

London Prices Fall While East of England Soars

Headlines

- East of England vendors hiked their prices a further 1.6% over the last month, indicating that the region's property market is seriously overheating.
- Three consecutive months of rising marketing times in London have impacted on prices, which dropped 0.4% over the last month.
- Prices are rising in all mainland UK regions, except Wales and Greater London, making the overall mix-adjusted average asking price rise a further 0.4% since last month.
- Supply of property for sale has dropped overall by 7% year-on-year.
- Only two regions showed small year-on-year rises this month: 2% in Greater London and just 1% in the South East.
- Typical Time on Market edges up two days to 80 days over the last month across England and Wales: nine days less than in June 2015.
- The average annualised rate of home price appreciation for England and Wales slips to 6.8%.
- The total stock of property on the market edges up further but is still 7.6% less than in June last year.

Summary

Prices continue to rise in most regions, driven by stock scarcity and cheap mortgages. London and Wales prices both dipped 0.4% and the North East remains unchanged. Leading the charge, the East of England is showing remarkable price hikes (2.0% last month followed by 1.6% this month).

The main indicators show that the property market is in the best shape it has been since the financial crisis. The slowdown in London may be regarded as a return to a more sustainable market following the frenetic activity observed during 2013-15. Moreover, several regional markets that were left behind in the wake of the Greater London surge are now showing significant activity and price growth.

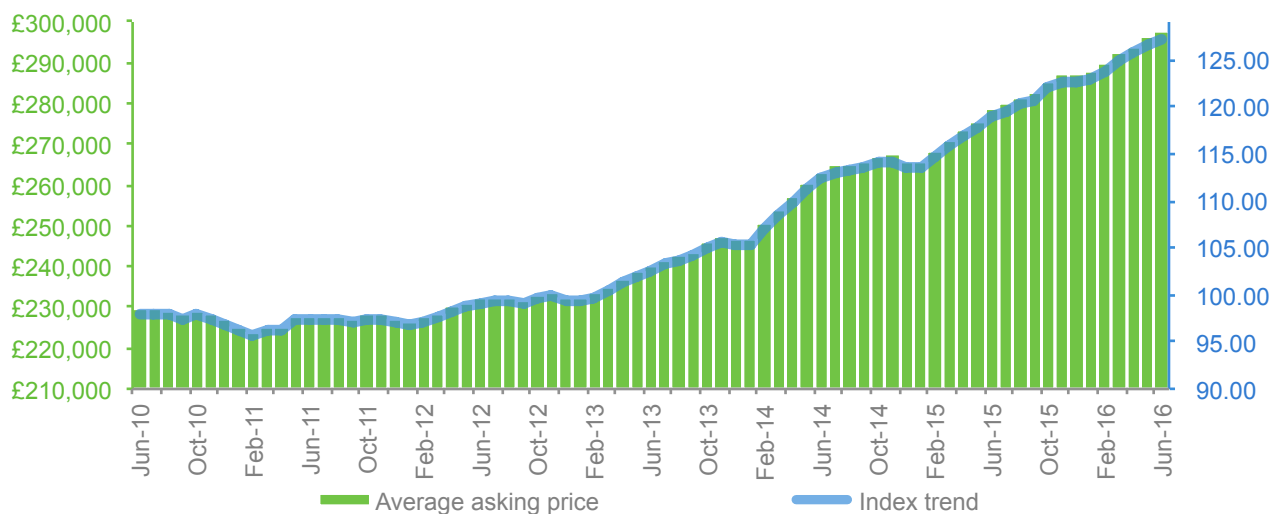
Lack of supply remains a fundamental driver in the current market and the total stock of property for sale continues to be historically very low. For instance, the acute supply shortage in the East of England has driven prices ever skyward (up 13.9% since June 2015) and this region is now outpacing London and the South East by a considerable margin in terms of home price appreciation. We anticipate that prices will soon surge in the East and West Midlands in a similar fashion over the next 12 months as the supply of homes for sale has dropped by 13% and 14% respectively year-on-year.

