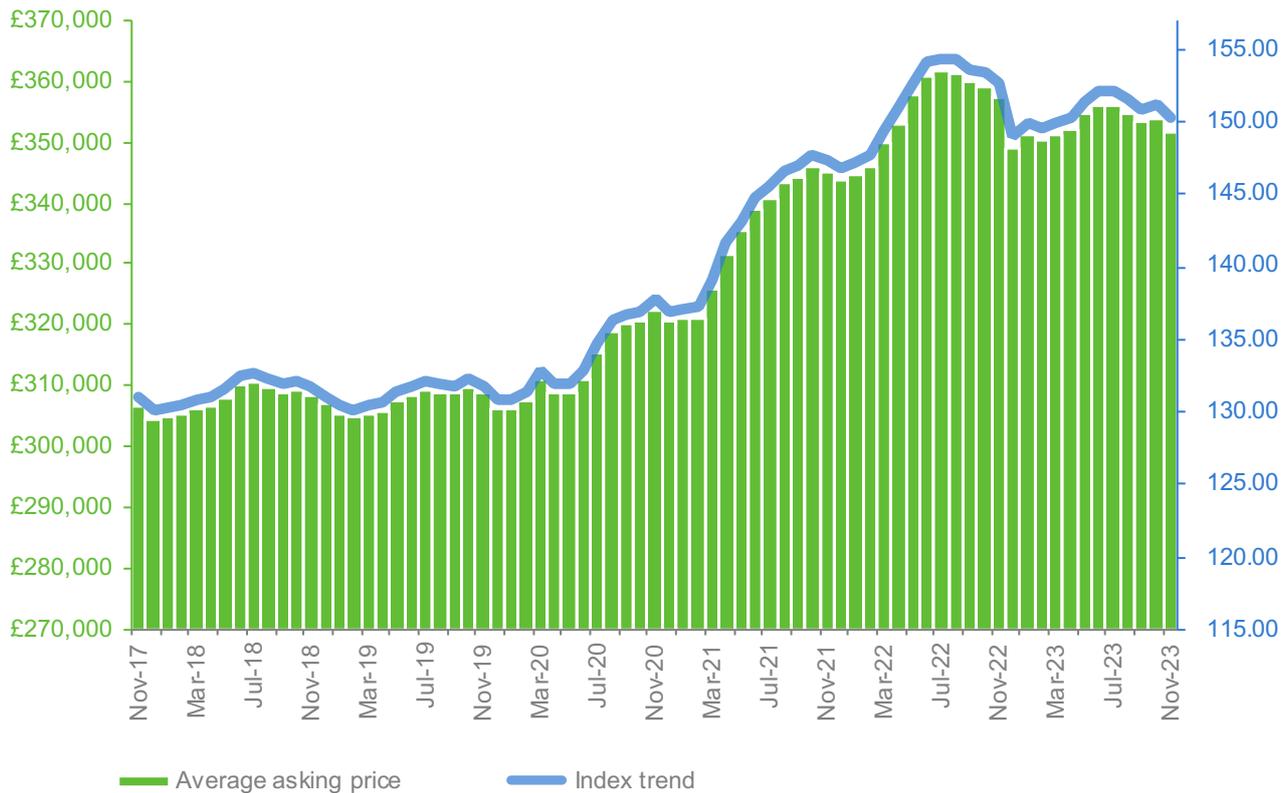


## Stock Levels and Prices in Seasonal Decline

### Headlines

- In line with seasonal expectations, the total sales stock count for England and Wales has dropped significantly since the October reading. The current total of unsold property is 468,220, around 5,000 lower than last month.
- Asking prices across England and Wales dropped by 0.6% during October, making the year-on-year fall in asking prices just -1.6%.
- The supply rate of new instructions entering the market is remarkably restrained overall: down 3% year-on-year and down 8% vs. October 2018. The largest increase at the regional level was observed in the North East (+7%), while the largest year-on-year fall in supply was in Greater London (-8%).
- The Typical Time on Market for unsold property in England and Wales increased by three days during October in line with seasonal expectations. The current median is 93 days; in pre-COVID October 2019, the same measure was 101 days.
- Prices have fallen in all English regions, Scotland and Wales since last month; the largest fall was in the South West where prices plunged 1.2%.
- The Scottish property market remains the leader in terms of annualised price growth (+5.1%), while the East Midlands is now the worst performer at -3.6%.
- Rents across the UK continue to rise overall (6.1% annualised) but more slowly than before and are now led by Scotland (up 18.0%). Greater London is now one of the worst-performing regions at just +1.8% due to a large increase in supply year-on-year.
- The current growth leaders in London asking rents are now the boroughs of Bexley and Hackney (+20.4% and +16.1% annualised respectively). Rent growth in the capital has dropped further over the last month and eight prime boroughs now show year-on-year falls.

## Home Asking Price Trend for England & Wales



Source: Home.co.uk Asking Price Index, November 2023, Indexed to May 2004 (Value=100).

