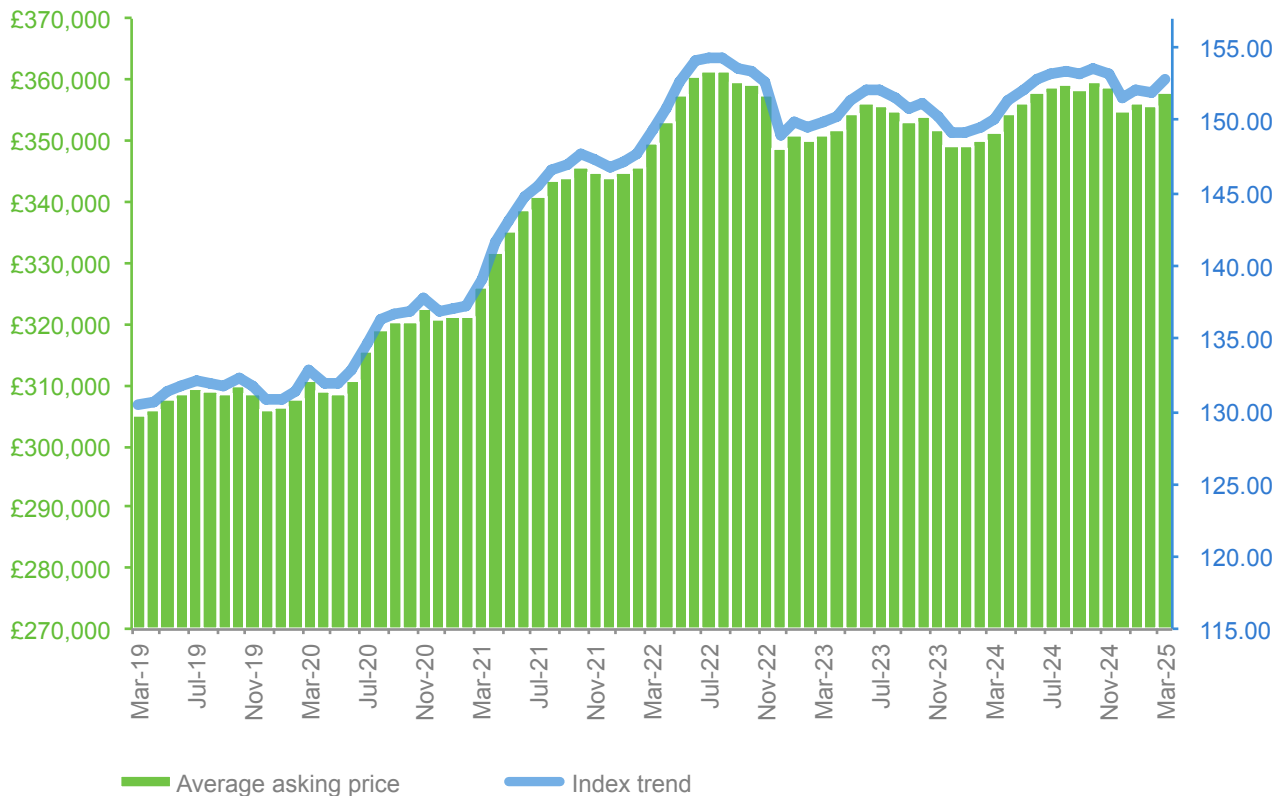


Home Prices Leap Ahead in the North and West Midlands

Headlines

- Asking prices rose in every English region, Scotland and Wales during February, making the national average rise by 0.5%. The rise is typical of seasonal trends and was bolstered by a moderation of supply. However, annualised home price growth across England and Wales remains below the level of inflation at just 1.8% overall.
- The huge surge in new instructions that occurred in January seems to have been transient. Supply of new sales properties entering the market during February 2025 was no more than during February 2024 overall, although there is regional variation, with minor increases still visible in London, the South East and the South West.
- The most bullish vendors are in the West Midlands, Yorkshire and the North West, posting the largest month-on-month gains of 1.0%, 0.9% and 0.9% respectively.
- Yorkshire retains the position of regional property market growth leader with an impressive year-on-year gain of 5.4%. Meanwhile, the South East retains its position as the worst regional performer with an annualised gain of just 0.3%.
- Sales market momentum shows a slight increase over March 2024. Property turnover is currently higher than any of the previous ten years of March readings, while Typical Time on Market remains the same as in March last year.
- The unsold sales stock count for England and Wales increased by just 6,000 properties during the last month, which is in line with seasonal expectations. The current total of 475,444 is relatively high and is the largest March figure since 2013.
- The annualised national growth in asking rents is now a mere 1.3% (while supply is up 16%), which is well below the rate of inflation. This national figure is significantly discounted by the negative performance of London, the UK's largest regional rental market (rents down 1.6% while the 12-month change in supply is up 9.0%). Meanwhile, regions showing exceptional performance are the East Midlands and Yorkshire, indicating rental growth of 9.2% and 7.6% respectively year-on-year.
- The City of London followed by Hackney indicate the largest declines in asking rents of all London boroughs, with annualised rental falls of 17.9% and 6.7% respectively. Meanwhile, the best performers are Westminster and Wandsworth, with rents increasing by 8.9% and 8.3% respectively.

Home Asking Price Trend for England & Wales



