



Asking Price Index

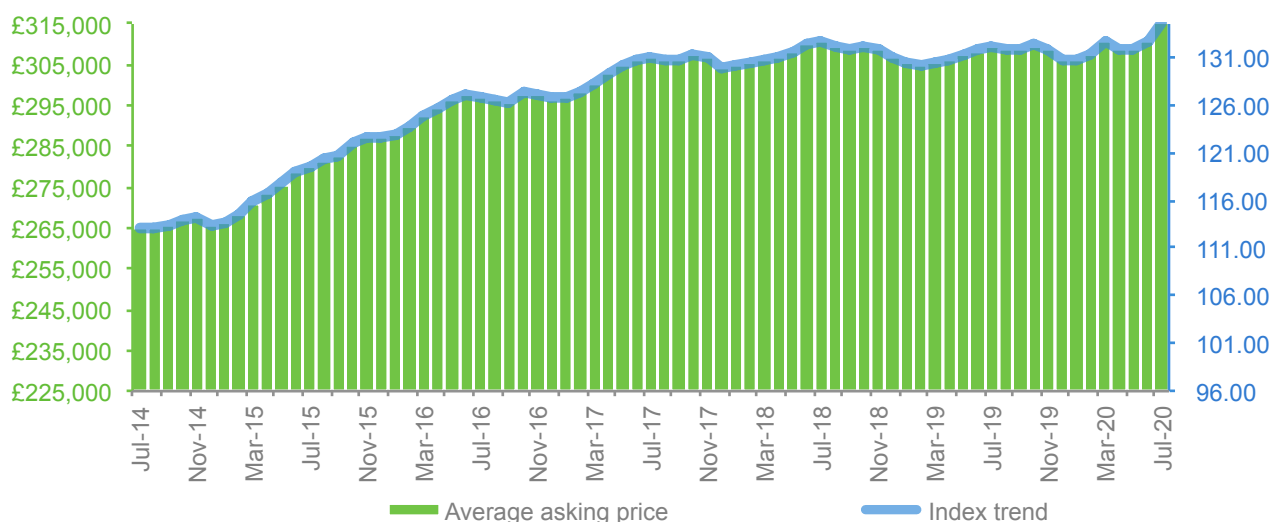
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Prices Leap as the Market Surges

Headlines

- The mix-adjusted average asking price for England and Wales jumps 1.5% since the June reading, bringing the year-on-year rise to 2.0%.
- Supply of new sales instructions returns to near-normal levels in England in May post-lockdown (but not in Scotland and Wales).
- Vendors' upward pricing indicates heightened confidence despite lending restrictions in the first-time buyer mortgage market and rising unemployment.
- Yorkshire shows extraordinary confidence with a hike in the average home price of 2.7% since last month.
- The supply rate of new instructions has completely recovered in London (+4% year-on-year), but supply remains 65% down in Scotland due to longer lockdown conditions.
- The best-performing regions are the North West and Yorkshire, both showing year-on-year price growth comfortably surpassing that of monetary inflation (5.1% and 5.5% respectively).
- The total sales stock on the market across England and Wales again shows a small month-on-month gain but remains significantly down year-on-year by 12%.
- Despite a very confident rise of 1.6% this month, the East of England remains the UK's worst-performing region with the year-on-year change in average asking price just in the red at -0.4%.
- 33% fewer properties were reduced in price last month compared to June 2019.
- Supply in the rental sector across the UK continues to recover but remains 6.2% down year-on-year.

Home Asking Price Trend for England & Wales



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



Summary

The post-lockdown restart of the property market is proceeding with considerable aplomb. Home sellers continue to reboot the supply side with very confident pricing. Overall, the number of new instructions in the UK during June was just 9% shy of the figure for June 2019 and Greater London vendors added 4% more stock than a year ago. This month's hike in the national average price of 1.5% is the largest monthly rise since February 2014, such is the current bullishness of sellers who will no doubt be further encouraged by the Stamp Duty holiday.

Confidence appears greatest in the North West and Yorkshire, where extraordinary month-on-month price hikes of 1.9% and 2.7% respectively confirm that considerable strength remains in these formerly hot markets. Overall, it would appear that all the English regions, Scotland and Wales are making up for lost time as indicated by month-on-month hikes across the board in excess of 1.0%.

