



# Asking Price Index

Released 12/05/22 **May 2022**

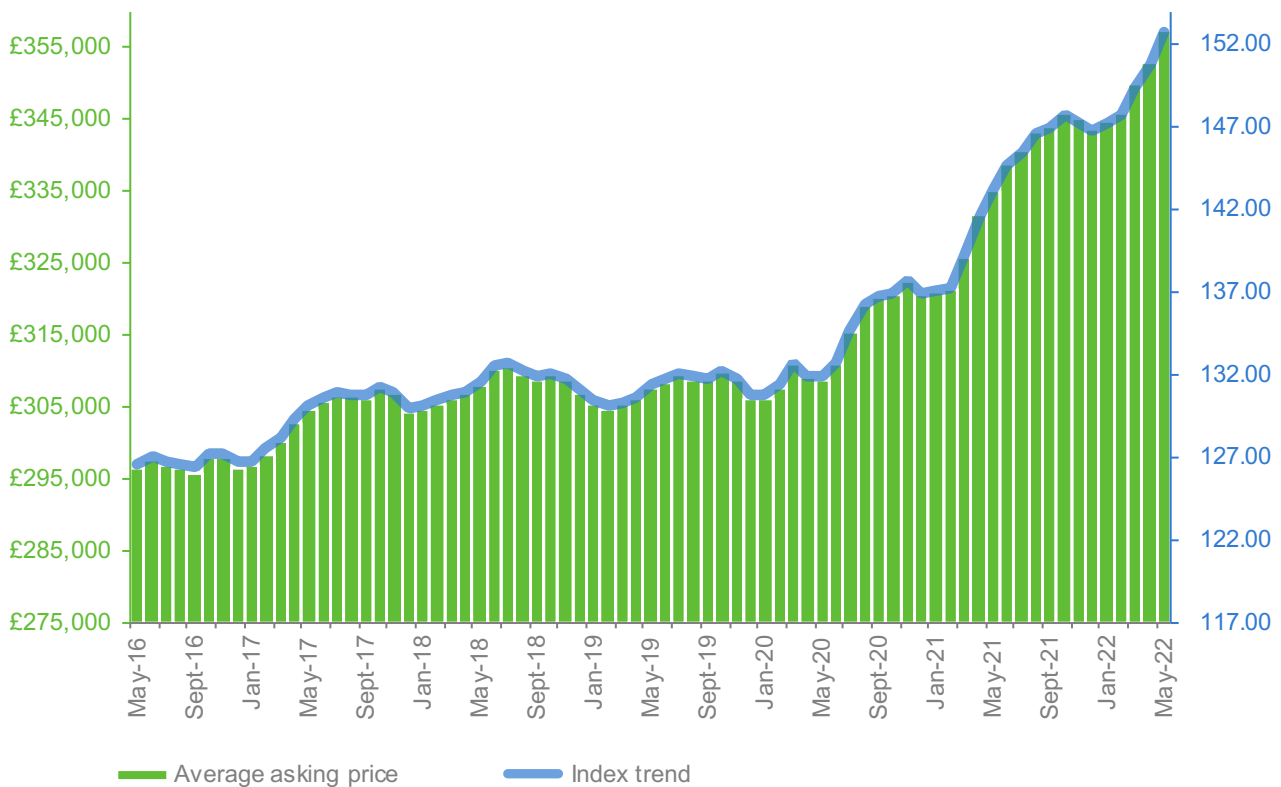
## Lack of Stock Pushes Prices Higher

### Headlines

- Asking prices across England and Wales jumped a further 1.3% overall in April, while the average price in Wales surged an incredible 2.7% month-on-month.
- Property continues to move through the market at an extraordinary pace due to vast buyer demand. Despite nudging up three days to 58 days (median) since last month, the Typical Time on Market for unsold property in England and Wales remains very low and is 18 days less than in May 2021.
- Supply problems worsened as vendors placed fewer properties on the UK market last month compared to April 2021 (-10%). The most significant supply drop is in London (-23%). No region indicated a year-on-year rise in supply.
- The total stock of property for sale in England and Wales nudged up for the fourth consecutive month but remains extremely low compared to historic levels.
- The South West property market now leads in annualised regional price growth (+10.5%), narrowly ahead of Wales (+9.3%).
- Rents in Greater London continue to skyrocket. Increasing scarcity of available properties to let has pushed up annualised rental growth to an eye-watering 37.1%. Supply of rental property in the capital is still falling.
- Asking rent growth across the UK currently stands at 18.3% year-on-year.
- Central London rents continue to skyrocket as supply plummets. Aside from the City (+64%), the greatest rises in asking rents over the last twelve months are in Kensington (+53%) and Westminster (+43%).



