



# Asking Price Index

Released 13/03/14 March 2014

## London on Fire while Scotland Stagnates

### Headlines

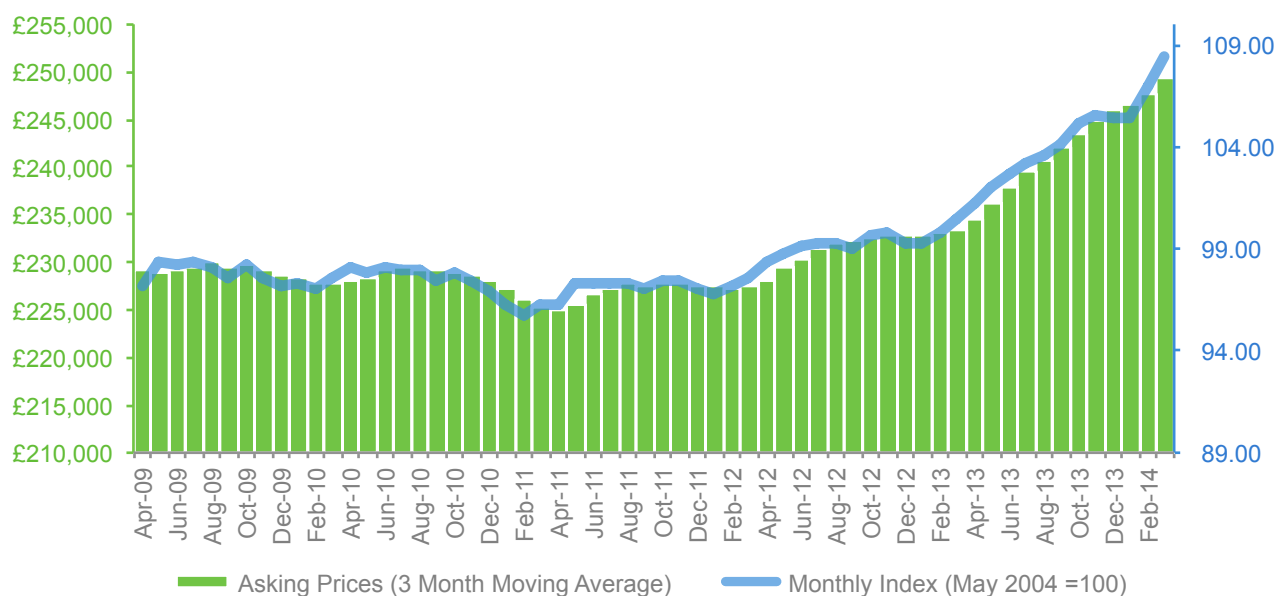
- Home prices across England and Wales rose a further 1.4% over the last month, bringing the mix-adjusted average price to £253,758, ca. £8,000 higher than in March 2008
- The Greater London home market is on fire: up another 3.1% since February and up an alarming 18.9% year-on-year
- Typical time on market now nine days less than in March 2013
- Supply of properties for sale down 6.2% year-on-year and down 52% since February 2008
- Still no sign of a market recovery in Scotland, where prices fell 0.3% last month

### Summary

With home prices rising and marketing times falling in every English region and in Wales, there is a certain spring in the step of the housing market. Pump-primed by the government Help to Buy initiative and ultra-low interest rates, overall the property market is heating up rapidly. The average home price in England and Wales has risen 7.9% over the last 12 months, and this figure looks set to go much higher as the supply of homes for sale remains tight.

However, regional variations are truly significant in the current market, and national average figures obscure a great diversity of fortune throughout the regional property markets. The runaway price rises seen in London are not to be found in the North of England or Wales. The North East, North West, Yorkshire regions and Wales are all still experiencing sub-inflation price growth of between 0.7 and 2.3%, although they are all faring much better than Scotland. North of the border, asking prices have fallen by 1.4% over the last year.

