

## Prices Slide for Third Month in a Row

### Headlines

- Home prices in London and the South East continue to fall, down a further 0.6% and 0.3% respectively during the last month.
- Supply of property for sale continues to increase in the key regions of London (+13%), East of England (+9%) and the South East (+15%).
- Prices fall in six of the nine English regions, making the overall mix-adjusted average asking price drop 0.2% since last month.
- Typical Time on Market edges up another three days to 89 days over the last month across England and Wales: still four days less than in September 2015.
- The overall rate of home price appreciation for England and Wales falls further to 4.6% (Sept 16 vs. Sept 15).
- The total stock of property on the market continues to increase (since the record low in January) and is now 0.4% more than in September last year.

### Summary

Prices continue to fall in Greater London as the market slows down. The once red-hot market in the capital region is cooling rapidly and the Typical Time on Market, at 75 days, is nine days longer than in September 2015. The supply trend remains upward (+13% vs. Sept 15) and we expect further falls over the coming months. Due to price declines over the last four months, the year-on-year price appreciation in Greater London has been eroded to a mere 1.6%. In real terms, taking into account monetary inflation, this is probably closer to zero.

The South East property market registered a third consecutive monthly price fall this month, but prices here are falling much more slowly than in London. Demand and supply in the region remain reasonably balanced as indicated by marketing times which continue to be some of the lowest in the country and have not increased appreciably since last year. However, supply in the region is continuing to rise and this may tip the equilibrium to the downside over coming months.

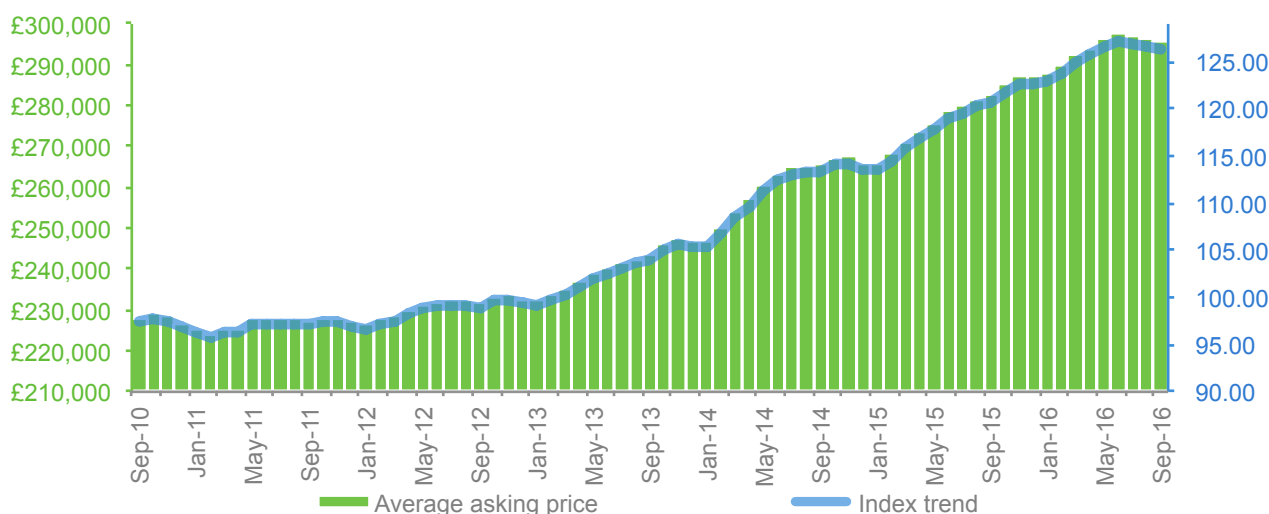
Overall, asking prices in England and Wales have slipped for three consecutive months. This is largely due to the burden of falls in the highly populated regions of London and the South East dragging down the national figures. This effect masks the performance of other regional markets that are showing extraordinary growth. Prices in the East of England, for example, continue to climb, albeit more slowly, despite rising supply. Home prices have increased by 12.9% over the last twelve months, making this the UK's best performing region by a considerable margin.

