



# Asking Price Index

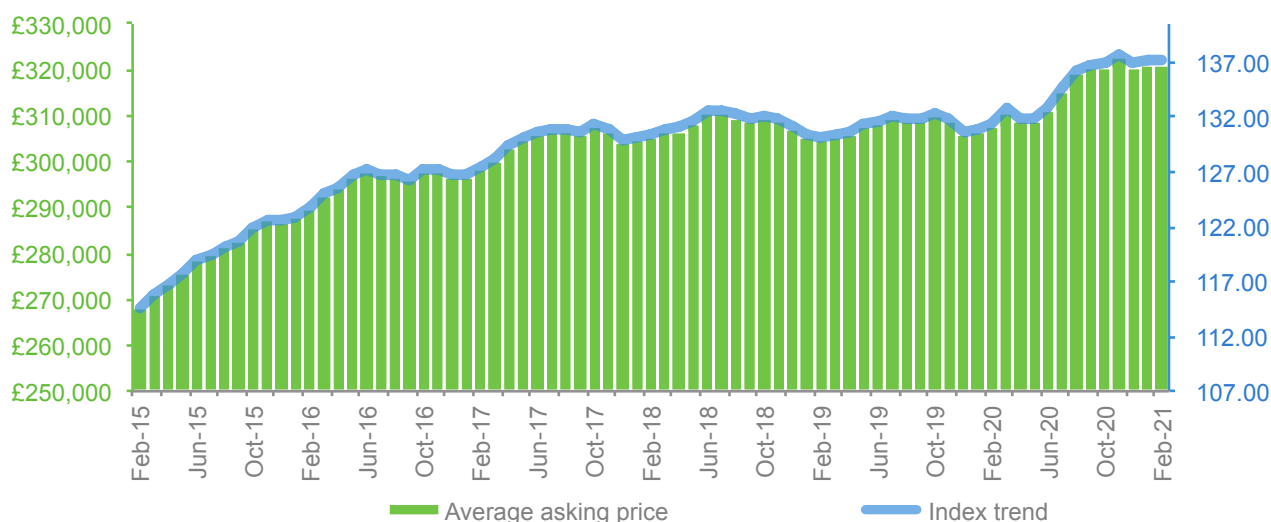
Released 12/02/21 February 2021

## Prices Flatline While Supply Plunges Due to Lockdown

### Headlines

- Asking prices across England and Wales remain unchanged overall since last month while annualised growth slips to 4.5%.
- January indicated a dramatic drop in new sales listings due to the latest COVID lockdown. New instructions were down 27% year-on-year and gave the lowest January total in the history of this Index.
- Supply is down as much as 33% in some regions but Greater London is the exception with new listings down a mere 1% compared to January 2020.
- Total stock for sale in England and Wales has fallen again to set a new record low and this will serve to support prices and boost vendors' confidence.
- The northern property markets continue to indicate phenomenal 12-month growth, with the Yorkshire and Humber region showing stunning year-on-year price growth of 9.1%.
- Welsh home prices have rallied the most over the last six months, boosting the annualised growth to 8.4%.
- Greater London and the South East are currently the UK's worst-performing regions with only 3.2% growth. Next is the South West where prices have risen only 3.3% over the last twelve months.
- Average prices dipped in six English regions during the last month.
- Market momentum is slowing with the Typical Time on Market for unsold property in England and Wales rising ten days since last month to 111 days, counter to the normal seasonal trend. However, this figure is five days less than in February 2020.
- Rents continue to plummet in the Greater London lettings market, down 17.0% year-on-year overall compared to 2020, although some more central boroughs registered reductions in the average rent in excess of 30%.
- By contrast, a dramatic supply shortage is evident in all other English regions, Scotland and Wales, thereby forcing up rents. Some regions indicate drops of over 50% in the total of newly available properties to let entering the market compared to a year ago.
- The largest annualised rent hikes are in the North East (+16.6%) and the West Midlands (+20.7%).
- Greater London continues to indicate worsening oversupply in properties available to rent (+43% year-on-year). This alarming situation coupled with falling rents and the growing problem of rent arrears is a nightmare scenario for many London landlords.

