



Asking Price Index

Released 12/02/16 February 2016

East England Prices Take a Spring Leap

Headlines

- East England prices jump 2.1% since January as supply is overwhelmed by demand.
- Supply of property entering the UK market indicates a decrease of 8% year-on-year.
- Typical time on market is 114 days across England and Wales: nine days less than in February 2015.
- The mix-adjusted average asking price for England and Wales rises a further 0.7% since last month.
- The average annual home price appreciation for England and Wales dips slightly to 8.1%.
- The total stock of property on the market edges up slightly.
- Prices rise in all regions except the North West and North East during the last month.

Summary

The spring price surge comes early to the East of England driven by an acute lack of supply, and annualised price rises (12.2%) in this region have now overtaken both Greater London (12.0%) and the South East (10.3%). Demand remains strong in all three regions and supply has a long way to catch up.

Across England and Wales, prices remain on a strong rising trend and this looks set to continue as interest rates are currently on hold until at least 2017. A further increase of 0.7% this month in the mix-adjusted average means the annualised rise is currently a very healthy 8.1%.

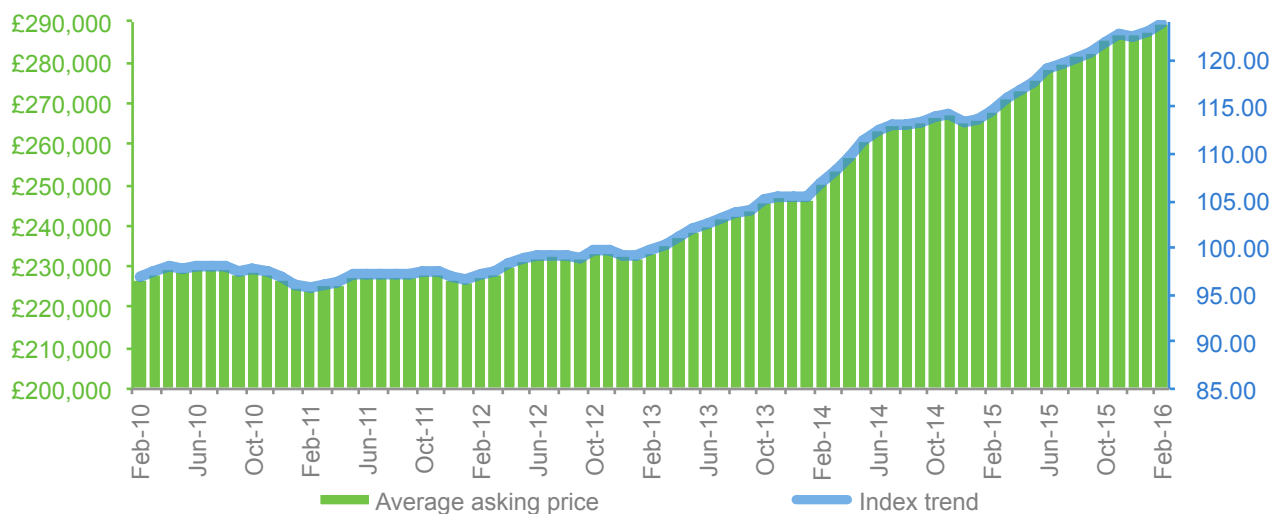
The total stock of property for sale remains very low, and scarcity will continue to be one of the key drivers of the 2016 property market in the UK. The second key driver is, of course, ultra-low interest rates. The number of properties entering the market is down 8% compared to a year ago. The hardest hit is the West Midlands where 17% less new stock arrived on estate agents' books this January vs. January 2015. The East of England is also in the midst of a property drought and 14% less stock was registered on agent portfolios last month.

Looking to the North and Wales, the picture is very different. Only small drops in numbers of properties entering the marketplace have been observed in the North East, North West, Wales and Yorkshire. Supply in these regions remains relatively buoyant and, consequently, prices show little if any upward progress.

North of the border, where the 'offers over' system prevails, we have witnessed some very optimistic pricing this month with a jump of 2.3% since January. In view of the long time on market compared to southern England and the crisis in Aberdeen due to low oil prices, it is hard to imagine that such prices are in step with the real market dynamic.

