



April 2011

# Asking Price Index

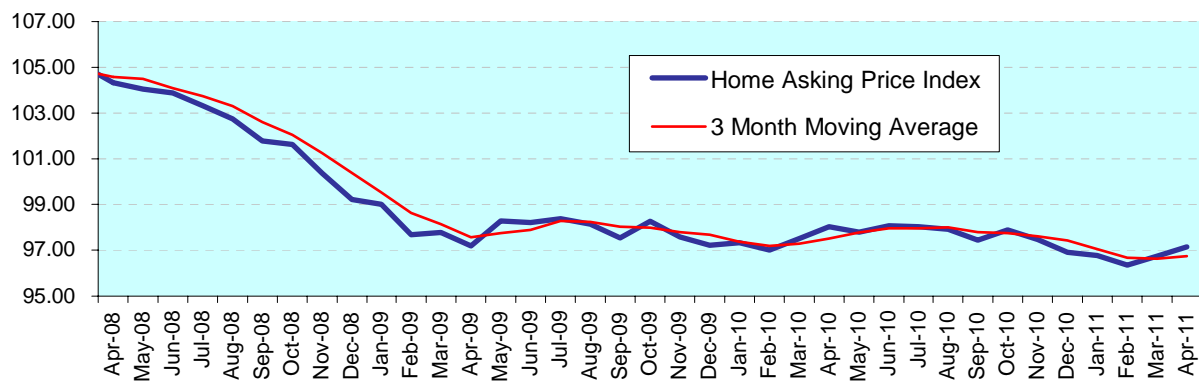
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 12<sup>th</sup> April 2011

## Home Prices Fall Further Behind Inflation

"We set up the FSA believing the problem would come from the failure of an individual institution. That was the big mistake. We didn't understand just how entangled things were." Gordon Brown, former UK Prime Minister and Chancellor.

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 has risen by a further 0.4%, since March.

Due to inflation and falling home values the loss on capital invested in the typical UK home (£184,950) has risen to around £14,800 per year.

The number of properties reduced in price has fallen slightly to 74,946 during the month of March, 29% more than in March 2010.

Typical time-on-market has fallen 8 days to 133 days (median), but remains 10 days more than in April 2010.

Annual change in asking prices: -0.9%

6-month change in asking prices: -0.8%

Released 12<sup>th</sup> April 2011

Page 1 of 12

Copyright © 2011, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580

The Home.co.uk Asking Price Index was originally devised in association with Calnea Analytics Ltd



# Asking Price Index

The UK's Independent Forward Market Indicator

## Overview

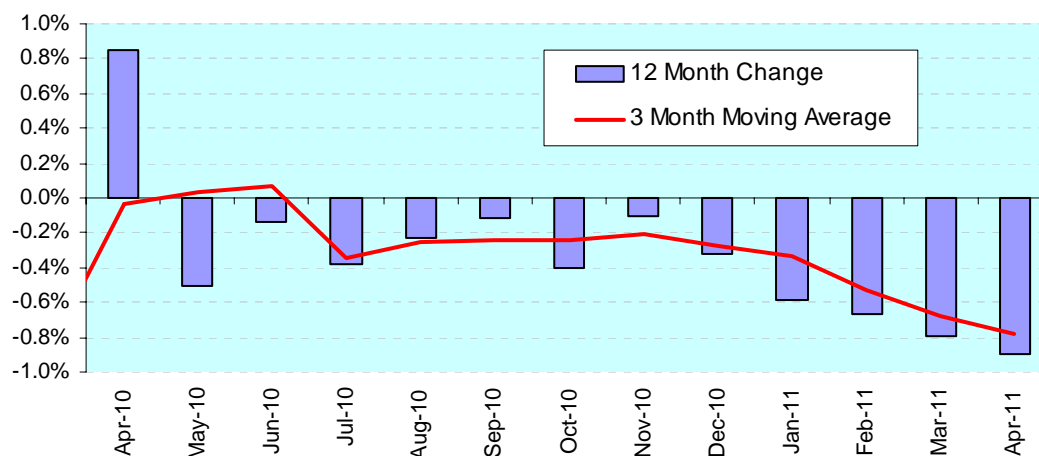
The spring bounce continues in the UK home market. Seasonal optimism has lifted home prices a further 0.4%, although they remain 0.9% less than in April 2010. Supply of properties remains strong (9.5% more new properties appeared on the market in March 2011 than in March 2010) and continues to put downward pressure on asking prices. Hence, vendors continue to resort to price-cutting: 29% more properties were reduced in price in March 2011 than compared to March 2010.

