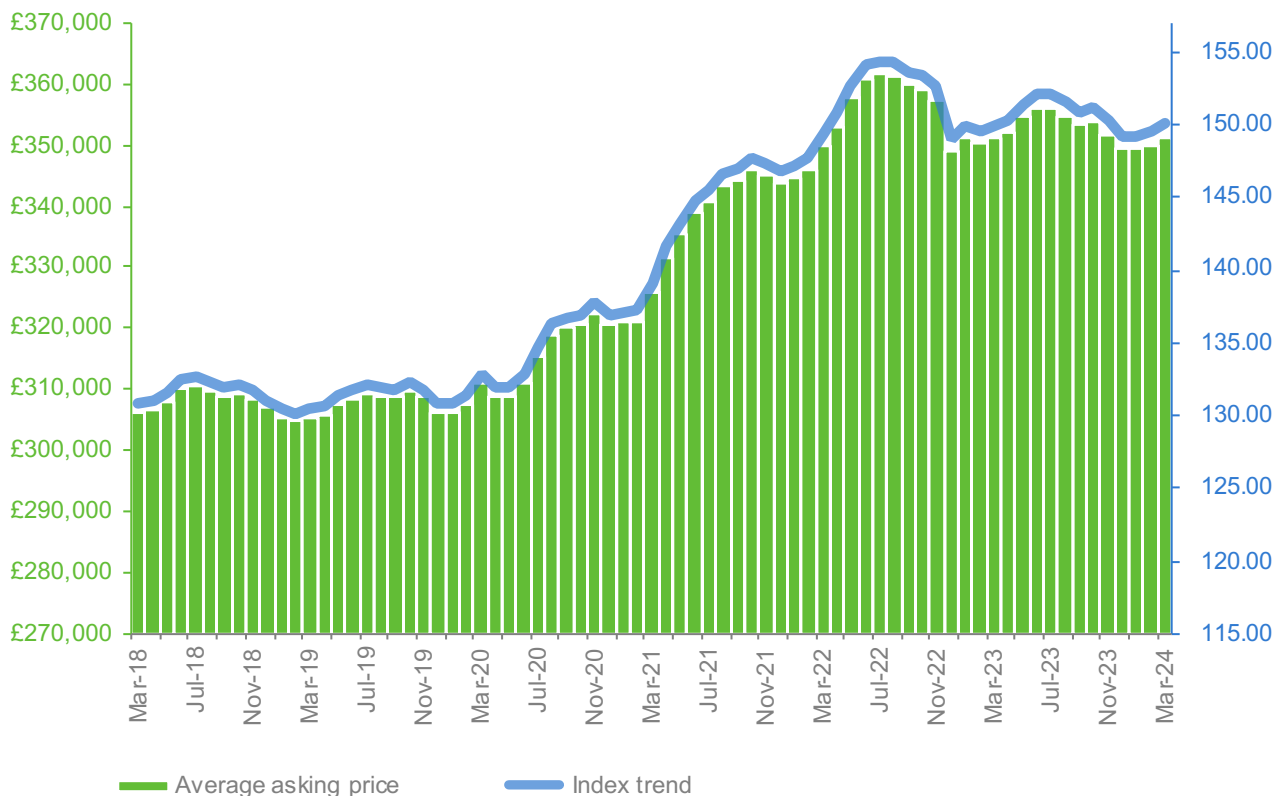


## Prices Up in All Regions as the Market Picks Up Pace

### Headlines

- Asking prices continue their upward trajectory, adding 0.4% since last month across England and Wales, and are now up year-on-year by 0.1% vs. March 2023.
- Most notably, prices rose in ALL English regions, Scotland and Wales during the last month, indicating nationwide positive sentiment.
- The Typical Time on Market for unsold property in England and Wales has dropped eight days since February as market momentum increases. The current median is 104 days; in pre-COVID March 2019, the same measure was 111 days.
- The total sales stock count for England and Wales continues to rise in line with seasonal expectations. The current total of unsold property is 451,185, around 11,000 more than last month and approximately the same total as registered in March 2019.
- The number of new instructions entering the market during February 2024 was 13% more than during February 2023. This significant increase indicates greater vendor optimism vis-a-vis the market hesitancy triggered by the Truss-Kwarteng mini-budget fiasco. Compared to pre-COVID February 2019, supply is up only 8%.
- Scotland replaces the North West as the regional property market growth league table leader with a year-on-year gain of 4.2%. The East of England replaces the East Midlands as the worst performing region over the same period at -1.7%.
- UK rent growth overall continues to slow, dragged down by London, reducing the annualised change to a mere 2.1%. The North East remains the regional leader in rental growth at +15.1% year-on-year. Greater London rents continue to plunge (-6.9%), making it by far the worst performing region due to a vast oversupply of property to let.
- Rents continue to slide most in the more expensive central London boroughs. Growth has become increasingly negative overall and a total of eighteen prime boroughs now show year-on-year falls in asking rents, up from thirteen last month. The worst performer remains Kensington and Chelsea, extending its decline with a year-on-year drop of 14.4%.

