

## Property Prices Push Higher Despite Political Palpitations

### Headlines

- The South East of England leads price growth this month, leaping 1.3% since April.
- Typical time on market in London falls behind the South East and is now matched by the East of England.
- Asking prices post monthly rises in ALL English regions, Wales and Scotland.
- Prices rise by 0.8% overall in England and Wales during the last month.
- The average annual home price appreciation for England and Wales moves down to a more sustainable rate of increase of 5.8%.
- Supply of property for sale up by 8% (Apr. 2015 vs. Apr. 2014) across the UK.
- East of England becomes the most improved market over the last 12 months, with the average time on market falling by 15% to 125 days.

### Summary

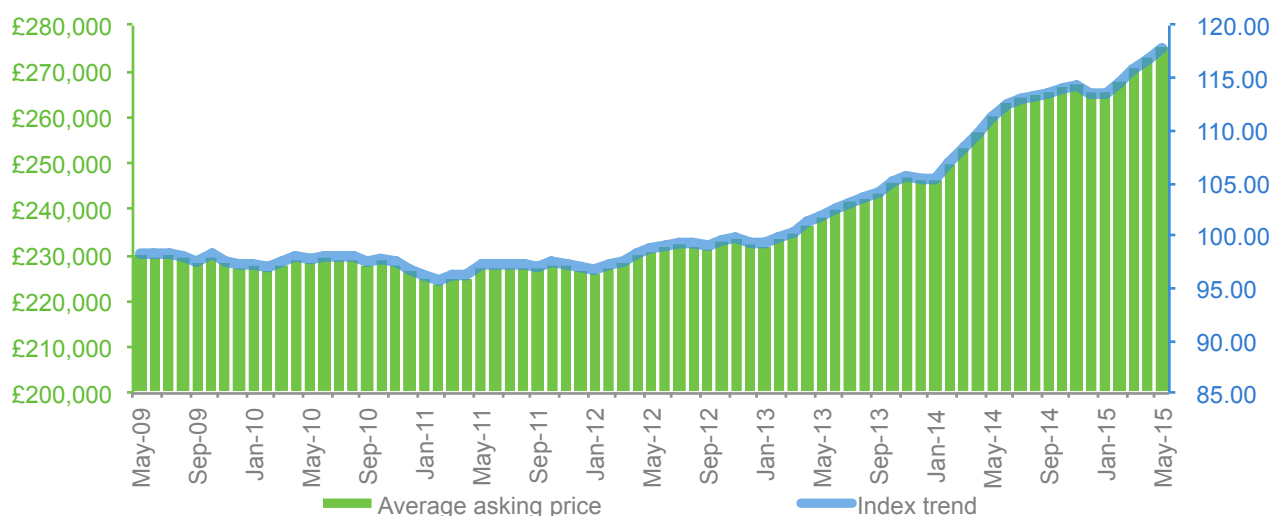
Home prices pushed on up despite political uncertainty over the last month, reflecting increasing and widespread confidence in the property market. In fact, average prices rose in all English regions, Scotland and Wales. Confidence is on the up even in the formerly lacklustre northern regions (the North East and North West), which have both jumped by a healthy 0.6% since April.

The new Tory government looks set to continue Help to Buy and mortgage guarantee schemes, and this will ensure further vigour in the vital first-time buyer market. Moreover, the Right to Buy scheme and more home building will help ease supply problems over the next five years.

Political uncertainty regarding the mansion tax and non-dom legislation proposed by Labour has evaporated and this will do much to reinvigorate the top end of the market, especially in Prime Central London.

Time on market data shows that all regional markets have gained momentum over the last 12 months, with the exception of Greater London where the typical property is currently spending 14 days longer on the market than a year ago.

### Home Asking Price Trend for England & Wales



Source: Home.co.uk, May 2015

## Summary (continued)

Supply of property for sale remains low compared to pre-crisis levels (45% less than it was seven years ago) and this tendency looks set to continue. Greater London and the South East show the largest increases year-on-year (+16% and +13% respectively), but the total volume entering the

market remains restricted and the figure for the UK overall is a mere 8%.

Overall, the current mix-adjusted average asking price for England and Wales is 5.8% higher than it was in May 2014 and we expect further price rises this year.

## Regional Market Round-up

Aside from election jitters, the regional picture of the UK property market continues to slowly evolve. A cooler London market means that it is the South East and East of England that are beginning to take the lead. Typical time on market in London has fallen behind the South East, and London marketing times are now matched by the East of England. For the moment, Greater London still heads the list of annual appreciation but we can expect price action to follow the same trend as regional marketing times later in the year.

