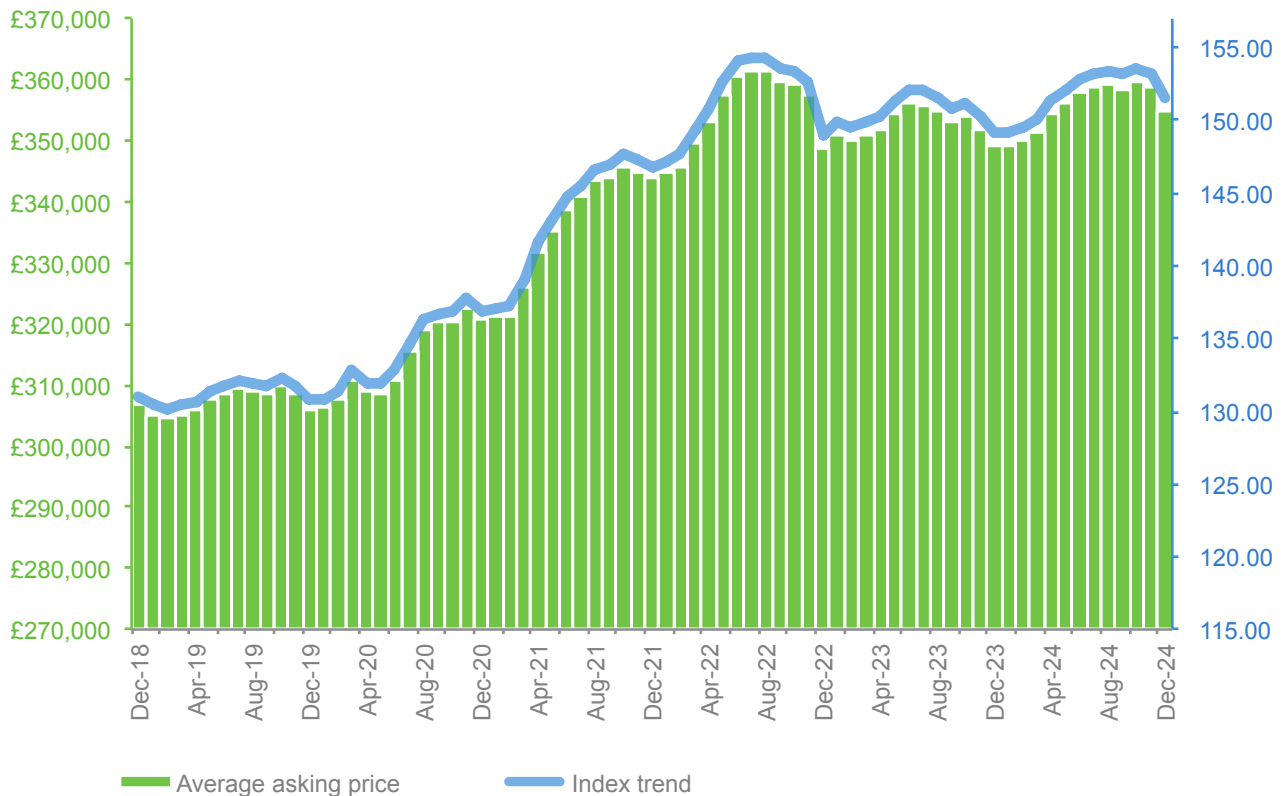


## Huge Stock Drop Confirms Strong Demand

### Headlines

- The unsold sales stock count for England and Wales plummeted by around 30,000 properties during the last month, making the current total 465,129. This is the largest such fall since December 2019.
- Asking prices continue their seasonal decline, falling by 1.0% since last month across England and Wales; this is a drop that slightly exceeds purely seasonal variance. Annualised home price growth reduced to just 1.7% overall.
- The UK property market continues to indicate significant momentum. Property turnover continues to be higher than during most of the last ten years and Typical Time on Market remains significantly lower than in pre-pandemic December 2019.
- The total number of new instructions entering the market during November 2024 was 10% more than during November 2023. London saw the highest regional increase, up by 17%.
- Seasonal price falls were observed in all English regions, Scotland and Wales since last month. The largest drop was in Scotland (2.2%).
- The North East holds its top position in regional property market growth, albeit with the year-on-year gain decreasing to 5.8%. In second place is Yorkshire at 4.4%.
- The East of England is the worst performing region, indicating no change (0.0%) over the last twelve months.
- Overall, when taking inflation into account, the sales market has not yet achieved real growth.
- The annualised national growth for asking rents is just 0.8% overall. This mix-adjusted average is affected disproportionately by London's rent falls (-1.9%). However, the South West, Wales, East Midlands and Yorkshire continue to indicate double-digit growth year-on-year.
- The City of London followed by Hackney indicate the largest declines of all London boroughs, with annualised rental falls of 9.7% and 9.1%, respectively.

