

## House Prices Tick Up Despite London Falls

### Headlines

- Greater London prices slide for a third consecutive month, by 0.2%, pushing the year-on-year change into negative territory (-0.7%).
- However, thanks to strong regional growth, particularly in the Midlands and South West, the average price for England and Wales increased by 0.4% month-on-month and is up 3.2% year-on-year.
- The East and West Midlands together continue to lead the regional growth tables with annualised gains of 6.6% and 5.8% respectively.
- The West Midlands, North West and South West are now the most improved markets over the last 12 months as indicated by reduced Typical Time on Market figures.
- By contrast, the markets that have slowed the most over the last 12 months are the South East, London and the East of England.
- Typical Time on Market for England and Wales rises by two days to 89 days, two days less than in Oct 2016.
- The total number of properties on the market in England and Wales remains down by 3% year-on-year (YoY).

### Summary

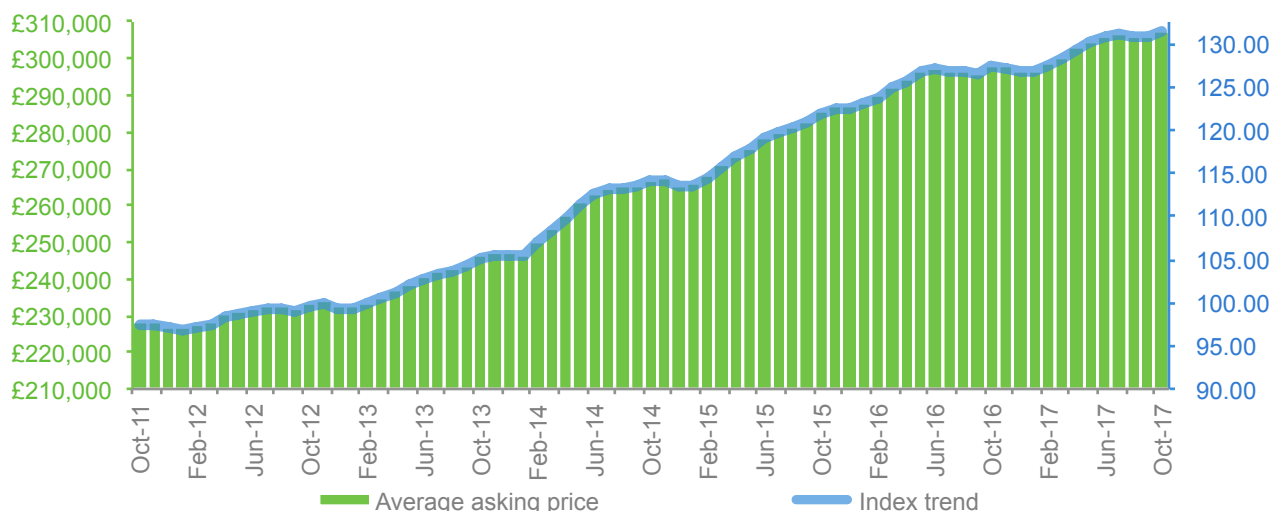
For the time being, strong regional market performances outside of London and the South East are supporting the national average growth figures. Growth in the Midlands is strong but not as ludicrous as was observed in Greater London back in 2014, with prices soaring by up to 20% year-on-year. For now, the rises look sustainable with prices increasing a few percentage points over and above the rate of inflation.

However, the drag effect of a weak London market means that the national average growth figure (3.2% YoY) weighs in at less than the rate of inflation as measured by the ONS (RPI ex housing) of 4.5%.

Meanwhile, the North West and Yorkshire continue to gain additional momentum and this will help boost the headline numbers going forward. The North East and Wales show improved confidence too, both displaying increased momentum but improvements are cautious and incremental thus far.

Overall, the UK property market is showing remarkable resilience and stability despite significant political uncertainty and a raft of costly disincentivising legislation.

### Home Asking Price Trend for England & Wales



Source: Home.co.uk, October 2017

In Oct 2016, the annualised rate of increase of home prices was 4.4%; today the same measure is 3.2%. The latest RPI (ex. housing) figure from the ONS is 4.5%.

