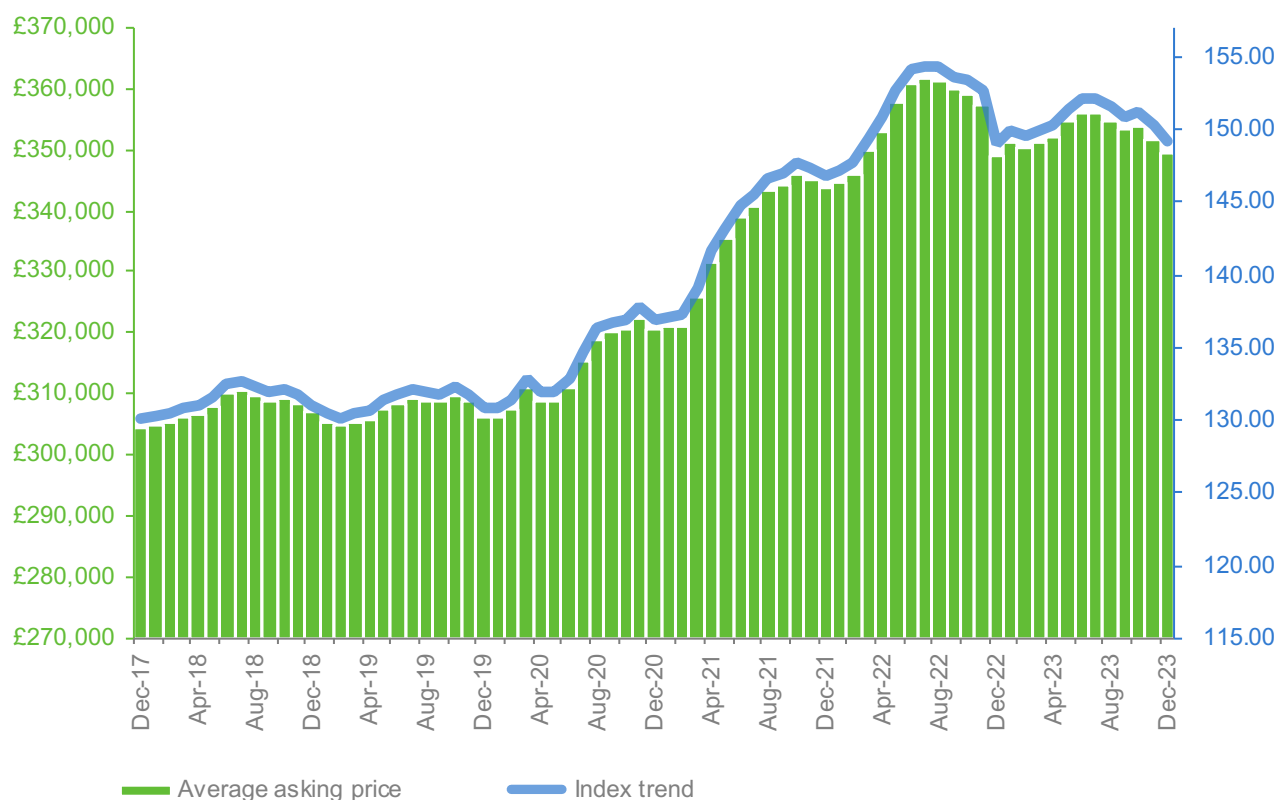


## Stock Levels Drop Further and Prices Post Marginal Year-on-Year Gain

### Headlines

- Despite a seasonal monthly fall of 0.7% since last month, asking prices across England and Wales end the year up 0.1% vs. Dec 2022.
- The total sales stock count for England and Wales has plunged since the November reading. The current total of unsold property is 439,006, around 30,000 less than last month and typical for the time of year.
- The supply rate of new instructions entering the market remains remarkably restrained overall: down 1% year-on-year and down 8% vs. November 2018. The largest year-on-year fall in supply was in Greater London again (-8%).
- The Typical Time on Market for unsold property in England and Wales notched up an additional seven days during November in line with seasonal expectations. The current median is 100 days; in pre-COVID December 2019, the same measure was 106 days.
- Prices have fallen in all English regions, Scotland and Wales since last month in line with seasonal expectations; the largest falls were in Scotland (1.4%) and the East of England (1.3%).
- The regional property market growth league table has a new leader: the North East displaces Scotland with a year-on-year gain of 4.7%, just ahead of the North West at 4.6%. Greater London is now the worst performer at -2.0%.
- Rents across the UK fell by 2.0% over the last three months, thereby trimming the annualised change to just 5.3%. The regional leader in rental growth is the North West at 16.5%. Greater London is now the worst-performing region at just -0.9% due to a sustained surge in supply year-on-year.
- The current rent growth leaders in London asking rents are now the boroughs of Barking and Dagenham and Havering (+24.7% and +15.0% annualised respectively). Rent growth in the capital is becoming increasingly negative and ten prime boroughs now show year-on-year falls in asking rents, up from eight last month.

## Home Asking Price Trend for England & Wales



Source: Home.co.uk Asking Price Index, December 2023, Indexed to May 2004 (Value=100).