### Home Asking Price Trend for England & Wales



Source: Home.co.uk Asking Price Index, February 2021, Indexed to May 2004 (Value =100).



## Summary

The current lockdown is radically reducing the supply of new listings entering the market. Less than three quarters of the expected number of new instructions materialised during January. Vendors' hesitation is understandable amidst worrying developments in the ongoing health crisis and many sensible and responsible buyers are staying away from physical viewings altogether. Huge drops in supply are evident in Scotland, Wales and all English regions with the exception of Greater London, where de-urbanisation continues to bloat estate agents' portfolios.

The lack of supply means that the stock of property for sale has fallen to another long-term low and this will support prices when more normal buyer activity returns. Indeed, Scotland, Wales and the East of England all show surprisingly large price hikes since last month (1.6%, 1.1% and 0.5% respectively), suggesting that the shortage of stock is emboldening vendors when setting the asking price.

Rapidly falling rents in the more central boroughs and the trend towards de-urbanisation means that London prices are on the back foot. Overall averages for Greater London hide the fact that the median flat price within a 10-mile radius of the centre has fallen 5% over the last twelve months, while in prime central areas such as

Belgravia, the median asking price has dropped as much as 14%. We expect prices in central areas of the capital to continue to slide in the near term.

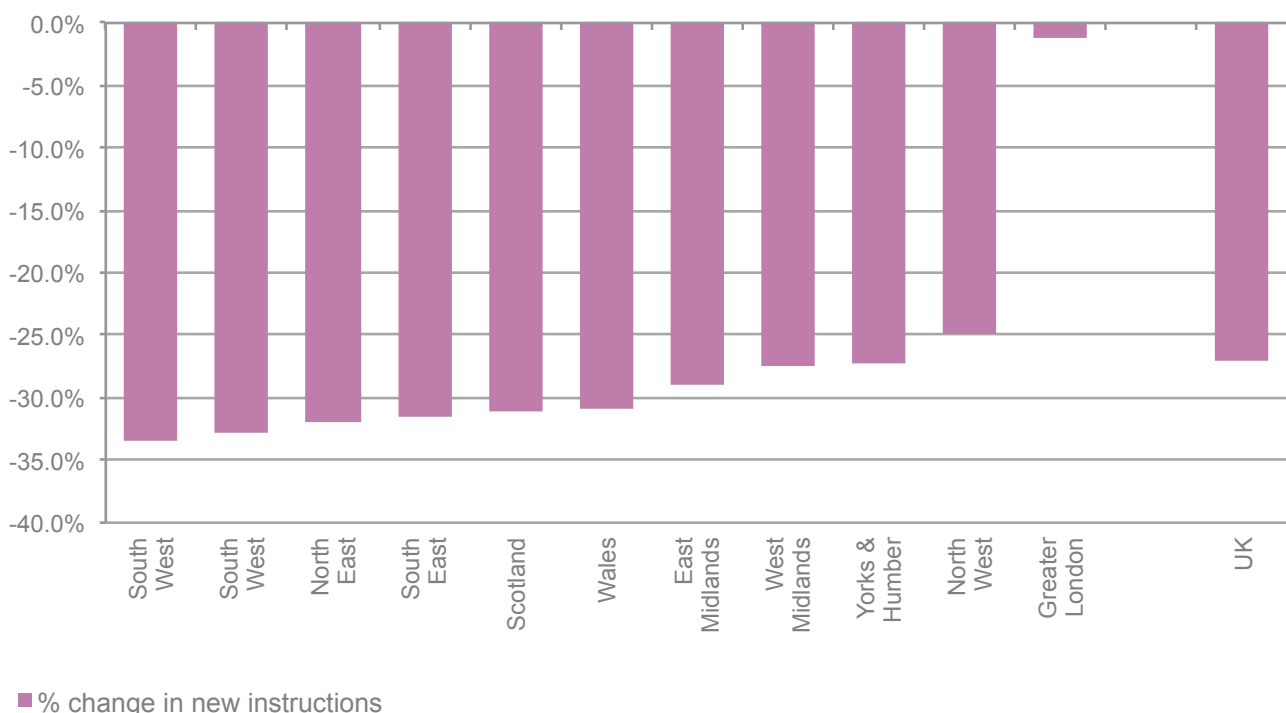
Meanwhile, rents are rising rapidly in the regions with year-on-year changes in double figures owing to a dramatic shortage of stock to let. Until supply increases, and this is not expected in the immediate future, rents will continue to rise sharply and this will also push up sale prices in the English regions, Scotland and Wales.