## Home Asking Price Trend for England & Wales



Source: Home.co.uk Asking Price Index, March 2024, Indexed to May 2004 (Value=100).

### Summary

The UK property market steps up a gear this month, with vendor optimism vastly improved compared to March last year. There is also good news for buyers, with the market offering much more choice and lower pricing (particularly in London, East Midlands, East and the South West) when compared to the peak in July 2022. Buyers are also increasingly confident that price corrections due to higher interest rates have worked through the market and that future price falls appear less likely in the near term.

With an air of 'business as usual' pervading the market, slightly more vendors than usual have committed to sell, although stock levels are still comparable to pre-pandemic levels. Currently, there is no excess of property on the market that would inevitably put downward pressure on prices. Moreover, time on

market figures (both mean and median) are falling as properties begin to move through the market more quickly. Current Typical Time on Market figures are consistent with pre-COVID years and we anticipate further reductions in marketing times in April and perhaps May.

Annualised growth in home market values for England and Wales has been notably absent during the last twelve months but growing confidence suggests a return to capital appreciation, albeit small, is likely this year. Therefore, we might expect the southern regions to recover lost ground and join the northern English regions, Wales and Scotland in registering positive year-on-year growth by autumn of this year. Pent-up demand will be a key driver of pricing this year.

Little has changed at the regional level: Typical Time on Market figures continue to indicate that the North of England, Scotland and Wales are all in good health



and this enhanced momentum correlates closely with positive annualised price growth in all these regions. However, Greater London, East and the southern regions do show an improvement in their respective Typical Time on Market compared to 2019, therefore paving the way towards tangible year-on-year price growth. We expect the Midlands to follow suit later in the year.

Asking rents continue to show positive annualised growth in all regions except Greater London and Scotland. Rents continue to fall in the UK's largest rental market where the mix-adjusted average is now down 6.9% year-on-year. Scotland is suffering a similar fate, with growth falling into negative territory this month (-0.9%), which is also due to over-supply.

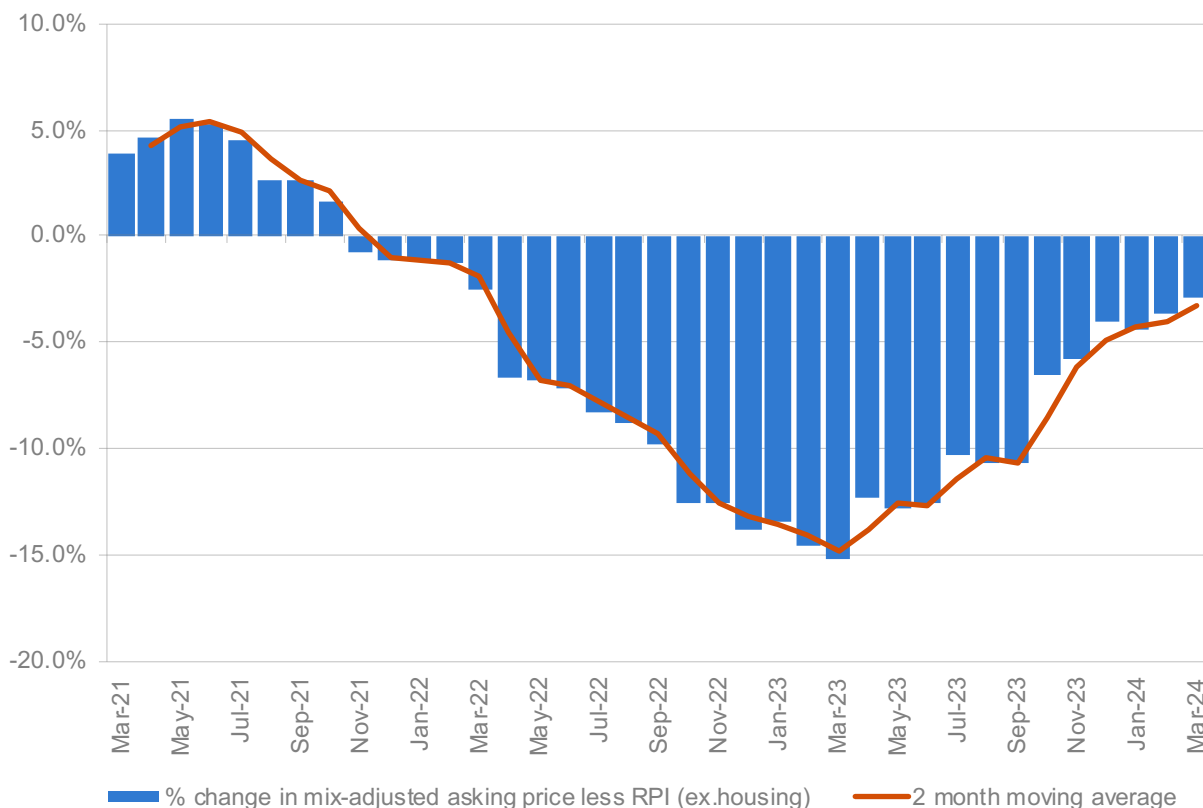
Meanwhile, the North East indicates a year-on-year rise of 15.1% and is the only region to show a concomitant contraction in supply.