### Summary

Home market values have gone sideways overall during the last year. Having rallied over the summer, prices edged down again in November (by 0.7%) in line with seasonal expectations, but annualised growth posts a positive figure (0.1%) for the first time in nine months. Limited stock for sale will support prices going forward.

The monthly supply of new instructions remains modest and the total stock count of unsold properties on the market dropped significantly, as is typical before the festive season. While higher borrowing costs have severely dented demand, market balance has been achieved through lower supply (down 8%, Nov 2023 vs. Nov 2018) although there appears to be little room for growth

while the money supply (M4) continues a downward trend (see comment).

Typical Time on Market for unsold property confirms that the market has retained sufficient momentum overall. However, at the regional level, Typical Time on Market figures indicate that the Midlands have slowed significantly when compared to their performance in 2018 and the North East and Scotland show vast improvement in marketing times over the same time frame. Moreover, vigorous northern markets remain significantly positive in terms of year-on-year price growth and are more or less keeping abreast of inflation.

The sales market had benefitted from the phenomenal strength of the rental market since rents took off in the fourth quarter of 2021. However, rent growth has fallen back in several regions and

overall rents are now falling across the UK, dragged down by the dominant Greater London region. Moreover, this weakness appears to have spread into adjacent regions and the West Midlands over recent months. After a long period of scarcity, supply began to rise significantly in London earlier this year, quenching rent growth and forcing asking rents to be more competitive. Supply in the South East has already increased by 14% compared to a year ago.

UK rents hit their peak in early October this year and have since declined 2.3%. The mix-adjusted average annualised rent rise for the UK has dropped from 9.7% in October to 6.1% in November to 5.3% this month. It is likely to head into the negative if supply continues to increase.

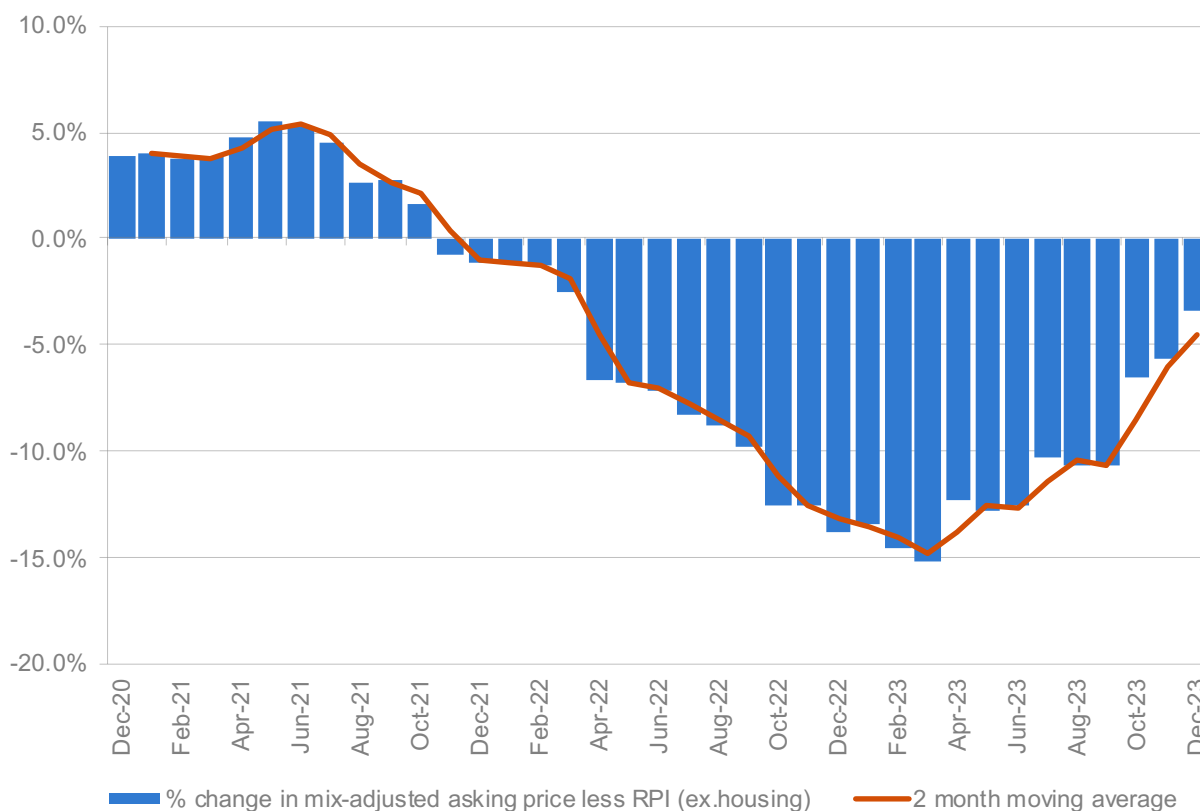
The annualised mix-adjusted average asking price growth across England and

Wales is now 0.1%; in December 2022, the annualised rate of increase of home prices was 1.5%.

A further seasonal price decline during the last month is consistent with a return to the normal operation of the property market when compared to pre-COVID years. Despite this fall, annualised growth has managed to return to positive territory, albeit only just, thanks to the sudden plunge triggered by the Truss-Kwarteng fiasco at the end of last year.

