

A Frenzy of Buying Across the Country

Headlines

- East of England, London and the South East show huge drops in marketing times as buyers snap up properties at pre-crisis rapidity.
- Prices rise in all parts of the UK making the mix-adjusted average asking price for England and Wales jump a further 0.9% since last month.
- The West Midlands shows the largest monthly rise of 1.5% as demand outweighs supply in the region.
- Supply continues to contract overall with a decrease of 4% year-on-year.
- Typical Time on Market plummets to just 102 days across England and Wales: 17 days less than in March 2015.
- The average annual home price appreciation for England and Wales dips slightly to 7.9%.
- The total stock of property on the market edges up slightly.
- Scottish home prices rise 1.0% since last month.
- Supply of property for sale continues to increase in Greater London.

Summary

The spring price surge witnessed last month in the East of England has now spread across the rest of the country. Prices are soaring as properties are snapped up by eager buyers. A further increase of 0.9% this month in the mix-adjusted average means the annualised rise is currently 7.9%.

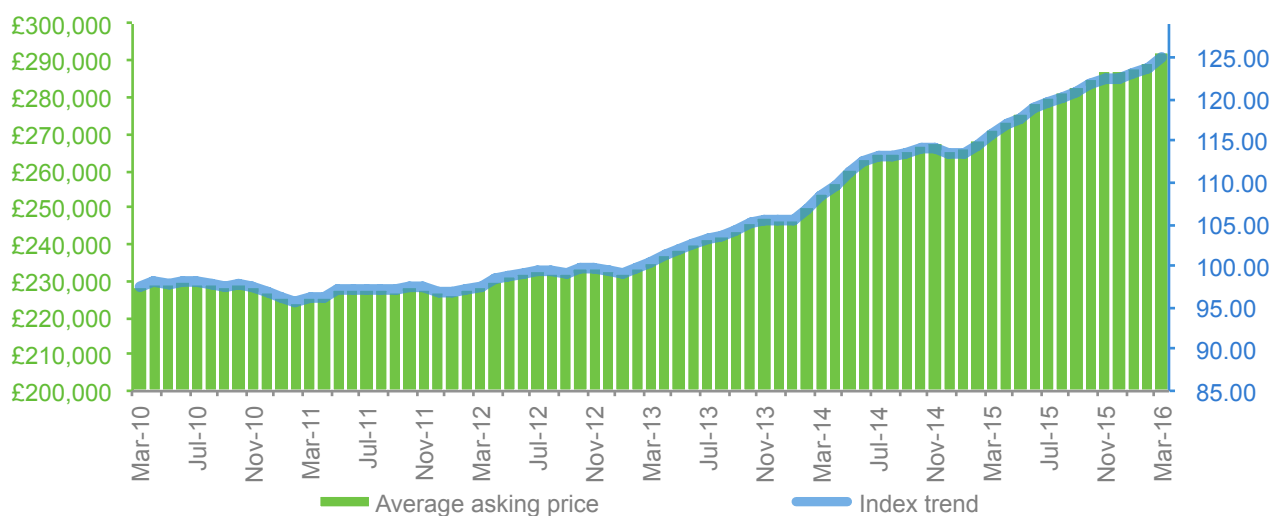
The total stock of property for sale remains very low, and scarcity continues to be one of the key market drivers. The number of properties entering the market is down 4% compared to a year ago. The hardest hit again this month is the West Midlands where 12% less new stock arrived on estate agents' books during last month vs. February 2015. The South West of England is also indicating shortages in supply with 8% less stock registered on agent portfolios last month.

Prices also rose in the North and Wales over the last month but in both these regions marketing times continue to be the longest in the UK. As a result, we expect only small seasonal rises in these regions over the coming months. Supply remains relatively buoyant and, consequently, prices show little if any significant upward progress.

By contrast, fierce competition between buyers has driven the Typical Time on Market in the South East and East of England down to 47 and 49 days respectively. The last time we witnessed such short marketing times was back in the pre-crisis summer of 2007.

