



Asking Price Index

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London Home Prices Go Stratospheric

Headlines

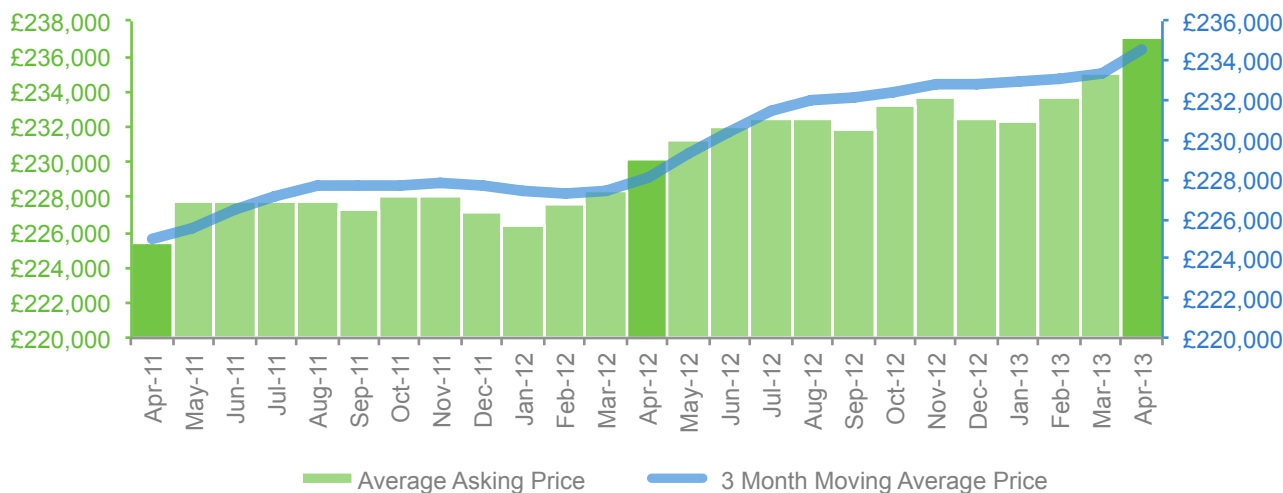
- Home prices in Greater London leap 1.3% this month, pushing the 12-month change up to a blistering 7.3%
- Asking prices post a further nationwide rise of 0.8%; a third consecutive monthly rise
- Supply of new property being placed on the market down 7.6% year-on-year
- Every region of England, Scotland and Wales report month-on-month price growth
- Average price for England and Wales up by 3% over the past 12 months

Summary

Despite the poor weather, the UK property market has surged ahead in the first few months of 2013. Asking prices are up 2.0% on January alone but with only 117,000 new sales properties entering the market last month, buyers have even fewer properties to choose from. Supply of property for sale is down 7.6% year-on-year and this shortage will only serve to push prices higher. Optimism has been further buoyed by reports of an increase in new buyer enquiries and Government support for mortgage lending and the wider housing market.

Whilst every region of England, Wales and Scotland reported price growth this month, their relative performance varies considerably. The rises across the regions range from just 0.1% in the North East to 1.3% in Greater London. The London property market continues to lead the nation in all the key metrics. Home prices in the capital are going stratospheric (up 7.3% on last year), the time on market for unsold property continues to fall (median now 75 days) and prices look set to go much higher as the volume of new property being placed on the market is down 19% year-on-year.

Price trend



Source: Home.co.uk, April 2013



Spring brings a renewed sense of optimism

As the country looks forward to the end of the long run of freezing temperatures, optimism about the UK property market is gradually improving. Nationwide, prices have risen 0.8% in the last month and, perhaps more importantly, the expected seasonal rises have materialised in every region of England, Scotland and Wales. However, it remains to be seen whether the northern regions of England, Scotland and Wales, which have suffered the worst house price deflation, can convert optimism into a real concrete recovery.

Price rises eroded by inflationary pressures

The reality for many homeowners is that, apart from London, price changes across the rest of the UK are failing to keep pace with the Retail Price Index (all items excluding housing) and therefore are going backwards in real terms. RPI is currently 3.6% whereas the average annual change in house prices across the UK (excluding London) is around 1.5%, a deficit of over 2%. The South East and the East of England are the only regions apart from London to come within a percentage point of the RPI and yet house price rises in these regions are still below inflation.

Fewer price reductions

Usually the spring surge in new property sales listings exerts price pressure on unsold stock. However, the volume of new instructions is currently lower than seasonal expectations and has yet to apply any considerable pressure on the value of existing stock as evidenced by a fall in the total number of price reductions: down 17% year on year.

London pulls away from the market

The London property market is showing no sign of slowing down, with an annual price rise now at almost 2.5 times the national average. Whilst further price rises were expected, an additional 1.3% in one month is exceptional. For the average London homeowner, this now translates into a rise in equity value of over £2,100 per month. With such price growth in the capital, the gap with the rest of the country continues to widen. Compared to annual negative price inflation in the North West (-0.9%) and even a healthy rise in the South East (+3.2%), London's pricing continues to reflect an apparent insatiable demand for property in the region.