Homebuyer sentiment remains subdued owing to multiple concerns including inflation, job security, future house price stability and mortgage-deposit woes. On the other hand, buy-to-let activity has become a key market driver thanks to a rejuvenated rental sector. Moreover, frustrated sellers are choosing to let out their properties in increasing numbers. The combination of growing rental demand and relatively cheap mortgages (for those that qualify) has served to steady house prices for the time being.

The seasonal increase in property market turnover has further reduced the typical time-on-market to 133 days, although this remains 10 days higher than in April 2010. Average time-on-market for has decreased 6 days to 202 days.

## Twelve-Month Trend in Asking Prices

12 Month Change in Asking Prices by Month



Year-on-year (YoY) asking prices have fallen further, consolidating the downward trend. Corrected for the effect of inflation (RPI ex. housing) the annual fall is much worse at around 7%. The loss on capital invested in the typical UK home (£184,950) is around £14,000 per year.



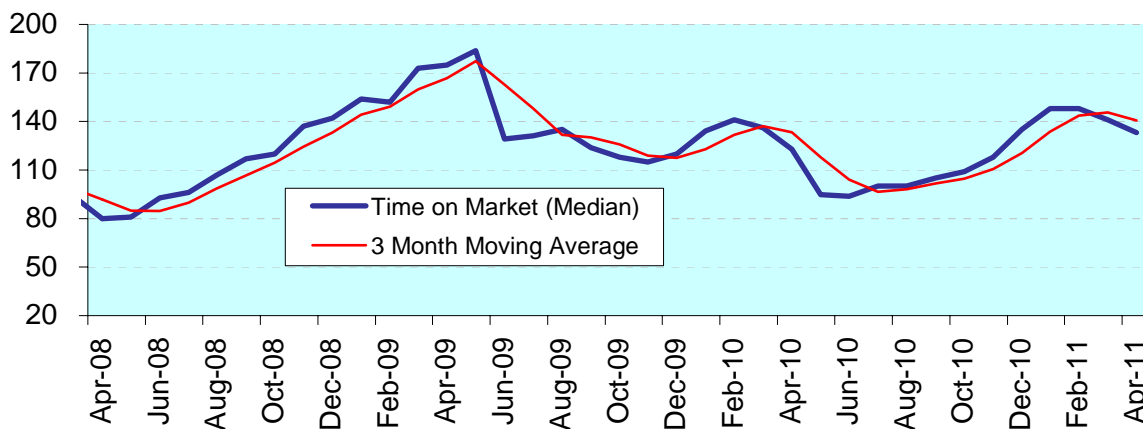
# Asking Price Index

The UK's Independent Forward Market Indicator

## Time-on-Market Analysis

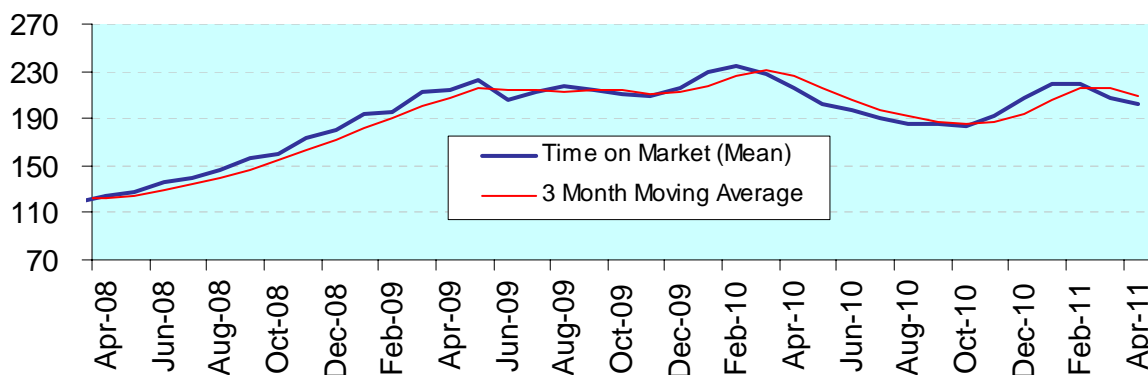
Typical time-on-market has fallen 8 days to 133 days (median), but remains 10 days longer than in April 2010

