



Asking Price Index

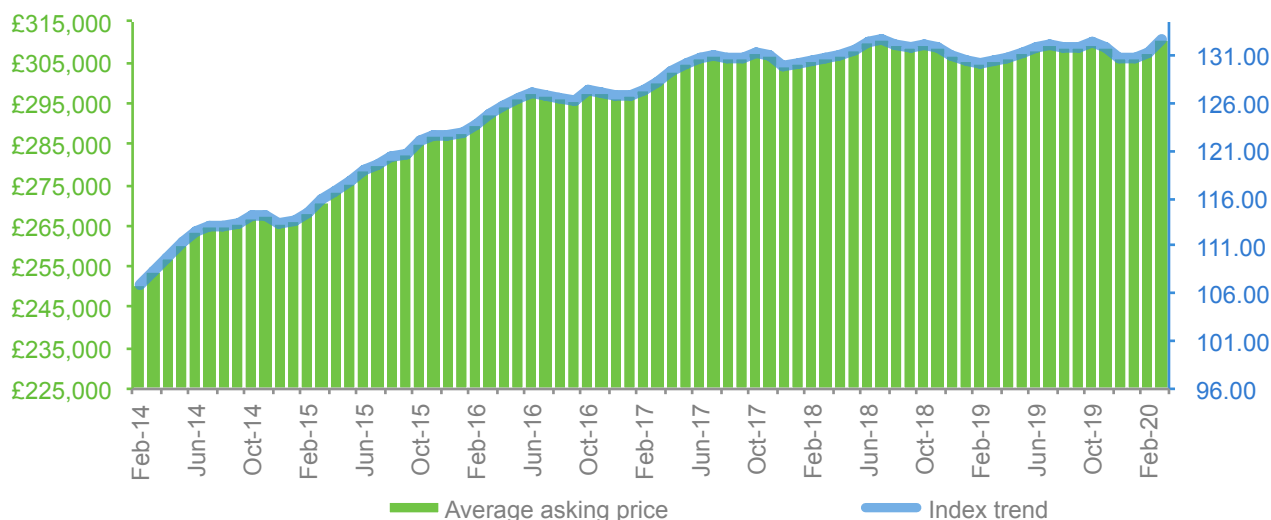
Released 12/03/20 March 2020

Home Prices Bounce to New High as Confidence Returns

Headlines

- Home prices jump 1.1% in just one month as confidence returns; the largest such monthly rise since July 2015.
- Scotland and Wales top the regional growth table with month-on-month price hikes of 1.7% and 1.5% respectively, followed by the North West and South West (both showing increases of 1.4%).
- Supply of new sales instructions remains very low across the UK (down 2% year-on-year) and this, combined with already low stock levels in much of the UK, is pushing up prices.
- The largest falls in the number of new instructions year-on-year are in Scotland, the North West and the South West.
- The total sales stock continues to slide across England and Wales; down by 10.9% year-on-year.
- Scarcity is an even more painful problem for home seekers in the rental sector.
- The supply of newly available rental property across the UK is down a massive 17% year-on-year.
- Competition for the dwindling number of available properties to let has driven up the mix-adjusted UK average rent by 8.2% in just twelve months.
- The Typical Time on Market for sales properties in England and Wales is falling rapidly post-Brexit and is now equal to that of March 2019 as confidence surges.
- The North West and Wales are currently the UK's best-performing regions, both with an annualised rise of 4.3%.
- East of England remains the UK's worst-performing region but this month's leap of 0.7% indicates confidence is returning rapidly. The average asking price for the region is now a mere 0.7% lower than twelve months ago.

Home Asking Price Trend for England & Wales



Source: Home.co.uk Asking Price Index, March 2020, Indexed to May 2004 (Value =100).



Summary

A far cry from all the forecasts of doom and gloom for British home prices post-Brexit, the market is in fact in great shape and showing considerable potential for growth this year. Confidence is returning, prices are rising over and above seasonal expectations in all regions and momentum is increasing. In particular, the London market has recovered from several pitiful price correction years and now looks set for considerable growth. The mix-adjusted average home price for England and Wales has risen to 1.8% year-on-year; the highest such growth seen for two years.

Low stock levels and low supply remain key drivers in both the sales and rental markets. The total stock of property for sale in England and Wales is now down 11% year-on-year, but London is still the worst hit with 19% less property on the market than a year ago. Similarly, in the Private Renting Sector (PRS), the market has 18% less stock than a year ago and 17% less new rentals entering the market. Again, London is suffering the most with the supply of newly available rental properties down 23%, and this squeeze is having a dramatic effect on rents. The mix-adjusted average rent in the Greater London area is now up 11% year-on-year and some

boroughs are seeing annualised hikes as high as 20%.

