

London Prices Surge Again as Rest of UK Cools

Headlines

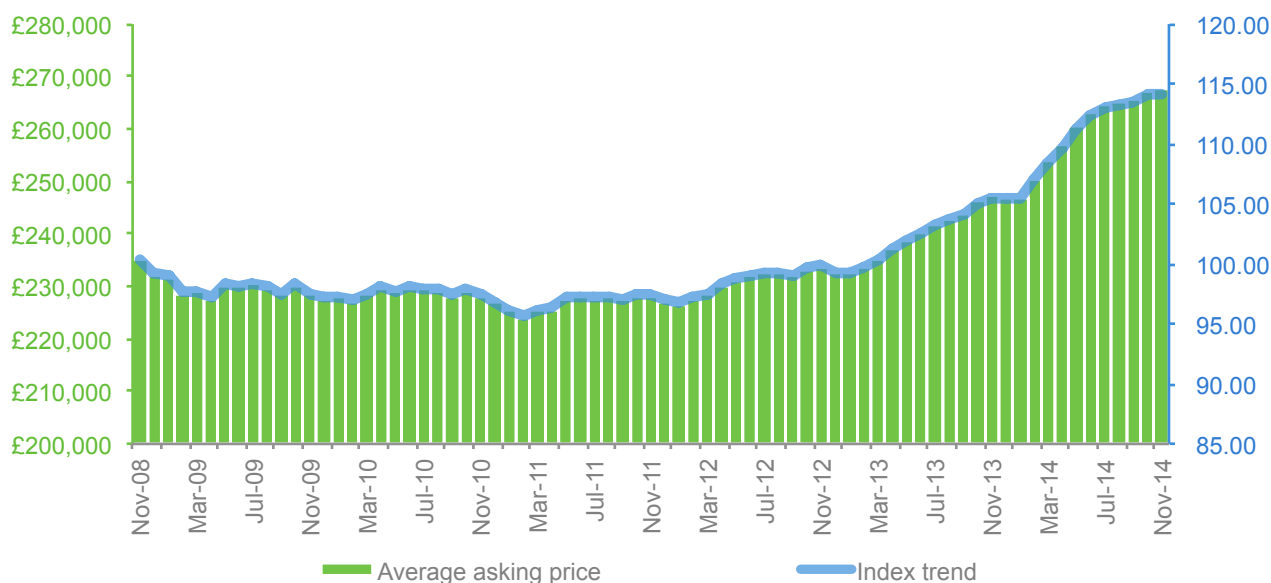
- London prices surge higher despite rising supply of homes for sale.
- The surge in London has pushed up the England and Wales average price for a tenth consecutive month (by 0.2%).
- The average annual appreciation for England and Wales is 8.2%.
- Outside of London, home prices fell in all English regions (except the East Midlands and South East), Scotland and Wales over the last month.
- Supply of property for sale in Greater London up by 54% vs. October last year.
- Prices continue to stagnate in the North.

Summary

London surprises again with an unseasonal price surge of 1.3% in just one month despite a huge increase in supply of property for sale. Coupled with last month's rise of 1.1%, this puts London prices back on a rising trend following the summer dip caused by a correction in mainly prime properties. Homebuyers in the capital now enjoy over 50% more choice than they did at this time last year, but the typical London property is now 15%* more expensive.

Take London out of the equation, and the UK property market is cooling in line with seasonal expectations. Prices are edging back in most regions after what was a solid year, especially in the South. Fierce competition in the fixed rate mortgage market and relatively low supply of property for sale will ensure demand stays strong into 2015.

Home Asking Price Trend for England & Wales



Source: Home.co.uk, November 2014

* median figure.

Regional Market Round-up

Home prices rose by 0.2% across England and Wales during the last month, but this was due almost entirely to the rise in Greater London. Elsewhere in mainland UK, price rises are either subdued or negative as befits the seasonal downturn at this time of year. Moreover, the North-South divide still prevails as can be seen in the 6-month price change chart. Scotland, Yorkshire, Wales, the North West and the North East all registered falls this month.

The worst performing region over the last six months has been the North East. A fall of 0.9% since May is a very poor performance for what has been the best year for UK property prices since the onset of the financial crisis. Wales, the North West and Scotland are not much better and only just managed to keep in positive territory. Within those areas, it is only the more upmarket locations that are supporting the regional averages.

Across the UK, supply of property for sale is steadily increasing but remains historically low. The number of properties that entered the

market last month was 14% higher than during October 2013. Areas of great demand, such as London, will be less sensitive to rising demand, while Scotland, which has a much weaker property market, has registered an annual rise of 18% in the number of properties for sale. This will likely thwart further price rises in 2015 north of the border. In Wales and the other English regions, we have observed only minor increases in the volume of sales properties coming onto the market.