The annualised mix-adjusted average price growth across England and Wales is currently a remarkable +4.5%; in February 2020, the annualised rate of increase of home prices was just 0.9%.

## Regional Roundup

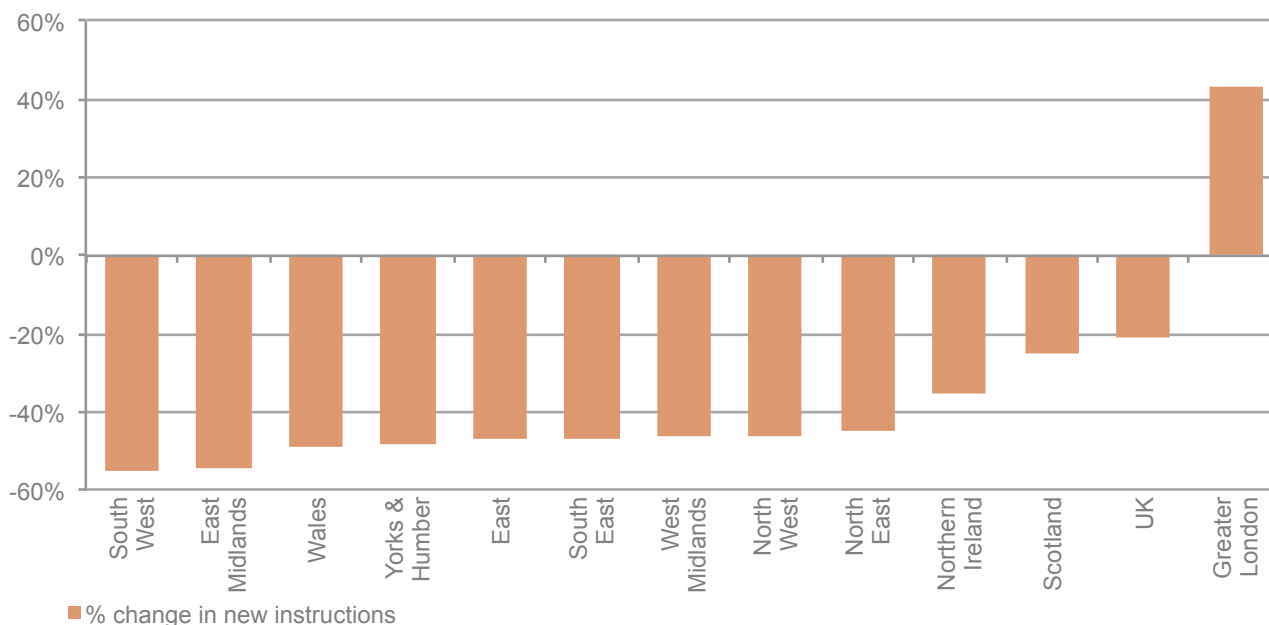
The property market certainly went into overdrive last year thanks to the stamp duty holiday but, as the March 31st deadline looms, the market is losing some momentum. Having said that, the current lockdown conditions are not helping matters either. An unseasonal jump of ten days in the Typical Time on Market from 101 to 111 since last month is highly unusual and underlines the current slowdown. In fact, the effect is widespread, with all regions in England, Scotland and Wales having seen a jump in median marketing times.