The national average retreated 3.5% in just five months from the high point set in July 2022, thereby removing the froth of an overheated market and securing continued buyer interest. Counter to the doom and gloom forecasts by many pundits of a devastating crash, price performance during the last year has been notably serene, merely following

### Real Asking Price Growth, England and Wales



Source: Home.co.uk Asking Price Index, December 2023 and ONS [RPI ex. housing]. Inflation for November and December are our estimates (4% and 3.5% respectively).



a gentle and well-established seasonal pattern.

In fact, 2023 may be regarded as a year of price consolidation and a restocking of agents' portfolios. The residual growth produced by the spectacular and contrived COVID boom now amounts to around 13%, while the growth achieved over the last ten years is a staggering 41.5%, thanks almost entirely to the easy money policies of the central bank.

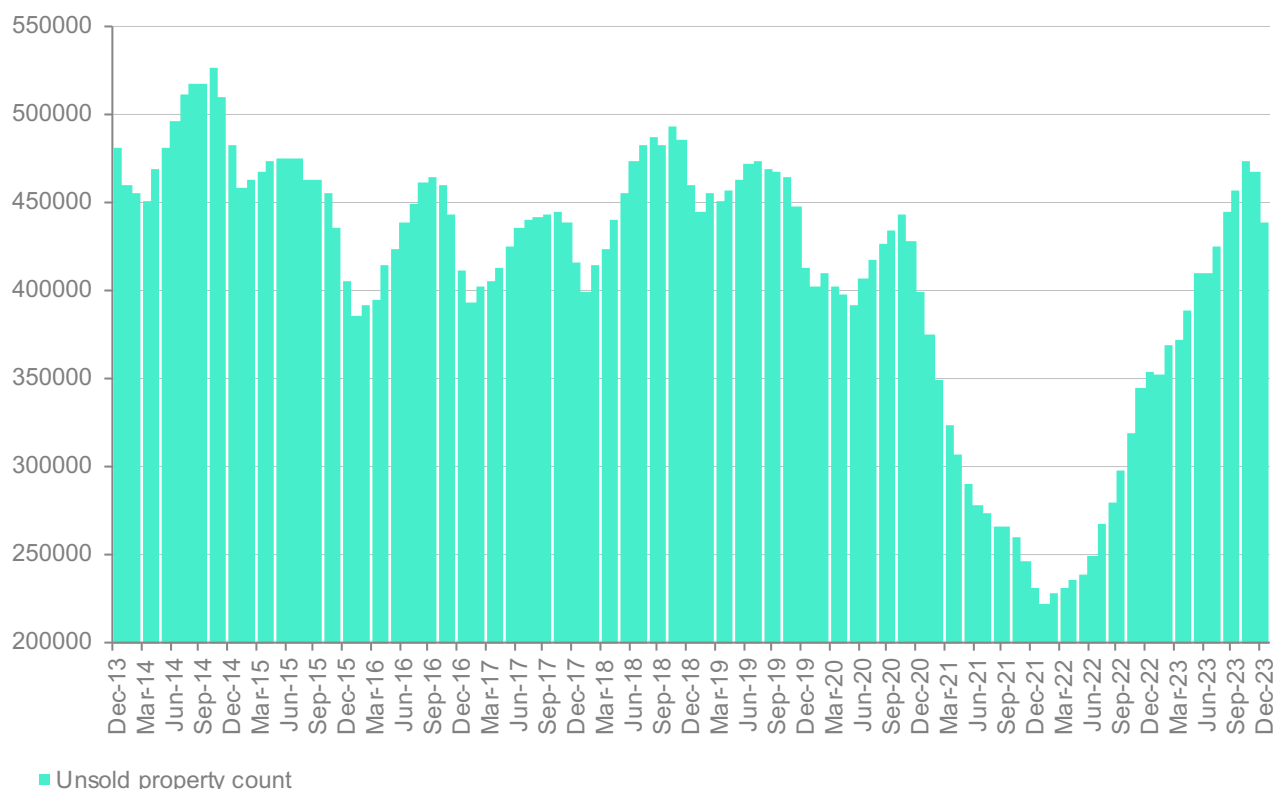
For the time being, supply and demand have been rebalanced in the wake of tighter lending conditions. Looking forward, we expect that overall nominal prices will go sideways until lending conditions improve. The financial market is betting, much to the annoyance of the Bank of England, on the first cut to the base rate being applied in June 2024 followed by a series of cuts, perhaps

amounting to a full percentage point. The fact that the 2-year swap rate data is indicating this is clearly positive news and suggests that a return to growth could occur in the latter half of next year.

Therefore, as we move towards 2024, we may allow ourselves some cautious optimism that growth will return (over and above the rate of inflation) to the extent that property may once again become a real store of value. Due to the massive inflation caused by the reckless action of central banks against a backdrop of panic induced by the COVID debacle, UK property has not been a safe store of value since around the beginning of 2022.

However, following the largest monthly falls in real terms which occurred around March this year, the present trend is clearly on track towards

## Total Stock of Property for Sale, England and Wales



Source: Home.co.uk Asking Price Index, December 2023

real annualised growth, perhaps achieving this in 2024. Wiser investors will be aware of this opportunity.