UK asking rents are currently 2.1% above their March 2023 reading.

The annualised mix-adjusted average asking price growth (sales) across England and Wales is now 0.1%; in March 2023, the annualised rate of increase of home prices was 0.3%.

Having weathered the financial shocks of 2022/23, the market is sailing into calmer waters, comforted by the promise of a rate cut later in the year now that inflation appears to be under control. Home prices continue to edge upwards in line with seasonal expectations. This month's overall uptick of 0.4% indicates an increased level of confidence compared to March 2023 and is supported by price rises in all regions. Increased momentum, as evidenced by reduced marketing times for unsold property, shows that demand is increasing alongside the rise in supply. Stock levels correspond with pre-COVID levels while the Typical Time on Market is slightly lower.

## Real Asking Price Growth, England and Wales



Source: Home.co.uk Asking Price Index, March 2024 and ONS [RPI ex. housing].  
Inflation for February and March are our estimates (3.5% and 3.0% respectively).



Indeed, in the absence of any further financial shocks, UK property prices look set to enjoy some modest growth this year. However, a return to the recent high point set in July 2022 seems unlikely this year. An interest rate cut would certainly help but it may be 2025 before we see the market return to the high-water mark set by the COVID boom. According to Naomi Rovnick and Harry Robertson, writing for Reuters, "The BoE has lifted borrowing costs to a 16-year high of 5.25% but traders are betting on roughly 65 basis points worth of future rate cuts, with the first fully priced in for August -- likely after the euro zone and U.S. central banks have moved." Moreover, it could come even earlier, as Schroders' analyst Arad Zangana suggested that the BoE could potentially cut as early as May.

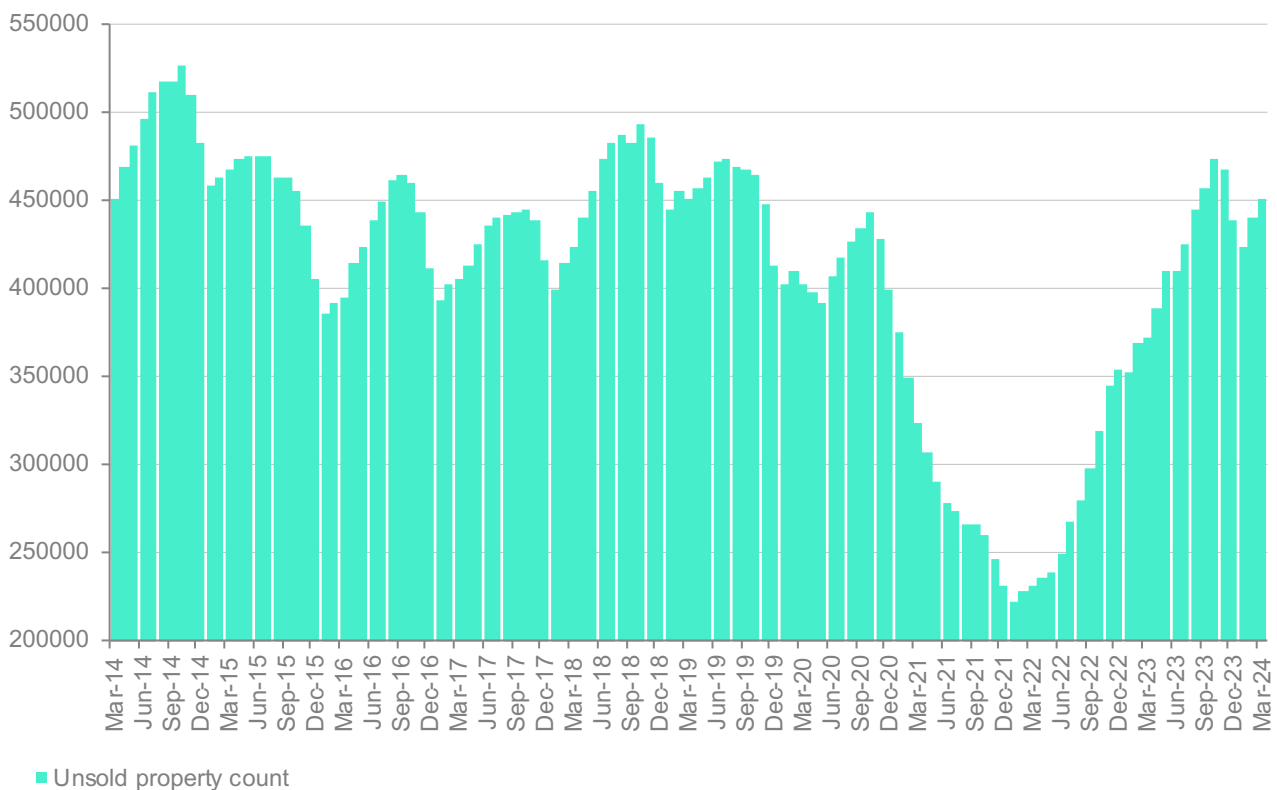
Of course, home price growth has been underperforming relative to inflation for some time, with the painful result that in