## Home Asking Price Trend for England & Wales



Source: Home.co.uk Asking Price Index, May 2022, Indexed to May 2004 (Value=100).

### Summary

Exceptional vigour and vitality persist in the UK property market, despite many challenges both foreign and domestic. Prices continue to rise rapidly across all regions driven by considerable demand and an extreme scarcity of property for sale. Moreover, the supply of new instructions entering the market appears to be in decline.

Despite warnings by the Bank of England that interest rates must rise to combat inflation, demand continues to overwhelm supply. The latest quarter point rate rise takes the central bank rate to 1%; a tiny figure compared to the roaring rate of inflation destabilising the economy. Buyers are betting that such miniscule hikes in the lending rate will not adversely affect their investments. They are also aware that uncontrolled inflation will rapidly erase their mortgage debt.

The data shows that the 2022 UK property market continues to perform strongly in all regions. Despite much higher prices, Typical Time on Market of unsold property remains just above record lows, confirming that property is still moving through the market at a really rapid pace. For example, Typical Time on Market for the East Midlands has moved up slightly but remains at a level not seen since the buying frenzy of 2007 before the onset of the financial crisis. In fact, such is the strength of current demand that the median Time on Market for unsold property in England and Wales is currently 24% lower than May last year when the market was already showing clear signs of overheating.

Unprecedented scarcity persists across all regions with the average stock total dropping around 18% year-on-year. The largest fall in sales stock is in Greater

London (22%), and this points to further strong price growth going forward.

Rents are up year-on-year across all regions except the North East where they remain unchanged. The mix-adjusted average rise for the UK remains just above 18%. A major contributor to this figure is Greater London which continues to indicate a stunning annualised growth of 37.1%. Scarcity of property available to let is the main driver and this is apparent in every region.

The annualised mix-adjusted average asking price growth across England and Wales is now at +6.6%; in May 2021, the annualised rate of increase of home prices was 8.6%.

