



Asking Price Index

Released 15/07/14 July 2014

Supply Surges in London and Prices Still on the Rise

Headlines

- Supply of property for sale in Greater London up by 32% vs. June last year.
- Average time on market across England and Wales falls further to 190 days.
- Asking prices rise for a sixth consecutive month (by 0.6%), keeping the average annual appreciation for England and Wales unchanged from last month at 9.6%.
- Home prices rose in all English regions (except the North East) and Wales last month.
- Supply still falling fast in East Anglia, the South East, the South West, East Midlands and Yorkshire.

Summary

The property market across mainland UK remains highly diverse. East Anglia, the South East and Greater London continue to post strong price rises, whilst asking prices in Scotland and the North East stagnate. However, more properties are being sold in the North and in Scotland, as evidenced by falling time on market averages in these areas; this is also the case for all other regions of England and Wales. Most noteworthy this month is a startling surge in supply in property for sale in Greater London (up 32% year-on-year, vide infra). However, supply is still falling considerably in East Anglia, the South East, the South West, East Midlands and Yorkshire, placing further upward pressure on prices in these regions over the coming months.

Home Asking Price Trend for England & Wales



Source: Home.co.uk, July 2014



Regional Market Round-up

Overall, home prices rose by 0.6% in England and Wales. However, this figure masks a great diversity across the regional property markets. Prices actually fell in Scotland and the North East over the last month (by 0.4% and 0.3% respectively), whilst further south, the markets in East Anglia, London and the South East posted strong rises (of 1.0%, 0.9% and 0.8% respectively). Price rises over the last month were more muted in the South than in previous months, but it should be noted that this is consistent with seasonal expectations.

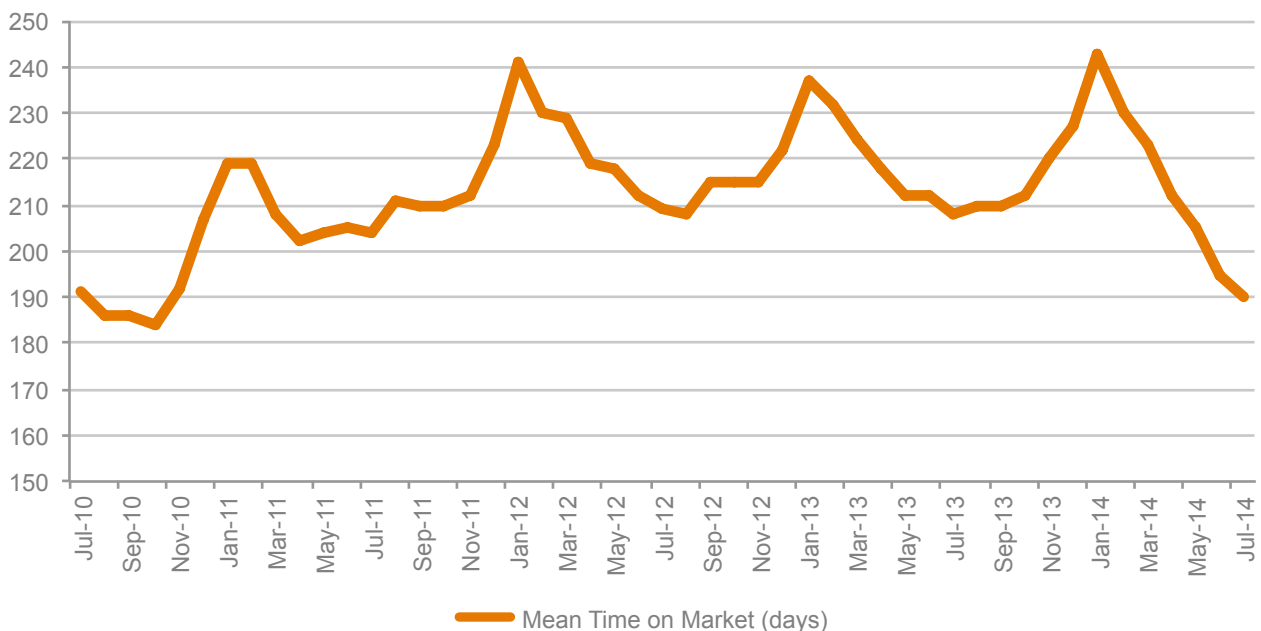
Analysis of average time on market across the UK reveals that all regional markets are gaining more momentum, albeit the disparity in actual average time on market is enormous. Whilst the average time on market for England and Wales is currently 190 days, Greater London and the South East enjoy a much shorter average time on market of just 90 and 116 days respectively. By contrast, in the slowest five regional markets (the North East, North West, Scotland, Wales and Yorkshire), properties spend an overall average of 260 days on the market.