## Regional Round-up

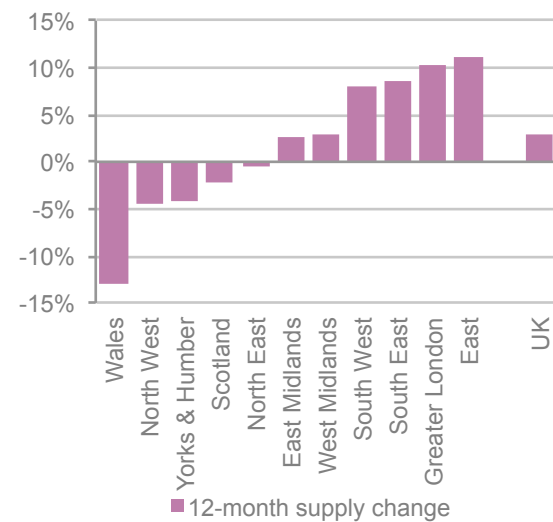
Whilst the markets of Greater London, the South East and the East of England are all slowing and continue to drag down the headline growth figures, as yet they have not slowed the market overall in terms of the Typical Time on Market. Since the rest of England and Wales are faring comparatively well and broadly supporting the national average, the median Time on Market of unsold property has actually fallen slightly over the last year.

The most improved market over the last twelve months is the West Midlands, where Typical Time on Market has dropped by 12%. The South West too has shown extra momentum recently, but it is the improvements observed in the North West and Yorkshire that give succour and point to the future potential for price growth in these regions. Our observations show that a fall in the median Time on Market is a clear harbinger of rising home values.

The South East stands out as the market that has slowed the most. A victim of overinvestment in the run-up to the stamp duty deadline last

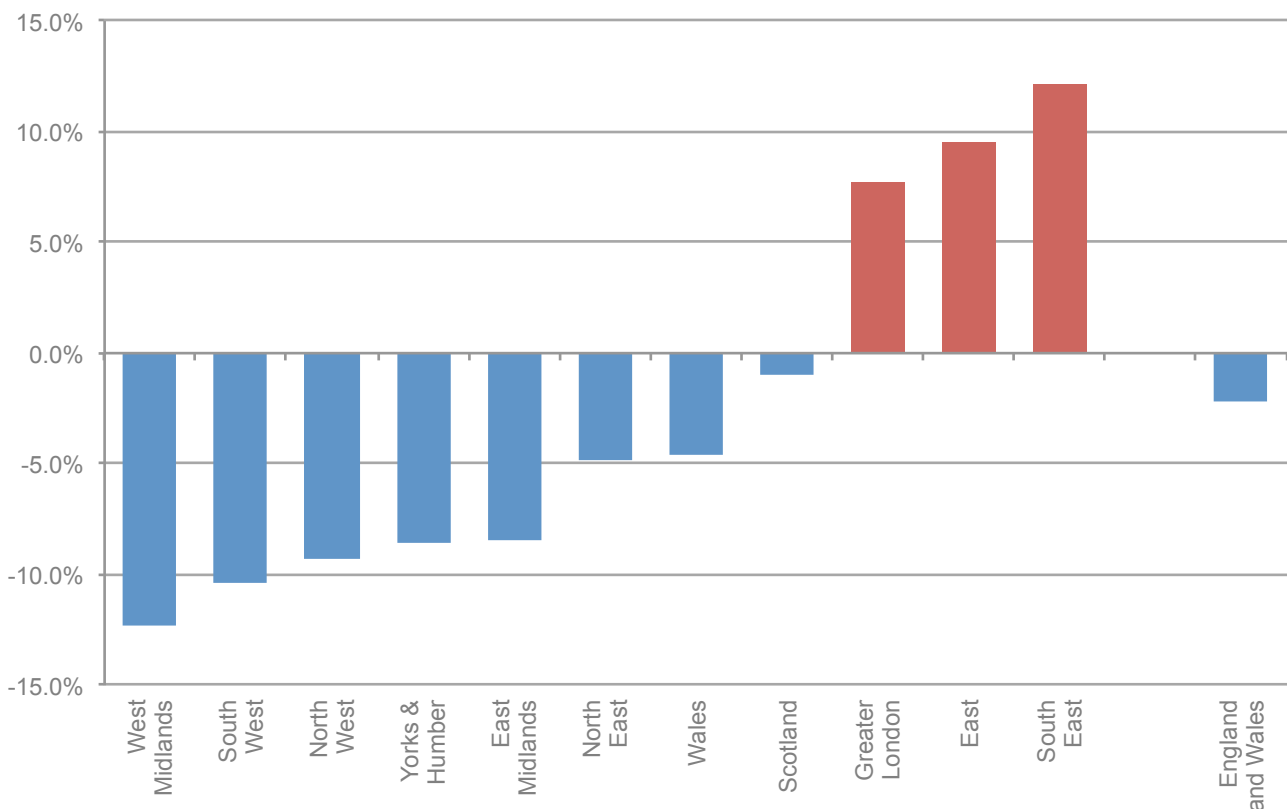
year, this region, like London, has entered a slowdown phase and this will likely lead to price corrections going forward. Prices in the South East rose too quickly in the recent boom years, way ahead of earnings and inflation, and a spate of Brexit relocations may exacerbate the situation, although this is as yet unclear.