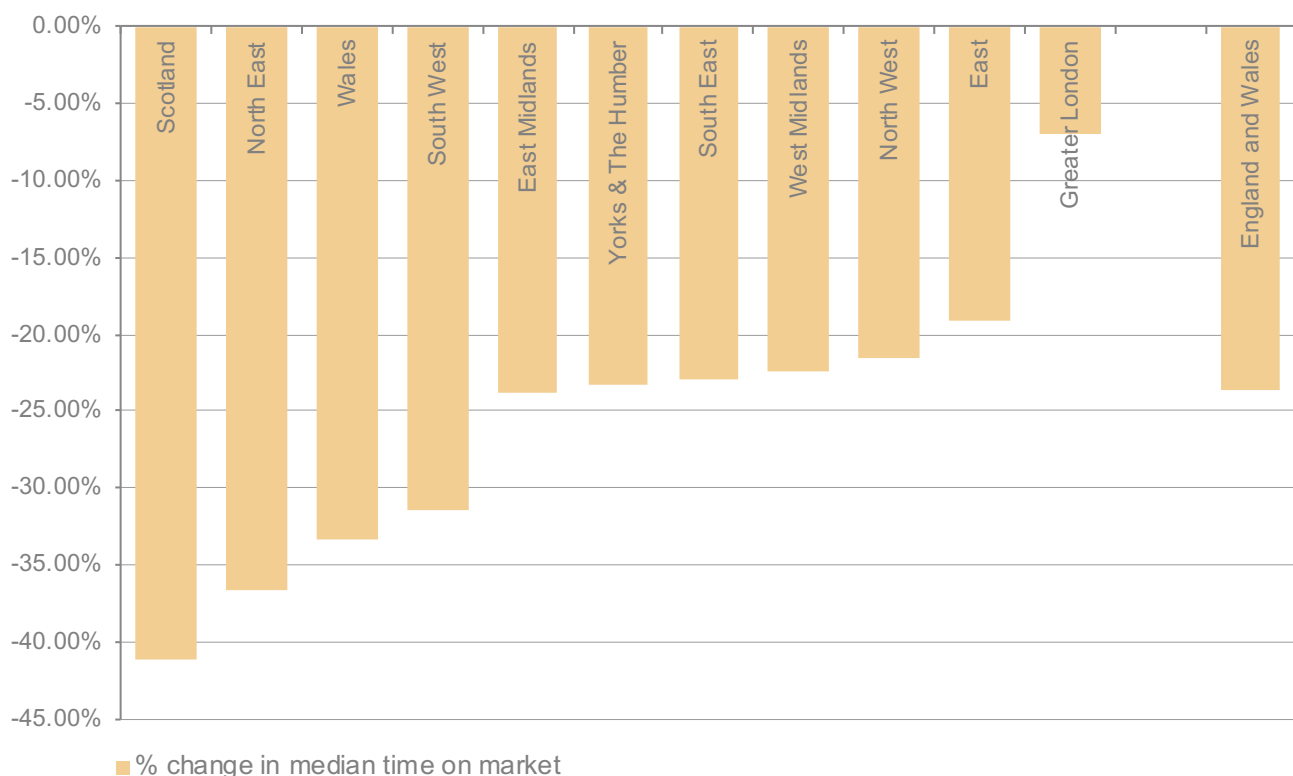
## Regional Roundup

Despite many warnings of a potential slowdown, the market clearly still has considerable momentum. Properties continue to speed through the marketing

process as indicated by Time on Market figures which are significantly lower than at this time last year across all regions. The smallest reduction is in Greater London but, even there, an annualised drop of 7% shows that demand has increased. Meanwhile, Scotland and the North East each show falls in median marketing time for unsold property of 41% and 37% respectively. These figures portend further price growth in these locations which have underperformed compared to the national average.

In fact, prices rose significantly in every English region, Scotland and Wales during the last month. Vendors are clearly very confident and they will remain so as long as there is so little stock for sale. In