Overall, the current mix-adjusted average asking price for England and Wales is now 7.9% higher than it was in March 2015, and this figure looks set to rise in 2016 due to worsening supply in an increasing number of regions.

Home Asking Price Trend for England & Wales



Source: Home.co.uk, March 2016

Regional Market Round-up

Properties are moving through the market more quickly than this time last year. The Typical Time on Market for England and Wales shows that properties are spending 17 days or 14% less time on agents' books. But it is in the already hot markets of Eastern England, Greater London and the South East where we are observing the most radical market acceleration in 2016.

The Typical Time on Market for the East of England has plummeted (-41%) as a surge in demand from homebuyers and investors, seeking to avoid the Buy-to-Let surcharge, decimates the stock of property for sale. The same surge in demand is evident in the London market too, which until now was slowing due to sky-high prices. And in the South East, a new wave of buying activity has taken the median Time on Market down to pre-crisis levels.

Such demand is driving prices to new record levels. The East is already outpacing London in terms of price growth over the last 12 months and the South East is not far behind. However, once the surge in investor interest subsides (post-

April), we expect these three regional markets to slow down due to affordability constraints.

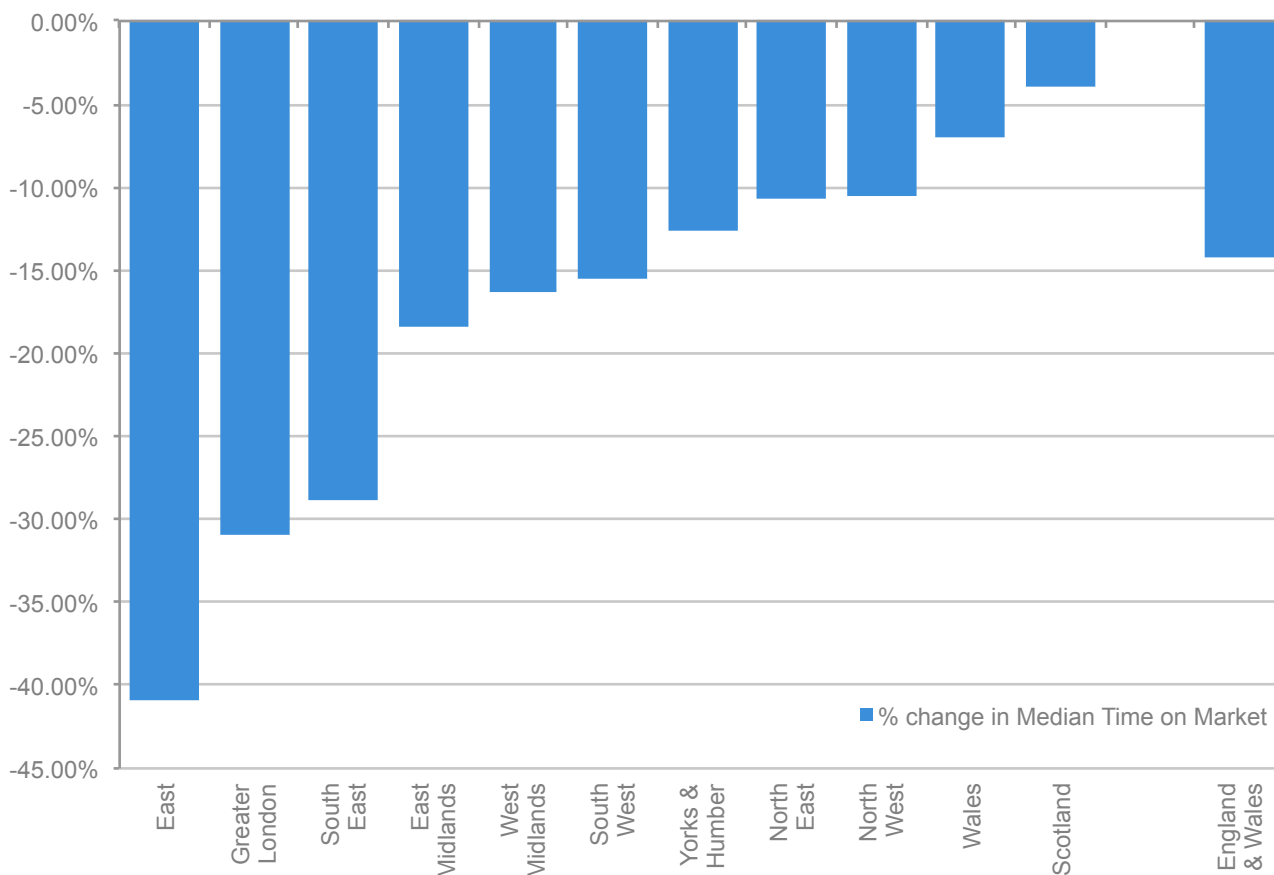
Further afield, the East and West Midlands and the South West are also showing considerable reductions in marketing times. Buy-to-Let investment is clearly a strong driver in these regions too. Bristol is a good example to highlight the current buying frenzy; this West of England city accounts for five of the top ten postal districts in our property hotspot list of fastest-selling areas outside Greater London.

