

Regional Markets Show Signs of Genuine Recovery

Headlines

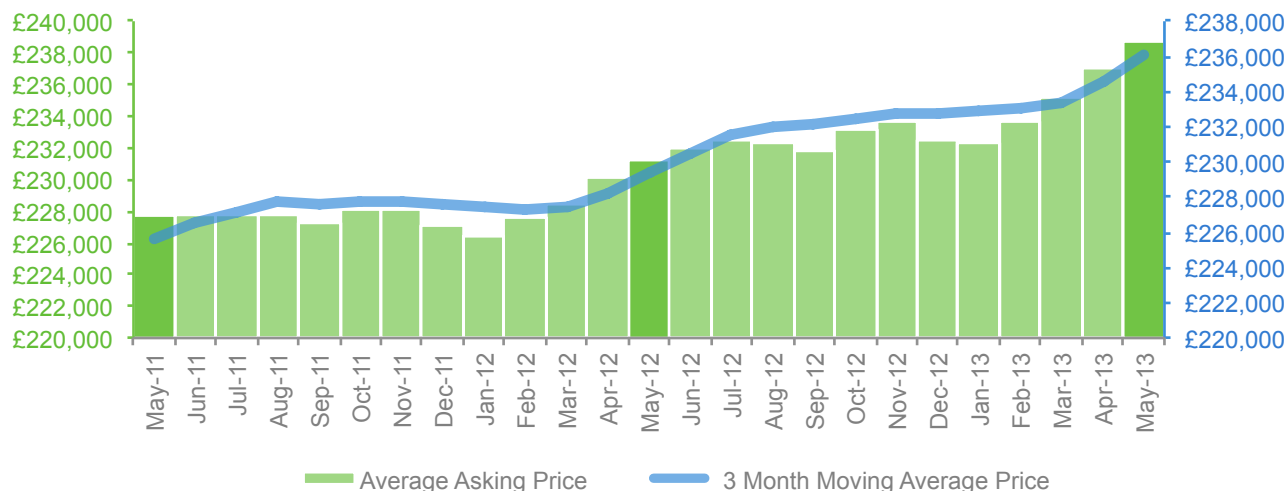
- Average asking prices across the nation rise 0.7%, a fourth consecutive monthly increase
- Price rises since last month in the South East, South West and Scotland show surprising vigour, even outperforming Greater London
- The typical time on market falls across the country and now stands at just 102 days
- Prices in London begin to show signs of overheating with another 0.8% hike
- Supply of property to market remains restricted: down 4.0% year-on-year

Summary

Spring finally arrives and, most encouragingly, the property market is showing signs of growth that is not exclusively driven by the price of homes in Greater London. Average asking prices across the UK increased 0.7% in the last month, largely driven by the South East, South West and Scotland, each reporting rises of 1.0% or more. Prices in London also played their part, rising again last month by 0.8%, and given the restricted supply and high demand (as demonstrated by very short marketing times), the capital's property market is showing the early warning signs of overheating.

A combination of a reduction in the time on market for sales property and the subdued flow of new stock (down 4.0% on last year) will help support prices going forward and provide a further boost to vendors' confidence. The typical (median) time on market now stands at just 102 days (around 3.5 months) although there are still considerable regional differences.

Price trend



Source: Home.co.uk, May 2013

Regional markets begin to recover

A boost in prices and considerable falls in the average time on market is finally being felt beyond the capital. London still witnessed another strong monthly rise in average prices but, nonetheless, it was outperformed by the South East (+1.2%), South West (+1.0%) and Scotland (+1.0%). The South East has shown four consecutive months of price growth and prices are now 3.9% up on this time last year. Lack of property supply is a common factor across these high performing areas, and there are also indications that the volume of transactions is gradually improving. Next month's index will take a closer look at the performance of each area of the UK.

Warning signs for London?

Another monthly price rise of 0.8% brings the average asking price of property in London to a staggering £376,021. A rise of 7.5% in just 12 months prompts serious questions about how long the market can sustain such a high rate of growth. The current 14% annual reduction in new instructions and the shortest time on market in the UK will only serve to drive prices higher. Moody's Investor Service recently warned of market conditions triggering a new house price bubble and it is evident that London could be at the forefront of any such overheating.

Supply of new stock remains subdued

If the usual seasonal patterns were being displayed, more vendors would be encouraged to enter the market during spring. However, the total volume of on-market property has not shown any considerable growth over recent months and new instructions remain down 4.0% year-on-year and 22% down on April 2011. London and the East Midlands have witnessed the largest annual falls in new property stock, with drops of 14% and 8.0% respectively.