Typical Time on Market for England & Wales



Both typical and average time-on-market figures for unsold property have fallen since March (by 8 and 6 days respectively) in line with seasonal expectations. Average time-on-market has decreased in all English regions, Scotland and Northern Ireland with exception of Wales, which remains unchanged at 265 days. The average time-on-market for England and Wales at 202 days is 13 days lower than in April 2010.

Average Time on Market for England & Wales



Released 12<sup>th</sup> April 2011

Page 3 of 12

Copyright © 2011, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580



# Asking Price Index

The UK's Independent Forward Market Indicator

## Asking Prices, Inflation and Average Earnings

The mix-adjusted average asking price for homes in England and Wales has fallen 0.9% since April 2010. UK property sales activity remains subdued overall, when compared to pre-crisis turnover levels. As previously noted, the private rental sector is enjoying increased demand but with the best typical rental yield around 7%, rents need to rise quickly in order that landlords don't lose out to rising inflation.

Higher inflation is further eroding property prices in real terms. Comparing ONS February figures and the YoY change in asking prices for the same month shows that asking prices were falling in real terms, by 7.2% per year, relative to the [RPI](#) (ex. housing). Homes are becoming more affordable as prices fall relative to average earnings: 2.8% below the [AEI](#) (December figure from ONS ex. bonuses). The HAPI for England and Wales now stands at 97.2 [May04 = 100].

## Regional Housing Markets

Regional Asking Prices for April 2011, showing gains and losses since April 2010 and current typical Time-on-Market.

	Current average price	12-month change	ToM (days)
East Anglia	£240,399	+0.7%	86
East Midlands	£172,350	+0.1%	145
Scotland	£162,737	-0.1%	173
Greater London	£346,088	-0.4%	75
North East	£152,597	-0.5%	182
South East	£282,136	-0.9%	75
Yorkshire and Humber	£167,878	-1.3%	179
Wales	£175,886	-1.6%	182
South West	£249,695	-1.8%	104
West Midlands	£186,871	-1.9%	139
North West	£173,107	-2.0%	171
England & Wales	£227,433	-0.9%	133

Released 12<sup>th</sup> April 2011

Page 4 of 12

Copyright © 2011, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580



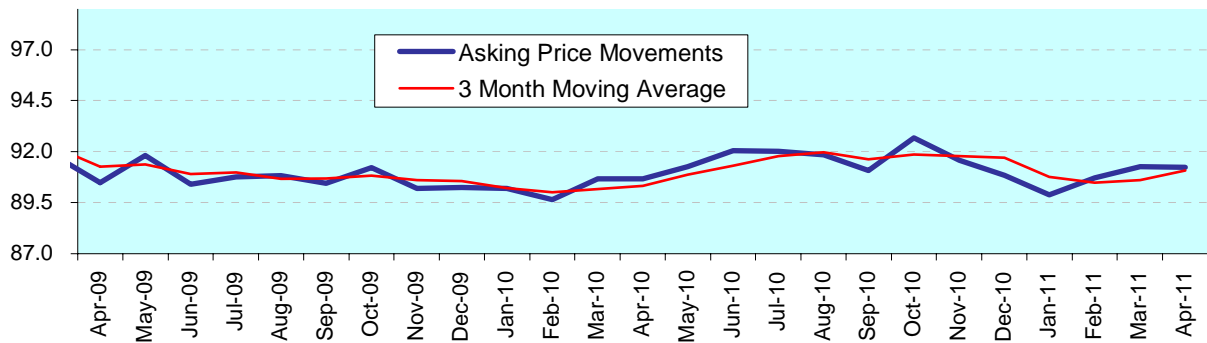
# Asking Price Index

The UK's Independent Forward Market Indicator

## East Anglia

Of all the English regions, the East Anglian home market prices were the best performers over the last year. Following a decline over the winter months, asking prices in East Anglia have recovered lost ground during the spring bounce. Home prices in East Anglia are now 0.7% higher, on average, than they were in April 2010. Falling time-on-market figures suggest that prices will rally further into the summer months.