All evidence points to the fact that supply has slumped below the level of demand in both sectors. This situation has clear implications for significant upward price adjustments, particularly in the London rental market where we are witnessing further dramatic rent hikes especially in the more central boroughs.

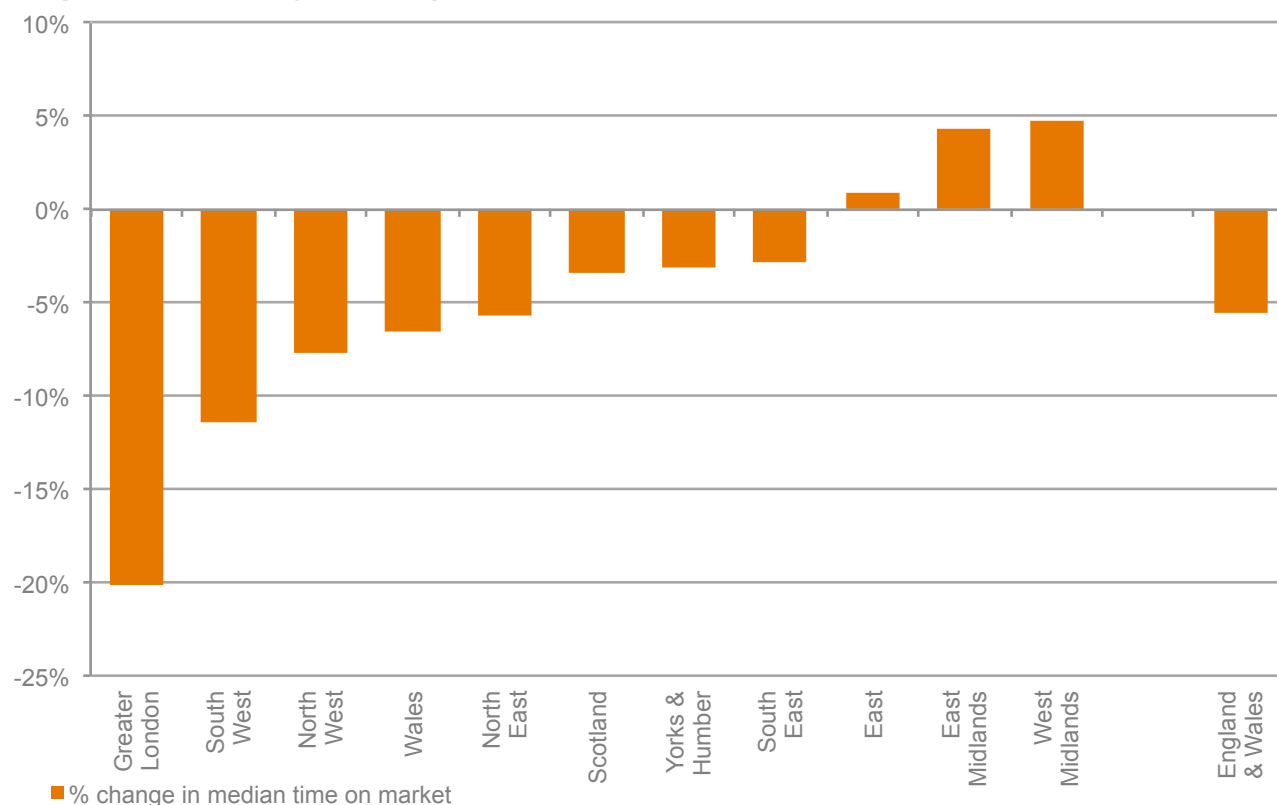
Annualised mix-adjusted average price growth across England and Wales currently stands at +1.8%; in March 2019, the annualised rate of increase of home prices was -0.3%.

Regional Round-up

Whilst house prices in all regions have benefited from a combination of renewed confidence and a spring fillip, Scotland and Wales outshone all English regions this month with jumps of 1.7% and 1.5% respectively. Edinburgh is, of course, Scotland's leading market, and the typical flat price there has increased by 9% over the last twelve months. Cardiff, likewise, has seen a corresponding jump of 10%. These key markets are clearly full of vim and vigour with prices ballooning due to a paucity of properties.