A slower London property market has prompted more modest asking prices. In fact, the mix-adjusted average dipped this month in response to rising marketing times. Modest rises in supply and affordability look set to constrain prices going forward.

Due to improvements in mean marketing times, the Welsh property market is now the second slowest region (ahead of the North East) and, should this trend continue, we may well see prices there rise by more than the mere 1.2% registered over the last year.

Overall, the current mix-adjusted average asking price for England and Wales is now 6.8% higher than it was in June 2015, and we predict this upward trend will continue at least into 2017.

Home Asking Price Trend for England & Wales



Source: Home.co.uk, June 2016

Regional Market Round-up

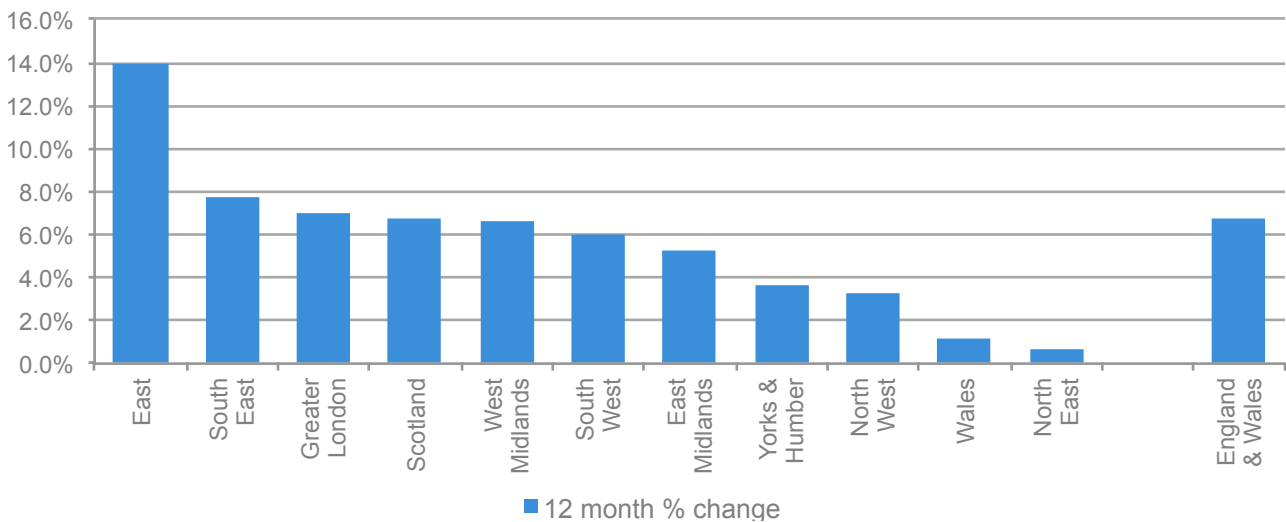
Analysing the UK property market at regional level, it is clear that the boom that began in London has spread further afield. Even while London prices dip due to a post-boom slowdown, a wave of price rises is spreading outwards from this leading market.

Right now, the East of England is the hottest regional market. Average prices there have risen a stunning 13.9% over the last 12 months. Moreover, since the supply of property for sale is down 8% year-on-year, we anticipate that prices will continue growing in the region for at least the next few months.

Also adjacent to Greater London is the South East, and this region may well be coming to the end of its recent boom. Our indicators show that supply is starting to increase and this will put downward pressure on prices over the coming months. Prices in the region notched up only 0.2% over the last month and the Typical Time on Market, whilst low, has been on a rising trend since March. As for London, affordability limits look set to constrain this market.