Overall, the current mix-adjusted average asking price for England and Wales is now 8.1% higher than it was in February 2015, and this figure looks set to rise further in 2016 due to worsening supply in an increasing number of regions.

Home Asking Price Trend for England & Wales



Source: Home.co.uk, February 2016



Regional Market Round-up

Whilst the mix-adjusted average price for England and Wales has risen some 29.4% over the last five years, there has been considerable variation in the fortunes of the English regions, and Scotland and Wales. Towering above the national average is Greater London with a price rise of 59.7%, which must be considered as quite extraordinary given that, nine years ago, the entire financial system appeared to be on the brink. Since then, vast numbers of investors have bought into the London property market and, in doing so, created a boom that has both shored up mortgage lenders' balance sheets and lifted the economy overall.

The South East and East of England have also prospered over the last 60 months, but to a lesser extent (37.3% and 33.1% respectively). However, unlike the slowing London market, these regions are still very much in the midst of a price growth trend. The East has already outpaced London in terms of price growth over the last 12 months and the South East looks set to follow suit. But there too, as seen in London, once the rally is over, the market will slow due to the burden of high prices.

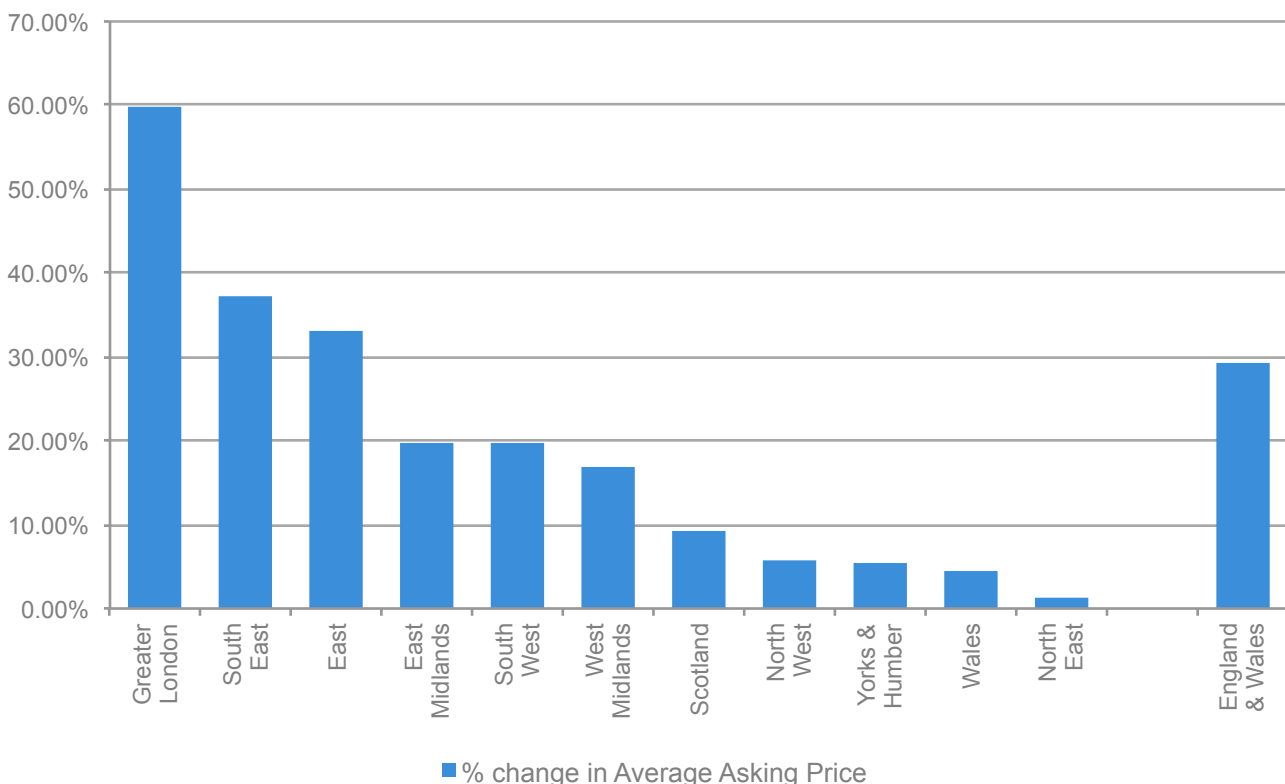
Perhaps surprisingly, all six remaining English regions as well as Scotland and Wales show price appreciation below the average for England and Wales. This is due, almost entirely, to the disproportionate increase in the value of London property since January 2011.

