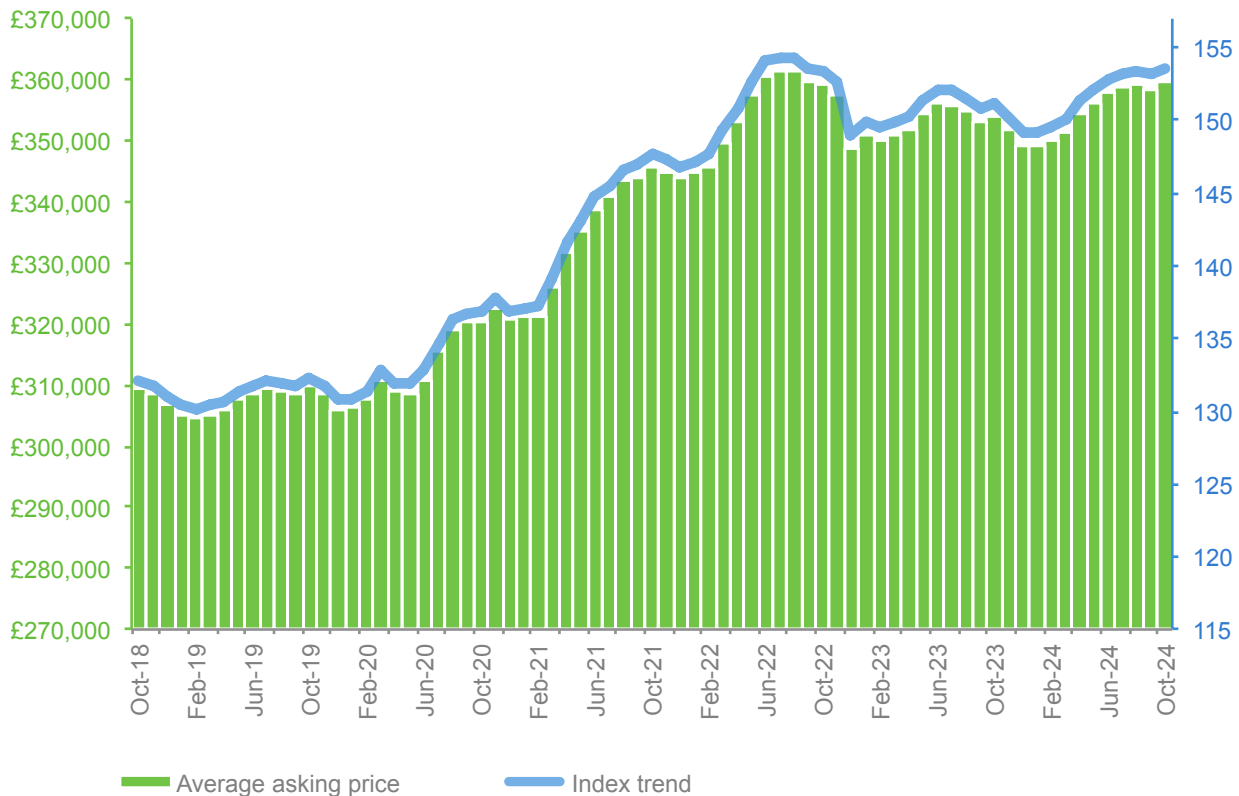


## Vendor Confidence Rises Despite Inventory at Ten-Year High

### Headlines

- Asking prices increased by 0.3% during the last month across England and Wales, supported by growing market confidence. Home prices are up 1.7% compared to October 2023.
- After two years of cautious recovery, the mix-adjusted average is now higher than in October 2022 but has yet to return to the peak of July 2022.
- Prices show month-on-month increases in Scotland, Wales and all English regions with the exception of the North East where the average remains unchanged.
- The total number of new instructions entering the market during September 2024 was 4% more than during September 2023 and 12% more than September 2019.
- The unsold sales stock count for England and Wales increased again to make the current total the highest since November 2014. Nearly 9,000 properties were added to agents' portfolios, making the current count of unsold properties 508,833.
- Despite the ten-year high in unsold stock, the sales market momentum remains relatively healthy as indicated by the Typical Time on Market (median) for unsold property in England and Wales being five days less than in October 2019. However, the current median time on market for unsold property is four days more than in October last year due to high inventory levels.
- The North East maintains its position as the regional property market growth leader by a large margin. The year-on-year gain remains at 6.7%, while the next best is Yorkshire at 3.7%.
- The East of England and the South West are the worst performing regions, with both indicating an increase of just 0.4% over the same period.
- The annualised national growth for asking rents has stalled (0.0%) when London's losses are included. However, Wales followed by the North East continue to indicate double-digit growth of 15.1% and 12.0% respectively year-on-year. Meanwhile, the year-on-year decline in Greater London rents is now -3.6%.
- The borough of Haringey shows the greatest decline in asking rents with an annualised rental fall of -14.0%.