## Stock Levels

Arguably the most important trend reversal in two years has been the stock level decline since the unsold property peak in October. While stock was constantly being added to the marketplace, fears arose that supply would overwhelm demand and cause a house price crash, as happened in 2008/9. However, unlike the financial crisis, we have not witnessed a credit crunch but merely a rather tardy rise in interest rates from record lows. It is now clear that agents' portfolios have not been flooded and sufficient demand exists to counterbalance supply.

## Regional Roundup

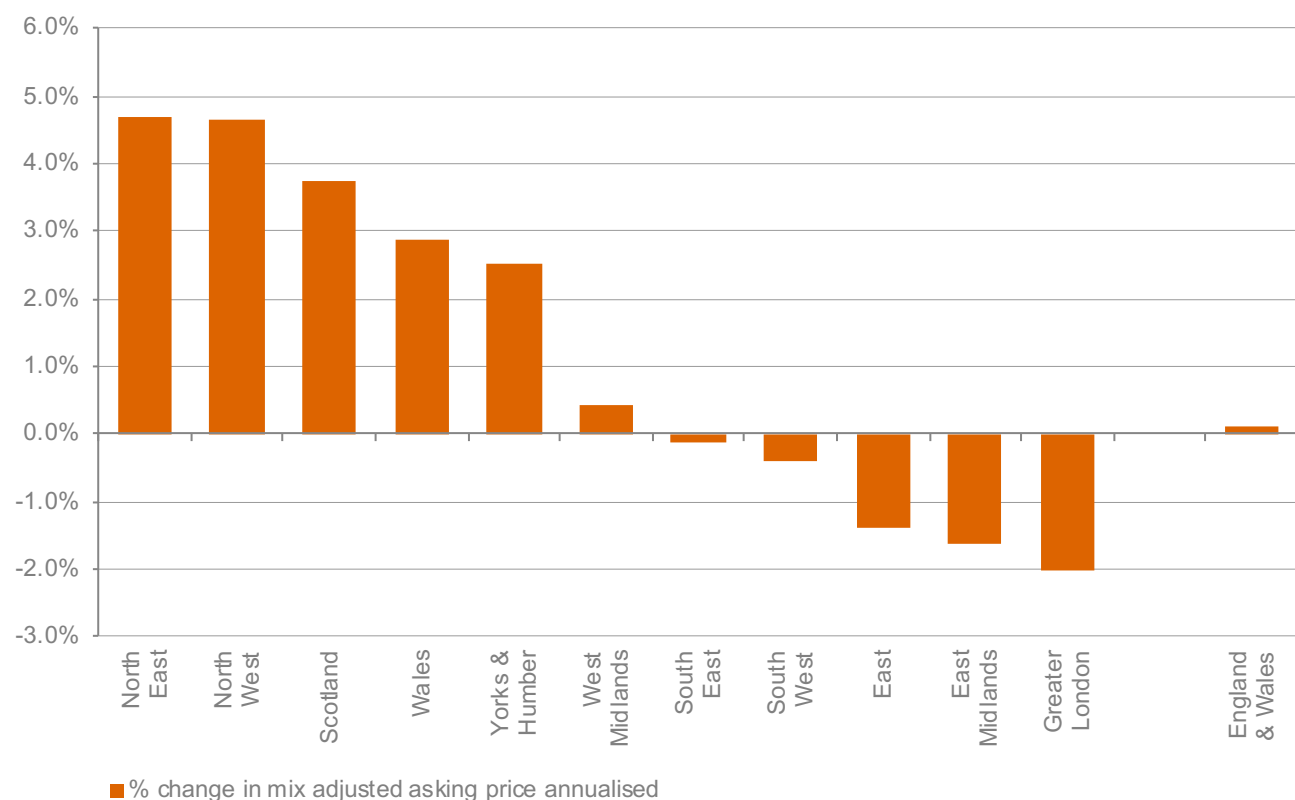
The post-COVID market has clearly favoured the northern English regions,

Wales and Scotland in terms of growth. Perhaps most impressive of all is the North East: this region suffered appalling oversupply and price stagnation for around ten years following the financial crisis, but it is now the price growth leader for the UK. Moreover, these northern regions are nearly keeping up with monetary inflation. The pain of price falls in 2023 has been borne by essentially just three regions, namely Greater London, the East Midlands and the East of England.

## Rents

A fall in rents is clearly unwelcome news for landlords (but a godsend for tenants). How far asking rents will decline is difficult to predict as much depends on the wider economy. However, there may come a point where an increasingly significant number of land-