Scarcity is affecting all the regions to a greater or lesser degree, but London is in the midst of what might be described as a property drought.

Regional Supply Change, Feb 2020 vs. Feb 2018



Source: Home.co.uk Asking Price Index, March 2020

The supply of new sales instructions is 20% less than it was two years ago and this will serve to drive up prices. Moreover, rapidly rising rents will ensure the return of many more buy-to-let investors as yields become much more attractive. Time on Market of unsold properties (median) is falling and this is consistent with an increase in momentum in the capital's market.

As stated, a return to confidence is evident in all regions and nowhere is this more apparent than in the East of England, which has now been undergoing a painful corrective phase for about two years. However, this month prices have jumped 0.7%, leaving annualised growth only just in the red by 0.7%.

The East and West Midlands remain slower than they were in March last year, although even in these regions, prices jumped by 0.6% and 1.1% respectively this month. Despite that, these markets look to be at the top of their growth cycle. However, with rents rising at the current rate of 10.1% per annum in the West Midlands, yields will soon improve and this tends to suggest that the correction will be short-lived. By contrast, rents have yet to rise above the rate of monetary inflation in the East Midlands.

The South West market had also been undergoing a corrective phase but a leap of 1.4% this month suggests recovery is well underway.

The North East shows significant potential for growth and this month put in a remarkable jump of 0.9%. Momentum is beginning to improve with the Typical Time on Market down two days compared to March last year.

The North West and Yorkshire both indicate a very confident month with prices rising 1.4% and 1.3% respectively, thereby pushing up their annualised gains to 4.2% and 3.7% respectively and making them England's best-performing regions.



Why the big leap in prices?

Confidence among agents and vendors is high because they both know that supply is low relative to demand and therefore pricing is increasingly bullish. Whilst lending rates remain low and look set to go even lower, thanks to the wider economic malaise and market panic, British bricks and mortar will continue to be a highly attractive safe haven for investors.

Added to that, buy-to-let investment is looking like a better deal with every month that passes. Shortages of rental property are affecting the whole country and the scarcity is worst in London where rents are going ballistic. Despite added taxation and costly regulation, many landlords may well see a return to profit again before long. Moreover, the possibility of a reasonable return on investment might entice more investors to return to the PRS and thereby redress the pitiful shortfall in available homes to rent. Only rent-capping madness, such as proposed by Sadiq Khan, could scupper such a beneficial market correction.

For the time being, Brexit hysteria has been replaced by coronavirus hysteria but the British property market marches on stoically nonetheless



Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Mar-20
Average Asking Price	£212,368
Monthly % change	1.4%
Annual % change	4.3%

North East	Mar-20
Average Asking Price	£162,033
Monthly % change	0.9%
Annual % change	2.4%

Yorks & The Humber	Mar-20
Average Asking Price	£204,668
Monthly % change	1.3%
Annual % change	3.7%

North West	Mar-20
Average Asking Price	£212,368
Monthly % change	1.4%
Annual % change	4.3%

West Midlands	Mar-20
Average Asking Price	£258,288
Monthly % change	1.1%
Annual % change	3.1%

East Midlands	Mar-20
Average Asking Price	£239,899
Monthly % change	0.6%
Annual % change	2.5%

East	Mar-20
Average Asking Price	£347,732
Monthly % change	0.7%
Annual % change	-0.7%