### Summary

Prices fell by 0.6% during October in line with seasonal expectations. The total stock of unsold properties on the market also fell, as is normal towards the end of the year. Overall, despite higher borrowing costs, the current market continues to indicate clear similarities to that of pre-COVID years 2018 and 2019 in terms of price movements and stock levels, although lower Typical Time on Market for unsold property and tighter supply suggest a somewhat more robust marketplace and therefore greater price support.

However, drilling down into the data, regional Typical Time on Market figures show a key difference to these pre-COVID years, in that it is the northern English regions, Wales and Scotland that have retained much of their momentum after the COVID boom. Remarkably, these

vigorous markets remain positive year-on-year in terms of pricing and, without their support, the national figures would look much worse.

The strength of the rental market remains a key factor in supporting the sales market. High demand has meant letting is both a profitable and speedy alternative to selling, while the high cost of renting supports demand from home-buyers and investors alike. Across the UK, rents are 49% higher than they were five years ago and supply remains tight in most regions. However, the current surge in supply (up by 46% vs. October 2022) in the Greater London region is the first significant sign of weakness. Indeed, asking rents are now falling in the more central boroughs. This market correction is occurring in the wake of the massive hikes observed in the latter half of 2022.

The total stock level of unsold property fell significantly during October as

we predicted. This seasonal fall tends to confirm that, following a period of restocking of agents' portfolios, the market has reverted to a more recognisable state after the severe depletion of stock brought about by government intervention and rock bottom interest rates, both of which were a result of COVID economic countermeasures. Supply of new instructions has also reduced (by 3% vs. October 2022 and 8% vs. 2018), indicating that the market is unlikely to be flooded with distressed sales in the near term.

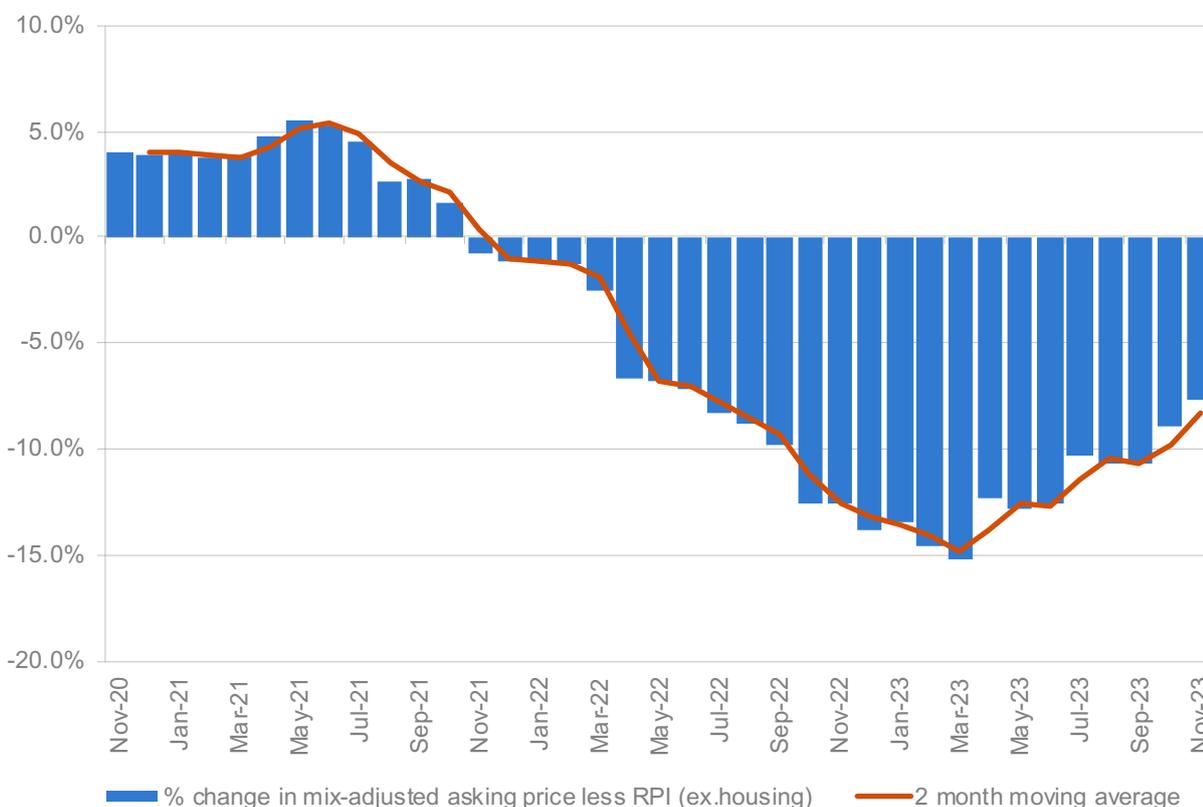
Rents are still rising outside of the London market, albeit more slowly, as affordability constraints appear to have been reached in several regions. However, hotspots such as Scotland and the North East are still indicating 18.0% and 11.1% growth year-on-year. The South East has also been hiking rents rapidly (+10.6% annualised) which may be due to demand from renters priced out

of the London market, although during the last three months they have edged down 3.7%. Overall, the mix-adjusted average annualised rise for the UK has dropped from 9.7% last month to 6.1% this month.

