



# Asking Price Index

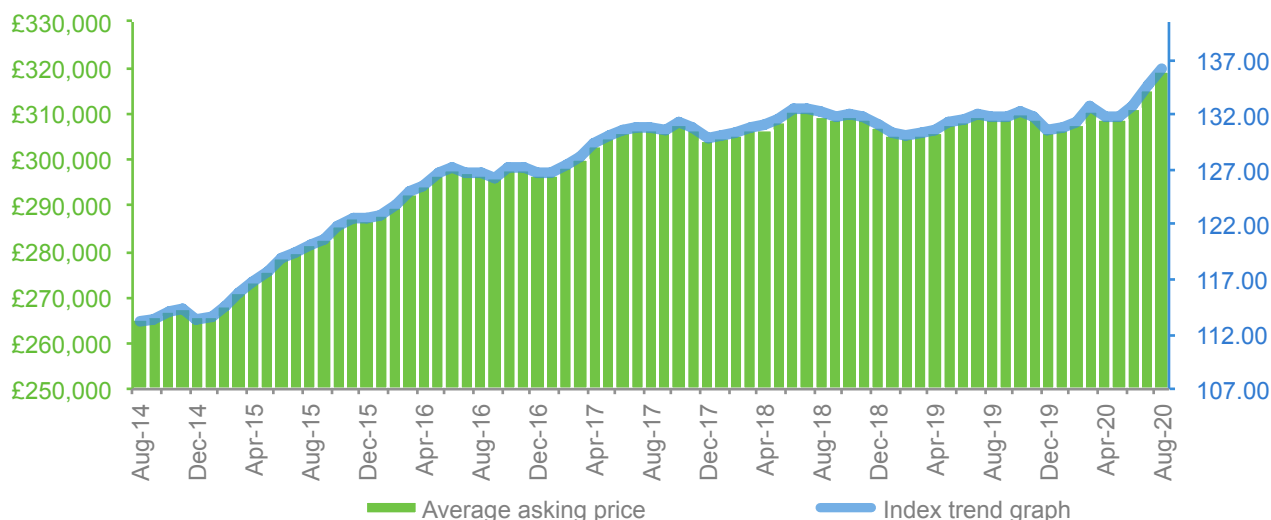
Released 12/08/20 August 2020

## The Market Bounces Back and Prices Soar

### Headlines

- The mix-adjusted average asking price for England and Wales leaps a further 1.2% since the July reading, bringing the year-on-year rise to 3.3%.
- Supply of new sales instructions exceeded normal levels in England, Wales and Scotland in July (as compared to July 2019).
- Despite surging supply, the overall stock count remains 9.1% lower than in August 2019, as pent-up demand devours the new listings.
- Vendors' further upward pricing indicates phenomenal confidence despite the damage inflicted on the wider economy by measures imposed to halt the COVID-19 pandemic.
- Scottish vendors also show extraordinary confidence as they come out of a prolonged lockdown, with a massive hike in the average home price of 3.6% since last month.
- The best-performing regions are the North West and Yorkshire, both showing year-on-year price growth uptrends of 6.7% and 8.1% respectively.
- A further monthly rise of 0.6% takes the East of England (the UK's worst-performing region) back into positive growth year-on-year (+0.7%).
- 13% fewer properties on the market were reduced in price last month compared to July 2019, suggesting vendors remain both confident and patient.
- Supply in the rental sector across the UK has mostly recovered but remains 6.8% down year-on-year. Only the Greater London area shows an increase in properties available to rent year-on-year.

### Home Asking Price Trend for England & Wales



Source: Home.co.uk Asking Price Index, August 2020, Indexed to May 2004 (Value =100).



## Summary

The UK property market recovery continues, stepping up a gear in response to considerable pent-up demand and delayed sales. Estate agents had a phenomenally busy month in July, taking on vast amounts of new instructions at the same time as properties were being snapped up. Moreover, new listings are being placed on the market with markedly higher asking prices.