The East Midlands, South West and West Midlands continue to show the largest potential for price growth over the next 24 months as we observe intensifying competition for the limited stock of property for sale.

The northern regions, Wales and Scotland are showing improvements in their typical marketing times but to a much lesser extent. Moreover, we may see an unseasonal reversal of this trend after the current Buy-to-Let surge ends in April.

For more information on regional property market performance please see pages 4 and 5 of this report.

% Change in Typical Time on Market (Mar 2016 vs. Mar 2011)



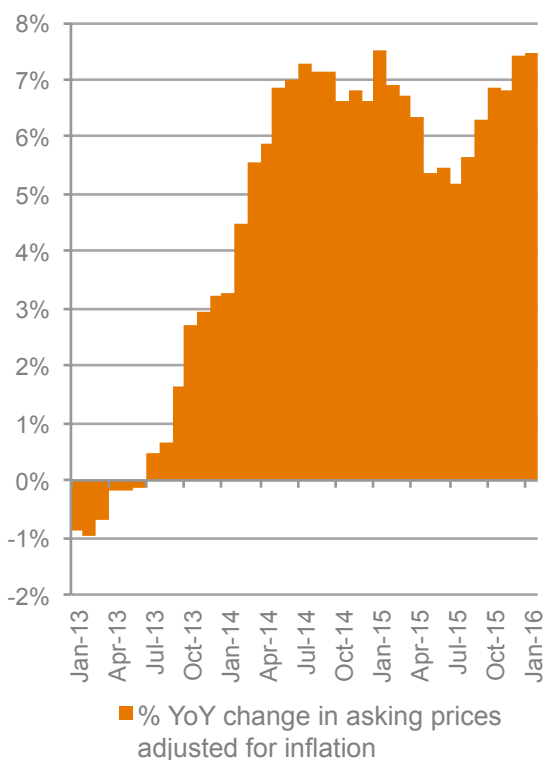
Source: Home.co.uk, March 2016



Real Home Price Growth

When we adjust the year-on-year growth in asking prices for the effect of monetary inflation, we can appreciate that genuine growth in property values in England and Wales has occurred for the last 30 months. Prior to this, the growth in the mix-adjusted average figure was outpaced by the rise in the cost of goods and services other than housing. We fully expect the real growth in home prices to continue at current levels for the next 12 months, after which we may see a further rise in inflation concomitant with a levelling off in home price growth as affordability constraints take effect.

Real Home Price Growth (Corrected for Inflation using RPI [all items ex. housing])



Source: Home.co.uk, March 2016



The Buy-to-Let stampede is underway, doubling the effect of the expected spring surge in property sales.