### Home Price Trend for England and Wales



Source: Home.co.uk, March 2014



## Regional Markets

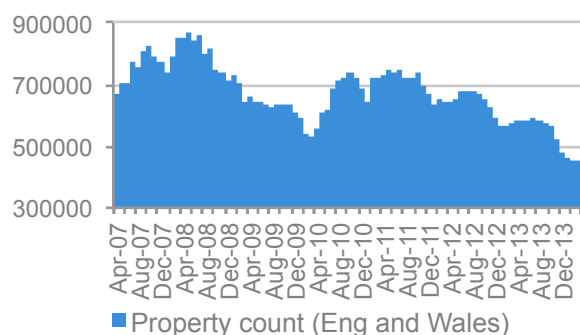
### Spring into Life

Home prices rose in all English regions and Wales over the last month, and this reflects both increasing confidence amongst vendors and greater activity in those markets. The biggest risers, aside from London, were East Anglia (+1.1%), the South East (+1.1%) and Yorkshire (+1.0%). All the English regions registered a drop in marketing times over the last month as is to be seasonally expected. Moreover, typical marketing times are also lower year-on-year in all the English regions, while Scotland and Wales have both seen an increase in the typical time on market over the last year. The most active English regions are the South East, East Anglia and the South West, with typical marketing times of 76, 92 and 116 days respectively.

### The Property Drought Continues

The total number of properties on the market continues to fall overall.

Stock of Property For Sale (England & Wales)



Regional variations are also evident on the supply side. The North East, North West and Yorkshire have all seen an increase in supply of sales properties entering the market over the last 12 months. In contrast, the hotter markets of London, the South East, the South West and East Anglia show year-on-year contractions in the number of properties being put up for sale of 13, 21, 11 and 17% respectively.

### London on Fire

A further monthly rise of 3.1% is both astonishing and alarming. The phenomenal pace of price rises in the UK capital suggests that this property market will easily surpass our forecasted price growth of 20.2% in 2014. The average home in London rose by over £13,000 last month to attain a new all-time high of £438,118. Over the last year, the mix-adjusted average price of a home in London has risen by around £70,000.

Source: Home.co.uk, March 2014



**Overall, home prices will continue to rise swiftly while demand outpaces supply.**



Falling marketing times throughout the English regions indicate that more regions are witnessing greater optimism and activity as demand rises, and this can only be good for the slower markets in the North and Wales. However, increased supply in the northern regions will keep a lid on price rises this year.

London and the South portray a very different story, and this year will yield further record-breaking price rises as more money chases fewer properties. Our current projections indicate that London prices will rise a further 10% and the South East by 5% in just the next three months.

**Doug Shephard**  
Director at Home.co.uk



The frothy London market has now fully confirmed its status: a speculative bubble. The typical time on market has plummeted to just 47 days, which is six days less than in February 2007. Tremendous demand and spiralling prices may tempt more potential vendors into the marketplace. Such an influx of sellers who see the opportunity to cash in will, in turn, help ease the severe shortage of supply.

# UK Asking Prices

Scotland	Mar-14
<b>Average Asking Price</b>	<b>£157,402</b>
Monthly % change	-0.3%
Annual % change	-1.4%

North East	Mar-14
<b>Average Asking Price</b>	<b>£153,413</b>
Monthly % change	0.9%
Annual % change	0.7%

Yorks & The Humber	Mar-14
<b>Average Asking Price</b>	<b>£169,676</b>
Monthly % change	1.0%
Annual % change	0.9%

North West	Mar-14
<b>Average Asking Price</b>	<b>£174,985</b>
Monthly % change	0.9%
Annual % change	2.3%

West Midlands	Mar-14
<b>Average Asking Price</b>	<b>£197,140</b>
Monthly % change	0.7%
Annual % change	3.9%

East Midlands	Mar-14
<b>Average Asking Price</b>	<b>£185,250</b>
Monthly % change	0.6%
Annual % change	5.7%

East	Mar-14
<b>Average Asking Price</b>	<b>£265,115</b>
Monthly % change	1.1%
Annual % change	5.4%