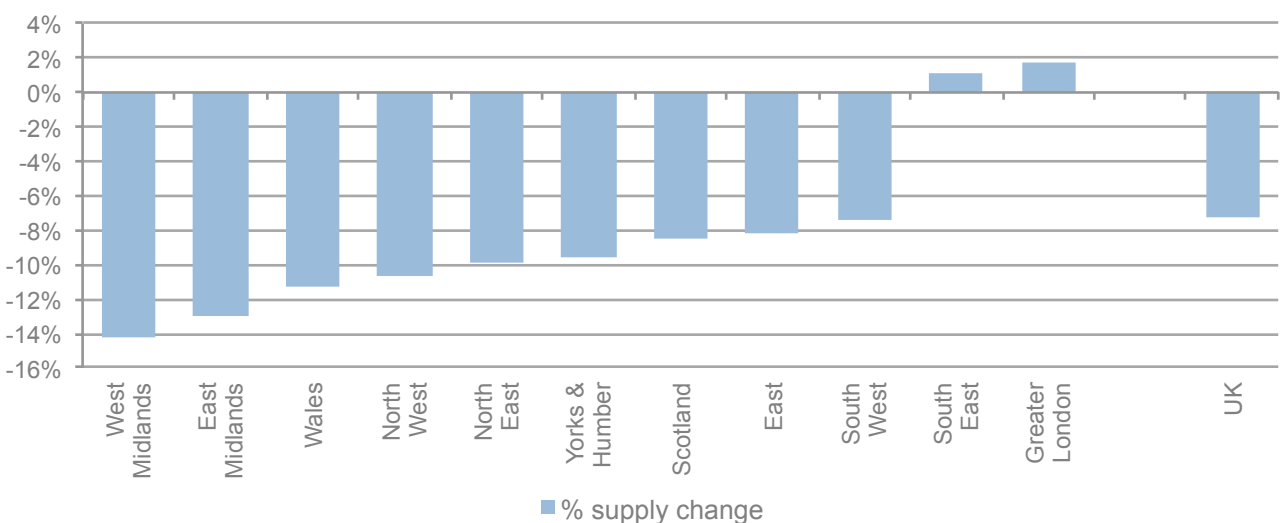
The East and West Midlands show considerable potential for capital growth, since the supply of homes for sale has dropped by 13% and 14% respectively year-on-year. Such a weakening of supply is likely to boost the current price rises of 5.3% and 6.6% per annum towards the 10%

% Change in Asking Price by Region (June 2016 vs. June 2015)



Source: Home.co.uk, June 2016

Supply Change of Property for Sale by Region (May 2016 vs. May 2015)



Source: Home.co.uk, June 2016



mark over the next 12 months. Marketing times in both regions are around the lowest they have been for several years.

The South West also looks set to become one of the next regional hotspots. Supply is down (7%) and the Typical Time on Market is just 75 days. Prices in the region moved up 0.9% in the last month alone and the current annualised gain of 6.0% looks set to go higher.

Looking to the northern regions, Yorkshire and the North West appear to be finally prospering; they registered price hikes of 1.0% and 0.6%, giving 12-month rises of 3.4% and 3.1% respectively. These figures look set to improve soon as supply has fallen by 10% and 11% respectively over the last 12 months. Meanwhile, the North East shows much improved property marketing times but prices have only increased by 0.7% over the last 12 months.

Scotland prices are rising strongly north of the border and, at 6.7% per annum, this rivals the growth in London and the South East over the same period. Again, supply is constrained (8% less than last year) and the Typical Time on Market for the country is the lowest figure since October 2008.

The Welsh property market is not enjoying such good fortune. Whilst marketing times have reduced, prices are still very much in the doldrums as shown by this month's dip of 0.4%.

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



A cooling London market has changed the dynamic of the UK property market and is now less of a focus for property investors.

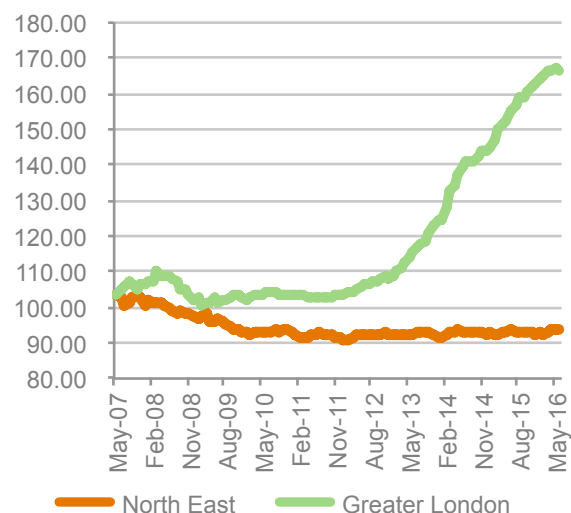


The new regional champion is by far the East of England where terrific price rises look set to rival even London in its heyday.