As we predicted earlier this year, confidence is rippling out into regions further afield. The East and West Midlands are now very buoyant markets, with typical times on market of 81 and 87 days respectively (about half the marketing time endured during the worst of the post-crisis slump in 2009). Further north, we can see the long-awaited recovery taking hold. Marketing times are falling and this will soon raise confidence levels to the point where we will observe significant price rises. Of course, such

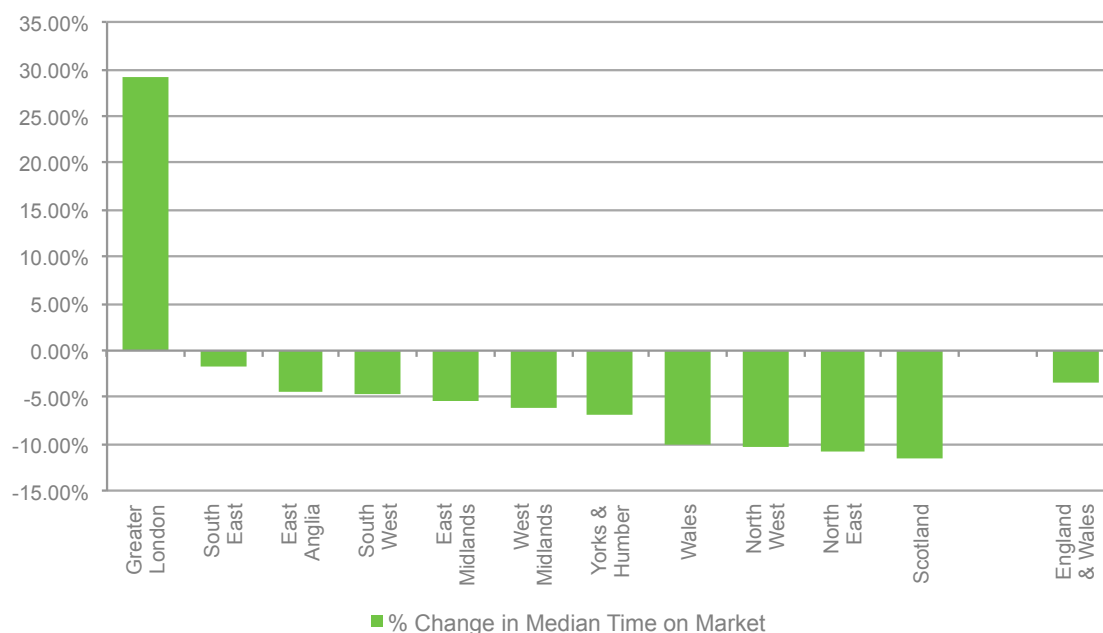
expectations require interest rates to remain at or near their current lows.

Changes in marketing times give advance warning of key shifts in the balance of supply and demand that only later show up in price changes. Increasing marketing times, as seen in London (now 29% longer than in May 2014), indicate that the recent boom in the capital has lost much of its former momentum.

On the other hand, marketing times are still improving across the rest of the country and this suggests that we will see significant price growth outside of London over the course of 2015. The property markets in Scotland, the North East and Wales show the greatest improvement in marketing times over the last 12 months. Such increases in market impetus are almost always followed by price rises.