## % Change in Properties Entering the Market



Source: Home.co.uk, October 2017

## 12-Month Change in Typical Time On Market (Oct 2017 vs. Oct 2016)



Source: Home.co.uk, October 2017

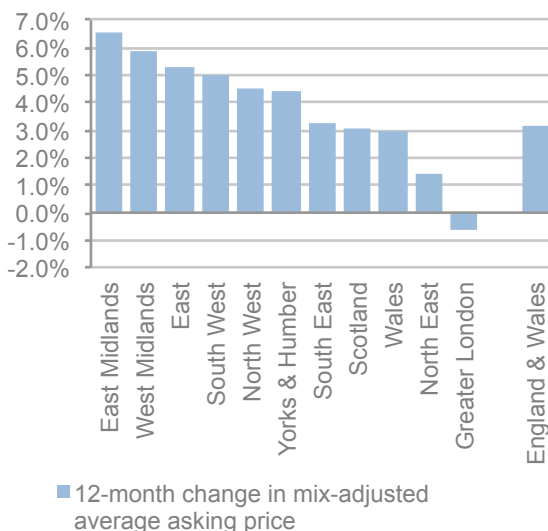


It is no surprise that the regions that are slowing the most are also those that show the greatest increases in properties entering the market. Greater supply, of course, places more downward pressure on house prices as well as increasing marketing times.

By way of contrast, Wales is a property market undergoing a contraction. Few properties are being placed on the market and this bodes well for further recovery in this formerly lacklustre market. Like the North East, the principality has shown a small increase in momentum and this combined with a reduced supply could boost home values further going forward. Indeed, Welsh prices need a push, having never really recovered following the financial crisis some ten years ago.

The Midlands clearly now lead the price growth chart with the East falling behind as the region slows due to previous overinvestment and current increasing supply. The South West has also fared well over the last year but rising supply looks set to stifle further above-inflation price growth next year. As mentioned, it is the North West and Yorkshire who are the new rising stars on the regional chart. Investment in these regions is being driven by attractive rental yields and potential capital gains, which are more attractive than in the overbought South and London.

## Asking Price Growth by Region



Source: Home.co.uk, October 2017



**Brexit or no Brexit, the London property market had to cool off. In fact, the process had begun long before the UK voted to leave the EU.**



Five years of massive house price inflation inevitably ended in the spring of 2016 with the beginning of the current corrective phase. Prices, of course, are not plummeting in the capital and surrounds, but rather sliding gently whilst monetary inflation does the rest. Indeed, while interest rates remain ultra-low there is no panic, no rush for the exit. Supply is up on previous years but is not in any way extreme. Just enough to prevent further price rises in the immediate future.

The South East and the East hit their price ceilings later than London did but the pattern is very similar and we expect prices to go sideways for some time in these regions. Supply has already risen and these markets are now slowing down from their previous feverish pace.