## Home Asking Price Trend for England & Wales



Source: Home.co.uk Asking Price Index, December 2024, Indexed to May 2004 (Value=100).

### Summary

Properties continue to move swiftly through the market, thanks to elevated demand. Consequently, agents' portfolios have been thinned out, thereby reducing the national stock level despite increased supply. Pricing remains tight, however, with all regions indicating average price reductions, the magnitude of which is more than merely seasonal. Vendors are clearly motivated and therefore pricing competitively.

Overall, the vital signs of the UK property sales market confirm that it is operating normally. Property throughput is currently higher than many of the pre-COVID years. Room for further price growth appears limited due to

affordability constraints. The mix-adjusted average asking price for England and Wales remains notably lower than the peak pricing observed in the summer months of 2022.

Whilst expectations of lower interest rates going forward have buoyed confidence in the market, fears of increased taxation and restrictive legislation persist, especially among landlords. Consequently, we expect landlords to continue to offload their least profitable properties, thereby adding to sales supply but reducing rental property availability. On a regional basis, yields continue to be better in the North than in London and the South.

During the last twelve months, the only significant price growth observed

has been in the northern regions, West Midlands, Scotland and Wales. The North East remains the regional growth leader with the mix-adjusted average now 5.8% higher than a year ago. Regional growth figures correlate strongly with buy-to-let investment yields.

Meanwhile, prices in the East of England indicate zero growth over the same period. In real terms, prices are still correcting in this region, while the remaining southern regions are, at best, merely keeping pace with the current lower levels of inflation. A return to real growth is possible in 2025 for most of the southern group of regions, but this will depend on decisions made by Starmer's government and the Bank of England.

UK asking rent growth is now sub-inflation (0.8%). However, it is important to reiterate that this annualised national growth figure obscures the enormous differences regionally between Greater London at -1.9% and the two best performers, East Midlands (+12.7%) and Yorkshire (+11.0%). This is due to the predominance of rental properties in the capital.

The annualised mix-adjusted average asking price growth (sales) across England and Wales is now 1.7%; in December 2023, the annualised growth of home prices was 0.1%.

## Price Trend

The mix-adjusted average home price for England and Wales dropped during the last month, with a larger than usual seasonal decline of 1.0%.

Seasonal expectations are now for an uptick in January, marking the beginning of the annual growth cycle. However, should this be muted, it would signal that vendors are impatient to sell.

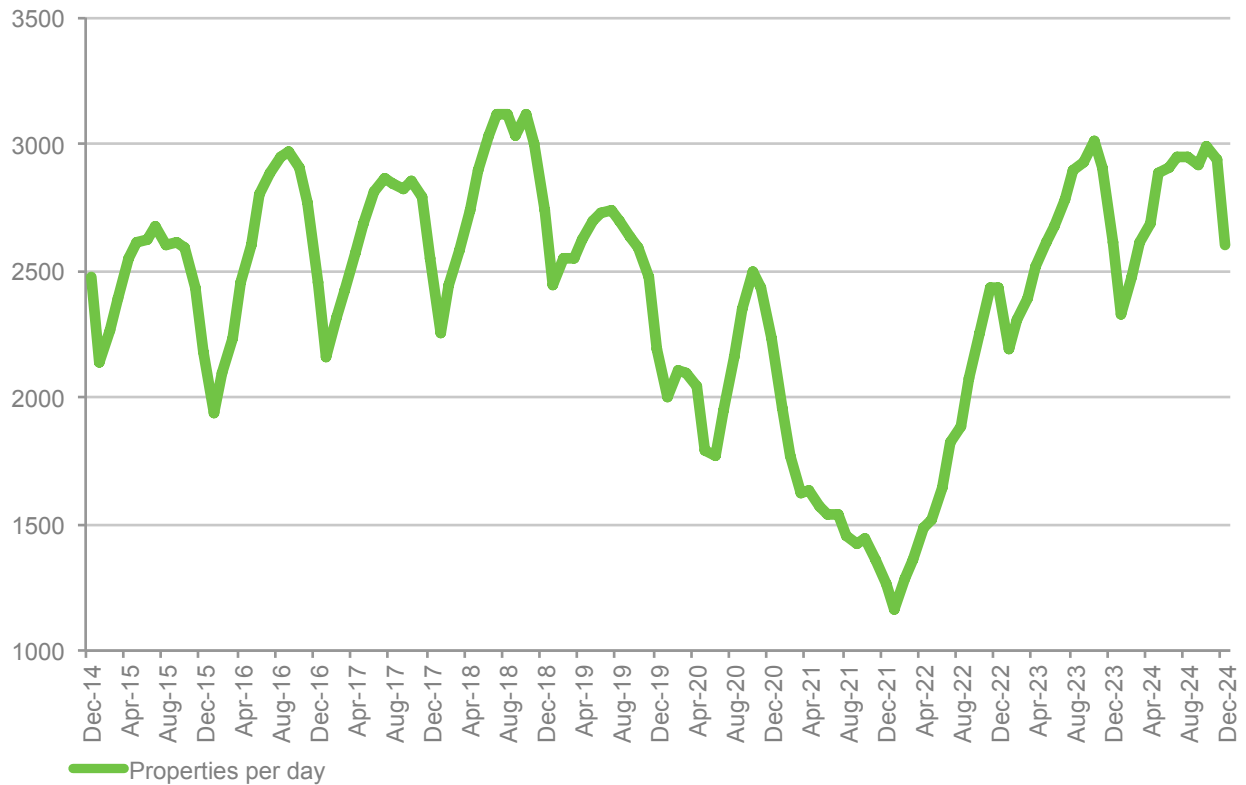
The forthcoming hike in stamp duty for first-time buyers (31<sup>st</sup> March 2025) is likely to cause a burst of buyer activity over the next quarter. Consequently, prices look set to rise at least until this deadline. It remains to be seen whether or not they will then continue to rise into the summer months, as this will be largely dependent on the Bank of England's Monetary Policy Committee decision on a base rate cut. The contents and the progress through parliament of the Renters' Rights Bill will also probably affect the market. These uncertainties will undoubtedly temper prospects for price (and rent) growth next year.

