

Average London House Price up £60,000

Headlines

- Average Greater London house prices rose by £60,000 (12.8%) over the last 12 months.
- Supply of property for sale falls to record low for August (down 59% since Aug 2007),
- Prices move up 0.4% overall in England and Wales during the last month.
- The South East remains the UK's fastest-moving regional market and prices outshine Greater London with a 6-month rise of 6.1%.
- The average annual home price appreciation for England and Wales rises to 6.5%.
- Asking prices rose in all English regions, Scotland and Wales this month. The biggest rises were observed in the East of England and the South East (0.9% and 1.0% respectively).

Summary

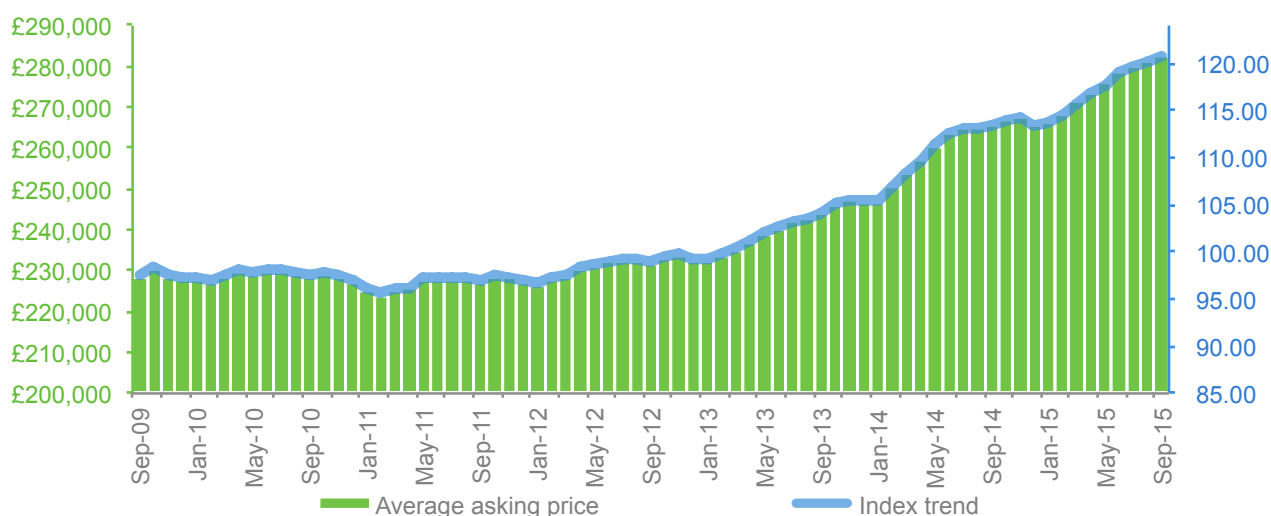
Despite economic shockwaves emanating from China, overall the UK property market remains in rude health. Buyer demand and short supply in London and the southern regions continues to drive the national average higher, but at a lesser rate than last year. The supply crisis is worsening and August recorded the lowest number of properties entering the market for that month since the onset of the financial crisis.

Of course, the key driver for demand is the availability of mortgage finance, which remains abundant. Talk of interest rate rises at the Bank of England has not dented buyers' appetite. Competition between investors remains fierce in London and surrounding regions where the lack of supply is felt most keenly. In London and the East of England, the volumes of properties entering the market are down 15% and 18% respectively year-on-year and down 75% and 73% vs. August 2008.

These and other southern regions are clearly sellers' markets and prices remain firmly on an upward trajectory. Marketing times in the South East region have been the lowest in the country since February. Across much of the nation, marketing times are currently around the lowest we have witnessed since 2008; in the North, however, marketing times are considerably higher than in the South and prices are not rising appreciably.

Overall, the current mix-adjusted average asking price for England and Wales is 6.5% higher than it was in September 2014, and we expect further upward pressure on prices over the coming months.

