthly % change	1.64%
Annual % change	6.68%

East	Jun-14
Average Asking Price	£278,342
Monthly % change	2.02%
Annual % change	8.92%

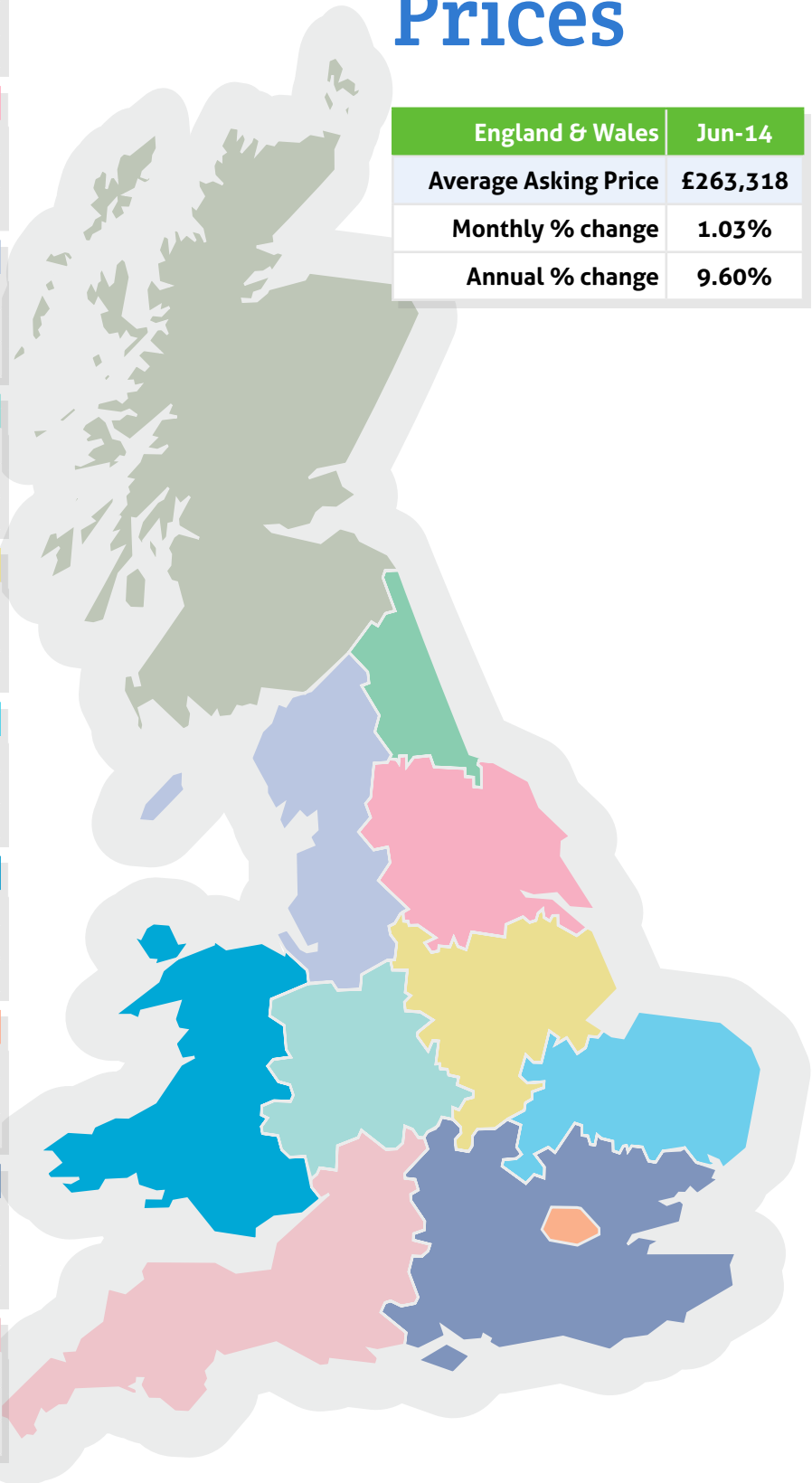
Wales	Jun-14
Average Asking Price	£180,231
Monthly % change	0.44%
Annual % change	3.00%

Greater London	Jun-14
Average Asking Price	£461,410
Monthly % change	1.62%
Annual % change	21.14%

South East	Jun-14
Average Asking Price	£340,736
Monthly % change	0.56%
Annual % change	10.47%

South West	Jun-14
Average Asking Price	£280,935
Monthly % change	1.17%
Annual % change	6.93%

England & Wales	Jun-14
Average Asking Price	£263,318
Monthly % change	1.03%
Annual % change	9.60%



Source: Home.co.uk, June 2014

Flats vs. Detached

Flats are often a favourite target for property investment, but research at Home.co.uk shows that many such investments will still be underwater – despite the housing market recovery – seven years after the financial crisis.