particular, prices in the South West and Wales jumped a massive 2.3% and 2.7% respectively during the last month (These two regions now head up the

## % Change in Typical Time on Market, May 2022 vs. May 2021



Source: Home.co.uk Asking Price Index, May 2022

regional growth table with annualised gains of 10.5% and 9.3%). The poorest performer, Scotland, still managed a 1.9% hike in asking prices, indicating renewed confidence despite annualised growth of just 2.6%. This price move was anticipated by a large fall in Typical Time on Market as delineated in last month's report.

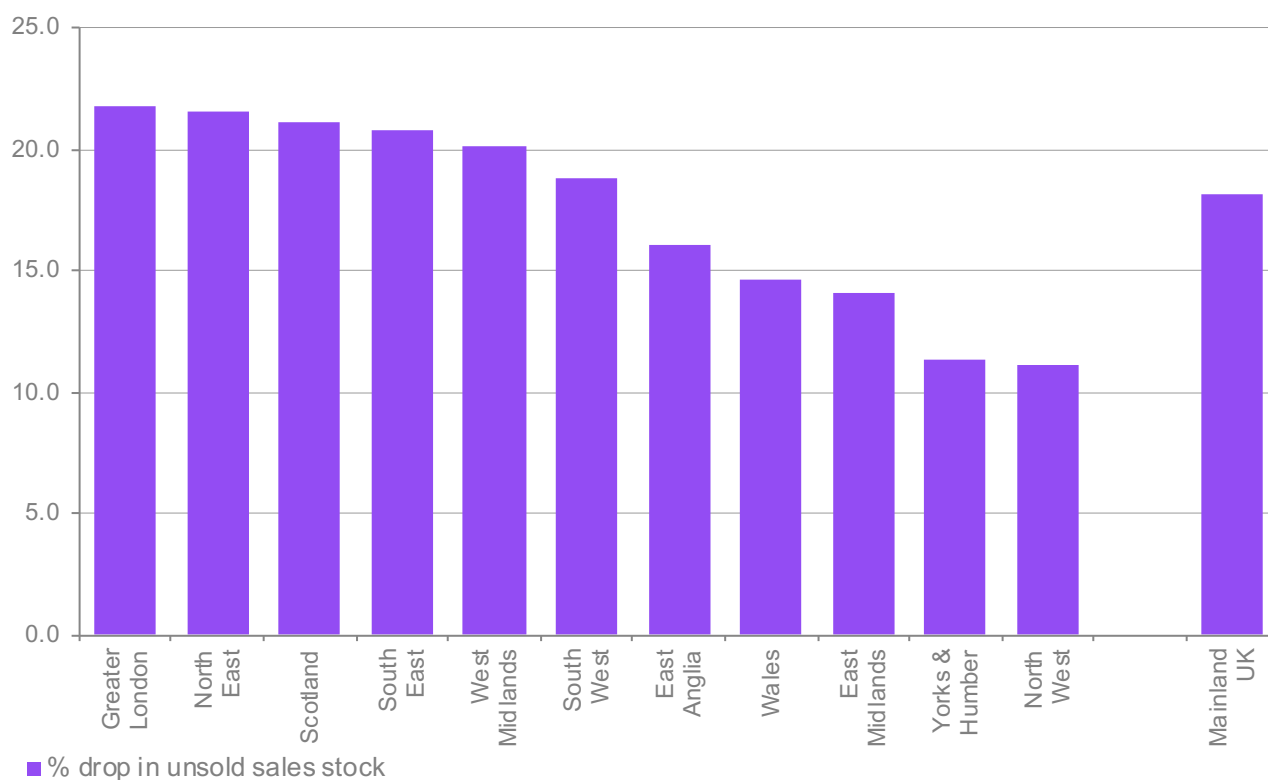
The smallest month-on-month rise was observed in the West Midlands (0.8%) which is nonetheless a robust increase by any standards. Supply is down (11%) compared to May last year and this will continue to support prices in the region. Annualised price growth in the West Midlands is already a substantial 8.4%.

