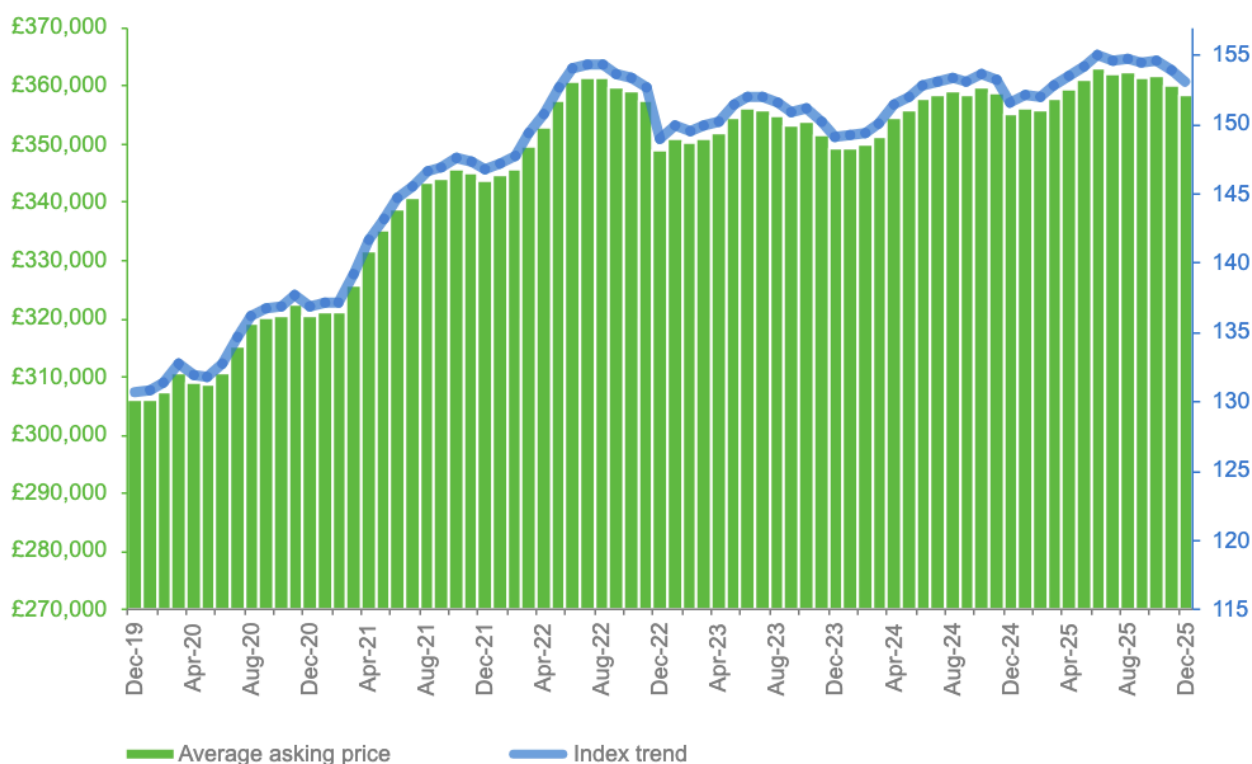


Prices Slide and Supply Plummets as Vendors Wait and See

Headlines

- Vendor numbers crashed during November. Following the October surge which showed the highest number of new instructions for that month in many years, supply has slumped to the lowest November figure since the dark days of post-crisis 2010. Such a huge drop (29% down vs. Nov 2024) indicates the level of vendor hesitancy brought about by the controversial budget from Rachel Reeves and the forthcoming Bank of England decision on interest rates. The largest falls were in the South West, North West and Greater London.
- Home prices continue their seasonal slide. The mix-adjusted average asking price for England and Wales dropped by 0.5% during November, making the annualised growth figure just 1.0%, woefully outpaced by monetary inflation. Yorkshire indicated the largest month-on-month decline.
- The notable glut of unsold stock on the market that formed over the summer months is now reducing rapidly. Thanks in part to vendor hesitancy, the total portfolio count for England and Wales is now just 1.2% more than in December 2024. Total stock dropped by 40K during November and this large reduction will help to support prices while it lasts.
- The North West is the top regional property market growth leader with a year-on-year gain of 2.6%, followed by the West Midlands. Meanwhile, London remains the worst regional performer with an annualised decline of 0.7%.
- Typical Time on Market (TTM) for unsold properties continues to trend higher and is currently seven days more than in December last year.
- The annualised national growth in asking rents trends further into the negative (now -3.8%). Scotland, Wales and all English regions (apart from the North West which shows no change) indicate year-on-year declines in the mix-adjusted average asking rent. The worst performer is the East Midlands with an annualised decline of 13.4%.
- Twenty of the 33 London boroughs indicate positive asking rent growth (up from 17 last month). Kensington and Chelsea is the slowest market (TTM: 39 days) while Barking and Dagenham is the fastest lettings borough (TTM: 15 days).