The annualised mix-adjusted average asking price growth across England and Wales is now at -1.6%; in November 2022, the annualised rate of increase of home prices was 3.6%.

Prices experienced a typical seasonal decline during the last month, completing a pattern akin to the pre-COVID years of 2018 and 2019. The mix-adjusted average asking price for England and Wales is currently down 1.5% since November 2022, but this was before the Truss-Kwarteng plunge. Next month we may be back in positive territory year-on-year even if there is a further seasonal decline (as is to be expected). However, despite all the recent turmoil, prices remain 14.0% higher than in October 2018.

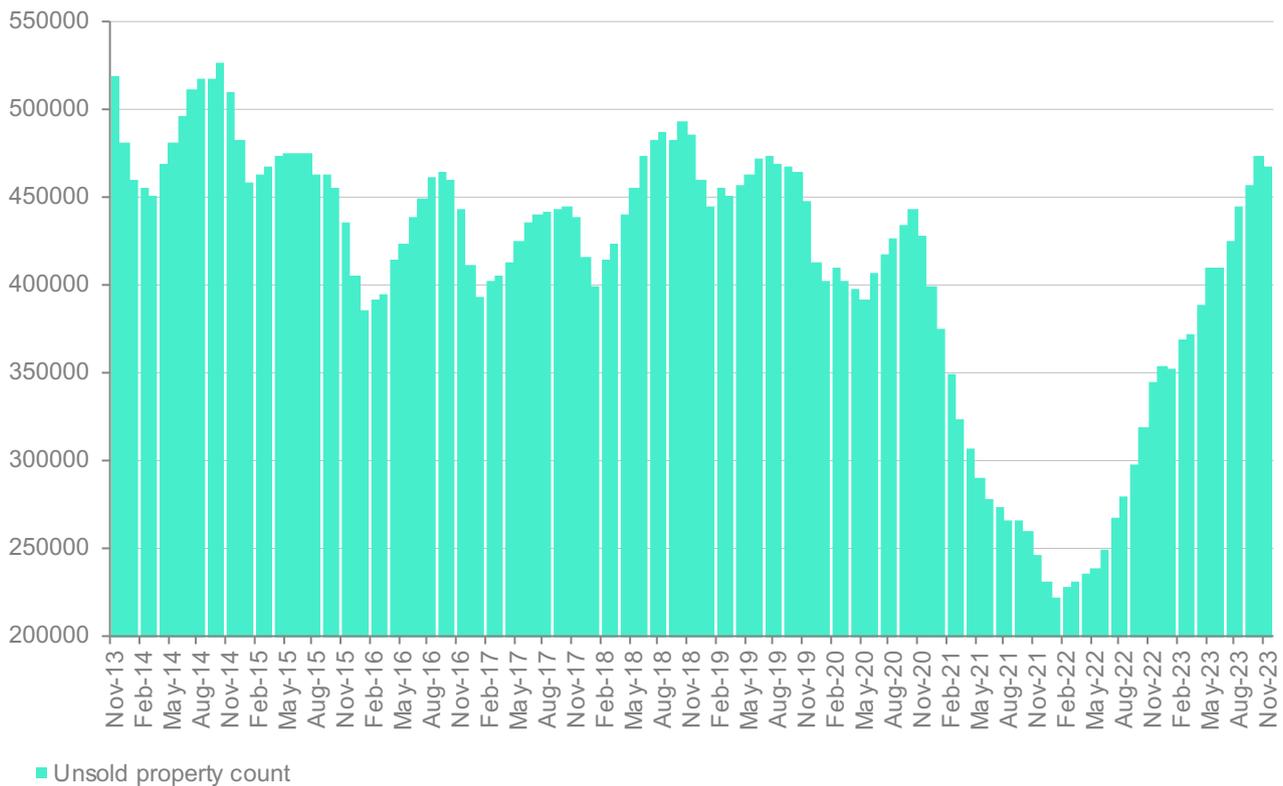
### Real Asking Price Growth, England and Wales



Source: Home.co.uk Asking Price Index, November 2023 and ONS [RPI ex. housing]. Inflation for October and November are our estimates (7.4% and 6% respectively).



## Total Stock of Property for Sale, England and Wales



Source: Home.co.uk Asking Price Index, November 2023

The market has clearly adapted to the new mortgage lending conditions. Supply and demand have been rebalanced and we expect that overall nominal prices will go sideways until lending conditions improve. Of course, this chart covers the mix-adjusted average for all of England and Wales and therefore some markets have fared worse (mainly in the south) and others better (the northern regions, Scotland and Wales (see Regional Roundup and the map)). Looking ahead, we expect a similar picture to continue to unfold.