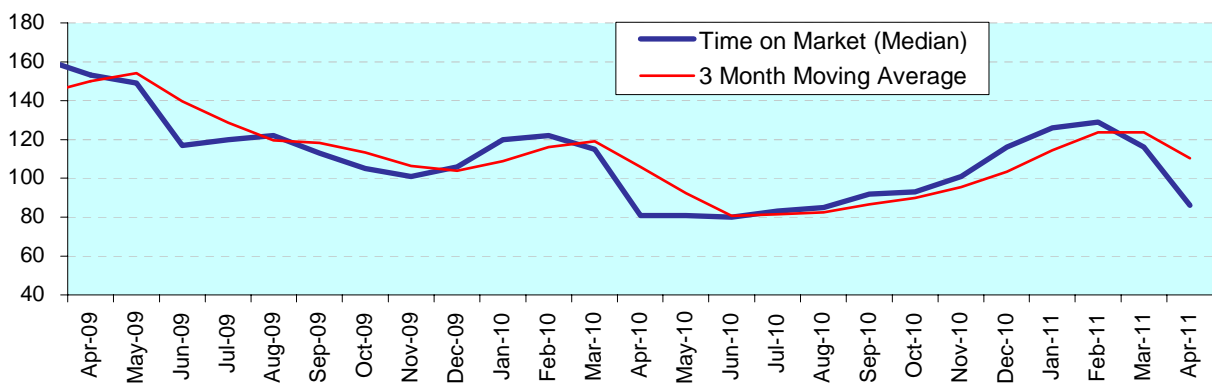
Asking Price Movements for East Anglia



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

The typical time-on-market trend (median) for East Anglia indicates that activity has increased markedly over the last two months, in line with last year's spring surge, albeit the current typical ToM, at 86 days, is 5 days higher than in April 2010.

Typical Time on Market for East Anglia



Released 12<sup>th</sup> April 2011

Page 5 of 12

Copyright © 2011, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580



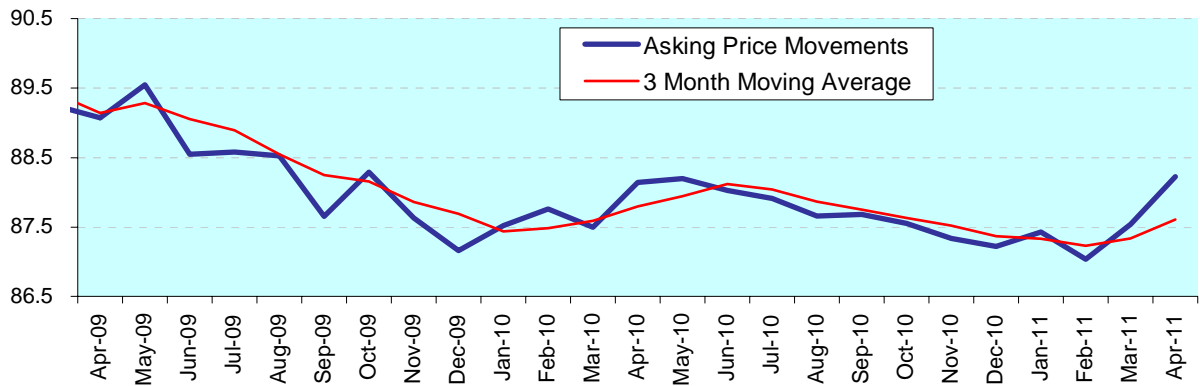
# Asking Price Index

The UK's Independent Forward Market Indicator

## East Midlands

The East Midlands is experiencing a strong spring rally in asking prices. Prices fell away gradually last year but all of this lost ground has already been recovered. Asking prices have bounced up 1.4% since February.