The East Midlands, South West and West Midlands show the largest potential for growth over the next few years. We have already seen significant reductions in supply and that will be the key driver for home prices going forward.

Scotland, Wales and the three remaining English regions all show a 5-year growth of less than 10%. This is a poor performance by any standards, especially in the case of the North East, and a real indication of the bipolar nature of the UK property market. These markets have shown signs of real improvement recently (falling time on market and reducing supply), but it may be some time before these northern markets experience the kind of growth currently evident in the Home Counties.

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

5-Year Price Change by Region (Jan 2016 vs. Jan 2011)

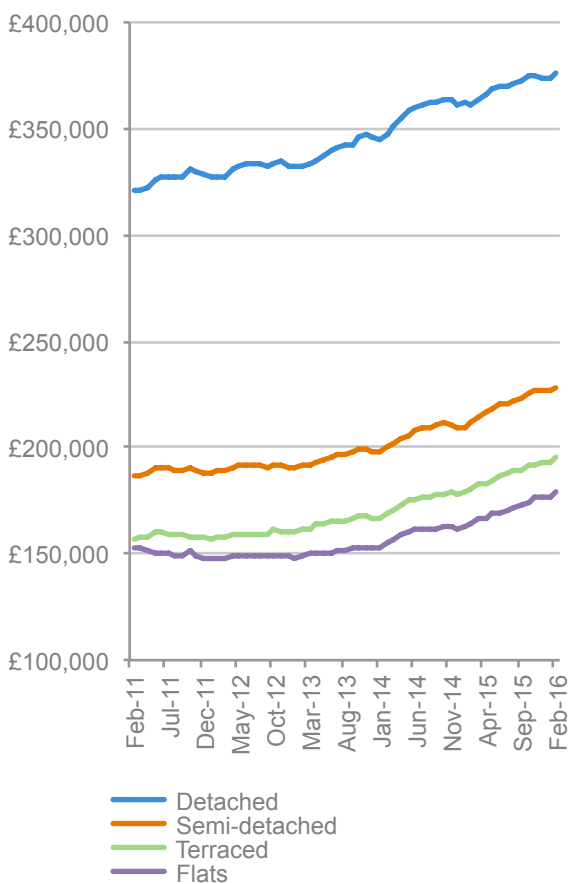


Source: Home.co.uk, February 2016

All Home Types on the Rise

Detached properties have shown steady appreciation over the last five years, totalling 17.3%. By contrast, flat prices were in the doldrums until late 2013. They have since made a strong recovery and now show a similar price increase of 16.6% thanks to a surge over the course of the last three years. However, it is semi-detached and terraced properties that have shown the greatest growth (22.8% and 24.6% respectively) since February 2011.

Price Trend by Home Type January 2016 vs. January 2011



Source: Home.co.uk, February 2016



With interest rates on hold at super-low levels for the foreseeable future, we are likely to witness price growth continuing to ripple out from London across the rest of the country.



Lack of supply will be the key driver and, as buy-to-let investment continues to soak up many of the available properties, so supply will continue to dwindle.

The London market is now maturing: slower and with more moderate price rises. Investment capital is now making its presence felt further afield in the East and South East where prices are leaping ahead and supply of stock for sale is crashing. We may expect the same or a similar market dynamic to become manifest in the West Midlands, the South West and the East Midlands towards the end of the year, together with significant price growth.

What is clear is that this property boom is not going away while borrowing remains so cheap. The market is enjoying significant momentum and demand remains robust. We expect prices to rise consistently through 2016 and into next year.