real terms, UK property has not been a safe store of value. To achieve this, property prices must increase at an equal or greater rate than monetary inflation. Our chart shows that the trend is heading back towards real growth but it may be some time before this is fully achieved. The current rate of inflation (CPI or RPI) remains around 4% and is falling gradually. As we have previously mentioned, northern regions, Scotland and Wales are already showing growth comparable to this figure but it will require significant improvements in the southern regions (especially London) for overall growth to reach this important milestone. Much depends on how inflation plays out and therefore when the interest rate cut comes.

## Stock Levels

As expected for the time of year, additional stock is being added to the

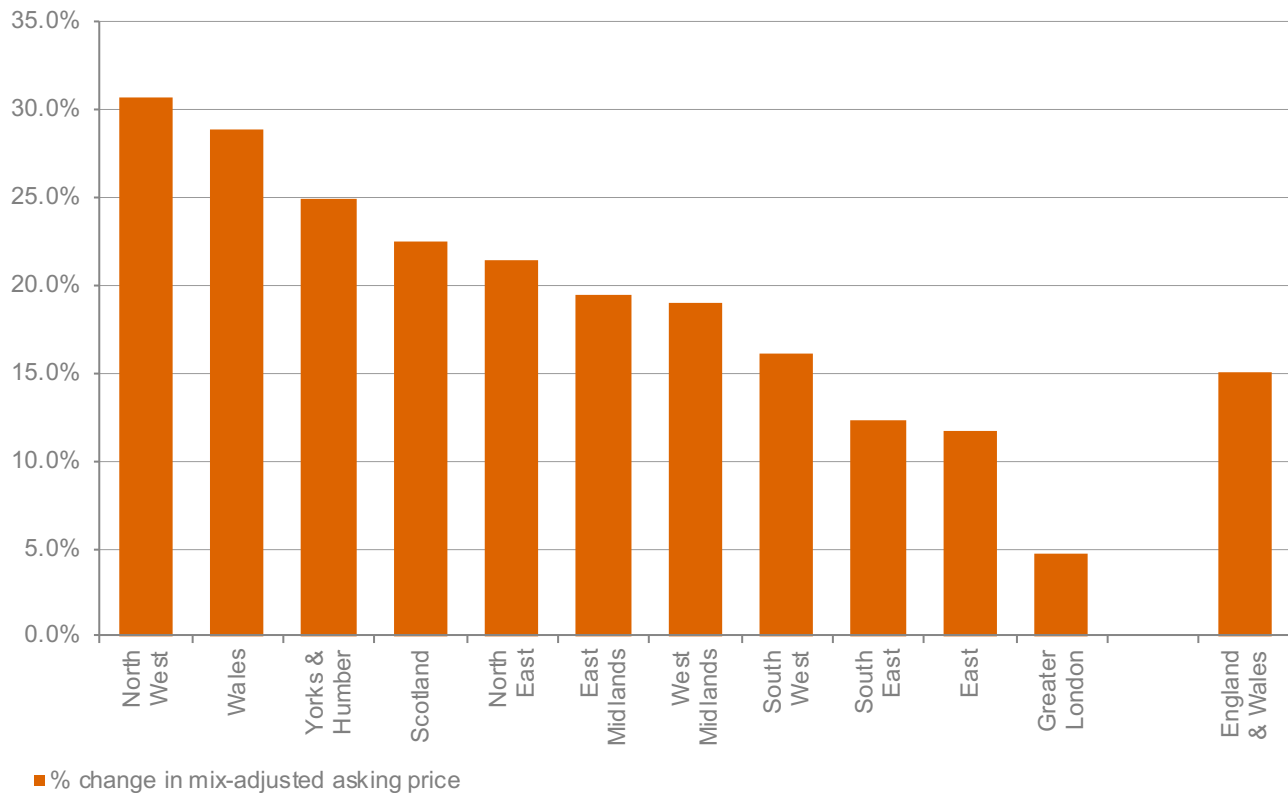
## Total Stock of Property for Sale, England and Wales



Source: Home.co.uk Asking Price Index, March 2024



## 5-year Regional Price Growth, Mar 2024 vs. Mar 2019



Source: Home.co.uk Asking Price Index, March 2024

UK's portfolio of property for sale. This spring surge in instructions follows the long-established pattern in the seasonal wax and wane of stock levels. Typically, agents' portfolios continue to swell until reaching a maximum around September.

