



Asking Price Index

Released 12/09/17 September 2017

London Falls Drag Down Price Growth to Near Zero

Headlines

- Greater London prices drop again, this month by 0.6%, taking prices back to little above their September 2016 levels.
- Across England and Wales average home prices dip again by 0.1% month-on-month but remain up 3.5% year-on-year.
- Prices slide for a third consecutive month in the East of England as this formerly red-hot market slows under the twin burdens of high prices and rising supply.
- East Midlands continues to lead the regional growth table with annualised gains of 6.7%.
- The West Midlands, East Midlands and the South West are the most improved markets over the last 12 months as indicated by reduced Time on Market figures.
- Supply figures indicate significant Year-on-Year (YoY) increases in the South West and East.
- Typical Time on Market rises by three days to 87 days, two days less than in Sept 2016 (England and Wales).
- The total number of properties on the market in England and Wales remains down by 4% YoY.

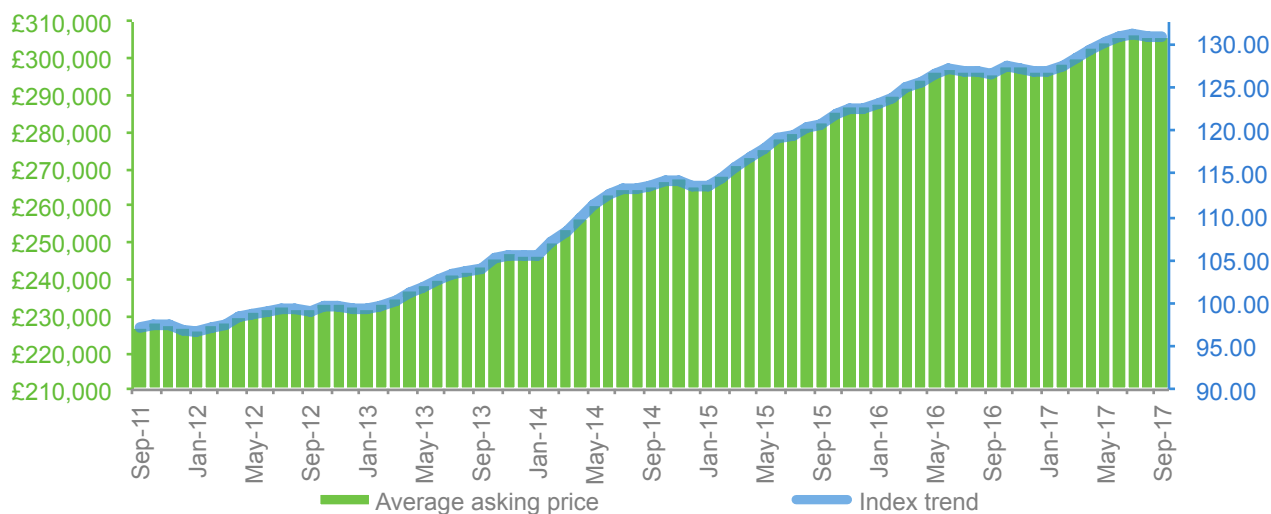
Summary

With the key markets of London, the South East and the East of England in, or headed for, the doldrums, the UK property market is clearly entering a more difficult period. Not only prices are under downward pressure, rents are now showing declines in all three regions. Low growth and falling returns in these regions will ensure that the overall picture remains one of stagflation going forward.

However, the UK property market shows remarkable diversity at the regional level and several well-performing regions continue to attract significant investment. The East and West Midlands continue to prosper. Prices are rising over and above the rate of inflation and supply remains restrained in both regions. The North West and Yorkshire are still gaining additional momentum. The North East and Wales show confident monthly price rises too, both up 0.5%.

Scottish home prices jumped an unseasonal 1.5% over the last month. Such valuations appear highly optimistic against a backdrop of rising marketing times and falling rents.

