

## London Prices Down but Most Regions Performing Well

### Headlines

- Home prices up overall by 2.8% year-on-year but this figure lags behind inflation (latest RPI ex. housing) by 0.6%.
- Greater London prices down 1.6% year-on-year (down around 5.0% in real terms).
- Much improved marketing times in the North East and North West: the best since May 2008 and Jan 2008 respectively.
- Increased Time on Market figures continue to highlight the slowdown in Greater London and the South East compared to May last year (Typical Time on Market up 15% and 7% respectively).
- West Midlands tops the regional spring price rises with a month-on-month leap of 1.2%.
- Typical Time on Market falls to 77 days, one day less than in May 2016 (England and Wales).
- The supply of property entering the UK market has dropped again, by 3% YoY. However, supply has increased further in the East and South East by 12% and 7% respectively compared to April 2016.

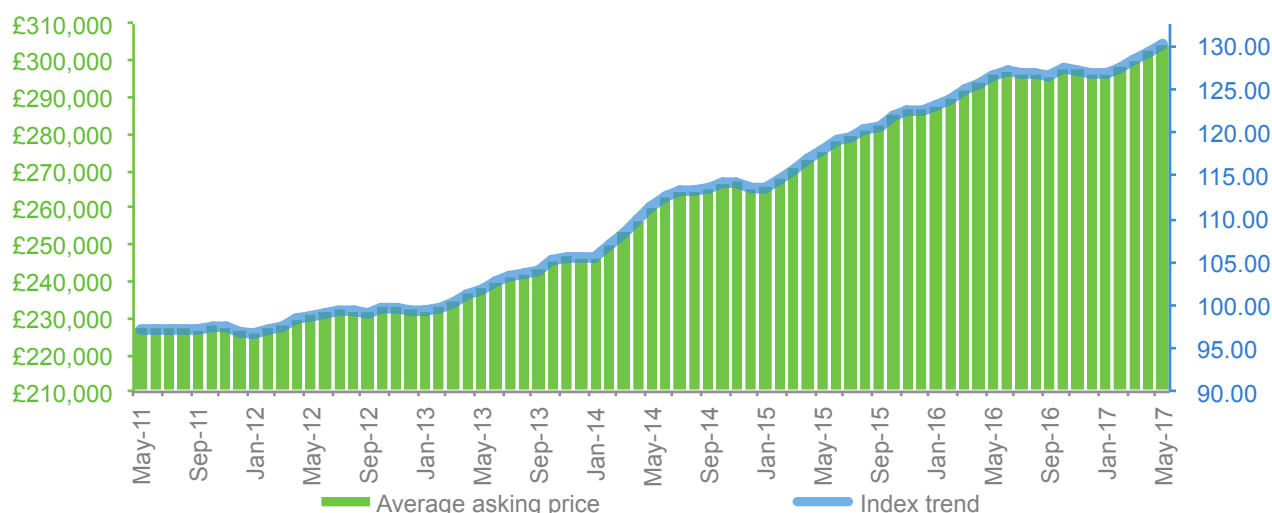
### Summary

Asking prices rose by 0.6% across England and Wales over the last month. The mix-adjusted average was driven up by price rises outside of Greater London. While London prices slide, it is the regions (especially the East of England and the East and West Midlands) that are keeping the national average from falling. Significant growth, over and above the rate of monetary inflation, is evident in five English regions but not in Scotland or Wales.

Contrary to London's woes, the North of England shows considerable improvement in property marketing times. Increased buyer activity has pushed the Typical Time on Market for these regions back down to 2008 levels. The North West is now showing annualised growth of 3.9% and the North East looks set to follow as this formerly lacklustre market finally shows genuine recovery.

Leading the regional league table for price growth is the East of England, followed by the East Midlands, the South West and the West Midlands. All show price growth over and above the rate of inflation and, unlike London and the South East, these regions are not showing signs of a

### Home Asking Price Trend for England & Wales



Source: Home.co.uk, May 2017

slowdown. Marketing times are either the same or lower for all these regions compared to May 2016. However, rising supply in the East will negatively impact on price performance over the coming months.