London agents were the busiest with the total of new inventory in July up 45% when compared to July 2019. The East and South East regions were not far behind with totals of new instructions up 29% and 30% respectively, as vendors and agents make up for lost time. Despite an overall uplift in monthly supply of 22%, the UK total of stock for sale remains lower than a year ago, indicating that the market is far from saturated at the national level, at least for the time being, although some regions (e.g. London) may be entering a period of oversupply.

Asking prices are up again for a third consecutive month in all English regions, Scotland and Wales. Notably bullish price hikes are evident in Yorkshire (+2.3%) and Scotland (+3.6%), which has just come out of lockdown, while the most cautious price setting is observed in Greater London and the East of England (up

0.5% and 0.6% respectively). The cumulative rise in the mix-adjusted average asking price for England and Wales over the last three months amounts to just over £10,000.

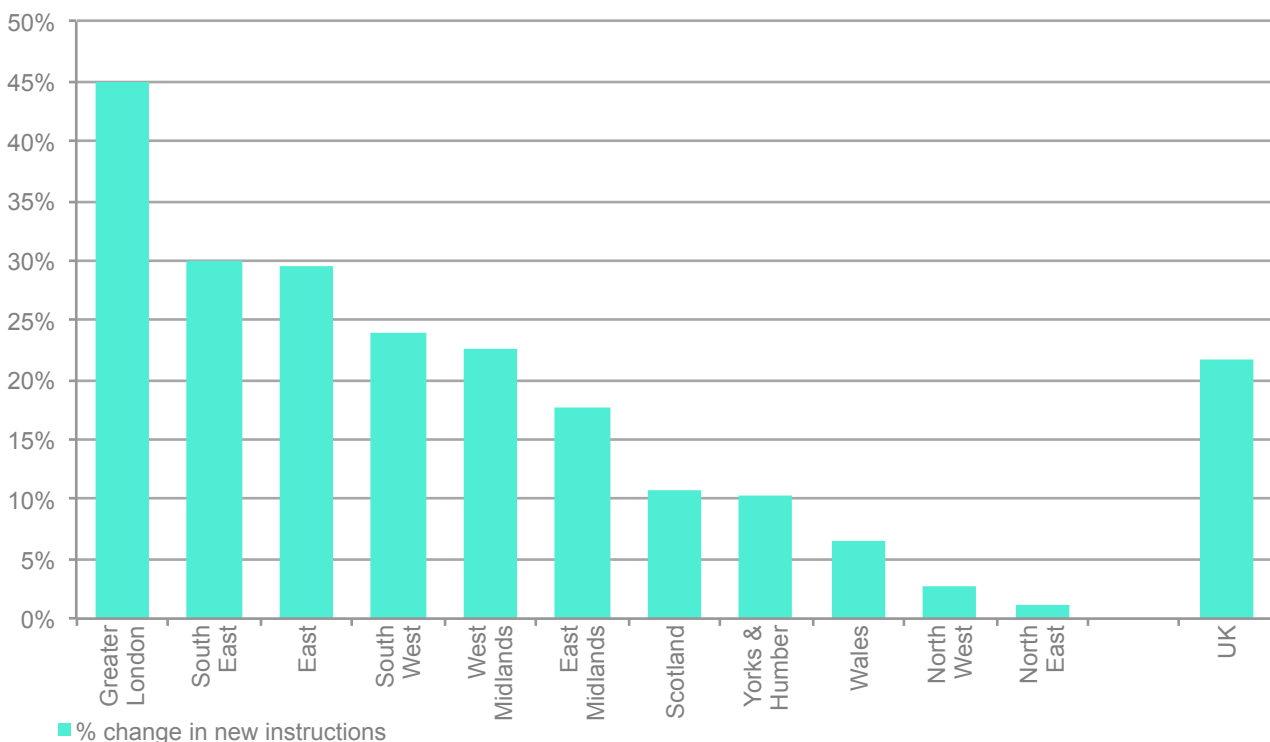
The annualised mix-adjusted average price growth across England and Wales currently stands at an impressive +3.3%; a vast improvement on Aug 2019, when the annualised rate of increase of home prices was -0.2%.