## Home Asking Price Trend for England & Wales



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

### Summary

An autumn surge in home prices reflects a rise in confidence amongst vendors and the market overall. Such optimism has been fuelled by expectations of gradual interest rate cuts over the coming months. The same optimism has encouraged many potential vendors to commit, resulting in a ten-year high in sales listings. Moreover, a significant contingent consists of landlords downsizing their portfolios, particularly in London.

The consequence for renters, despite some improvement over the last twelve months, is that there remains a chronic supply shortfall overall. While the number of properties available to let has increased by 25% since October last year, the total remains 21% lower than in October 2019. Landlords clearly need more incentives (and assurances) to stay in the market and increase the supply

of essential quality housing. Until this is achieved, renters will continue to suffer high rents and lack of choice.

Despite above average supply, the sales market is attracting sufficient demand to keep marketing times low and property turnover high. The wait-and-see period following the Truss-Kwarteng debacle appears to be over. Significant pent-up demand has been unleashed on the market over recent months due to the more favourable interest rate outlook. However, whether inflation is now truly under control remains to be seen.

At the regional level, the market is highly diverse in terms of price growth. The northern regions of England, the West Midlands, Scotland and Wales continue to show consistent strength with growth over and above inflation. The North East, in particular, continues to impress with spectacular price growth over the last twelve months. Elsewhere,

nominal prices have essentially stagnated this year and lost ground in real terms.

The East and the South West are the poorest performers over the last twelve months in terms of price growth. Asking prices increased a mere 0.4% in both regions, indicating that a price correction is still ongoing in these markets in real terms. The South West shows the highest increase in Typical Time on Market of unsold property since October last year due to reduced demand.

Despite these sluggish regions, the overall UK property market is operating normally compared to pre-COVID years. Moreover, the sales market may well pick up the pace early next year should borrowing costs continue their steady decline, although this is far from certain as evidenced by a recent small rise in two-year swap rates. Additionally, Rachel Reeves' first Labour Budget of the new Parliament will likely affect sentiment significantly.

Overall, UK asking rent growth has slowed to zero, although this annualised national growth figure obscures the vast regional disparities between Greater London at -3.6% and the two best performers, Wales (+15.1%) and the North East (+12.0%). Given that London rents increased by 32% over the last five years, it is clear that we are now observing a market pricing correction that may persist well into next year.

The annualised mix-adjusted average asking price growth (sales) across England and Wales is now 1.7%; in October 2023, the annualised growth of home prices was -1.5%.

## Price Trend

The mix-adjusted average home price for England and Wales ticked up during the last month but remains just short of the 2022 high point. Seasonal expectations are now on an overall decline as we head towards the festive period, fol-

lowing which the market usually experiences a growth spurt as we head towards spring.

During the tumultuous course of the last five years, the national average home price for England and Wales has risen by 16.2%. This growth occurred exclusively within the 24 months from mid-2020 to mid-2022, owing to the unprecedented COVID boom triggered by UK government stimulus and credit expansion by the Bank of England. Belated interest rate hikes combined with the ill-fated Truss-Kwarteng mini-budget brought the buying frenzy to a shock price correction in late 2022. Following that panic, the market has experienced a period of cautious recovery then, more recently, a notable rise in confidence prompted by the promise of further cuts in the central bank rate. Currently, the market is operating within normal parameters (although high stock levels are testing the stability limit), and further price growth is expected next year (especially in the North, Scotland and Wales).