On the other hand, the trends indicate that the northern markets look poised to put in the best performances they have shown for many years. Indeed, the UK market remains bipolar but now the boot is on the other foot. The North West and Yorkshire are entering a boom phase, following in the footsteps of the East and West Midlands which are currently the UK's most vibrant regional property markets.

Looking towards 2018 it is as yet uncertain how far the London correction will go, but we do not expect major falls as the weak pound is attracting significant foreign investment in the region most favoured by international buyers.

In fact, 'uncertainty' seems to be the word of the moment! But despite this and talk of raising interest rates, the UK property market is showing remarkable robustness and looks set to continue to do so for the immediate future.

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



# UK Asking Prices

Scotland	Oct-17
<b>Average Asking Price</b>	<b>£183,927</b>
Monthly % change	-0.1%
Annual % change	3.0%

North East	Oct-17
<b>Average Asking Price</b>	<b>£157,722</b>
Monthly % change	0.2%
Annual % change	1.4%

Yorks & The Humber	Oct-17
<b>Average Asking Price</b>	<b>£189,535</b>
Monthly % change	0.3%
Annual % change	4.5%

North West	Oct-17
<b>Average Asking Price</b>	<b>£195,214</b>
Monthly % change	0.7%
Annual % change	4.5%

West Midlands	Oct-17
<b>Average Asking Price</b>	<b>£238,829</b>
Monthly % change	1.0%
Annual % change	5.8%

East Midlands	Oct-17
<b>Average Asking Price</b>	<b>£225,258</b>
Monthly % change	0.9%
Annual % change	6.6%

East	Oct-17
<b>Average Asking Price</b>	<b>£361,073</b>
Monthly % change	0.7%
Annual % change	5.3%

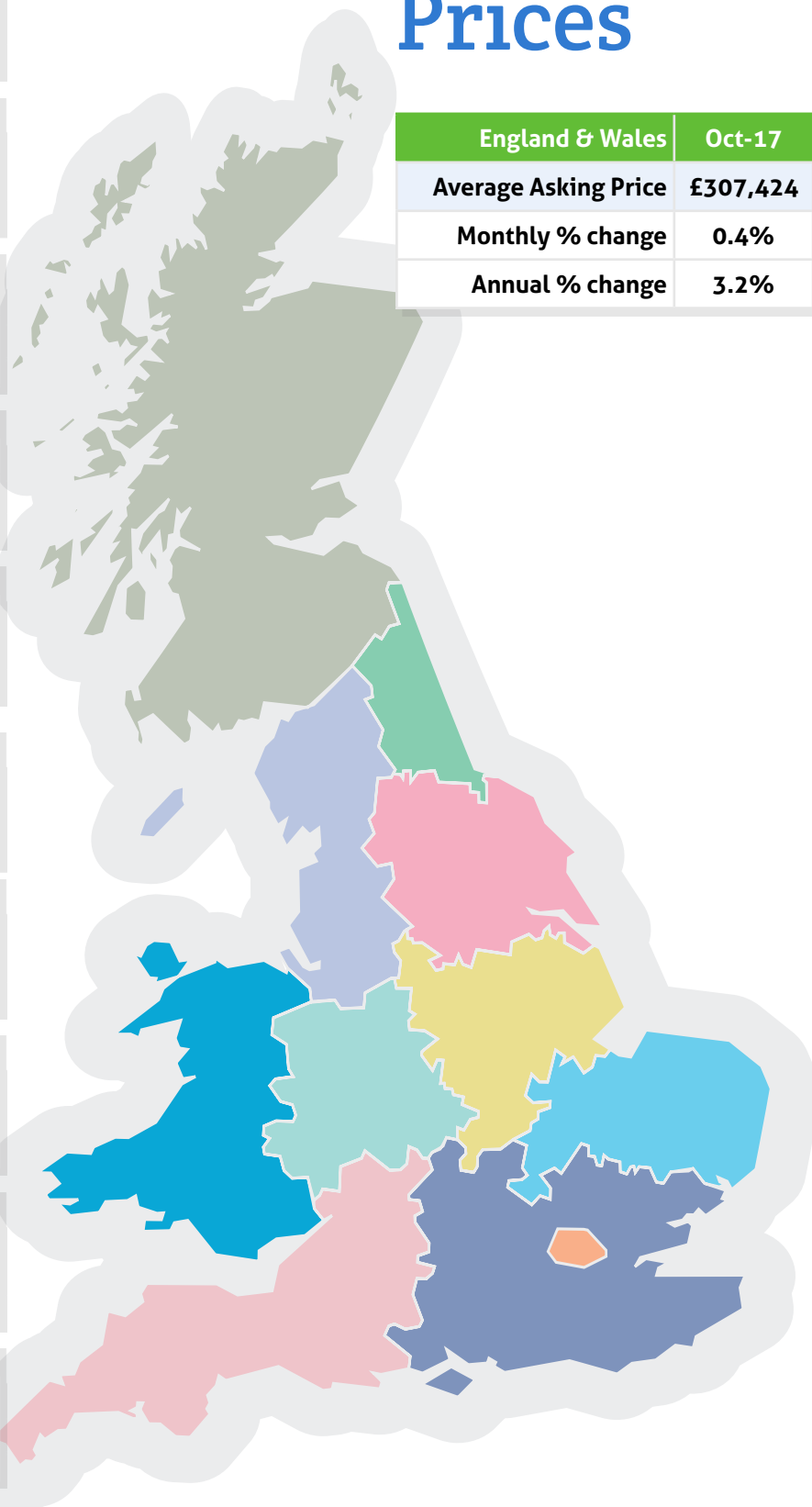
Wales	Oct-17
<b>Average Asking Price</b>	<b>£192,133</b>
Monthly % change	0.1%
Annual % change	2.9%

