

Stock of Property for Sale Hits New Low

Headlines

- The total stock of property for sale falls to a new post-crisis low as the drought worsens (currently 45% fewer properties for sale than in Nov 2007).
- The average annual home price appreciation for England and Wales rises further to 7.3%, driven by lack of supply.
- East of England home prices rise as fast as London over the last six months.
- Supply of property entering the market shows annual declines in all regions, with the most severe shortages in London, the South East and East of England.
- Prices slide in the North East and Yorkshire during the last month.

Summary

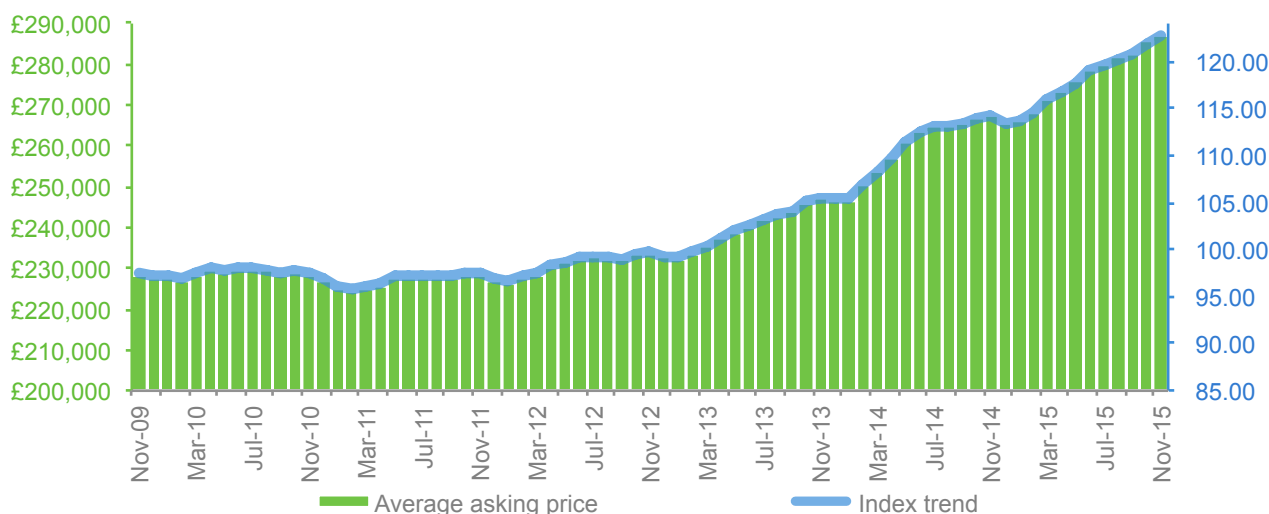
The national portfolio of property for sale has shrunk to a new record low. Buyers, on average, now have only half the choice they had back in 2007 and, in areas of high demand, the situation is much worse. Moreover, the trend towards lower supply is driving prices ever higher. On average, home prices across England and Wales are now 7.3% higher than they were a year ago, but almost all this growth comes from London and the surrounding regions.

Lack of supply and fierce demand is most keenly felt in Greater London, East of England and the South East. Consequently, prices in these regions continue to rise at an alarming rate, well ahead of the national average. Over the last 12 months, asking prices in London, the East and South East of England have risen by 12.5%, 9.8% and 9.4% respectively. Meanwhile, the number of properties coming on to the market in the same regions is down by 15%, 13% and 10% respectively.

As if in a world apart, home prices in the northern regions and Wales continue to stagnate. Annualised price changes for the North East, North West and Yorkshire of just 0.0%, 1.2% and 1.9% respectively indicate that demand levels remain depressed relative to the South. Welsh property has fared a little better with home prices rising by 2.7% over the last year, but still a long way behind the mix-adjusted average price rise for England and Wales of 7.3%.

Overall, the current mix-adjusted average asking price for England and Wales is now 25.8% higher than it was in November 2010. Further upward pressure on this headline figure will come from London, the East and South East of England over the next year.