Home Asking Price Trend for England & Wales



Source: Home.co.uk Asking Price Index, December 2025, Indexed to May 2004 (Value=100).

Overview

The normal sales market dynamic has been grossly distorted by a late autumn budget and the pending decision on interest rates by the Bank of England's Monetary Policy Committee. Many potential vendors, fearful of yet another tax-grabbing budget, sat on their hands rather than enter the market, preferring to wait until the dust settles. The result of all this unnecessary uncertainty before the announcement on the 26th was that 29% fewer properties than expected entered the market in November.

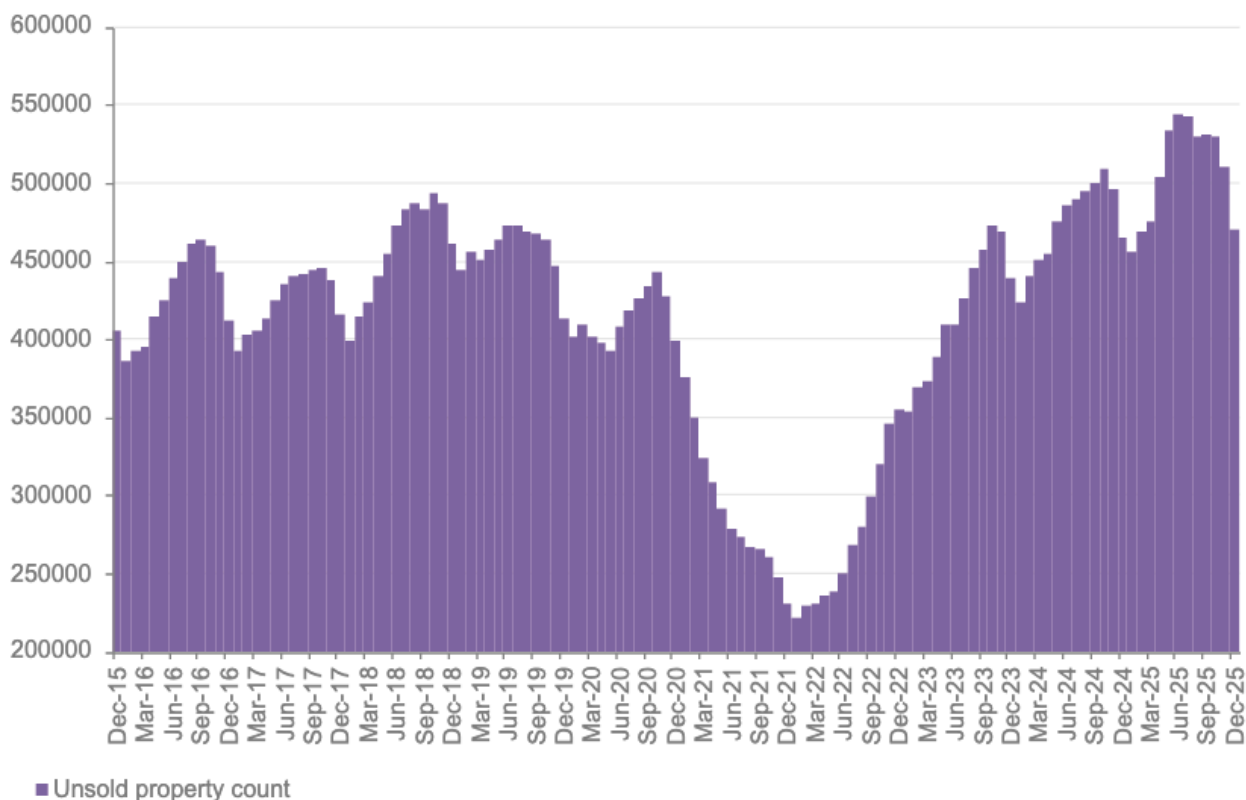
The upshot of this dramatic reduction in supply is a steep fall in the number of properties on the market. In the near term this will support home prices which have been under heavy pressure recently due to a glut of unsold stock. Seasonal expectations are such that agents' portfolios will shrink further

before swelling with a surge in new listings during January.