Source: Home.co.uk Asking Price Index, March 2025, Indexed to May 2004 (Value=100).

Summary

Despite negative economic news regarding the wider UK economy, the UK property market retains significant optimism. The flow rate of properties moving through the sales market is relatively high, thanks to substantial demand. Rising asking prices during the last month were supported by seasonal optimism and a moderation in supply following the surge in new instructions seen in January.

Notably, pricing continues to be strongest in the northern regions and weakest in London and adjacent regions. Rental yields are undeniably a key driver of regional growth disparity, directing investment away from arguably over-valued locations predominantly in the South towards the northern regions.

Overall, the vital signs of the UK property sales market indicate a positive state of health, due mainly to continued demand in the North. However, vendors and agents alike understand that the current level of demand is unlikely to be sustained after the increase in stamp duty on April 1st. By how much buyer appetite is quenched is anyone's guess. Should demand fall significantly, the latter part of the year will be a miserable experience for the UK property market, given the vast amount of inventory already on the market.

Yorkshire remains the regional growth leader with the mix-adjusted average asking price now an impressive 5.4% higher than a year ago, while the South East shows a paltry 0.3% growth, just ahead of the East of England at 0.4%.

UK annualised asking rent growth

falls back to 1.3% overall, which is well below inflation. However, the national average continues to be dragged down by the very large Greater London lettings market where asking rents continue their steady overall decline. The East Midlands remains the best performing region, indicating rental growth of 9.2% year-on-year.

The annualised mix-adjusted average asking price growth (sales) across England and Wales is now 1.9%; in March 2024, the annualised growth of home prices was 0.1%.

The mix-adjusted average home price for England and Wales increased by 0.5% during the last month, seemingly sweeping aside the January jitters which saw prices dip amidst a huge surge in new inventory. This latest rise is highly consistent with seasonal expectations and indicates that vendors' confidence has not been overly dampened. Positive sen-