Year-on-Year Asking Price Change Falls Further

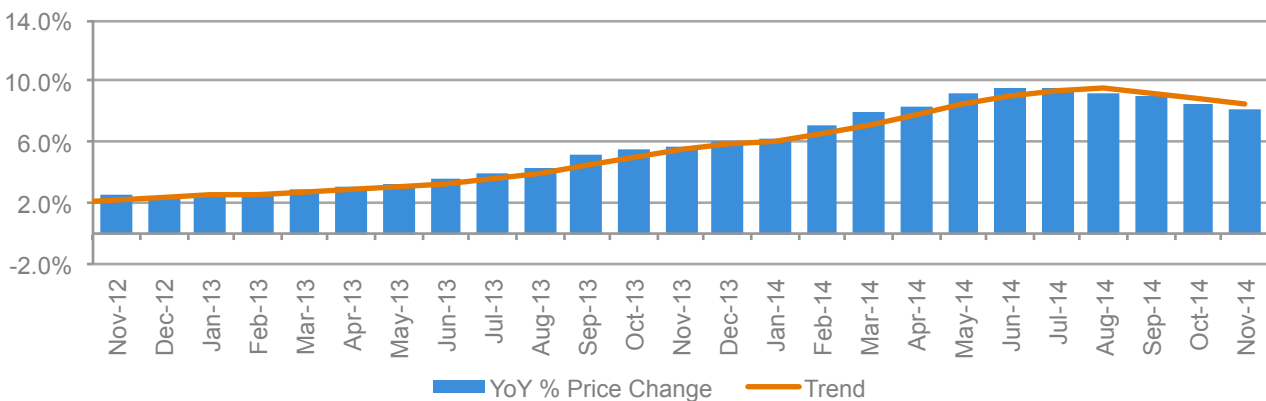
The average mix-adjusted 12-month change in asking prices for England and Wales reached a maximum in June (9.6%) and is steadily falling back. The average year-on-year price change trend for England and Wales (shown below) shows an end to the accelerating price growth observed over most of the last two years. Annualised gains are being eroded in the current cooler market, and we expect this gentle downtrend to continue into 2015.

Regional Price Growth Since May 2014



Source: Home.co.uk, November 2014

12-Month Change in Asking Prices by Month (England & Wales)



Source: Home.co.uk, November 2014

Gold vs. Property

The number of ounces of gold required to buy the average UK home is on the rise. The price of the yellow metal spiked during the turmoil that followed the financial crisis, and it began to look like one would soon be able to exchange a few old sovereigns for a decent house. More recently, however, that trend has reversed, and 'bricks and mortar' once again has the upper hand.

Current prices indicate that one could exchange around 350 troy ounces of gold (around 11 kg) for the average UK home. The low around November 2011 represented 207 ounces. Hence, in terms of gold, we can say that UK property has increased in value by around 70% over the last 36 months.



It's been a strong year for UK property and a poor one for gold. UK property has turned out to be a real 'safe haven' asset for many investors. Even the areas of Prime London that have recently suffered price falls and the northern regions have all fared better than gold over the last three years.



In a contrarian move, China is currently buying enormous amounts of gold; recent reports point to annual demand of over 2000 tonnes per year – this level of gold demand is unprecedented and virtually takes up the entire global mine output. At current prices, this equates to £47 billion and could purchase a large part of the current £136 billion UK property portfolio for sale today.

Investors looking for return on their capital, however, will always opt for property over a zero return asset such as gold.

Doug Shephard
Director at Home.co.uk



Ounces of Gold to Buy a House



Source: Home.co.uk, November 2014



UK Asking Prices

Scotland	Nov-14
Average Asking Price	£162,321
Monthly % change	-0.5%
Annual % change	2.0%

North East	Nov-14
Average Asking Price	£153,137
Monthly % change	-0.5%
Annual % change	0.6%

Yorks & The Humber	Nov-14
Average Asking Price	£172,798
Monthly % change	-0.7%
Annual % change	2.4%

North West	Nov-14
Average Asking Price	£177,600
Monthly % change	-0.1%
Annual % change	2.5%

West Midlands	Nov-14
Average Asking Price	£203,689
Monthly % change	-0.1%
Annual % change	3.9%

East Midlands	Nov-14
Average Asking Price	£193,391
Monthly % change	0.0%
Annual % change	6.0%

East	Nov-14
Average Asking Price	£284,120
Monthly % change	-0.3%
Annual % change	8.9%