Doug Shephard
Director at Home.co.uk



UK Asking Prices

| Scotland | Feb-16 |
|-----------------------------|-----------------|
| Average Asking Price | £173,016 |
| Monthly % change | 2.3% |
| Annual % change | 5.0% |

| North East | Feb-16 |
|-----------------------------|-----------------|
| Average Asking Price | £152,912 |
| Monthly % change | -0.2% |
| Annual % change | 0.5% |

| Yorks & The Humber | Feb-16 |
|-----------------------------|-----------------|
| Average Asking Price | £175,625 |
| Monthly % change | 0.2% |
| Annual % change | 2.3% |

| North West | Feb-16 |
|-----------------------------|-----------------|
| Average Asking Price | £180,357 |
| Monthly % change | 0.0% |
| Annual % change | 2.5% |

| West Midlands | Feb-16 |
|-----------------------------|-----------------|
| Average Asking Price | £216,037 |
| Monthly % change | 1.1% |
| Annual % change | 5.9% |

| East Midlands | Feb-16 |
|-----------------------------|-----------------|
| Average Asking Price | £203,028 |
| Monthly % change | 0.8% |
| Annual % change | 5.1% |

| East | Feb-16 |
|-----------------------------|-----------------|
| Average Asking Price | £317,120 |
| Monthly % change | 2.1% |
| Annual % change | 12.2% |

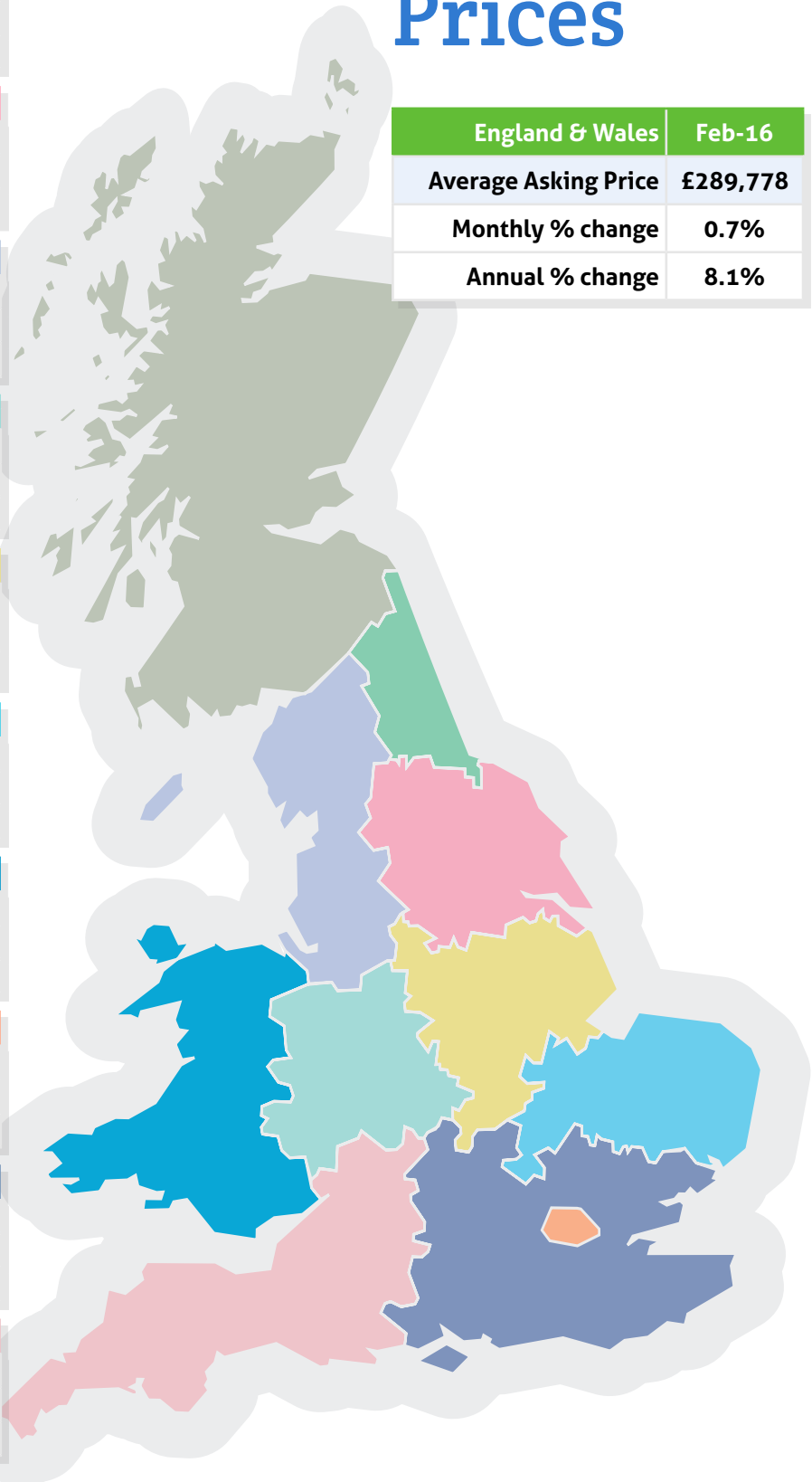
| Wales | Feb-16 |
|-----------------------------|-----------------|
| Average Asking Price | £182,665 |
| Monthly % change | 0.0% |
| Annual % change | 1.9% |

