



Asking Price Index

Released 12/09/14 September 2014

London Prices Finally Slide as the Market Cools

Headlines

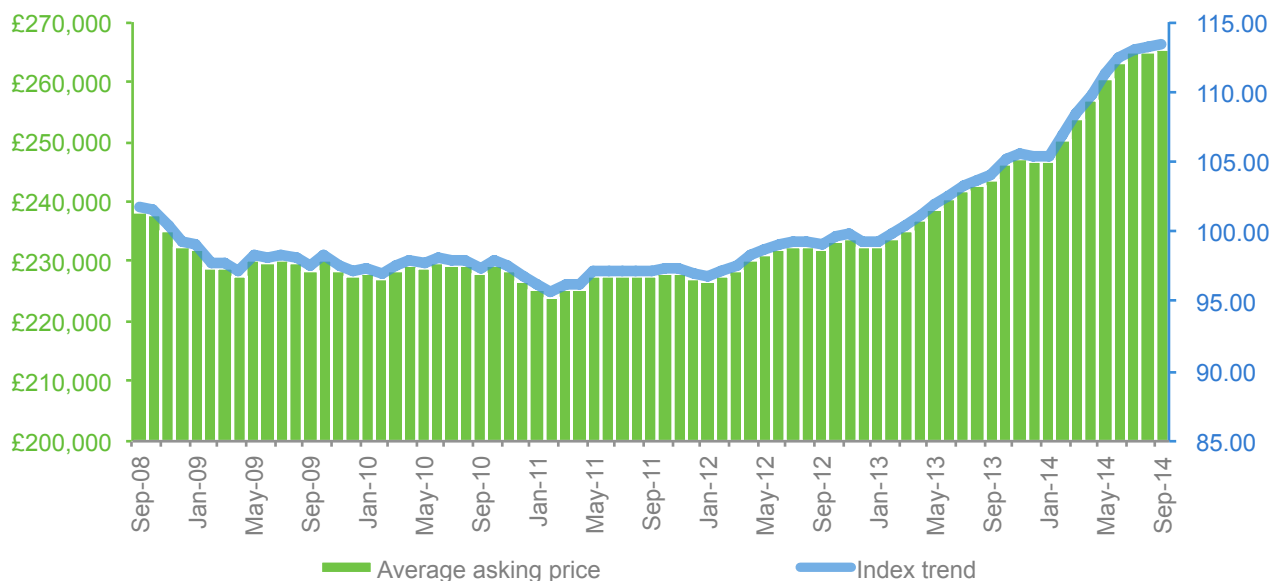
- London prices dip under the weight of increased supply, ending a 20-month rally.
- Asking prices rise for an eighth consecutive month (by just 0.2%), making the average annual appreciation for England and Wales fall 0.3% to 9.0%.
- Outside of London, home prices rose in all English regions (except the North West) and Wales over the last month.
- Average prices were unchanged in Scotland and the North West.
- Supply of property for sale in Greater London up by 33% vs. August last year.
- Stratford tops the London property hotspot league table, with home prices leaping 45% over the last 12 months.

Summary

Tightening mortgage credit in the wake of MMR, coupled with increased supply, has served to quench further growth in London home prices for the time being. Home price inflation still persists outside of London but at an attenuated pace. Moreover, the surge in supply that has halted London price rises has not yet spread to adjacent regions.

Overall, the UK property market is cooling. The average asking price for a UK home has risen only 0.2% over the last month and 0.8% over the last three months. Correspondingly, London prices slipped 0.1% over the last month, yet have risen 9.8% over the last six months.

Home Asking Price Trend for England & Wales



Source: Home.co.uk, September 2014



Regional Market Round-up

Home prices rose by just 0.2% across England and Wales during the last month, and have risen by only 0.8% over the last three months. Until very recently, the national figures were inflated by the soaring London market, where prices have finally started to cool off. What we are seeing now are headline figures that are much more representative of the regional markets, Wales and Scotland.

Certain regional property markets continue to be strong performers: East Anglia, the East Midlands, the South East and South West all show 6-month price rises of over 4%. Others, however, are showing much weaker price growth; home prices in the North East are still falling behind inflation, rising only 1.2% over the last six months and by only 0.6% over the last year.