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

## % Change in Typical Time on Market, May 2015 vs. May 2014



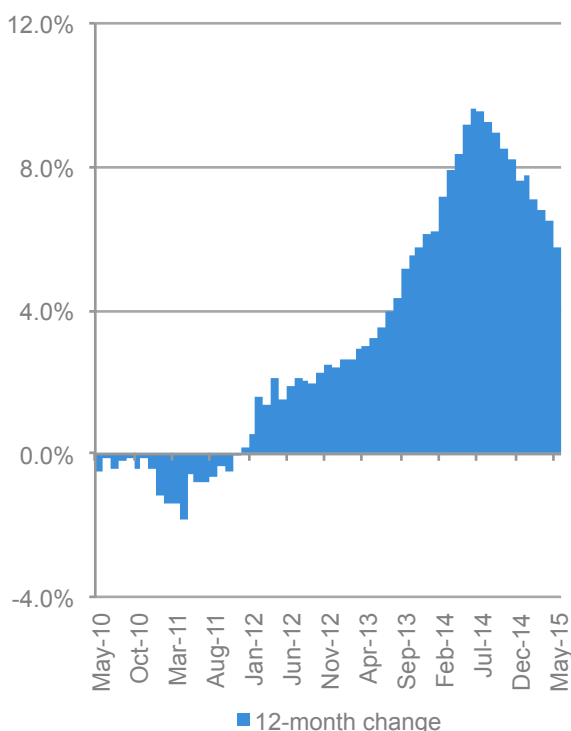
Source: Home.co.uk, May 2015

## Home Price Rises Slow to a More Sustainable Rate

Following in the wake of the slowdown in the London property market, we can see that the rate of appreciation of the average home in England and Wales has also slowed. This is actually good news for the property market, as the very rapid rises in late 2013 and 2014 driven by the London market were clearly unsustainable. Property bubbles, as everyone must now be aware, are very dangerous. The current rate of increase of 5.8% is approaching a sustainable level and is considerably above that of consumer inflation. Hence, both in nominal and in real terms, prices are rising at a more sensible rate.

The long-term trend for UK house prices going back around 50 years is around 2% over the rate of monetary inflation.

### Year-on-Year Change in Asking Prices (England and Wales)



Source: Home.co.uk, May 2015



**2015 is already looking like a more sensible and sustainable year for the UK property market.**



Confidence is growing in the northern regions and the London market has managed to exit a period of frenzied growth without a major catastrophe. Now we have the election out of the way, much uncertainty in the market has evaporated. Moreover, property prices are rising at a far more sustainable rate than we witnessed last year.

The buy-to-let market looks set to continue to grow – without the threat of rent controls – as many look to property as a source of retirement income. Of course, this sector competes in the same space as first-time buyers, and they are benefitting from government support and guarantees. And this is exactly the kind of grass-roots stimulus that the market needs.

Most people involved in the property market will be breathing a sigh of relief now the election is over and will be looking forward to a more 'normal' market over the course of 2015 and 2016. A market wherein prices rise steadily, mortgages are available to those who can afford to pay them off and property takes a reasonable time to sell. Boring, I know, but that's how the property market should be.

**Doug Shephard**  
Director at Home.co.uk



# UK Asking Prices

Scotland	May-15
<b>Average Asking Price</b>	<b>£167,425</b>
Monthly % change	0.2%
Annual % change	3.2%

North East	May-15
<b>Average Asking Price</b>	<b>£154,076</b>
Monthly % change	0.6%
Annual % change	-0.2%

Yorks & The Humber	May-15
<b>Average Asking Price</b>	<b>£174,305</b>
Monthly % change	0.2%
Annual % change	1.8%

North West	May-15
<b>Average Asking Price</b>	<b>£178,927</b>
Monthly % change	0.6%
Annual % change	0.9%

West Midlands	May-15
<b>Average Asking Price</b>	<b>£208,352</b>
Monthly % change	0.5%
Annual % change	3.4%

East Midlands	May-15
<b>Average Asking Price</b>	<b>£196,761</b>
Monthly % change	0.7%
Annual % change	5.1%

East	May-15
<b>Average Asking Price</b>	<b>£293,311</b>
Monthly % change	0.8%
Annual % change	7.5%