This investment frenzy is providing fierce competition for first- and next-time buyers who are probably best advised to stay out of the fray until the dust settles.

This rush to purchase has provided a fillip for the slowing London market, especially in the cheaper outlying areas. Meanwhile, property is still filling up estate agents' books in Belgravia (44% more stock for sale than in Mar 2015) and other parts of prime central London where oversupply has led to price stagnation.

As predicted, the East of England is now the UK's leading price growth region due to extraordinary demand and lack of supply. We expect that prices there will reach their affordability limits later this year and a similar market dynamic will take hold in the West Midlands, the South West and the East Midlands towards the end of the year, together with significant price growth in 2017.

The changes in stamp duty for Buy-to-Let investors has meant that the property market has had the equivalent of an adrenaline burst to kick-start what was already going to be an excellent year for house prices. Following this aberrant phase we may find that prices pause for breath, but the underlying fundamentals of cheap borrowing and tight supply will remain overall.

Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Mar-16
Average Asking Price	£174,688
Monthly % change	1.0%
Annual % change	4.5%

North East	Mar-16
Average Asking Price	£153,786
Monthly % change	0.6%
Annual % change	0.6%

Yorks & The Humber	Mar-16
Average Asking Price	£177,175
Monthly % change	0.9%
Annual % change	2.7%

North West	Mar-16
Average Asking Price	£181,227
Monthly % change	0.5%
Annual % change	2.4%

West Midlands	Mar-16
Average Asking Price	£219,240
Monthly % change	1.5%
Annual % change	6.8%

East Midlands	Mar-16
Average Asking Price	£204,175
Monthly % change	0.6%
Annual % change	5.1%

East	Mar-16
Average Asking Price	£321,387
Monthly % change	1.3%
Annual % change	12.2%

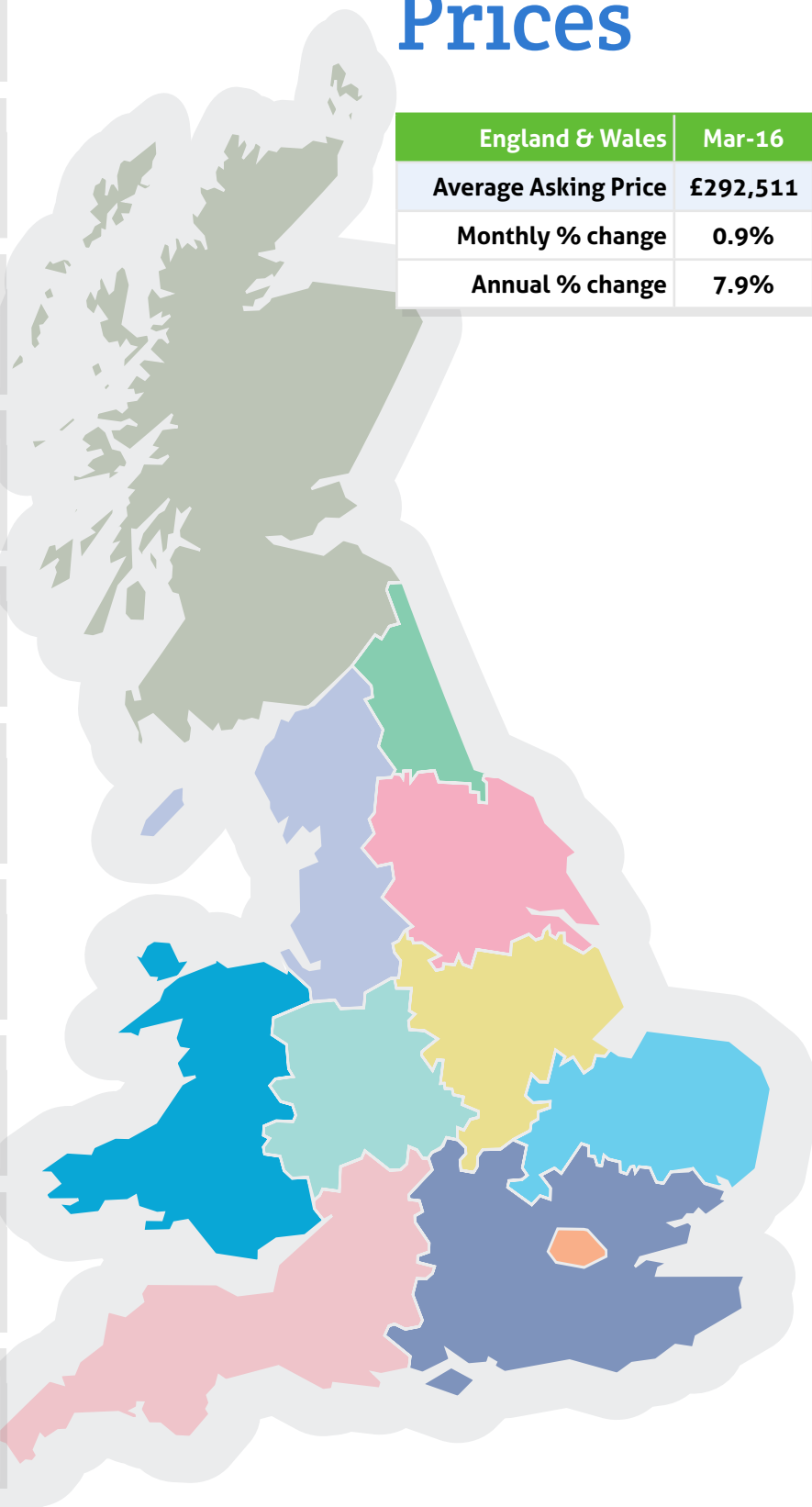
Wales	Mar-16
Average Asking Price	£183,449
Monthly % change	0.4%
Annual % change	2.0%