On the supply side, the regions where the number of properties entering the market has fallen the most over the last year are East Anglia, the South East, the South West, East Midlands and Yorkshire. Meanwhile, supply has increased dramatically in London and less so in Wales and the North West.

Average Time on Market Falls Further

Average Time on Market falls to a new 4-year low. The average time on market for England and Wales (shown below) has improved substantially since January this year. However, whilst falling slowly, the average time on market in the northern and Welsh property markets remain very high (311 days in the North East) compared to pre-crisis figures. Consequently, despite being much improved, the average time on market across England and Wales is more than twice as long as it was in 2007.

Average Time on Market for England & Wales



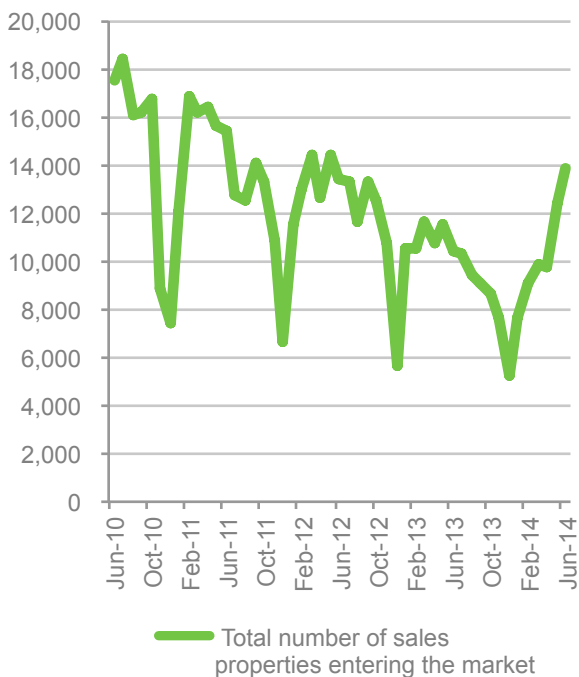
Source: Home.co.uk, July 2014



Supply of Property for Sale Surges in London

As we have asserted before, shortage of supply has been a key price driver of the London housing market. Over the course of May, we reported a notable uptick in new instructions across Greater London. During June, we witnessed the transformation of that initial uptick into a flood of properties entering the market. In fact, 32% more properties entered the market in June 2014 than in June 2013 as owners and investors seek to cash up.

Supply of Property For Sale in Greater London



Source: Home.co.uk, July 2014



Ultra-low interest rates have clearly had the desired effect of rejuvenating the UK property market in the wake of the financial crisis of 2007.



The effect may have been uneven (compare the North and Greater London), but overall the market is in rude health once again. The mix-adjusted average price for England and Wales has risen 9.6% over the last 12 months, soaring ahead of wages and around 7% ahead of inflation.

With the average home price leaping over 20% per annum, the London property market is looking very bubbly indeed. Sky-high prices are at last bringing out the vendors in force (up 30% year-on-year), and this will serve to slow further price rises in the near term. However, the formation of another highly leveraged asset bubble continues nonetheless. Prices in East Anglia and the South East also continue to rise rapidly and, in these regions, the trend looks set to remain as the supply shortage continues to worsen.

The prudent investor must ask the question: 'How sustainable is the current trend in property price growth?' Perhaps we should heed a stark warning from the Bank of International Settlements: 'Countries could at some point find themselves in a debt trap: seeking to stimulate the economy through low interest rates encourages even more debt, ultimately adding to the problem it is meant to solve.' Unfortunately, central banks have a very poor track record of managing economic booms and hence avoiding the devastating effects of collapsing asset bubbles. After all, who wants to water down the punch when the party seems to be going so well?

Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Jul-14
Average Asking Price	£161,620
Monthly % change	-0.42%
Annual % change	-0.25%

North East	Jul-14
Average Asking Price	£153,721
Monthly % change	-0.33%
Annual % change	0.26%

Yorks & The Humber	Jul-14
Average Asking Price	£173,016
Monthly % change	0.24%
Annual % change	2.12%

North West	Jul-14
Average Asking Price	£177,860
Monthly % change	0.03%
Annual % change	2.75%

West Midlands	Jul-14
Average Asking Price	£202,281
Monthly % change	0.16%
Annual % change	4.20%

East Midlands	Jul-14
Average Asking Price	£190,977
Monthly % change	0.41%
Annual % change	6.35%

East	Jul-14
Average Asking Price	£281,090
Monthly % change	0.98%
Annual % change	9.67%