### 12-month Regional Price Growth, Dec 2023 vs. Dec 2022

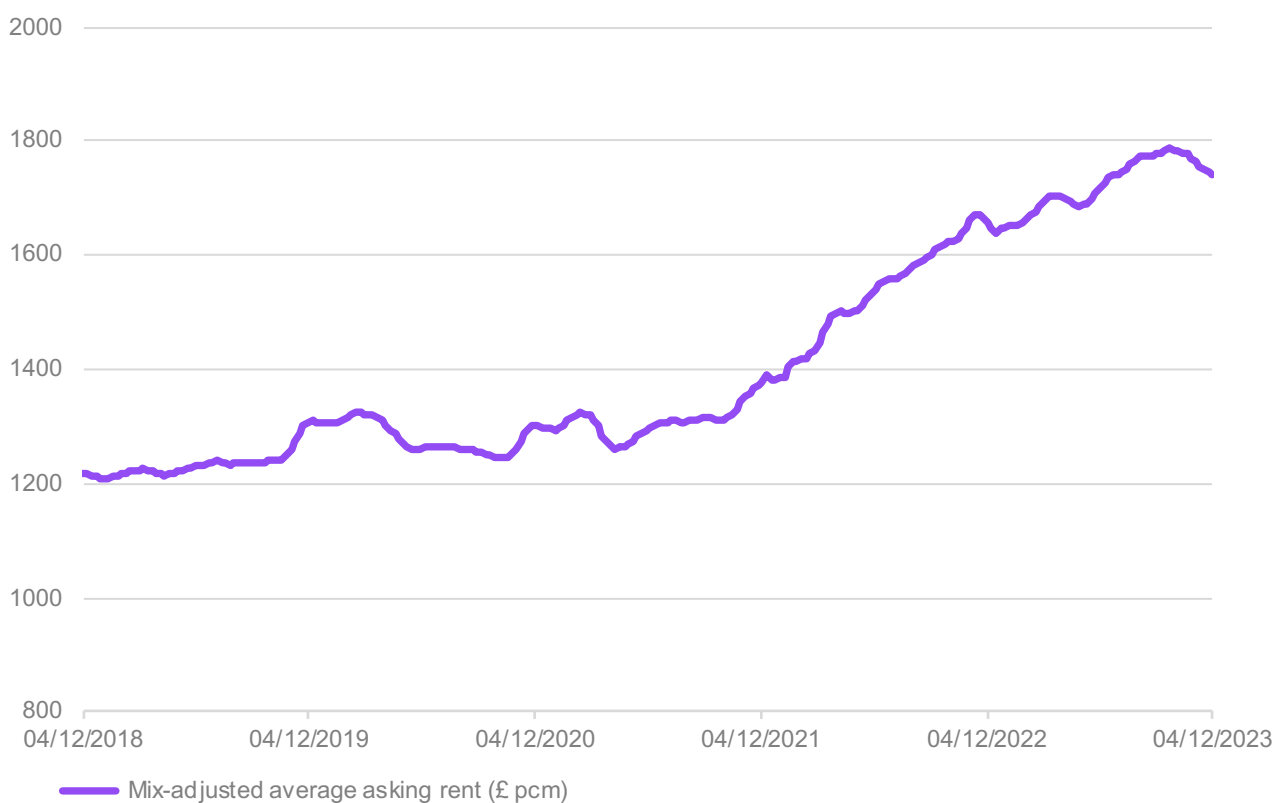


Source: Home.co.uk Asking Price Index, December 2023

lords will not be able to secure sufficient rent to cover their costs. Given the meteoric rise in rents since autumn 2021, this tipping point may not be imminent but, while supply remains high, the consequences are ineluctable. The Greater London rental market currently indicates a 40.2% increase in supply compared to a year ago. Supply in the South East and

the East of England is also rising, albeit more belatedly (+14.0 % and +13.2% respectively). Therefore, the possibility of a supply shock for the sales market as landlords are forced to cash up becomes increasingly likely. Should borrowing costs not fall for landlords in the near future, the private rented sector looks set to shrink even further.

## UK Asking Rents



Source: Home.co.uk Asking Price Index, December 2023

**“ If you were wondering where all the inflation came from that has wreaked havoc with the entire economy then look no further than the money supply.**

Between February 2020 and October 2022, broad money (M4) increased by 20.5% or an additional £586 billion in circulation. Who created this extra money? The Bank of England did, in a highly coordinated manner with other key central banks around the world.

Furthermore, after such a reckless increase in the money supply, they had the temerity to tell us