Another considerable price rise in the capital is truly exceptional and, combined with a relatively short time on market, is clearly excellent news for vendors.



Potential buyers, already frustrated by the lack of choice, will have a tendency to 'panic buy' when faced with such spiralling home prices. It remains to be seen how high prices in the region can rise and with the combination of government backed low mortgage rates and a flood of overseas investors it would appear the sky is the limit.

As London prices continue to climb, residents are being increasingly priced out of their neighbourhoods and will be forced to look to more affordable options in the surrounding regions. However, given the London focus of the government's economic stimulus to date, the other regions of the country have been somewhat left to support themselves.

Hopefully, last month's Budget announcements will help stimulate the regions that need it the most.

Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Apr-13
Average Asking Price	£160,579
Monthly % change	0.6%
Annual % change	0.6%

North East	Apr-13
Average Asking Price	£152,523
Monthly % change	0.1%
Annual % change	0.3%

Yorks & The Humber	Apr-13
Average Asking Price	£169,140
Monthly % change	0.6%
Annual % change	0.8%

North West	Apr-13
Average Asking Price	£171,856
Monthly % change	0.5%
Annual % change	-0.9%

West Midlands	Apr-13
Average Asking Price	£191,481
Monthly % change	0.9%
Annual % change	1.8%

East Midlands	Apr-13
Average Asking Price	£177,205
Monthly % change	1.1%
Annual % change	2.1%

East	Apr-13
Average Asking Price	£252,881
Monthly % change	0.5%
Annual % change	3.0%

Wales	Apr-13
Average Asking Price	£175,405
Monthly % change	0.6%
Annual % change	1.5%

Greater London	Apr-13
Average Asking Price	£372,984
Monthly % change	1.3%
Annual % change	7.3%

South East	Apr-13
Average Asking Price	£302,491
Monthly % change	0.9%
Annual % change	3.2%

South West	Apr-13
Average Asking Price	£258,250
Monthly % change	0.9%
Annual % change	2.2%

England & Wales	Apr-13
Average Asking Price	£237,067
Monthly % change	0.8%
Annual % change	3.0%



Source: Home.co.uk, April 2013

Londoners Look On As Their Home Equity Soars

Homeowners in the capital are currently enjoying an extraordinary housing market rally. The typical time of market for unsold property is the lowest in the country at just 75 days (4 days less than in April 2012) and falling. Home prices are going stratospheric and have risen by 7.3% over the last year, which equates to almost 2.5 times the national average growth rate. Moreover, owners are seemingly disinclined to sell for the time-being (as indicated by a 19% annualised fall in new property sales listings) and who can blame them when they are benefiting from one of the best performing assets there is.

Our research shows that, even when excluding properties over one million pounds, the average London property owner is currently enjoying a gain in equity value of over £2,100 per month on a property worth £372,984. Such rises dwarf the average monthly gains achieved by other areas of the South and is a stark contrast to the annual negative equity value realised in the North West.

The London property market has not entirely escaped the impact of the current economic conditions and restrictions on mortgage lending. Consequently, there has been a dampening of demand for properties towards the lower end of the market in less affluent areas. However, soaring average prices in Greater London are being driven by huge rises in the more desirable areas and it is in those areas where home equity is being accumulated at a feverish pace. Overall, the larger the property the greater the gain in

monthly equity value will be. In effect market demand is being driven by those who can afford to move and have already benefited from significant gains in equity value.

London is far from a homogeneous property market and the average changes in monthly equity value will vary by area. Taking an average 2-bed sales property, the top 5 performing areas over the past 12 months are Bloomsbury, Shoreditch, Bethnal Green, Chelsea and Elephant and Castle. At the other end of the performance scale are areas in North West London including Edgware, Harlesden and Willesden, all of which have experienced falls in average equity value.

Doug Shephard, director at Home.co.uk commented

“Such rises in property values reflect the insatiable demand for property in the capital and with supply so limited prices look set to soar even higher this year. Supply is likely to remain low as London homeowners hang onto their highly appreciating property assets.

Of course the reality is that such equity gains can only be realised if the owner actual sells their property and either downsizes or moves to a far more affordable region. Given the relative cost of moving up the ladder, in many cases, buying another property in the capital is likely to neutralise these gains.”

London prices are currently 4% higher than their previous property boom peak set in April 2008 and rising.

Table 1: Annual Price Change by Region & Average Monthly Change in Home Equity Value

Rank	Region	Average Annual Asking Price Change (%)	Average Monthly Change in Equity Value
1	Greater London	7.3%	£2,124
2	South East	3.2%	£772
3	East	3.0%	£607
4	South West	2.2%	£466
5	East Midlands	2.1%	£298
6	West Midlands	1.8%	£285
7	Wales	1.5%	£221
8	Yorks & The Humber	0.8%	£111
9	Scotland	0.6%	£82
10	North East	0.3%	£34
11	North West	-0.9%	-£133

Source: Home.co.uk, April 2013



About the Home.co.uk Asking Price Index

- The Home.co.uk Asking Price Index is produced 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 800,000 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.

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