## Market Turnover

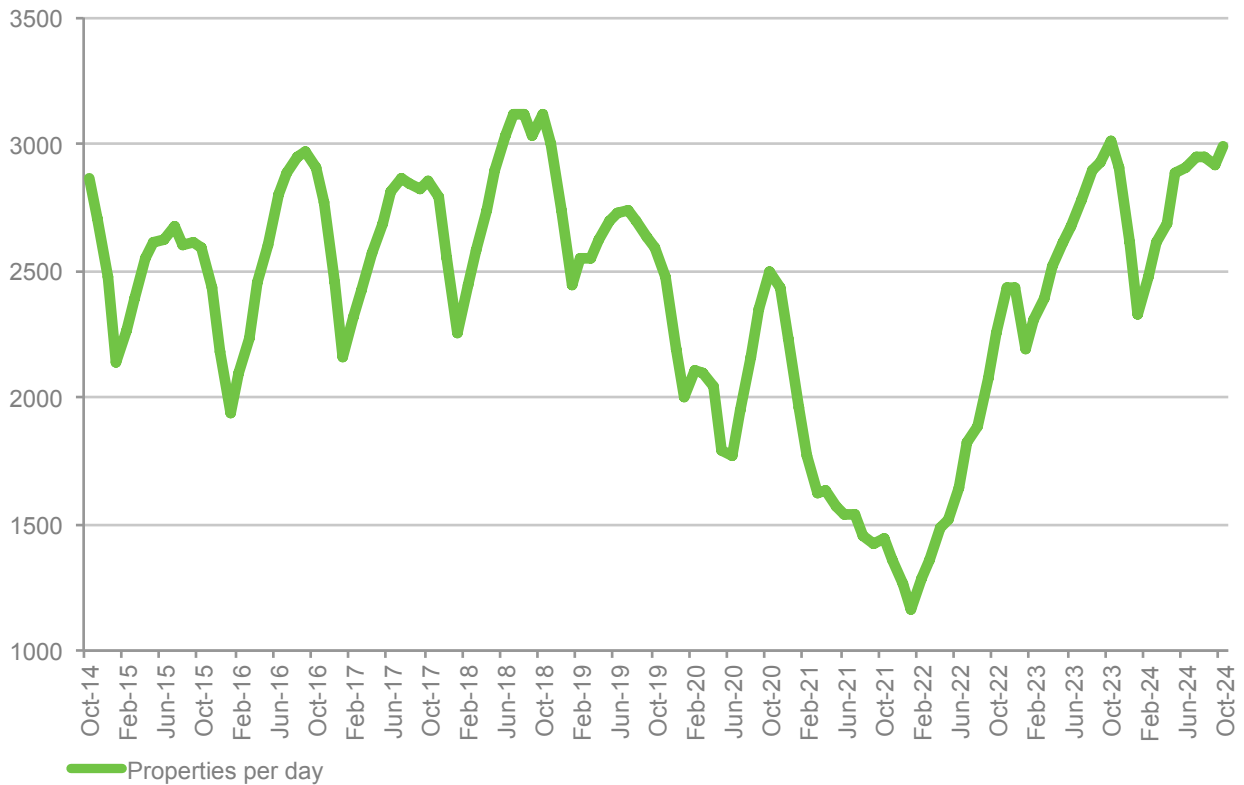
Our Market Turnover Indicator chart nicely captures the recent uptick in market activity triggered by a surge in buyer confidence. Whilst not unprecedented, it is unusual to observe a significant activity increase so late in the year. When compared to the five pre-COVID years, only 2018 indicates market activity in excess of the present level.

The sales market turnover is now expected to trend downwards over the coming months towards the seasonal downturn which always occurs in January.

## Real Price Growth

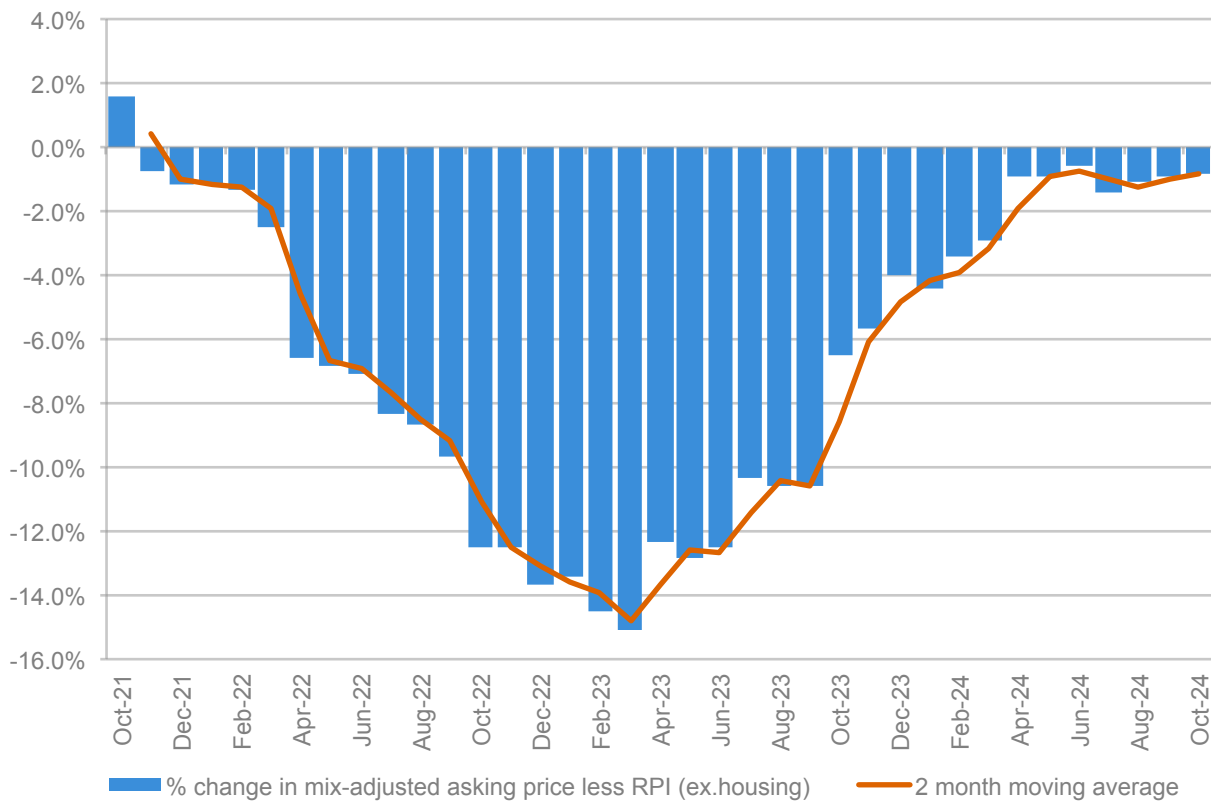
The recent uptick in inflation means that, overall, the UK property market continues to remain in the red. The lack of real growth is centred on London and adjacent regions; due to their relative size, they bring down the national