Several other regions are also still showing significant price growth. In the West Midlands, home values have increased by 6.4% over the last twelve months. Supply in the region is contracting hence we expect prices there will weather the current market uncertainty.

Although mortgages have never been cheaper, it would appear that buyers are playing 'wait and see' in the UK's most expensive regions. The number of mortgage approvals for home purchases has dropped considerably over the last six months, and the risk remains that falling prices and continued uncertainty over Brexit in London and the South East could trigger a stampede to market.

Overall, the current mix-adjusted average asking price for England and Wales is now 4.6% higher than it was in September 2015, and we anticipate that this figure will continue to trend downwards over the coming months.

### Home Asking Price Trend for England & Wales



Source: Home.co.uk, September 2016

## Regional Market Round-up

A fourth month of price falls in London increases the likelihood of a stand-off between buyers and sellers. Potential buyers will be reluctant to purchase immediately when they perceive that prices may be lower (and choice greater) in six months' time. At the current rate of decline (ca. £4,600 per month), it will be just one more month before we see London prices showing no annual gains at all.

Across the UK, the regional picture remains very mixed. The marked sea change in market sentiment in London and the South East over the last six months is not yet manifest in all regions.

Contrary to the adverse data for London and the South East, the East of England, the South West and the North West have shown significant price growth over the last six months. Respective rises

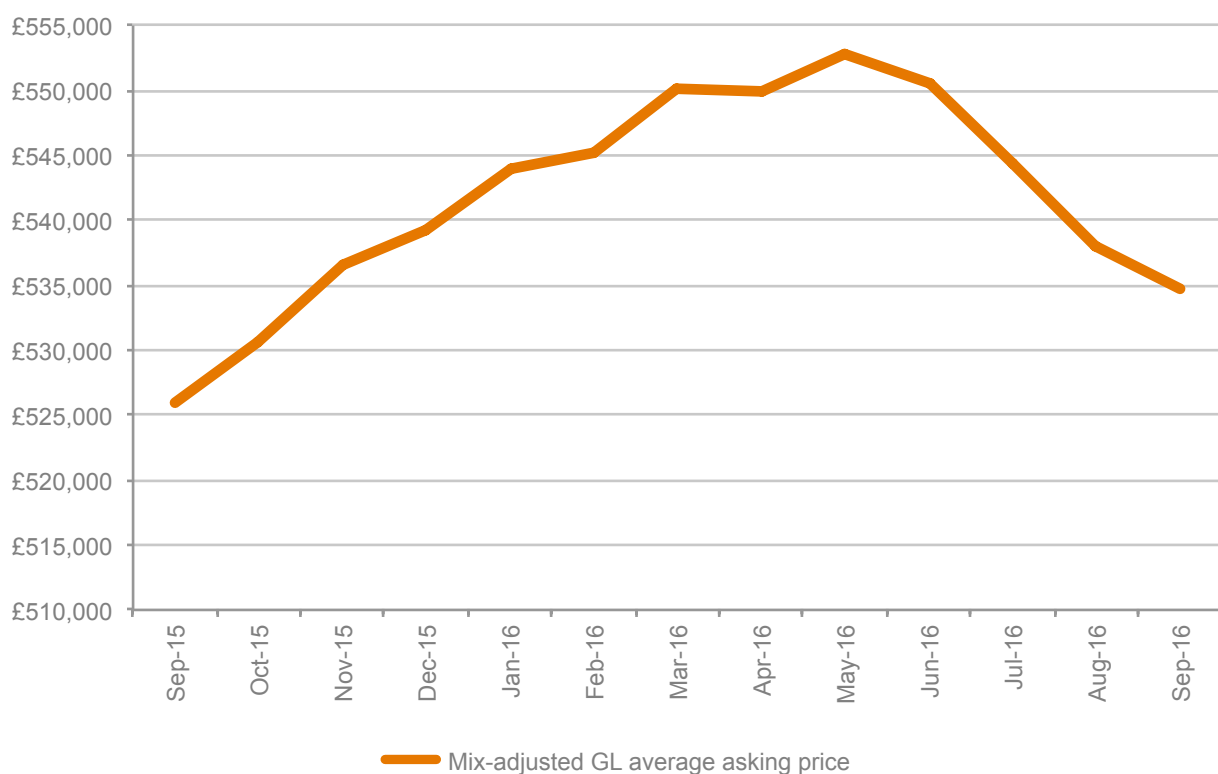
of 5.5%, 3.0% and 3.0% show that confidence has not fallen as observed elsewhere. However, supply is increasing in the East of England and this will attenuate prices.