Despite all the Brexit hyperbole, vendors remain confident on the whole. There's no evidence of a rush to slash prices and property is selling well in most parts of the country. Prices remain on an upward trajectory overall, supported by mortgage rates which remain the lowest they have been in the history of the Bank of England.

However, economic fortunes across the country vary enormously. The most startling contrast must be between the North East and London. The latter is likely transitioning into a post-boom stagnation phase following white hot market activity in 2013 and 2014, characterised by slower home sales and tighter pricing. In contrast, the North East has yet to recover the property values last seen before the financial crisis.

Comparison of Regional Indices (June 2007 - June 2016)



Source: Home.co.uk, June 2016

Significant imbalances in the UK economy? They still exist.

Doug Shephard
Director at Home.co.uk



UK Asking Prices

Scotland	Jun-16
Average Asking Price	£179,131
Monthly % change	1.1%
Annual % change	6.7%

North East	Jun-16
Average Asking Price	£155,580
Monthly % change	0.0%
Annual % change	0.7%

Yorks & The Humber	Jun-16
Average Asking Price	£181,364
Monthly % change	1.0%
Annual % change	3.6%

North West	Jun-16
Average Asking Price	£185,148
Monthly % change	0.6%
Annual % change	3.3%

West Midlands	Jun-16
Average Asking Price	£223,354
Monthly % change	0.7%
Annual % change	6.6%

East Midlands	Jun-16
Average Asking Price	£208,325
Monthly % change	0.4%
Annual % change	5.3%

East	Jun-16
Average Asking Price	£336,241
Monthly % change	1.6%
Annual % change	13.9%