Home Asking Price Trend for England & Wales



Source: Home.co.uk, September 2017



As we asserted last month, yield-driven investment continues to be a key driver in the current market. Investors, many corporate, are now looking to the Midlands and the North as these locations are more attractive options for Buy to Let (BTL).

In Sept 2016 the annualised rate of increase of home prices was 4.6%; today the same measure is 3.5%. The latest RPI (ex. housing) figure from the ONS is 4.2%.

Regional Round-up

A considerable diversity of fortunes characterises the regional analyses. As mentioned the former key three regional drivers of the overall UK market – Greater London, the South East and the East of England – are all slowing and continue to drag down the headline growth figures. Meanwhile, the rest of England and Wales are faring comparatively well and broadly supporting the national average although their better performance may not be enough to prevent the national figures from falling over the coming months.

However, it is interesting to compare the more recent performance of the regions. Over the last six months prices have risen most in the West Midlands, closely followed by Scotland, Yorkshire and the Humber, East Midlands, Wales, South West, North West, South East, North East, East, and England & Wales.

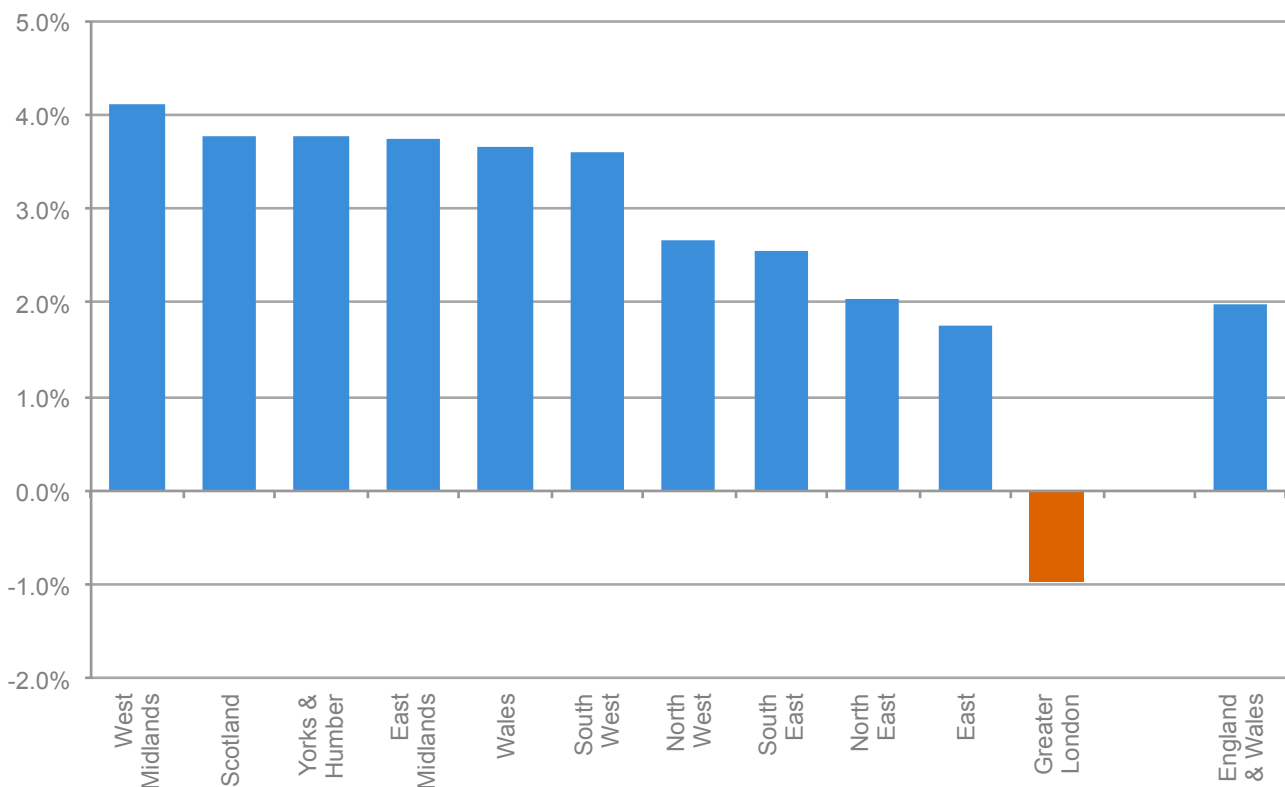
South West have also considerably outperformed the national average growth over the same time period.