Supply of new instructions is down even more across Greater London (23%), and this is a strong suggestion that significant price growth is to be expected in the capital going forward. Rents in the region have more than

recovered from the crash precipitated by the lockdowns and they are now soaring, therein restoring the fundamental underpinning of property values. Only the threat of rent controls and further red tape will be hindering the much-needed buy-to-let investment in what is by far the most significant rental market in the UK. The number of newly available rental properties being marketed online during the last 30 days is 49% down on a year ago.

Sales stock levels are significantly down in all English regions, Scotland and Wales compared to May last year (see chart). The total of unsold sales stock on the regional markets has fallen most in London, the North East and Scotland, corresponding with the three worst-performing regions in terms of year-on-year price growth. Hence, we anticipate price growth to accelerate in these areas as per the initial signals indicated this month.

## Fall in Total Properties for Sale by Region, May 2022 vs. May 2021



Source: Home.co.uk Asking Price Index, May 2022

The South East, South West and West Midlands also show a strong trend towards scarcity of sales stock and therefore very strong price support. Below-average falls in the remaining English regions and Wales are still highly significant and attest to the strength of demand over the last year and the paucity of supply overall.

## Stock Totals

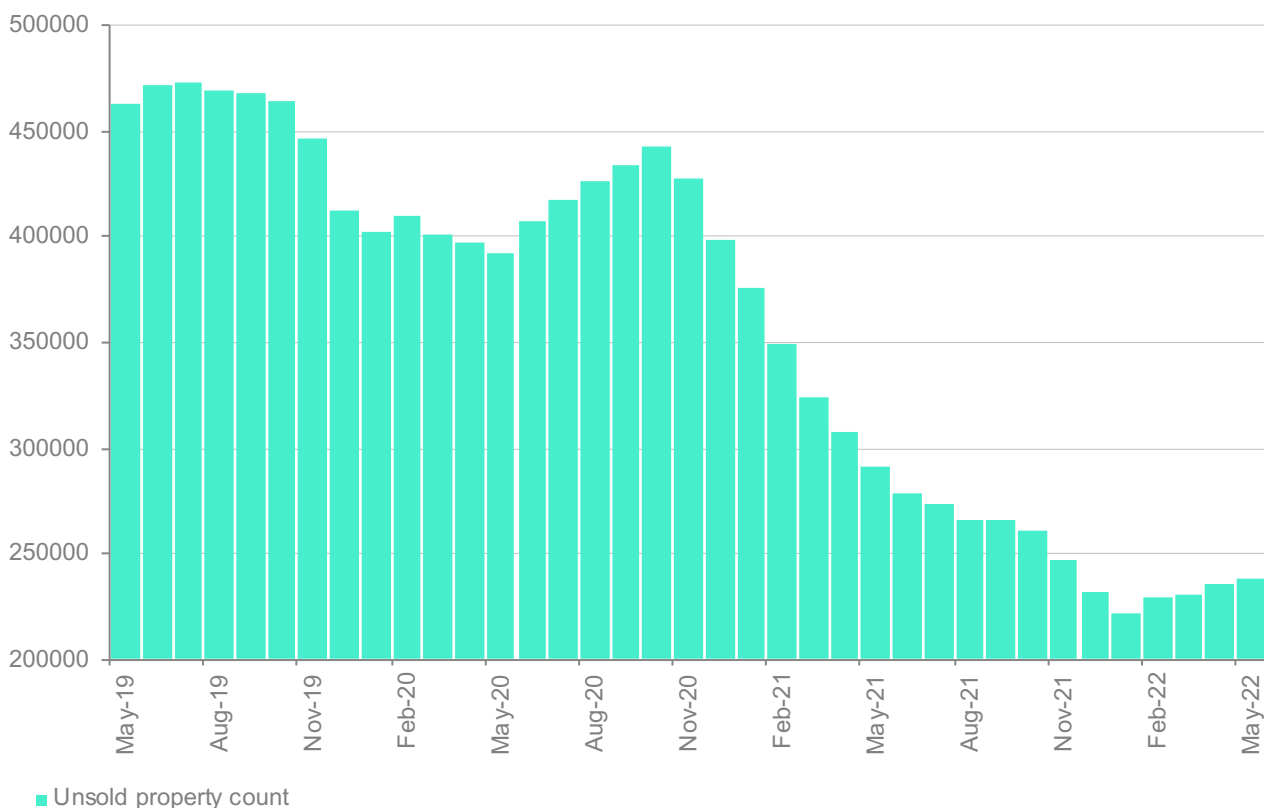
We are publishing the overall stock chart for England and Wales again this month in order to put the current situation in perspective. Clearly, the sales stock total remains tiny compared to the 10-year average of 444,140. Again, the chart shows a further minor rise since last month, but this may be simply regarded as bouncing along the bottom and will not change the fundamental dynamic of the market. However, what is evident is that stock levels stopped falling in January

this year, but we are still very much in the midst of a property drought. Only a rapid supply increase could change this situation and yet the converse is being observed, as 10% fewer properties were placed on the market during the last month compared to April 2021.

The further quarter point rise in the base lending rate by the Bank of England will not bring about a flood of sales properties (distressed sales). As we stated before, this tiniest rise in the cost of borrowing will make little difference to the UK property market.

Moreover, given the fact that these initial steps towards tightening of monetary policy by the BoE and the US Fed have plunged the stock markets into the red, it is unlikely they will continue. In fact, we expect a reversal of this ineffective policy of attempted inflation containment.

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



Source: Home.co.uk Asking Price Index, May 2022

**“ While I hate to say I told you so, the Bank of England notched up another 0.25% rise in the base rate to bring it up to 1.00%, mirroring a move by the US Fed, and the stock indices have plunged into the red.**

As I said, our fragile economies are too addicted to cheap money and even the tiniest of rises will trigger panic. These coordinated central bank actions have, as predicted, caused a sell-off and destroyed considerable stock value in the futile pursuit of attempting to tame cost-push inflation. The fixed income and pension companies will be screaming blue murder and demanding that rates are slashed once again.

Remember last year when the MPC members said that the observed uptick in inflation was merely transitory? That's how they justified inaction. That was after billions of emergency COVID spending, QE and unprecedented government borrowing ostensibly to pay the middle class to stay at home (which was completely unnecessary if we look at the example of Sweden). This just added to the already huge public debt and created more money out of thin air. Now the BoE seem to finally realise that the chickens are coming home to roost.

Let's face it, a couple of quarter point rises is like trying to put out a house fire with a water pistol. Of course, they may try a little more tightening (they are talking of raising rates to 1.5% by the middle of next year) but few are ready to accept the pain that will cause and it certainly won't be enough to tame rampant inflation. The IMF's guidance on the matter is that, in order to rein in inflation, interest rates must be 1% MORE than inflation. Fat chance!

