



Asking Price Index

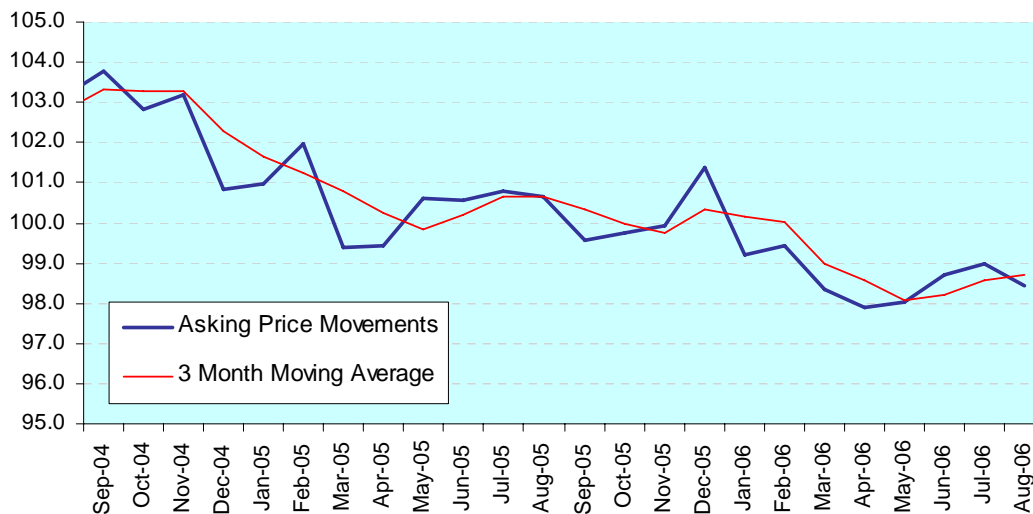
The UK's Independent Forward Market Indicator

Release date: 11th August 2006

Property Discounting Returns.

"In the absence of the gold standard, there is no way to protect savings from confiscation through inflation. There is no safe store of value." [Alan Greenspan](#)

Asking Price Movements for England and Wales



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

Summary

Asking Prices for residential property in England and Wales fell back this month by 0.6%.

Asking Prices in England and Wales fell 2.2% over the last year (4.7% below the [CPI](#)).

London Asking Prices fell by 2.7% over the last six months following price-cutting by sellers.

Released 11th August 2006

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Overview

Following three consecutive months of small rises in asking prices in England and Wales, the mix-adjusted average was knocked back this month by 0.6%. Such observations serve to underline the current tight affordability constraints that the market is now operating under and indicates that significant house price rises are unlikely over the coming year. The asking price trend for the last year has slipped further below the annual inflation rate, making a current differential of 4.7%. In the medium term, asking prices have been following a downward trend, both nominally and in real terms.

Regional Housing Markets

The regional average asking prices for Aug 06 showing gains and losses since Feb 06.

Wales	£188,393	+4.3%
South West	£255,335	+1.6%
Scotland	£148,409	+1.4%
East Midlands	£191,754	-0.1%
East Anglia	£253,033	-0.9%
South East	£268,452	-1.0%
West Midlands	£196,473	-1.2%
North West	£185,869	-1.9%
Yorkshire and Humber	£168,119	-2.1%
Greater London	£303,433	-2.7%
North	£164,893	-2.8%

[Laspeyres](#) Indices based on Weighted Arithmetic Mean of Regional House Prices. See Notes.

Regional trends are discussed the following Regional Analysis.

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Regional Analysis

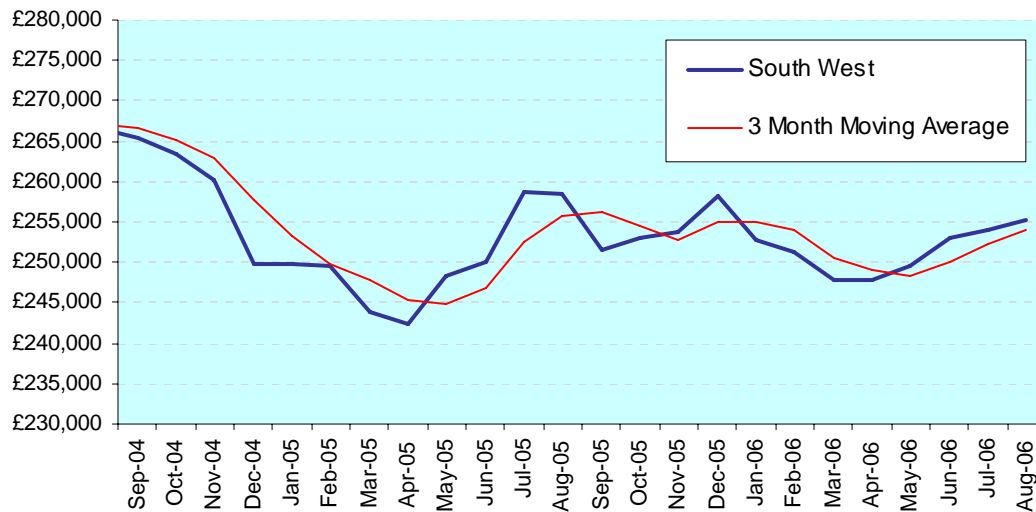
Seasonal factors bumped up prices in the South West and Wales this month corresponding with the large annual influx of visitors to these traditionally popular summer destinations. They were, however, amongst the few regions to indicate a monthly rise for August. The North West was the only other region to register a rise in asking prices this month.