## Market Turnover

For the time being, properties continue to move quickly through the market in significant volume. Our Market Turnover Indicator chart plots the relative performance over the last ten years. The current flux of sales properties compares favourably with the pre-pandemic years, despite the fact that interest rates were much lower.

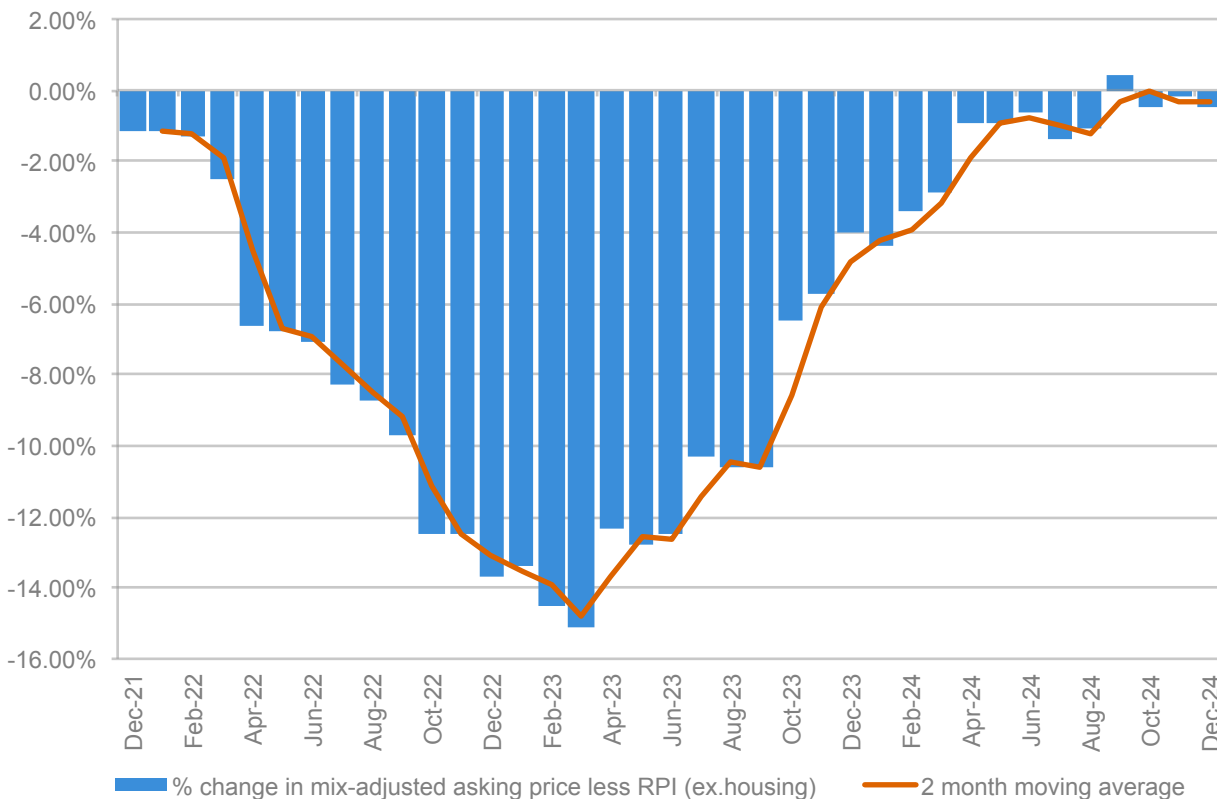
Property turnover is highly seasonal. Our expectations are that the sales market turnover will trend further downwards to the annual low point next month. From then, we anticipate that activity will increase very rapidly until April at least and perhaps beyond.