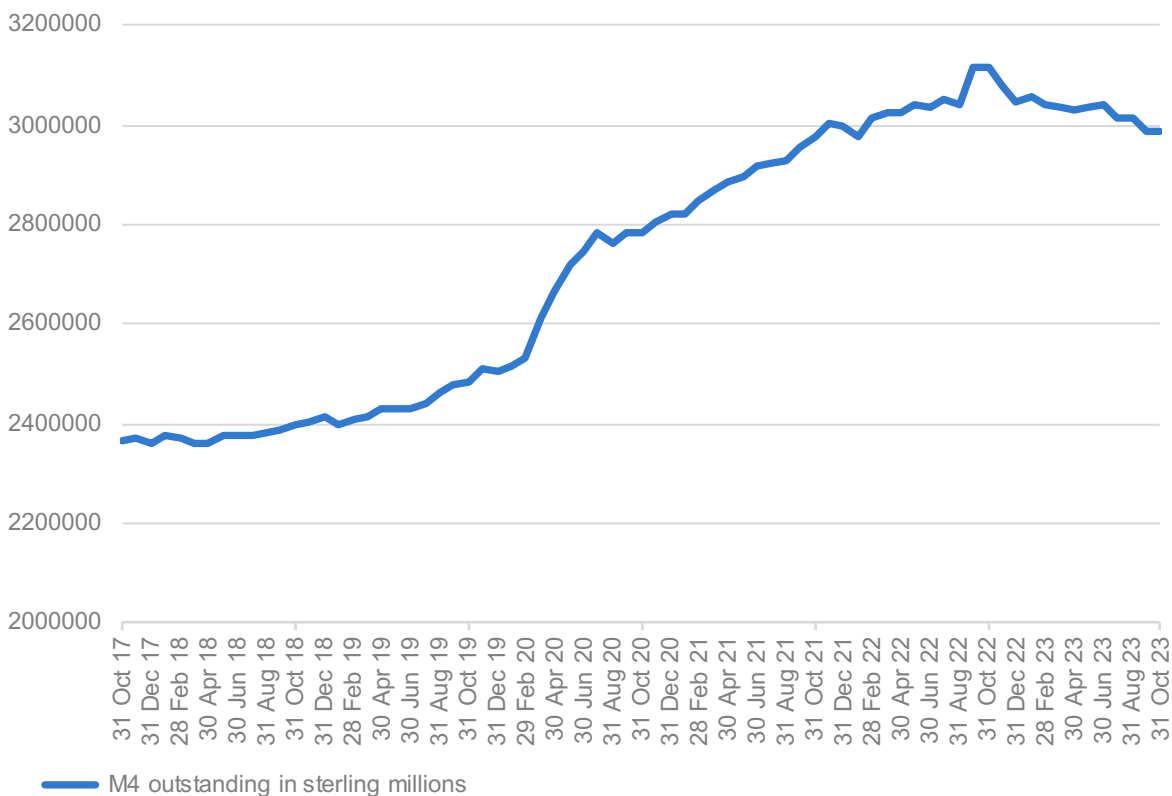
that the uptick in inflation would be 'transitory' and this justified them sitting on their hands (at least initially).



Where did the money go? A vast amount went into the private sector, hugely inflating the fortunes of the already ultra-rich, and, of course, a lot ended up in property.

Our headline chart showing the asking price trend essentially mirrors the expansion of the money supply, with a small time lag due to the lockdowns and the

### Money Supply



Source: Bank of England



home buying process. How else can one have a property boom when productivity has collapsed and supply chains are disrupted?

Moreover, the drop in the money supply coincides with the sudden property price drop in December 2022, following the ill-fated Truss-Kwarteng budget and the sudden rise in bond yields (and mortgage rates).

Since then, a deflationary policy on the part of the Bank of England has meant that wages have not increased sufficiently to compensate for rising prices of life's essentials, effectively making the vast majority of Britons poorer.

The Bank of England's actions during COVID effectively created a wrecking ball for the economy that was sold to us as emergency support. Of course, now that the profits have been privatised and the debt nationalised, it's Joe Public that is on the hook for all this folly. Interest on government debt has hit a 20-year high and many folk are having problems paying their bills on time.

As we mentioned last month, Richard Werner, Professor of Banking and Finance at the University of Winchester asserts in *The Conversation*: 'I believe the high degree of

coordination of the central banks in adopting this QE strategy, and the empirical link with our current period of inflation, means their policies should be given more of a public airing.'

He's being too kind, of course. Thomas Jefferson was rather more blunt in his 1816 letter to John Taylor: 'And I sincerely believe, with you, that banking establishments are more dangerous than standing armies; and that the principle of spending money to be paid by posterity, under the name of funding, is but swindling futurity on a large scale.'

After that rather sobering thought, I would like to wish all our readers a very Merry Christmas and a prosperous New Year.

Doug Shephard  
Director at Home.co.uk





# UK Asking Prices

Scotland	Dec-23
<b>Average Asking Price</b>	<b>£224,972</b>
Monthly % change	-1.4%
Annual % change	3.7%

North East	Dec-23
<b>Average Asking Price</b>	<b>£188,640</b>
Monthly % change	-0.1%
Annual % change	4.7%

Yorks & The Humber	Dec-23
<b>Average Asking Price</b>	<b>£244,013</b>
Monthly % change	-0.9%
Annual % change	2.5%

North West	Dec-23
<b>Average Asking Price</b>	<b>£262,822</b>
Monthly % change	-0.2%
Annual % change	4.6%

West Midlands	Dec-23
<b>Average Asking Price</b>	<b>£294,702</b>
Monthly % change	-0.4%
Annual % change	0.4%

East Midlands	Dec-23
<b>Average Asking Price</b>	<b>£278,129</b>
Monthly % change	-0.8%
Annual % change	-1.6%

East	Dec-23
<b>Average Asking Price</b>	<b>£389,635</b>
Monthly % change	-1.3%
Annual % change	-1.4%