London stands out as the worst performer and if we took away the seasonal summer price uplift (typically around 2% of asking prices) the figures would look much worse. Hence, as we head towards the winter months, we anticipate further price depreciation in London and growth falling to near zero in the South East. The East of England will take longer to deflate but the region is following the same path.

London's housing market malaise is not new but, as the UK's leading property market, the trend bears careful analysis. Prices maxed out in May 2016 and have been really stuck in the doldrums ever since. As Time on Market figures are still rising in the capital region, the most recent dip gives significant cause for concern and may indeed be the first part of a more painful and protracted price correction. For the time being the supply of properties for sale is up only 3% YoY but this may well change if potential vendors fear a larger downturn.

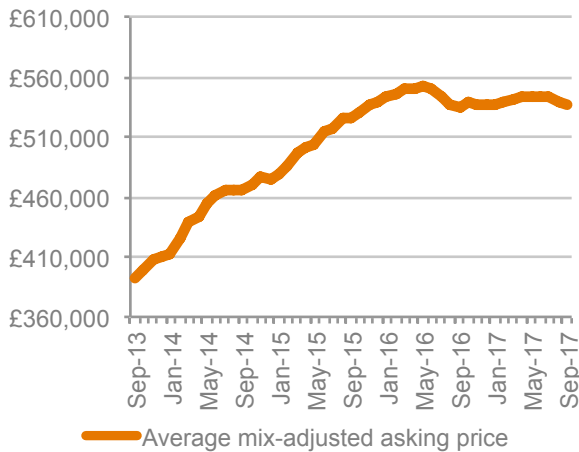
By way of contrast the West Midlands is a property market in the ascendancy. As we predicted, a falling Typical Time on Market has been followed by further price rises. Growth in this market, so far, has been steady but sure and

6-Month Change in Asking Prices (Sept 2017 vs. Mar 2017)



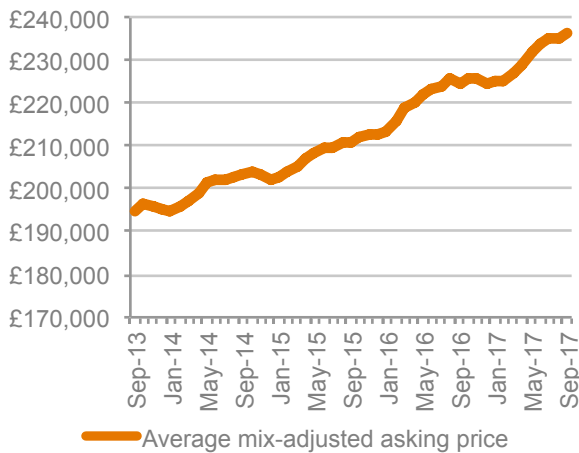
Source: Home.co.uk, September 2017

London Asking Price Trend



Source: Home.co.uk, September 2017

West Midlands Asking Price Trend



Source: Home.co.uk, September 2017

consequently prices appear more sustainable going forward.

Supply remains relatively unchanged in most regions, varying by just a few percent YoY, although the East and the South West both experienced a surge in new listings last month (12% and 17% vs Aug 2016 respectively). This will serve to exacerbate the slowdown in the East and will put downward pressure on South West home prices. Contrarily, Wales showed a significant fall in new inventory last month with a drop of 9%. This will help perpetuate the current trends of steadily rising prices and confidence.



