

## Rising Supply Puts the Brakes on Price Rises

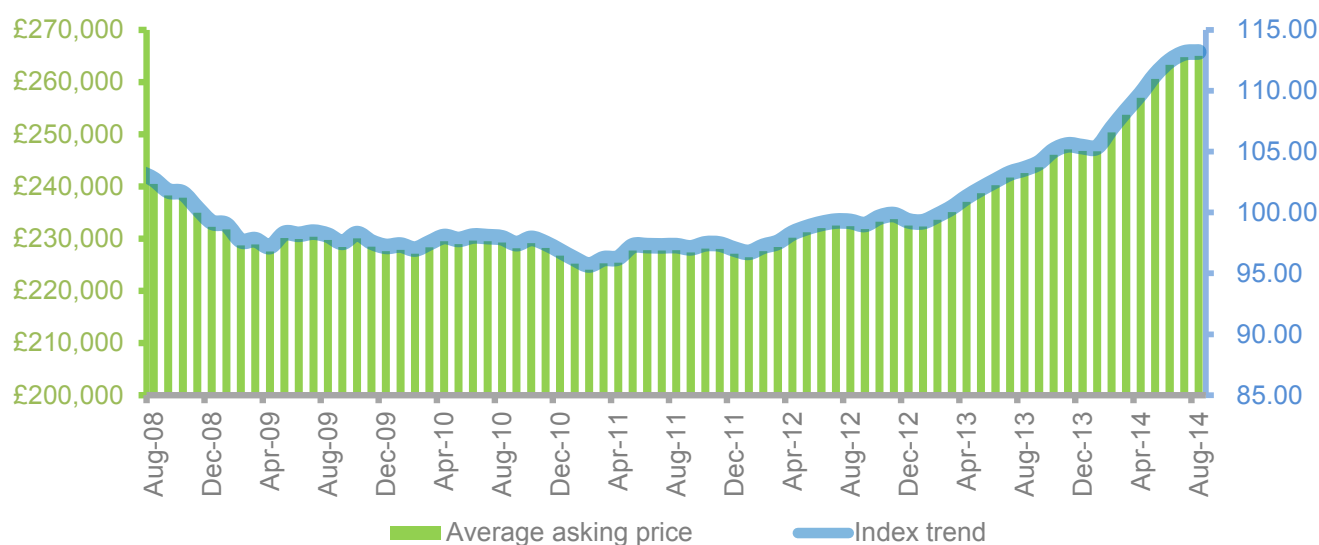
### Headlines

- Asking prices rise for a seventh consecutive month (albeit by just 0.1%), making the average annual appreciation for England and Wales fall 0.3% to 9.3%.
- Home prices actually dipped during the last month in the South East, South West, East Anglia and Yorkshire.
- The market dynamic is changing as the supply of property for sale rose last month in all regions except East Anglia and the South West.
- Supply of property for sale in Greater London up by 39% vs. July last year.
- Typical time on market across England and Wales unchanged at 90 days.

### Summary

The property market across the UK shows signs of cooling as price rises slow down in response to rising supply. The average asking price for a flat has actually dipped slightly since July to £161,956, ending a 14-month rally. Less affected by supply issues, detached, semi and terraced properties continue to rise for the time being. Moreover, home prices actually dipped during the last month in the relatively strong regional markets of the South East, South West, East Anglia and Yorkshire for the first time this year (by just 0.1% overall), and this is further evidence of a cooling market. Greater London posted a more muted month-on-month price rise of 0.3%. Price rises in other English regions, Scotland and Wales since July were all similarly modest (0.2% or less), with the exception of the East Midlands which jumped 0.5%.

### Home Asking Price Trend for England & Wales



Source: Home.co.uk, August 2014

## Regional Market Round-up

Overall, home prices rose by a mere 0.1% across England and Wales. However, the underlying regional detail shows a plethora of minor rises and falls, with the exception of the East Midlands where prices posted a further strong rise of 0.5%. The unique Home.co.uk whole-market analysis confirms that a change in supply dynamics has brought the seemingly runaway price hikes observed during previous months to a near halt. The rate of properties entering the market is now at a 14-month high, up 6% year-on-year. By far the most dramatic change in supply of property for sale is the Greater London region: up 39% year-on-year.