## Regional Sales Supply Change, Feb 2021 vs. Feb 2020



Source: Home.co.uk Asking Price Index, February 2021

## Rental Supply by Region, Jan 2021 vs. Jan 2020



Source: Home.co.uk Asking Price Index, February 2021

In part, the increased marketing times may be ascribed to the drop in supply as fewer new properties naturally lifts the median. The latest lockdown has caused supply shocks in Scotland, Wales and all English regions with the notable exception of Greater London. Supply in the capital region was abnormally high last month and the new strict COVID measures have merely served to lower the number of new instructions to more expected levels, such is the pressure to sell up for many homeowners and landlords due to the de-urbanisation exodus.

Of course, the huge drop in supply in all other regions means that the remaining stocks are dwindling and this will support prices going forward, even if demand is dampened. The already hot markets in the north of England, Wales and Scotland may well continue to show further price growth due to the supply shortfall. Over the last twelve months, the leading markets of Yorkshire, Wales and Scotland have shown home price inflation of 9.1%, 8.4% and 8.3% respectively.

Rents in the regions are also soaring. High demand and low supply have inflated asking rents by double digits in all English regions outside of London and the South East, and in Wales and Scotland. Leading the rent hikes is the West Midlands with an unprecedented annualised leap of 20.7%, followed by the North East (+16.6%) and Yorkshire (+15.4%). Scarcity is again the prime cause. Supply in the West Midlands is 46% lower than it was a year ago.

Similar dramatic reductions in supply are evident across most other regions. Hardest hit are the South West and East Midlands with annualised falls in newly available rental properties of 55% and 54% respectively.

By contrast, supply in Greater London is vastly higher than a year ago (+43%) and therefore rents continue to fall at an unprecedented rate. The glut of available properties on the capital's rental market has meant that the mix-adjusted average rent has fallen 17% in just twelve months. Despite the oversupply evident in London, the overall supply in the UK is still down 21%.

Stock on the sales market is also down on last year by 14.8%. Phenomenal demand, boosted by the reduction in stamp duty, has driven the total of unsold property for sale in England and Wales to a further record low this month.

As we asserted last month, for the market as a whole, scarcity is the key market driver going forward. Moreover, since supply looks set to remain low (outside of London) then demand for the limited amount of stock that remains, facilitated of course by low mortgage rates, will doubtless push up both home prices and rents for the foreseeable future. While rising rent arrears and mortgage arrears both point to potential increases in supply of property for sale and rent, these are notoriously slow processes and further clemency is likely to be granted due to the current strict COVID measures.

“ **Despite the fact that the property sector has been allowed to continue to operate, the latest lockdown is certainly having a dramatic effect on supply in both the rental and sales sectors.**

Lack of newly available letting stock outside of London is driving rents up so fast that it might be termed hyperinflationary. House price movements are naturally slower than rents but the growth evident in the north of England, Scotland and Wales is simply stunning given the overall economic malaise.

Meanwhile, London, once the ultimate destination for the ambitious and wealthy, is suffering greatly from a seemingly unrelenting exodus. The collapse in rents alone is causing all manner of problems for landlords, never mind the hideous build-up of arrears and falling asset values. No longer can the capital region be called the UK's leading market. COVID lockdowns have dulled the lure of high-density city living for the foreseeable future, and the economic devastation for London's property sector is still unfolding. London has profited enormously from centralisation and globalisation over the last 30 years, hosting a vast army of the international elite that it attracted, and inflating both rents and property prices alike. Perhaps it may seem

ironic that it took a global phenomenon such as COVID to reveal the fundamental weakness in this state of affairs and cause it to fall like a house of cards.



Given the information technology of today, maybe flashy offices in the centre of London were just vanity projects that had outlived their necessity and COVID has been the catalyst to bring in the new, more practical, reality of remote working and conferencing. For many, this transition means more home life, less travel and a better standard of living. Moreover, families have been freed from the modern city concerns of crime, chaotic and often violent demonstrations and even potential terrorist attacks. There's a silver lining to every cloud.