### Sales Market Turnover Indicator



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

### Real Asking Price Growth, England and Wales



Source: Home.co.uk Asking Price Index, October 2024 and ONS [RPI ex. housing]. Inflation for September and October are our estimates (2.4 % and 2.5% respectively).



average figures substantially. However, the northern regions and Scotland and Wales have no worries in this respect as their annualised growth rates are over and above the current rate of inflation. In effect, the price correction continues in real terms in the low growth regions (see map), causing investors to lose purchasing power on their capital investments.

## Stock Levels

Stock levels remain relatively high compared to the last ten years. The total, which is just below the level seen in October 2014, is now anticipated to decline according to seasonal expectations. Normally, the month of December indicates the annual minimum in the sum of agents' portfolios. Around 9,000 properties were added to the total of unsold stock on the market during August.

The current total is amplified by a growing number of landlords reducing their exposure to the Private Rented

Sector over deep concerns about forthcoming legislative changes and an increased tax burden.

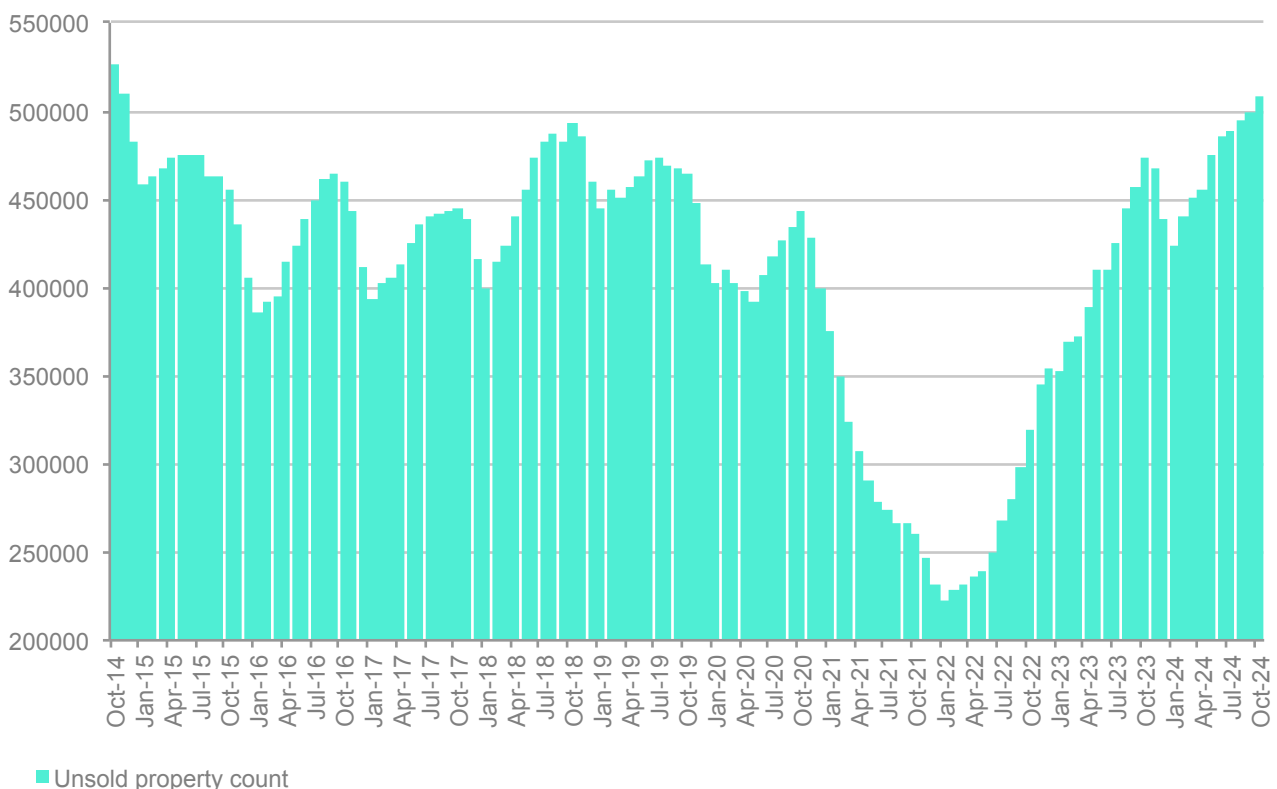
## Regional Roundup

The pendulum of fortune continues to favour Scotland, Wales, the North and the West Midlands. Price growth persists over and above inflation in these markets (especially the North East).