As I have said before, the BoE have to be seen to be doing something even if it's fundamentally ineffective and threatens any sort of recovery in the battered post-lockdown economy. The good news is that they really can't raise interest rates much

more so the housing market is relatively safe from their impotent tinkering. The reality is that a quarter point increase equates to a rise in monthly interest payments of just £35 on an



outstanding loan of £250,000. Given that the capital appreciation on a home of the same value over the last year has been £16,500, there's really not too much to worry about in the short term.

The Monetary Policy Committee destroyed their own credibility a long time ago. Their hands are tied by the very QE monster they helped create. They cannot control inflation. It was baked into the cake a long time ago when QE was introduced as a temporary measure before becoming an ongoing panacea for the country's woes. Since then, we have witnessed an extraordinary transfer of wealth from the public purse to the richest 1%, which is, undoubtedly, an unforgivably unjust consequence of this myopic financial trickery. Mervyn King, now a Baron, kindly warned us of 'moral hazard' and then left his post in 2013.

The silver lining, of course, is that the property market will not be overly adversely affected. We are not going to see the kind of property crash and mass repossessions brought on by the huge interest rates of the late eighties. Why not? Well, quite simply, the banks would all go under. So, to conclude, it's pretty much business as usual for the UK property market, as the savvy homeowners and investors worked out some time ago. In contrast, renters, lamentably, are headed for a world of pain that, quite ironically, was inevitable when the assault on BTL investment began.



# UK Asking Prices

Scotland	May-22
<b>Average Asking Price</b>	<b>£212,596</b>
Monthly % change	1.9%
Annual % change	2.6%

North East	May-22
<b>Average Asking Price</b>	<b>£184,206</b>
Monthly % change	0.9%
Annual % change	4.9%

Yorks & The Humber	May-22
<b>Average Asking Price</b>	<b>£238,991</b>
Monthly % change	1.1%
Annual % change	5.1%

North West	May-22
<b>Average Asking Price</b>	<b>£252,077</b>
Monthly % change	1.6%
Annual % change	7.5%

West Midlands	May-22
<b>Average Asking Price</b>	<b>£299,744</b>
Monthly % change	0.8%
Annual % change	8.4%

East Midlands	May-22
<b>Average Asking Price</b>	<b>£285,240</b>
Monthly % change	1.1%
Annual % change	8.7%

East	May-22
<b>Average Asking Price</b>	<b>£410,211</b>
Monthly % change	1.1%
Annual % change	7.9%

