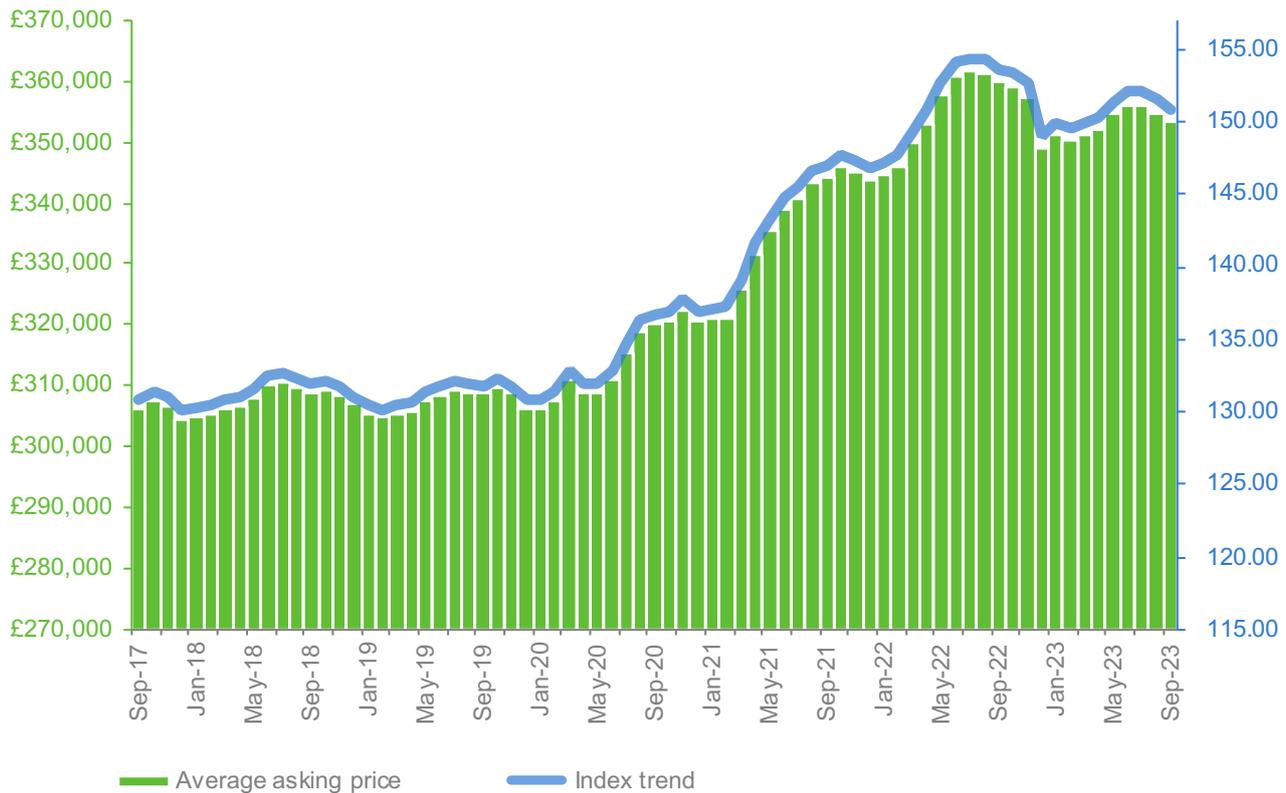


Prices Wilt but Marketing Times Remain Below Pre-COVID Figures

Headlines

- Asking prices across England and Wales have slipped a further 0.4% since last month, although the year-on-year fall remains just -1.8%.
- The Typical Time on Market for unsold property in England and Wales increased by four days during August, which is consistent with seasonal expectations again. The current median is 84 days; in September 2019 the same measure was 96 days.
- The total sales stock count for England and Wales continues to rise but as yet remains below the total for September 2019. The current total of unsold property is 456,548.
- Prices fell in most English regions and Wales since last month, but rose in the North East, Yorkshire and Scotland, confirming the continued strength of these northern markets.
- Most notably, the supply rate of new instructions entering the market remains restrained: down 4% vs. August 2022 and down 10% vs. August 2018. No increases at the regional level were observed.
- The Scottish property market remains the leader in terms of annualised price growth (5.7%), while falls in the East of England amount to -3.4%, making it the hardest hit English region.
- Rents across the UK continue to rise overall (11.0% annualised) and are now led by the North West (up 15.6%). Small increases in supply are observable but this is from a very low base in most regions.
- The current rent growth leaders in London asking rents are still the boroughs of Bexley and Hillingdon (+35% and +27% annualised respectively).