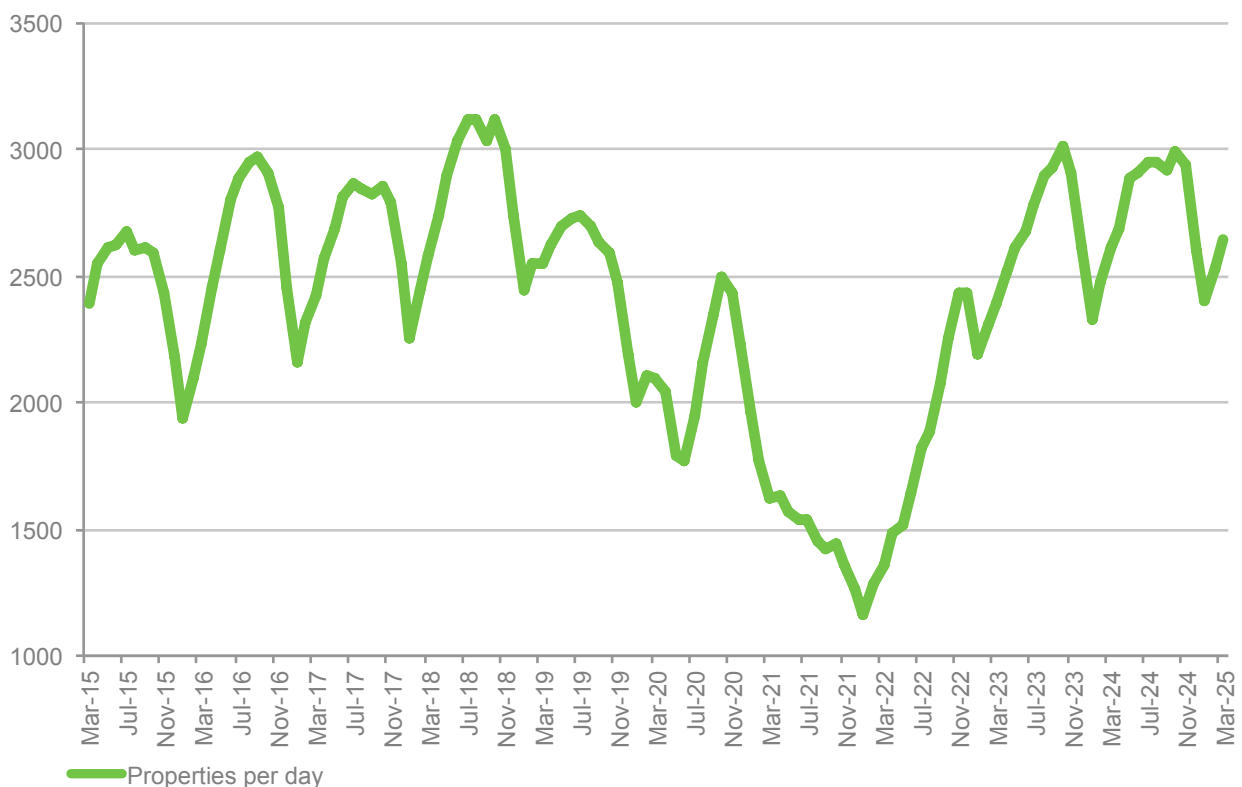
timent is clearly driving prices higher but it has a strong bias towards the northern regions, the real drivers of growth in the current market.

Buyer demand is supported by fairly stable mortgage rates around the 4% mark, although the arrangement fees can be eye-watering. According to interest rate swaps data, there is a 95.0% chance of a rate hold this month by the Bank of England but a 77.0% chance of a cut at the MPC's meeting in May and a 55.6% chance of a cut in August. This is in marked contrast to January when traders anticipated only one cut this year, in February. Two further cuts later in the year would certainly help boost buyer demand and this fillip may be much needed once stamp duty goes up on April 1st.

Market Turnover

Property turnover shows a strong uptick since February's reading, which

Sales Market Turnover Indicator



Source: Home.co.uk Asking Price Index, March 2025

indicates the current vigour of the UK property market. Properties continue to swarm through the market at an elevated pace for the time being. This month's jump gives a slightly better reading than in March 2024. In fact, the turnover rate compares very favourably against most of the last ten years' data, although the risk of a significant market slowdown later in the year remains.