Home Asking Price Trend for England & Wales



Source: Home.co.uk, November 2015

Regional Market Round-up

North of the border, Scottish home prices are rising more quickly: up 4.7% over the last year and 6.4% since November 2010. Sellers there are obviously patient, as the typical time on market is 114 days, 16 days longer than the figure for England and Wales. The Aberdeen property market has been adversely affected by plunging oil and gas prices, and properties on the market there have been piling up. Meanwhile, the Edinburgh market is experiencing a boom, with prices driven up 13% over the last year and supply falling away.

Further south, the northern English regions show relatively poor home price growth. Of those, the North East property market has suffered the most over the last five years. Prices are falling in many towns in the region, such as Billingham, mainly due to the downturn in the petrochemical industries. Crime and joblessness continue to adversely affect many of the larger urban areas. However, pockets of significant growth do exist, such as prosperous market towns like Yarm.

The South East continues to show massive price growth; this overheating region has been the fastest-moving property market in the UK since

February, when it displaced London from pole position. The typical time on market for unsold property there is just 63 days. Correspondingly, prices have risen 9.4% over the last 12 months and 33% over the last five years.

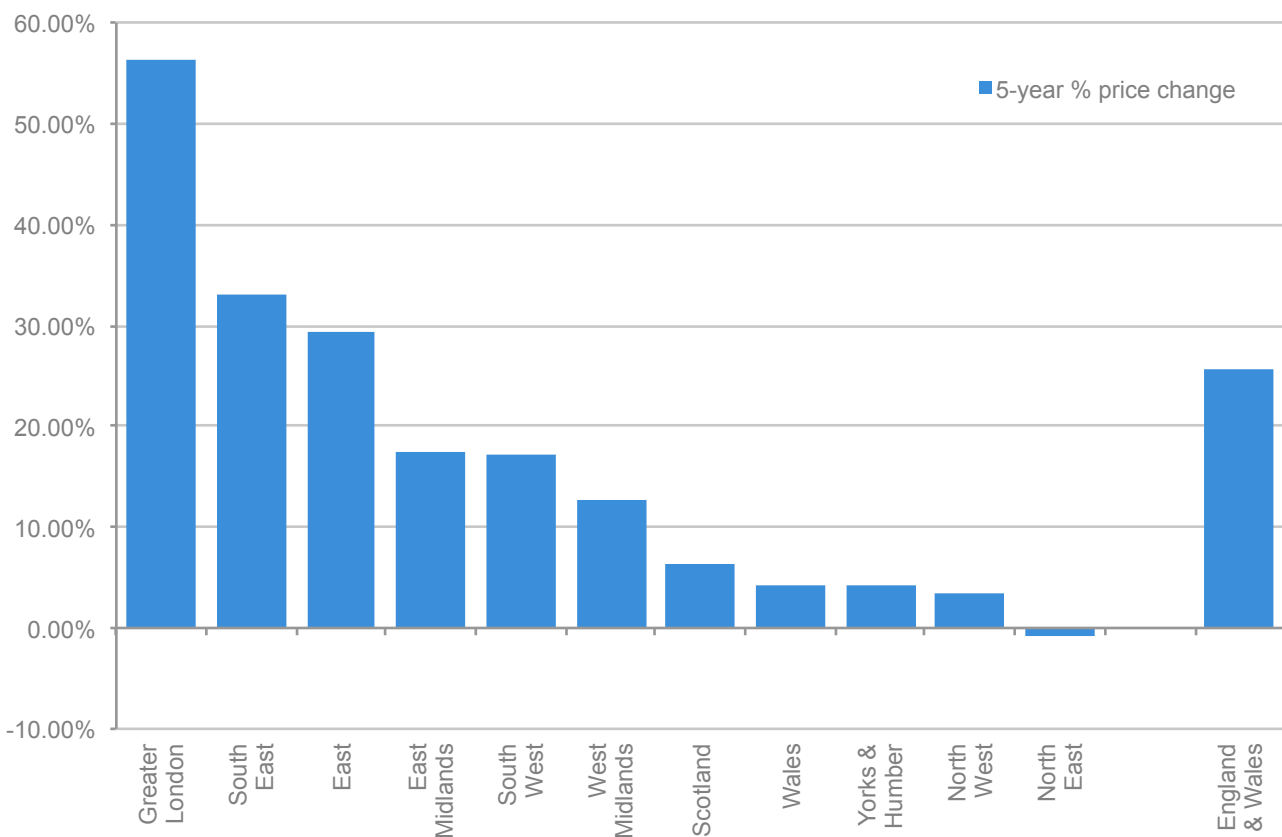
For more information on regional property market performance please see pages 4 and 5 of this report.