Home Asking Price Trend for England & Wales



Source: Home.co.uk, September 2015

Regional Market Round-up

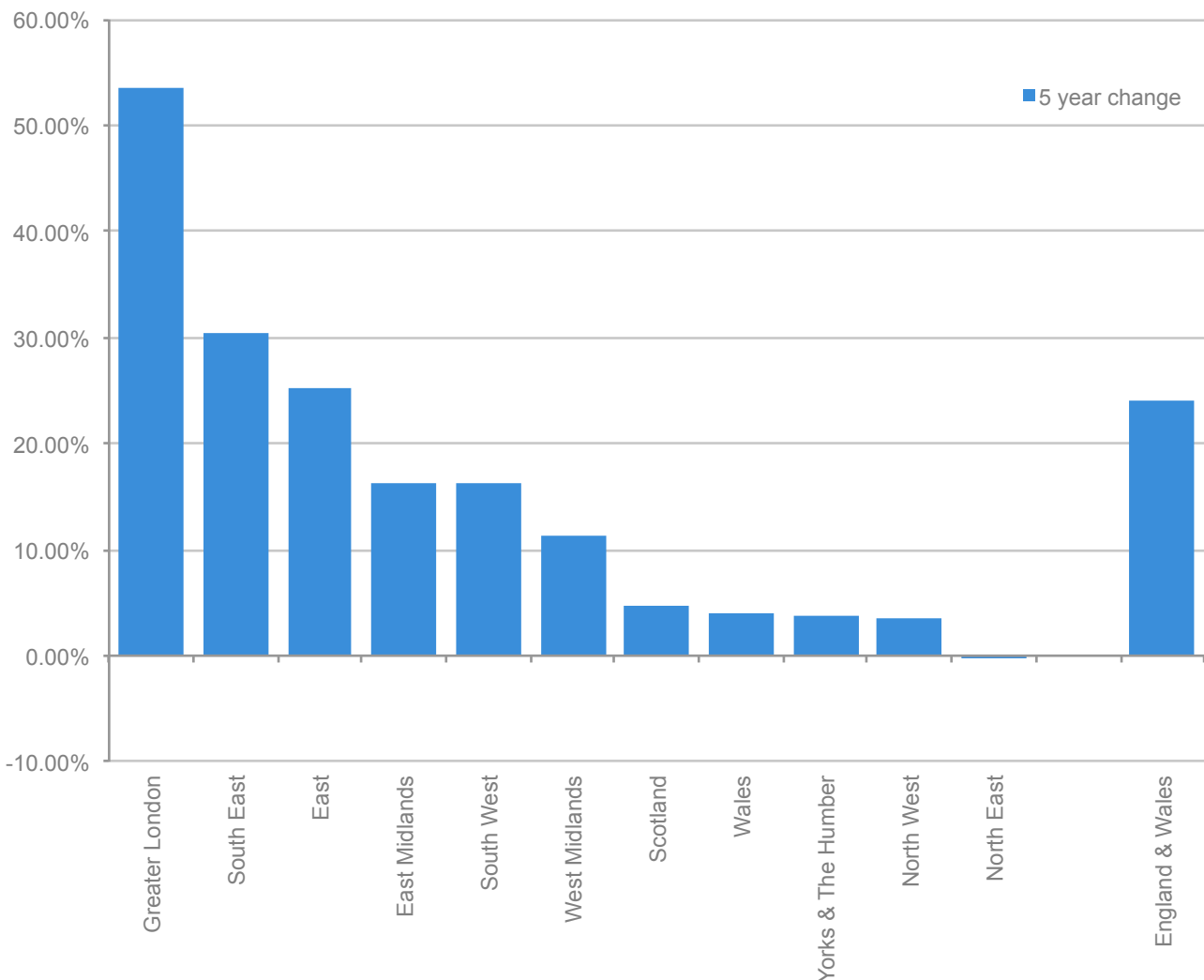
The North-South divide remains one of the most daunting imbalances in the UK economy. Whilst the stimulus enabled property boom rages in London and the southern regions, the northern markets continue to stagnate. Price appreciation over the last 12 months in the northern regions lay in the range -0.2% to 1.4%. Wales too shows little or no sign of market recovery, with a rise of just 1.4% since September 2014.