Growth of 6.7% over the last twelve months makes the North East the shining star of the northern regions. In fact, this region is simply making up for a lost decade of growth between 2007 and 2017 where market stagnation meant that zero growth was achieved.

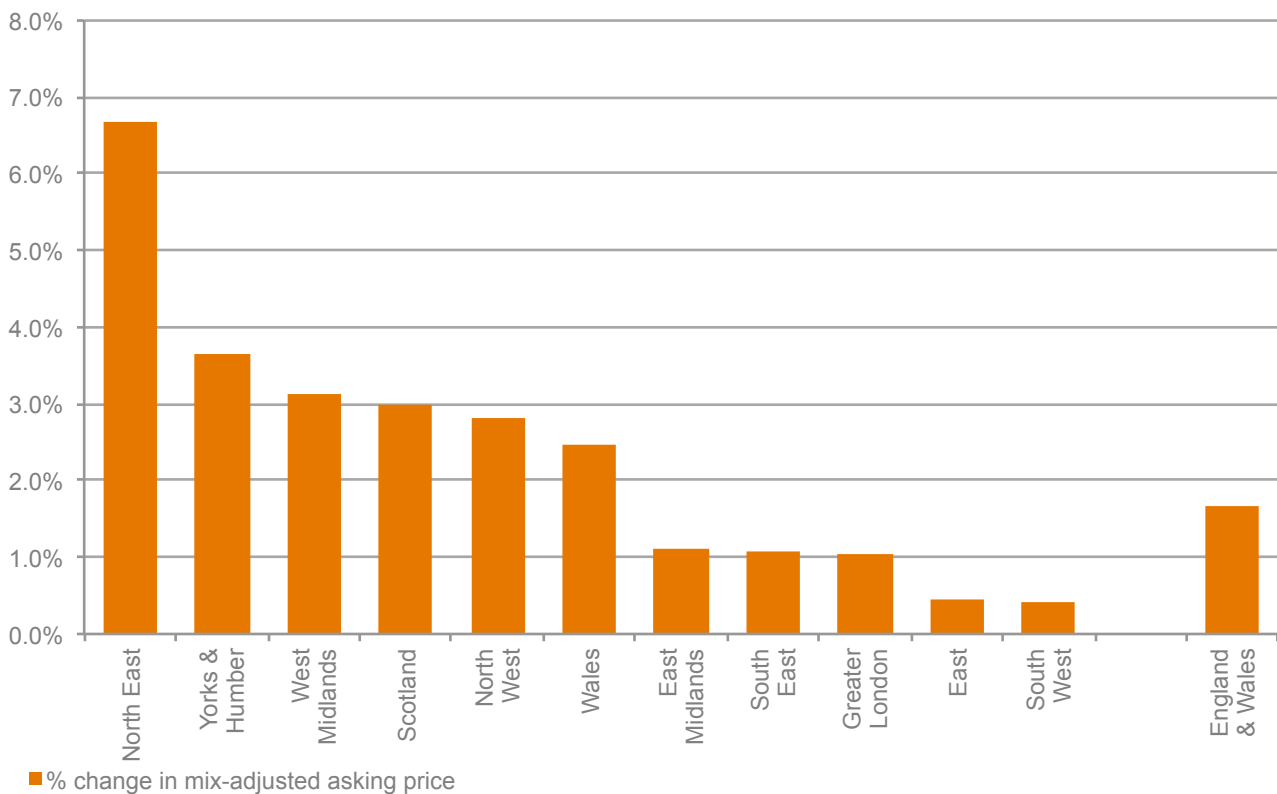
The contrast of this dire period with the current performance of this now vibrant market is stunning, particularly when one considers this was achieved during a period of much higher interest rates. Yorkshire indicates the next best performance with an annualised growth

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



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

## 12-month Regional Price Growth, Oct 2024 vs. Oct 2023



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

of 3.6%, followed by the West Midlands, Scotland, the North West and Wales. As we have stated before, more attractive buy-to-let yields compared to London and adjacent regions are what sets this group apart.

The remaining five English regions have demonstrated a pitiful performance during the last twelve months. With growth lagging inflation, these regions are losing ground in real terms. The East of England and the South West are the

worst performing regions with annualised growth of just 0.4%.

This North-South divide looks set to remain as long as the disparity in rental yields does. Since rents are presently rising well ahead of home prices in the northern regions and Wales, this yield disparity is increasing and will likely persist for some considerable time. Meanwhile, yields are falling in London and showing little change in the adjacent regions.