Buyer demand in the New Year will depend in part on the next Bank of England (BoE) interest rate decision on 18th December. A cut of 0.25% is currently priced in by the markets and this move to lower borrowing costs would be a welcome early Christmas present for UK property sales. On the other hand, should the BoE be hawkish about inflation risks and hold the base rate at 4%, this would create significant negative sentiment among hopeful buyers.

Home prices continue to slide as per seasonal expectations. During the last month prices fell in all English regions (except the South West where there was no change) and in Scotland. Only Wales recorded a small rise during November. At the regional level, the mix-adjusted

Total Stock of Property for Sale, (England & Wales)



Sources: Home.co.uk Asking Price Index, December 2025

average asking price was hit hardest in Yorkshire and Humber (dropping 1.4%), a significant retracement given the growth indicated throughout most of the year.

This serves to confirm that even the formerly top-performing northern regions are now showing weak, sub-inflation, annualised price growth. The search for higher yields was the key driver on the northern regions but with rents sliding, negative real capital gains and now higher tax in rental income, the tide has turned.

We're currently looking at a slower market compared to a year ago. Unsold property is spending more time on the market and the trend is not favourable for vendors. Such increases in the median time on market are normally a forward indicator of price corrections. Currently, the North West and the South West home prices look ripe for a haircut.

Property investors will find the regional home price growth figures over the last five years most disturbing. Capital value increases have been completely outpaced by inflation over this time period. Yield will have helped to fill the gap in most instances but that is merely subsidising a loss in capital value in real terms. Moreover, landlords will now face increased taxation on those returns and, should they choose to sell, Capital Gains Tax (CGT) will likely kick in (at 18% or 24%, depending on basic or higher income tax rates), as indexation was withdrawn altogether for disposals on or after April 2008 for non-corporate entities. This is a deeply unfair state of affairs given that the real capital gain is clearly negative but tax will be owed anyway on part of the nominal growth in value.

Of course, CGT is not the only tax woe facing investors. The recently announced

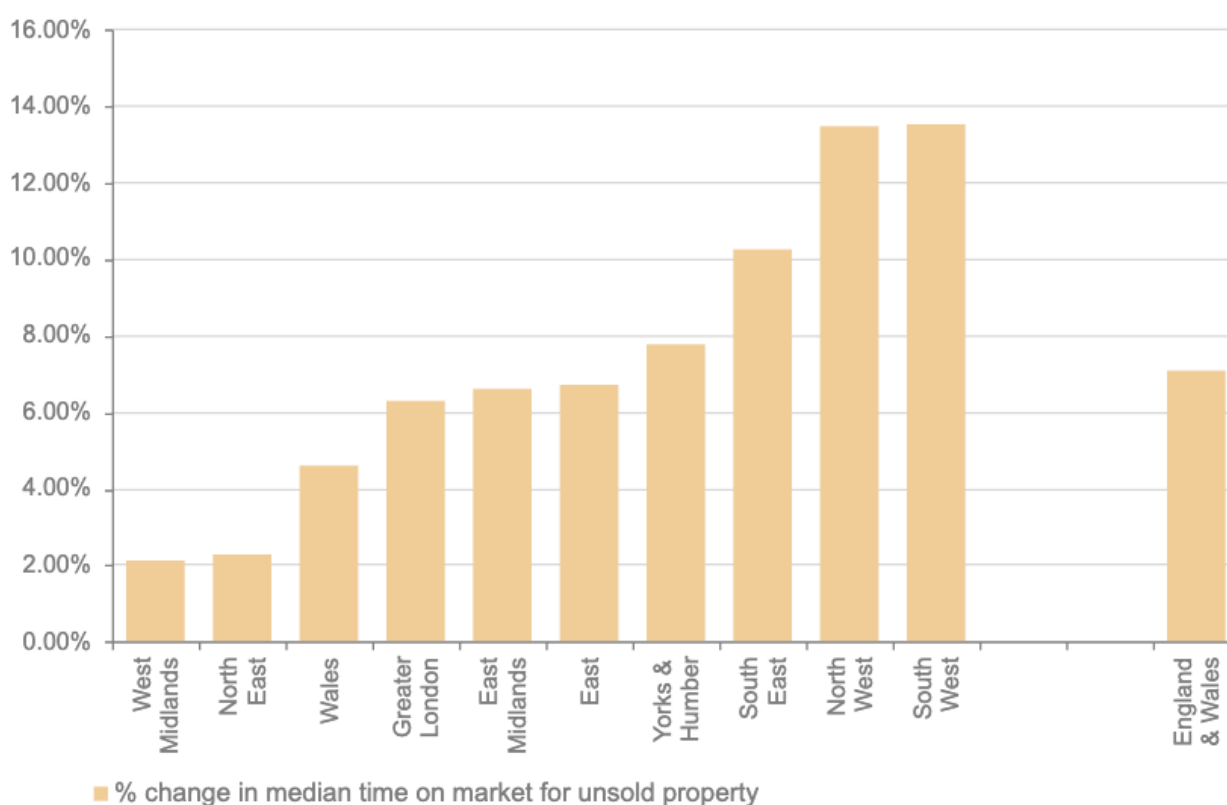
mansion tax on properties over £2M is another. The high council tax surcharge will lead to the price of affected properties falling by 2.5% (as per the government's own costing analysis). London, clearly, will be hit disproportionately. In fact, most of these properties lie in a handful of boroughs which represent the bulk of the UK's prime property. The new tax plus the expected loss of equity is a severe blow to owners of such properties. Moreover, the infrastructure required to collect the tax does not yet exist. We suspect surveyors will be in high demand to contest what is likely to be an algorithm-generated HMRC valuation.