Without the key driver of falling supply, pricing is weaker even in the formerly strong performing regions such as East Anglia, the South West and the South East, all of which posted small price dips this month (see map). Price rises over the rest of the country, Scotland and Wales are more muted than in previous months due to increased supply and mortgage tightening, but it should be noted that this is also consistent with seasonal expectations.

Marketing time analysis reveals an end to the improving trend observed in the slower markets. In August 2013, only four regional markets had a typical marketing time of less than 100 days (London, the South East, East Anglia and the South West). Now, in August 2014, this elite group has been joined by the East Midlands and the West Midlands, with typical marketing times of 89 and 92 days respectively. The remaining three English regions (the North East, the North West and Yorkshire), Scotland and Wales all have typical times on market for unsold property in excess of 100 days. The North East remains by far the longest at 142 days.

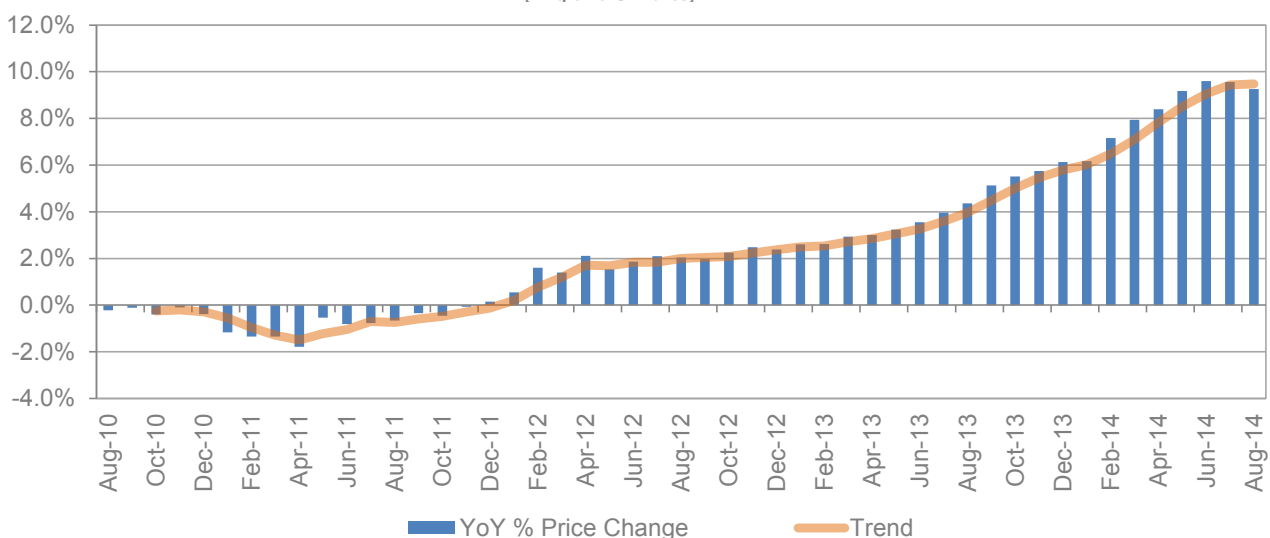
The increase in supply should not be overplayed. The total number of properties for sale in England and Wales remains very low indeed: 11% less than in August 2013 and 36% less than in August 2008. Higher prices have encouraged more vendors to enter the market but certainly not at sufficient numbers to cause significant distress to home prices. Overall, the UK property market is rebalancing, and price rises going forward are likely to be positive but more subdued.

## Year on Year Asking Price Change Starts to Fall

Average mix-adjusted 12-month change in asking prices for England and Wales appears to have reached a maximum (9.6%) and has fallen back slightly this month to 9.3%.