The Incredible Shrinking Property Market

With ever fewer properties entering the marketplace, we take a look at this ongoing trend and how it will affect future prices. So why are there seemingly ever fewer properties for sale? The simple answer is that there are fewer owners who wish to sell.

The last large dip in the number of properties for sale was in 2010, when 30 months of perpetual monthly price falls had eroded confidence in the market. Thanks to slashed interest rates, vendors could afford to sit on their hands and wait for better times. The better times came – for London and the South, certainly – and the number of properties for sale consequently grew to a recent maximum in the summer of 2011. Since then,

Regional Home Price Change Since 2010



Source: Home.co.uk, November 2015

aside from a little seasonal variation, we have observed a constant downward trend to the current new low.

Over the same time, we have witnessed a change in tenure in UK property. Vast numbers of properties have been transferred into the Private Rented Sector (PRS) as more investors, large and small, have jumped on the buy-to-let bandwagon. This is perfectly understandable as savings in the bank pay near zero interest and stock exchanges the world over suffer from frightening volatility, but rented property pays a yield. The growth of the PRS has actually accelerated since the financial crisis, and now adds around 1% of the UK housing stock to its ranks each year, according to a recent House of Commons report. The same report states that "we may be looking at a long-term structural change to the housing market".

Indeed, the structural changes are profound; the proportion of owner-occupiers in the country is in decline. This is clearly one reason why the number of properties coming on to the market is also in decline. Another is that landlords tend to hold on to their properties much longer than first and next-time buyers. Moreover, the typical price of an investment property, according to a survey by the Association of Residential Letting Agents, is around £200,000, which is in direct competition with wannabe homeowners.

Hence, we have Generation Rent, most of who would like to own their own home but simply cannot compete for the 'first rung' of the property ladder against well-financed investors.



The lack of supply of property for sale has reached crisis point.

