



Asking Price Index

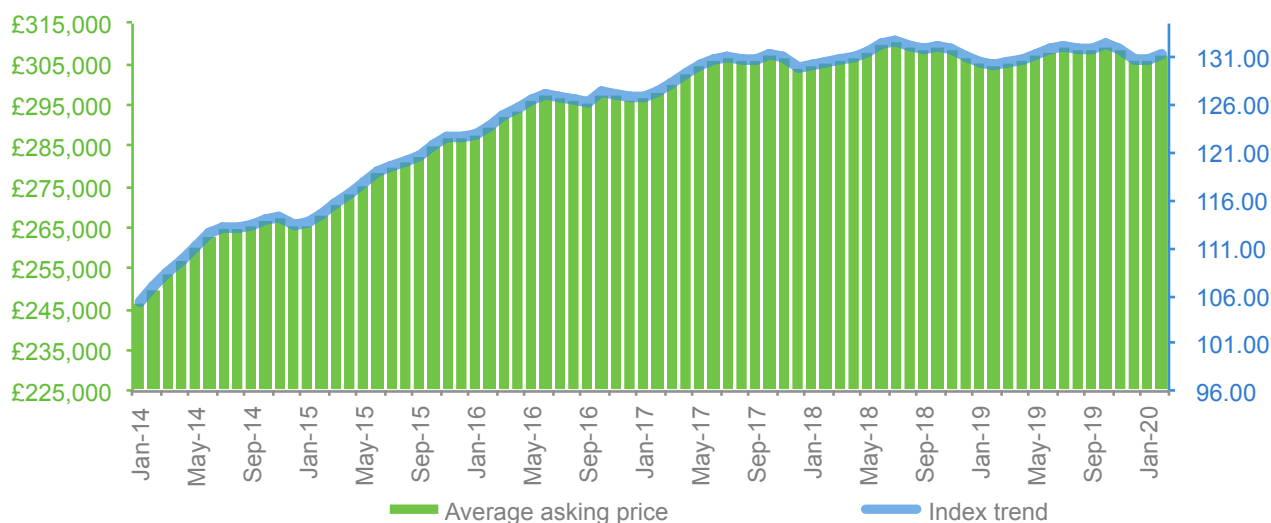
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Post-Brexit Certainty and Shortages Boost Home Prices

Headlines

- Home prices jump 0.4%, thanks to greater market certainty and optimism, and are up 0.9% year-on-year.
- South East and East of England lead the charge with a month-on-month price hike of 0.8% in each region, followed by Wales and Yorkshire (both showing increases of 0.7%).
- Supply of new sales instructions remains very low across the UK and this, combined with already low stock levels in many regions, will serve to further inflate prices.
- The largest falls in the number of new instructions year-on-year are in the North West and South West.
- The total sales stock continues to diminish across England and Wales; down by 10.1% year-on-year.
- Scarcity is a problem for home seekers in the rental sector too. The supply of newly available rental property is falling across the UK and is now down 18% year-on-year.
- Competition for the dwindling number of available properties to let has driven up the mix-adjusted UK average rent by 8.2% in just twelve months.
- Typical Time on Market for England and Wales is falling and is now just two days longer than in February 2019; we expect this measure to fall markedly as confidence continues to improve.
- Yorkshire is currently the UK's best-performing region, eclipsing Wales with an annualised rise of 3.1%.
- East of England remains the UK's worst-performing region but this month's leap of 0.8% suggests confidence is returning; the average asking price for the region is now only 1.5% lower than twelve months ago.

Home Asking Price Trend for England & Wales



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



Summary

The clouds of political uncertainty that haunted the UK property market are clearing and, consequently, confidence is returning. Prices are up in almost all regions and the market is gaining momentum. Whilst an uptick may be anticipated on a seasonal basis, the year-on-year figures show that market conditions are improving over and above expectations.

Ultra-low stock levels remain a key driver in both the sales and rental markets. The total stock of property for sale in England and Wales is now down 10% year-on-year. London is still the worst hit, with 21% less property on the market than a year ago. In parallel, the lettings market has 18% less stock entering the market and London is also suffering the most, with the supply of newly available rental properties down 24%.

Without doubt, supply has slumped below the level of demand in both sectors and this situation has clear implications for significant upward price adjustments in the London sales market and further dramatic rent hikes over the course of 2020.