Looking back across the last five years, we can see clearly the dramatic polarisation that has taken place in the UK property market. Only three regions surpassed the average growth for England and Wales, namely

London, the South East and the East of England. This represents a vast concentration of property wealth in and around the capital. Further afield, there are the Midland regions and the South West where house prices have merely kept pace with inflation over the same period. Meanwhile, in the North, Wales and Scotland, the picture is truly grim.

The best performer in this third-tier group, Scotland, is still dismal. During five years of ultra-low interest rates, Scottish house prices have not managed to increase more than one per cent per annum. Wales, Yorkshire and the North West have all performed slightly worse over the same period. However, nominal asking prices in the North East have actually gone backwards (-0.4%) over the same time.

Change in Asking Prices Since September 2010



Source: Home.co.uk, September 2015



Recent government publications showing falling manufacturing output and fewer exports from the UK suggest that the situation in the northern economies will not improve in the near term. Engineering firms in the 'northern powerhouse' were devastated by the financial crisis and have yet to fully recover. Now they are faced with the economic headwind of a strong pound, caused by a robust housing market in London and the Home Counties.

Hope for the long-awaited recovery in northern house prices must be beginning to wane. Our evidence suggests that the recovery experienced in the South is not migrating northwards. On the contrary, the concentration of wealth and jobs in the South is eliciting key worker migration, leaving the North deskilled. Moreover, as more job seekers gravitate to London and the surrounding areas, the housing crisis (that really only exists in this region) is exacerbated.

For more information on regional property market performance please see pages 4 and 5 of this report.



With prices in London up 53.5% and the North East down 0.4% over the last five years, it is clear that the northern and southern property markets are poles apart.



We maintain that, in view of such diversity of fortunes across the country, it is near impossible to imagine how the Bank of England can realistically raise interest rates anytime soon. Property markets in the North and Wales remain very fragile and would suffer significant declines should the cost of borrowing rise, causing negative equity and devastation of mortgage lenders' balance sheets.

Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Sep-15
Average Asking Price	£168,187
Monthly % change	0.3%
Annual % change	3.9%

North East	Sep-15
Average Asking Price	£153,776
Monthly % change	0.4%
Annual % change	-0.2%

Yorks & The Humber	Sep-15
Average Asking Price	£176,181
Monthly % change	0.5%
Annual % change	1.4%

North West	Sep-15
Average Asking Price	£179,504
Monthly % change	0.1%
Annual % change	0.8%

West Midlands	Sep-15
Average Asking Price	£211,025
Monthly % change	0.1%
Annual % change	3.8%

East Midlands	Sep-15
Average Asking Price	£199,273
Monthly % change	0.2%
Annual % change	3.4%

East	Sep-15
Average Asking Price	£300,481
Monthly % change	0.9%
Annual % change	6.6%