## Sales Market Turnover Indicator



Source: Home.co.uk Asking Price Index, December 2024

## Real Asking Price Growth, England and Wales



Source: Home.co.uk Asking Price Index, December 2024 and ONS [RPI ex. housing]. Inflation for November and December are our estimates (2.2 % for each month).



## Real Price Growth

The UK property market is recovering from a devastating period of monetary inflation that wiped out the gains made during the COVID boom. Growth in the national average home price continues to struggle to keep up with inflation. The aforementioned uncertainties regarding legislation and borrowing costs may well mean that real prices continue to go sideways next year.

However, some regions are indicating inflation-beating gains, namely the North West, North East, Yorkshire, West Midlands, Scotland and Wales. The remaining English regions have all made small losses in real terms over the last twelve months, with

the East of England being the worst affected.

## Regional Roundup

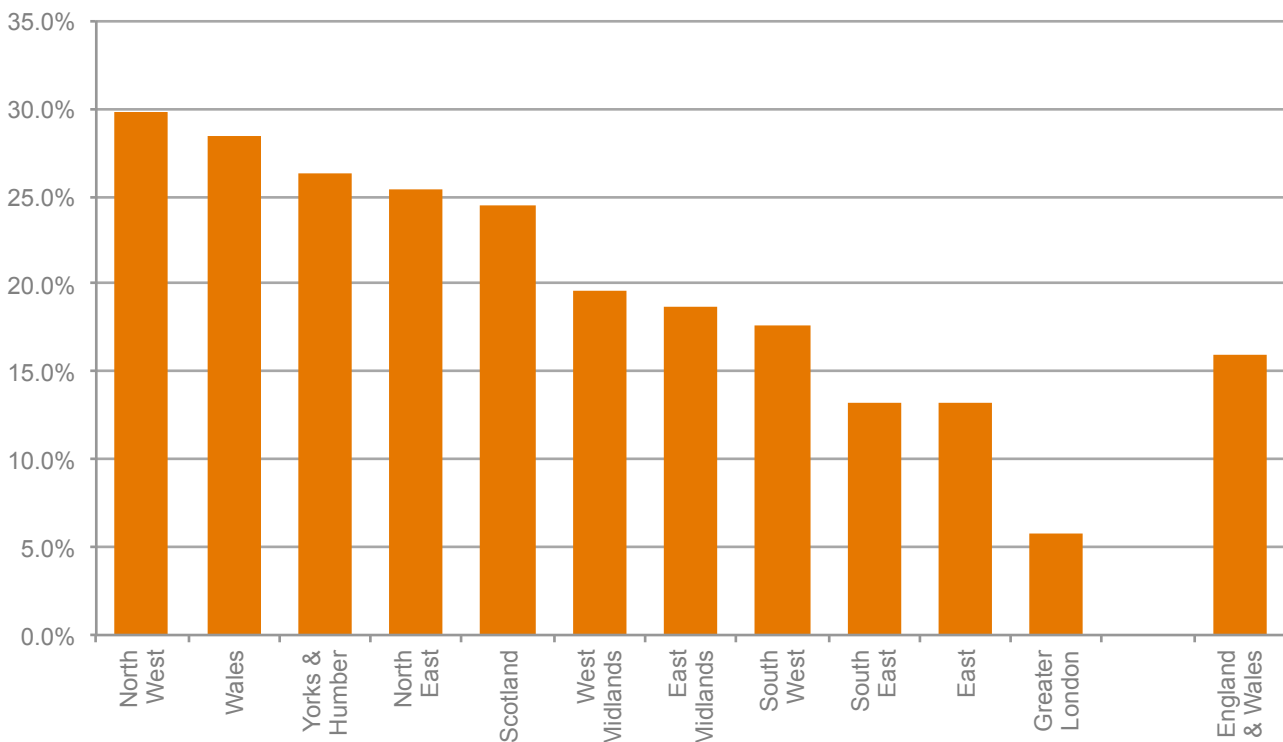
Price growth performance at the regional level has varied considerably over the last five years. Most notable is the pitiful performance of London and the adjacent regions, where price growth has persistently underperformed the average growth figure for England and Wales.