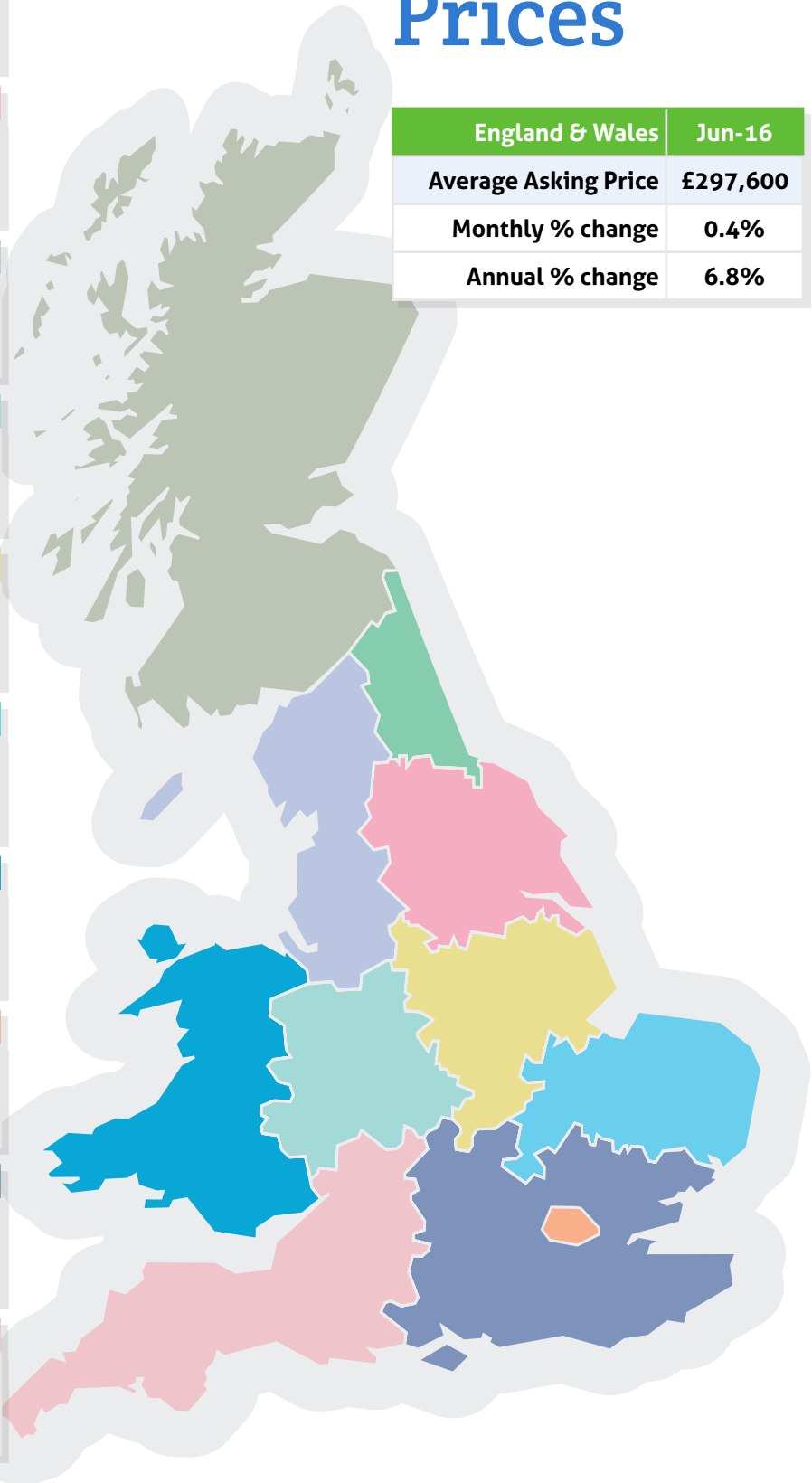
Wales	Jun-16
Average Asking Price	£184,858
Monthly % change	-0.4%
Annual % change	1.2%

Greater London	Jun-16
Average Asking Price	£550,616
Monthly % change	-0.4%
Annual % change	7.0%

South East	Jun-16
Average Asking Price	£393,712
Monthly % change	0.2%
Annual % change	7.8%

South West	Jun-16
Average Asking Price	£305,875
Monthly % change	0.9%
Annual % change	6.0%

England & Wales	Jun-16
Average Asking Price	£297,600
Monthly % change	0.4%
Annual % change	6.8%



Source: Home.co.uk, June 2016

UK Time on Market

Scotland	Jun-16
Average Time on Market	218
Typical Time on Market	87
Annual % supply change	-8%

North East	Jun-16
Average Time on Market	239
Typical Time on Market	114
Annual % supply change	-10%

Yorks & The Humber	Jun-16
Average Time on Market	187
Typical Time on Market	92
Annual % supply change	-10%

North West	Jun-16
Average Time on Market	193
Typical Time on Market	97
Annual % supply change	-11%

West Midlands	Jun-16
Average Time on Market	151
Typical Time on Market	75
Annual % supply change	-14%

East Midlands	Jun-16
Average Time on Market	141
Typical Time on Market	74
Annual % supply change	-13%

East	Jun-16
Average Time on Market	104
Typical Time on Market	54
Annual % supply change	-8%