While supply is returning to anticipated levels, the overall stock of properties on the market remains low: total inventory is 12% less than in July last year. On the other hand, demand, as judged by a surge in the number of mortgage applications in June^[1] and a report of the best four weeks of trading in 2020 (even surpassing the same period in 2019) by a major estate agent,^[2] appears to have the upper hand and this is driving up prices.

The annualised mix-adjusted average price growth across England and Wales currently stands at +2.0%; in July 2019, the annualised rate of increase of home prices was -0.4%.

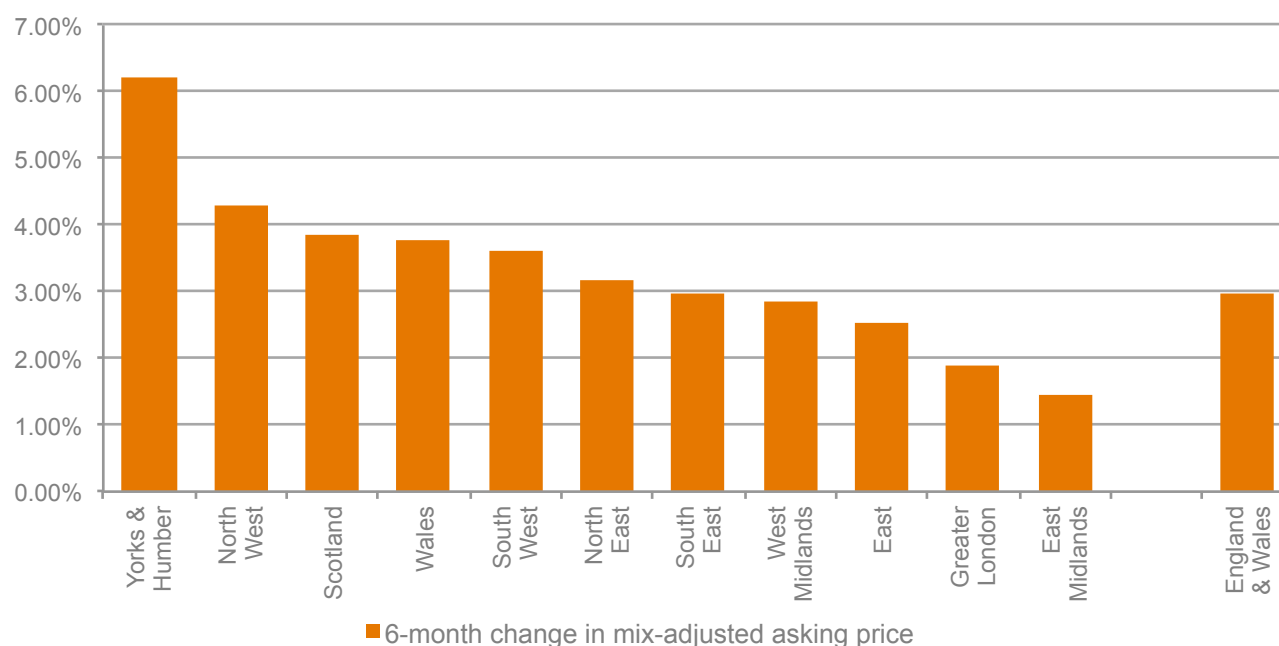
Regional Roundup

We continue to track the rebalancing of supply and demand this month since it is vital to the health of the market. Whilst plenty of uncertainty remains, the initial transition to the new post-pandemic property market is looking very positive, at least in the short term. The resumption of vendor activity has been impressive at the regional level. What is most apparent is that not all English regions have experienced the same surge in new listings activity and that, due to longer-lasting measures, we have yet to see how vigorous the Scottish and Welsh markets will be post-lockdown.

Whilst the volumes of new listings are clearly recovering well in all English regions, it is London that has shown the greatest surge in new instructions, with the total for June even surpassing that of June 2019. Estate agents in regions further north and west have been slower to refill their portfolios but have made great strides nonetheless.

The markets in Scotland and Wales are still suffering from their longer lockdown periods (new instructions down 65% and 42% respectively) although these figures are better than last month, indicating that some vendors have managed to get their properties listed.