Regional Roundup

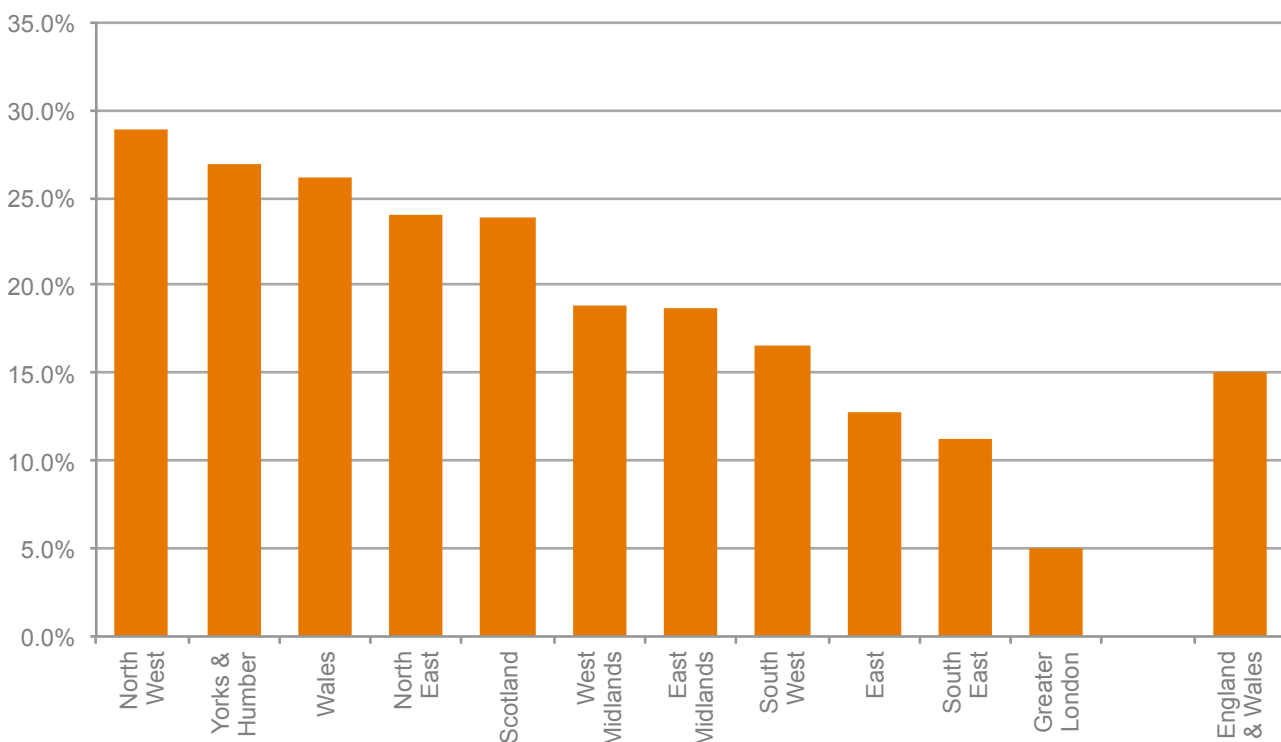
Yorkshire remains the regional price growth leader over the last twelve months but is second to the North West over the last five years. Meanwhile, the South East is the worst performing region over the last twelve months but it is Greater London that is by far the worst performer over the last five years. See our map for all the regional annualised gains.

Stock Levels

Stock levels are climbing in line with the expected spring rush, albeit with a smaller increase than we reported last month. Demand is more or less keeping up with supply for now. However, market participants should be aware that stock levels haven't been this high since March 2013 and a significant downturn in demand could create a glut of unsold stock.

The consequent market correction could be disastrous for home prices. Our expectations continue to be that, without significant cuts in mortgage interest rates, excessive amounts of sales stock will accumulate on the market in Q2, which will then lead to price falls in Q3.