Greater London	Oct-17
<b>Average Asking Price</b>	<b>£535,117</b>
Monthly % change	-0.2%
Annual % change	-0.7%

South East	Oct-17
<b>Average Asking Price</b>	<b>£407,550</b>
Monthly % change	0.4%
Annual % change	3.2%

South West	Oct-17
<b>Average Asking Price</b>	<b>£324,739</b>
Monthly % change	1.0%
Annual % change	5.0%

England & Wales	Oct-17
<b>Average Asking Price</b>	<b>£307,424</b>
<b>Monthly % change</b>	<b>0.4%</b>
<b>Annual % change</b>	<b>3.2%</b>



Source: Home.co.uk, October 2017

# UK Time on Market

Scotland	Oct-17
<b>Average Time on Market</b>	<b>226</b>
Typical Time on Market	105
Annual % supply change	-2%

North East	Oct-17
<b>Average Time on Market</b>	<b>232</b>
Typical Time on Market	117
Annual % supply change	0%

Yorks & The Humber	Oct-17
<b>Average Time on Market</b>	<b>175</b>
Typical Time on Market	96
Annual % supply change	-4%

North West	Oct-17
<b>Average Time on Market</b>	<b>177</b>
Typical Time on Market	98
Annual % supply change	-4%

West Midlands	Oct-17
<b>Average Time on Market</b>	<b>140</b>
Typical Time on Market	78
Annual % supply change	3%

East Midlands	Oct-17
<b>Average Time on Market</b>	<b>133</b>
Typical Time on Market	76
Annual % supply change	3%

East	Oct-17
<b>Average Time on Market</b>	<b>110</b>
Typical Time on Market	69
Annual % supply change	11%