## Regional Roundup

With July registering the most new listings in a single month since May 2012, we continue to track the rebalancing of supply and demand this month, both nationally and regionally. With just over 121,000 new instructions entering the UK market in July, vendors and agents have responded rapidly to pent-up demand post-lockdown. However, there are significant differences across the regions with regard to the supply surge.

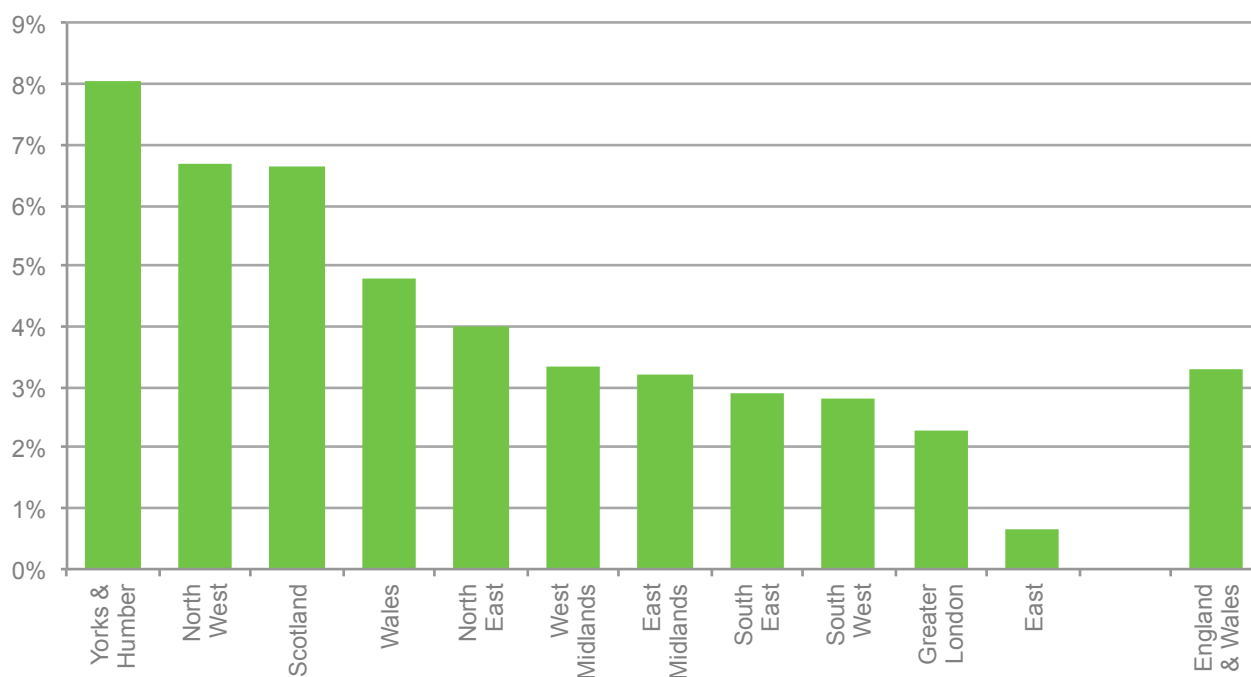
London has led the charge with the number of listings 45% higher than in July 2019 and the largest total since February 2011. Such is the magnitude of this surge in new instructions, we are obliged to consider the possibility that demand may be swamped over the coming months. We recall that in 2011 prices flatlined until the following year due to oversupply.

## New Sales Listings, July 2020 vs. July 2019



Source: Home.co.uk Asking Price Index, August 2020

## Annualised Regional Price Growth, Aug 2020 vs. Aug 2019



■ 12-month change in mix-adjusted asking price

Source: Home.co.uk Asking Price Index, August 2020

However, the situation is somewhat different this time due to around three months of accumulated demand.

The South East and East of England also registered phenomenal surges in supply last month (+30% and +29% respectively vs. July 2019) and this may well exert a calming effect on the current wave of asking price hikes, especially if this level of supply is maintained going forward.

Further afield, lesser surges in supply are noted in the South West (+24%), West Midlands (+23%) and the East Midlands (+18%). Such totals, given the pent-up demand, will likely be more digestible for these regional markets, especially in view of the current trend to relocate towards less urban areas.