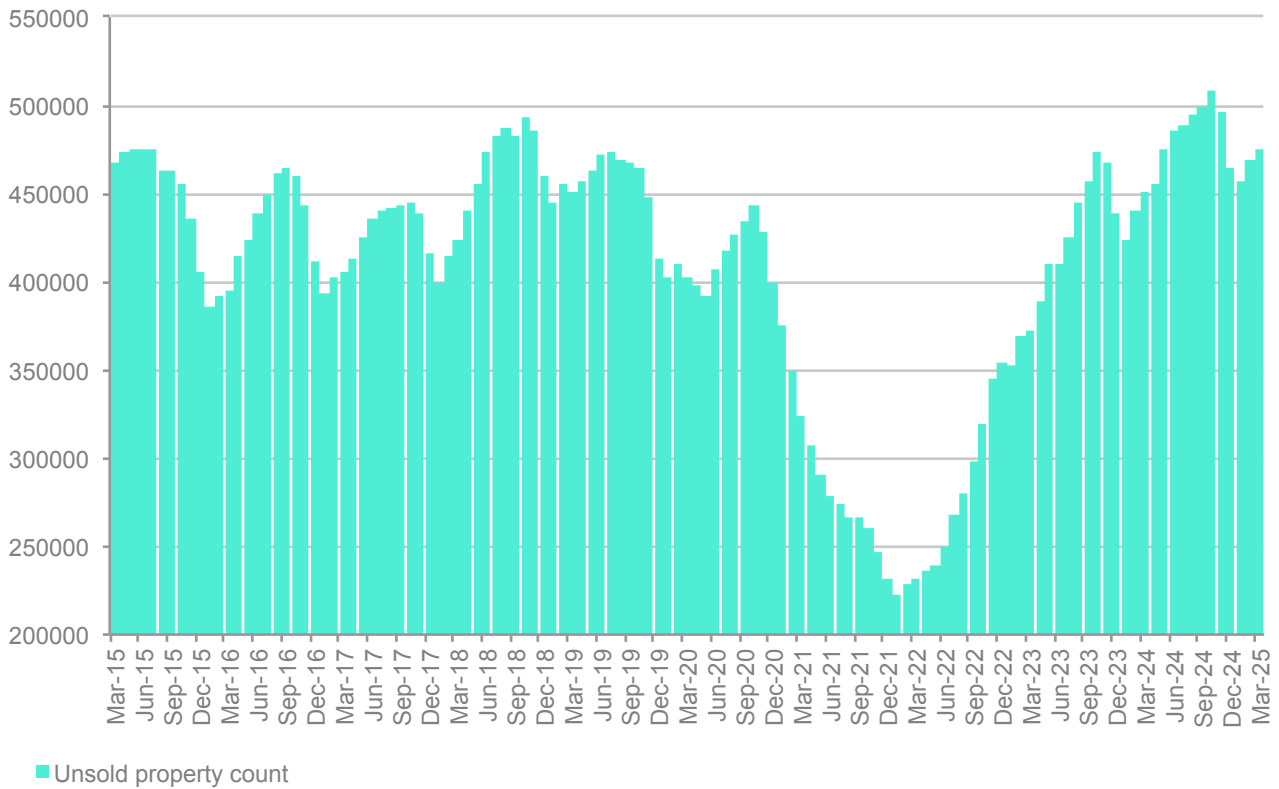
5-Year Regional Price Growth, Mar. 2025 vs. Mar. 2020



■ % change in mix-adjusted asking price

Source: Home.co.uk Asking Price Index, March 2025

Total Stock of Property for Sale, England and Wales



Source: Home.co.uk Asking Price Index, March 2025



“ Economic contraction across the UK bodes ill for the property market.

The GDP contraction in January was reported widely by the media as 'unexpected'. A peculiar turn of phrase to use when many business leaders predicted this very outcome when the Labour government's taxation plans were revealed. The recent rise in inflation was also described as 'unexpected'. I suppose every event is 'unexpected' if you are not paying attention. At least the captain of the Titanic could blame the fog.

It's pretty simple really: an economy overburdened by taxation will fall into recession. Following the UK government's budget announcements in late 2024, 63% of SMEs interviewed by the British Chambers of Commerce cited taxation as their primary business challenge – an increase from 48% of business owners who said the same in Q3 of 2024. According to ONS director of economic statistics, Liz McKeown, the figures continue to show 'weak growth'. She added: 'The fall in January was driven by a notable slowdown in manufacturing, with oil and gas extraction and construction also having weak months.'