Home Asking Price Trend for England & Wales



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

Summary

Rising borrowing costs are putting the squeeze on asking prices. Home values slipped for the second consecutive month albeit not as sudden and profound as the drop seen in December 2022. Supply and demand are rebalancing in an orderly manner, with little or no panic-selling and no buyers' strike. Residual demand and a strong rental market mean the market is not stagnating but marketing times are significantly higher than a year ago, during the final months of the post-COVID boom. However, the market retains sufficient momentum to indicate that the Typical Time on Market for England and Wales is significantly lower than in either 2018 or 2019.

Stock levels of unsold property have risen overall but remain within the normal range for the seven years prior to the lockdowns. It remains to be seen whether unsold stock totals continue to rise later

in the year although, given the low supply of new instructions and the relative strength of the rental sector, an overabundance scenario would appear unlikely in the short term.

Prices did not fall in all regions last month. The North East and Yorkshire both posted modest rises while Scotland added a whopping 1.4% to the mix-adjusted average. The northern regions, Wales and Scotland all continue to show the best price performance and elevated momentum (more than in pre-COVID years), thanks to considerable residual demand.

Rents continue their rapid rise in most English regions, Scotland and Wales, although there are signs of slight cooling in the Welsh and London markets. Overall, the mix-adjusted average annualised rise for the UK stands at 11.0%, while rent inflation in the North West now leads the regional growth table at 15.6%.

The annualised mix-adjusted average asking price growth across England and

Wales remains at -1.8%; in September 2022, the annualised rate of increase of home prices was 4.6%.

The mix-adjusted average asking price for England and Wales is down 1.8% overall since September 2022, which is a remarkably small retreat given the economic headwinds facing the sales market. Of course, London and the southern regions have fared worst during this period of price correction, while growth in most northern regions, Scotland and Wales remains in positive territory.

Much higher mortgage interest rates have served to cool what was a vastly overheated market. The frothy pricing seen in early 2022 has been cleared and we are now witnessing a much more sober state of affairs. Fortunately, inflation is falling and the perceived need for yet higher interest rates may evaporate. Lower inflation also means that real home price growth is more likely to return to positive territory.

Bricks and mortar have not been a safe

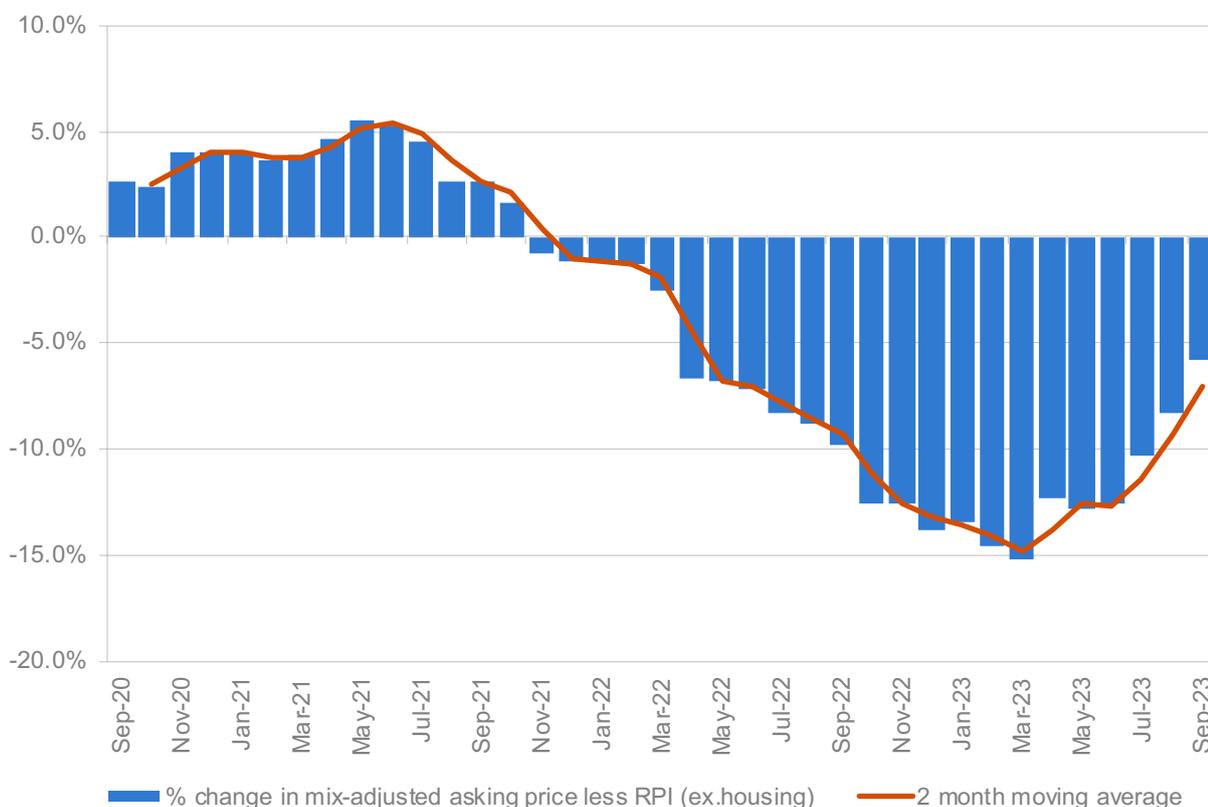
store of value since around the beginning of 2022. The largest monthly falls in real terms occurred around March this year and the current trajectory appears to be heading back towards real growth.