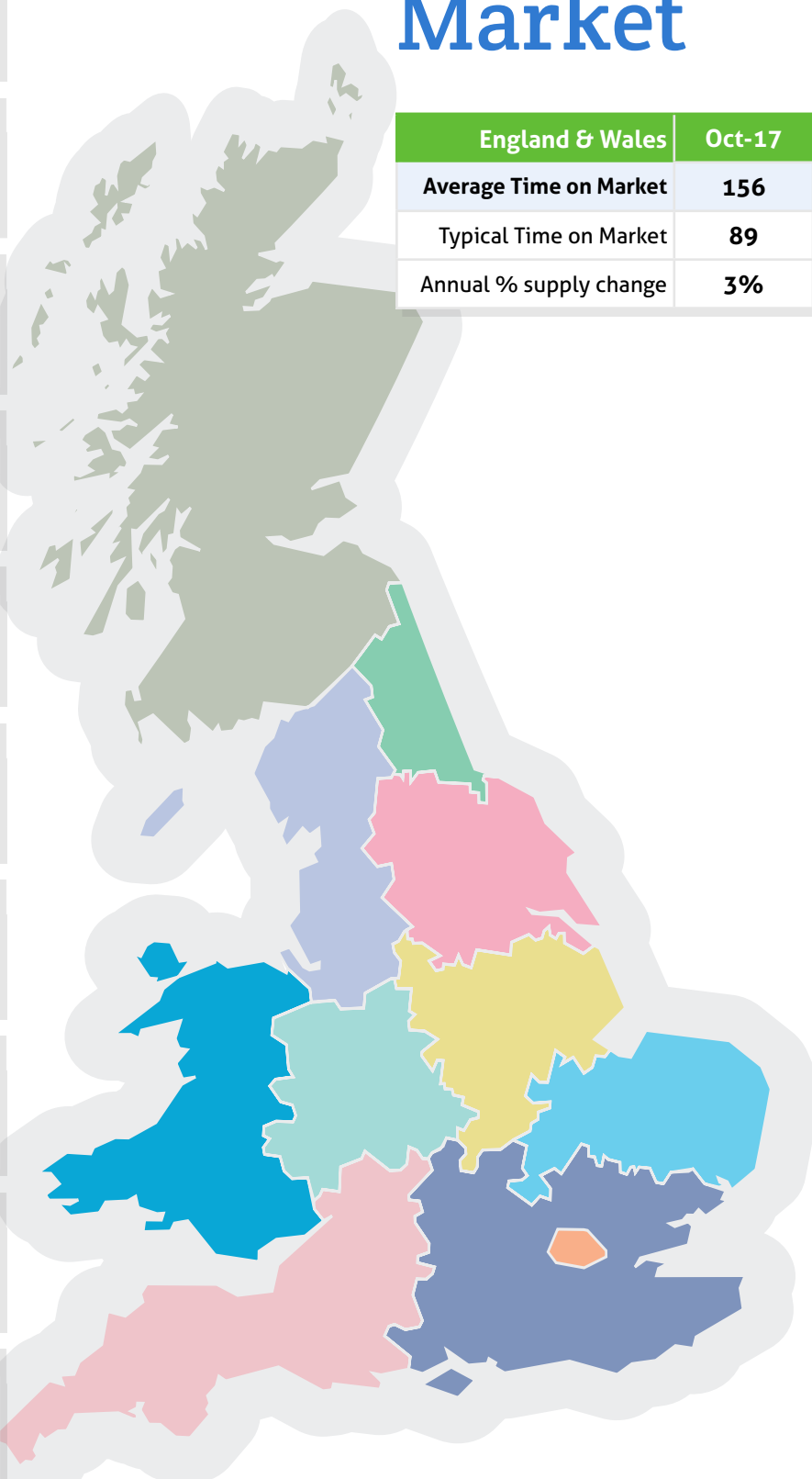
Wales	Oct-17
<b>Average Time on Market</b>	<b>231</b>
Typical Time on Market	124
Annual % supply change	-13%

Greater London	Oct-17
<b>Average Time on Market</b>	<b>136</b>
Typical Time on Market	84
Annual % supply change	10%

South East	Oct-17
<b>Average Time on Market</b>	<b>116</b>
Typical Time on Market	74
Annual % supply change	9%

South West	Oct-17
<b>Average Time on Market</b>	<b>139</b>
Typical Time on Market	78
Annual % supply change	8%

England & Wales	Oct-17
<b>Average Time on Market</b>	<b>156</b>
Typical Time on Market	<b>89</b>
Annual % supply change	<b>3%</b>



Source: Home.co.uk, October 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:  
<http://www.home.co.uk/company/data/>

## Future release dates:

- Tuesday 14<sup>th</sup> November
- Tuesday 12<sup>th</sup> December
- Friday 12<sup>th</sup> January 2018