It is arguable that a real opportunity to help UK renters was missed in the budget, namely a tax break for property investors to help increase the supply of available rental stock. This would clearly help to reassure much-needed investors, keep rents in check and increase the

choice for tenants. Private investment is more efficient, nimble and viable than grandiose government targets that are unlikely to be met. Unfortunately, this logic escaped HM Treasury this time around.

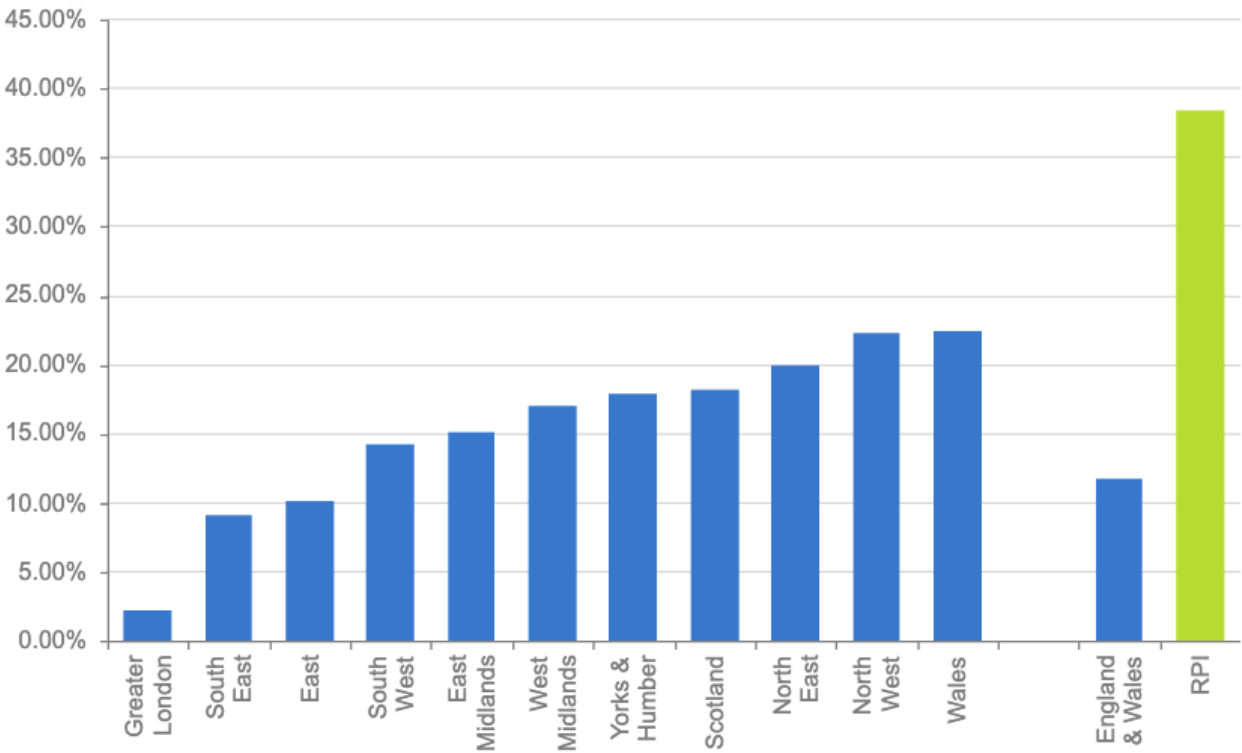
With the festive period now upon us, we can expect significantly reduced activity in the sales market. Only in January will we see an indication of the true market sentiment, post-budget and BoE base rate decision. Until then, we would like to wish all our readers health, happiness and a very Merry Christmas.