The energy component of inflation is currently a negative contributor and food inflation is slowing. Average inflation expectations, according to investor inflation swap data published by the Financial Times, is converging around 4% for RPI for the next five years. Hence, lower inflation expectations bode well for both real growth and potentially a cut in interest rates next year.

Stock Levels

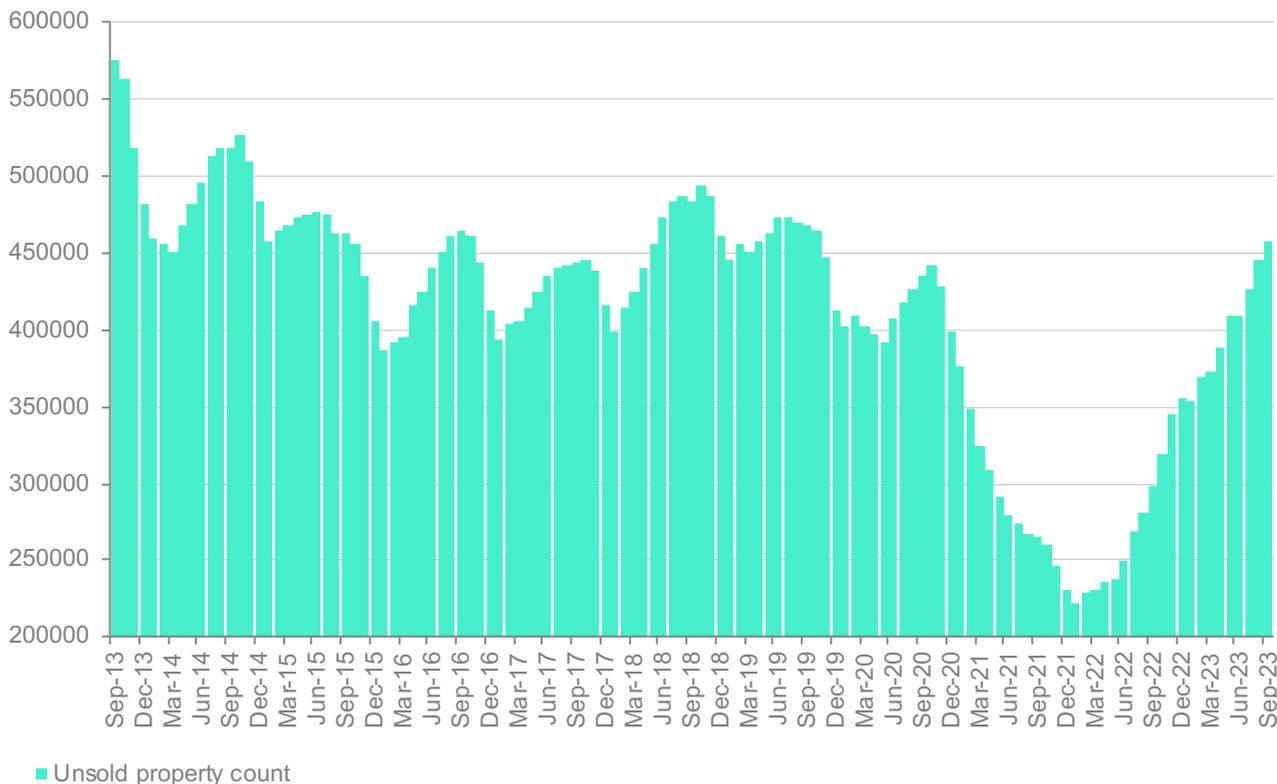
Stock levels continue to rise. The current level of 456,548 is consistent with pre-COVID years 2018 and 2019. Expectations based purely on seasonality would predict a slight downward trend from October and, should this turn out to be the case, it would further confirm a return to normal.

