



Asking Price Index

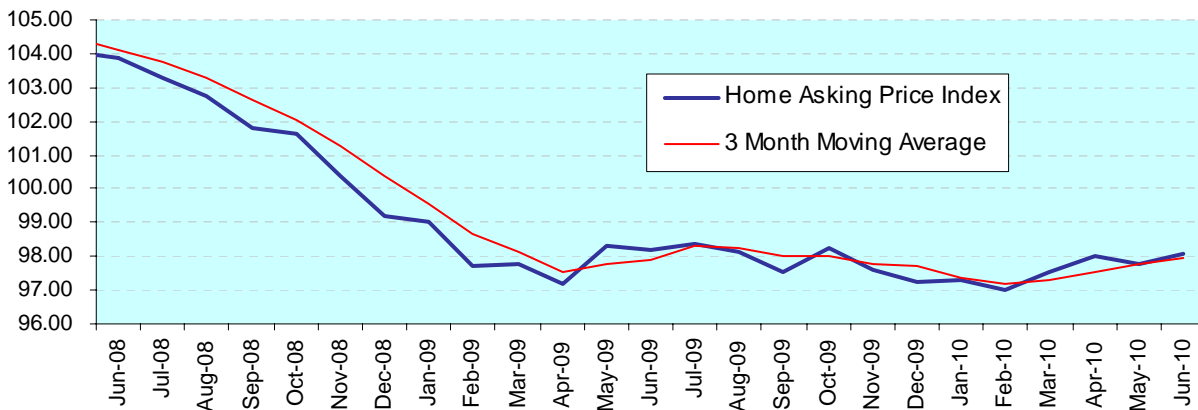
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 14th June 2010

Nervous Sellers Curb Price Rises

"The longevity of the current bounce back in prices remains a legitimate question, in our opinion. The market remains overvalued..." Standard & Poor's chief economist in Europe, Jean-Michel Six.

Home Prices Trend for England and Wales



[Laspeyres](#) Index based on Weighted Arithmetic Mean of Weighted Arithmetic Mean of Regional House Prices. [May04 = 100]

Summary

The mix-adjusted average Asking Price for homes on the market in England and Wales increased by 0.3% this month.

Monthly falls observed in 6 out of 9 English regions and Wales.

Greater London market house prices bounce back up by 1.0%.

The number of properties reduced in price in May was the highest on record since January 2009.

Annual change in asking prices: -0.1%.

Released 14th June 2010

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For media enquiries and interviews please contact: rachael.bonfield@home.co.uk

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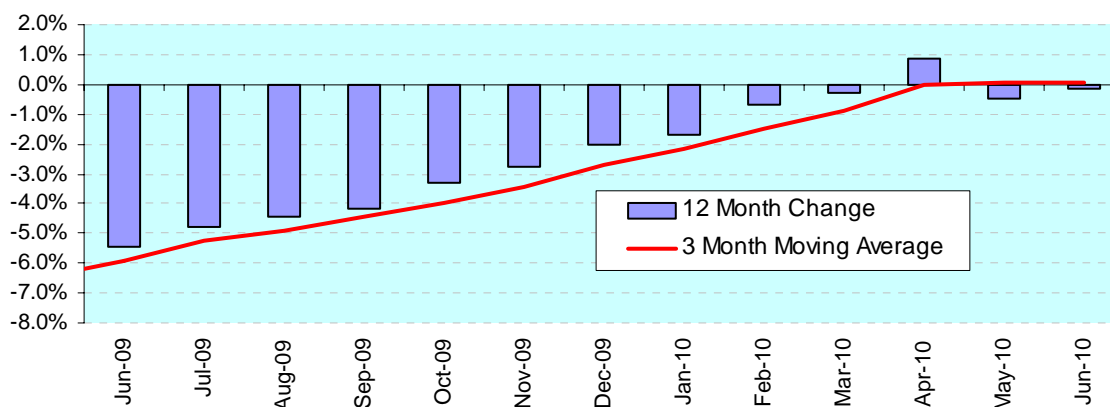
Overview

Increased supply of property for sale is evident across the UK, spurred on by both proposed changes to Capital Gains Tax affecting second homes and, to some degree, the suspension of Home Information Packs. Stock levels have risen in London by 21% over the last three months whilst asking prices have stagnated. The number of UK properties reduced in price in May was the highest on record since January 2009, indicating both frustration and nervousness amongst sellers.

Buyers on the other hand are still in short supply, perpetuated by a gloomy economic outlook, hence the significant downward price pressure for UK property. Mortgage deposits remain a barrier to entry for many potential first-time buyers and next-time buyers: currently at an average of 24% of the purchase price, according to the [CML](#).