As we have previously asserted, UK property has not been a safe store of value since around the beginning of 2022. Since the largest monthly falls in real terms occurred around March this year, the current trend is slowly heading back towards real annualised growth, perhaps achieving this in Q4 2024, depending on how stubbornly higher

inflation persists. We note that our previous estimates of RPI (excl. housing) turned out to be overly optimistic and that inflation did not fall back as quickly as anticipated.

### Stock Levels

Market participants will heave a sigh of relief that the total stock of unsold property dropped significantly during the last month. The relentless restocking of the marketplace following the buying frenzy of 2021 gave cause for alarm as there was an obvious risk of flooding the market with an excess of properties should the trend have continued. However, stock appears to have peaked last month and is now beginning to follow a typical seasonal decline. This is further confirmed by a drop in the supply of new instructions during October (-3% vs. 2022 and -8% vs. 2018).

We have also witnessed a drop in on-market price adjustments. The number of properties that were reduced in September hit a 5-year high but this number dropped significantly in October and the average margin has also reduced. £2.8 billion was wiped off on-market asking prices in September while only £2.0 billion was shaved off during October. For the sake of reference, the current asking price sum total for England and Wales is £164.7 billion.

## Regional Roundup

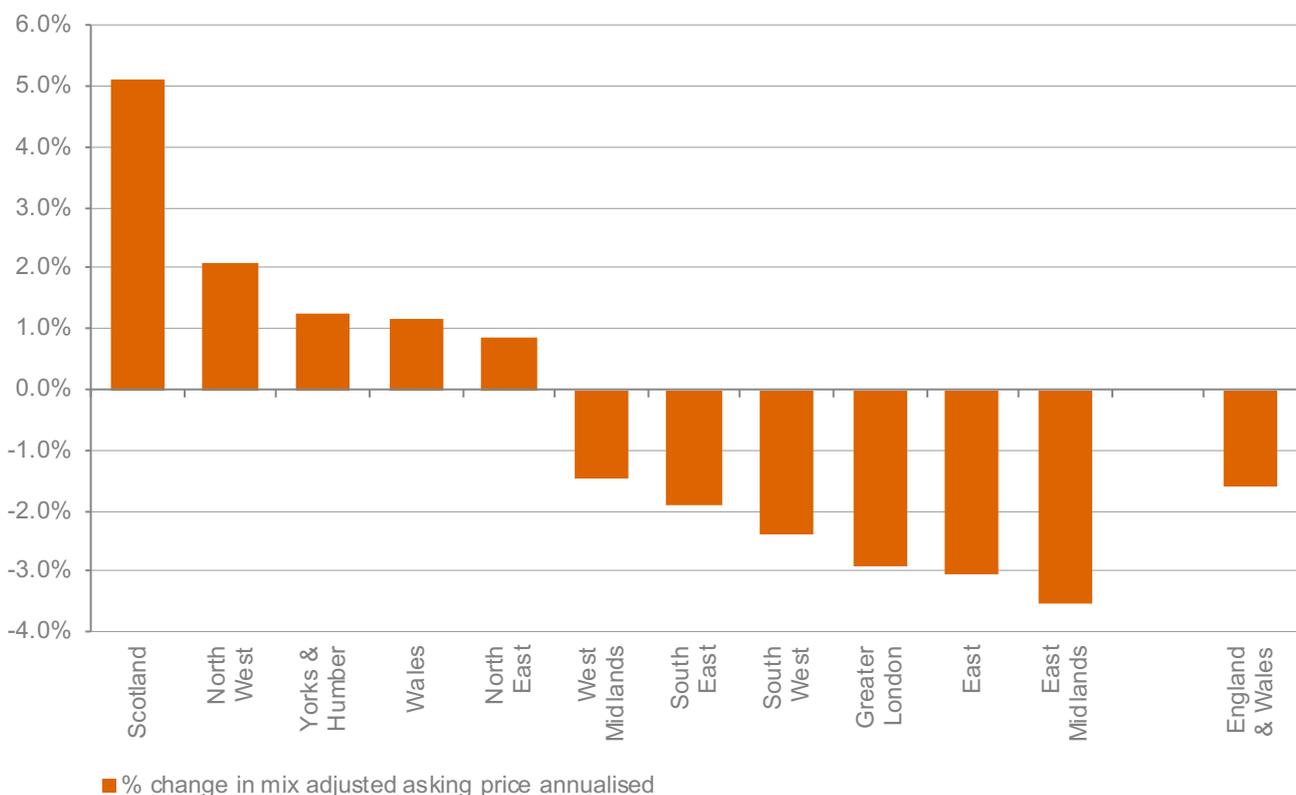
A significant north-south divide in home price growth continues to characterise the regional picture. Quite remarkably, the northern English regions, Wales and Scotland all continue to show annualised nominal growth despite this month's seasonal declines across all regions. In stark contrast, regions from the Midlands to the southern coast show year-on-year falls in asking prices. The worst performer is now the East Midlands

at -3.6%, displacing the East of England. The worst declines during October were in the South West (-1.2%) and Wales (-1.1%), which is seasonally typical for these popular holiday home locations.