Regional markets stimulated by shorter selling times

The typical time on market for unsold property across the UK has fallen 28 days to 102 days since last month. The renewed vigour found in the London and South East markets is, to some extent, moving to other regions of England, Scotland and Wales. Considerable regional differences do still exist, but, year-on-year, the typical time on market has dropped in all regions except the North East. Yorkshire and Humber, for example, shows a dramatic improvement, with a typical marketing time currently 30 days less than in May last year. Such significant drops indicate that formerly lacklustre regional markets are finally showing signs of genuine recovery.



Nearly six years on from the onset of the financial crisis, it is encouraging to finally see stronger UK performance indicators that are not almost exclusively driven by London.



Other areas of the UK are now really beginning to show signs of recovery and that, in turn, will help boost the confidence of local vendors and buyers alike. Whilst price recovery is vital, a key factor in the health of regional markets is the time taken to market a property for sale. Further improvements in mortgage availability will undoubtedly help markets outside of London and the South East along the road to recovery.

The dazzling London market continues to perform very strongly but is, perhaps, a little too hot for comfort. With high demand sending prices spiralling in many parts and a drought of new instructions, the early warning signs of overheating are becoming all too apparent. This danger has been echoed by Moody's recent warning of a renewed price bubble. A gradual improvement in confidence coupled with support from the government could well over-stimulate certain areas of the country, with the London market being the clear forerunner in any such price bubble

Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	May-13
Average Asking Price	£162,218
Monthly % change	1.0%
Annual % change	1.5%

North East	May-13
Average Asking Price	£153,057
Monthly % change	0.3%
Annual % change	0.6%

Yorks & The Humber	May-13
Average Asking Price	£169,695
Monthly % change	0.3%
Annual % change	0.9%

North West	May-13
Average Asking Price	£172,901
Monthly % change	0.6%
Annual % change	-0.4%

West Midlands	May-13
Average Asking Price	£191,955
Monthly % change	0.3%
Annual % change	1.6%

East Midlands	May-13
Average Asking Price	£177,987
Monthly % change	0.4%
Annual % change	2.2%

East	May-13
Average Asking Price	£253,803
Monthly % change	0.4%
Annual % change	2.5%

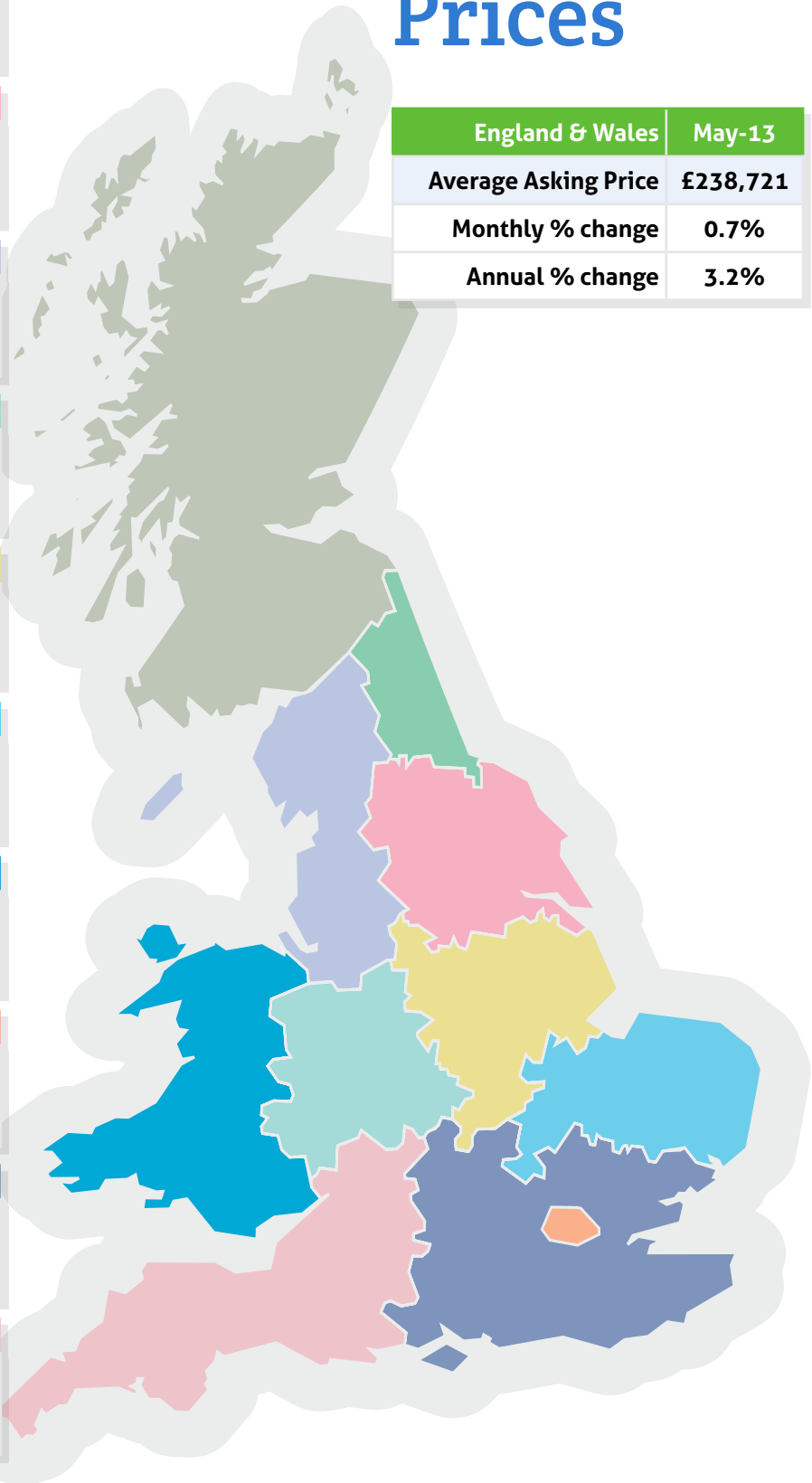
Wales	May-13
Average Asking Price	£175,302
Monthly % change	-0.1%
Annual % change	1.1%