**“ The data is clear. If it wasn't for buy-to-let investment, there would be no price growth at all.**

The only regional markets that are truly thriving are those where landlords' quest for better yields has led them; namely, northern England, Wales and Scotland. Paragon Bank's rental yield analysis, as reported by Graham Norwood at Property Investor Today<sup>1</sup>, clearly shows the vastly better returns to be had in these areas. Indeed, the average return is over 8% in the North East and rents are still rising far ahead of home prices, despite the fact the same region is showing stellar growth in the sales market. This means that these already excellent yields are getting better by the day.

Moreover, Louisa Sedgwick, Paragon Bank Managing Director of Mortgages is reported as saying: 'Our latest report draws on industry data to reveal that, during the last decade, the north of England has surpassed the south in terms of the proportion of buy-to-let home purchases.'

Of course, the house price growth in these thriving northern property markets feeds into and substantially props up the national average figures. I think it's fair to say that without this investment demand, the UK property market would not have been able to recover from the Truss-Kwarteng plunge of November 2022. Landlord investment is undoubtedly a key market driver but let's consider for a moment what would happen if that sector collapsed...

Market chaos: home values across the UK would go into freefall and rents would go ballistic. Banks would be reluctant to lend and negative equity would once again rear its ugly head. Many would face financial misery if not ruin. The scenario of a major landlord exodus would clearly be catastrophic for the property market. Fortunately, there's no risk of that happening...or perhaps there is...

The Renters' Rights Bill passed its second reading in the House of Commons on the 9th of October and, quite frankly, this legislation, should it become law, could kill off the

Private Rented Sector (PRS). According to Simply Business's Landlord Report, 75% of landlords are concerned about the future of the PRS. A major concern for 69% of landlords is the constantly changing and confusing legislation. The Renters' Rights Bill, which promises the most significant changes in decades, could send the entire market into turmoil.



Key provisions include banning Section 21 evictions (making it more difficult for landlords to regain vacant possession), forcing landlords to accept pets, limiting both the size and frequency of rent increases, ending landlord discretion on whether to accept tenants with children or benefits and prohibiting bidding wars on rental properties.

The proposed ban on Section 21 evictions is particularly contentious. Landlords believe it will make evictions more costly and time consuming (69%) and drive landlords out of the market (62%). Despite 71% of landlords never having used a Section 21 eviction, many view it as a crucial safety net.

Another big issue for landlords is the notion that the legislation states they can't act on rent arrears before three months are up. During this period a landlord could easily slide into financial difficulty. They then find that they can't evict the tenant for non-payment before they themselves become bankrupt.

The Renters' Rights Bill will not improve the lives of tenants; more likely, it will worsen their plight. It is in fact an attack on landlords' fundamental property rights and therefore an attack on the entire UK property market.

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



<sup>1</sup> <https://www.propertyinvestortoday.co.uk/breaking-news/2024/10/revealed-rental-yields-in-different-regions-of-england-and-wales/>

# UK Asking Prices

Scotland	Oct-24
<b>Average Asking Price</b>	<b>£236,297</b>
Monthly % change	0.3%
Annual % change	3.0%

North East	Oct-24
<b>Average Asking Price</b>	<b>£202,769</b>
Monthly % change	0.0%
Annual % change	6.7%

Yorks & The Humber	Oct-24
<b>Average Asking Price</b>	<b>£257,867</b>
Monthly % change	0.1%
Annual % change	3.6%

North West	Oct-24
<b>Average Asking Price</b>	<b>£271,956</b>
Monthly % change	0.4%
Annual % change	2.8%

West Midlands	Oct-24
<b>Average Asking Price</b>	<b>£306,719</b>
Monthly % change	0.1%
Annual % change	3.1%

East Midlands	Oct-24
<b>Average Asking Price</b>	<b>£285,954</b>
Monthly % change	0.1%
Annual % change	1.1%

East	Oct-24
<b>Average Asking Price</b>	<b>£396,977</b>
Monthly % change	0.3%
Annual % change	0.4%