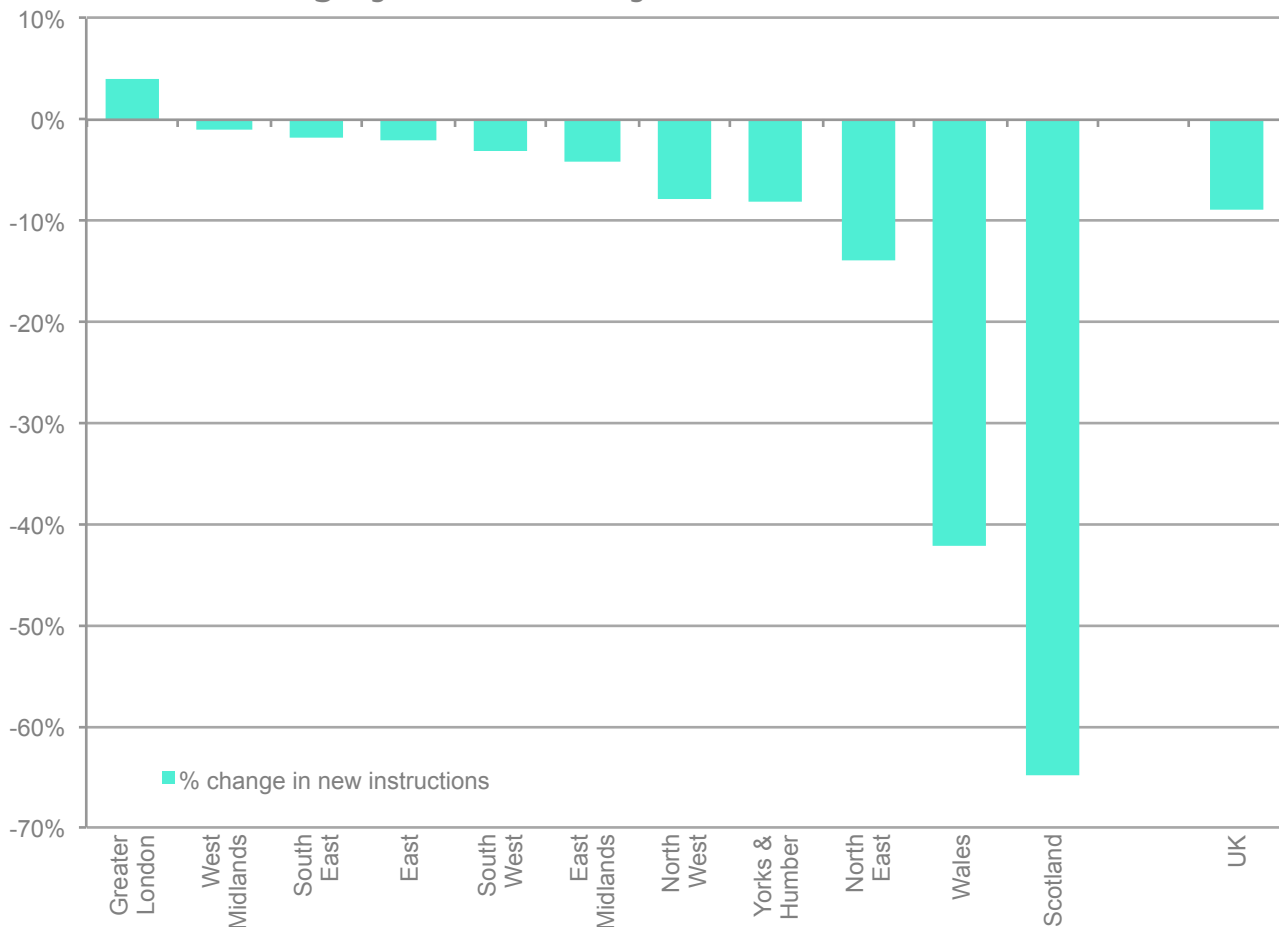
6-Month Regional Price Growth, July 2020 vs Jan 2020



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

[1] Halifax report [2] Andrews Property Group

New Sales Listings, June 2020 vs. June 2019



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

Supply is recovering overall but what is perhaps surprising is the confidence of vendors when it comes to setting the asking price. The national average home price jumped by 1.5% over the last month but there were examples of much greater hikes at the regional level, specifically the North West and Yorkshire.

In fact, we have witnessed price rises across all English regions and in Scotland and Wales over the last two months. Add to that the strong start the market made before the COVID lockdown, and the six-month price growth figures are impressive both regionally and nationally.

Of course, these figures are not seasonally adjusted but they do serve to show that, despite all manner of woes, UK house prices just keep on rising. By way of comparison, UK property prices only managed to increase 1.3% over the same period during 2019.