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



# UK Asking Prices

Scotland	Feb-21
<b>Average Asking Price</b>	<b>£201,531</b>
Monthly % change	1.6%
Annual % change	8.3%

North East	Feb-21
<b>Average Asking Price</b>	<b>£171,425</b>
Monthly % change	-0.2%
Annual % change	6.7%

Yorks & The Humber	Feb-21
<b>Average Asking Price</b>	<b>£220,418</b>
Monthly % change	-0.2%
Annual % change	9.1%

North West	Feb-21
<b>Average Asking Price</b>	<b>£225,443</b>
Monthly % change	-0.3%
Annual % change	7.6%

West Midlands	Feb-21
<b>Average Asking Price</b>	<b>£265,289</b>
Monthly % change	-0.1%
Annual % change	3.8%

East Midlands	Feb-21
<b>Average Asking Price</b>	<b>£249,158</b>
Monthly % change	-0.2%
Annual % change	4.5%

East	Feb-21
<b>Average Asking Price</b>	<b>£357,878</b>
Monthly % change	0.5%
Annual % change	3.7%

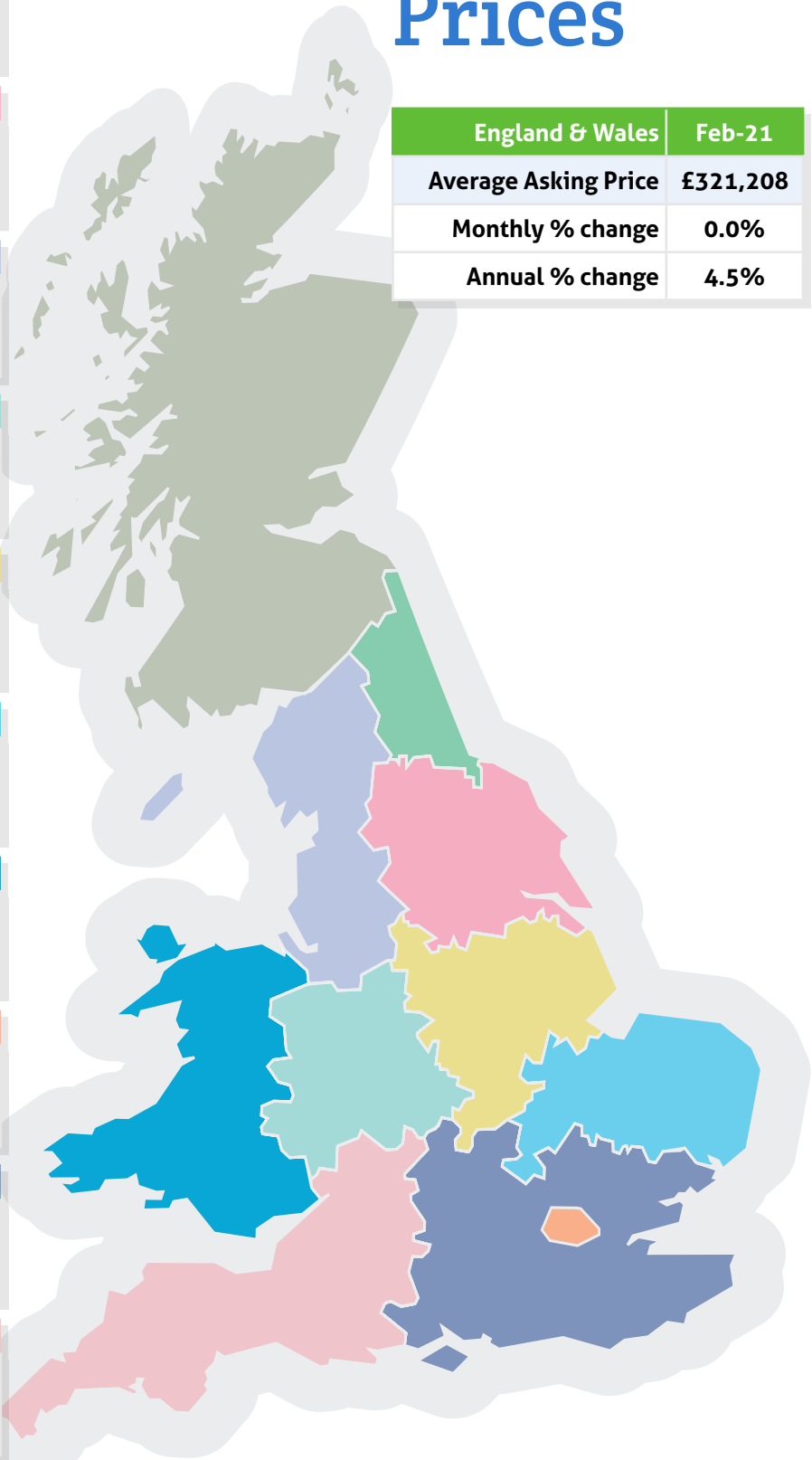
Wales	Feb-21
<b>Average Asking Price</b>	<b>£229,655</b>
Monthly % change	1.1%
Annual % change	8.4%