The "race for space" and buy-to-let investment are largely responsible for the stronger performances of the northern English regions, Scotland and Wales.

## Stock Levels

Concerns regarding too much stock for sale flooding the market turned

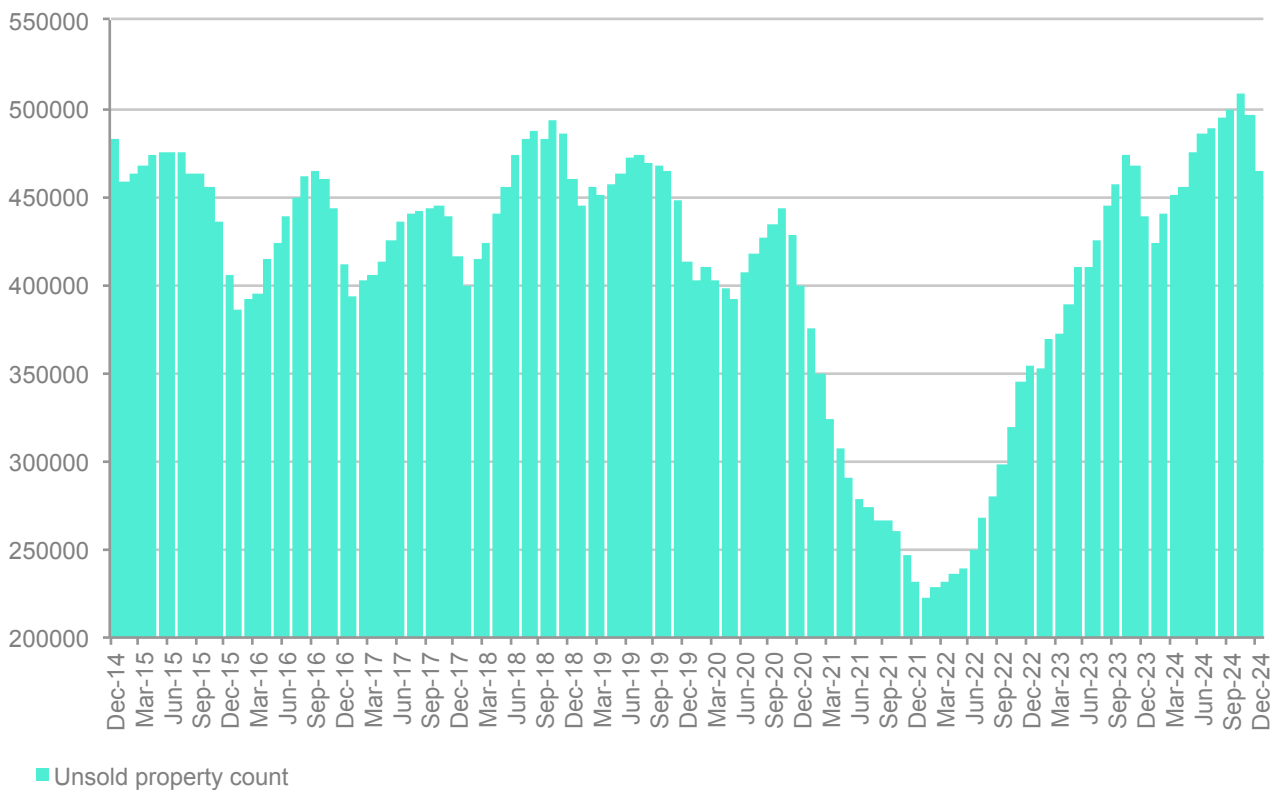
## 5-Year Regional Price Growth, Dec. 2024 vs. Dec. 2019



■ % change in mix-adjusted asking price

Source: Home.co.uk Asking Price Index, December 2024

## Total Stock of Property for Sale, England and Wales



Source: Home.co.uk Asking Price Index, December 2024

out to be unfounded. The unsold sales stock count for England and Wales fell again during the last month, this time by around 30,000 properties, making the current total 465,129. This is the largest such fall since December 2019 and confirms that demand is currently sufficient to counterbalance the elevated supply of new instructions. This seasonal thinning out of properties for sale is fully in line with expectations and confirms the relatively normal operation of the UK property market. Moreover, December usually marks the minimum stock level for the year

and therefore we anticipate the total stock count to rise steadily throughout the first half of 2025. Whether or not demand rises in tandem remains to be seen.