Real Asking Price Growth, England and Wales



Source: Home.co.uk Asking Price Index, September 2023 and ONS [RPI ex. housing].
Inflation for August and September are our estimates (6.4% and 4% respectively).

Total Stock of Property for Sale, England and Wales



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

Of course, should stock levels continue to rise thereby flooding the market, this would create further downward pressure on prices. However, given the vibrancy of the lettings sector and the fact that supply of new instructions into the marketplace remains remarkably restrained, oversupply appears a low risk scenario. August's total of new sales entrants across the UK was 4% less than August 2022 and, reassuringly, 10% less than August 2018.

Regional Roundup

A persistent north-south divide in home price growth remains apparent. The annualised chart indicates that the northern regions and Wales remain in positive territory albeit by a small margin, while Scotland shows a quite extraordinary growth in asking prices. London and the other southern regions have fared the worst over the last twelve months, with the East of England having taken the biggest hit of -3.4%.

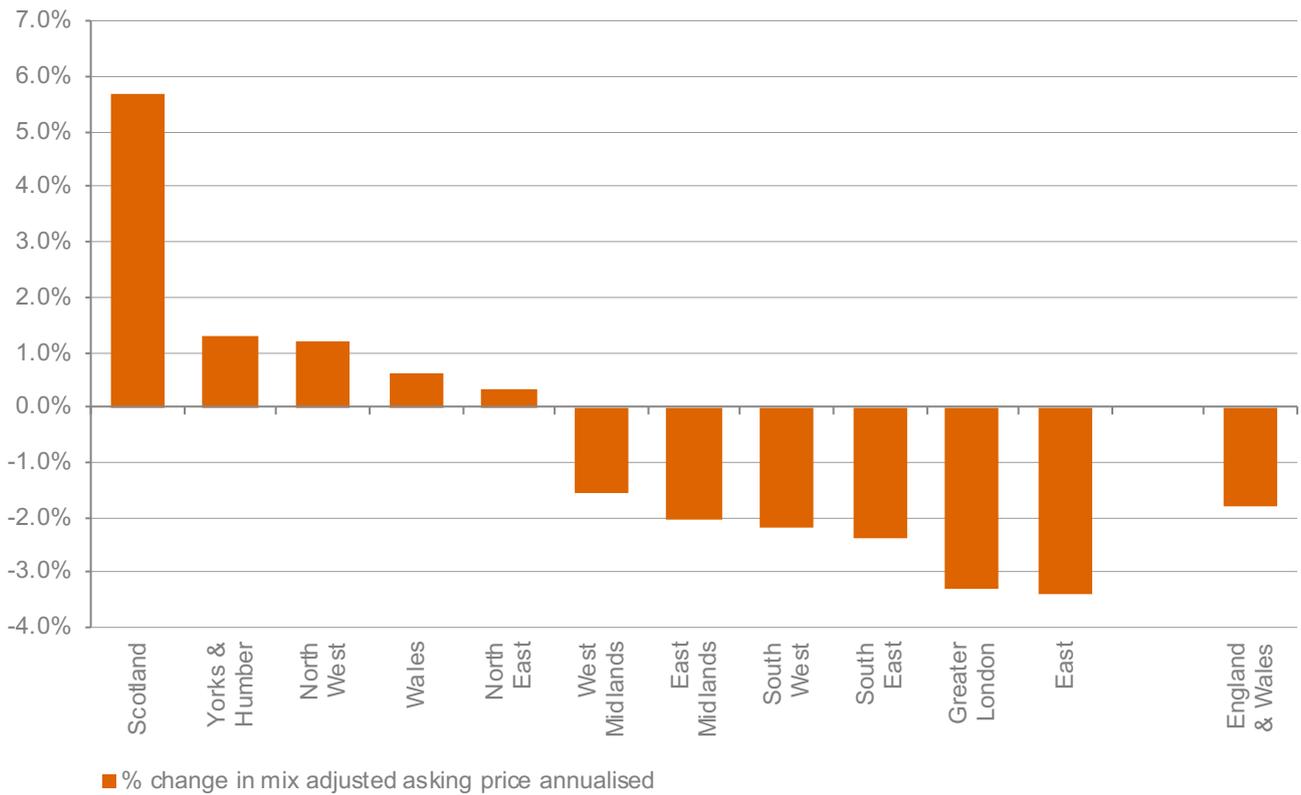
Demand remains sufficient in the

north to support prices despite the rise in financing a property purchase. A reason for this, as we have mentioned previously, is the more attractive yields available in the northern rental market. Incrementally, northern home prices are catching up with their southern peers although there remains a very large disparity.