The UK property market remains bipolar but now the tide has turned against London and the South and East in favour of the North and West.



Yield-focused investment has tipped the balance in favour of these formerly underperforming regions. Whilst painful price corrections are to be expected in the slowing markets, trends indicate that the northern markets look poised to put in the best performances they have shown for many years. The North East especially has long awaited a meaningful recovery since the 2007 crisis. Current figures suggest that process has begun but it still has a long way to run.

Looking forward it remains to be seen how far the London correction will go. Talk of raising interest rates, by members of the Bank of England's Monetary Policy Committee, seems to be just that for now but such a move would almost certainly lower home prices in the capital and stifle recovery in the North.

On the other hand, the weak pound may attract further foreign investment and this could be a saving grace for the London market which is favoured by international investors. Time will tell but what is already clear is that the extraordinary growth experienced in London, the East and the South East is not to be repeated anytime soon. On the contrary, prices look set to slide but how far they fall will depend on several external factors whose outcomes remain unclear.

Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Sep-17
Average Asking Price	£184,137
Monthly % change	1.5%
Annual % change	3.4%

North East	Sep-17
Average Asking Price	£157,472
Monthly % change	0.5%
Annual % change	1.4%

Yorks & The Humber	Sep-17
Average Asking Price	£188,970
Monthly % change	0.2%
Annual % change	4.3%

North West	Sep-17
Average Asking Price	£193,877
Monthly % change	0.3%
Annual % change	3.9%

West Midlands	Sep-17
Average Asking Price	£236,484
Monthly % change	0.5%
Annual % change	5.3%

East Midlands	Sep-17
Average Asking Price	£223,311
Monthly % change	0.2%
Annual % change	6.7%

East	Sep-17
Average Asking Price	£358,392
Monthly % change	-0.1%
Annual % change	5.7%

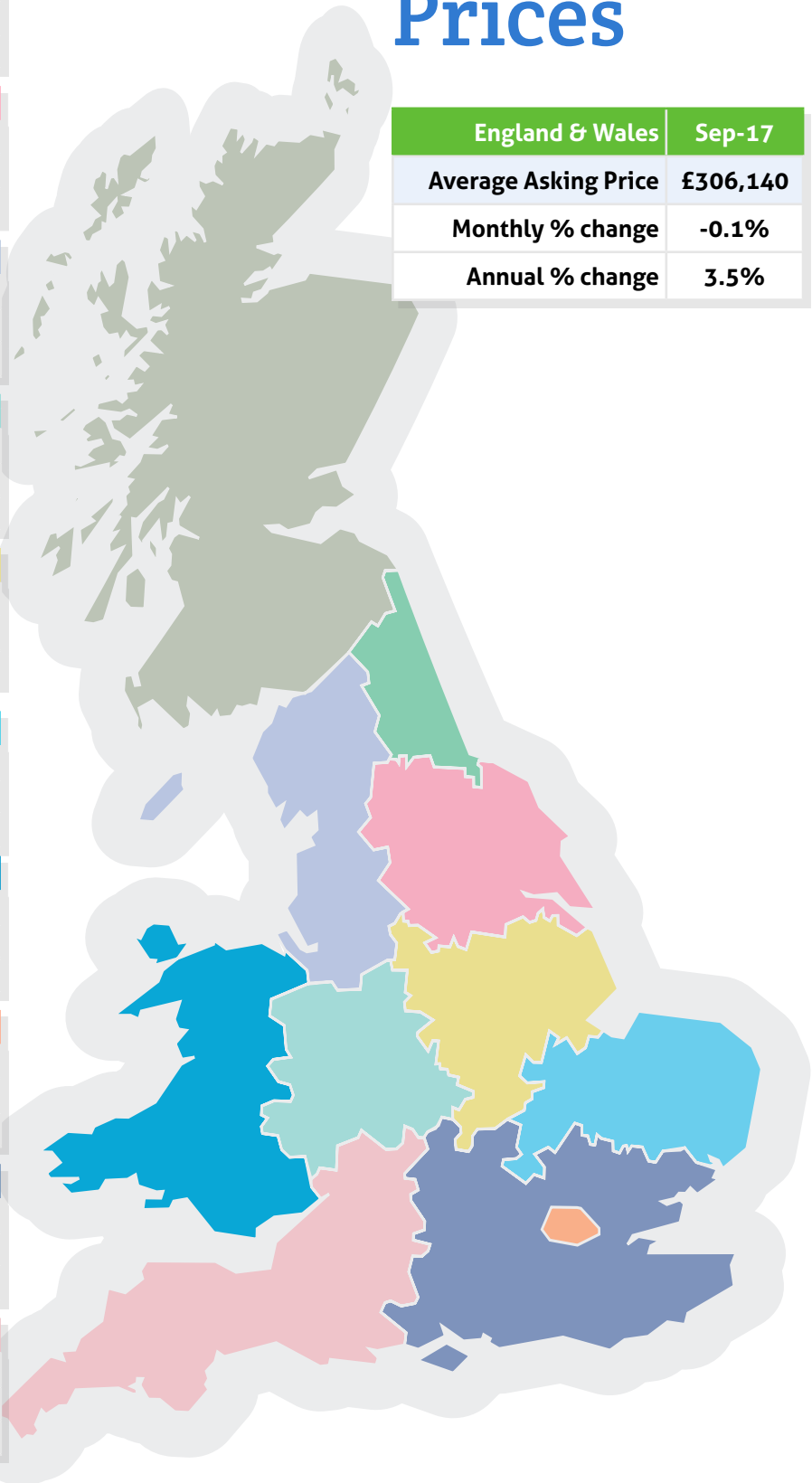
Wales	Sep-17
Average Asking Price	£191,974
Monthly % change	0.5%
Annual % change	3.1%