That the northern regions, Scotland and Wales are still indicating some capital appreciation despite more expensive mortgages is a true testament to their strength. These markets have been transformed in recent years, having benefitted greatly from COVID stimulus measures, but so too did the southern regions. However, now those tailwinds are absent, they continue to lead while the south falls behind.

Of particular note is the North East which was still massively underperforming when the pandemic struck. After more than ten years of stagnant pricing in the wake of the financial crisis and suffering very long marketing times, this region has been transformed. Over the last five years, prices in the North East

## 12-month Regional Price Growth, Nov 2023 vs. Nov 2022



Source: Home.co.uk Asking Price Index, November 2023

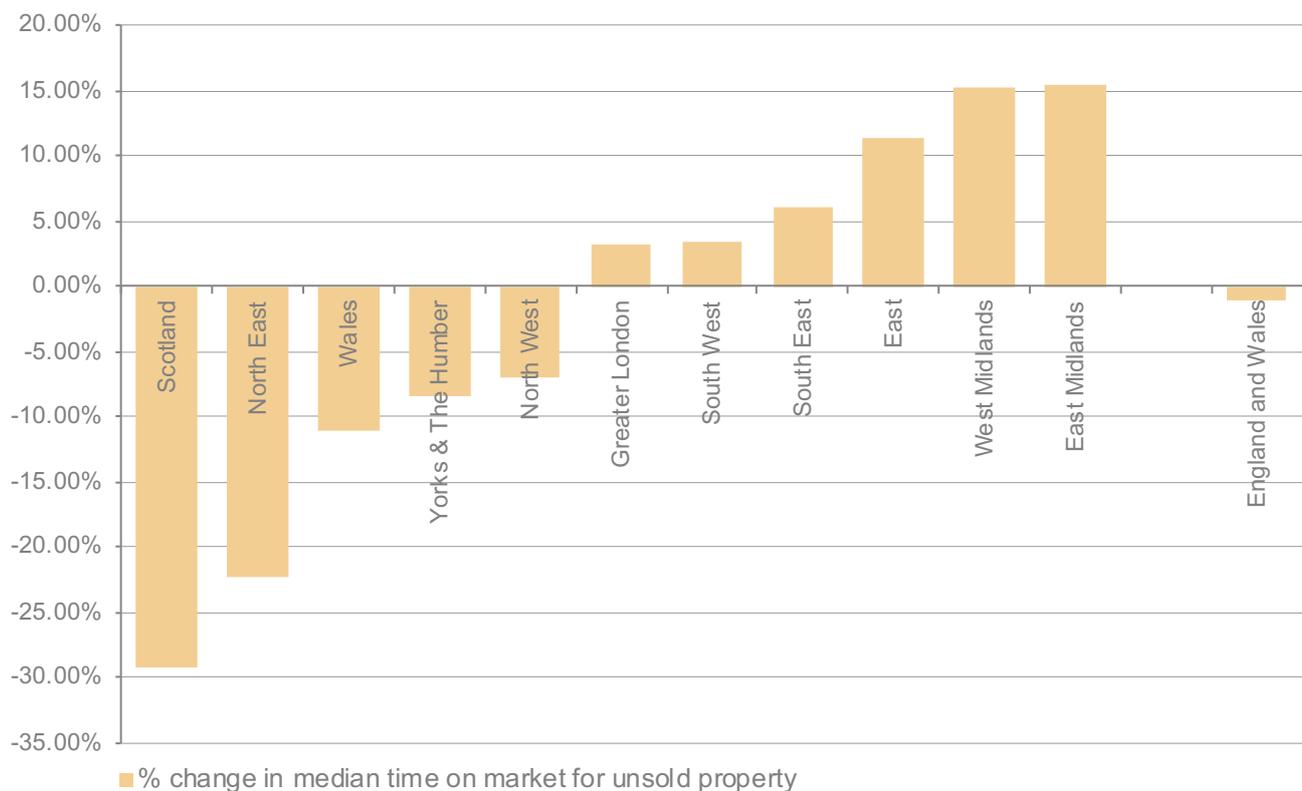
have grown by 20.5% and Typical Time on Market has dropped by 22%. Property in this region had remained undervalued for considerable time and, most likely, yield-hungry investors have tipped the balance to the upside in a dramatic way.

Again, we present a chart indicating the relative changes in marketing times over the last five years because it is quite revealing. The direction of travel of the

Typical Time on Market correlates well with price strength. In fact, changes in the median marketing time for a given market normally precede price changes.