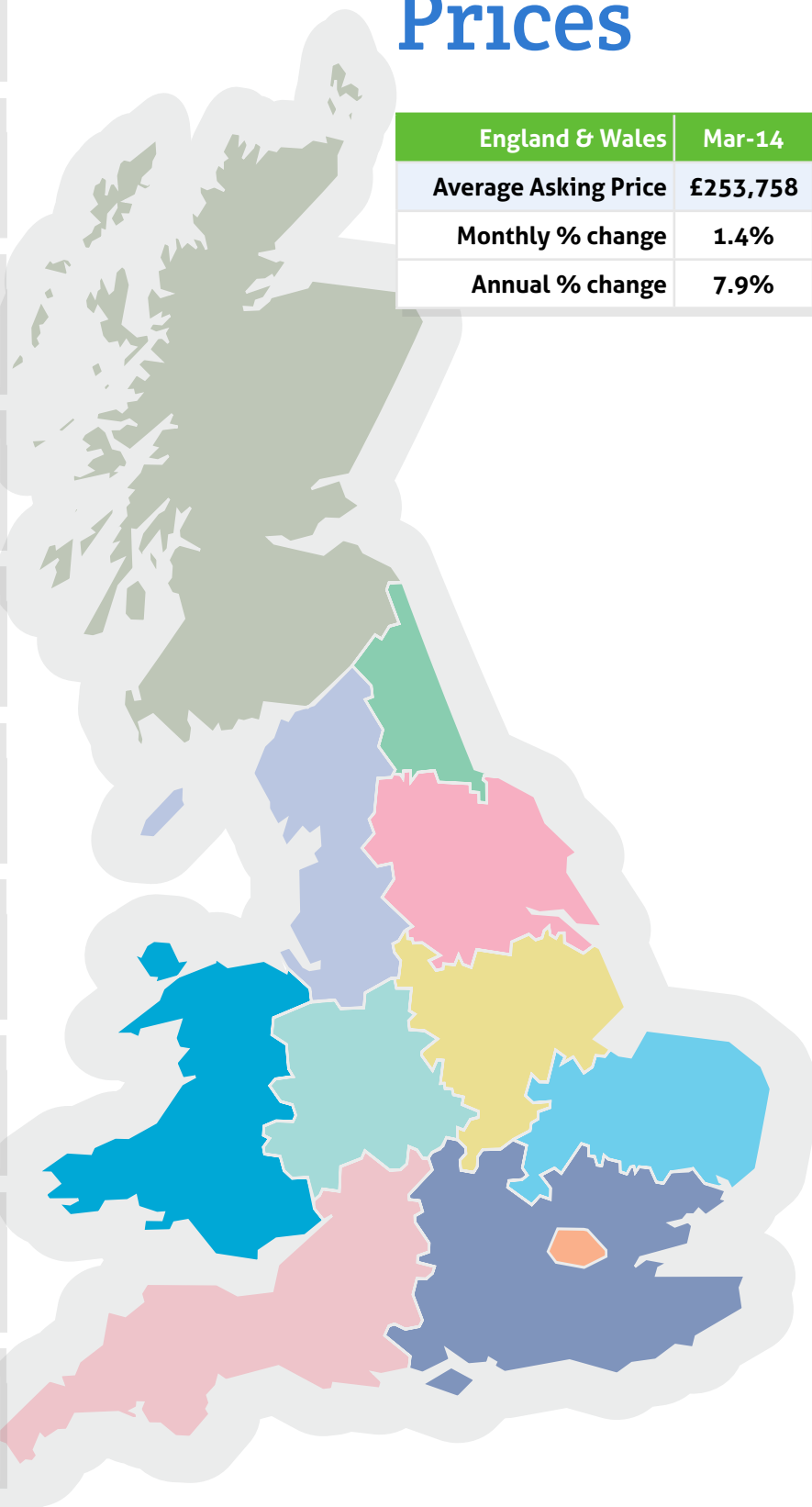
Wales	Mar-14
<b>Average Asking Price</b>	<b>£178,357</b>
Monthly % change	0.5%
Annual % change	2.2%

Greater London	Mar-14
<b>Average Asking Price</b>	<b>£438,118</b>
Monthly % change	3.1%
Annual % change	18.9%

South East	Mar-14
<b>Average Asking Price</b>	<b>£326,303</b>
Monthly % change	1.1%
Annual % change	8.8%

South West	Mar-14
<b>Average Asking Price</b>	<b>£268,880</b>
Monthly % change	0.3%
Annual % change	5.0%

England & Wales	Mar-14
<b>Average Asking Price</b>	<b>£253,758</b>
<b>Monthly % change</b>	<b>1.4%</b>
<b>Annual % change</b>	<b>7.9%</b>



Source: Home.co.uk, March 2014

# Suffering Scotland: Left Behind by the Rest of the UK

The average asking price for a Scottish home is now 15.5% lower than the boom-time peak registered in October 2007. By contrast, the average asking price for a home in England and Wales has increased by 4.3% over the same period. In this report, we consider why the Scottish property market is not yet on the road to recovery.