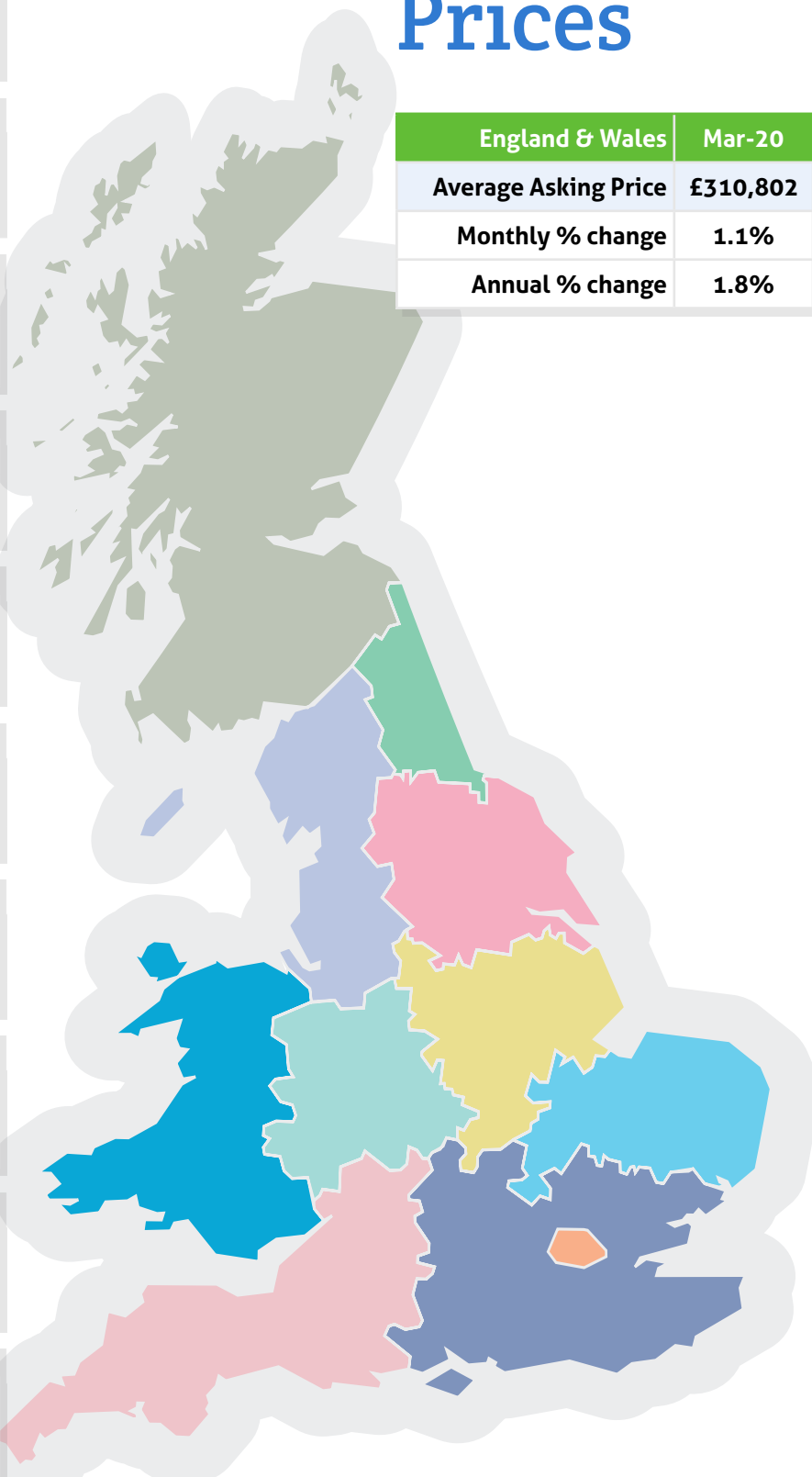
Wales	Mar-20
Average Asking Price	£214,978
Monthly % change	1.5%
Annual % change	4.3%

Greater London	Mar-20
Average Asking Price	£521,048
Monthly % change	0.9%
Annual % change	1.2%

South East	Mar-20
Average Asking Price	£396,585
Monthly % change	1.2%
Annual % change	1.2%

South West	Mar-20
Average Asking Price	£324,841
Monthly % change	1.4%
Annual % change	1.4%

England & Wales	Mar-20
Average Asking Price	£310,802
Monthly % change	1.1%
Annual % change	1.8%



Source: Home.co.uk Asking Price Index, March 2020

UK Time on Market

Scotland	Mar-20
Average Time on Market	256
Typical Time on Market	143
Annual % supply change	-6%

North East	Mar-20
Average Time on Market	241
Typical Time on Market	135
Annual % supply change	-1%

Yorks & The Humber	Mar-20
Average Time on Market	183
Typical Time on Market	109
Annual % supply change	-3%

North West	Mar-20
Average Time on Market	197
Typical Time on Market	120
Annual % supply change	-4%

West Midlands	Mar-20
Average Time on Market	165
Typical Time on Market	98
Annual % supply change	-3%

East Midlands	Mar-20
Average Time on Market	162
Typical Time on Market	97
Annual % supply change	0%

East	Mar-20
Average Time on Market	163
Typical Time on Market	97
Annual % supply change	3%