### 12 Month Change in Asking Prices by Month

(England & Wales)



Source: Home.co.uk, August 2014

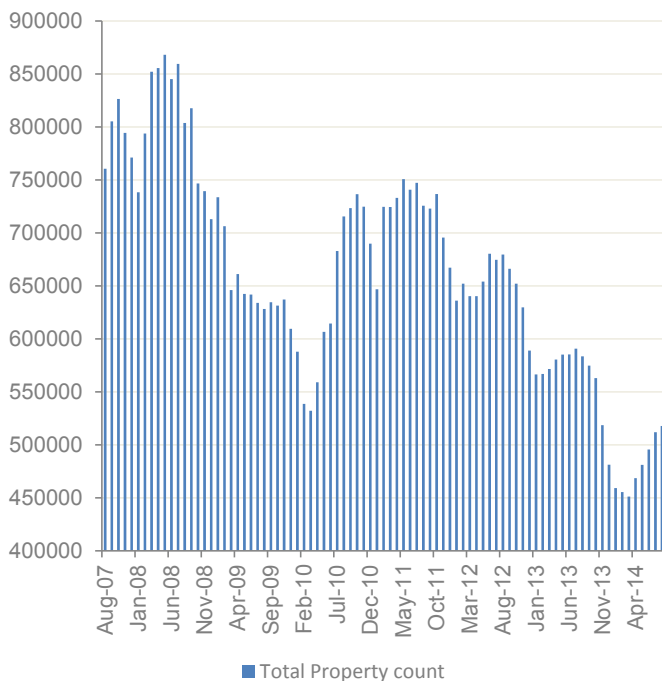
The average year-on-year price change trend for England and Wales (shown above) depicts the rapid recovery of the housing market since the beginning of 2012. Overall, prices were slow to rise at first (chiefly since prices in the North continued to fall and this countered the recovery in the South). Price rises then accelerated through 2013 and the earlier part of this year to reach a maximum of 9.6%. Home prices look set to increase at a more moderate (and sustainable) pace during the rest of 2014 and 2015.

## Stock Levels Rise but Still Very Low

An up-tick in supply has certainly tamed spiralling prices for the moment, but the total number of properties currently for sale is much less than observed for most of the last 7 years.

### Stock of Property for Sale

(England & Wales)



Source: Home.co.uk, August 2014



**Record prices in Greater London have tempted many more potential vendors to sell.**

Supply is up 39% year-on-year in the capital region but one must remember that it is rising from an ultra-low level. To put the current number of properties entering the market into context, we need to look further back. 14,270 properties entered the market last month, which is 31% less than the 20,615 properties that were placed on the market in August 2008. Such is the demand for property in London that supply would need to increase much more before price stability was seriously threatened.

If we look at the wider supply-demand dynamics across the whole country, it is clear that buyer demand is certainly lower than it was before the financial crisis of 2007, but supply remains very low indeed. On the demand side, mortgage lending is working (and more responsibly) and interest rates remain very favourable for the time being. Supply, on the other hand, has increased by just 6% over the last 12 months across the UK. Outside of London, the largest rises in supply were found in the West Midlands and in Wales (+9% and +8% respectively year-on-year). Such modest increases, from what is a record low level, are hardly likely to cause a crash any time soon, but they will help tame price rises and that will both help stabilise the market and be welcome news for aspirant buyers.

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



# UK Asking Prices

| Scotland                    | Aug-14          |
|-----------------------------|-----------------|
| <b>Average Asking Price</b> | <b>£161,921</b> |
| Monthly % change            | 0.19%           |
| Annual % change             | 0.57%           |

| North East                  | Aug-14          |
|-----------------------------|-----------------|
| <b>Average Asking Price</b> | <b>£153,907</b> |
| Monthly % change            | 0.12%           |
| Annual % change             | 0.49%           |

| Yorks & The Humber          | Aug-14          |
|-----------------------------|-----------------|
| <b>Average Asking Price</b> | <b>£172,917</b> |
| Monthly % change            | -0.06%          |
| Annual % change             | 2.05%           |

| North West                  | Aug-14          |
|-----------------------------|-----------------|
| <b>Average Asking Price</b> | <b>£178,036</b> |
| Monthly % change            | 0.10%           |
| Annual % change             | 2.90%           |

| West Midlands               | Aug-14          |
|-----------------------------|-----------------|
| <b>Average Asking Price</b> | <b>£202,657</b> |
| Monthly % change            | 0.19%           |
| Annual % change             | 4.32%           |

| East Midlands               | Aug-14          |
|-----------------------------|-----------------|
| <b>Average Asking Price</b> | <b>£191,905</b> |
| Monthly % change            | 0.48%           |
| Annual % change             | 6.41%           |

| East                        | Aug-14          |
|-----------------------------|-----------------|
| <b>Average Asking Price</b> | <b>£280,964</b> |
| Monthly % change            | -0.05%          |
| Annual % change             | 9.48%           |