The current stock total of 451,185 is consistent with the levels observed in pre-COVID years and therefore does not imply a risk of oversupply. It's currently 'business as usual', in stark contrast to the massive artificially induced rout that occurred during the COVID boom. We expect that the supply of new instructions will be slightly elevated over the next few months as previously hesitant vendors commit to sell, encouraged by a calmer and more optimistic market.

### Regional Roundup

Average prices rose in every English region, Scotland and Wales last month. Whilst such an uplift is to be expected

on a seasonal basis, such a concerted rise also indicates that much confidence has returned in the wake of the financial shocks that occurred in 2022/3.

However, price rises are far from equal among the regions. Scotland put in the biggest price hike of +0.9% since the February reading, followed by Yorkshire (+0.7%). Indeed, home price growth continues to favour the northern regions, as it has done throughout the last five years. We expect this trend to continue this year, albeit with less of a margin, as the southern and eastern regions recover. As for London, we expect that the recovery will take longer due to a large backlog of prime properties for sale in most central boroughs.

The regional price growth chart covering the last five years shows that the northern English regions, Wales and Scotland have vastly outperformed London and adjacent regions. The rela-

tive underperformance of London, the East of England and the South East since 2019 suggests that there is plenty of room for price growth going forward, and a cut in interest rates will certainly facilitate a full recovery in these regions.

### Regional Time on Market

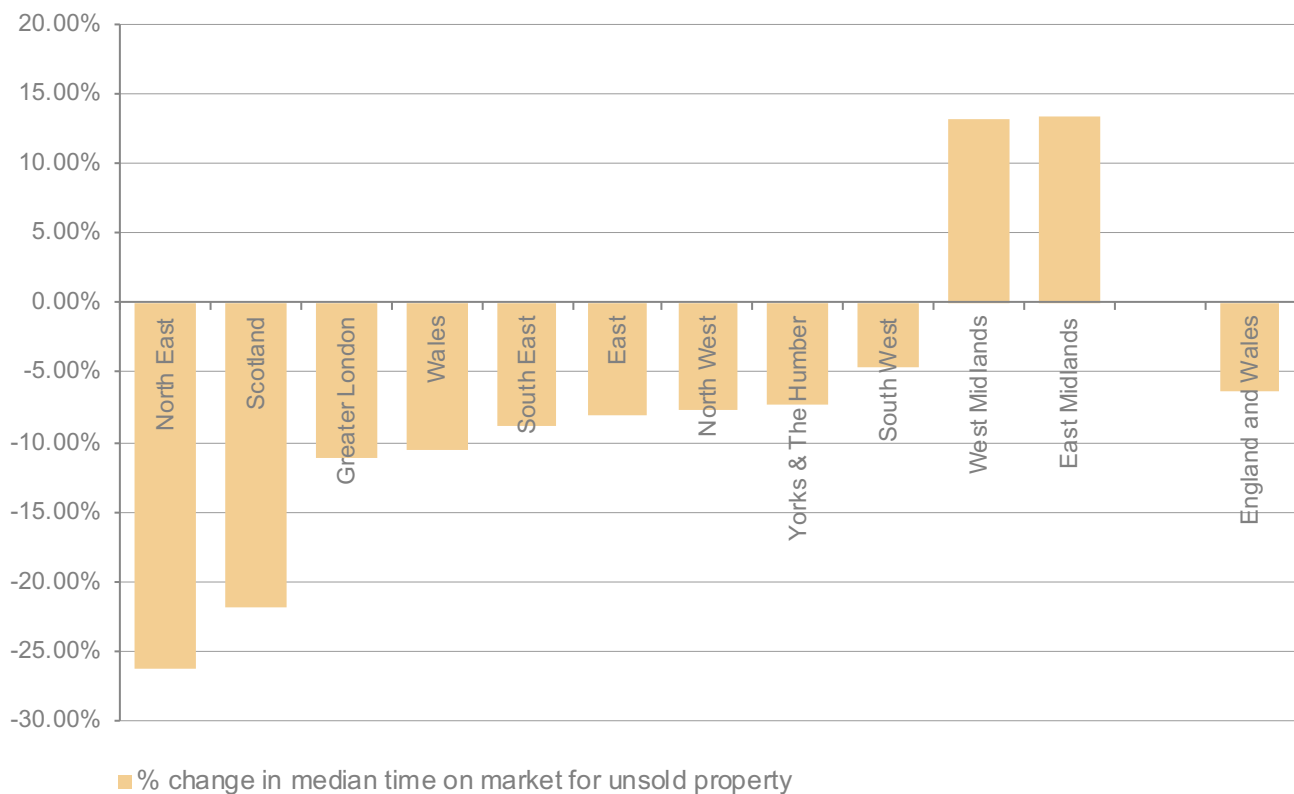
The Typical Time on Market for England and Wales is now some 6.3% lower than it was in March 2019, a clear indication of the relative vigour of the current market. However, when we drill down to the regional level, we can see that the

largest improvements in market momentum are to be found in the North East and Scotland.