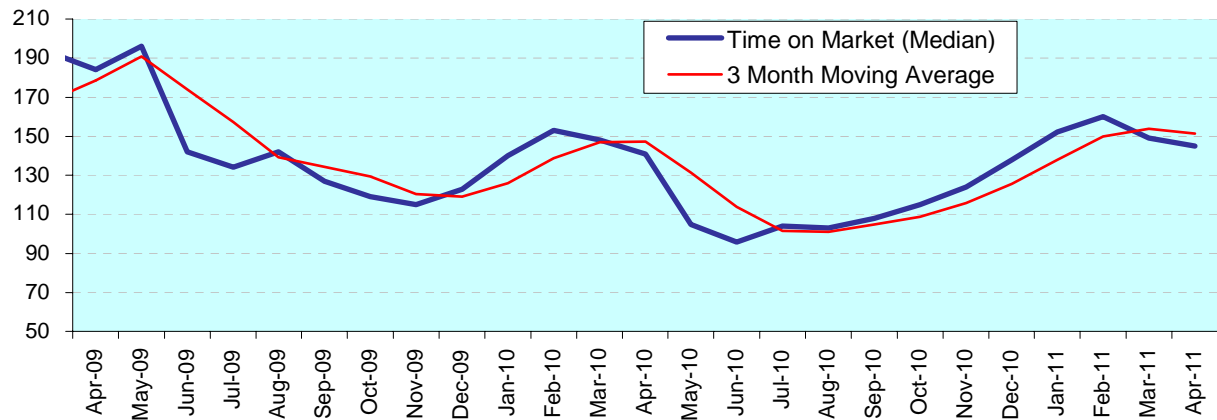
Asking Price Movements for the East Midlands



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

Falling time-on-market figures for the East Midlands has buoyed optimism among sellers and, if last year's trend is repeated, the typical time-on-market will fall further over the next two months. The current typical time-on-market for the East Midlands is 145 days: 4 days more than in April 2010.

Typical Time on Market for East Midlands



Released 12<sup>th</sup> April 2011

Page 6 of 12

Copyright © 2011, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580



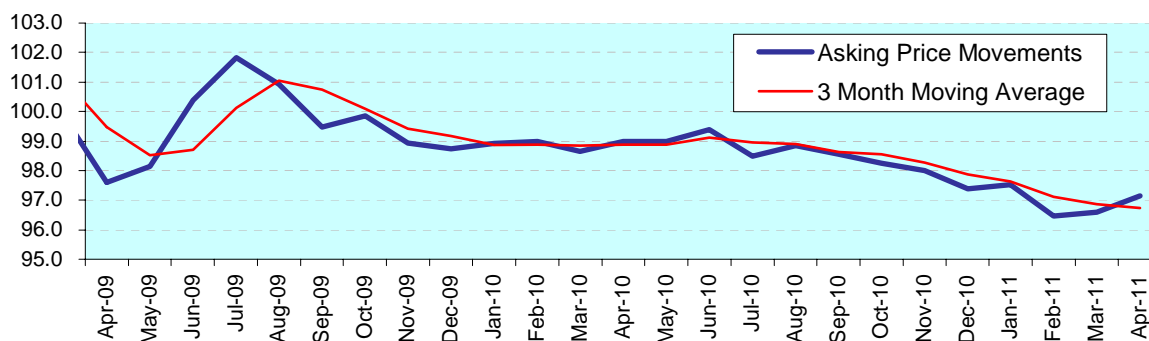
# Asking Price Index

The UK's Independent Forward Market Indicator

## West Midlands

A long 8-month slide in asking prices of homes on the market in the West Midlands have made this English region one of the worst performers over the last year. Market house prices have fallen 1.9% since April 2010. The spring rally, thus far, falls a long way short of the price-high in June last year.

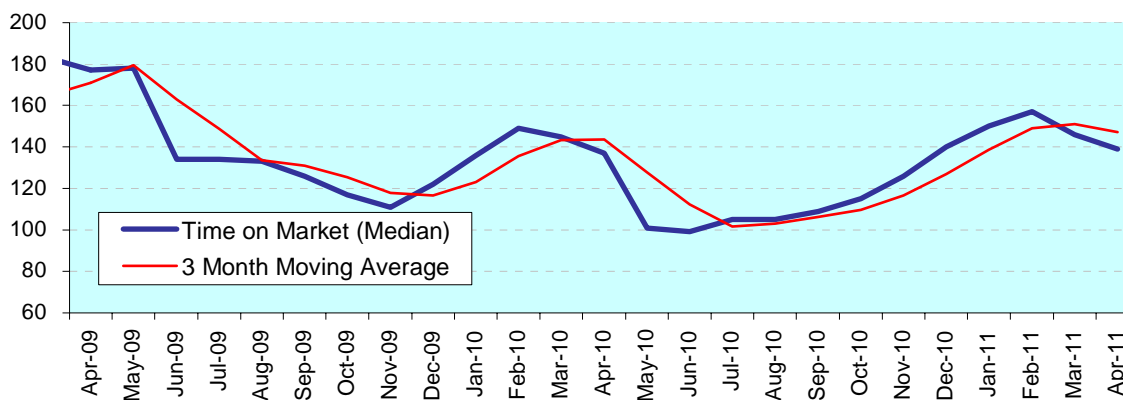
Asking Price Movements for the West Midlands