Despite these vigorous regional property markets, the national figures will continue to reflect a stagflationary housing market. Whilst this month's price rises indicate that there remains much confidence and momentum, the transition towards a period of lower year-on-year price growth appears complete. Moreover, rising inflation due to a weaker post-Brexit pound means that overall capital values are not rising in real terms.

Prices are always stronger in the spring and early summer. However, looking towards the autumn and winter, we expect price falls in London and the South East to impact significantly on the national figures. In May 2016 the annualised rate of increase of home prices was 7.5%; today the same measure is just 2.8%.

## The Year-on-Year Growth Trend

Looking back across the last ten years, we observe the highly varied fortunes of the UK property market. From the 2007 boom came the calamitous financial crisis and a crash in home prices in 2008. Outside of London the house price recovery that followed was slow to take hold. In

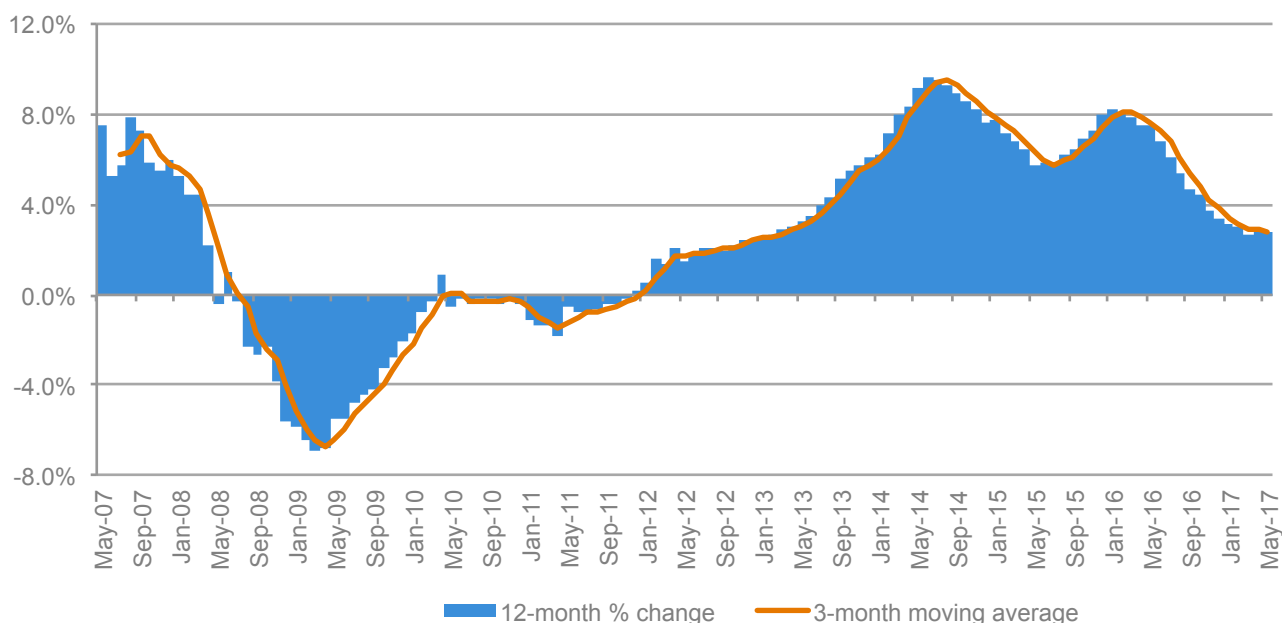
fact, it is arguably only just kicking in now in the North East. In 2010 London prices really took off and values soared at an unsustainable pace. In 2011 the adjacent regions of the South East and the East of England followed suit and thus began the massive increase in home values in these regions. This growth drove the national figures to register a peak rise of 9.6% back in June 2014. The Prime Central London market then began to cool and growth fell away slightly, only to bounce back up to the recent peak of 8.2% in January 2016. Since then, overall growth has tailed off due to sliding prices in London and relatively low growth in the South East. Current trending suggests we will see growth slump to a sub-inflation level of around 2% by the end of the year.