Overwhelming demand for the few rental properties available is inflating rents across much of Greater London (29 of 34 boroughs showing increases above 2.5%) and our analysis shows that rent hikes continue to spill over into the South East (now up 10.0% year-on-year). Expect this rental trend to continue throughout 2020 and house prices to follow in their wake as yields improve rapidly.

Annualised mix-adjusted average price growth across England and Wales currently stands at +0.9%; in February 2019, the annualised rate of increase of home prices was -0.2%.

Regional Round-up

Of course, the national average figures obscure profound differences at the regional level. While scarcity is affecting all the regions to a greater or lesser degree, the fundamentals of each region's performance depends very much on where they are positioned in the property cycle.

For the time being, the boom phase continues in the North West and Yorkshire and they now stand atop the growth charts, pushing Wales, the star of 2019, into third place. Meanwhile, the principality is transitioning into the post-boom corrective phase of low or even negative growth relative to monetary inflation.

The East of England has now been suffering a painful corrective phase for about two years. However, there may well be light at the end of the tunnel as prices have corrected significantly (a drop of 3.3% since the peak, not including the

effect of monetary inflation) and this will elicit great demand thanks to better affordability. Time on Market still remains relatively high in the region but we fully expect momentum to increase in the near term, although a return to vigorous growth will not occur until rents pick up (currently rising at a sub-inflation 2.0%).

Worse still for investors is the East Midlands, where rents have increased only 1.0% over the last twelve months and capital growth has slowed to a mere 2.3%. This regional property market has lost significant momentum; unsold properties are hanging around longer as evidenced by an annualised increase of the Typical Time on Market from 98 days to 103 days (median).

Further west, the West Midlands has been looking ripe for a correction for some time. This region shows the largest 5-year growth of any region (25.2%) and a period of flat or falling prices relative to monetary inflation looks inevitable.

In fact, growth has already dropped to a mere 2.1% after a long period of stellar performance. The affordability limit has clearly been reached but, with rents rising at the current rate of 7.7% per annum, yields will soon improve, which tends to suggest that the correction will be short-lived.

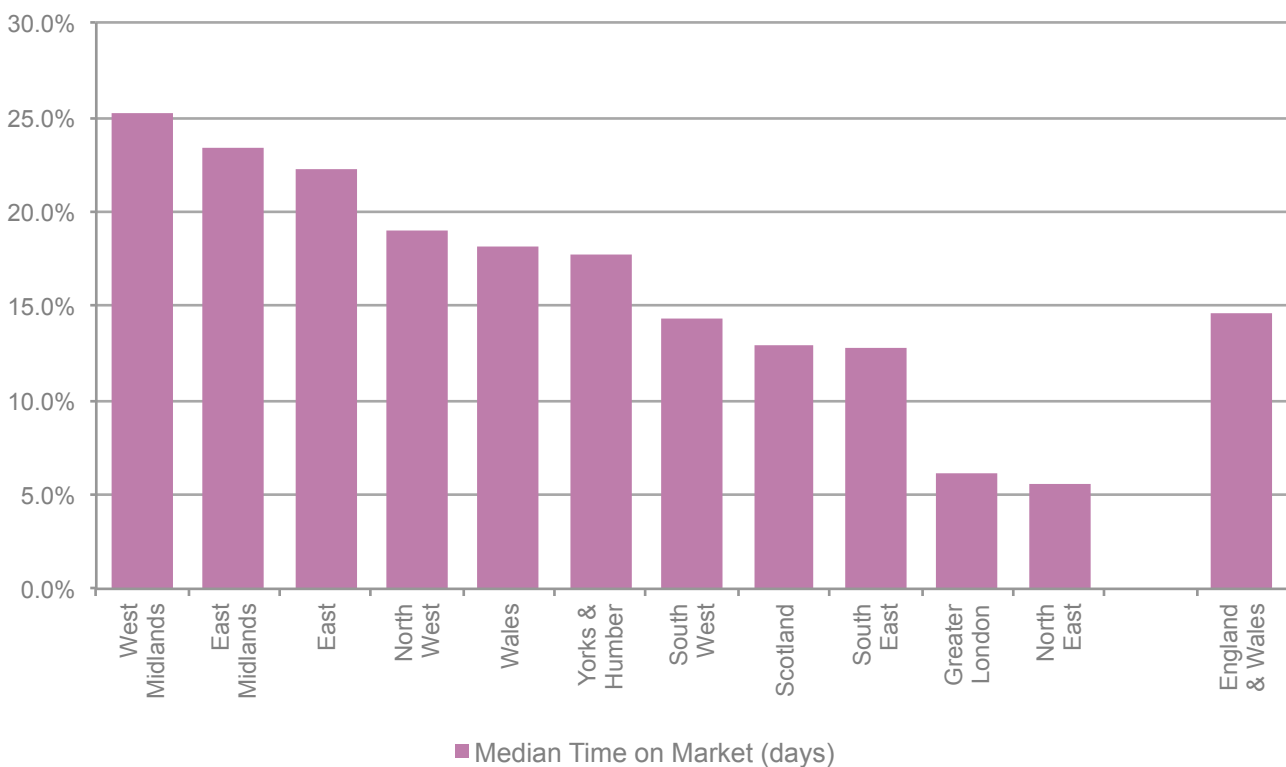
The South West market has also been undergoing a corrective phase. Annualised growth currently stands at a mere 0.2% and the Typical Time on Market is five days longer than a year ago. Highly dependent on demand from London retirees and the second homes market, this region's fortunes will receive a fillip as the London market gains more momentum.