Additionally, the current Typical Time on Market for unsold property in England and Wales provides us with a positive indicator as to the state of the current market overall, being slightly lower than it was in November 2018.

### % Change in Typical Time on Market, Nov 2023 vs. Nov 2018



Source: Home.co.uk Asking Price Index, November 2023



**“ What a sorry state of affairs. How on earth can we deal with the challenges facing the UK housing sector if the leadership keeps on changing?**

It's just not possible, in my humble opinion. If the real plan is to create perpetual uncertainty, then they are doing really well.

So now we have Lee Rowley as our 16th new appointment to the post of Housing Minister since the Tories took power in 2010. Funnily enough, Rowley isn't new to the job, having spent just 48 days in the role in 2022 during the doomed tenure of former Prime Minister Liz Truss (perhaps not the best qualification). He replaces Rachel Maclean who became the sixth housing minister in a single year back in February.

This further chaos comes when UK house building is in rapid decline. Construction News reported that: 'In September, consultancy PwC said it expected house building output to drop by 21 per cent this year, while a contraction in construction activity in the same month was largely caused by a fall in private house building, according to the S&P Global/CIPS UK Purchasing Managers' Index for October.

'The UK's largest house builders are among those to slash output: Barratt Developments said in September that it would complete between 17 and 23 per cent fewer homes this year, while Taylor Wimpey said last week it would complete 26 to 36 per cent fewer homes this year.' These disastrous figures are the direct consequence of higher borrowing costs.

Will Rowley be able to turn this situation around and get these sorely needed homes built? I somehow doubt he has the clout. In any case, he will be occupied with the Renters Reform Bill which was introduced in May this year and would see the end to "no-fault" evictions (which is putting the wind up many landlords), as well as the Leasehold and Freehold Bill which was confirmed in the King's Speech last week and aims to end punitive service charges

and make it easier for leaseholders to buy their freeholds.

I'm with Simon Gerrard of Martyn Gerrard Estate Agents when he says: 'I'm beginning to question the point of having a ministry supposedly dedicated to building new homes, when in reality, providing people with places to live clearly couldn't be further down the list of priorities for this government. The department is frankly a joke, and it is regrettable that the punch line is that this country remains in desperate need of new homes.

'I hope that at some point we will actually see a housing minister remain in post for the length of time it takes for a planning application to build a new home to get through our planning system. For now, it seems, I remain hoping in vain.'

Meanwhile, the Bank of England is having trouble putting the inflation genie back in the bottle (a result of their coordinated and irresponsible use of QE unleashed on the western world). It's not Putin's fault or that of COVID; it's the huge money supply (see M4) increase of 24% between early 2020 and the record high in October 2022.

Richard Werner, Professor of Banking and Finance at the University of Winchester, asserts in *The Conversation*: 'I believe the high degree of coordination of the central banks in adopting this QE strategy, and the empirical link with our current period of inflation, means their policies should be given more of a public airing.'

Interest rates may well remain high for some time yet, but more on this another time. Suffice to say, the lunatics appear to be running the asylum.



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



# UK Asking Prices

Scotland	Nov-23
<b>Average Asking Price</b>	<b>£228,171</b>
Monthly % change	-0.6%
Annual % change	5.1%

North East	Nov-23
<b>Average Asking Price</b>	<b>£188,845</b>
Monthly % change	-0.6%
Annual % change	0.8%

Yorks & The Humber	Nov-23
<b>Average Asking Price</b>	<b>£246,244</b>
Monthly % change	-1.0%
Annual % change	1.3%

North West	Nov-23
<b>Average Asking Price</b>	<b>£263,237</b>
Monthly % change	-0.5%
Annual % change	2.1%

West Midlands	Nov-23
<b>Average Asking Price</b>	<b>£295,842</b>
Monthly % change	-0.5%
Annual % change	-1.4%

East Midlands	Nov-23
<b>Average Asking Price</b>	<b>£280,463</b>
Monthly % change	-0.8%
Annual % change	-3.6%

East	Nov-23
<b>Average Asking Price</b>	<b>£394,687</b>
Monthly % change	-0.1%
Annual % change	-3.0%