It is interesting to note that Greater London and the South East also show significant improvement and this may be a sign that these markets could achieve tangible price growth in the near term.

Meanwhile, both the Midlands regions are suffering more challenging conditions than they did pre-COVID. Significant price growth in these regions would appear unlikely.

% Change in Typical Time on Market, Mar 2024 vs. Mar 2019



Source: Home.co.uk Asking Price Index, March 2024





## “ The fortunes of the UK property market hang on this question: When will the much needed rate cut by the Bank of England occur?

As we mentioned earlier, City traders are betting on around 65 basis points worth of future rate cuts, with the first cut fully priced in for August. Sounds good, doesn't it? However, at the same time, the Bank of England is trying to effect Quantitative Tightening, which has been described by the Chair of the Treasury Committee Harriett Baldwin as '...a leap in the dark for the UK economy'. Now, that doesn't sound good at all, does it?

Quantitative tightening (QT) is the converse of quantitative easing (QE). QE is the purchasing of government debt by the Bank in order to stimulate the economy. The Bank of England implemented QE repeatedly in the thirteen years following the 2008 financial crash, creating £875 billion of new money. As part of QT, the Bank is directly selling government debt back into the market.

The reason Harriet Baldwin was so damning in her comment is that the wider consequences of the unprecedented policy of QT are far from known and another 'hiccup' in the gilt market like the 2022 mini-budget fiasco could really upset the apple cart. What we do know is that selling off this debt into the current market comes with an eye-watering loss for the taxpayer. The Treasury Committee report expresses concern about the uncertainty surrounding potential QE lifetime losses of £130

billion, which could have huge implications for public spending. Given that public debt has soared from around 30% prior to 2008 to nearly 100% now, there seems very little room to manoeuvre.

The risks of QT on the economy are real. If QE can boost asset prices, reduce gilt yields, improve liquidity and reduce interest rates across maturities, then it's reasonable to expect that QT reduces asset prices, increases gilt yields, worsens liquidity and increases interest rates across maturities. The upshot of that list of ills is that mortgage rates would not come down and may even go higher.

The BoE describes their policy of 'active QT' as 'innovative', a word I don't find reassuring at all. The US Federal Reserve and the European Central Bank have not embarked on this 'leap in the dark', presumably as they see the attendant risks associated with such a course of action. Time will tell, of course, but if the BoE has inadvertently locked the UK into a sustained period of higher interest rates and possibly an economic depression, the UK property market will not return to significant growth any time soon.



Doug Shephard  
Director at Home.co.uk



# UK Asking Prices

Scotland	Mar-24
<b>Average Asking Price</b>	<b>£227,076</b>
Monthly % change	0.9%
Annual % change	4.2%

North East	Mar-24
<b>Average Asking Price</b>	<b>£192,174</b>
Monthly % change	0.6%
Annual % change	2.2%

Yorks & The Humber	Mar-24
<b>Average Asking Price</b>	<b>£246,476</b>
Monthly % change	0.7%
Annual % change	1.3%

North West	Mar-24
<b>Average Asking Price</b>	<b>£266,155</b>
Monthly % change	0.5%
Annual % change	3.6%

West Midlands	Mar-24
<b>Average Asking Price</b>	<b>£297,974</b>
Monthly % change	0.5%
Annual % change	0.1%

East Midlands	Mar-24
<b>Average Asking Price</b>	<b>£279,561</b>
Monthly % change	0.6%
Annual % change	-1.5%

East	Mar-24
<b>Average Asking Price</b>	<b>£390,885</b>
Monthly % change	0.3%
Annual % change	-1.7%