Scotland is showing low growth; a mere 0.8% over the last twelve months. Indeed, overall, the Scottish property market may also be considered to be in a period of price correction, although in the capital, Edinburgh, prices already appear to be on the rise once again aided by low levels of stock for sale.

Of all the regions, the North East and London show the biggest potential for growth. An unlikely pairing perhaps but they stand out as the two regions that show by far the lowest growth over the last five years and are therefore certainly capable of significant price hikes given the benign credit conditions. London's advantages, of course, are its significantly better economy, prestige, soaring rents and wage growth.

Indeed, looking to the future, it will be regions such as London that have undergone a price correction and indicate rising rents that will show the greatest asking price growth in the near term. Hence, this month, we present the 5-year growth chart.

Regional Home Price Growth, Feb 2020 vs. Feb 2015



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

“ Well, if you had wanted to pick up a bargain in Belgravia, you have missed the boat.

Prices have been rising rapidly since August 2019; the typical flat price is up 6% (median) in just six months to now stand at £1.4 million. Kensington prices are also on the rebound. In fact, all of Prime Central London (PCL) is rising and, using plain averages, prices are up 13% over the last year and stock levels are down 20%. This is a clear indication that the wealthiest of buyers are sufficiently confident to purchase some of the UK's most sought-after property. Moreover, what happens in PCL usually spreads out to the rest of the capital and later to the adjacent regions.

After several years in the doldrums, the London market is on the move again. Soaring rents, rising prices in PCL and a chronic shortage of stock all point to significant price growth ahead.



Moreover, post-Brexit confidence is on the rise and, consequently, investors emboldened. The tide has turned and investors are returning, encouraged by rapidly improving yields and the promise of large capital gains in one of the world's most illustrious cities.

Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Feb-20
Average Asking Price	£186,146
Monthly % change	0.6%
Annual % change	0.8%

North East	Feb-20
Average Asking Price	£160,664
Monthly % change	0.3%
Annual % change	2.1%

Yorks & The Humber	Feb-20
Average Asking Price	£202,108
Monthly % change	0.7%
Annual % change	3.1%

North West	Feb-20
Average Asking Price	£209,444
Monthly % change	0.3%
Annual % change	3.0%

West Midlands	Feb-20
Average Asking Price	£255,567
Monthly % change	0.3%
Annual % change	2.1%

East Midlands	Feb-20
Average Asking Price	£238,358
Monthly % change	-0.3%
Annual % change	2.3%

East	Feb-20
Average Asking Price	£345,272
Monthly % change	0.8%
Annual % change	-1.5%