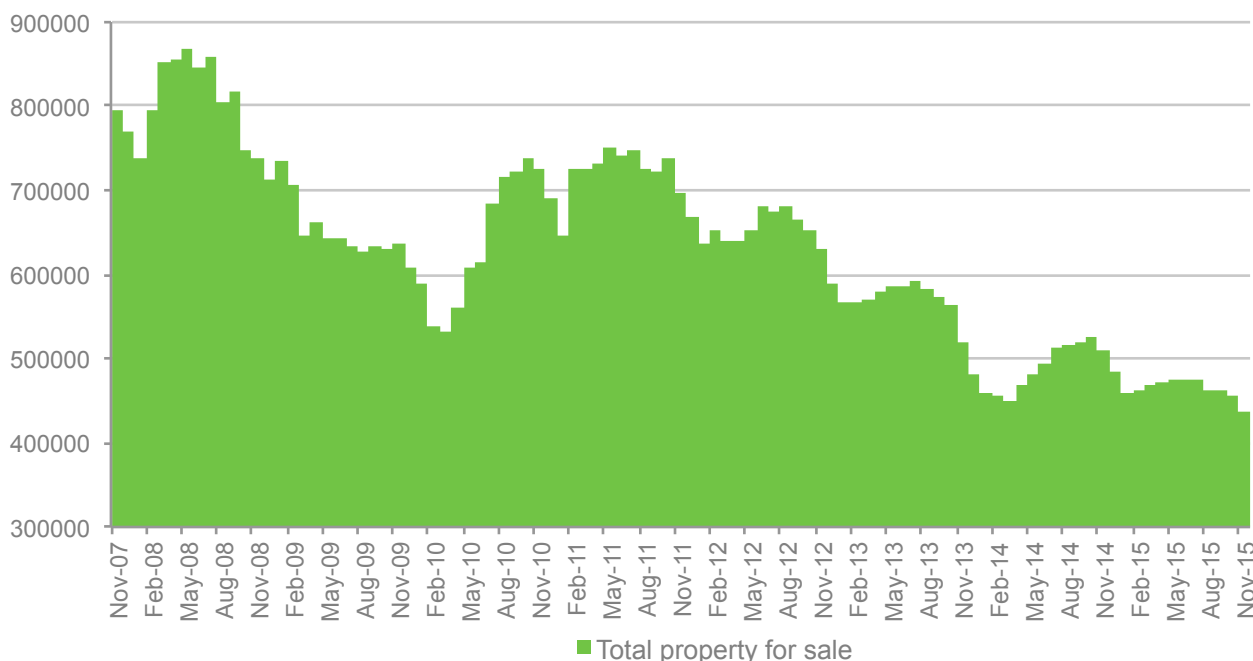


Estate agents are suffering alongside first-time buyers, with the very biggest UK chains publishing profit warnings. The rise of the PRS is changing the way the whole market operates, but itself remains vulnerable to financial shocks. Interest rates aside, according to government figures, 43% of lead renters (the oldest worker in the household) don't work and require benefits of some kind. Osborne's noble attempts to cut government spending and balance the books could be hazardous for this sector if Universal Credit can't pay the rent

Doug Shephard
Director at Home.co.uk



Property on the Market (England and Wales)



Source: Home.co.uk, November 2015



UK Asking Prices

Scotland	Nov-15
Average Asking Price	£169,491
Monthly % change	0.3%
Annual % change	4.7%

North East	Nov-15
Average Asking Price	£153,947
Monthly % change	-0.5%
Annual % change	0.0%

Yorks & The Humber	Nov-15
Average Asking Price	£176,212
Monthly % change	-0.1%
Annual % change	1.9%

North West	Nov-15
Average Asking Price	£179,233
Monthly % change	0.3%
Annual % change	1.2%

West Midlands	Nov-15
Average Asking Price	£211,910
Monthly % change	0.3%
Annual % change	4.3%

East Midlands	Nov-15
Average Asking Price	£200,340
Monthly % change	0.1%
Annual % change	3.7%

East	Nov-15
Average Asking Price	£307,485
Monthly % change	1.5%
Annual % change	9.8%