Despite recent price rises, the average flat in the UK is worth £19,678 less than it was at the peak in 2007. This amounts to a 10.8% drop in nominal value. If we take into account seven years of inflation then the drop is more like 40%. A glut of flats coupled with the financial crisis spelled catastrophe for this property type. At the current rate of price growth, it will take at least till 2015 to recover their 2007 nominal values and considerably longer in real terms.

By way of contrast, detached properties never lost much ground. Their average price hovered around the £330,000 mark for around five years post-crisis before really taking off again. Detached properties are, on average, now around

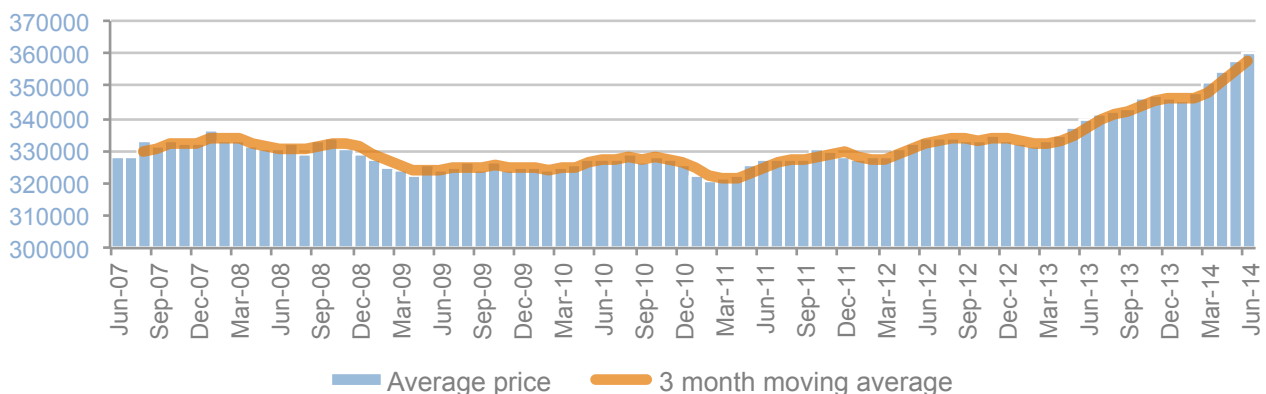
£24,000 (7%) more expensive than at their previous peak in 2007.

Whilst regional differences still apply, detached properties were a much safer bet for investors than hyped up 'off-plan' flats, the market for which promptly crashed when the banks turned off the mortgage credit.

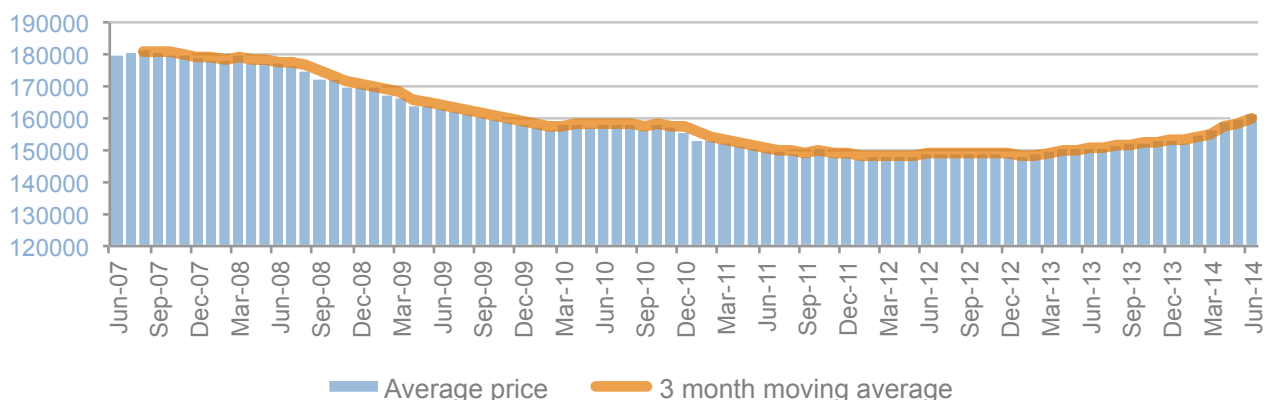
Doug Shephard, director at Home.co.uk, commented:

"An Englishman's home is his castle, and our figures show that he would prefer if it were detached! Demand has remained much stronger over the last seven years for the UK's most sought-after property type. Whilst near impossible to purchase in London, across the rest of the country this housing type looks likely to be a much less risky investment than flats, which seemingly tend to constitute much of the frothy part of the market in any property boom."

Detached House Price Trend



Flat Price Trend



Sources: Home.co.uk, June 2014

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 700,000 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:
<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:

- Tuesday 15th July
- Wednesday 13th August
- Friday 12th September