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

Typical time-on-market statistics show that, in accordance with 8-month slide in asking prices, properties for sale were spending longer on the market. Since February, we observe a reduction in typical time-on-market indicating a spring bounce in the West Midlands property market.

Typical Time on Market for West Midlands



Released 12<sup>th</sup> April 2011

Page 7 of 12

Copyright © 2011, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580



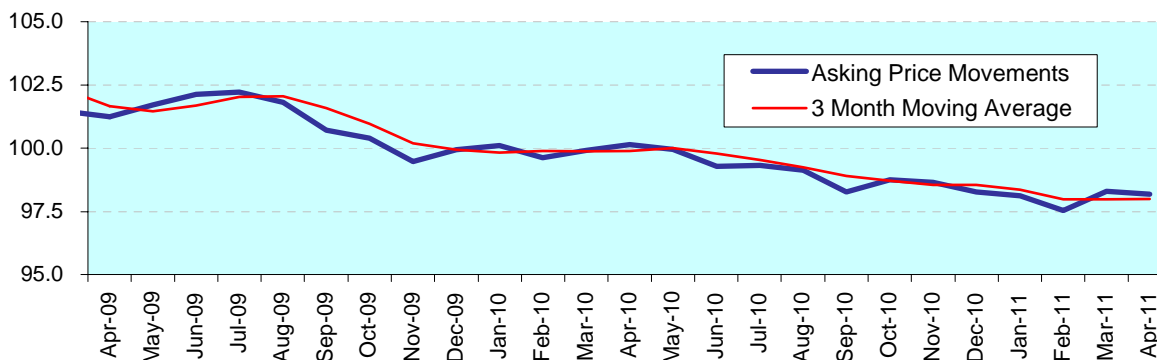
# Asking Price Index

The UK's Independent Forward Market Indicator

## North West

The North West is the worst performing region over the last year, where prices fell 2.0%. Prices have rallied slightly over the last two months but the spring bounce is notably weak. Home asking prices in the North West are now 3.1% less than they were in April 2009.

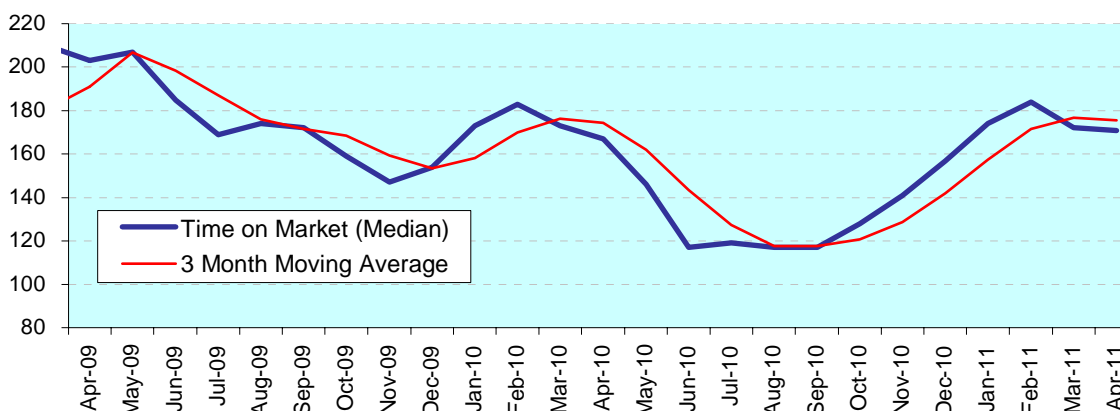
Asking Price Movements for the North West



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

Typical time-on-market in this region has fallen slightly since the recent high of 184 in February. Typical time-on-market in the North West is now 171 days.