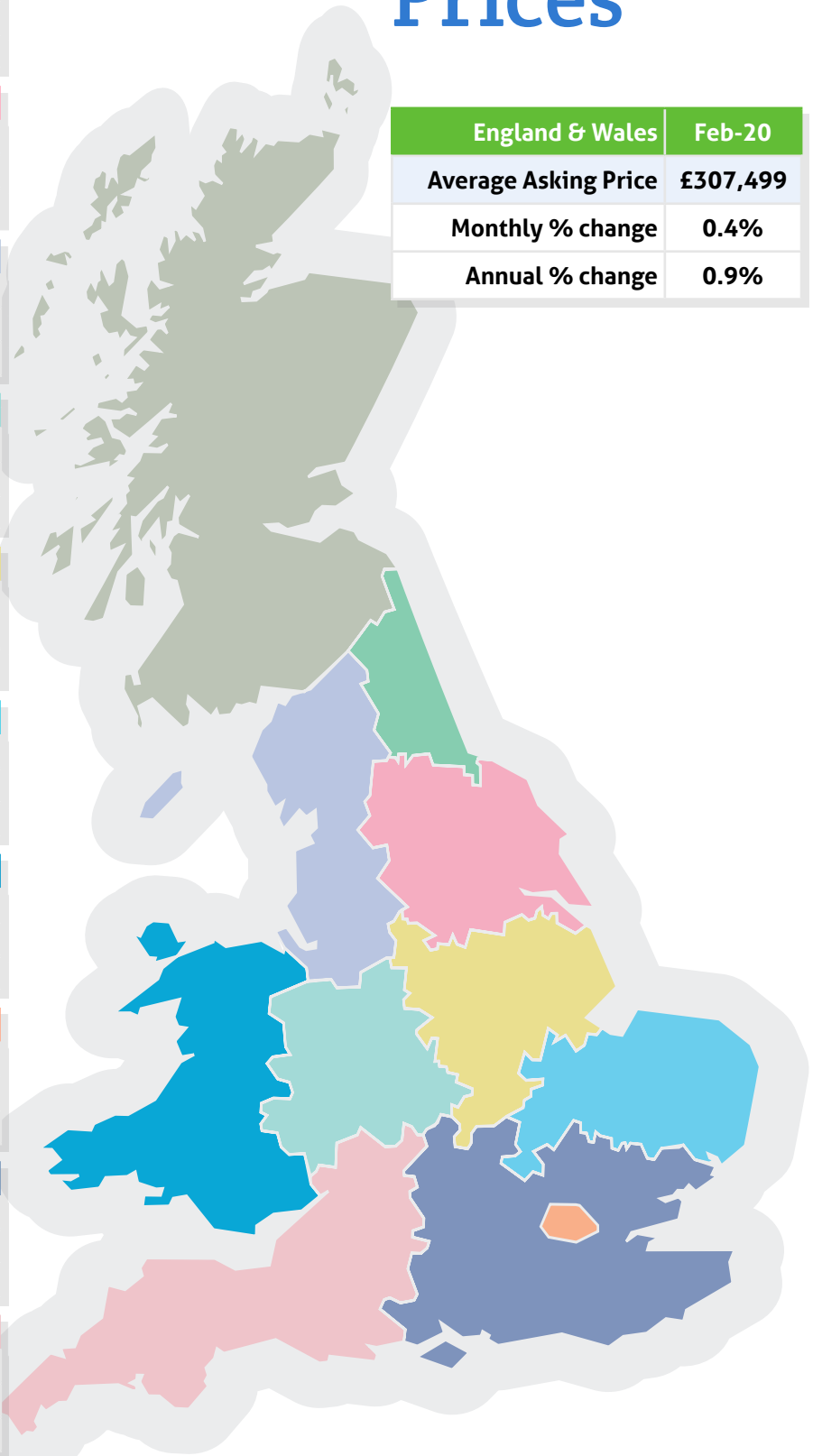
Wales	Feb-20
Average Asking Price	£211,809
Monthly % change	0.7%
Annual % change	2.9%

Greater London	Feb-20
Average Asking Price	£516,418
Monthly % change	0.0%
Annual % change	0.3%

South East	Feb-20
Average Asking Price	£391,876
Monthly % change	0.8%
Annual % change	0.2%

South West	Feb-20
Average Asking Price	£320,283
Monthly % change	0.5%
Annual % change	0.6%

England & Wales	Feb-20
Average Asking Price	£307,499
Monthly % change	0.4%
Annual % change	0.9%



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

UK Time on Market

Scotland	Feb-20
Average Time on Market	197
Typical Time on Market	121
Annual % supply change	-9%

North East	Feb-20
Average Time on Market	243
Typical Time on Market	138
Annual % supply change	0%

Yorks & The Humber	Feb-20
Average Time on Market	183
Typical Time on Market	113
Annual % supply change	1%

North West	Feb-20
Average Time on Market	197
Typical Time on Market	121
Annual % supply change	-9%

West Midlands	Feb-20
Average Time on Market	166
Typical Time on Market	103
Annual % supply change	0%

East Midlands	Feb-20
Average Time on Market	164
Typical Time on Market	103
Annual % supply change	-5%

East	Feb-20
Average Time on Market	166
Typical Time on Market	106
Annual % supply change	-6%