% Change in Typical Time on Market, Dec. 2025 vs Dec. 2024



Source: Home.co.uk Asking Price Index, December 2025

5 Year Regional Price Growth, Dec. 2025 vs Dec. 2020



Source: Home.co.uk Asking Price Index, December 2025, <https://www.hl.co.uk/tools/calculators/inflation-calculator>



UK Asking Prices

Scotland	Dec-25
Average Asking Price	£237,053
Monthly % change	-1.4%
Annual % change	2.3%

North East	Dec-25
Average Asking Price	£204,078
Monthly % change	-0.2%
Annual % change	2.3%

Yorks & The Humber	Dec-25
Average Asking Price	£260,831
Monthly % change	-1.5%
Annual % change	2.4%

North West	Dec-25
Average Asking Price	£276,547
Monthly % change	-0.9%
Annual % change	2.6%

West Midlands	Dec-25
Average Asking Price	£309,900
Monthly % change	-0.9%
Annual % change	2.5%

East Midlands	Dec-25
Average Asking Price	£285,798
Monthly % change	-0.4%
Annual % change	1.2%

East	Dec-25
Average Asking Price	£392,092
Monthly % change	-0.6%
Annual % change	0.6%

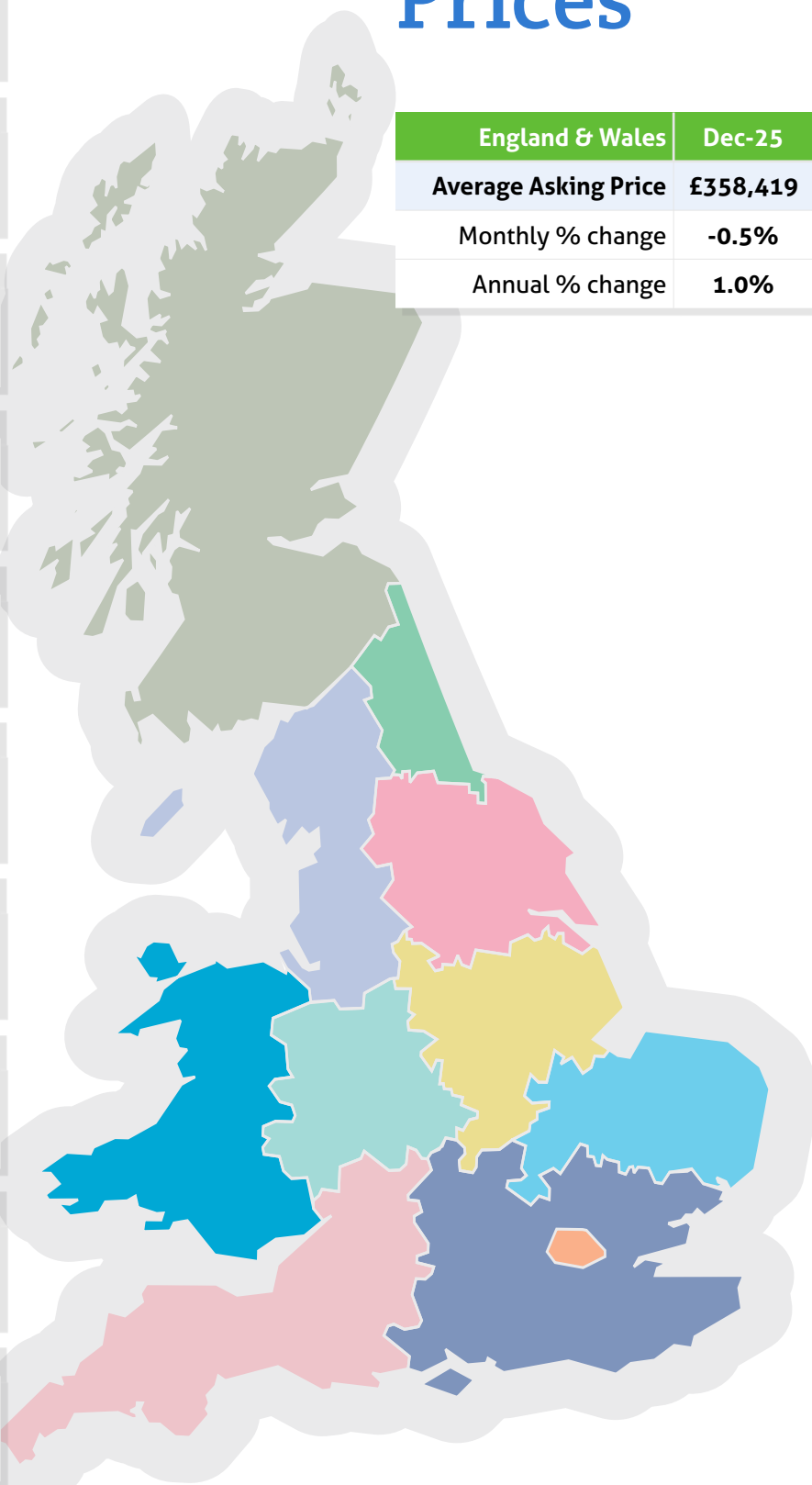
Wales	Dec-25
Average Asking Price	£276,999
Monthly % change	0.5%
Annual % change	2.3%

Greater London	Dec-25
Average Asking Price	£539,900
Monthly % change	-0.3%
Annual % change	-0.7%

South East	Dec-25
Average Asking Price	£444,423
Monthly % change	-0.6%
Annual % change	0.7%

South West	Dec-25
Average Asking Price	£377,662
Monthly % change	0.0%
Annual % change	0.2%

England & Wales	Dec-25
Average Asking Price	£358,419
Monthly % change	-0.5%
Annual % change	1.0%



Source: Home.co.uk Asking Price Index, December 2025

UK Time on Market