The East and West Midlands also appear to be in good health for the time being, rising by 2.5% and 2.4% respectively over the last six months. Moreover, supply is contracting in these regions (down by 7% and 10% respectively year-on-year) and this will serve to support pricing as we head into autumn.

Yorkshire and Scotland have both enjoyed modest price growth over the last six months although prices now look set to dip slightly over the coming months. Supply is down by 8% in Yorkshire but up by 2% in Scotland.

In Wales, the supply of homes for sale has fallen 13% year-on-year and prices are stable in line with inflation.

## Greater London Home Price Trend

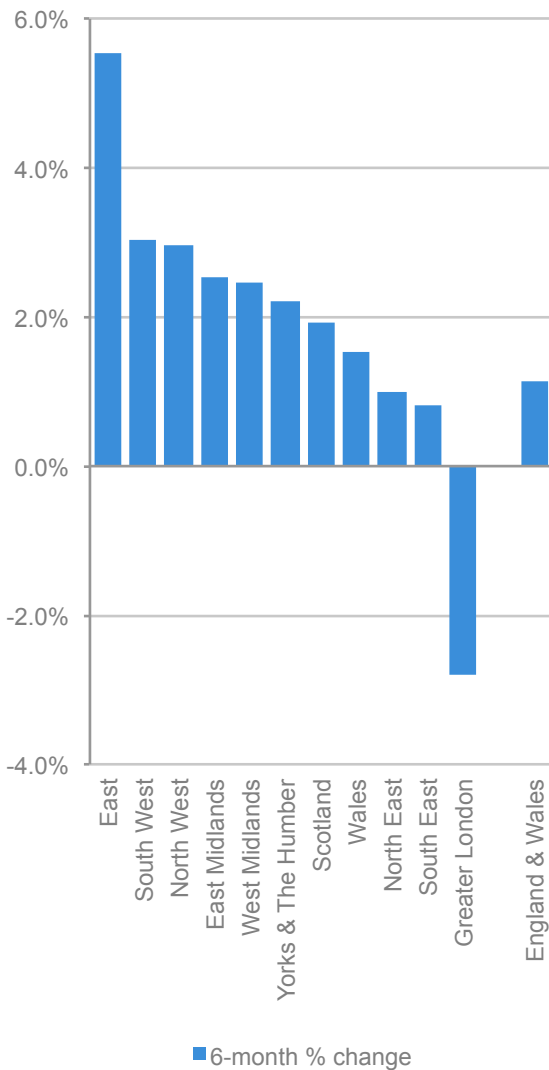


Source: Home.co.uk, September 2016

Meanwhile, prices in the North East have increased by just 1.0% over the last six months. Supply is steady but a real post-crisis recovery in the region remains elusive.

For more information on regional property market performance please see pages 4 and 5 of this report.

## Price Change by Region (Sept 2016 vs. Mar 2016)



Source: Home.co.uk, September 2016



**The current slowdown in the Greater London market should come as no surprise. We saw the first signs three years ago in the Prime Central London market.**



Supply increased and prices stopped rising after a huge period of inflation and have been slowly declining since. Belgravia, for example, has seen the typical price of a home fall by 25% (median) and the average price drop by 16% (mean) over the last 36 months. Meanwhile, properties in this upmarket area have piled up on the market. In September 2013, there were just over 1000 properties for sale; now there are nearly 2000. Flats dominate this local market and the number for sale has soared 116% over the last three years.

Looking back, the history of the UK property market is characterised by such boom-bust cycles. Moreover, the first regions to rise have also been shown to be the first to fall. Over the last year we have seen a 27% jump in the number of properties for sale in the Greater London market. Not quite as swamped as the Belgravia market yet, but the current trend is eerily consistent with that already observed in Prime Central London.