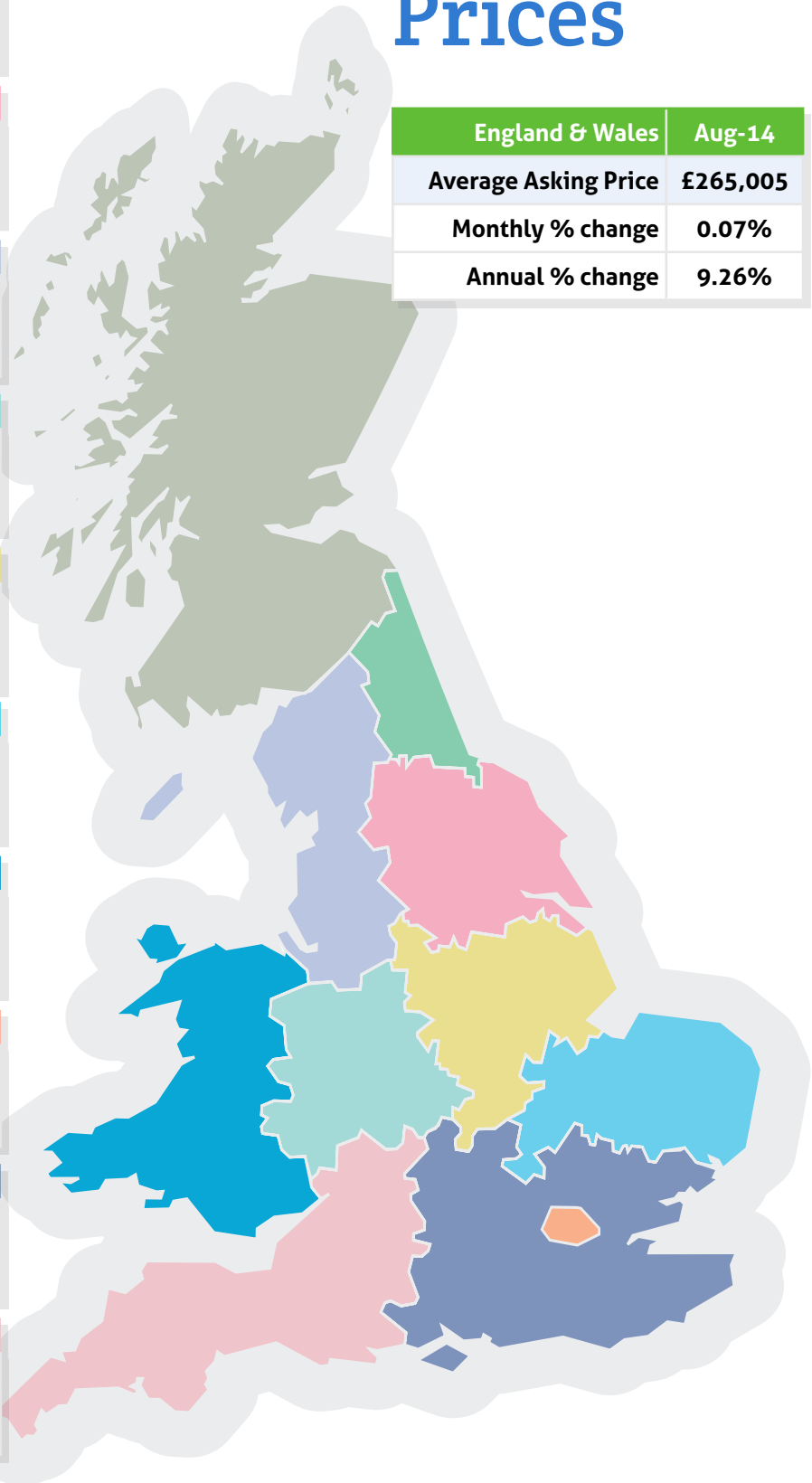
| Wales                       | Aug-14          |
|-----------------------------|-----------------|
| <b>Average Asking Price</b> | <b>£181,098</b> |
| Monthly % change            | 0.16%           |
| Annual % change             | 2.65%           |