Across the UK, supply remains historically tight, showing a rise of only 3% on the already record low levels observed 12 months ago. Supply of properties entering the market fell the most in East Anglia over the last 12 months (down 6%). Looking back further to 2007, we can see that it is actually the Greater London market that has contracted the most (by 65%) over the last seven years, despite a recent surge in property entering the market. Of the regions, the East Anglia and

South East property markets have contracted the most (down 63% and 62% respectively). Overall, the mainland UK property marketplace offers 55% less choice to buyers today than it did in 2007.

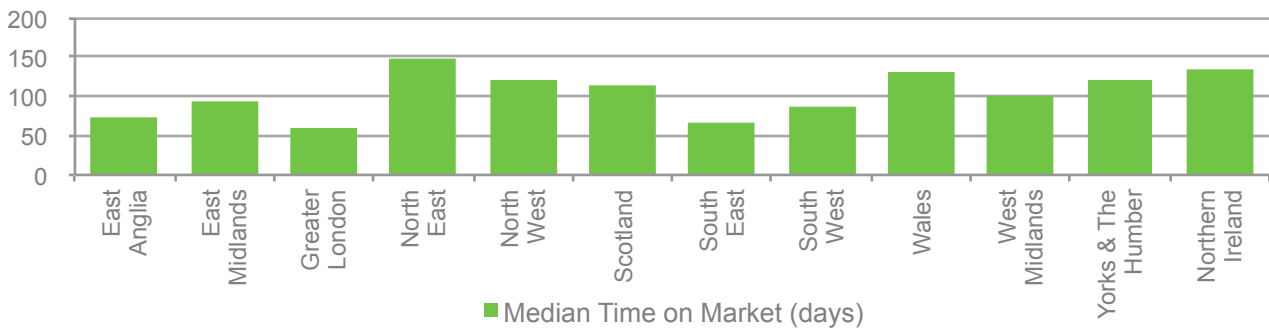
Marketing times are beginning to rise across all regions and London, as is seasonally expected. However, further analysis across the regions reveals real improvement in every region compared to this month last year, although the relative pace of the regions remains highly diverse.

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.

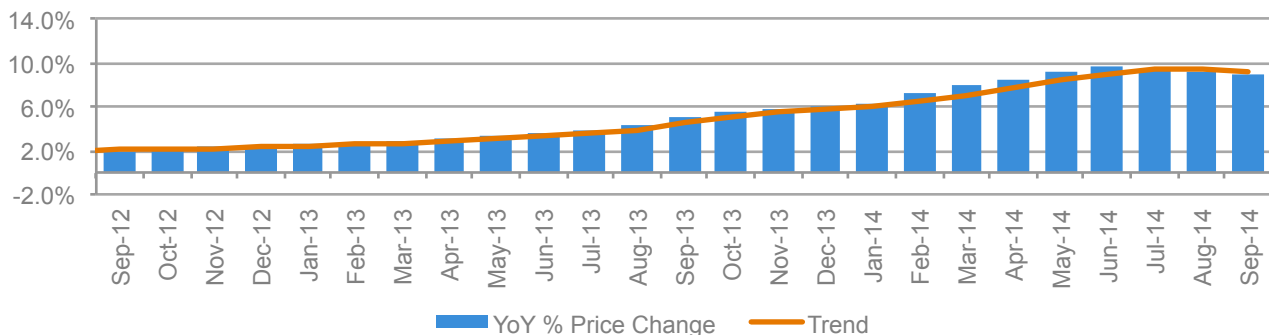
The average year-on-year price change trend for England and Wales (shown below) shows an end to the accelerating price growth observed over most of the last two years. Annualised gains are being eroded in the current cooling market, and further falls in this measure are to be expected over the coming months.

Typical Time on Market



Source: Home.co.uk Median time on market (days) for unsold property by region. September 2014

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



Source: Home.co.uk, September 2014



The Winners of the London Boom

Prices may have dipped this month in the capital but, in the 12-month run-up, prices soared to new record levels. Owing to fierce competition for the limited numbers of properties for sale, some areas saw price rises far above the average of around 19% for Greater London.