Twelve-Month Trend in Asking Prices

12 Month Change in Asking Prices by Month



The year-on-year (YoY) change in Asking Prices for England and Wales is now showing little or no change according to the 3-month moving average, indicating that there is considerable resistance to house price rises across the UK overall.



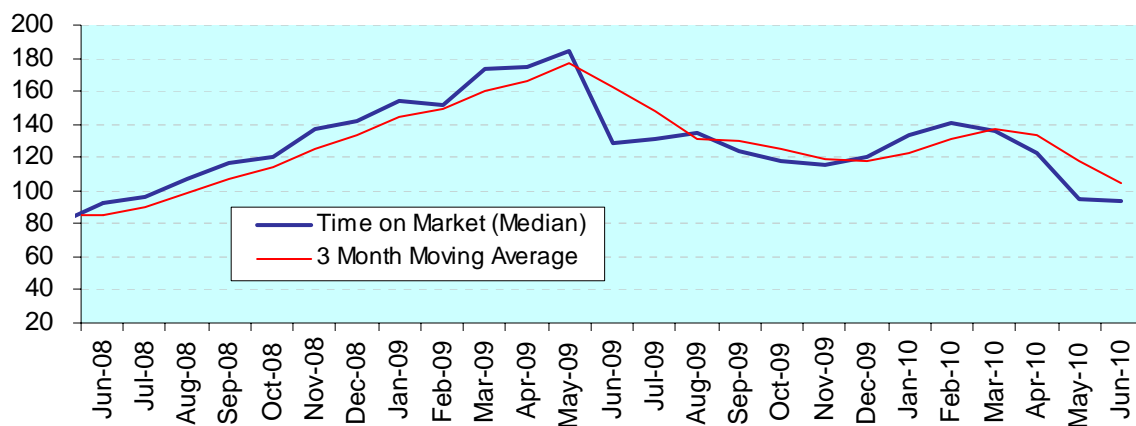
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Time-on-Market Analysis

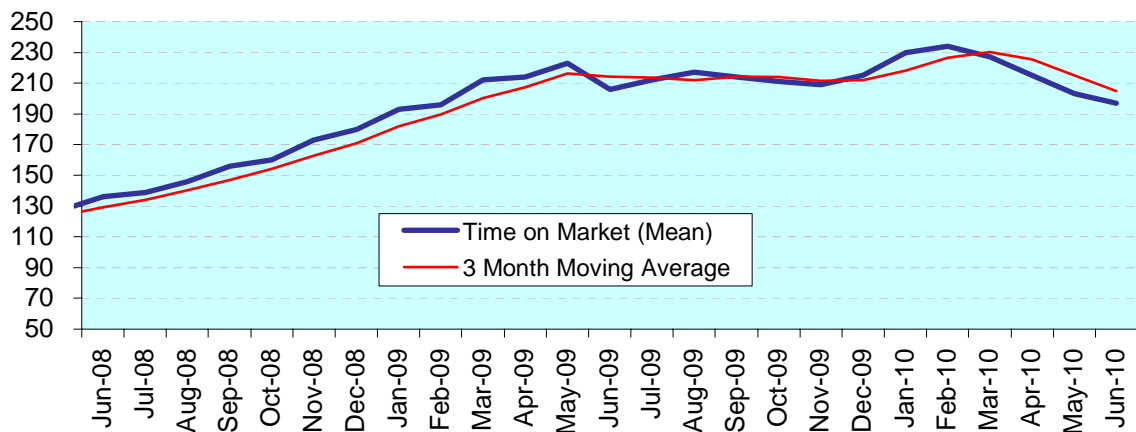
Typical Time on Market (median) for unsold properties has dropped back just 1 day and now stands at 94 days.

Typical Time on Market for England & Wales



Average Time on Market (mean) decreased by a greater margin to 197 days.

Average Time on Market for England & Wales





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Asking Prices, Inflation and Average Earnings

Over the last 12 months, asking prices for homes in England and Wales have fallen 0.1%. Nominal market house prices remain stable, yet they are still falling in real terms, when corrected for monetary inflation ([CPI](#)). Comparing ONS' April figures and the YoY change in asking price figures for the same month shows that asking prices were trailing by 5.0% relative to the [RPI](#) (ex. housing) and *ca.* 2.0% below the [AEI](#) (March figure from ONS excluding bonuses). The HAPI for England and Wales now stands at 98.7 [May04 = 100].

Regional Housing Markets

Regional Asking Prices for June 2010, showing gains and losses since March 2010.