## Regional Price Growth

Analysis of the property market by region reveals major disparity in growth over the last year. The worst performing regional market is Greater London where prices have dropped 1.6%. The North East registered no change over the same period but there, as mentioned previously, marketing times have improved enormously and genuine price rises are almost sure to follow over the coming months. The Scottish and Welsh markets are still struggling to show above-inflation growth.

At the other end of the spectrum, the East is still the leader in terms of price growth although this has dropped from around the 10% mark over

## Year-on-Year Asking Price Growth (Mix Adjusted Average for England and Wales)



Source: Home.co.uk, May 2017

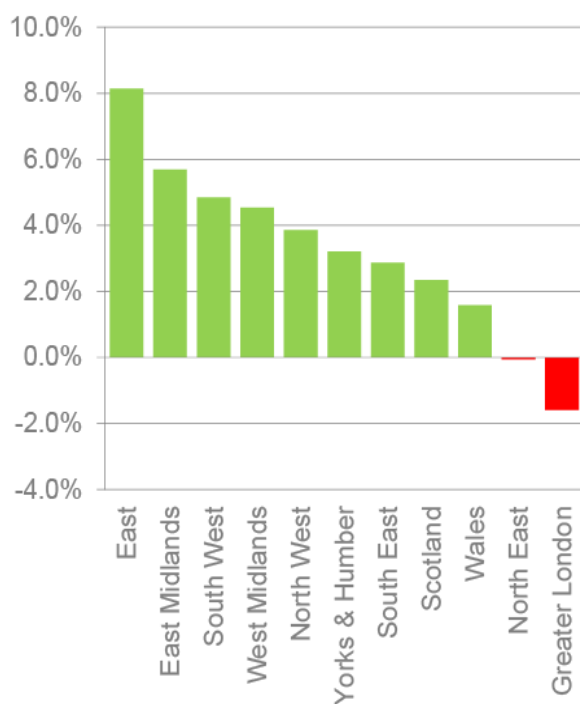
recent months. However, supply continues to rise and the recent period of rapid growth in the region appears to be coming to an end due to affordability constraints.

The East Midlands is the UK's next best property market in terms of price appreciation and marketing times. The Typical Time on Market for the region is currently 64 days and this is seven days less than in May 2016. Such positive improvement coupled with restricted supply (down 4% YoY) means that this property market looks set to continue to show further price growth over the rest of 2017, and perhaps eclipse the East as the UK's leading region.

Home prices in the South West and the West Midlands will also benefit from supply restrictions (down 6% and 8% respectively) over the coming months. Marketing times in both regions are also lower than in May last year and we therefore predict that these markets will remain positively robust going forward.

The North West leads the most northerly regions with both strong price growth and improved marketing times since last year. Yorkshire is looking more invigorated too, with a Typical Time on Market of 85 days, making it the most dynamic property market in the North.

## Year-on-Year Price Growth by Region



12-month price change

Source: Home.co.uk, May 2017



**The UK property market is heading into a period of much lower growth overall. The national growth figures will remain muted due to the poor performance of London, which could last for some considerable time.**



However, investors both large and small are busy adding to their portfolios in higher yielding regions, and this is keeping prices buoyant and adding to market momentum in most regions outside of London and the South East.

Indeed, prices are rising in the East and West Midlands and in the South West at a moderate and more sustainable rate than we observed previously in London and the South East. For now and the near future these regions are the saving grace of the UK property market: without their performance the national figures would look truly terrible and could precipitate a loss of confidence in the market as a whole. Moreover, it is pleasing to see increased activity in the northern regions, not one of which has seen the average home price rise by more than 10% over the last seven years. Hence, aside from some of the best yields in the UK, there is plenty of room for capital growth and investors, above all, understand that.