The stock level next year is likely to be further inflated by landlords reducing their exposure to the Private Rented Sector over deep concerns about forthcoming legislative changes, red tape and a seemingly ever-increasing tax burden. The knock-on effects for rental property availability and rents are obvious.



## “ What happens when homeowners can't afford their mortgage payments?

Repossessions rise and so do stock levels as corporate sales departments attempt to recover the outstanding debt. I mention this because there is reason to believe that we haven't yet seen the full impact of the rise in the cost of borrowing.

A recent article in Mortgage Introducer, penned by Matthew Sellers, points out that '...over a third of mortgage borrowers (37%) have so far avoided the impact of rising interest rates by locking into fixed deals prior to rate hikes beginning in late 2021.' Moreover, in a new report from the Bank of England, an estimated 4.4 million households are expected to encounter financial strain. The Financial Policy Committee (FPC) has just warned that around 420,000 households could see their monthly mortgage payments rise by £500.

I dare say that in many cases this additional financial burden will be too much to bear, given the concomitant rise in the cost of living. Not that selling up and switching to renting will help much either.

In the same report, the Bank of England also expressed concern over the worsening financial conditions

for lower-income households and renters. It noted a decline in savings buffers among low-income groups and a slight rise in payment arrears among renters. 'Pressures on renters and lower-income households continue,' the Bank stated. That pressure has been exacerbated by what is seen by many as an attack on the buy-to-let market.

So, without a significant cut in the Bank of England base rate, 2025 could get very ugly for significant numbers of mortgagees and landlords alike.

Sorry for the doom and gloom, especially at this time of year, but to be informed is the first step towards preparedness.

Finally, I would like to wish all our readers a very Merry Christmas. It is a time for friends and family, for peace and goodwill.

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



# UK Asking Prices

Scotland	Dec-24
<b>Average Asking Price</b>	<b>£231,723</b>
Monthly % change	-2.2%
Annual % change	3.0%

North East	Dec-24
<b>Average Asking Price</b>	<b>£199,524</b>
Monthly % change	-1.1%
Annual % change	5.8%

Yorks & The Humber	Dec-24
<b>Average Asking Price</b>	<b>£254,647</b>
Monthly % change	-0.8%
Annual % change	4.4%

North West	Dec-24
<b>Average Asking Price</b>	<b>£269,486</b>
Monthly % change	-1.2%
Annual % change	2.5%

West Midlands	Dec-24
<b>Average Asking Price</b>	<b>£302,247</b>
Monthly % change	-1.0%
Annual % change	2.6%

East Midlands	Dec-24
<b>Average Asking Price</b>	<b>£282,403</b>
Monthly % change	-0.7%
Annual % change	1.5%

East	Dec-24
<b>Average Asking Price</b>	<b>£389,610</b>
Monthly % change	-1.4%
Annual % change	0.0%