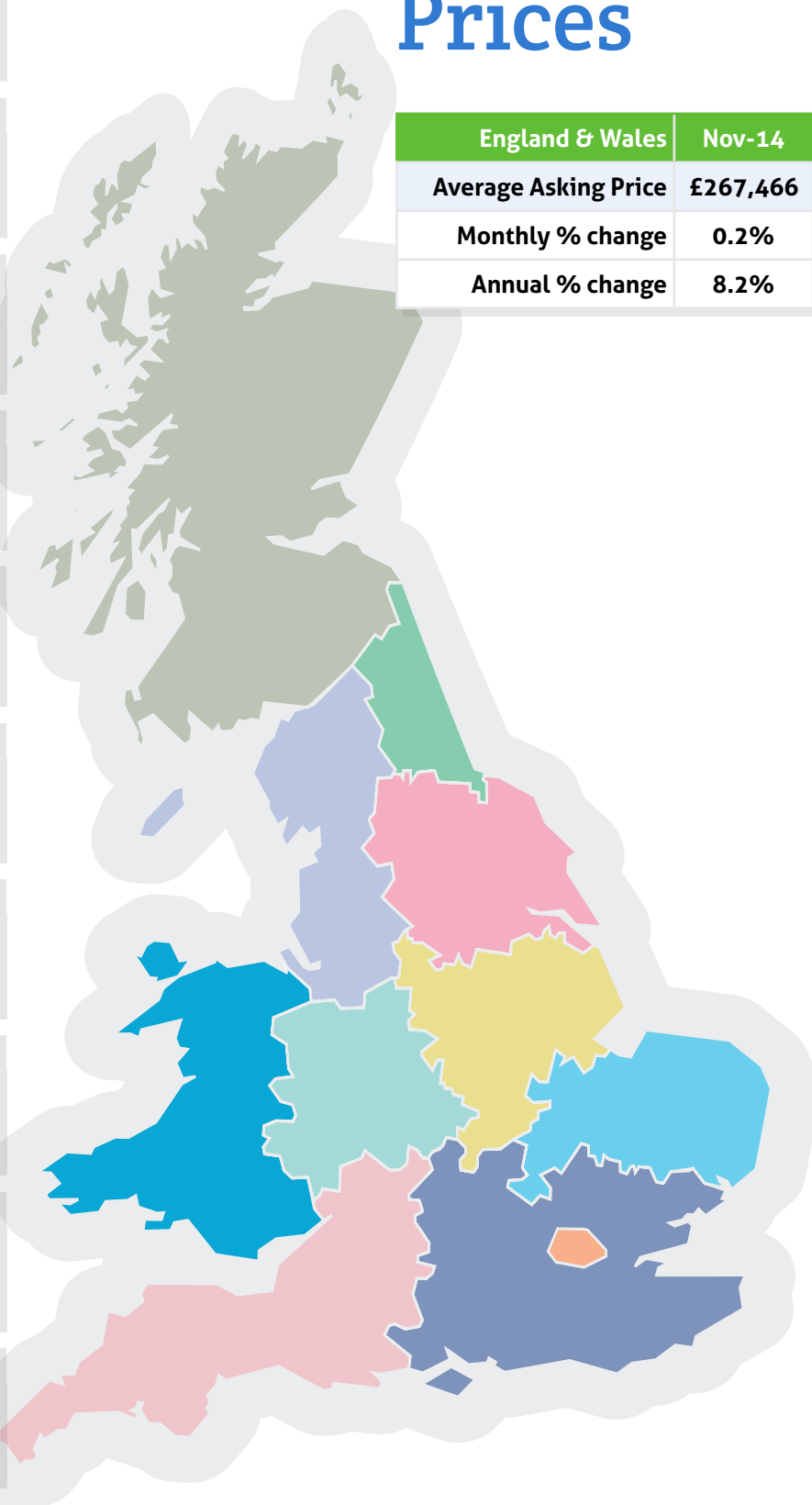
Wales	Nov-14
Average Asking Price	£179,916
Monthly % change	-0.6%
Annual % change	1.4%

Greater London	Nov-14
Average Asking Price	£477,011
Monthly % change	1.2%
Annual % change	17.1%

South East	Nov-14
Average Asking Price	£347,397
Monthly % change	0.0%
Annual % change	9.1%

South West	Nov-14
Average Asking Price	£281,545
Monthly % change	-0.3%
Annual % change	4.9%

England & Wales	Nov-14
Average Asking Price	£267,466
Monthly % change	0.2%
Annual % change	8.2%



Source: Home.co.uk, November 2014

UK Time on Market

Scotland	Nov-14
Average Time on Market	243
Typical Time on Market	127
Annual % supply change	18%

North East	Nov-14
Average Time on Market	304
Typical Time on Market	152
Annual % supply change	-1%

Yorks & The Humber	Nov-14
Average Time on Market	232
Typical Time on Market	126
Annual % supply change	3%

North West	Nov-14
Average Time on Market	232
Typical Time on Market	127
Annual % supply change	4%

West Midlands	Nov-14
Average Time on Market	188
Typical Time on Market	105
Annual % supply change	10%