Greater London	Sep-17
Average Asking Price	£536,383
Monthly % change	-0.6%
Annual % change	0.3%

South East	Sep-17
Average Asking Price	£405,889
Monthly % change	0.1%
Annual % change	3.9%

South West	Sep-17
Average Asking Price	£321,679
Monthly % change	-0.1%
Annual % change	4.7%

England & Wales	Sep-17
Average Asking Price	£306,140
Monthly % change	-0.1%
Annual % change	3.5%



Source: Home.co.uk, September 2017

UK Time on Market

Scotland	Sep-17
Average Time on Market	226
Typical Time on Market	102
Annual % supply change	-5%

North East	Sep-17
Average Time on Market	232
Typical Time on Market	116
Annual % supply change	-3%

Yorks & The Humber	Sep-17
Average Time on Market	175
Typical Time on Market	94
Annual % supply change	-1%

North West	Sep-17
Average Time on Market	178
Typical Time on Market	98
Annual % supply change	-4%

West Midlands	Sep-17
Average Time on Market	140
Typical Time on Market	76
Annual % supply change	-1%

East Midlands	Sep-17
Average Time on Market	134
Typical Time on Market	75
Annual % supply change	1%

East	Sep-17
Average Time on Market	110
Typical Time on Market	67
Annual % supply change	12%