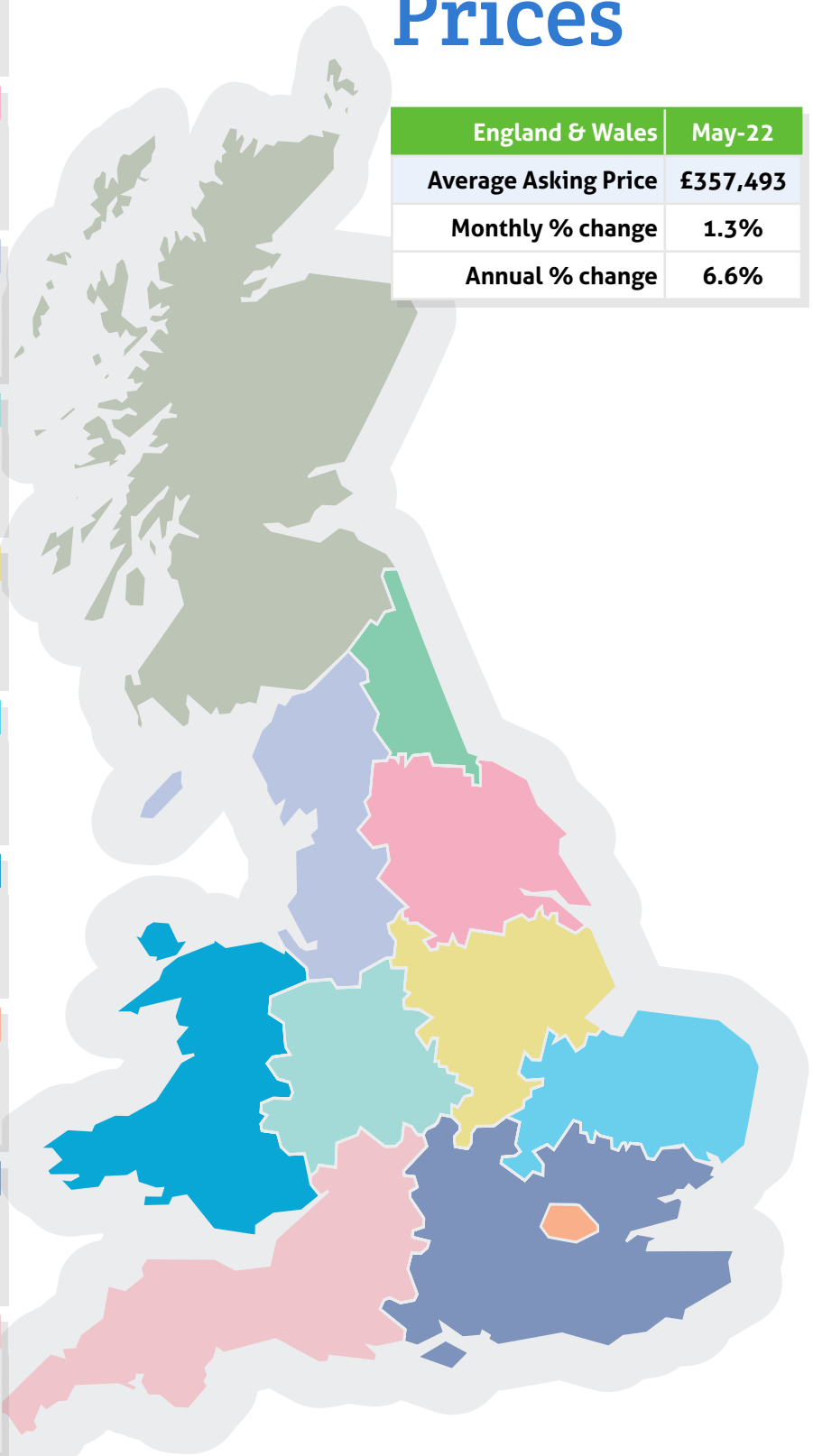
Wales	May-22
<b>Average Asking Price</b>	<b>£260,001</b>
Monthly % change	2.7%
Annual % change	9.3%

Greater London	May-22
<b>Average Asking Price</b>	<b>£560,066</b>
Monthly % change	1.0%
Annual % change	3.0%

South East	May-22
<b>Average Asking Price</b>	<b>£456,499</b>
Monthly % change	1.0%
Annual % change	6.5%

South West	May-22
<b>Average Asking Price</b>	<b>£387,368</b>
Monthly % change	2.3%
Annual % change	10.5%

England & Wales	May-22
<b>Average Asking Price</b>	<b>£357,493</b>
<b>Monthly % change</b>	<b>1.3%</b>
<b>Annual % change</b>	<b>6.6%</b>



Source: Home.co.uk Asking Price Index, May 2022

# UK Time on Market

Scotland	May-22
<b>Average Time on Market</b>	<b>228</b>
Typical Time on Market	53
Annual % supply change	-6%

North East	May-22
<b>Average Time on Market</b>	<b>155</b>
Typical Time on Market	52
Annual % supply change	-4%

Yorks & The Humber	May-22
<b>Average Time on Market</b>	<b>124</b>
Typical Time on Market	46
Annual % supply change	-6%

North West	May-22
<b>Average Time on Market</b>	<b>149</b>
Typical Time on Market	58
Annual % supply change	-7%

West Midlands	May-22
<b>Average Time on Market</b>	<b>141</b>
Typical Time on Market	52
Annual % supply change	-11%

East Midlands	May-22
<b>Average Time on Market</b>	<b>107</b>
Typical Time on Market	45
Annual % supply change	-5%

East	May-22
<b>Average Time on Market</b>	<b>131</b>
Typical Time on Market	51
Annual % supply change	-12%