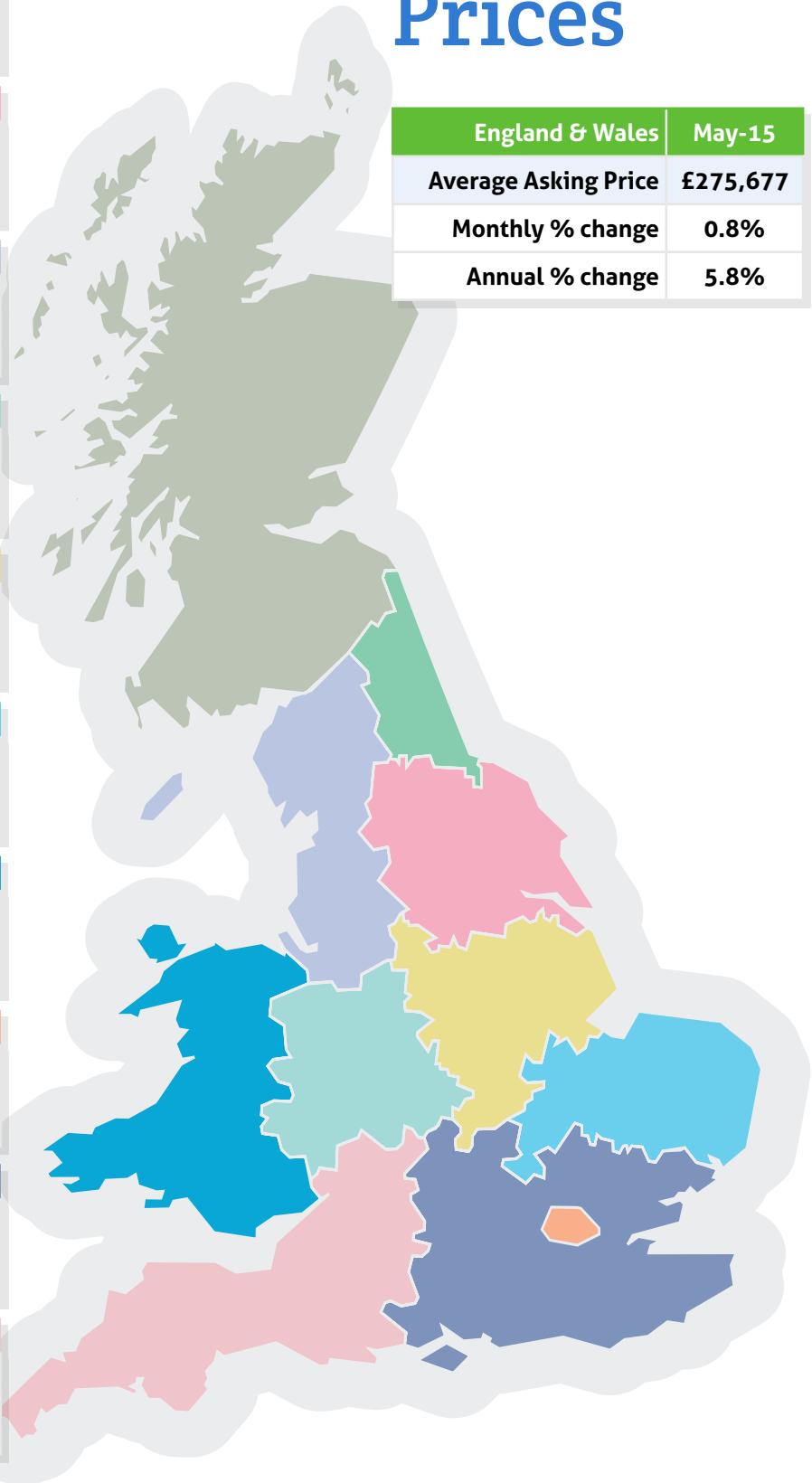
Wales	May-15
<b>Average Asking Price</b>	<b>£182,051</b>
Monthly % change	0.5%
Annual % change	1.5%

Greater London	May-15
<b>Average Asking Price</b>	<b>£504,483</b>
Monthly % change	0.7%
Annual % change	11.1%

South East	May-15
<b>Average Asking Price</b>	<b>£358,807</b>
Monthly % change	1.2%
Annual % change	5.9%

South West	May-15
<b>Average Asking Price</b>	<b>£287,314</b>
Monthly % change	0.9%
Annual % change	3.5%

England & Wales	May-15
<b>Average Asking Price</b>	<b>£275,677</b>
<b>Monthly % change</b>	<b>0.8%</b>
<b>Annual % change</b>	<b>5.8%</b>



Source: Home.co.uk, May 2015

# UK Time on Market

Scotland	May-15
<b>Average Time on Market</b>	<b>244</b>
Typical Time on Market	108
Annual % supply change	10%

North East	May-15
<b>Average Time on Market</b>	<b>277</b>
Typical Time on Market	149
Annual % supply change	9%

Yorks & The Humber	May-15
<b>Average Time on Market</b>	<b>224</b>
Typical Time on Market	106
Annual % supply change	1%

North West	May-15
<b>Average Time on Market</b>	<b>223</b>
Typical Time on Market	109
Annual % supply change	7%

West Midlands	May-15
<b>Average Time on Market</b>	<b>180</b>
Typical Time on Market	87
Annual % supply change	4%

East Midlands	May-15
<b>Average Time on Market</b>	<b>167</b>
Typical Time on Market	81
Annual % supply change	5%

East	May-15
<b>Average Time on Market</b>	<b>125</b>
Typical Time on Market	62
Annual % supply change	9%