In the table below, we list the top 10 London property investment locations that attracted the greatest returns of all over the last 12 months. Outside of the M25, only Slough showed comparable price appreciation. Prices there for 2-bedroom properties soared by 44.3% over the last 12 months and are now affording a gross yield of 4.5%. At the other end of the spectrum, Gosforth near Newcastle-upon-Tyne had a calamitous year for prices of 2-bedroom properties. Between August 2013 and last month, prices fell 19% on average and hence, despite a healthy gross rental yield of 5.4,% the 'real yield' was a loss-making -13.4%. Moreover, it is not only locations in the North East that have suffered losses over the last 12 months. Several overheated parts of the prime central London property market incurred 'real yield' losses, including Chelsea, Soho, South Kensington, Westminster and Belgravia. In fact, prices in Belgravia have been falling since October 2013, and the capital depreciation on a 2-bedroom home now amounts to 11%, according to our latest figures.

The average 'real yields' are calculated by summing the returns of capital appreciation and annual gross rent of 2-bedroom properties for sale and rent.

Location	Average Price Aug 2014	Average Price Aug 2013	Average PCM Rent Aug 2014	% Change In Average Sales Price vs. Aug 13	Gross Rental Yield	Real % Yield Aug 2014
Stratford	£354,768	£244,769	£1,594	44.9%	5.4%	50.3
West Norwood	£383,950	£266,226	£1,343	44.2%	4.2%	48.4
Stepney	£536,166	£378,582	£2,100	41.6%	4.7%	46.3
Canning Town	£486,957	£353,414	£1,920	37.8%	4.7%	42.5
Leyton	£333,549	£243,393	£1,440	37.0%	5.2%	42.2
Crystal Palace	£347,035	£252,175	£1,265	37.6%	4.4%	42.0
Streatham	£413,300	£302,691	£1,469	36.5%	4.3%	40.8
Stockwell	£861,775	£632,117	£2,077	36.3%	2.9%	39.2
East Acton	£509,961	£378,013	£1,646	34.9%	3.9%	38.8
West Ham	£281,939	£213,010	£1,423	32.4%	6.1%	38.4

Source: Home.co.uk, September 2014



It's been a simply staggering year for property prices in London. Some areas have far exceeded the 19% rise overall for Greater London, whilst others have underperformed relative to this figure.



The list of the top 10 locations reveals some jaw-dropping gains. Moreover, it is highly likely that many owner-occupiers in these locations earned less than their homes did over the course of the last year.

Sky-high prices are tempting more potential vendors to commit in London, but supply levels are still very low historically and unlikely to cause significant price falls. In addition, once the London market has paused for breath, we may well see a further strong price rally next year.

Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Sep-14
Average Asking Price	£161,937
Monthly % change	0.01%
Annual % change	0.78%

North East	Sep-14
Average Asking Price	£154,073
Monthly % change	0.11%
Annual % change	0.58%

Yorks & The Humber	Sep-14
Average Asking Price	£173,771
Monthly % change	0.49%
Annual % change	2.52%

North West	Sep-14
Average Asking Price	£178,004
Monthly % change	-0.02%
Annual % change	2.58%

West Midlands	Sep-14
Average Asking Price	£203,397
Monthly % change	0.36%
Annual % change	4.38%

East Midlands	Sep-14
Average Asking Price	£192,787
Monthly % change	0.46%
Annual % change	6.39%

East	Sep-14
Average Asking Price	£281,831
Monthly % change	0.31%
Annual % change	9.05%