Rents, of course, fundamentally underpin house prices and the regions to watch are Wales, Yorkshire and the West Midlands (up 11.5%, 9.2% and 7.8% YoY respectively). We expect considerable buy-to-let investment in these locations going forward.

**Doug Shephard**  
Director at Home.co.uk



# UK Asking Prices

Scotland	May-17
<b>Average Asking Price</b>	<b>£181,266</b>
Monthly % change	1.1%
Annual % change	2.3%

North East	May-17
<b>Average Asking Price</b>	<b>£155,489</b>
Monthly % change	0.7%
Annual % change	0.0%

Yorks & The Humber	May-17
<b>Average Asking Price</b>	<b>£185,423</b>
Monthly % change	0.6%
Annual % change	3.2%

North West	May-17
<b>Average Asking Price</b>	<b>£191,105</b>
Monthly % change	0.5%
Annual % change	3.9%

West Midlands	May-17
<b>Average Asking Price</b>	<b>£231,944</b>
Monthly % change	1.2%
Annual % change	4.5%

East Midlands	May-17
<b>Average Asking Price</b>	<b>£219,415</b>
Monthly % change	0.9%
Annual % change	5.7%

East	May-17
<b>Average Asking Price</b>	<b>£357,927</b>
Monthly % change	0.8%
Annual % change	8.1%

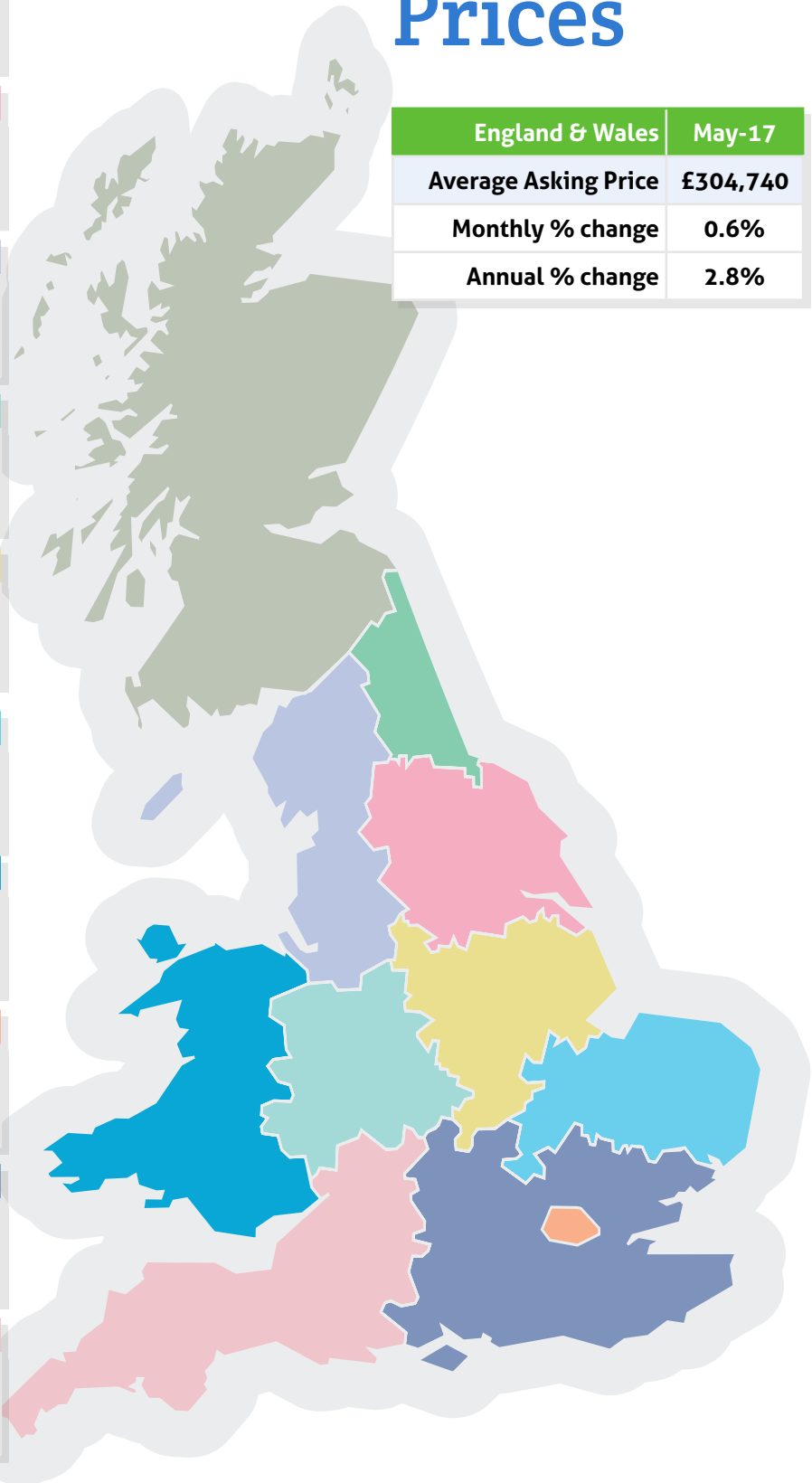
Wales	May-17
<b>Average Asking Price</b>	<b>£188,445</b>
Monthly % change	0.8%
Annual % change	1.6%