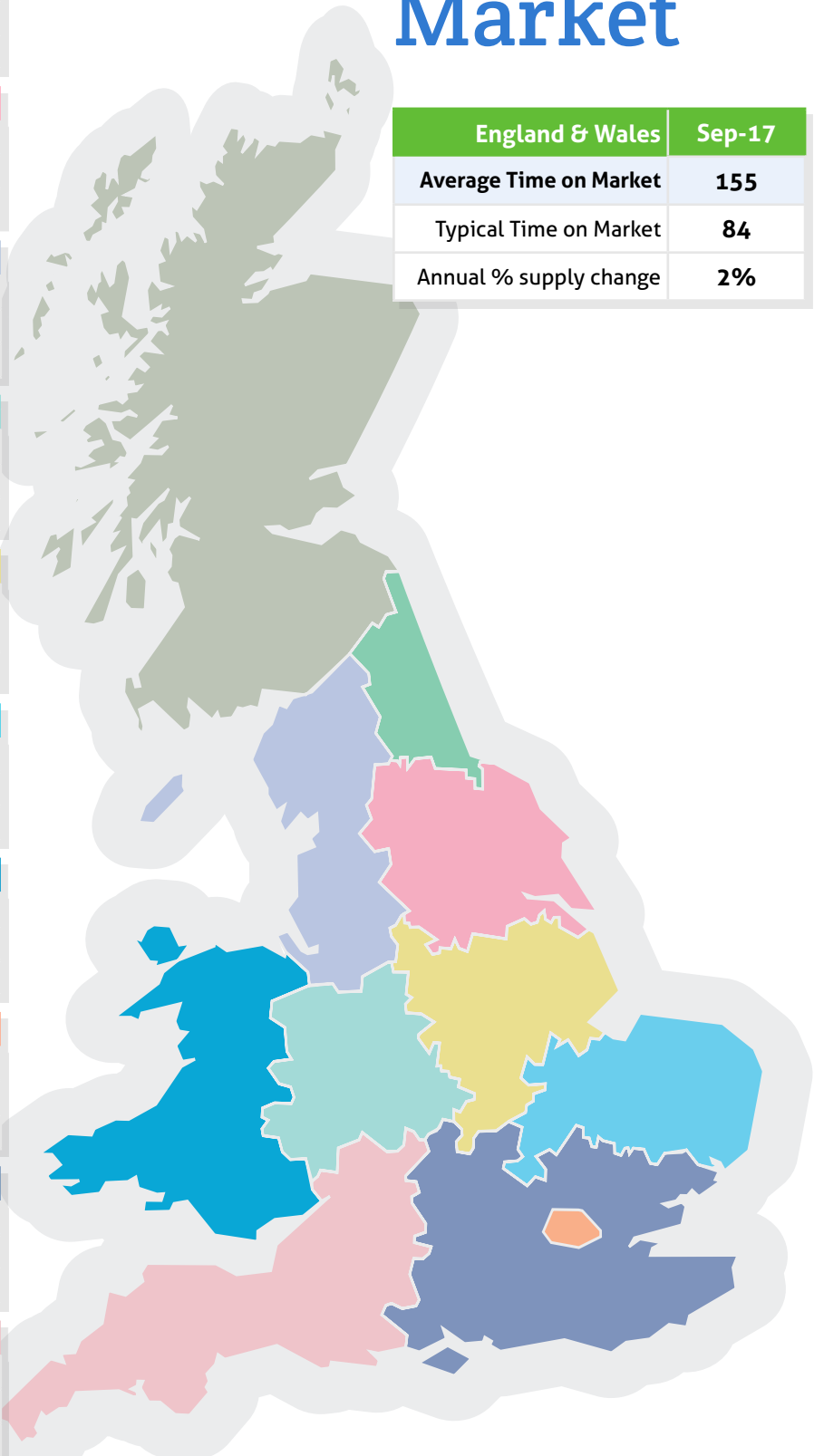
Wales	Sep-17
Average Time on Market	230
Typical Time on Market	121
Annual % supply change	-9%

Greater London	Sep-17
Average Time on Market	137
Typical Time on Market	83
Annual % supply change	3%

South East	Sep-17
Average Time on Market	116
Typical Time on Market	73
Annual % supply change	4%

South West	Sep-17
Average Time on Market	139
Typical Time on Market	77
Annual % supply change	17%

England & Wales	Sep-17
Average Time on Market	155
Typical Time on Market	84
Annual % supply change	2%



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

Future release dates:

- Thursday 12th October
- Tuesday 14th November
- Tuesday 12th December