Greater London	Mar-16
Average Asking Price	£550,073
Monthly % change	0.9%
Annual % change	10.7%

South East	Mar-16
Average Asking Price	£387,663
Monthly % change	1.1%
Annual % change	10.5%

South West	Mar-16
Average Asking Price	£298,055
Monthly % change	0.7%
Annual % change	5.7%

England & Wales	Mar-16
Average Asking Price	£292,511
Monthly % change	0.9%
Annual % change	7.9%



Source: Home.co.uk, March 2016

UK Time on Market

Scotland	Mar-16
Average Time on Market	257
Typical Time on Market	148
Annual % supply change	-7%

North East	Mar-16
Average Time on Market	260
Typical Time on Market	151
Annual % supply change	1%

Yorks & The Humber	Mar-16
Average Time on Market	214
Typical Time on Market	131
Annual % supply change	-1%

North West	Mar-16
Average Time on Market	220
Typical Time on Market	135
Annual % supply change	-5%

West Midlands	Mar-16
Average Time on Market	176
Typical Time on Market	103
Annual % supply change	-12%

East Midlands	Mar-16
Average Time on Market	161
Typical Time on Market	93
Annual % supply change	-8%

East	Mar-16
Average Time on Market	115
Typical Time on Market	49
Annual % supply change	-7%