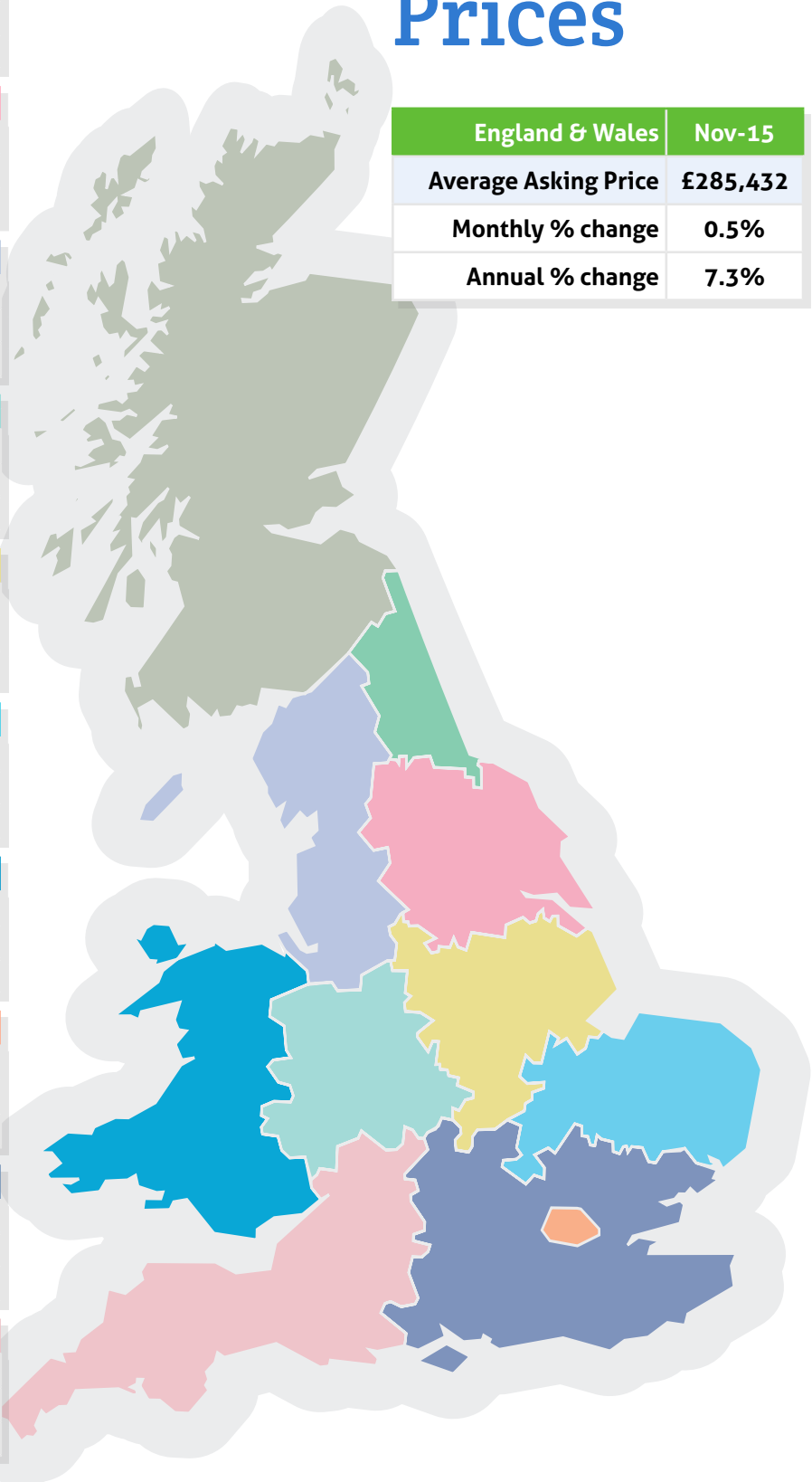
Wales	Nov-15
Average Asking Price	£184,312
Monthly % change	0.2%
Annual % change	2.7%

Greater London	Nov-15
Average Asking Price	£530,587
Monthly % change	1.1%
Annual % change	12.5%

South East	Nov-15
Average Asking Price	£378,991
Monthly % change	0.2%
Annual % change	9.4%

South West	Nov-15
Average Asking Price	£294,552
Monthly % change	0.1%
Annual % change	4.7%

England & Wales	Nov-15
Average Asking Price	£285,432
Monthly % change	0.5%
Annual % change	7.3%



Source: Home.co.uk, November 2015

UK Time on Market

Scotland	Nov-15
Average Time on Market	235
Typical Time on Market	114
Annual % supply change	-4%

North East	Nov-15
Average Time on Market	272
Typical Time on Market	139
Annual % supply change	-3%

Yorks & The Humber	Nov-15
Average Time on Market	213
Typical Time on Market	117
Annual % supply change	-2%

North West	Nov-15
Average Time on Market	215
Typical Time on Market	119
Annual % supply change	-4%

West Midlands	Nov-15
Average Time on Market	177
Typical Time on Market	99
Annual % supply change	-13%

East Midlands	Nov-15
Average Time on Market	166
Typical Time on Market	93
Annual % supply change	-6%

East	Nov-15
Average Time on Market	125
Typical Time on Market	70
Annual % supply change	-13%