| Greater London              | Aug-14          |
|-----------------------------|-----------------|
| <b>Average Asking Price</b> | <b>£466,593</b> |
| Monthly % change            | 0.27%           |
| Annual % change             | 19.93%          |

| South East                  | Aug-14          |
|-----------------------------|-----------------|
| <b>Average Asking Price</b> | <b>£342,933</b> |
| Monthly % change            | -0.13%          |
| Annual % change             | 9.89%           |

| South West                  | Aug-14          |
|-----------------------------|-----------------|
| <b>Average Asking Price</b> | <b>£281,700</b> |
| Monthly % change            | -0.14%          |
| Annual % change             | 6.31%           |

| England & Wales             | Aug-14          |
|-----------------------------|-----------------|
| <b>Average Asking Price</b> | <b>£265,005</b> |
| <b>Monthly % change</b>     | <b>0.07%</b>    |
| <b>Annual % change</b>      | <b>9.26%</b>    |



Source: Home.co.uk, August 2014

# UK Time on Market

| Scotland                      | Aug-14     |
|-------------------------------|------------|
| <b>Average Time on Market</b> | <b>245</b> |
| Typical Time on Market        | 111        |
| Annual % supply change        | 1%         |

| North East                    | Aug-14     |
|-------------------------------|------------|
| <b>Average Time on Market</b> | <b>306</b> |
| Typical Time on Market        | 142        |
| Annual % supply change        | 5%         |

| Yorks & The Humber            | Aug-14     |
|-------------------------------|------------|
| <b>Average Time on Market</b> | <b>233</b> |
| Typical Time on Market        | 117        |
| Annual % supply change        | 2%         |

| North West                    | Aug-14     |
|-------------------------------|------------|
| <b>Average Time on Market</b> | <b>232</b> |
| Typical Time on Market        | 118        |
| Annual % supply change        | 4%         |

| West Midlands                 | Aug-14     |
|-------------------------------|------------|
| <b>Average Time on Market</b> | <b>185</b> |
| Typical Time on Market        | 92         |
| Annual % supply change        | 8%         |

| East Midlands                 | Aug-14     |
|-------------------------------|------------|
| <b>Average Time on Market</b> | <b>175</b> |
| Typical Time on Market        | 89         |
| Annual % supply change        | 3%         |

| East                          | Aug-14     |
|-------------------------------|------------|
| <b>Average Time on Market</b> | <b>129</b> |
| Typical Time on Market        | 68         |
| Annual % supply change        | -1%        |