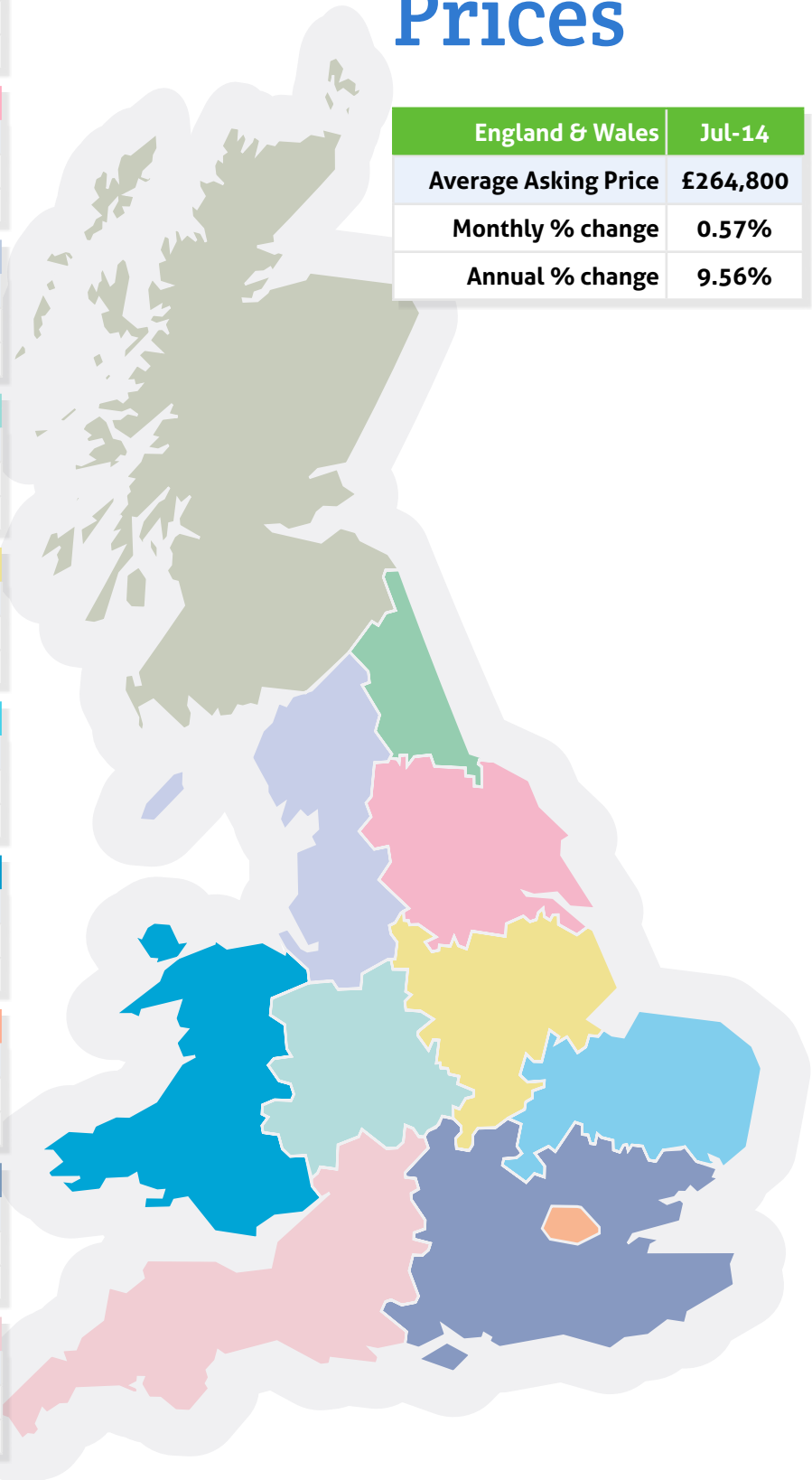
Wales	Jul-14
Average Asking Price	£180,801
Monthly % change	0.32%
Annual % change	2.74%

Greater London	Jul-14
Average Asking Price	£465,333
Monthly % change	0.85%
Annual % change	20.31%

South East	Jul-14
Average Asking Price	£343,394
Monthly % change	0.77%
Annual % change	10.76%

South West	Jul-14
Average Asking Price	£282,093
Monthly % change	0.41%
Annual % change	6.86%

England & Wales	Jul-14
Average Asking Price	£264,800
Monthly % change	0.57%
Annual % change	9.56%



Source: Home.co.uk, July 2014



UK Time on Market

Scotland	Jul-14
Average Time on Market	245
Typical Time on Market	105
Annual % supply change	0%

North East	Jul-14
Average Time on Market	311
Typical Time on Market	140
Annual % supply change	-3%

Yorks & The Humber	Jul-14
Average Time on Market	237
Typical Time on Market	112
Annual % supply change	-6%

North West	Jul-14
Average Time on Market	237
Typical Time on Market	117
Annual % supply change	3%

West Midlands	Jul-14
Average Time on Market	189
Typical Time on Market	92
Annual % supply change	-4%

East Midlands	Jul-14
Average Time on Market	179
Typical Time on Market	89
Annual % supply change	-8%