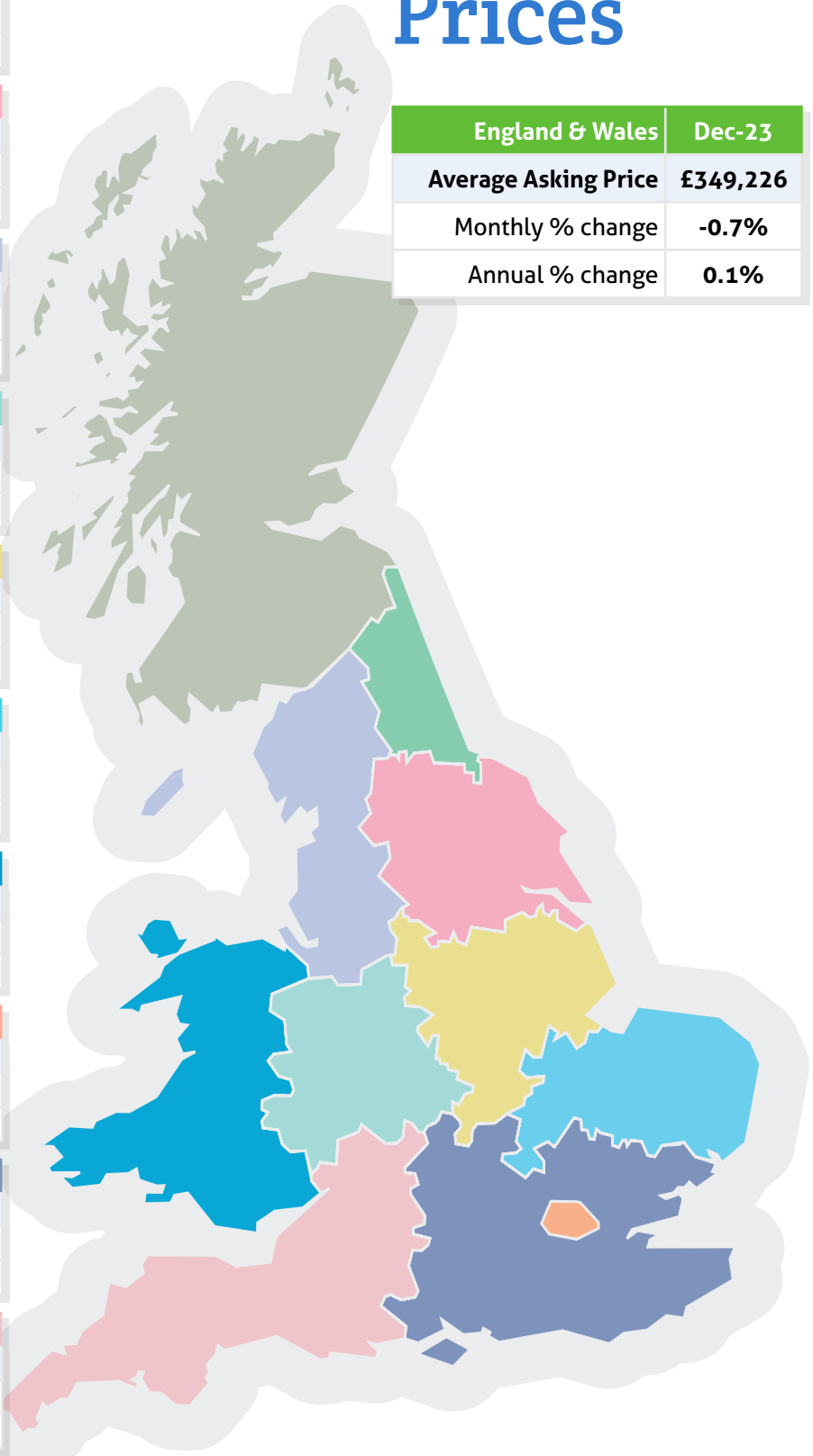
Wales	Dec-23
<b>Average Asking Price</b>	<b>£262,963</b>
Monthly % change	-0.4%
Annual % change	2.9%

Greater London	Dec-23
<b>Average Asking Price</b>	<b>£536,487</b>
Monthly % change	-0.5%
Annual % change	-2.0%

South East	Dec-23
<b>Average Asking Price</b>	<b>£437,968</b>
Monthly % change	-0.8%
Annual % change	-0.1%

South West	Dec-23
<b>Average Asking Price</b>	<b>£373,579</b>
Monthly % change	-1.1%
Annual % change	-0.4%

England & Wales	Dec-23
<b>Average Asking Price</b>	<b>£349,226</b>
Monthly % change	<b>-0.7%</b>
Annual % change	<b>0.1%</b>



Source: Home.co.uk Asking Price Index, December 2023

# UK Time on Market

Scotland	Dec-23
<b>Average Time on Market</b>	<b>192</b>
Typical Time on Market	86
Annualised % supply change	-2%

North East	Dec-23
<b>Average Time on Market</b>	<b>159</b>
Typical Time on Market	94
Annualised % supply change	4%

Yorks & The Humber	Dec-23
<b>Average Time on Market</b>	<b>146</b>
Typical Time on Market	91
Annualised % supply change	1%

North West	Dec-23
<b>Average Time on Market</b>	<b>162</b>
Typical Time on Market	100
Annualised % supply change	0%

West Midlands	Dec-23
<b>Average Time on Market</b>	<b>160</b>
Typical Time on Market	96
Annualised % supply change	2%

East Midlands	Dec-23
<b>Average Time on Market</b>	<b>148</b>
Typical Time on Market	98
Annualised % supply change	4%

East	Dec-23
<b>Average Time on Market</b>	<b>156</b>
Typical Time on Market	93
Annualised % supply change	-1%