Whilst the current home sales figures paint a fairly rosy picture of the UK property market, the harsh economic reality of vast increases in taxation

have yet to bite. The national insurance increase alone, which takes effect in April, will curtail business investment in both staff and infrastructure.

Layoffs are already happening across all sectors (including construction), and this will adversely affect the ability of many Britons to pay rent or a mortgage.

The S&P Global UK Composite Purchasing Managers' Index (PMI) for this month shows a sharp drop in the survey's employment gauge, which sank to 43.9 from 45.1, its lowest level since November 2020 and since the 2007-08 global financial crash if the COVID-19 pandemic period is excluded. 'Less upbeat business expectations and another month of sharply rising input prices led to net job shedding across the service economy in February,' Tim Moore, economics director at S&P Global Market Intelligence, said.

Alarm bells should be ringing in Westminster at this point. It's clear perhaps to all but themselves: Starmer's government must change course or the economy will end up on the rocks and, no, it won't be 'unexpected'.



Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Mar-25
Average Asking Price	£234,565
Monthly % change	0.7%
Annual % change	3.3%

North East	Mar-25
Average Asking Price	£201,064
Monthly % change	0.4%
Annual % change	4.6%

Yorks & The Humber	Mar-25
Average Asking Price	£259,676
Monthly % change	0.9%
Annual % change	5.4%

North West	Mar-25
Average Asking Price	£273,674
Monthly % change	0.9%
Annual % change	2.8%

West Midlands	Mar-25
Average Asking Price	£306,865
Monthly % change	1.0%
Annual % change	3.0%

East Midlands	Mar-25
Average Asking Price	£284,828
Monthly % change	0.4%
Annual % change	1.9%

East	Mar-25
Average Asking Price	£392,310
Monthly % change	0.2%
Annual % change	0.4%

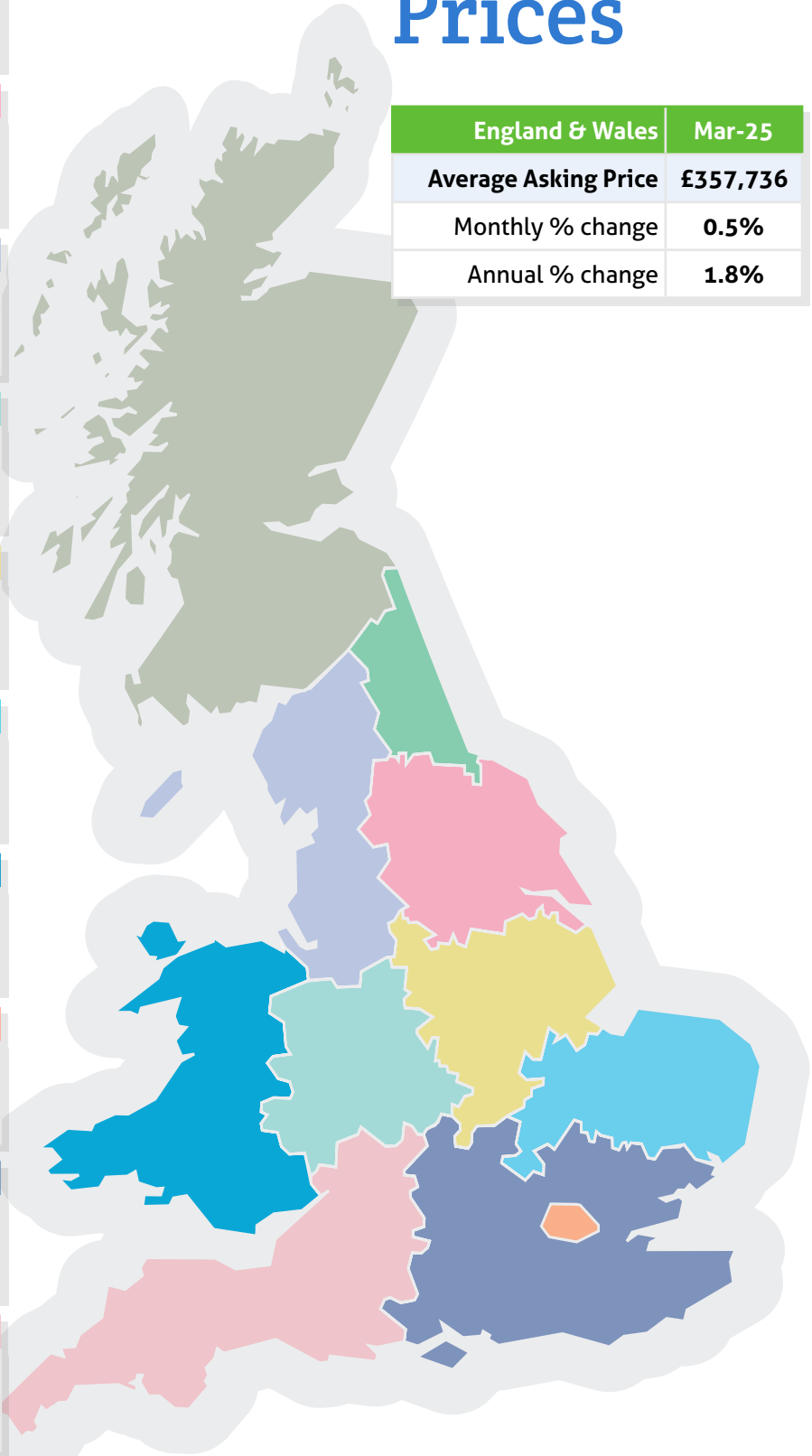
Wales	Mar-25
Average Asking Price	£271,132
Monthly % change	0.1%
Annual % change	2.1%