	Current average price	3 month change
Scotland	£163,650	+2.0%
East Anglia	£242,541	+1.5%
South East	£286,791	+1.4%
West Midlands	£191,146	+0.7%
East Midlands	£171,960	+0.6%
Yorkshire and Humber	£171,020	+0.4%
Greater London	£344,021	+0.4%
North East	£153,629	+0.2%
South West	£253,925	+0.1%
Wales	£178,263	-0.5%
North West	£175,040	-0.6%
England & Wales	£229,606	+0.6%

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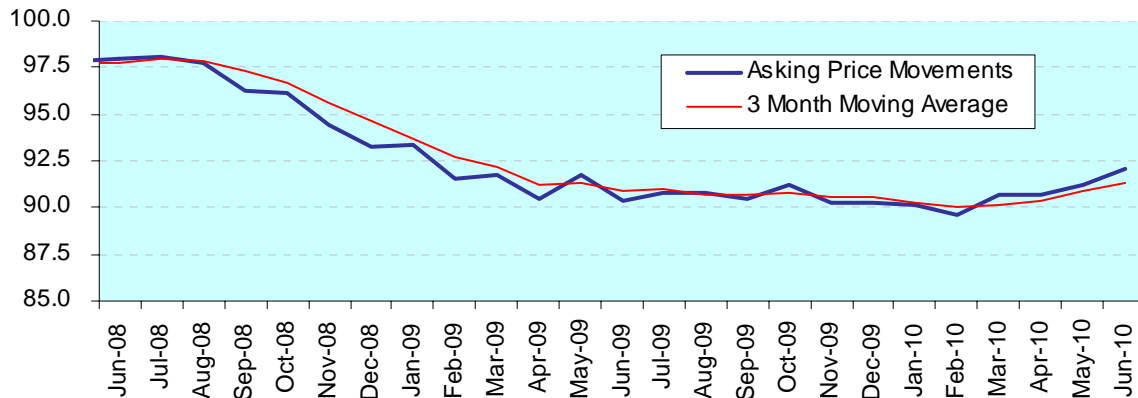
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East Anglia

Market house prices in East Anglia have risen steadily over the last quarter, recovering some of the ground lost over the course of 2009.

Asking Price Movements for East Anglia

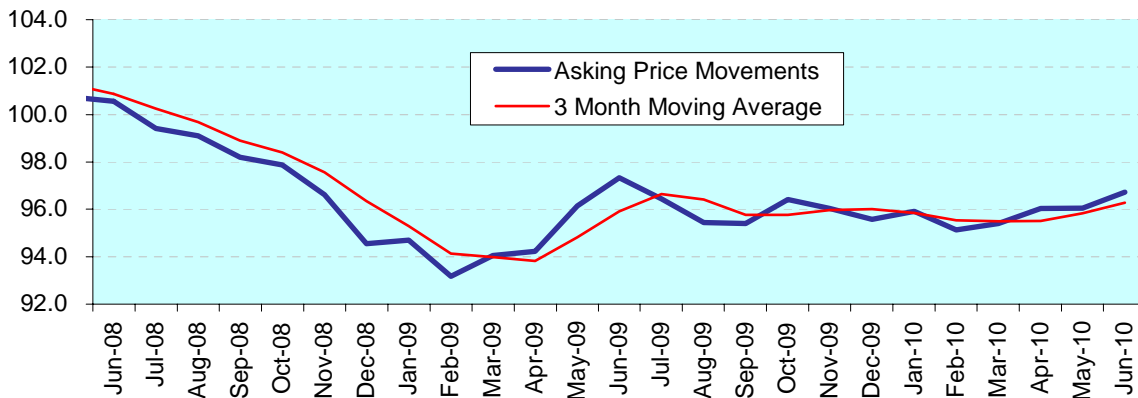


Laspeyres Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

South East

Similarly, asking prices in the South East have increased over the last quarter, but remain 0.6% below the value for June 2009.