The South East seems only a few months behind. Prices have already started to slip following a surge in supply. Should this stream of new instructions continue to increase we will almost certainly see demand be overwhelmed. The East of England looks like a regional market at the top of the cycle and, should that fall too, the UK national house price figures will begin to look rather poor (as will mortgage lenders' balance sheets).

Of course, Brexit came after the above trends were already established, but the uncertainty and negative economic consequences are exacerbating the situation: pruning price rises in some regions and eliciting bigger falls in others. Suffice to say, in the near term, London property investment looks like a good way to lose a lot of money.

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



# UK Asking Prices

Scotland	Sep-16
<b>Average Asking Price</b>	<b>£178,052</b>
Monthly % change	0.1%
Annual % change	5.9%

North East	Sep-16
<b>Average Asking Price</b>	<b>£155,314</b>
Monthly % change	-0.4%
Annual % change	1.0%

Yorks & The Humber	Sep-16
<b>Average Asking Price</b>	<b>£181,107</b>
Monthly % change	-0.1%
Annual % change	2.8%

North West	Sep-16
<b>Average Asking Price</b>	<b>£186,586</b>
Monthly % change	0.2%
Annual % change	3.9%

West Midlands	Sep-16
<b>Average Asking Price</b>	<b>£224,596</b>
Monthly % change	-0.4%
Annual % change	6.4%

East Midlands	Sep-16
<b>Average Asking Price</b>	<b>£209,321</b>
Monthly % change	0.0%
Annual % change	5.0%

East	Sep-16
<b>Average Asking Price</b>	<b>£339,204</b>
Monthly % change	0.2%
Annual % change	12.9%

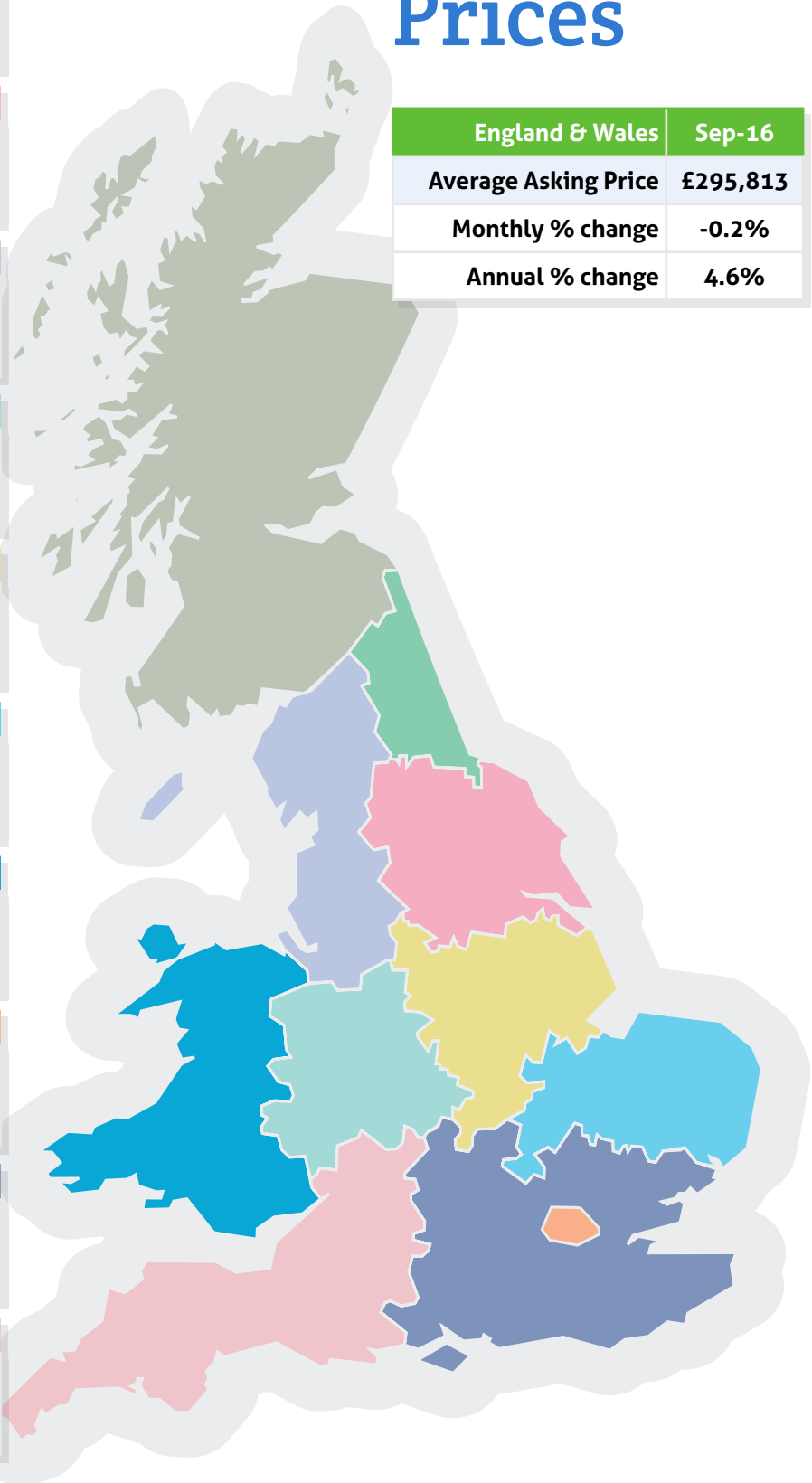
Wales	Sep-16
<b>Average Asking Price</b>	<b>£186,274</b>
Monthly % change	0.1%
Annual % change	1.1%