Greater London	May-17
<b>Average Asking Price</b>	<b>£544,103</b>
Monthly % change	0.0%
Annual % change	-1.6%

South East	May-17
<b>Average Asking Price</b>	<b>£403,992</b>
Monthly % change	0.8%
Annual % change	2.9%

South West	May-17
<b>Average Asking Price</b>	<b>£317,898</b>
Monthly % change	1.1%
Annual % change	4.9%

England & Wales	May-17
<b>Average Asking Price</b>	<b>£304,740</b>
<b>Monthly % change</b>	<b>0.6%</b>
<b>Annual % change</b>	<b>2.8%</b>



Source: Home.co.uk, May 2017

# UK Time on Market

Scotland	May-17
<b>Average Time on Market</b>	<b>237</b>
Typical Time on Market	98
Annual % supply change	-13%

North East	May-17
<b>Average Time on Market</b>	<b>235</b>
Typical Time on Market	107
Annual % supply change	-2%

Yorks & The Humber	May-17
<b>Average Time on Market</b>	<b>184</b>
Typical Time on Market	85
Annual % supply change	-7%

North West	May-17
<b>Average Time on Market</b>	<b>184</b>
Typical Time on Market	90
Annual % supply change	-8%

West Midlands	May-17
<b>Average Time on Market</b>	<b>145</b>
Typical Time on Market	69
Annual % supply change	-8%

East Midlands	May-17
<b>Average Time on Market</b>	<b>135</b>
Typical Time on Market	64
Annual % supply change	-4%

East	May-17
<b>Average Time on Market</b>	<b>106</b>
Typical Time on Market	55
Annual % supply change	12%