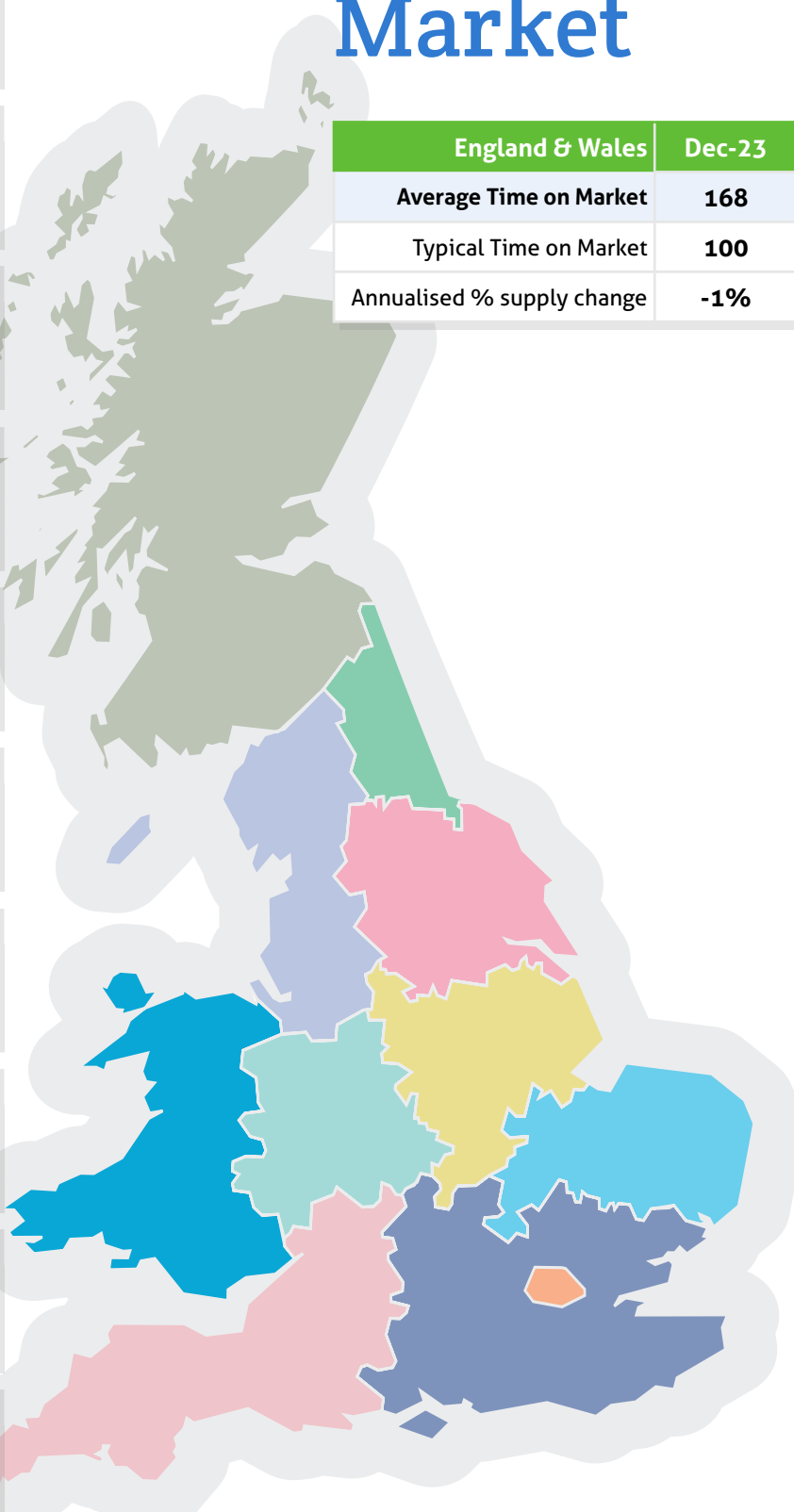
Wales	Dec-23
<b>Average Time on Market</b>	<b>177</b>
Typical Time on Market	110
Annualised % supply change	2%

Greater London	Dec-23
<b>Average Time on Market</b>	<b>201</b>
Typical Time on Market	101
Annualised % supply change	-6%

South East	Dec-23
<b>Average Time on Market</b>	<b>159</b>
Typical Time on Market	92
Annualised % supply change	-4%

South West	Dec-23
<b>Average Time on Market</b>	<b>153</b>
Typical Time on Market	95
Annualised % supply change	4%

England & Wales	Dec-23
<b>Average Time on Market</b>	<b>168</b>
Typical Time on Market	<b>100</b>
Annualised % supply change	<b>-1%</b>



Source: Home.co.uk Asking Price Index, December 2023. 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: <https://www.home.co.uk/company/about.htm>
- For further details on the methodology used in the calculation of the HAPI please visit: [https://www.home.co.uk/asking\\_price\\_index/Mix-Adj\\_Methodology.pdf](https://www.home.co.uk/asking_price_index/Mix-Adj_Methodology.pdf)
- To learn more about Home.co.uk data services please visit: <https://www.home.co.uk/company/data/>

## Future release dates:

- Friday 12<sup>th</sup> January 2024
- Wednesday 14<sup>th</sup> February
- Wednesday 13<sup>th</sup> March