Greater London	Mar-25
Average Asking Price	£547,246
Monthly % change	0.2%
Annual % change	1.6%

South East	Mar-25
Average Asking Price	£441,305
Monthly % change	0.6%
Annual % change	0.3%

South West	Mar-25
Average Asking Price	£378,641
Monthly % change	0.6%
Annual % change	1.8%

England & Wales	Mar-25
Average Asking Price	£357,736
Monthly % change	0.5%
Annual % change	1.8%



Source: Home.co.uk Asking Price Index, March 2025

UK Time on Market

Scotland	Mar-25
Average Time on Market	213
Typical Time on Market	90
Annualised % supply change	1%

North East	Mar-25
Average Time on Market	170
Typical Time on Market	96
Annualised % supply change	-6%

Yorks & The Humber	Mar-25
Average Time on Market	164
Typical Time on Market	117
Annualised % supply change	-4%

North West	Mar-25
Average Time on Market	166
Typical Time on Market	96
Annualised % supply change	0%

West Midlands	Mar-25
Average Time on Market	166
Typical Time on Market	96
Annualised % supply change	2%

East Midlands	Mar-25
Average Time on Market	162
Typical Time on Market	101
Annualised % supply change	-1%

East	Mar-25
Average Time on Market	163
Typical Time on Market	95
Annualised % supply change	-1%