| Greater London | Feb-16 |
|-----------------------------|-----------------|
| Average Asking Price | £545,133 |
| Monthly % change | 0.2% |
| Annual % change | 12.0% |

| South East | Feb-16 |
|-----------------------------|-----------------|
| Average Asking Price | £383,317 |
| Monthly % change | 0.9% |
| Annual % change | 10.3% |

| South West | Feb-16 |
|-----------------------------|-----------------|
| Average Asking Price | £295,955 |
| Monthly % change | 0.6% |
| Annual % change | 5.6% |

| England & Wales | Feb-16 |
|-----------------------------|-----------------|
| Average Asking Price | £289,778 |
| Monthly % change | 0.7% |
| Annual % change | 8.1% |



Source: Home.co.uk, February 2016

UK Time on Market

| Scotland | Feb-16 |
|-------------------------------|------------|
| Average Time on Market | 268 |
| Typical Time on Market | 153 |
| Annual % supply change | -9% |

| North East | Feb-16 |
|-------------------------------|------------|
| Average Time on Market | 271 |
| Typical Time on Market | 158 |
| Annual % supply change | -5% |

| Yorks & The Humber | Feb-16 |
|-------------------------------|------------|
| Average Time on Market | 225 |
| Typical Time on Market | 137 |
| Annual % supply change | -5% |

| North West | Feb-16 |
|-------------------------------|------------|
| Average Time on Market | 228 |
| Typical Time on Market | 139 |
| Annual % supply change | -7% |

| West Midlands | Feb-16 |
|-------------------------------|------------|
| Average Time on Market | 186 |
| Typical Time on Market | 115 |
| Annual % supply change | -17% |

| East Midlands | Feb-16 |
|-------------------------------|------------|
| Average Time on Market | 173 |
| Typical Time on Market | 107 |
| Annual % supply change | -11% |

| East | Feb-16 |
|-------------------------------|------------|
| Average Time on Market | 124 |
| Typical Time on Market | 75 |
| Annual % supply change | -14% |