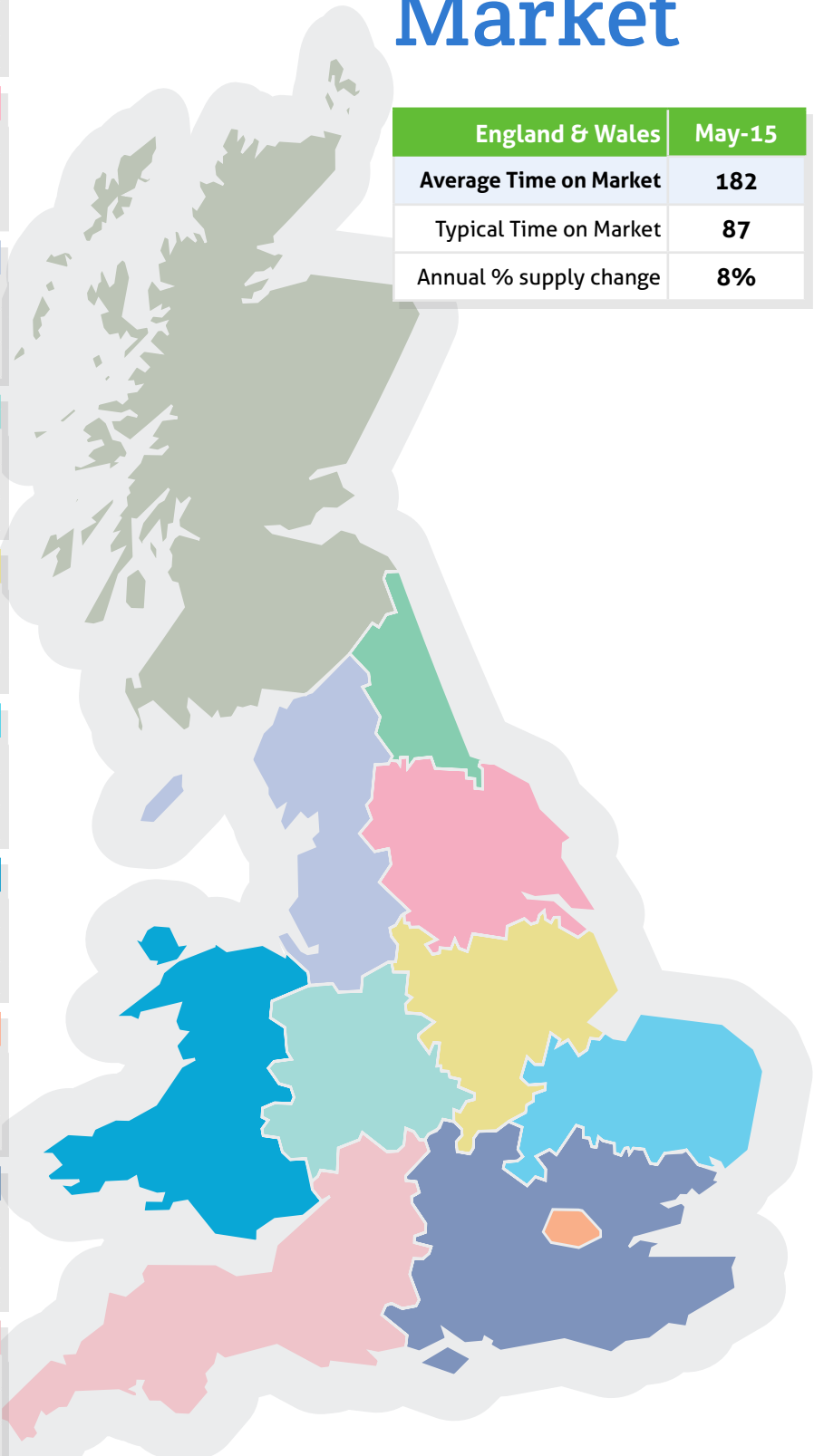
Wales	May-15
<b>Average Time on Market</b>	<b>255</b>
Typical Time on Market	149
Annual % supply change	6%

Greater London	May-15
<b>Average Time on Market</b>	<b>113</b>
Typical Time on Market	62
Annual % supply change	16%

South East	May-15
<b>Average Time on Market</b>	<b>110</b>
Typical Time on Market	58
Annual % supply change	13%

South West	May-15
<b>Average Time on Market</b>	<b>153</b>
Typical Time on Market	77
Annual % supply change	6%

England & Wales	May-15
<b>Average Time on Market</b>	<b>182</b>
Typical Time on Market	<b>87</b>
Annual % supply change	<b>8%</b>



Source: Home.co.uk, May 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

- For media enquiries please contact:  
[press@home.co.uk](mailto:press@home.co.uk)  
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](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:

- Friday 12<sup>th</sup> June
- Tuesday 14<sup>th</sup> July
- Wednesday 12<sup>th</sup> August