Greater London	May-13
Average Asking Price	£376,021
Monthly % change	0.8%
Annual % change	7.5%

South East	May-13
Average Asking Price	£306,253
Monthly % change	1.2%
Annual % change	3.9%

South West	May-13
Average Asking Price	£260,947
Monthly % change	1.0%
Annual % change	2.9%

England & Wales	May-13
Average Asking Price	£238,721
Monthly % change	0.7%
Annual % change	3.2%



Source: Home.co.uk, May 2013

Regional Markets Finally Gaining Momentum

Selling can be a frustrating experience at the best of times, but especially so when properties are languishing on the market too long. Since the financial crisis, many regional markets have seemingly been stuck in first gear, but at long last, the time taken to sell a property outside of the Home Counties is dropping – and fast.

The typical time on market for unsold property across the UK has fallen to 102 days, eight days less than in May last year. By way of contrast, in May 2009 when prices were severely under pressure, the typical time to sell a property stood at 184 days: 80% longer than in the current climate.

Considerable regional differences still exist. London and the South East top the table with typical time on the market around 70 days and continuing to fall. At the other end of the spectrum, the typical property in the North East remains on the market for 198 days: a patience-sapping 6.5 months. Unfortunately, this metric has risen by a further nine days, over the last 12 months – a clear indication that the region's property market is still crawling.

However, the now well-established recovery in the London and South East markets is, to some extent, moving to other regions of England, Scotland and Wales. The Yorkshire and Welsh property markets have experienced the largest falls in marketing times, with Yorkshire's time

on market falling by a full 30 days since May 2012. Both the East and West Midlands have also experienced considerable reduction in the time to market property and average prices are now beginning to recover.

Although the Land Registry has yet to report on the number of property transactions beyond January 2013, this new data from Home.co.uk is an encouraging sign for many regions of the country.

Doug Shephard, director at Home.co.uk commented:

"Whilst marketing times are notoriously seasonal, the time taken to sell property is an important indication of the real health of the local market. This vital signal provides estate agents, buyers and vendors alike an insight into the fluidity of local markets and their ability to drive transactions."

The dynamic markets of London and the South East continue to enjoy the shortest selling times, but it is encouraging to note that other areas of the country are seeing the largest falls. One cannot underestimate the boost to vendor confidence that is gained by taking 3-4 weeks off the selling time. In turn, this puts more pressure on the seller to commit to the purchase of their next home, and creates a positive impact throughout the entire property chain."

Table: Median (typical) Time on Market

	Rank	Region	Typical Time on Market in May 2013 (no. of days)	Change since May 2012 (no. of days)
		UK	102	-8
The fastest moving	1	Greater London	70	-12
	2	South East	74	-8
	3	East	82	-8
	4	South West	89	-7
	5	West Midlands	101	-16
	6	East Midlands	107	-13
	7	Yorkshire & The Humber	147	-30
	8	North West	155	-4
	9	Scotland	158	-5
	10	Wales	169	-21
The slowest moving	11	North East	198	+9

Source: Home.co.uk, May 2013

About the Home.co.uk Asking Price Index

- The Home.co.uk Asking Price Index is produced 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 800,000 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 five 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:
<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 12th June
- Friday 12th July
- Tuesday 13th August