Scottish house prices soared during the last property boom. Between October 2005 and the October 2007 peak, the mix-adjusted average rose by 35.2%. During the same period, home asking prices in England and Wales rose by only 5.1%, as most regional markets (especially the South) had already overheated at this stage in the boom-bust cycle. Hence, as is often the case, the last to rise has the furthest to fall.

By October 2009, Scottish property prices had fallen by 13.7% and it is arguable that they would have fallen much further had the Bank of England not set ultra-low interest rates earlier the same year. On the upside, lower SVRs meant fewer defaults and fewer repossessions, but on the downside, home prices remained artificially high and market stagnation took hold.

If we look at the Time on Market trend for the last seven years, we can see that having had the

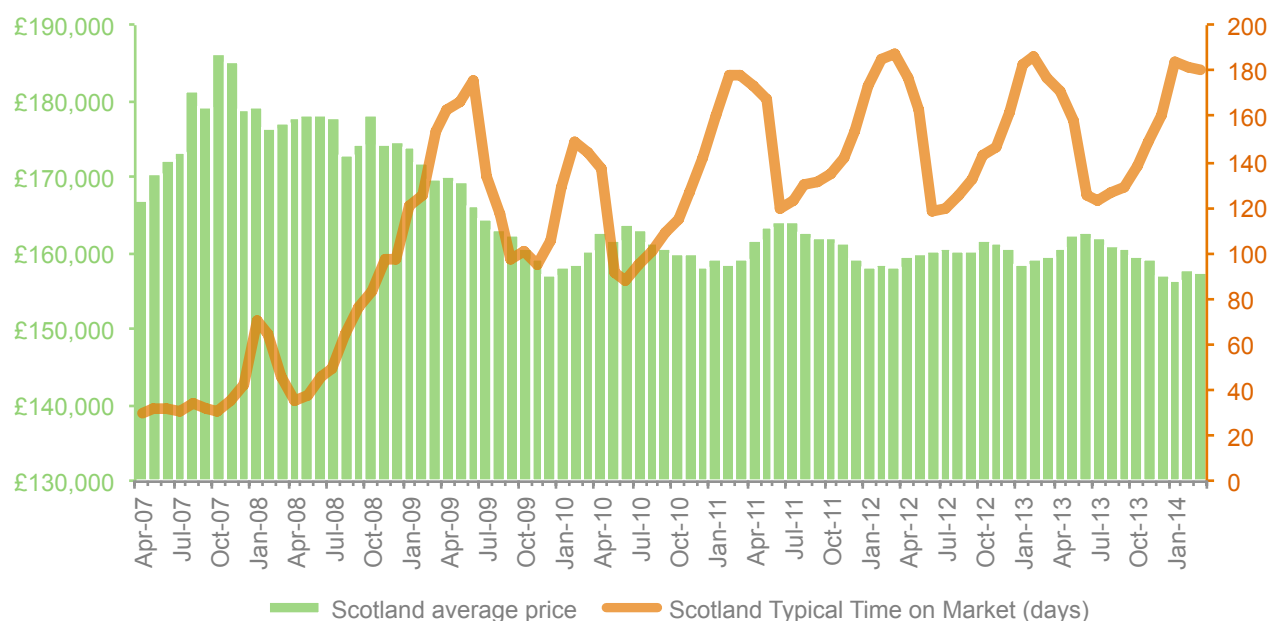
lowest Typical Time on Market in the UK (even lower than London) during the boom, properties soon piled up when the financial crisis hit and the market stagnated. Despite the Help to Buy scheme, Scottish Time on Market figures remain among the worst in the UK, showing that more normal market liquidity has yet to return.

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

*"Clearly Scotland has a long way to go before the property market finds its feet again. Considering the much improved availability of cheap mortgages and government help to get on the housing ladder, Scottish properties are spending far too long on the market.*

*The Scottish market has stagnated because it is clogged up with overpriced properties hanging around for six months or longer. Sensibly priced properties are still selling in a reasonable time frame but, unfortunately, they are few and far between. While interest rates remain so low and mortgage payments can be met, sellers will not have a sense of urgency and pricing will remain overly optimistic. After all, if it won't sell, the vendor can always turn to the booming rental sector."*

## Average Asking Prices and Time on Market in Scotland



Source: Home.co.uk, March 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

- For media enquiries please contact: Andrew Smith  
[andrew.smith@home.co.uk](mailto:andrew.smith@home.co.uk)  
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](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 15<sup>th</sup> April
- Tuesday 13<sup>th</sup> May
- Thursday 12<sup>th</sup> June