The effect of improving or worsening marketing times on price strength is clearly apparent in the next graph. Comparing the relative changes in marketing times at the regional level over the last five years, we again observe a very close correlation between those that are currently benefitting from price growth and the converse.

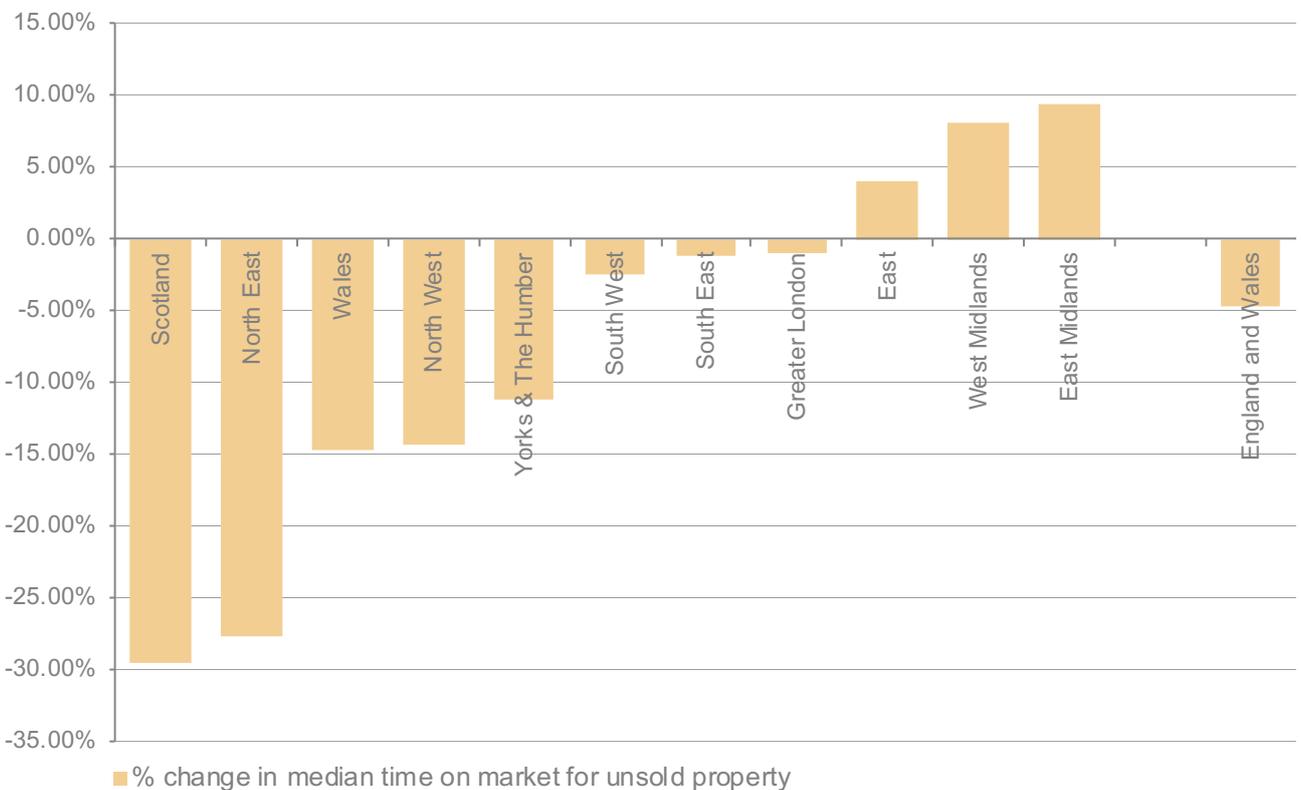
The chart also shows that the current Typical Time on Market for unsold property for England and Wales remains lower than it was in September 2018. This key metric serves as a reassuring health check of the current market.

12-month Regional Price Growth



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

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



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



“ A new threat to property ownership looms in the form of the government’s controversial new Energy Bill.