Asking Price Movements for the South East



Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]



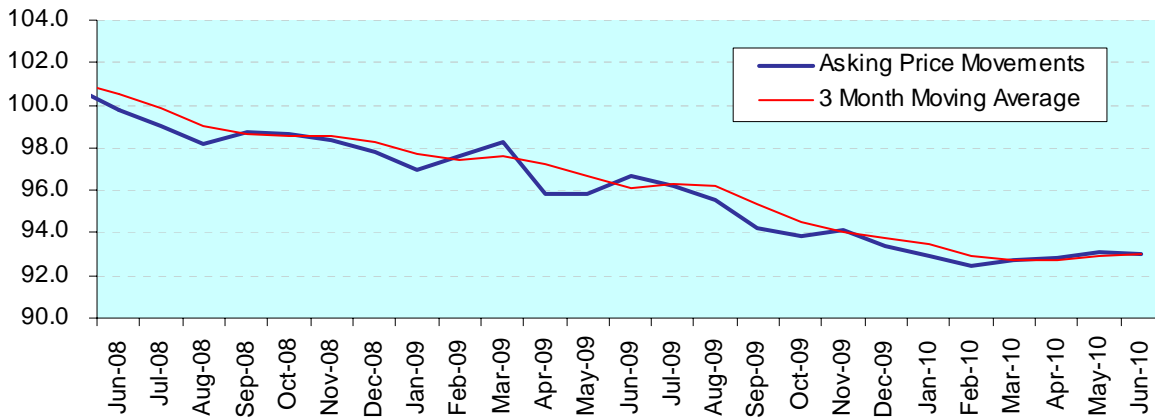
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North East

Asking prices in the North East appear to have arrested a long downward trend for the time being. Correspondingly, the average time on market for property for sale in the North East heartland of [Tyne and Wear](#) has also fallen.

Asking Price Movements for the North East

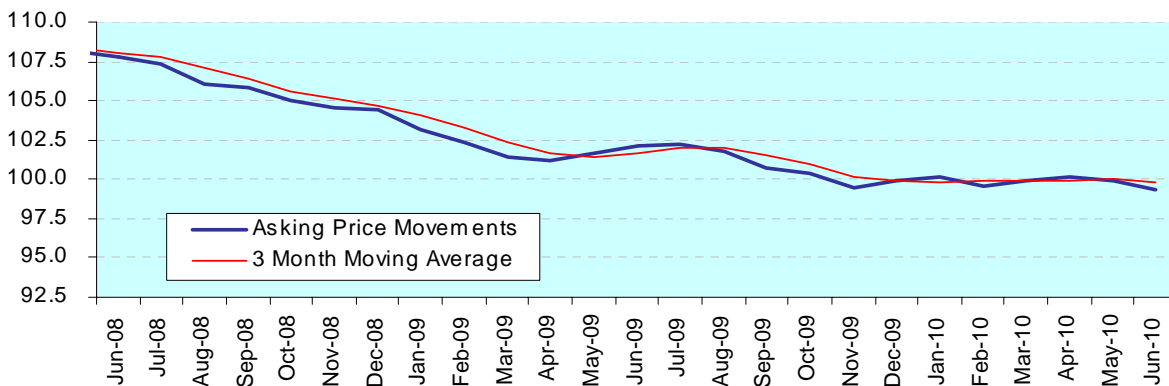


[Laspeyres](#) Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

North West

Asking Prices for homes in the North West have remained essentially unchanged over the last 8 months, remaining ca.2.5% below their summer 2009 highs.

Asking Price Movements for the North West



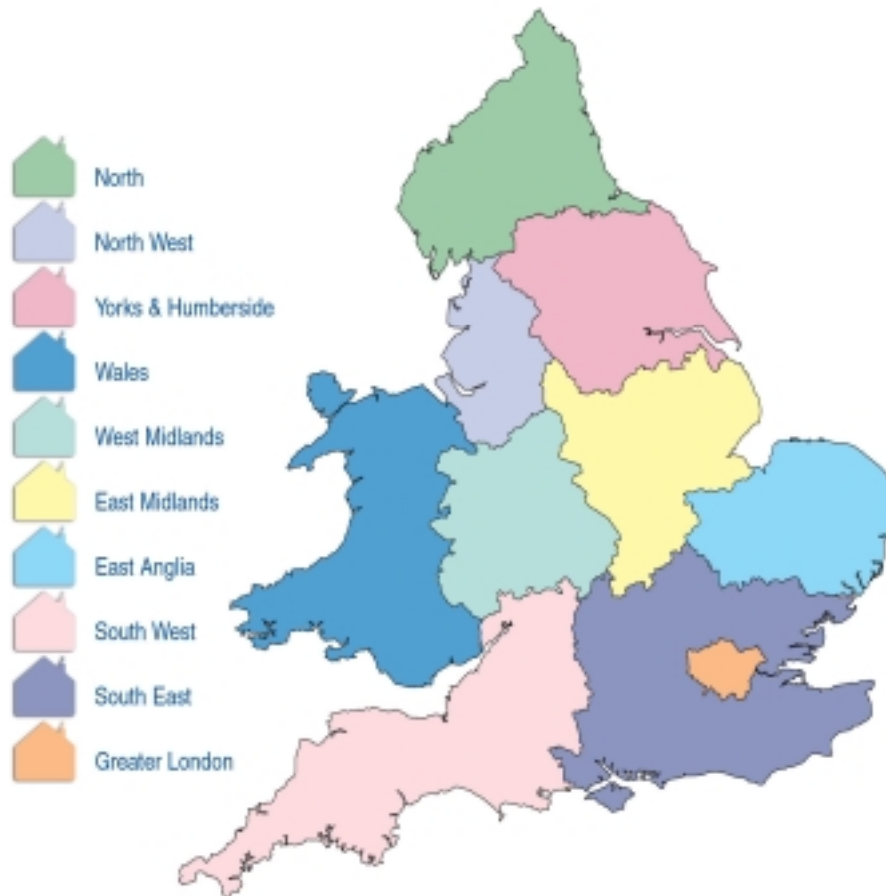
[Laspeyres](#) Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]