Greater London	Feb-21
<b>Average Asking Price</b>	<b>£532,832</b>
Monthly % change	0.2%
Annual % change	3.2%

South East	Feb-21
<b>Average Asking Price</b>	<b>£404,493</b>
Monthly % change	-0.3%
Annual % change	3.2%

South West	Feb-21
<b>Average Asking Price</b>	<b>£330,910</b>
Monthly % change	0.1%
Annual % change	3.3%

England & Wales	Feb-21
<b>Average Asking Price</b>	<b>£321,208</b>
<b>Monthly % change</b>	<b>0.0%</b>
<b>Annual % change</b>	<b>4.5%</b>



Source: Home.co.uk Asking Price Index, February 2021

# UK Time on Market

Scotland	Feb-21
<b>Average Time on Market</b>	<b>277</b>
Typical Time on Market	123
Annual % supply change	-31%

North East	Feb-21
<b>Average Time on Market</b>	<b>251</b>
Typical Time on Market	126
Annual % supply change	-32%

Yorks & The Humber	Feb-21
<b>Average Time on Market</b>	<b>188</b>
Typical Time on Market	104
Annual % supply change	-27%

North West	Feb-21
<b>Average Time on Market</b>	<b>198</b>
Typical Time on Market	110
Annual % supply change	-25%

West Midlands	Feb-21
<b>Average Time on Market</b>	<b>175</b>
Typical Time on Market	104
Annual % supply change	-28%

East Midlands	Feb-21
<b>Average Time on Market</b>	<b>168</b>
Typical Time on Market	99
Annual % supply change	-29%

East	Feb-21
<b>Average Time on Market</b>	<b>172</b>
Typical Time on Market	102
Annual % supply change	-33%