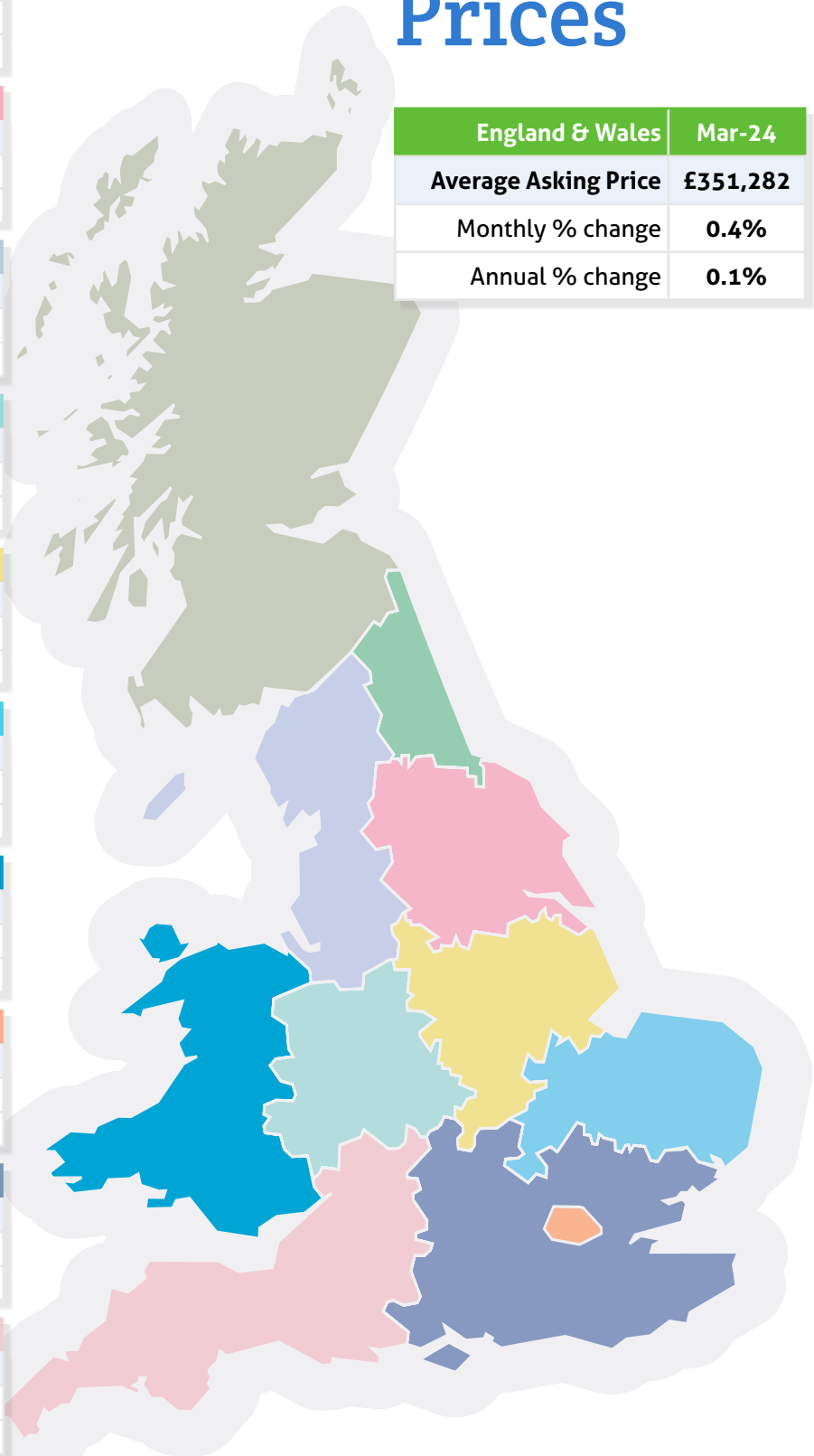
Wales	Mar-24
<b>Average Asking Price</b>	<b>£265,618</b>
Monthly % change	0.1%
Annual % change	3.0%

Greater London	Mar-24
<b>Average Asking Price</b>	<b>£538,715</b>
Monthly % change	0.2%
Annual % change	-0.7%

South East	Mar-24
<b>Average Asking Price</b>	<b>£440,181</b>
Monthly % change	0.4%
Annual % change	0.3%

South West	Mar-24
<b>Average Asking Price</b>	<b>£372,031</b>
Monthly % change	0.2%
Annual % change	-1.5%

England & Wales	Mar-24
<b>Average Asking Price</b>	<b>£351,282</b>
Monthly % change	<b>0.4%</b>
Annual % change	<b>0.1%</b>



Source: Home.co.uk Asking Price Index, March 2024





# UK Time on Market

Scotland	Mar-24
<b>Average Time on Market</b>	<b>206</b>
Typical Time on Market	107
Annualised % supply change	14%

North East	Mar-24
<b>Average Time on Market</b>	<b>165</b>
Typical Time on Market	101
Annualised % supply change	10%

Yorks & The Humber	Mar-24
<b>Average Time on Market</b>	<b>154</b>
Typical Time on Market	101
Annualised % supply change	14%

North West	Mar-24
<b>Average Time on Market</b>	<b>170</b>
Typical Time on Market	107
Annualised % supply change	12%

West Midlands	Mar-24
<b>Average Time on Market</b>	<b>165</b>
Typical Time on Market	103
Annualised % supply change	13%

East Midlands	Mar-24
<b>Average Time on Market</b>	<b>154</b>
Typical Time on Market	102
Annualised % supply change	13%

East	Mar-24
<b>Average Time on Market</b>	<b>156</b>
Typical Time on Market	90
Annualised % supply change	11%