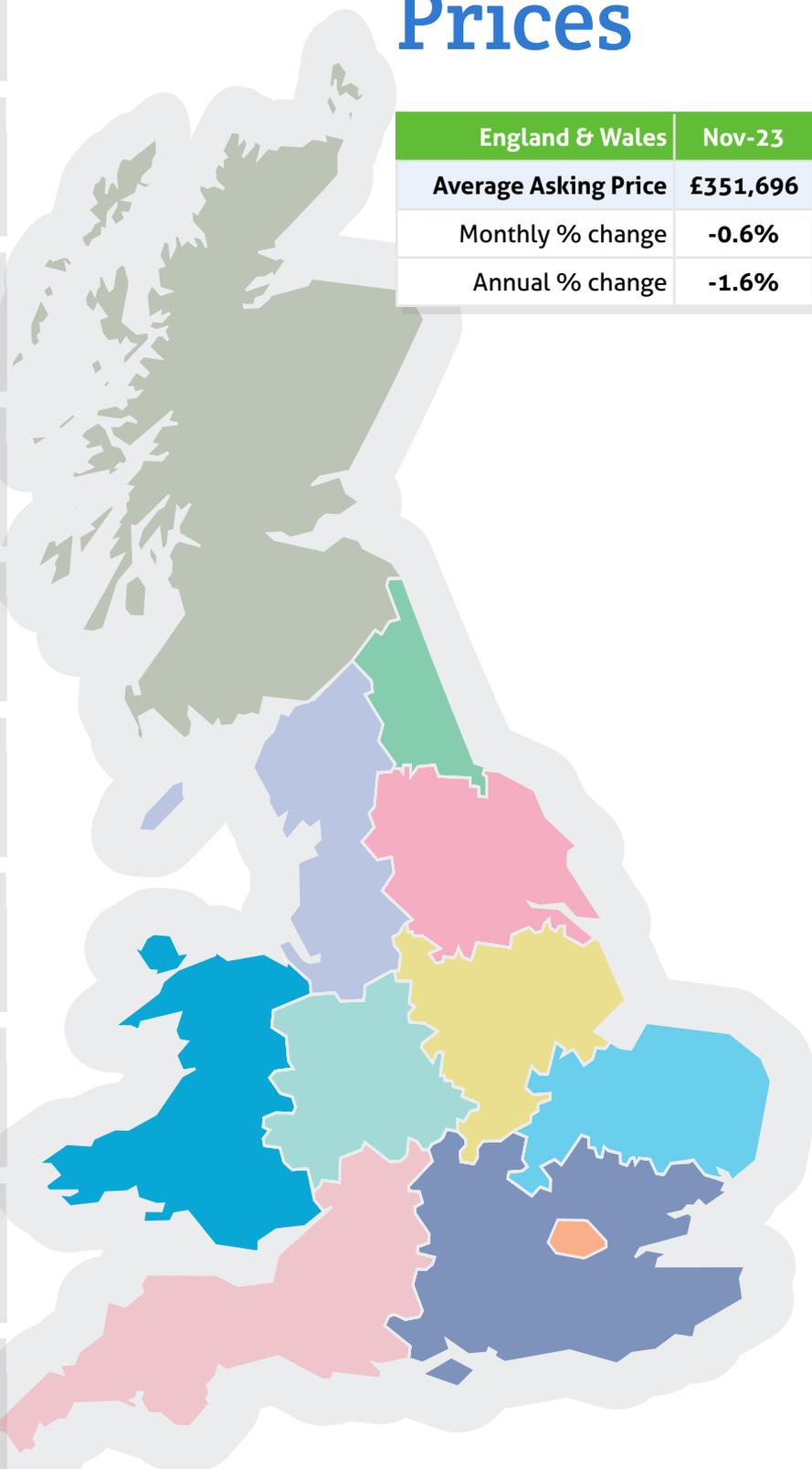
Wales	Nov-23
<b>Average Asking Price</b>	<b>£263,924</b>
Monthly % change	-1.1%
Annual % change	1.2%

Greater London	Nov-23
<b>Average Asking Price</b>	<b>£539,242</b>
Monthly % change	-0.3%
Annual % change	-2.9%

South East	Nov-23
<b>Average Asking Price</b>	<b>£441,475</b>
Monthly % change	-0.7%
Annual % change	-1.9%

South West	Nov-23
<b>Average Asking Price</b>	<b>£377,823</b>
Monthly % change	-1.2%
Annual % change	-2.4%

England & Wales	Nov-23
<b>Average Asking Price</b>	<b>£351,696</b>
Monthly % change	<b>-0.6%</b>
Annual % change	<b>-1.6%</b>



Source: Home.co.uk Asking Price Index, November 2023

# UK Time on Market

Scotland	Nov-23
<b>Average Time on Market</b>	<b>180</b>
Typical Time on Market	73
Annualised % supply change	-4%

North East	Nov-23
<b>Average Time on Market</b>	<b>154</b>
Typical Time on Market	91
Annualised % supply change	7%

Yorks & The Humber	Nov-23
<b>Average Time on Market</b>	<b>139</b>
Typical Time on Market	87
Annualised % supply change	-1%

North West	Nov-23
<b>Average Time on Market</b>	<b>156</b>
Typical Time on Market	94
Annualised % supply change	-6%

West Midlands	Nov-23
<b>Average Time on Market</b>	<b>152</b>
Typical Time on Market	91
Annualised % supply change	1%

East Midlands	Nov-23
<b>Average Time on Market</b>	<b>139</b>
Typical Time on Market	90
Annualised % supply change	-6%

East	Nov-23
<b>Average Time on Market</b>	<b>148</b>
Typical Time on Market	88
Annualised % supply change	5%