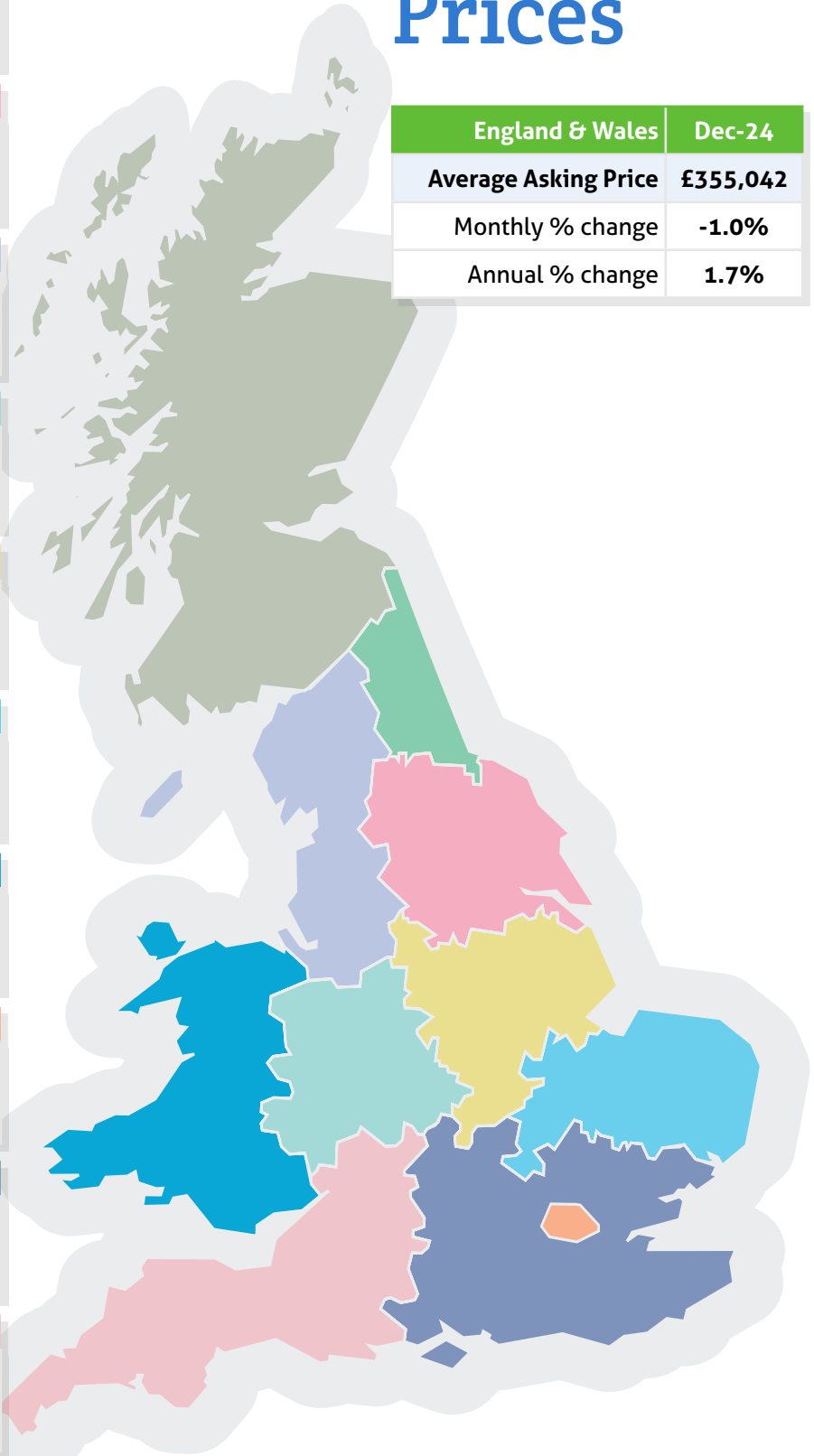
Wales	Dec-24
<b>Average Asking Price</b>	<b>£270,864</b>
Monthly % change	-0.7%
Annual % change	3.0%

Greater London	Dec-24
<b>Average Asking Price</b>	<b>£543,715</b>
Monthly % change	-0.5%
Annual % change	1.4%

South East	Dec-24
<b>Average Asking Price</b>	<b>£441,368</b>
Monthly % change	-1.3%
Annual % change	0.8%

South West	Dec-24
<b>Average Asking Price</b>	<b>£376,984</b>
Monthly % change	-1.4%
Annual % change	0.9%

England & Wales	Dec-24
<b>Average Asking Price</b>	<b>£355,042</b>
Monthly % change	<b>-1.0%</b>
Annual % change	<b>1.7%</b>



Source: Home.co.uk Asking Price Index, December 2024



# UK Time on Market

Scotland	Dec-24
<b>Average Time on Market</b>	<b>200</b>
Typical Time on Market	91
Annualised % supply change	6%

North East	Dec-24
<b>Average Time on Market</b>	<b>168</b>
Typical Time on Market	90
Annualised % supply change	4%

Yorks & The Humber	Dec-24
<b>Average Time on Market</b>	<b>160</b>
Typical Time on Market	97
Annualised % supply change	6%

North West	Dec-24
<b>Average Time on Market</b>	<b>167</b>
Typical Time on Market	92
Annualised % supply change	10%

West Midlands	Dec-24
<b>Average Time on Market</b>	<b>170</b>
Typical Time on Market	96
Annualised % supply change	8%

East Midlands	Dec-24
<b>Average Time on Market</b>	<b>161</b>
Typical Time on Market	96
Annualised % supply change	9%

East	Dec-24
<b>Average Time on Market</b>	<b>166</b>
Typical Time on Market	94
Annualised % supply change	11%