By contrast, northern England, Scotland and Wales all show much more restraint on the part of vendors. Yorkshire, the UK's best-performing region in terms of price growth, has registered a moderate rise of 10% while the neighbouring regions of the North West and North East have indicated increases in supply of just +3% and +1% respectively (again compared to July 2019). The current local lockdown centred on East Lancashire and West Yorkshire will certainly hamper supply this month. Wales and Scotland also show much more moderate increases in

supply compared to London and surrounds, with rises of 6% and 11% respectively.

Whilst the volumes of new listings have bounced back the most in London and adjacent regions, asking price growth is greatest in the north and west. Supply is more muted in these regions but what is evident is the considerable confidence of vendors when it comes to setting the asking price.

The national average home price jumped a further 1.2% over the last month but there were examples of much greater hikes at the regional level (e.g. blistering increases in Scotland and Yorkshire). In fact, we have witnessed price rises across all English regions and in Scotland and Wales over the last three months. The 12-month price growth figures are most impressive, both regionally and nationally, considering the economic chaos brought on by the pandemic.

Yorkshire leads the regions with exceptional price growth of 8.1% since August last year. The North West also shows strong growth of 6.7% over the last year. At odds with most mainstream predictions of doom and gloom, these two regions are registering the kind of growth we would expect during a property boom. Scotland is also showing impressive growth at an annualised 6.6%, a far cry from the dire post-Brexit warnings.

Wales and the North East show solid growth. In fact, the North East is now displaying the best price performance for many years, previously being hamstrung with sub-inflation stagnation. Further south, the Midlands, South East, South West and London are all indicating reasonable growth over and above monetary inflation. For the time being, only the East of England shows sub-inflation growth, and this is the natural consequence of a previous period of intense growth. Prices in this region overheated and, like London previously, a price correction was inevitable. Now, key indicators suggest that this market may return to more robust growth as long as supply does not overwhelm the significant demand that is apparent.

The relative changes in Time on Market for the regions are key metrics when analysing the increase in market momentum. Owing to the COVID lockdown, Time on Market figures (both median and mean) soared during March, April and May - quite the opposite of the normal seasonal trend for that part of the year. Now, as we witness the market recovery, both mean and median Time on Market figures are falling as anticipated, although it is the Typical Time on Market (median) that is the better indicator in regard to identifying which regions have picked

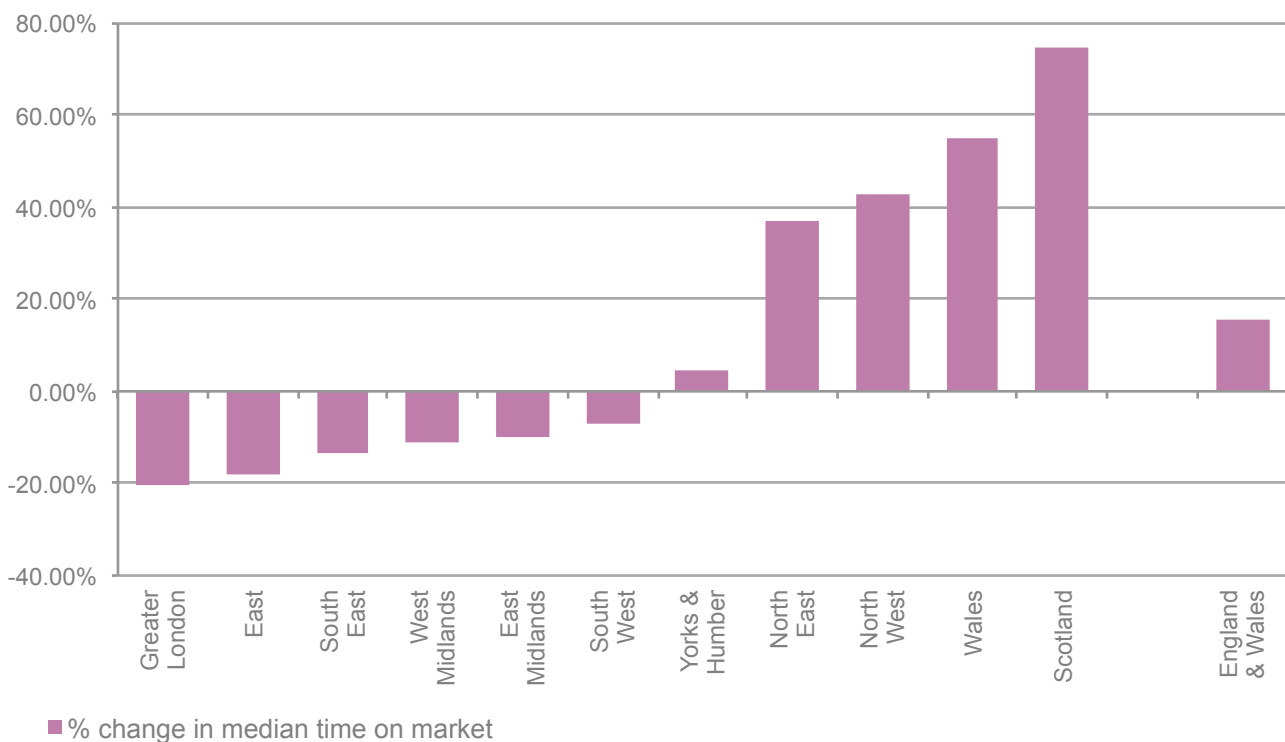
up the most momentum of late. In some regions, quite remarkably, properties are moving through the marketplace so quickly that their Typical Time on Market figures are now lower than they were in August 2019.