East	Jul-14
Average Time on Market	134
Typical Time on Market	68
Annual % supply change	-14%

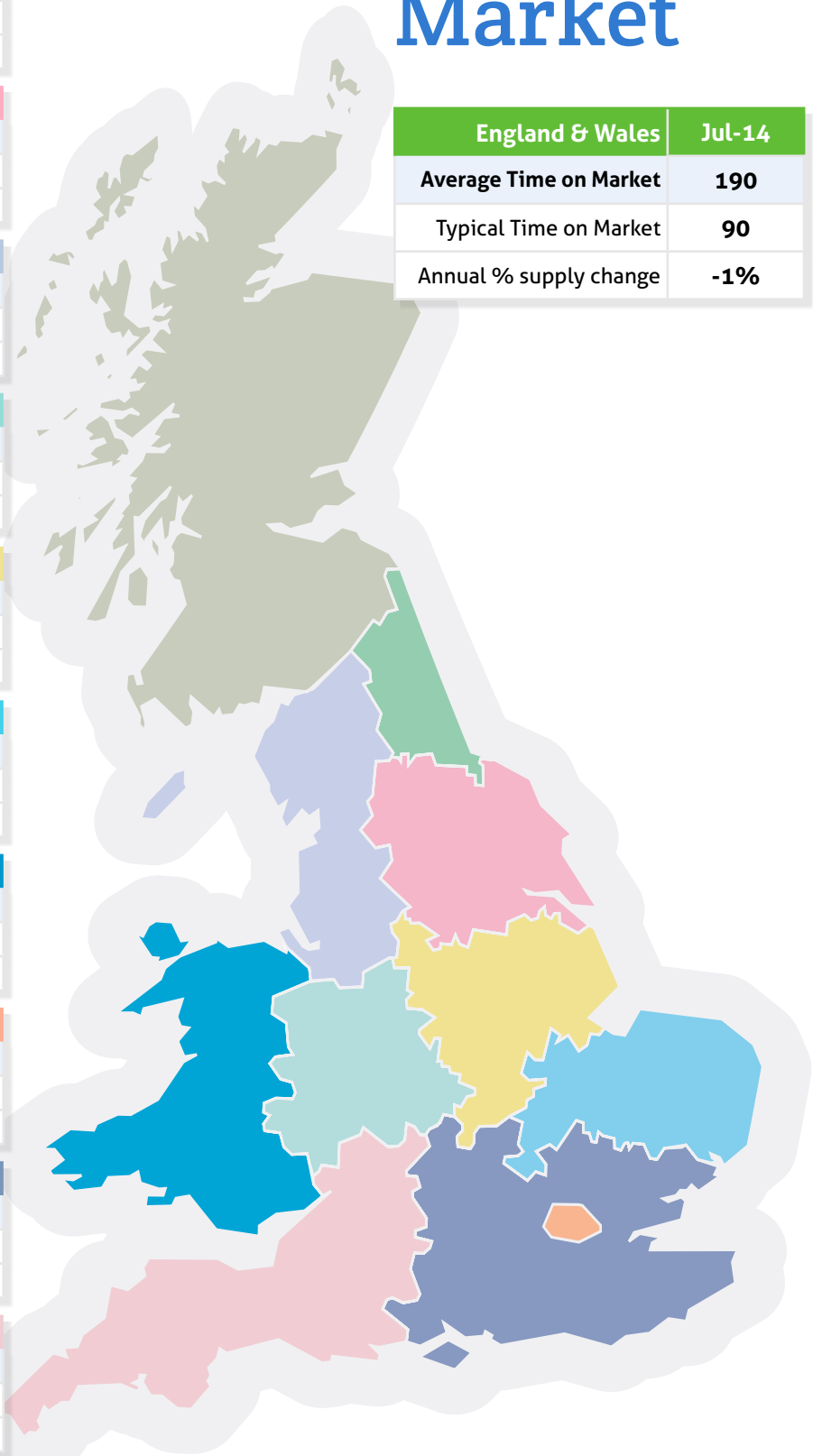
Wales	Jul-14
Average Time on Market	271
Typical Time on Market	128
Annual % supply change	6%

Greater London	Jul-14
Average Time on Market	90
Typical Time on Market	47
Annual % supply change	32%

South East	Jul-14
Average Asking Price	116
Typical Time on Market	59
Annual % supply change	-9%

South West	Jul-14
Average Asking Price	157
Typical Time on Market	82
Annual % supply change	-6%

England & Wales	Jul-14
Average Time on Market	190
Typical Time on Market	90
Annual % supply change	-1%



Source: Home.co.uk, July 2014. Note: Average = Mean days on market of unsold property, Typical = Median



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: <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:

- Wednesday 13th August
- Friday 12th September
- Wednesday 12th November