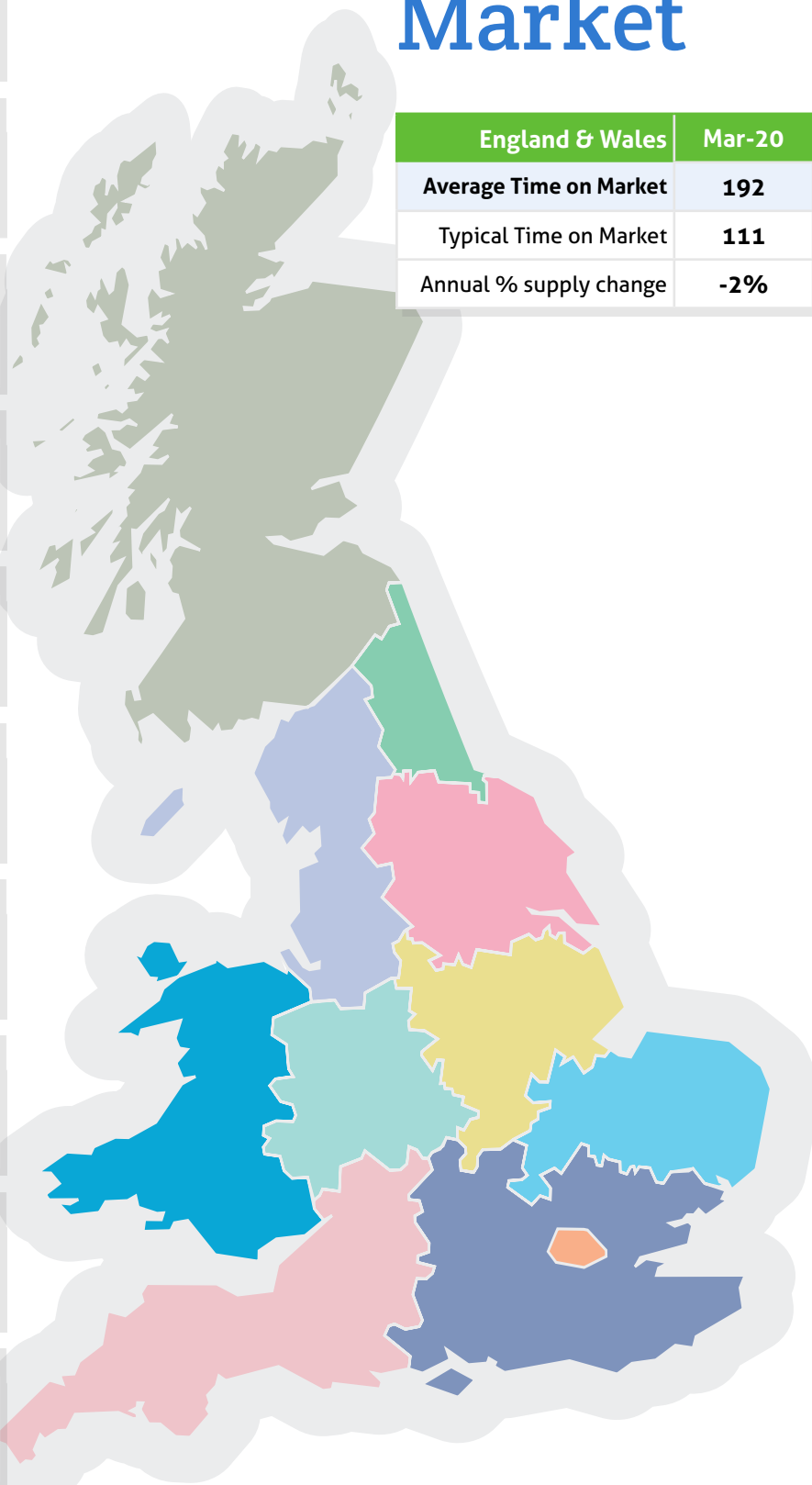
Wales	Mar-20
Average Time on Market	237
Typical Time on Market	137
Annual % supply change	-2%

Greater London	Mar-20
Average Time on Market	202
Typical Time on Market	108
Annual % supply change	-2%

South East	Mar-20
Average Time on Market	169
Typical Time on Market	99
Annual % supply change	0%

South West	Mar-20
Average Time on Market	186
Typical Time on Market	110
Annual % supply change	-4%

England & Wales	Mar-20
Average Time on Market	192
Typical Time on Market	111
Annual % supply change	-2%



Source: Home.co.uk Asking Price Index, March 2020. 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:
<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
- To learn more about Home.co.uk data services please visit:
<https://www.home.co.uk/company/data/>

Future release dates:

- Wednesday 15th April
- Wednesday 13th May
- Friday 12th June