Yorkshire leads the regions with exceptional price growth of 6.2% since January this year, slightly above the region's annualised gain of 5.5%. The North West also shows strong

growth of 4.2% over the last six months and an annualised total of 5.1%.

Contrary to mainstream expectations, these two regions are registering the kind of growth we would anticipate during a property boom. Whether they can sustain these trends in the aftermath of the COVID pandemic remains to be seen.

Much of the rest of England, Scotland and Wales all show growth around the 3% mark which is in itself impressive, considering the massive economic upheaval of late. Only Greater London and the East Midlands show growth lower than 2%, but growth is evident there too nonetheless.

Next month, we will analyse the relative changes in Time on Market for the regions in order to see whether vendors' confidence is translating into increased market momentum.

“ In turbulent times such as these, where economic uncertainty abounds yet interest rates are ultralow and look set to remain so for the foreseeable future, an epithet for the property market might be: ‘Heads I win, tails you lose.’ ”

History reminds us that, as an asset class, property performs well in both the best economic times and the worst. During economic uncertainty, investors seek the security of bricks and mortar and the lower risk returns that the rental market affords. Hence, we shouldn't be too surprised about the renewed vigour that the market is currently displaying.

Indeed, last month I predicted that: 'A profound uplift in activity and significant competition for the limited supply of properties will drive up prices.' This is the scenario being played out now, as confirmed by David Westgate, group chief executive at Andrews Property Group, who stated last week that: 'Nobody can deny the property market is facing a huge amount of uncertainty given rising unemployment, but for now it is proving far more resilient than many expected. In some areas, we are actually seeing prices nudge up slightly as demand outstrips supply.'

Moreover, given the additional tailwind of the newly announced Stamp Duty holiday, we can expect

the current wave of demand to be sustained, at least in the short term. Property investors as well as homebuyers look set to return to the market



amidst such favourable conditions and this will have two key effects. Firstly, the additional demand will push up prices; secondly, supply in the rental market will increase. The latter will be good news for renters as increased supply will help attenuate rent rises and improve choice.

Our latest statistics show that the rental market is enjoying significant demand. The mix-adjusted national average is up 2.1% year-on-year and rents are up in Scotland, Wales and all English regions with the exception of Greater London, where a long overdue rise in supply has pushed down rents by around 3.5% year-on-year. Analysis of the Typical Time on Market indicates that demand is now higher or the same as a year ago in all regions with the exception of Scotland, where the longer lockdown period appears to have slowed the lettings market.

So, the stage looks set for the resurgence of buy-to-let investment as long as the mortgage credit keeps flowing.

Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Jul-20
Average Asking Price	£192,190
Monthly % change	1.5%
Annual % change	1.7%

North East	Jul-20
Average Asking Price	£165,331
Monthly % change	1.2%
Annual % change	2.7%

Yorks & The Humber	Jul-20
Average Asking Price	£213,212
Monthly % change	2.7%
Annual % change	5.5%

North West	Jul-20
Average Asking Price	£217,871
Monthly % change	1.9%
Annual % change	5.1%

West Midlands	Jul-20
Average Asking Price	£261,949
Monthly % change	1.7%
Annual % change	2.6%

East Midlands	Jul-20
Average Asking Price	£242,475
Monthly % change	1.1%
Annual % change	1.4%

East	Jul-20
Average Asking Price	£351,226
Monthly % change	1.6%
Annual % change	-0.4%