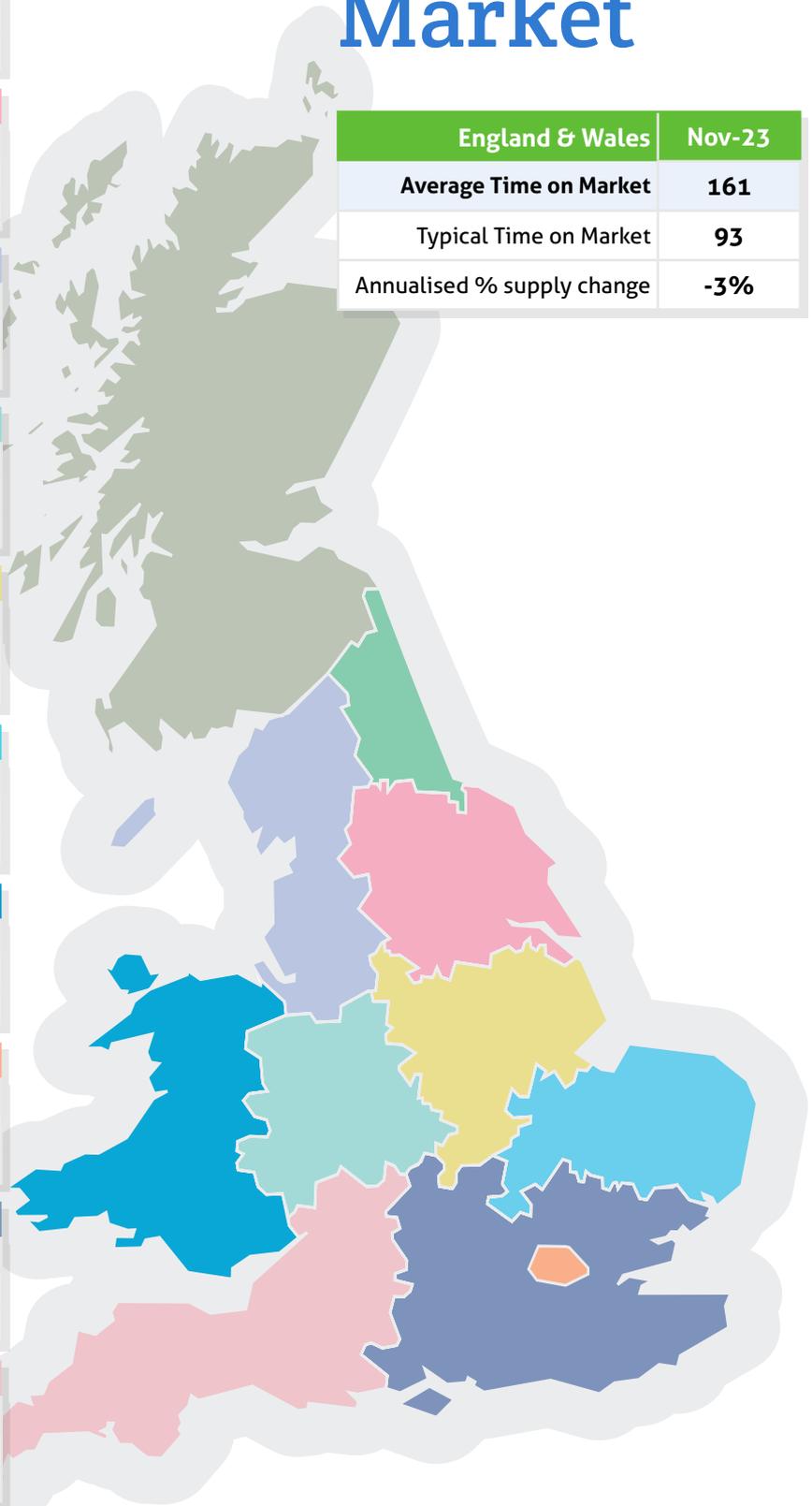
Wales	Nov-23
<b>Average Time on Market</b>	<b>169</b>
Typical Time on Market	104
Annualised % supply change	-6%

Greater London	Nov-23
<b>Average Time on Market</b>	<b>192</b>
Typical Time on Market	97
Annualised % supply change	-8%

South East	Nov-23
<b>Average Time on Market</b>	<b>152</b>
Typical Time on Market	87
Annualised % supply change	-4%

South West	Nov-23
<b>Average Time on Market</b>	<b>146</b>
Typical Time on Market	90
Annualised % supply change	-3%

England & Wales	Nov-23
<b>Average Time on Market</b>	<b>161</b>
Typical Time on Market	<b>93</b>
Annualised % supply change	<b>-3%</b>



Source: Home.co.uk Asking Price Index, November 2023. 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:  
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- 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](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:

- Wednesday 13<sup>th</sup> December
- Friday 12<sup>th</sup> January 2024
- Wednesday 14<sup>th</sup> February