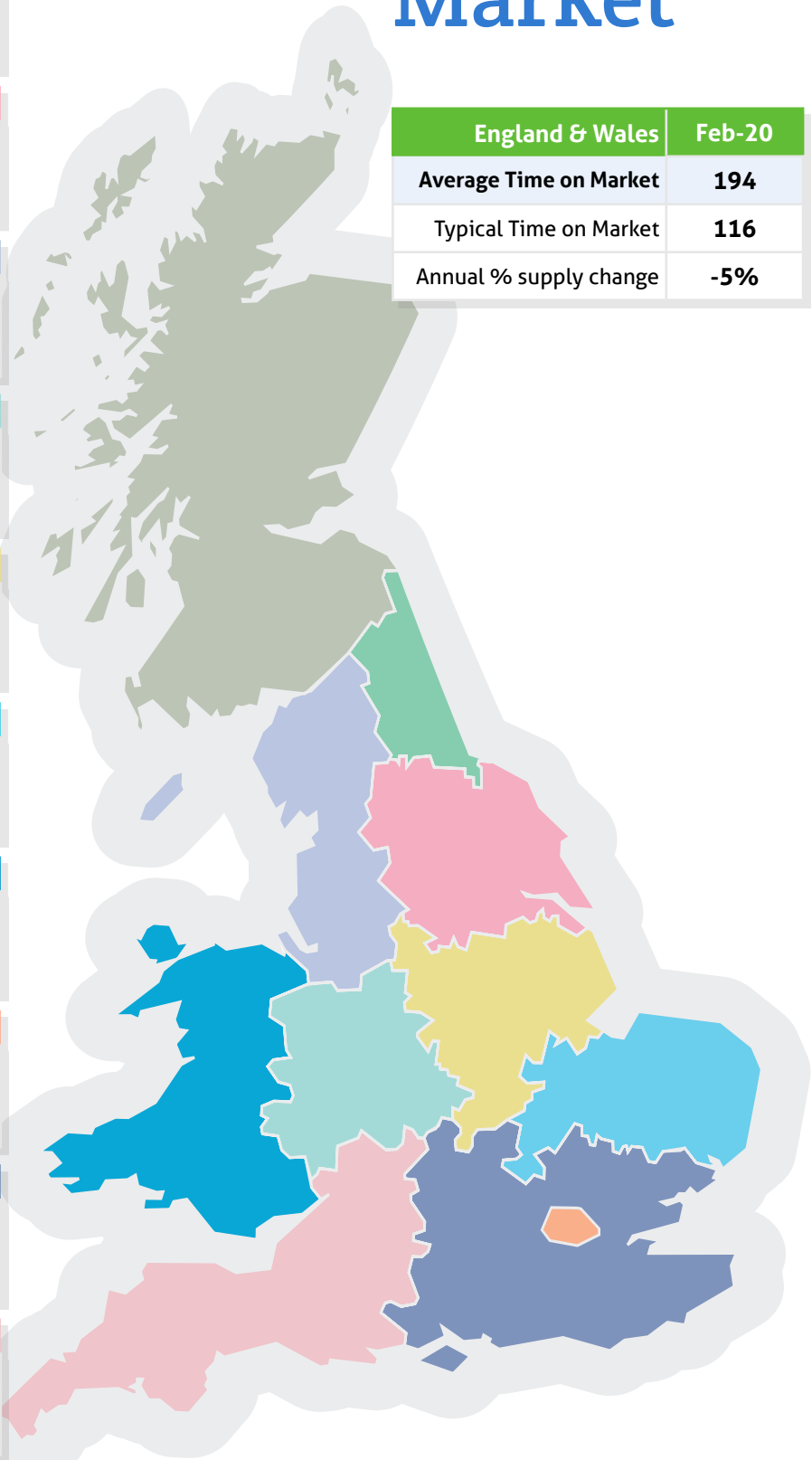
Wales	Feb-20
Average Time on Market	238
Typical Time on Market	139
Annual % supply change	-4%

Greater London	Feb-20
Average Time on Market	206
Typical Time on Market	115
Annual % supply change	-7%

South East	Feb-20
Average Time on Market	172
Typical Time on Market	107
Annual % supply change	-5%

South West	Feb-20
Average Time on Market	172
Typical Time on Market	107
Annual % supply change	-5%

England & Wales	Feb-20
Average Time on Market	194
Typical Time on Market	116
Annual % supply change	-5%



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

- 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 March
- Wednesday 15th April
- Wednesday 13th May