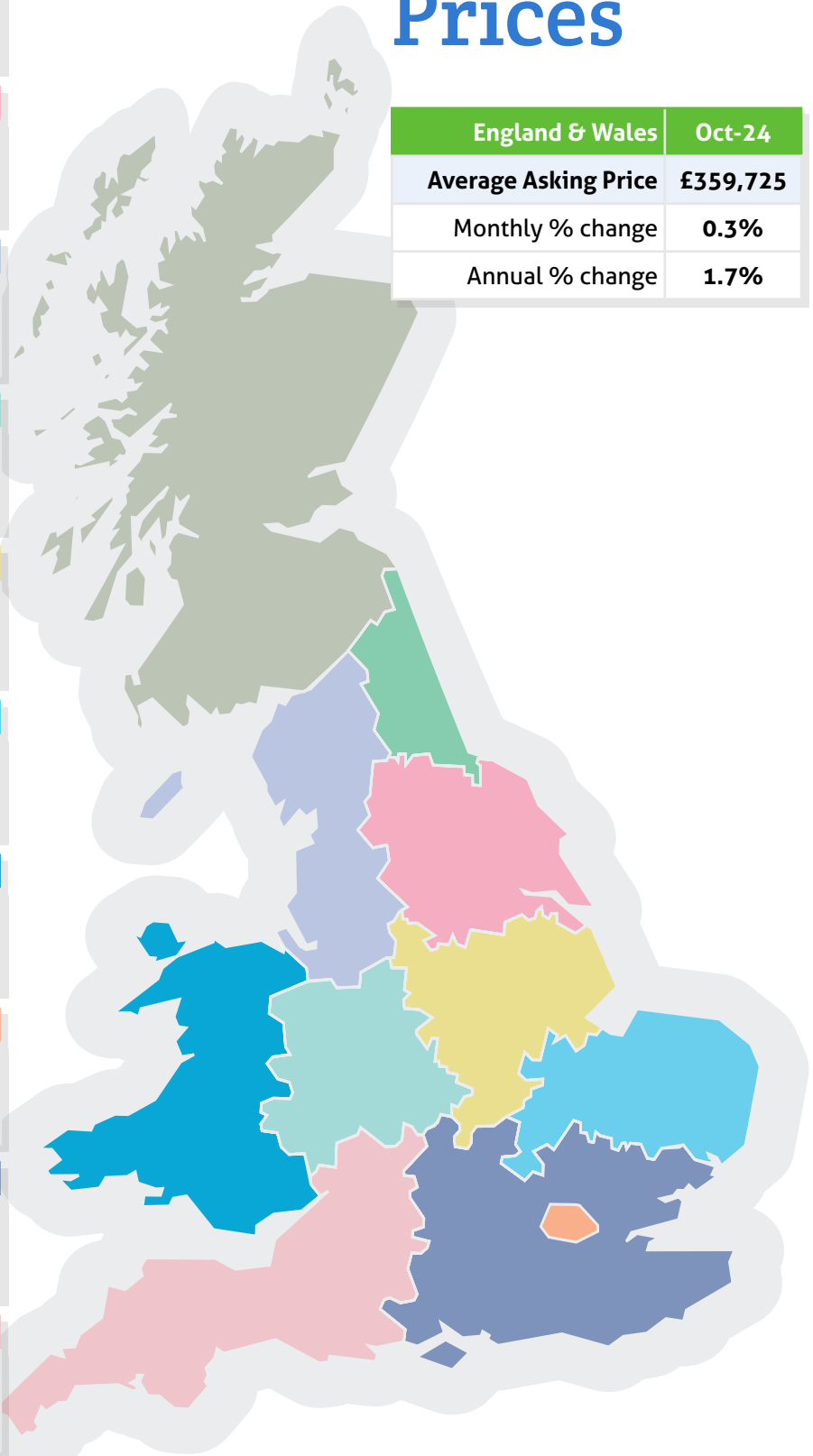
Wales	Oct-24
<b>Average Asking Price</b>	<b>£273,300</b>
Monthly % change	0.5%
Annual % change	2.5%

Greater London	Oct-24
<b>Average Asking Price</b>	<b>£546,589</b>
Monthly % change	0.7%
Annual % change	1.0%

South East	Oct-24
<b>Average Asking Price</b>	<b>£449,309</b>
Monthly % change	0.2%
Annual % change	1.1%

South West	Oct-24
<b>Average Asking Price</b>	<b>£384,025</b>
Monthly % change	0.3%
Annual % change	0.4%

England & Wales	Oct-24
<b>Average Asking Price</b>	<b>£359,725</b>
Monthly % change	<b>0.3%</b>
Annual % change	<b>1.7%</b>



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



# UK Time on Market

Scotland	Oct-24
<b>Average Time on Market</b>	<b>183</b>
Typical Time on Market	74
Annualised % supply change	-3%

North East	Oct-24
<b>Average Time on Market</b>	<b>164</b>
Typical Time on Market	87
Annualised % supply change	-3%

Yorks & The Humber	Oct-24
<b>Average Time on Market</b>	<b>151</b>
Typical Time on Market	88
Annualised % supply change	-2%

North West	Oct-24
<b>Average Time on Market</b>	<b>166</b>
Typical Time on Market	93
Annualised % supply change	3%

West Midlands	Oct-24
<b>Average Time on Market</b>	<b>162</b>
Typical Time on Market	91
Annualised % supply change	4%

East Midlands	Oct-24
<b>Average Time on Market</b>	<b>153</b>
Typical Time on Market	91
Annualised % supply change	4%

East	Oct-24
<b>Average Time on Market</b>	<b>156</b>
Typical Time on Market	88
Annualised % supply change	3%