Greater London	Sep-16
<b>Average Asking Price</b>	<b>£534,631</b>
Monthly % change	-0.6%
Annual % change	1.6%

South East	Sep-16
<b>Average Asking Price</b>	<b>£390,774</b>
Monthly % change	-0.3%
Annual % change	5.0%

South West	Sep-16
<b>Average Asking Price</b>	<b>£307,100</b>
Monthly % change	0.0%
Annual % change	4.8%

England & Wales	Sep-16
<b>Average Asking Price</b>	<b>£295,813</b>
<b>Monthly % change</b>	<b>-0.2%</b>
<b>Annual % change</b>	<b>4.6%</b>



Source: Home.co.uk, September 2016

# UK Time on Market

Scotland	Sep-16
<b>Average Time on Market</b>	<b>211</b>
Typical Time on Market	99
Annual % supply change	2%

North East	Sep-16
<b>Average Time on Market</b>	<b>228</b>
Typical Time on Market	118
Annual % supply change	-1%

Yorks & The Humber	Sep-16
<b>Average Time on Market</b>	<b>181</b>
Typical Time on Market	101
Annual % supply change	-8%

North West	Sep-16
<b>Average Time on Market</b>	<b>187</b>
Typical Time on Market	106
Annual % supply change	-8%

West Midlands	Sep-16
<b>Average Time on Market</b>	<b>150</b>
Typical Time on Market	85
Annual % supply change	-10%

East Midlands	Sep-16
<b>Average Time on Market</b>	<b>140</b>
Typical Time on Market	82
Annual % supply change	-7%

East	Sep-16
<b>Average Time on Market</b>	<b>106</b>
Typical Time on Market	64
Annual % supply change	9%