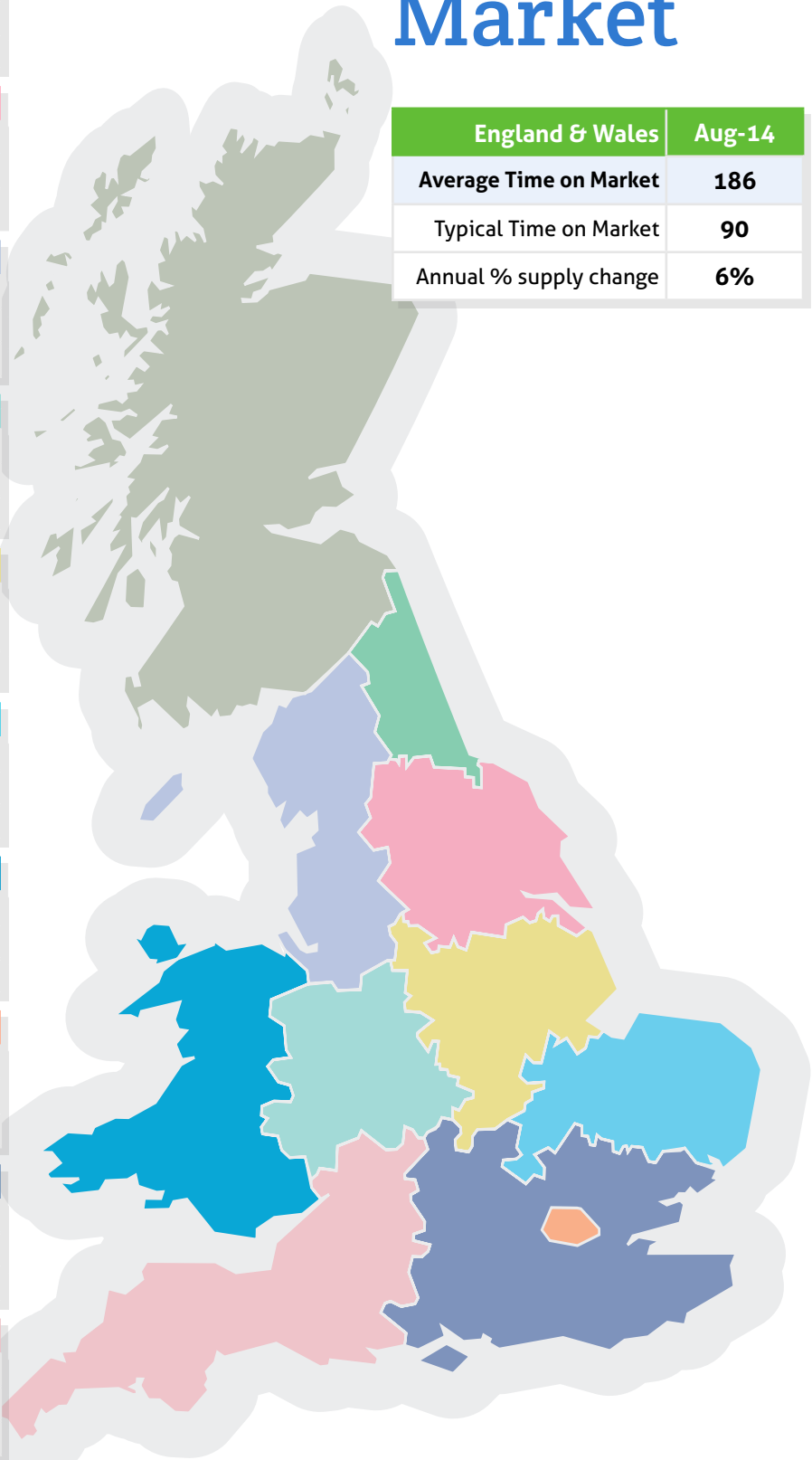
| Wales                         | Aug-14     |
|-------------------------------|------------|
| <b>Average Time on Market</b> | <b>266</b> |
| Typical Time on Market        | 126        |
| Annual % supply change        | 7%         |

| Greater London                | Aug-14    |
|-------------------------------|-----------|
| <b>Average Time on Market</b> | <b>89</b> |
| Typical Time on Market        | 51        |
| Annual % supply change        | 39%       |

| South East                    | Aug-14     |
|-------------------------------|------------|
| <b>Average Time on Market</b> | <b>115</b> |
| Typical Time on Market        | 62         |
| Annual % supply change        | 1%         |

| South West                    | Aug-14     |
|-------------------------------|------------|
| <b>Average Time on Market</b> | <b>154</b> |
| Typical Time on Market        | 84         |
| Annual % supply change        | -3%        |

| England & Wales               | Aug-14     |
|-------------------------------|------------|
| <b>Average Time on Market</b> | <b>186</b> |
| Typical Time on Market        | <b>90</b>  |
| Annual % supply change        | <b>6%</b>  |



Source: Home.co.uk. Note: Average = Mean days on market of unsold property, 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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0845 373 3580
- To learn more about Home.co.uk please click [here](#).
- For further details on the methodology used in the calculation of the HAPI please click [here](#).
- To learn more about Home.co.uk data services please click [here](#).

### Future release dates:

- **Friday 12<sup>th</sup> September**
- **Wednesday 12<sup>th</sup> November**
- **Friday 12<sup>th</sup> December**