Scotland	Dec-25
Average Time on Market	n/a
Typical Time on Market	n/a
Annualised % supply change	n/a

North East	Dec-25
Average Time on Market	164
Typical Time on Market	90
Annualised % supply change	-30%

Yorks & The Humber	Dec-25
Average Time on Market	163
Typical Time on Market	99
Annualised % supply change	-26%

North West	Dec-25
Average Time on Market	170
Typical Time on Market	97
Annualised % supply change	-31%

West Midlands	Dec-25
Average Time on Market	166
Typical Time on Market	99
Annualised % supply change	-28%

East Midlands	Dec-25
Average Time on Market	163
Typical Time on Market	99
Annualised % supply change	-27%

East	Dec-25
Average Time on Market	164
Typical Time on Market	97
Annualised % supply change	-29%

Wales	Dec-25
Average Time on Market	194
Typical Time on Market	121
Annualised % supply change	-27%

Greater London	Dec-25
Average Time on Market	189
Typical Time on Market	105
Annualised % supply change	-31%

South East	Dec-25
Average Time on Market	171
Typical Time on Market	99
Annualised % supply change	-29%

South West	Dec-25
Average Time on Market	182
Typical Time on Market	114
Annualised % supply change	-33%

England & Wales	Dec-25
Average Time on Market	179
Typical Time on Market	106
Annualised % supply change	-29%

Source: Home.co.uk Asking Price Index, December 2025. 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
- To learn more about Home.co.uk data services please visit:
<https://www.home.co.uk/company/data/>

Future release dates:

- Wednesday 14th January
- Thursday 12th February
- Thursday 12th March