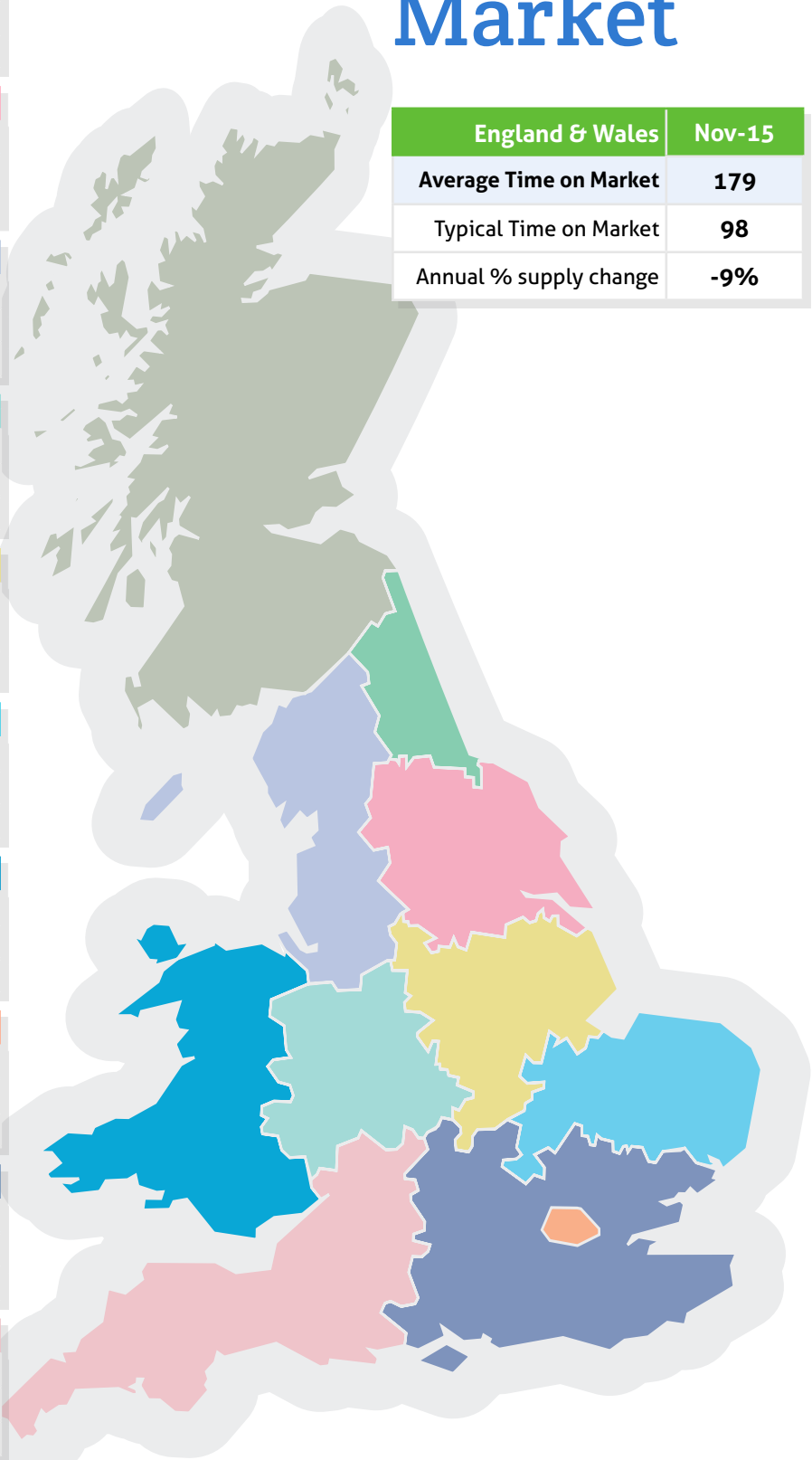
Wales	Nov-15
Average Time on Market	245
Typical Time on Market	134
Annual % supply change	-4%

Greater London	Nov-15
Average Time on Market	111
Typical Time on Market	63
Annual % supply change	-15%

South East	Nov-15
Average Time on Market	110
Typical Time on Market	63
Annual % supply change	-10%

South West	Nov-15
Average Time on Market	158
Typical Time on Market	93
Annual % supply change	-10%

England & Wales	Nov-15
Average Time on Market	179
Typical Time on Market	98
Annual % supply change	-9%



Source: Home.co.uk, November 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
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 15th December
- Tuesday 12th January
- Friday 12th February