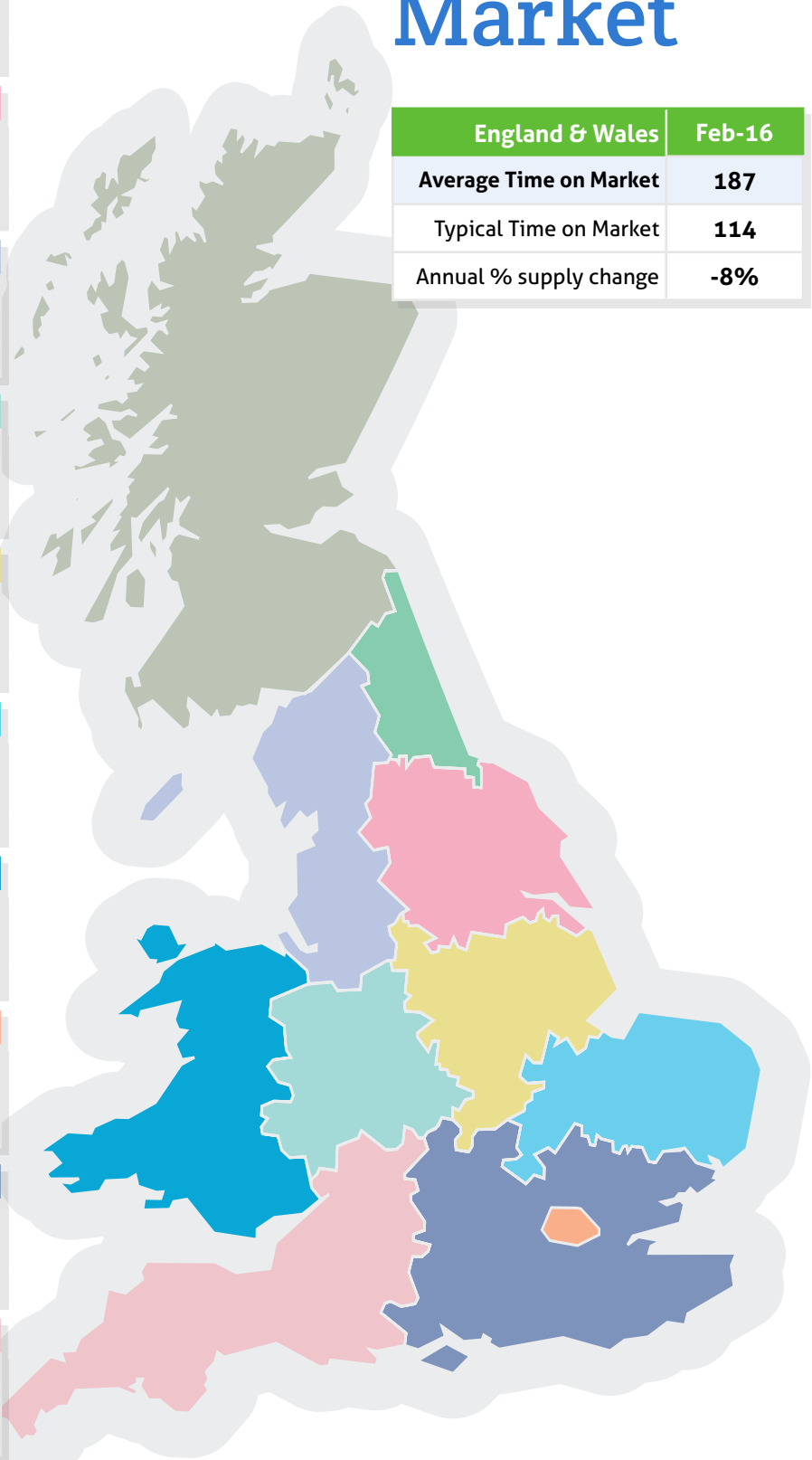
| Wales | Feb-16 |
|-------------------------------|------------|
| Average Time on Market | 260 |
| Typical Time on Market | 162 |
| Annual % supply change | -3% |

| Greater London | Feb-16 |
|-------------------------------|------------|
| Average Time on Market | 115 |
| Typical Time on Market | 72 |
| Annual % supply change | 1% |

| South East | Feb-16 |
|-------------------------------|------------|
| Average Time on Market | 112 |
| Typical Time on Market | 71 |
| Annual % supply change | -11% |

| South West | Feb-16 |
|-------------------------------|------------|
| Average Time on Market | 168 |
| Typical Time on Market | 107 |
| Annual % supply change | -10% |

| England & Wales | Feb-16 |
|-------------------------------|------------|
| Average Time on Market | 187 |
| Typical Time on Market | 114 |
| Annual % supply change | -8% |



Source: Home.co.uk, February 2016. 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:

- Monday 14th March
- Tuesday 12th April
- Thursday 12th May