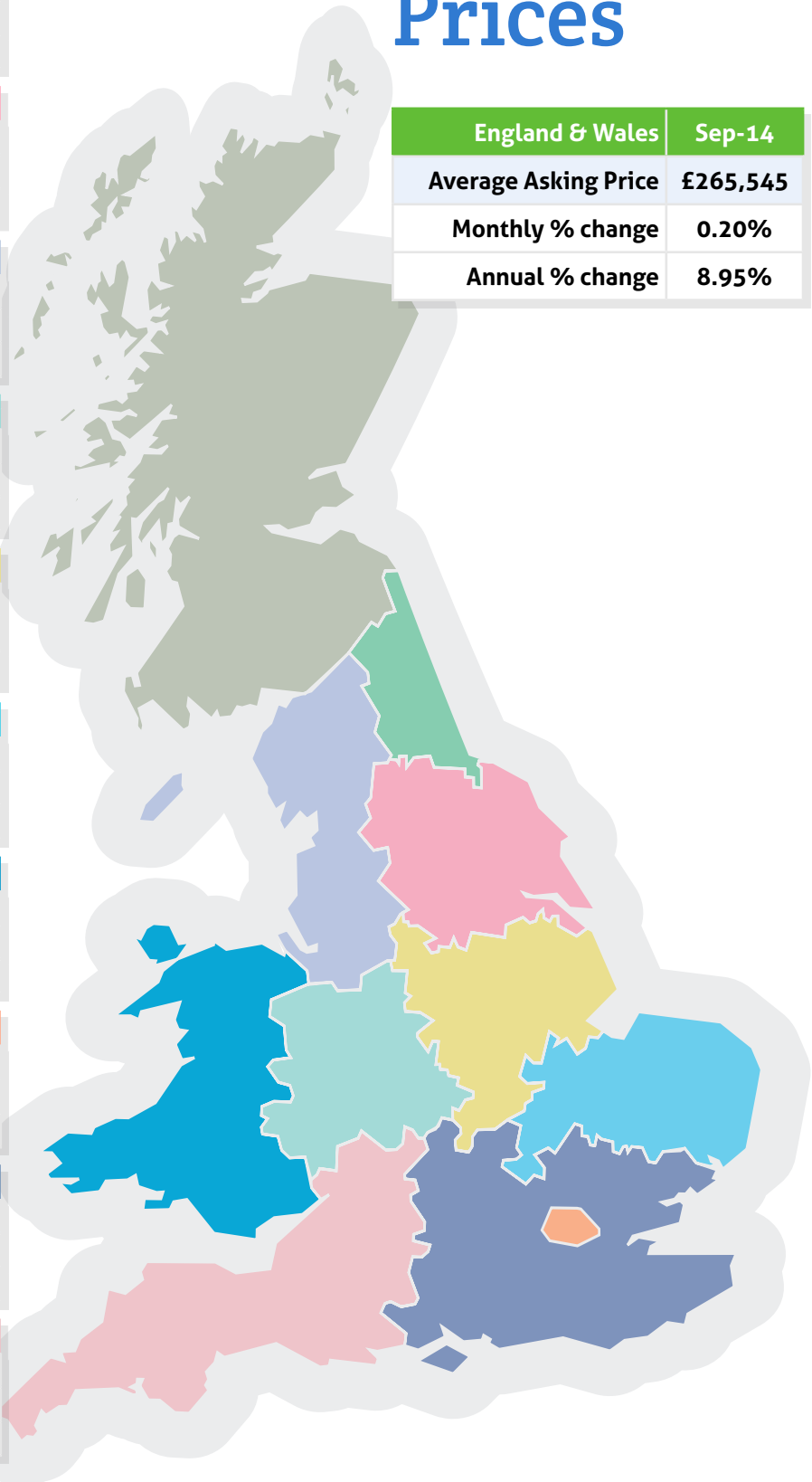
Wales	Sep-14
Average Asking Price	£181,650
Monthly % change	0.31%
Annual % change	2.95%

Greater London	Sep-14
Average Asking Price	£466,147
Monthly % change	-0.09%
Annual % change	18.80%

South East	Sep-14
Average Asking Price	£344,414
Monthly % change	0.43%
Annual % change	9.86%

South West	Sep-14
Average Asking Price	£281,985
Monthly % change	0.10%
Annual % change	6.00%

England & Wales	Sep-14
Average Asking Price	£265,545
Monthly % change	0.20%
Annual % change	8.95%



Source: Home.co.uk, September 2014

UK Time on Market

Scotland	Sep-14
Average Time on Market	241
Typical Time on Market	113
Annual % supply change	-8%

North East	Sep-14
Average Time on Market	306
Typical Time on Market	147
Annual % supply change	-3%

Yorks & The Humber	Sep-14
Average Time on Market	235
Typical Time on Market	121
Annual % supply change	-2%

North West	Sep-14
Average Time on Market	233
Typical Time on Market	120
Annual % supply change	6%

West Midlands	Sep-14
Average Time on Market	187
Typical Time on Market	99
Annual % supply change	-3%

East Midlands	Sep-14
Average Time on Market	175
Typical Time on Market	93
Annual % supply change	1%

East	Sep-14
Average Time on Market	131
Typical Time on Market	74
Annual % supply change	-6%