As part of the push to meet net zero targets, the proposed legislation would give extraordinary powers to ministers to punish property owners who do not comply with the new energy efficiency rules, through fines or even imprisonment.

According to Nick Gutteridge and Amy Gibbons writing for the Telegraph, the Bill: ‘provides for “the creation of criminal offences” where there is “non-compliance with a requirement imposed by or under energy performance regulations”. People could also be prosecuted for “provision of false information” about energy efficiency or the “obstruction of... an enforcement authority”.

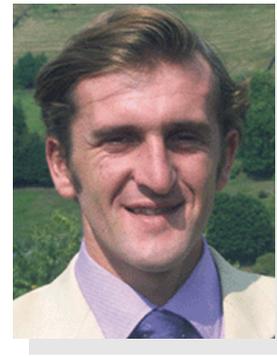
‘The Bill will replace and strengthen the rules on energy performance certificates (EPCs), which were previously based on now repealed EU law.’

Climate alarmism is driving this heavy-handed approach, which is clearly much more stick than carrot. Properties with poor EPCs will likely become more of a liability than an asset. Depending on the kind of property, upgrades to insulation can be extremely expensive.

Aside from the cost of these targets, the proposed legislation undermines the fundamental rights of property ownership. It is clearly the government’s intention to prevent property owners from simply opting out of these draconian measures.

Craig Mackinlay, the head of the Net Zero Scrutiny Group, has tabled an

amendment to strip the “open-ended and limitless” powers out of the legislation. He told The Telegraph: ‘The Bill is festooned with new criminal offences. This is just unholy, frankly, that you could be creating criminal offences.



‘The ones we’ve found most offensive are where a business owner could face a year in prison for not having the right energy performance certificate or type of building certification.’

Sir Jacob Rees-Mogg, a former energy secretary, said the proposed use of statutory instruments to create new offences was unacceptable, adding: ‘Criminal offences are an exceptional use of the state’s power and therefore require the fullest constitutional scrutiny.

“‘The whole Bill is about piling costs onto consumers. It’s as if Uxbridge and the vote against Ulez had never taken place.’

Sir John Redwood, the Tory MP for Wokingham, said the powers were “over the top” and a “clumsy intervention” to try and force through net zero, adding: ‘It’s entirely the wrong way around. If you want to speed up progress on energy efficiency, then you should do it via grants and assistance.

‘People are in the best position to judge their own houses, and you need to give them a helping hand rather than threaten them with action.’

Doug Shephard
Director at [Home.co.uk](https://www.home.co.uk)



UK Asking Prices

Scotland	Sep-23
Average Asking Price	£229,820
Monthly % change	1.4%
Annual % change	5.7%

North East	Sep-23
Average Asking Price	£190,042
Monthly % change	0.4%
Annual % change	0.3%

Yorks & The Humber	Sep-23
Average Asking Price	£248,992
Monthly % change	0.2%
Annual % change	1.3%

North West	Sep-23
Average Asking Price	£261,702
Monthly % change	-0.2%
Annual % change	1.2%

West Midlands	Sep-23
Average Asking Price	£298,596
Monthly % change	-0.9%
Annual % change	-1.5%

East Midlands	Sep-23
Average Asking Price	£283,443
Monthly % change	-0.4%
Annual % change	-2.0%

East	Sep-23
Average Asking Price	£395,713
Monthly % change	-0.5%
Annual % change	-3.4%