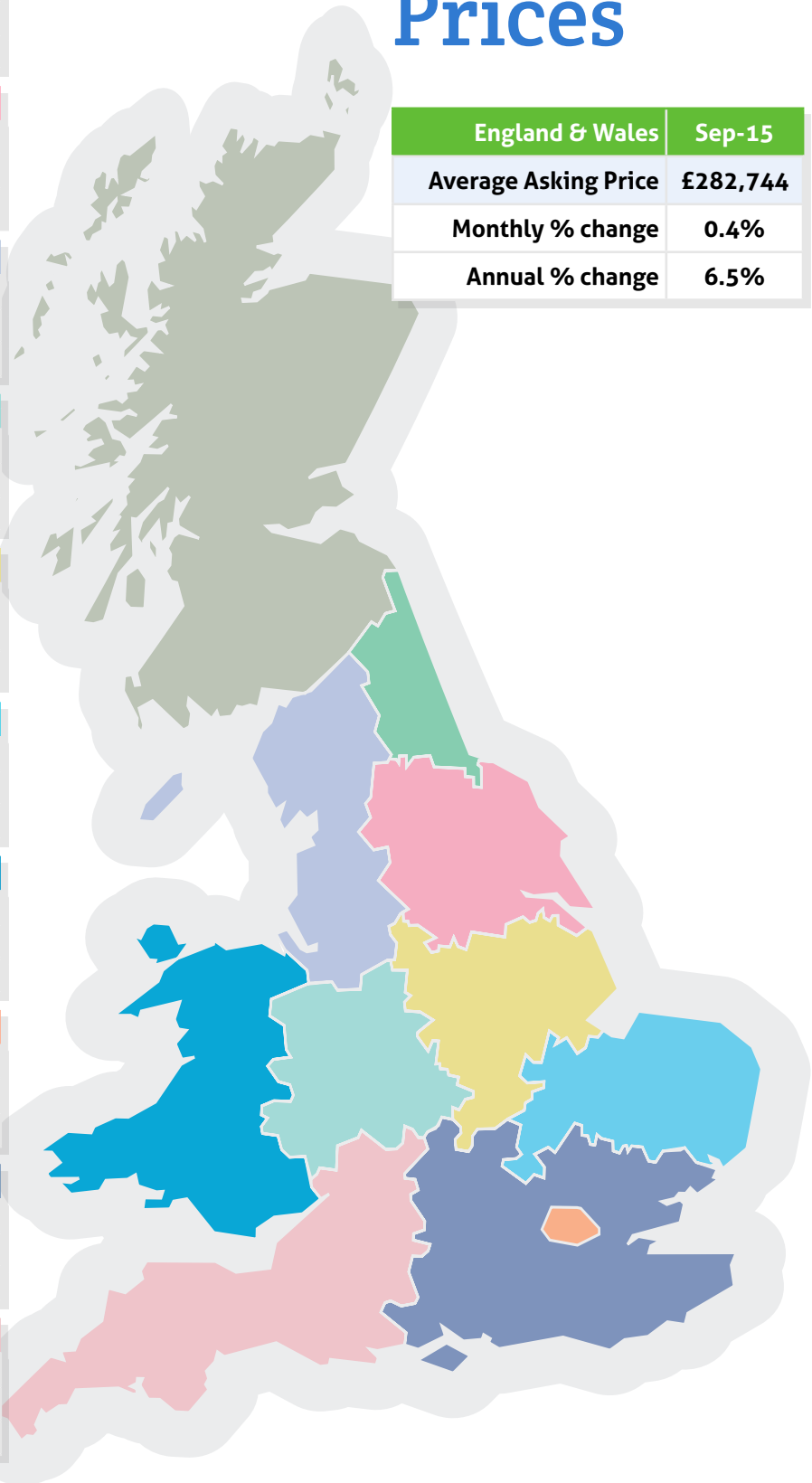
Wales	Sep-15
Average Asking Price	£184,230
Monthly % change	0.3%
Annual % change	1.4%

Greater London	Sep-15
Average Asking Price	£525,956
Monthly % change	0.2%
Annual % change	12.8%

South East	Sep-15
Average Asking Price	£372,187
Monthly % change	0.9%
Annual % change	8.1%

South West	Sep-15
Average Asking Price	£292,910
Monthly % change	0.3%
Annual % change	3.9%

England & Wales	Sep-15
Average Asking Price	£282,744
Monthly % change	0.4%
Annual % change	6.5%



Source: Home.co.uk, September 2015

UK Time on Market

Scotland	Sep-15
Average Time on Market	232
Typical Time on Market	107
Annual % supply change	-3%

North East	Sep-15
Average Time on Market	263
Typical Time on Market	133
Annual % supply change	-2%

Yorks & The Humber	Sep-15
Average Time on Market	211
Typical Time on Market	108
Annual % supply change	-2%

North West	Sep-15
Average Time on Market	215
Typical Time on Market	115
Annual % supply change	-5%

West Midlands	Sep-15
Average Time on Market	174
Typical Time on Market	92
Annual % supply change	-8%

East Midlands	Sep-15
Average Time on Market	163
Typical Time on Market	88
Annual % supply change	-10%

East	Sep-15
Average Time on Market	126
Typical Time on Market	69
Annual % supply change	-15%