Typical Time on Market for the North West



Released 12<sup>th</sup> April 2011

Page 8 of 12

Copyright © 2011, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580

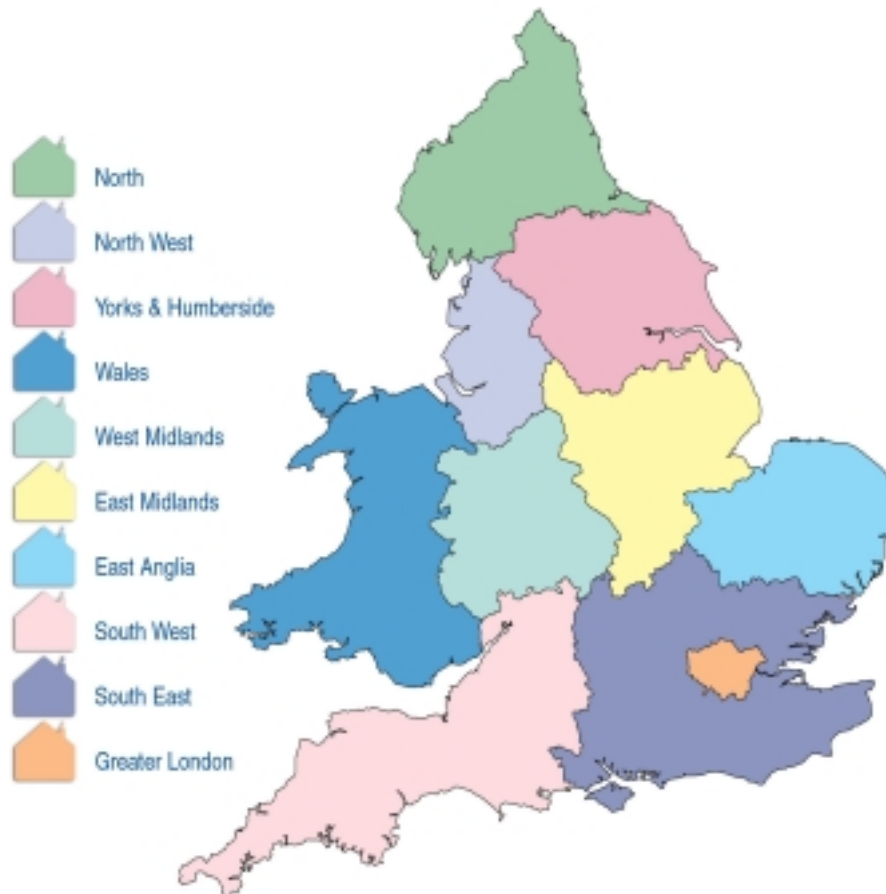




# Asking Price Index

The UK's Independent Forward Market Indicator

**Regions** (as per DCLG)



Source: HM Land Registry



# Asking Price Index

The UK's Independent Forward Market Indicator

## Comment

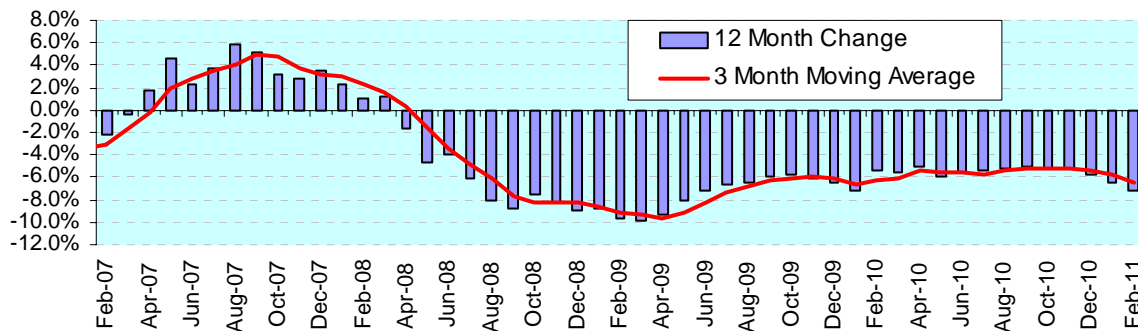
### **Inflation: The theft by stealth of capital in property.**

Since April 2008 UK property has no longer been a safe store of capital value (i.e. the time when house prices no longer kept up with inflation).