The data presented in the chart shows London and the East of England to be surging, with the median Time on Market for unsold property 20% and 18% lower respectively than they were in August 2019. This is quite simply a remarkable turnaround given how the market was effectively frozen only two months ago.

The South East, the Midlands and the South West are also showing considerable vigour. Properties are typically spending less time on the market due to a combination of pent-up demand snapping up the available stock and a vast insurgence of new listings.

Further north, the picture is rather different. Longer lockdowns in Scotland and Wales have delayed the recovery of these property markets and the current local lockdowns in parts of Yorkshire and Lancashire will no doubt be hampering the recovery of those markets. However, we anticipate considerable improvements in the Time on Market figures for these regions going forward.

## Change in Typical Time on Market, Aug 2020 vs. Aug 2019



Source: Home.co.uk Asking Price Index, August 2020

**“ What a comeback! Prices are up substantially and marketing times are falling rapidly.**

Britons and overseas investors seem to have lost none of their appetite for UK property. Making up for lost time, estate agents were extraordinarily active last month, adding near-record numbers of properties to their portfolios while, at the same time, securing vast numbers of sales subject to contract. Banks and building societies are reported to be overwhelmed by the demand for mortgage applications and even the Bank of England is sounding less pessimistic.

Post-lockdown, some buyers are showing a new preference for non-urban living but such lifestyle choices are for the privileged few. We don't expect a mass exodus from UK cities, although prime London properties are clearly less desirable in both sales and rental sectors. In fact, rents are on the decline overall in Greater London (-5.2%) whilst rising across the rest of the regions. Supply is up strongly in London (+30% year-on-year) owing to many former short-term lets (Airbnbs) being placed on the longer-term letting market. Of course, this is good news for London renters who now have more choice and some haggleroom.

Across most of the rest of the UK, soaring rents and falling supply spells bad news for renters. In the north and west, annualised rises are broadly around the 10% mark and this, coupled with the capital gains to be had in these hot sales markets, will bolster further buy-to-let investment in these regions, from both foreign and domestic investors. Indeed, a low pound sterling and the stamp duty holiday are making UK property particularly attractive for expats and non-British investors. Moreover, the looming stamp duty

surcharge of 2% for non-UK residents will hit in April 2021, and therefore we expect a surge of such purchases over the coming months in order to beat the deadline.



In the Halifax's latest house price index, they laughably report a 'surprising spike' in home values. 'Surprising' to them, possibly, (and a way to excuse their previous erroneous predictions) but 'spike'? An uptick, perhaps, but a spike suggests that they are sufficiently clairvoyant to know that prices will fall off again immediately. I wouldn't bet on it. To be fair, the Halifax will have had very little data to go on (mortgage approvals) over the confinement period and so will have been, effectively, in the dark. However, perhaps it would have been more honest to admit that rather than publish misleading opinion and non-representative figures.