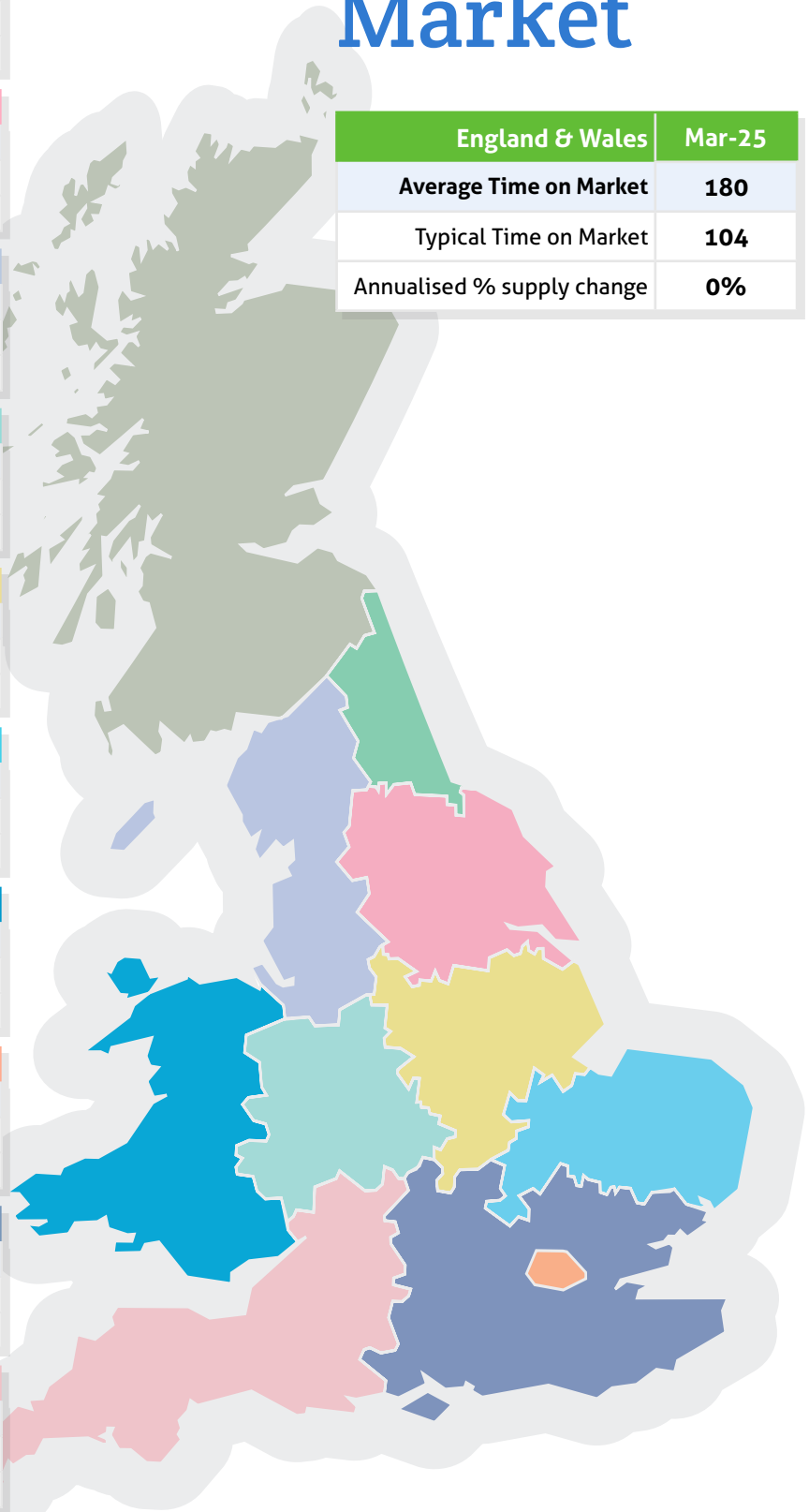
Wales	Mar-25
Average Time on Market	202
Typical Time on Market	103
Annualised % supply change	3%

Greater London	Mar-25
Average Time on Market	199
Typical Time on Market	94
Annualised % supply change	2%

South East	Mar-25
Average Time on Market	169
Typical Time on Market	92
Annualised % supply change	2%

South West	Mar-25
Average Time on Market	176
Typical Time on Market	91
Annualised % supply change	2%

England & Wales	Mar-25
Average Time on Market	180
Typical Time on Market	104
Annualised % supply change	0%



Source: Home.co.uk Asking Price Index, March 2025. 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:

- Wednesday 16th April
- Wednesday 14th May
- Thursday 12th June