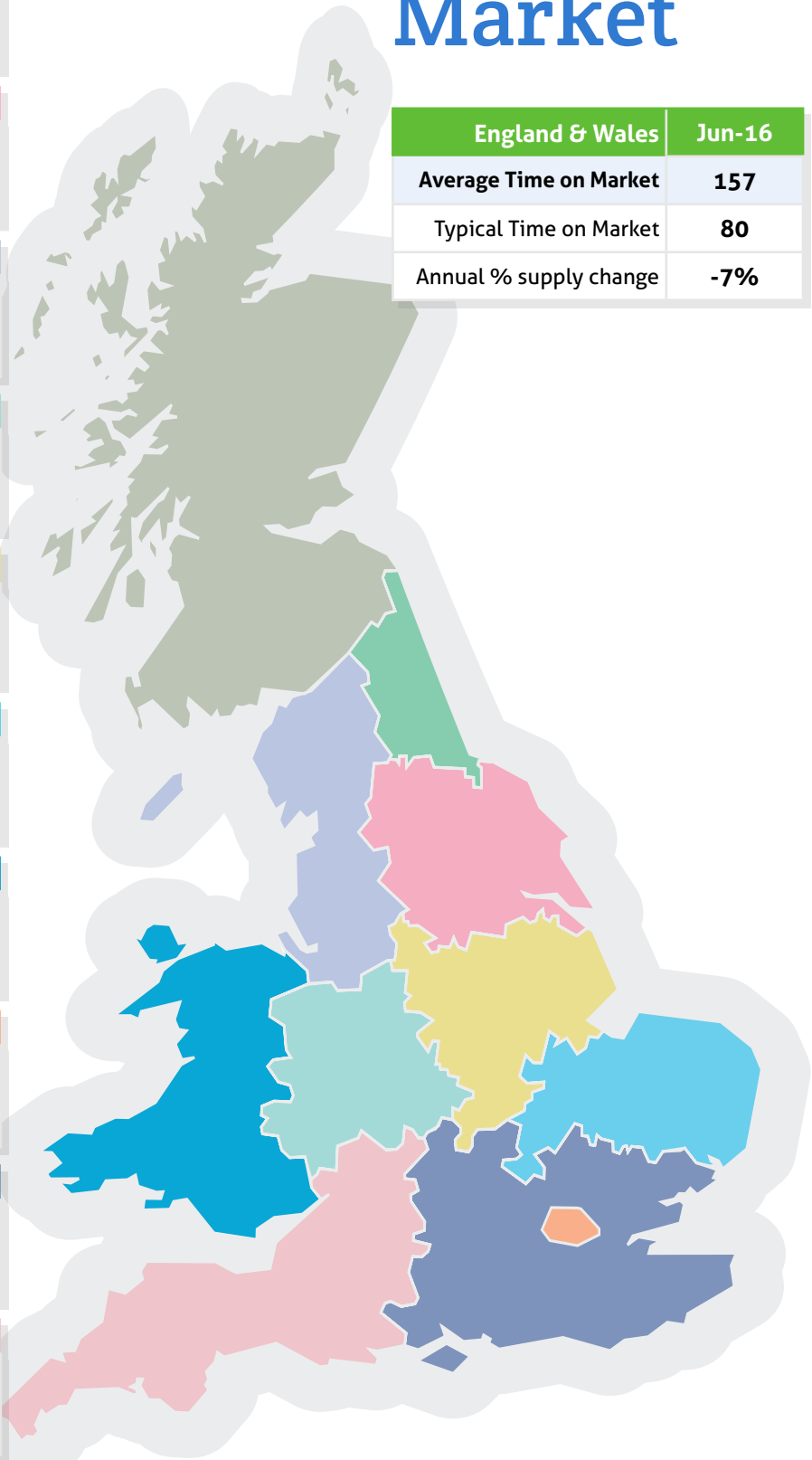
Wales	Jun-16
Average Time on Market	225
Typical Time on Market	116
Annual % supply change	-11%

Greater London	Jun-16
Average Time on Market	105
Typical Time on Market	62
Annual % supply change	2%

South East	Jun-16
Average Time on Market	96
Typical Time on Market	54
Annual % supply change	1%

South West	Jun-16
Average Time on Market	140
Typical Time on Market	75
Annual % supply change	-7%

England & Wales	Jun-16
Average Time on Market	157
Typical Time on Market	80
Annual % supply change	-7%



Source: Home.co.uk, June 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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0845 373 3580
- 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 12th July**
- **Friday 12th August**
- **Tuesday 13th September**