Without comprehensive data on stock levels and marketing times, prices derived from mortgage approvals are a rather blunt instrument with which to assess the health of the property market. Cash sales are ignored by this subset of total mortgage lending and it's always behind the curve. That's why, here at Home.co.uk, we use a combination of key metrics to produce the most forward-looking index available.

Finally, let's remember that, contrary to many commentaries on the housing market, in times like this, economic uncertainty is actually a key driver, prompting wealth transfer from riskier assets to the relative safety of bricks and mortar.

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



# UK Asking Prices

Scotland	Aug-20
<b>Average Asking Price</b>	<b>£199,060</b>
Monthly % change	3.6%
Annual % change	6.6%

North East	Aug-20
<b>Average Asking Price</b>	<b>£167,036</b>
Monthly % change	1.0%
Annual % change	4.0%

Yorks & The Humber	Aug-20
<b>Average Asking Price</b>	<b>£218,112</b>
Monthly % change	2.3%
Annual % change	8.1%

North West	Aug-20
<b>Average Asking Price</b>	<b>£221,379</b>
Monthly % change	1.6%
Annual % change	6.7%

West Midlands	Aug-20
<b>Average Asking Price</b>	<b>£264,236</b>
Monthly % change	0.9%
Annual % change	3.3%

East Midlands	Aug-20
<b>Average Asking Price</b>	<b>£245,846</b>
Monthly % change	1.4%
Annual % change	3.2%

East	Aug-20
<b>Average Asking Price</b>	<b>£353,501</b>
Monthly % change	0.6%
Annual % change	0.7%

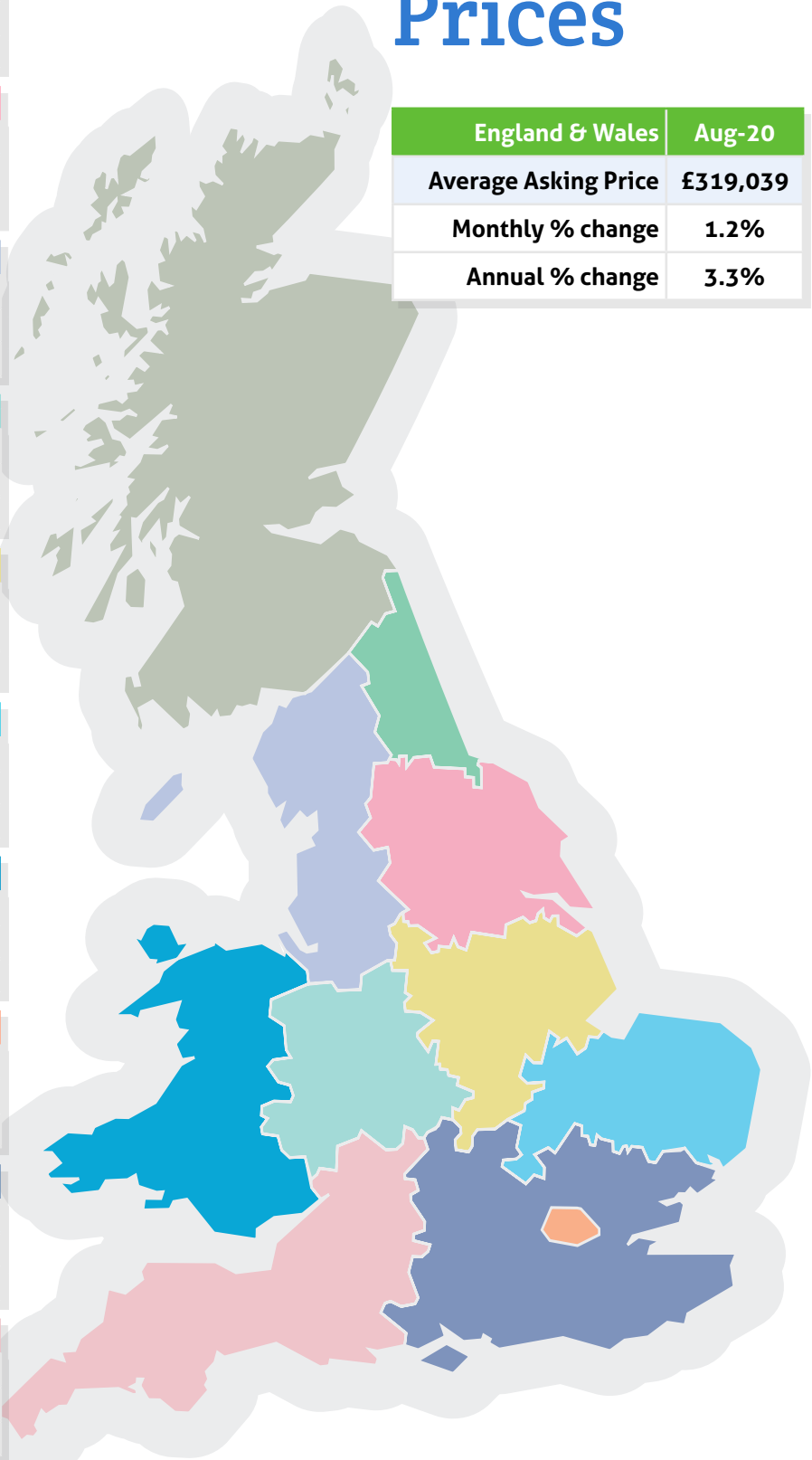
Wales	Aug-20
<b>Average Asking Price</b>	<b>£221,615</b>
Monthly % change	1.5%
Annual % change	4.8%