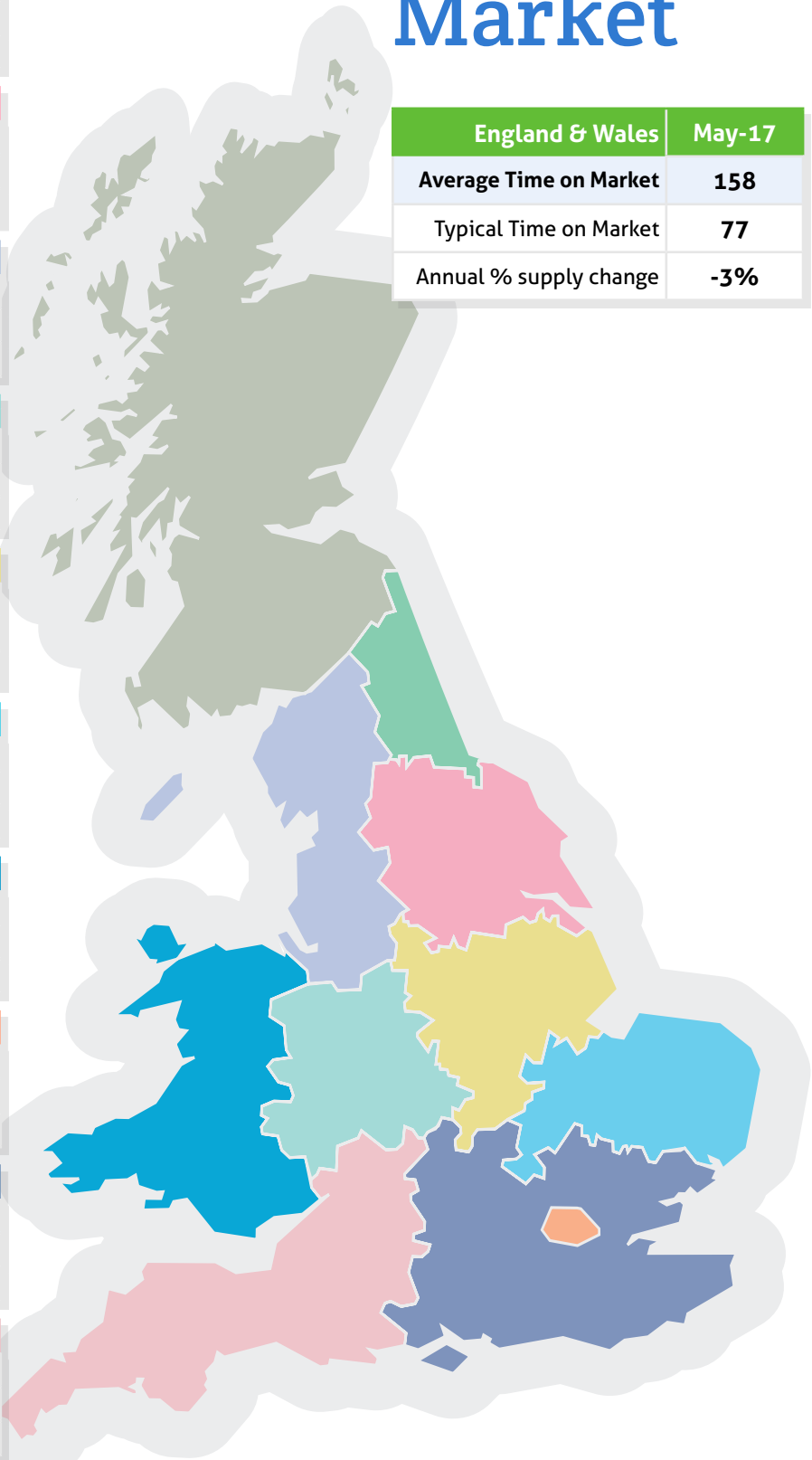
Wales	May-17
<b>Average Time on Market</b>	<b>236</b>
Typical Time on Market	128
Annual % supply change	-10%

Greater London	May-17
<b>Average Time on Market</b>	<b>129</b>
Typical Time on Market	70
Annual % supply change	-2%

South East	May-17
<b>Average Time on Market</b>	<b>108</b>
Typical Time on Market	58
Annual % supply change	7%

South West	May-17
<b>Average Time on Market</b>	<b>144</b>
Typical Time on Market	70
Annual % supply change	-6%

England & Wales	May-17
<b>Average Time on Market</b>	<b>158</b>
Typical Time on Market	<b>77</b>
Annual % supply change	<b>-3%</b>



Source: Home.co.uk, May 2017. 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:  
<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](http://www.home.co.uk/asking_price_index/Mix-Adj_Methodology.pdf)
- To learn more about Home.co.uk data services please visit:  
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### Future release dates:

- **Tuesday 13<sup>th</sup> June**
- **Wednesday 12<sup>th</sup> July**
- **Tuesday 15<sup>th</sup> August**