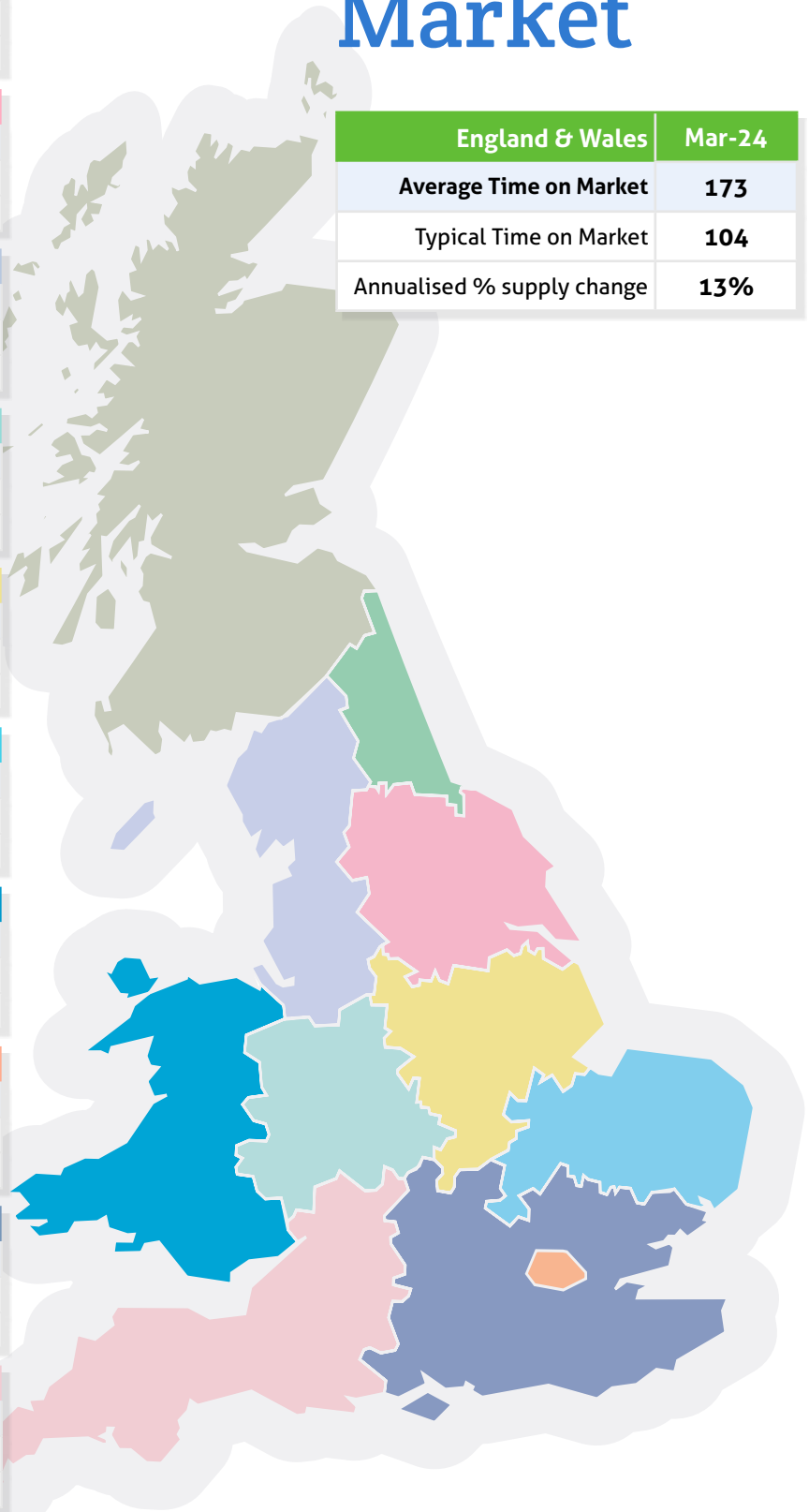
Wales	Mar-24
<b>Average Time on Market</b>	<b>188</b>
Typical Time on Market	126
Annualised % supply change	7%

Greater London	Mar-24
<b>Average Time on Market</b>	<b>199</b>
Typical Time on Market	103
Annualised % supply change	17%

South East	Mar-24
<b>Average Time on Market</b>	<b>160</b>
Typical Time on Market	92
Annualised % supply change	12%

South West	Mar-24
<b>Average Time on Market</b>	<b>160</b>
Typical Time on Market	102
Annualised % supply change	14%

England & Wales	Mar-24
<b>Average Time on Market</b>	<b>173</b>
Typical Time on Market	<b>104</b>
Annualised % supply change	<b>13%</b>



Source: Home.co.uk Asking Price Index, March 2024. 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](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> April**
- **Wednesday 15<sup>th</sup> May**
- **Wednesday 12<sup>th</sup> June**