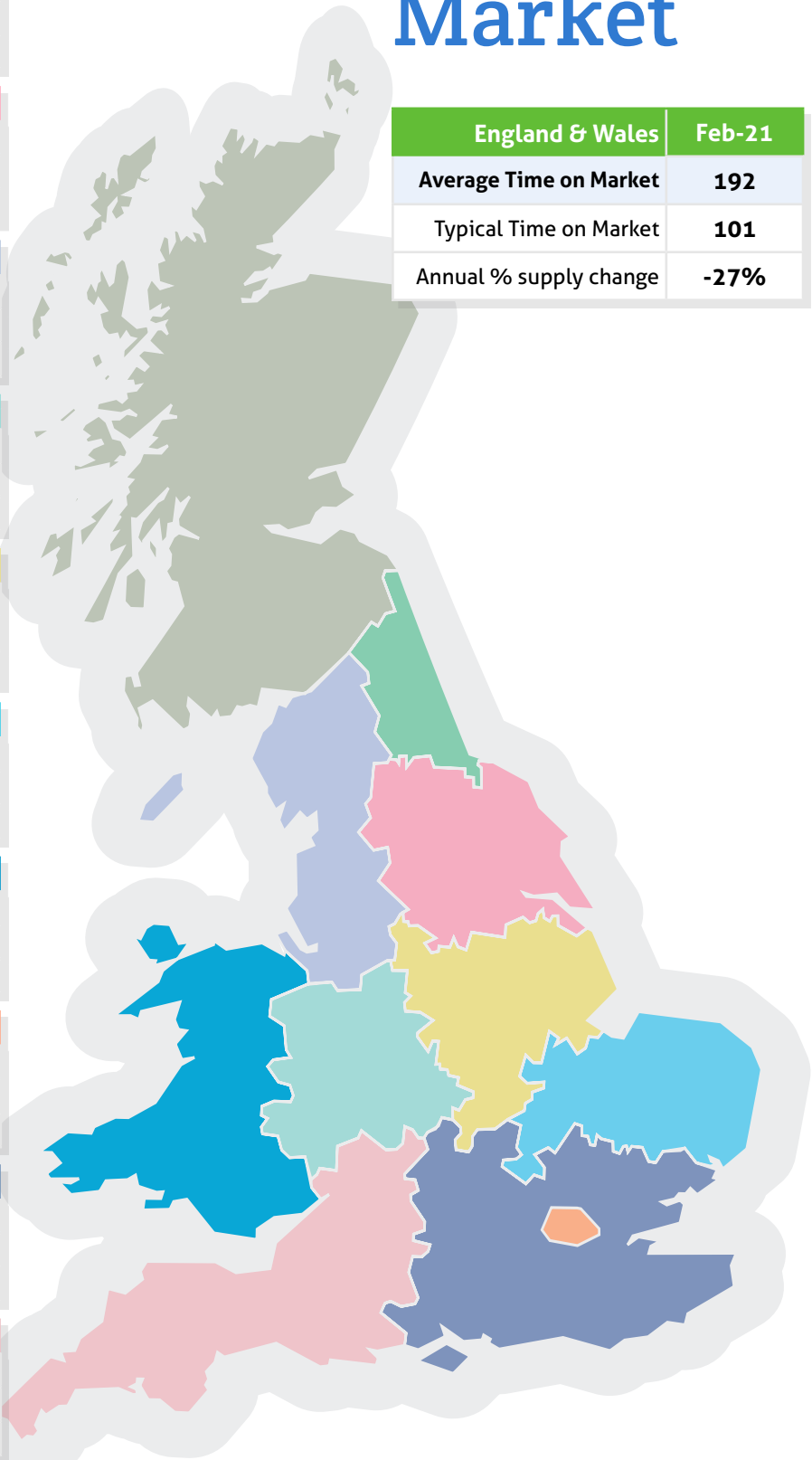
Wales	Feb-21
<b>Average Time on Market</b>	<b>238</b>
Typical Time on Market	125
Annual % supply change	-31%

Greater London	Feb-21
<b>Average Time on Market</b>	<b>192</b>
Typical Time on Market	110
Annual % supply change	-1%

South East	Feb-21
<b>Average Time on Market</b>	<b>182</b>
Typical Time on Market	105
Annual % supply change	-32%

South West	Feb-21
<b>Average Time on Market</b>	<b>191</b>
Typical Time on Market	109
Annual % supply change	-33%

England & Wales	Feb-21
<b>Average Time on Market</b>	<b>192</b>
Typical Time on Market	<b>101</b>
Annual % supply change	<b>-27%</b>



Source: Home.co.uk Asking Price Index, February 2021. 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](mailto: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](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:

- **Friday 12<sup>th</sup> March**
- **Tuesday 13<sup>th</sup> April**
- **Wednesday 12<sup>th</sup> May**