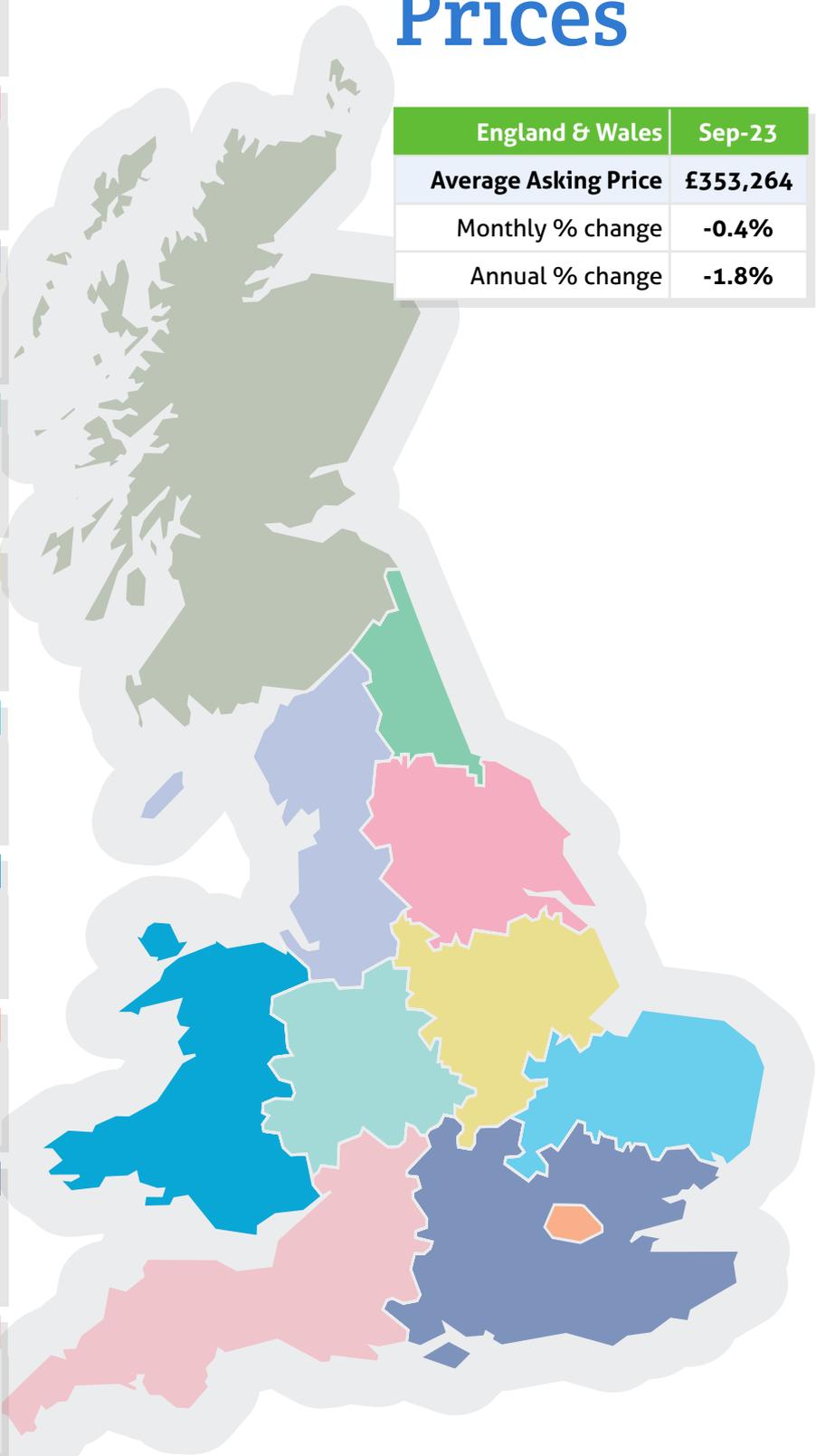
Wales	Sep-23
Average Asking Price	£265,463
Monthly % change	-0.1%
Annual % change	0.6%

Greater London	Sep-23
Average Asking Price	£539,323
Monthly % change	-0.4%
Annual % change	-3.3%

South East	Sep-23
Average Asking Price	£443,622
Monthly % change	-0.7%
Annual % change	-2.4%

South West	Sep-23
Average Asking Price	£381,966
Monthly % change	-0.6%
Annual % change	-2.2%

England & Wales	Sep-23
Average Asking Price	£353,264
Monthly % change	-0.4%
Annual % change	-1.8%



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

UK Time on Market

Scotland	Sep-23
Average Time on Market	180
Typical Time on Market	67
Annualised % supply change	-12%

North East	Sep-23
Average Time on Market	148
Typical Time on Market	81
Annualised % supply change	-2%

Yorks & The Humber	Sep-23
Average Time on Market	134
Typical Time on Market	79
Annualised % supply change	-6%

North West	Sep-23
Average Time on Market	149
Typical Time on Market	83
Annualised % supply change	-6%

West Midlands	Sep-23
Average Time on Market	147
Typical Time on Market	81
Annualised % supply change	-2%

East Midlands	Sep-23
Average Time on Market	134
Typical Time on Market	82
Annualised % supply change	-3%

East	Sep-23
Average Time on Market	142
Typical Time on Market	80
Annualised % supply change	0%