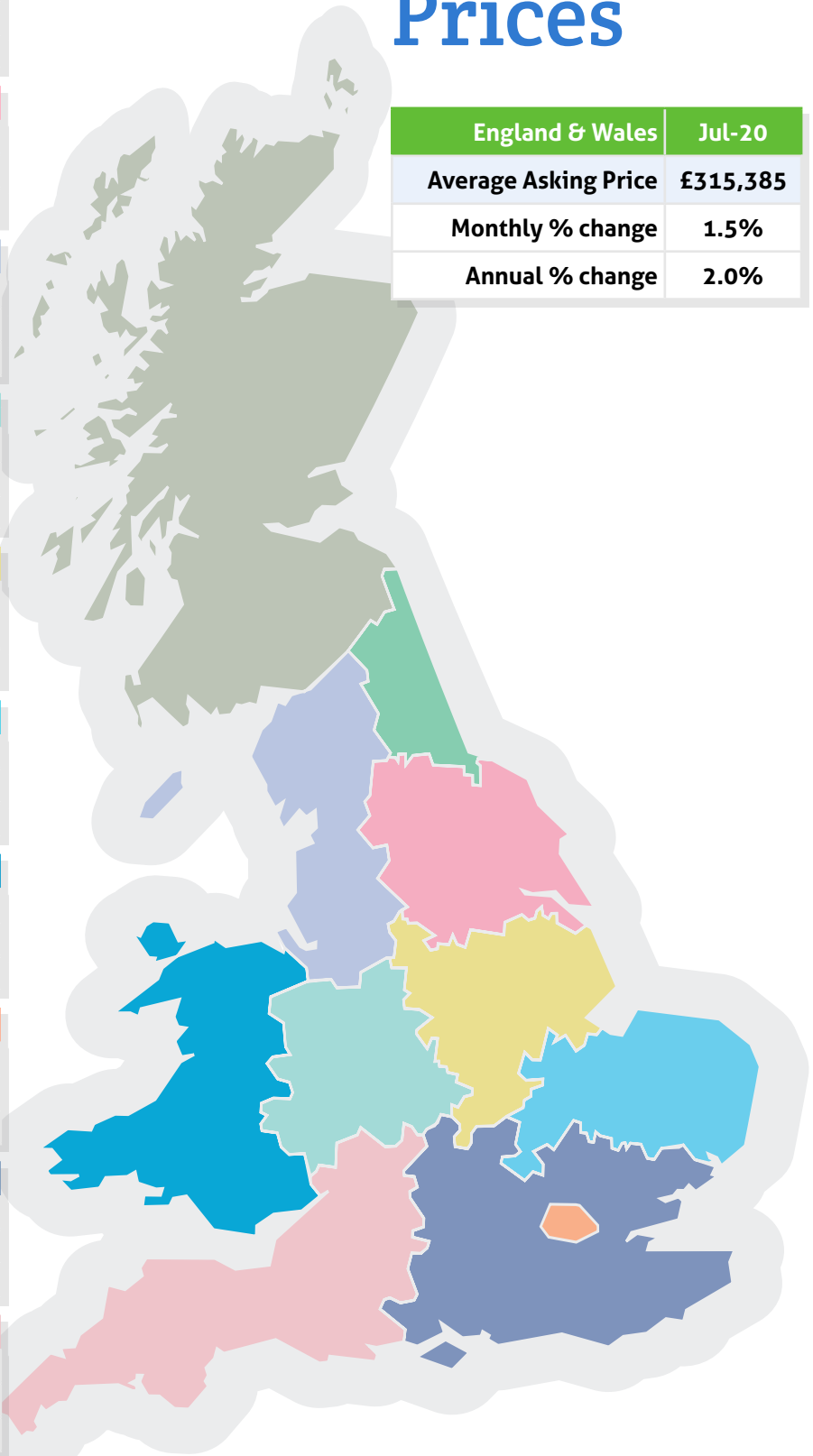
Wales	Jul-20
Average Asking Price	£218,380
Monthly % change	1.3%
Annual % change	3.0%

Greater London	Jul-20
Average Asking Price	£526,069
Monthly % change	1.2%
Annual % change	1.7%

South East	Jul-20
Average Asking Price	£400,229
Monthly % change	1.4%
Annual % change	1.0%

South West	Jul-20
Average Asking Price	£330,164
Monthly % change	1.1%
Annual % change	1.6%

England & Wales	Jul-20
Average Asking Price	£315,385
Monthly % change	1.5%
Annual % change	2.0%



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

UK Time on Market

Scotland	Jul-20
Average Time on Market	313
Typical Time on Market	197
Annual % supply change	-65%

North East	Jul-20
Average Time on Market	274
Typical Time on Market	161
Annual % supply change	-14%

Yorks & The Humber	Jul-20
Average Time on Market	204
Typical Time on Market	132
Annual % supply change	-8%

North West	Jul-20
Average Time on Market	217
Typical Time on Market	140
Annual % supply change	-8%

West Midlands	Jul-20
Average Time on Market	184
Typical Time on Market	126
Annual % supply change	-1%

East Midlands	Jul-20
Average Time on Market	184
Typical Time on Market	127
Annual % supply change	-4%

East	Jul-20
Average Time on Market	186
Typical Time on Market	128
Annual % supply change	-2%