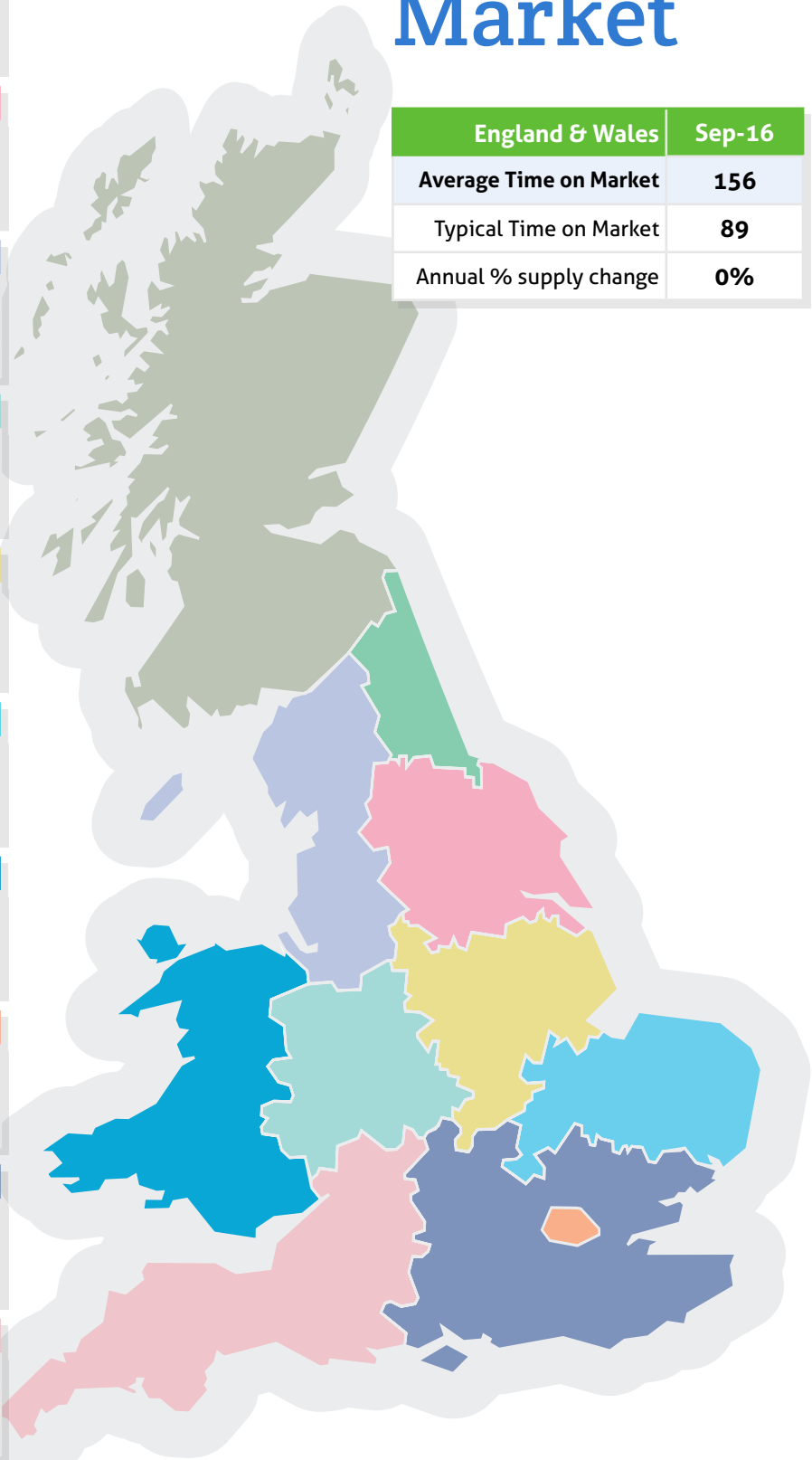
Wales	Sep-16
<b>Average Time on Market</b>	<b>222</b>
Typical Time on Market	122
Annual % supply change	-13%

Greater London	Sep-16
<b>Average Time on Market</b>	<b>117</b>
Typical Time on Market	75
Annual % supply change	13%

South East	Sep-16
<b>Average Time on Market</b>	<b>102</b>
Typical Time on Market	65
Annual % supply change	15%

South West	Sep-16
<b>Average Time on Market</b>	<b>143</b>
Typical Time on Market	86
Annual % supply change	-2%

England & Wales	Sep-16
<b>Average Time on Market</b>	<b>156</b>
Typical Time on Market	<b>89</b>
Annual % supply change	<b>0%</b>



Source: Home.co.uk, September 2016. 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

- For media enquiries please contact:  
[press@home.co.uk](mailto:press@home.co.uk)  
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](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 12<sup>th</sup> October
- Tuesday 15<sup>th</sup> November
- Tuesday 13<sup>th</sup> December