"Inflation is as violent as a mugger, as frightening as an armed robber and as deadly as a hit man." Ronald Reagan, US President 1981-1989.

The average asking price for England and Wales in February 2008 was £244,315. The current value of the property in terms of Feb 2008 pounds invested (corrected for asking prices changes and non-housing inflation over the 3 year period) is £193,891. This represents a loss on capital value of £48,364 or just over £16,000 per annum. This figure represents the cost to capital (in terms of 2008 pounds) of owning UK property outright (i.e. a cash purchase in Feb 2008). The loss in today's

**Inflation Adjusted YoY Change in Asking Prices by Month**



less valuable pounds is around £55,563. However, often this loss in capital value is not noted. Today's nominal value of the same hypothetical 'average UK house' is £225,579, hence the nominal loss, due to asset price depreciation, is much smaller at around £19,000 over all three years.

If the property had been bought with a 90% interest only mortgage, the losses are less immediate. The loss to capital in 2008 pounds on the initial deposit would only be around £5,000, with nominal negative equity of just £17,100. The value of the outstanding loan will also have been eroded by inflation to the benefit of the homeowner (by around 15% in 2008 pounds). One might conclude that the purpose of current UK economic policy is to benefit the heavily indebted: government, banks, business and mortgagees. Meanwhile, savers and those with capital tied up in property pay a heavy price.



# Asking Price Index

The UK's Independent Forward Market Indicator

## About the Home.co.uk Asking Price Index

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

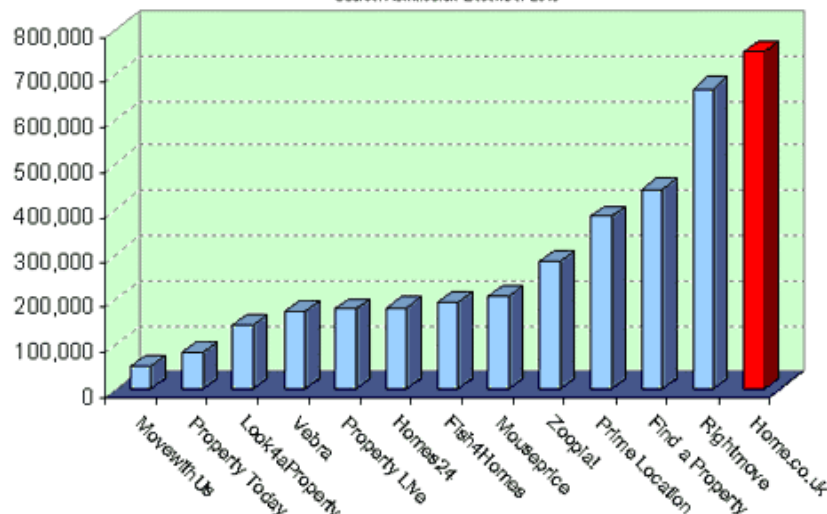
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](http://Survey of English Housing Stock) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of National Statistics](http://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 800,000 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 December 2010



Released 12<sup>th</sup> April 2011

Page 11 of 12

Copyright © 2011, HomeCo Internet Property Ltd

For media enquiries and interviews please contact: [rachael.bonfield@home.co.uk](mailto:rachael.bonfield@home.co.uk)

Press Office: 0845 373 3580



April 2011

# Asking Price Index

The UK's Independent Forward Market Indicator

## Contact Details

For media enquiries and interviews please contact: [rachael.bonfield@home.co.uk](mailto:rachael.bonfield@home.co.uk)

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](http://www.home.co.uk/asking_price_index/Mix-Adj_Methodology.pdf)

## Future release dates:

Thursday 12<sup>th</sup> May

Monday 13<sup>th</sup> June

Tuesday 12<sup>th</sup> July



---

Released 12<sup>th</sup> April 2011

Page 12 of 12

Copyright © 2011, HomeCo Internet Property Ltd

For media enquiries and interviews please contact: [rachael.bonfield@home.co.uk](mailto:rachael.bonfield@home.co.uk)

Press Office: 0845 373 3580

The Home.co.uk Asking Price Index was originally devised in association with Calnea Analytics Ltd