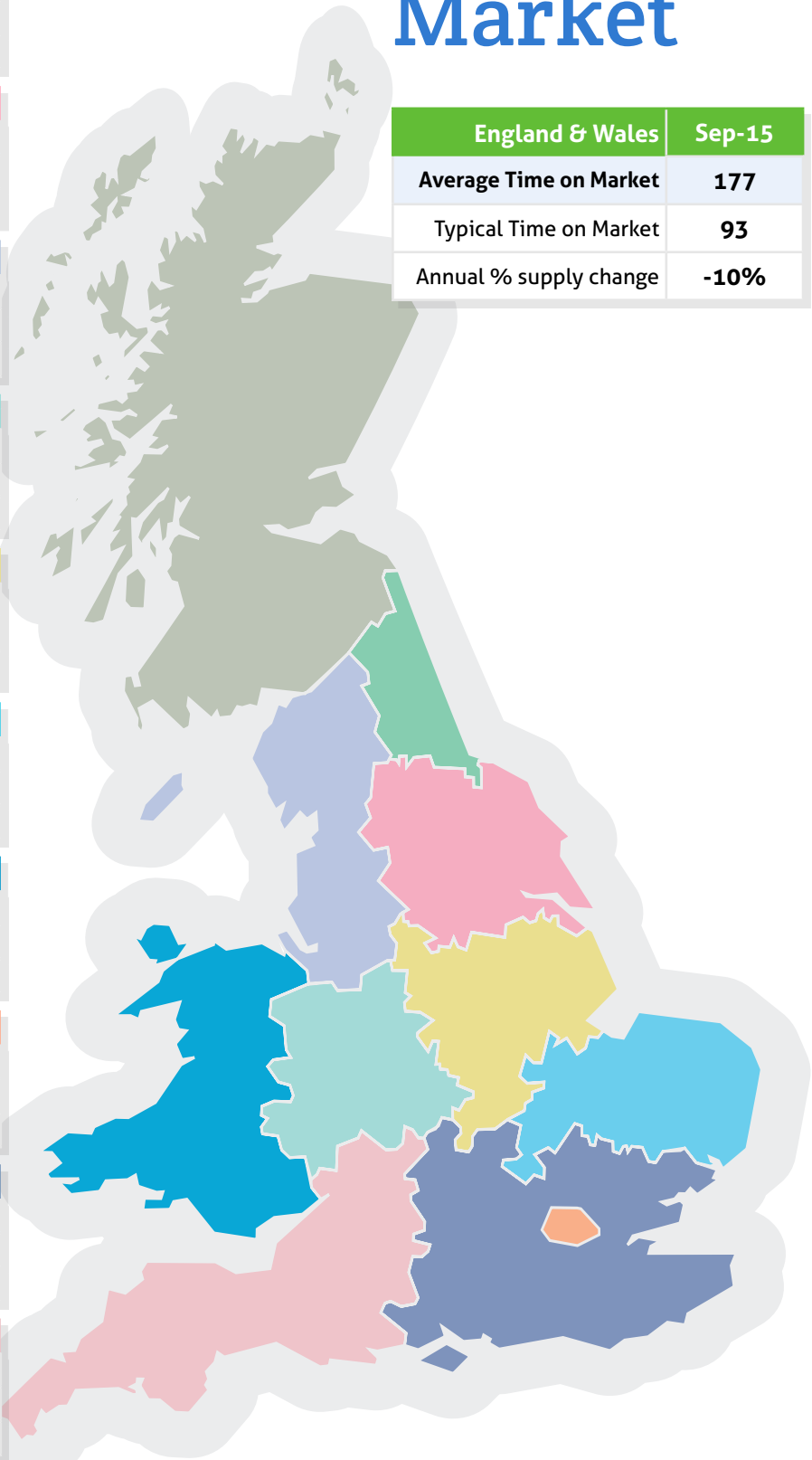
Wales	Sep-15
Average Time on Market	243
Typical Time on Market	128
Annual % supply change	-3%

Greater London	Sep-15
Average Time on Market	112
Typical Time on Market	66
Annual % supply change	-18%

South East	Sep-15
Average Time on Market	108
Typical Time on Market	64
Annual % supply change	-11%

South West	Sep-15
Average Time on Market	154
Typical Time on Market	87
Annual % supply change	-16%

England & Wales	Sep-15
Average Time on Market	177
Typical Time on Market	93
Annual % supply change	-10%



Source: Home.co.uk, September 2015. 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:

- Tuesday 13th October
- Thursday 12th November
- Tuesday 15th December