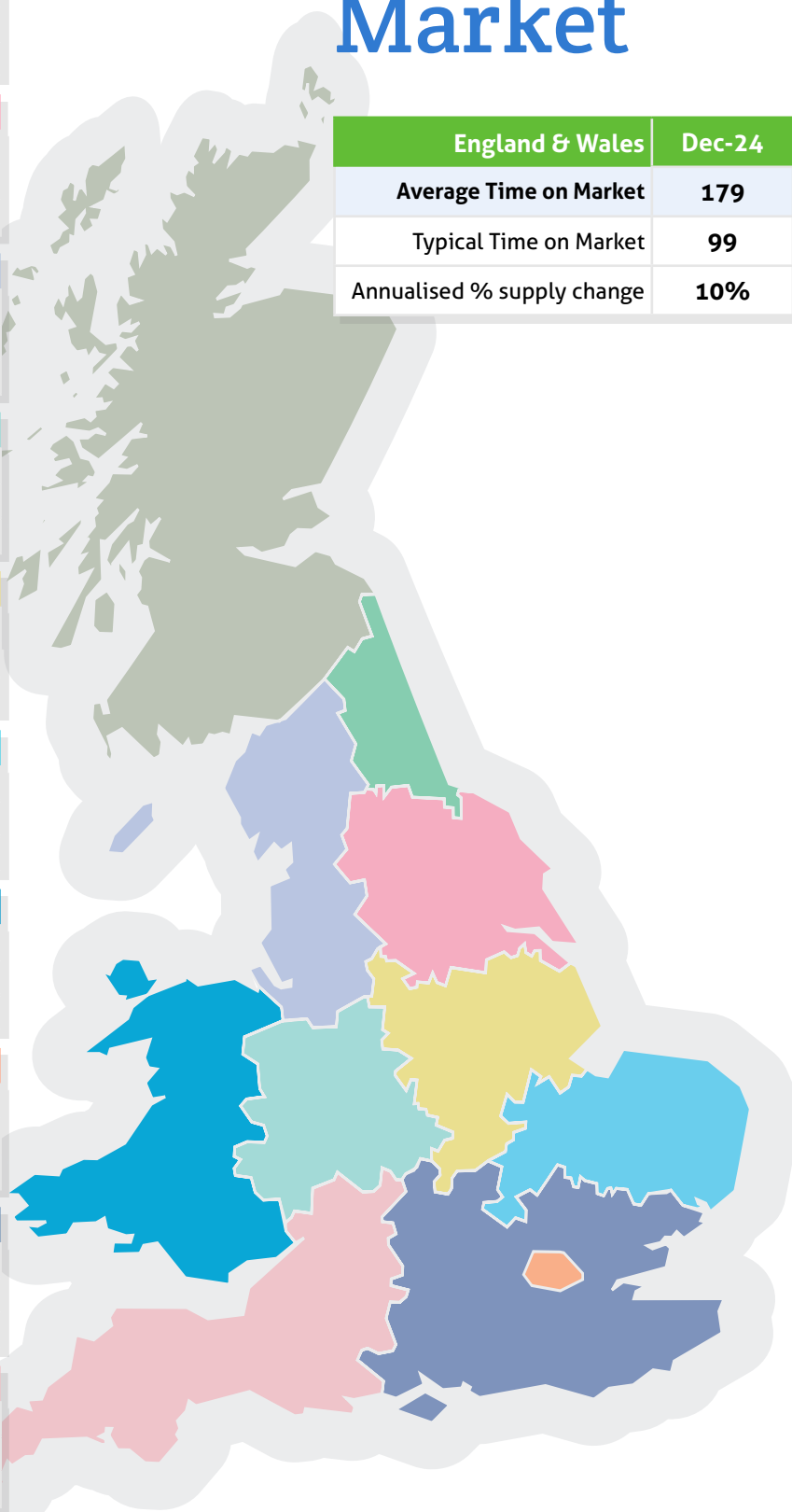
Wales	Dec-24
<b>Average Time on Market</b>	<b>196</b>
Typical Time on Market	117
Annualised % supply change	3%

Greater London	Dec-24
<b>Average Time on Market</b>	<b>204</b>
Typical Time on Market	96
Annualised % supply change	17%

South East	Dec-24
<b>Average Time on Market</b>	<b>168</b>
Typical Time on Market	91
Annualised % supply change	11%

South West	Dec-24
<b>Average Time on Market</b>	<b>170</b>
Typical Time on Market	103
Annualised % supply change	10%

England & Wales	Dec-24
<b>Average Time on Market</b>	<b>179</b>
Typical Time on Market	<b>99</b>
Annualised % supply change	<b>10%</b>



Source: Home.co.uk Asking Price Index, December 2024. 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:  
<https://www.home.co.uk/company/about.htm>
- For further details on the methodology used in the calculation of the HAPI please visit:  
[https://www.home.co.uk/asking\\_price\\_index/Mix-Adj\\_Methodology.pdf](https://www.home.co.uk/asking_price_index/Mix-Adj_Methodology.pdf)
- To learn more about Home.co.uk data services please visit:  
<https://www.home.co.uk/company/data/>

## Future release dates:

- Wednesday 15<sup>th</sup> January
- Wednesday 12<sup>th</sup> February
- Wednesday 12<sup>th</sup> March