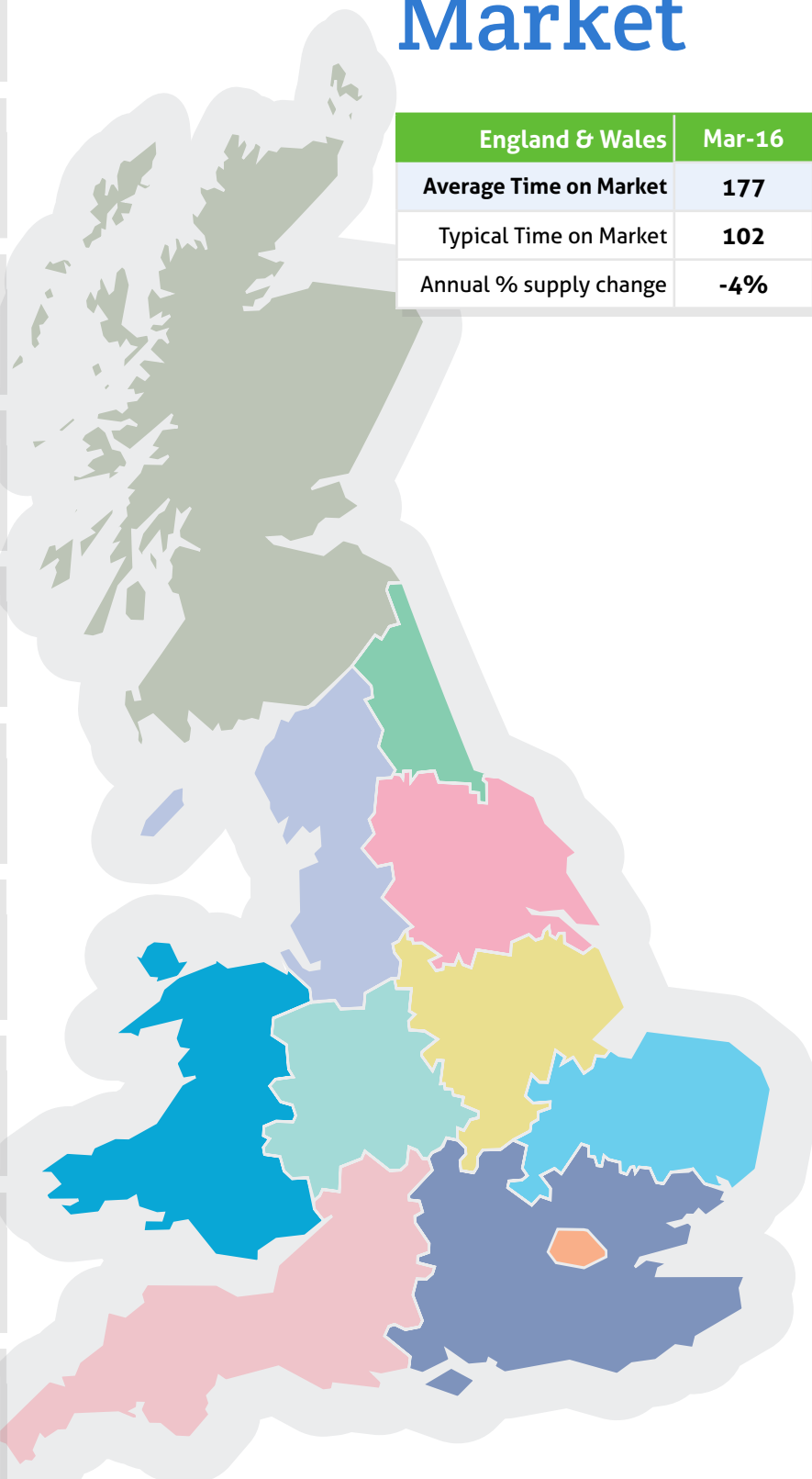
Wales	Mar-16
Average Time on Market	254
Typical Time on Market	160
Annual % supply change	-2%

Greater London	Mar-16
Average Time on Market	108
Typical Time on Market	49
Annual % supply change	7%

South East	Mar-16
Average Time on Market	104
Typical Time on Market	47
Annual % supply change	-3%

South West	Mar-16
Average Time on Market	158
Typical Time on Market	93
Annual % supply change	-8%

England & Wales	Mar-16
Average Time on Market	177
Typical Time on Market	102
Annual % supply change	-4%



Source: Home.co.uk, March 2016. 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:
<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:

- Tuesday 12th April
- Thursday 12th May
- Tuesday 14th June