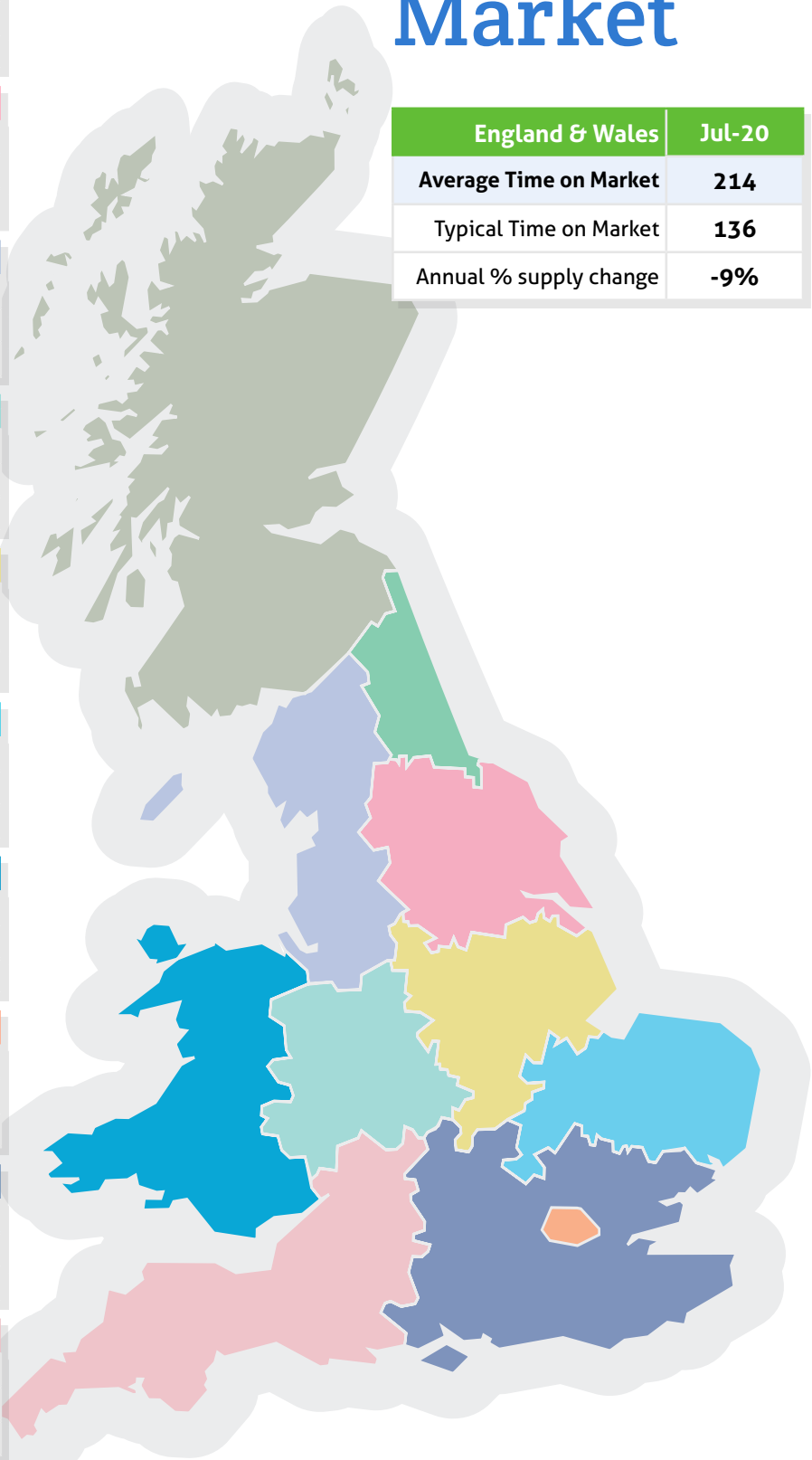
Wales	Jul-20
Average Time on Market	278
Typical Time on Market	169
Annual % supply change	-42%

Greater London	Jul-20
Average Time on Market	215
Typical Time on Market	131
Annual % supply change	4%

South East	Jul-20
Average Time on Market	194
Typical Time on Market	129
Annual % supply change	-2%

South West	Jul-20
Average Time on Market	204
Typical Time on Market	132
Annual % supply change	-3%

England & Wales	Jul-20
Average Time on Market	214
Typical Time on Market	136
Annual % supply change	-9%



Source: Home.co.uk Asking Price Index, July 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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- 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:

- **Wed 12th August**
- **Tuesday 15th September**
- **Tuesday 13th October**