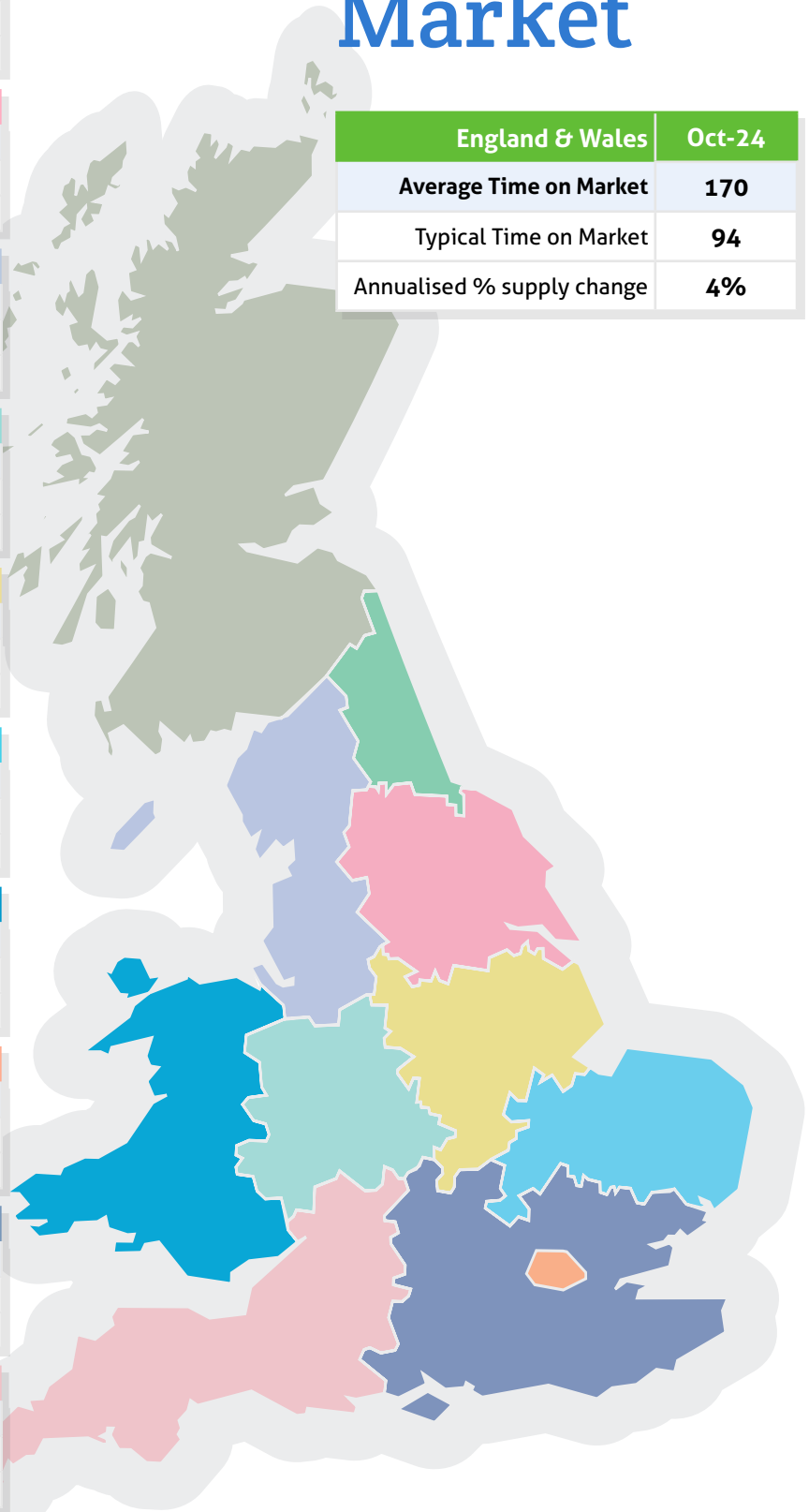
Wales	Oct-24
<b>Average Time on Market</b>	<b>185</b>
Typical Time on Market	106
Annualised % supply change	4%

Greater London	Oct-24
<b>Average Time on Market</b>	<b>193</b>
Typical Time on Market	93
Annualised % supply change	10%

South East	Oct-24
<b>Average Time on Market</b>	<b>160</b>
Typical Time on Market	86
Annualised % supply change	7%

South West	Oct-24
<b>Average Time on Market</b>	<b>160</b>
Typical Time on Market	94
Annualised % supply change	5%

England & Wales	Oct-24
<b>Average Time on Market</b>	<b>170</b>
Typical Time on Market	<b>94</b>
Annualised % supply change	<b>4%</b>



Source: Home.co.uk Asking Price Index, October 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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0845 373 3580
- 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 13<sup>th</sup> November
- Thursday 12<sup>th</sup> December
- Wednesday 15<sup>th</sup> January