Greater London	Aug-20
<b>Average Asking Price</b>	<b>£528,431</b>
Monthly % change	0.5%
Annual % change	2.3%

South East	Aug-20
<b>Average Asking Price</b>	<b>£406,861</b>
Monthly % change	1.7%
Annual % change	2.9%

South West	Aug-20
<b>Average Asking Price</b>	<b>£334,365</b>
Monthly % change	1.3%
Annual % change	2.8%

England & Wales	Aug-20
<b>Average Asking Price</b>	<b>£319,039</b>
<b>Monthly % change</b>	<b>1.2%</b>
<b>Annual % change</b>	<b>3.3%</b>



Source: Home.co.uk Asking Price Index, August 2020



# UK Time on Market

Scotland	Aug-20
<b>Average Time on Market</b>	<b>287</b>
Typical Time on Market	166
Annual % supply change	11%

North East	Aug-20
<b>Average Time on Market</b>	<b>260</b>
Typical Time on Market	159
Annual % supply change	1%

Yorks & The Humber	Aug-20
<b>Average Time on Market</b>	<b>188</b>
Typical Time on Market	90
Annual % supply change	10%

North West	Aug-20
<b>Average Time on Market</b>	<b>205</b>
Typical Time on Market	137
Annual % supply change	3%

West Midlands	Aug-20
<b>Average Time on Market</b>	<b>168</b>
Typical Time on Market	71
Annual % supply change	23%

East Midlands	Aug-20
<b>Average Time on Market</b>	<b>167</b>
Typical Time on Market	72
Annual % supply change	18%

East	Aug-20
<b>Average Time on Market</b>	<b>168</b>
Typical Time on Market	67
Annual % supply change	29%