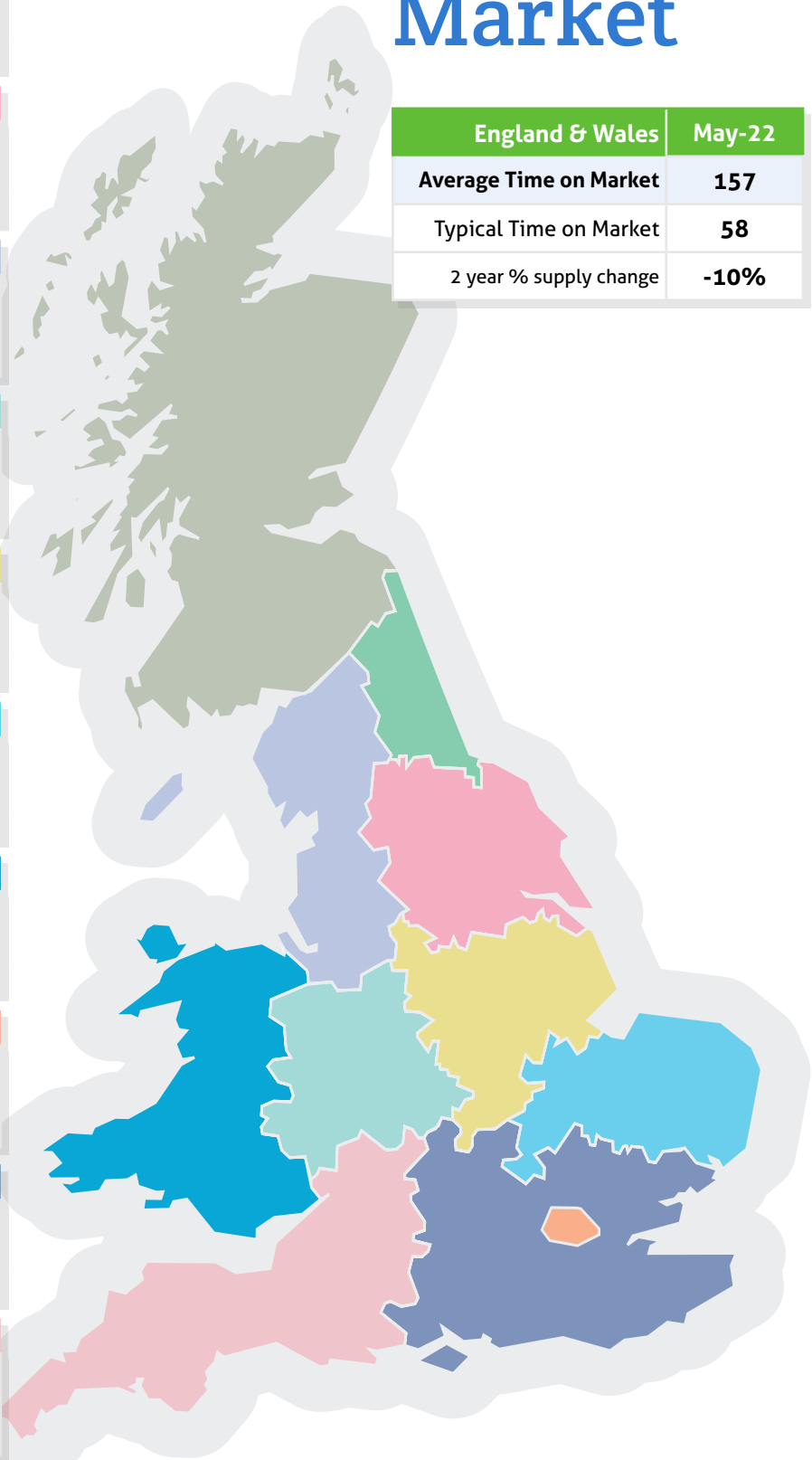
Wales	May-22
<b>Average Time on Market</b>	<b>153</b>
Typical Time on Market	54
Annual % supply change	-5%

Greater London	May-22
<b>Average Time on Market</b>	<b>194</b>
Typical Time on Market	80
Annual % supply change	-23%

South East	May-22
<b>Average Time on Market</b>	<b>145</b>
Typical Time on Market	54
Annual % supply change	-11%

South West	May-22
<b>Average Time on Market</b>	<b>133</b>
Typical Time on Market	46
Annual % supply change	-6%

England & Wales	May-22
<b>Average Time on Market</b>	<b>157</b>
Typical Time on Market	<b>58</b>
2 year % supply change	<b>-10%</b>



Source: Home.co.uk Asking Price Index, May 2022. 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:

- Wednesday 15<sup>th</sup> June
- Wednesday 13<sup>th</sup> July
- Friday 12<sup>th</sup> August