East Midlands	Nov-14
Average Time on Market	175
Typical Time on Market	99
Annual % supply change	4%

East	Nov-14
Average Time on Market	134
Typical Time on Market	80
Annual % supply change	8%

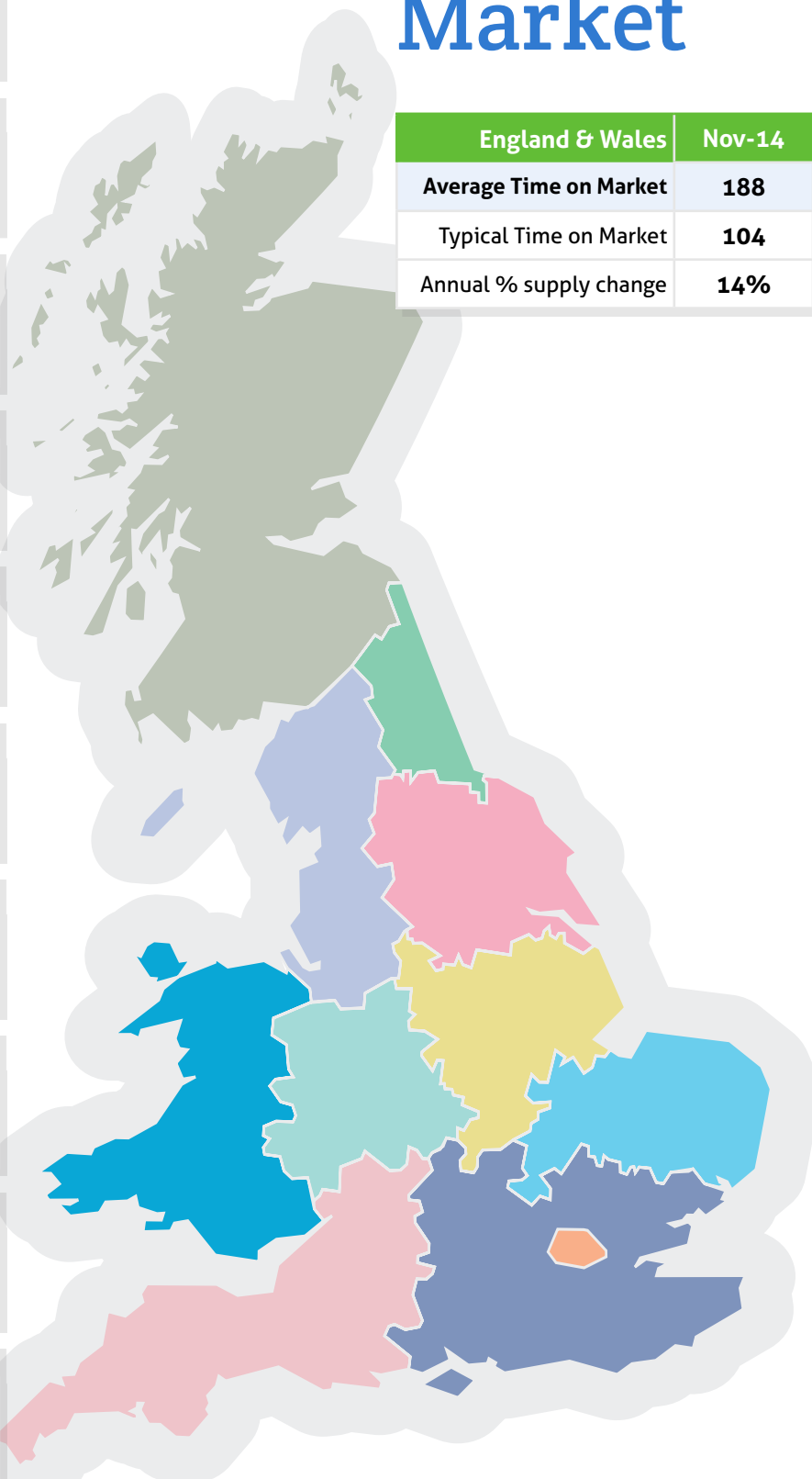
Wales	Nov-14
Average Time on Market	266
Typical Time on Market	141
Annual % supply change	11%

Greater London	Nov-14
Average Time on Market	102
Typical Time on Market	64
Annual % supply change	54%

South East	Nov-14
Average Time on Market	118
Typical Time on Market	71
Annual % supply change	13%

South West	Nov-14
Average Time on Market	159
Typical Time on Market	97
Annual % supply change	9%

England & Wales	Nov-14
Average Time on Market	188
Typical Time on Market	104
Annual % supply change	14%



Source: Home.co.uk, November 2014. 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:

- Friday 12th December
- Wednesday 14th January
- Thursday 12th February