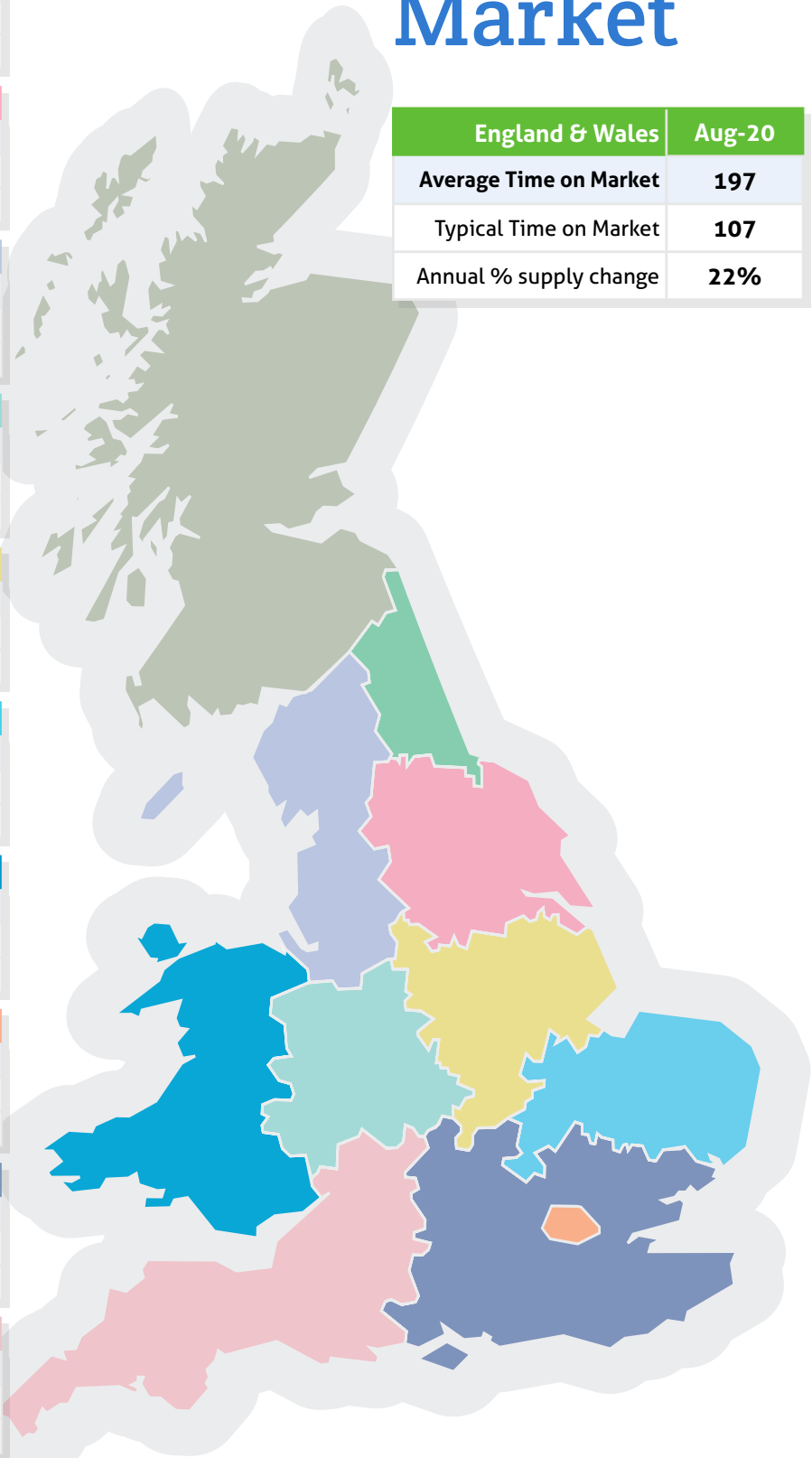
Wales	Aug-20
<b>Average Time on Market</b>	<b>262</b>
Typical Time on Market	166
Annual % supply change	6%

Greater London	Aug-20
<b>Average Time on Market</b>	<b>196</b>
Typical Time on Market	74
Annual % supply change	45%

South East	Aug-20
<b>Average Time on Market</b>	<b>176</b>
Typical Time on Market	71
Annual % supply change	30%

South West	Aug-20
<b>Average Time on Market</b>	<b>186</b>
Typical Time on Market	80
Annual % supply change	24%

England & Wales	Aug-20
<b>Average Time on Market</b>	<b>197</b>
Typical Time on Market	<b>107</b>
Annual % supply change	<b>22%</b>



Source: Home.co.uk Asking Price Index, August 2020. Note: 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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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](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:

- Tuesday 15<sup>th</sup> September
- Tuesday 13<sup>th</sup> October
- Thursday 12<sup>th</sup> November