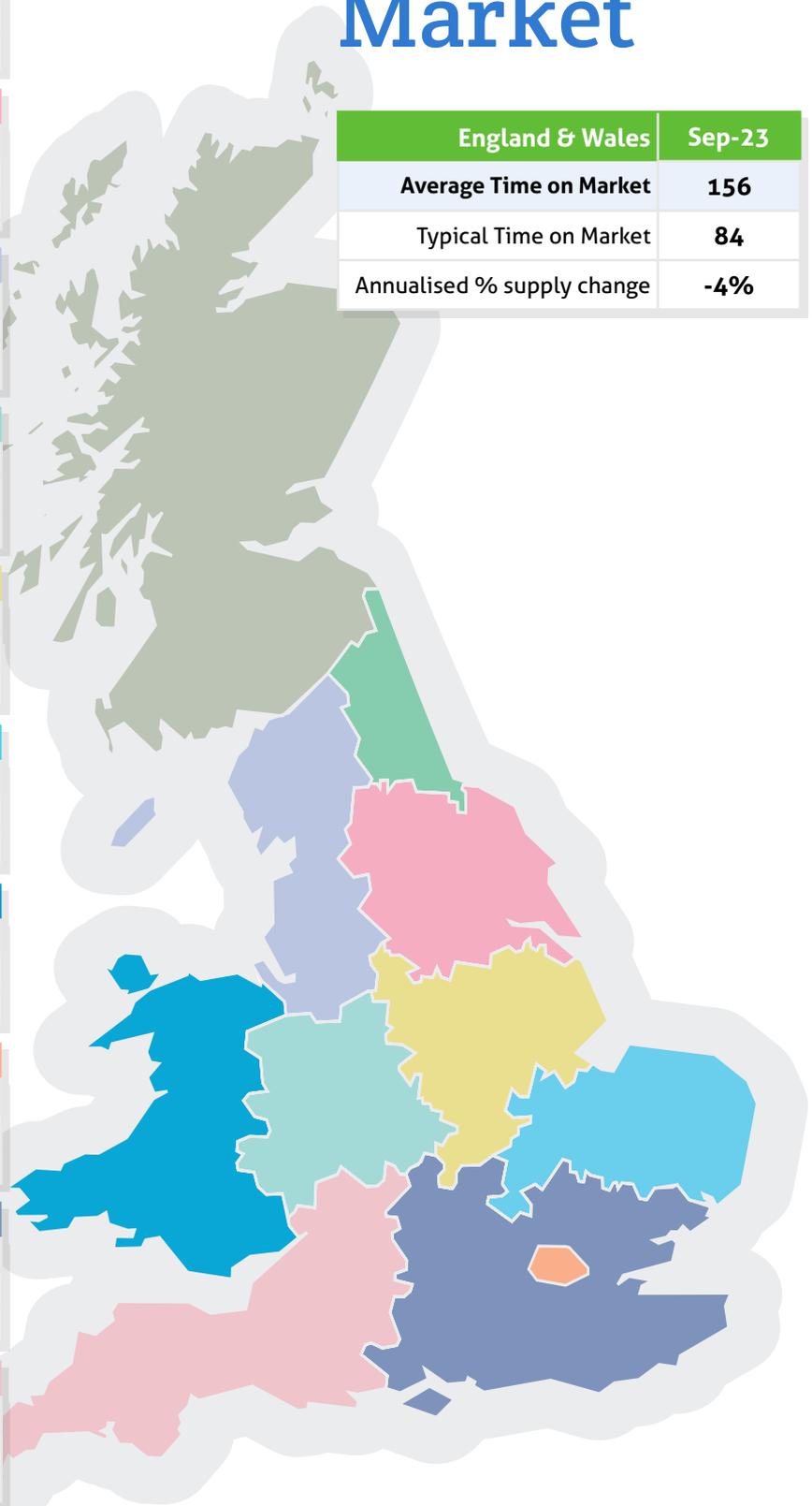
Wales	Sep-23
Average Time on Market	162
Typical Time on Market	93
Annualised % supply change	-12%

Greater London	Sep-23
Average Time on Market	194
Typical Time on Market	92
Annualised % supply change	-5%

South East	Sep-23
Average Time on Market	147
Typical Time on Market	80
Annualised % supply change	-1%

South West	Sep-23
Average Time on Market	139
Typical Time on Market	80
Annualised % supply change	0%

England & Wales	Sep-23
Average Time on Market	156
Typical Time on Market	84
Annualised % supply change	-4%



Source: Home.co.uk Asking Price Index, September 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

- For media enquiries please contact:
press@home.co.uk
0845 373 3580
- 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:

- Thursday 12th October
- Wednesday 15th November
- Wednesday 13th December