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Regions (as per DCLG)



Source: HM Land Registry



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Comment

Austerity Measures Pose New Threat to UK Housing Market

Our new Prime Minister David Cameron is promising big cuts in public spending. This may well be the fiscally responsible action to take given the enormous debts run up by the previous government, yet the resulting public sector job losses and general belt-tightening will inevitably put downward pressure on house prices. Of the 29-million-strong workforce in the UK some 6 million work in the public sector. Hence, cuts amounting to only 10% reduction in public sector jobs would mean around 600,000 more unemployed. Of these around 70% will be owner-occupiers, of which the majority will have mortgages on their property. Whether or not these homes enter the market as distressed sales will depend on the terms of the redundancy.

Buy-to-Let

With over 30% of landlords with tenants in arrears at some point during the last year the private rented sector is certainly facing difficult times. Proposed increases in Capital Gains Tax may well tip the balance for many struggling landlords, who consequently choose to 'cash out' by putting their properties on the market. Selling these properties to other landlords could be very difficult with the number of Buy-to-Let mortgages being only around 300 (less than 10% of the number 3 years ago) and deposits are very high. More likely they will be sold to first-time buyers who have been slowly returning to the market.

BoE Holds Base Rate at 0.5%

Many mortgage holders will be relieved to see rates being kept ultra low by the Bank of England. However, the main barrier to entry for most buyers is simply the large deposit required. This situation is unlikely to change whilst affordability figures indicate that UK residential property remains around 21% overvalued.



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The Home.co.uk Asking Price Index

The Home.co.uk Asking Price Index is produced in association with [Calnea Analytics](#): the statistical consultancy responsible for the production of the official [Land Registry House Price Index](#).

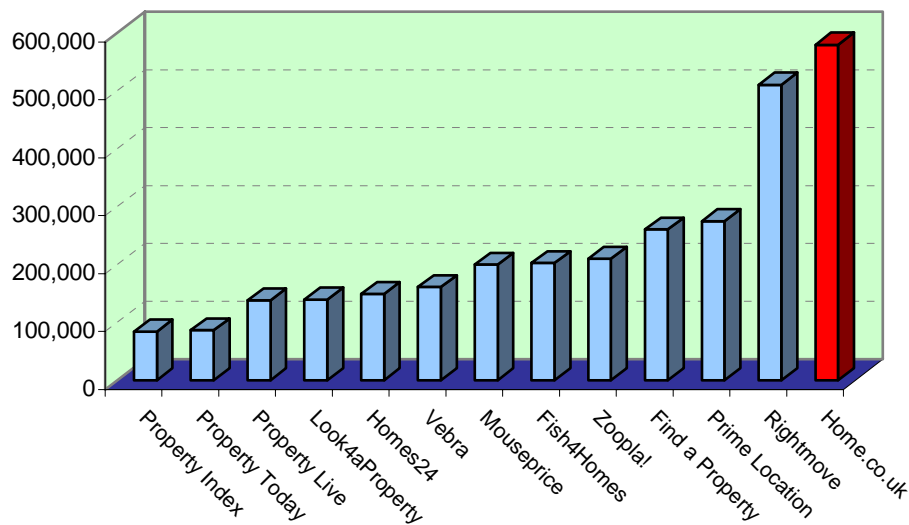
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of 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 600,000 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.

Searchable UK Properties for Sale by Website.

Source: Home.co.uk February 2010



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June 2010

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To learn more about Home.co.uk please visit:
<http://www.home.co.uk/company/about.htm>

For 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

Future release dates:

Monday 12th July

Thursday 12th August

Monday 13th September



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