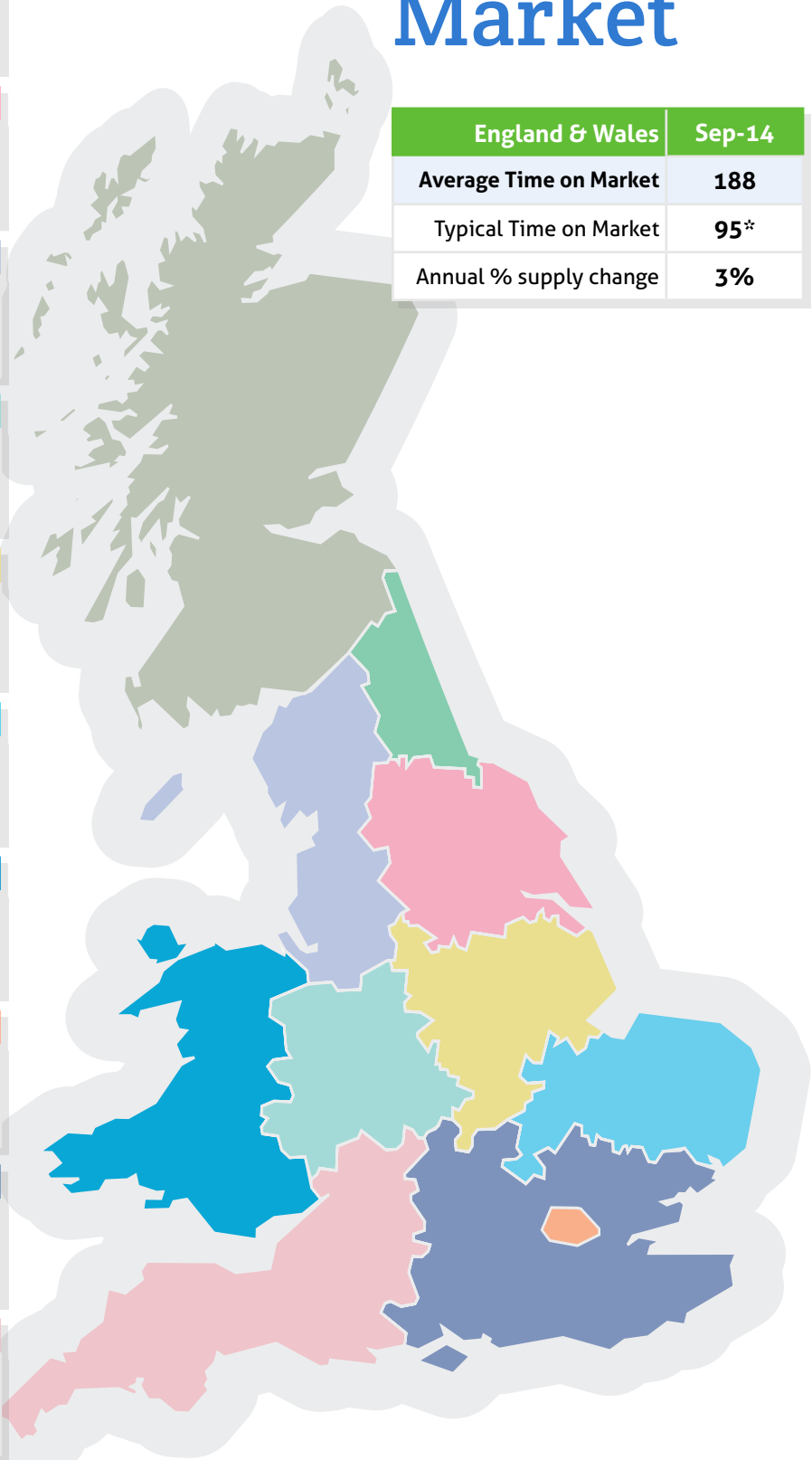
Wales	Sep-14
Average Time on Market	264
Typical Time on Market	130
Annual % supply change	5%

Greater London	Sep-14
Average Time on Market	97
Typical Time on Market	61
Annual % supply change	33%

South East	Sep-14
Average Time on Market	116
Typical Time on Market	68
Annual % supply change	-3%

South West	Sep-14
Average Time on Market	155
Typical Time on Market	88
Annual % supply change	-1%

England & Wales	Sep-14
Average Time on Market	188
Typical Time on Market	95*
Annual % supply change	3%



Source: Home.co.uk, September 2014. Note: Average = Mean (days), Typical = Median (days)

*UK figure

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
- To learn more about Home.co.uk data services please visit:
<http://www.home.co.uk/company/data/>

Future release dates:

- Tuesday 14th October
- Wednesday 12th November
- Friday 12th December