Greater London and Yorks & Humber showed the largest monthly falls this month (2.0% and 1.9% respectively) whilst the remainder of England's regions suffered only minor reductions in asking prices. A fall in Yorks & Humber is significant in that, until now, this region has been one of England's strongest performers and may suggest that the affordability limit has been reached.

Finally, Scotland showed the first significant drop in asking prices (3.4%) in the last 18 months, suggesting that the long run of rising house prices has peaked North of the Border.

South West

Asking Price Movements for the South West



Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices

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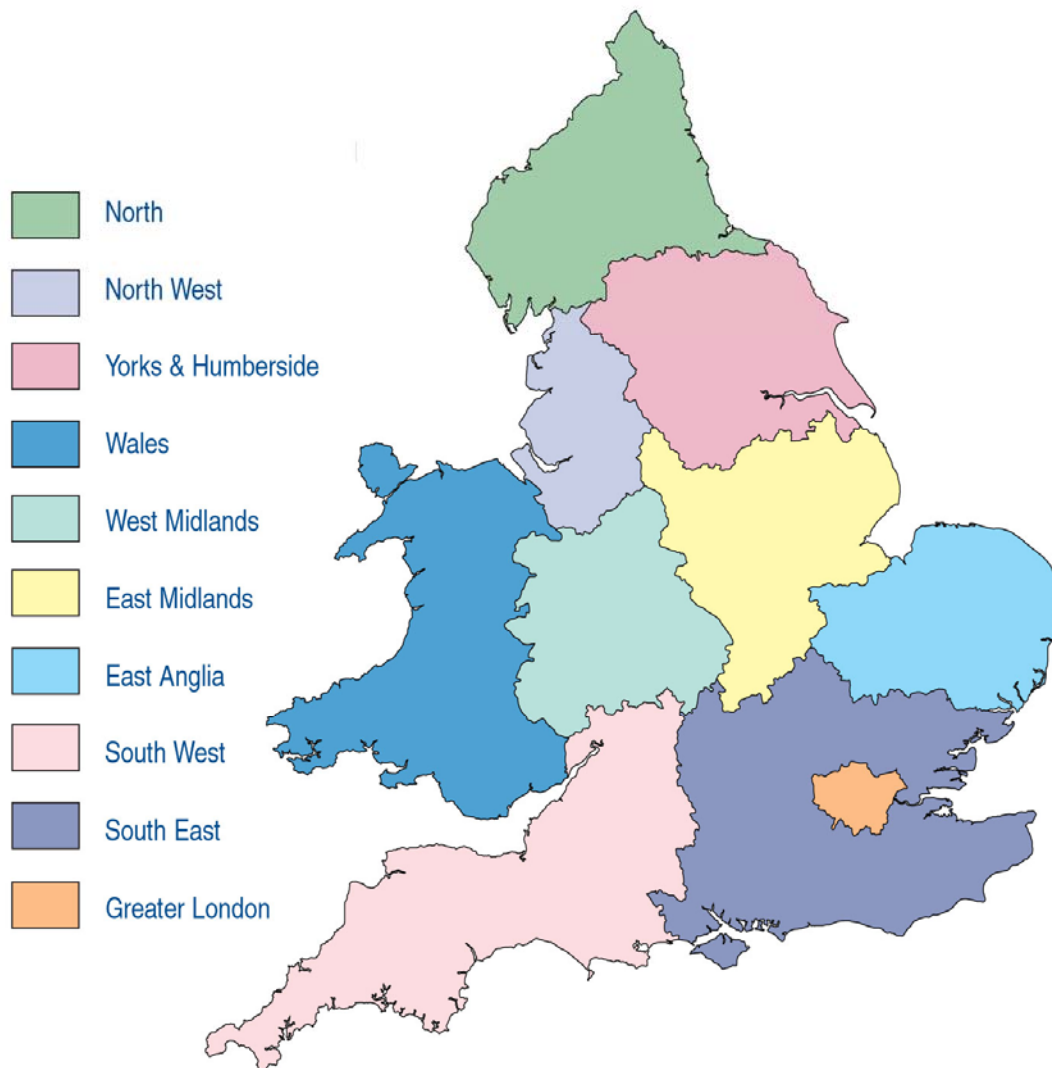


August 2006

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Regions (as per DCLG)



Source: HM Land Registry

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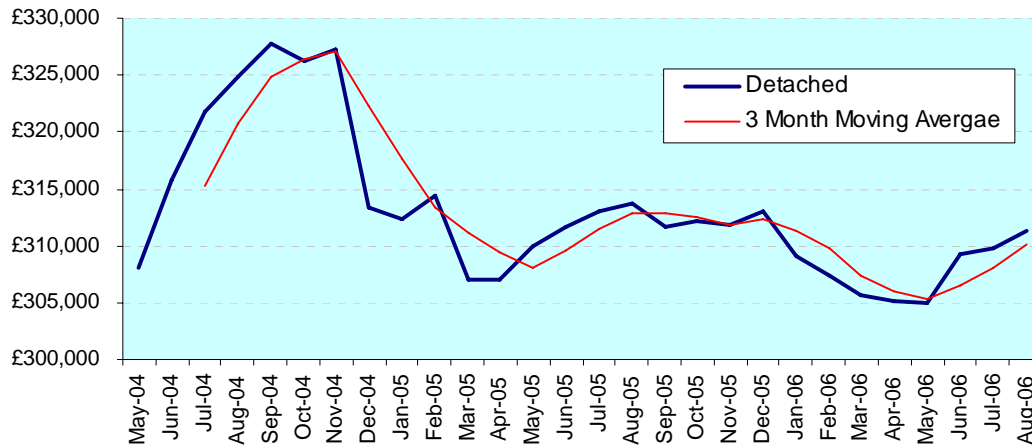


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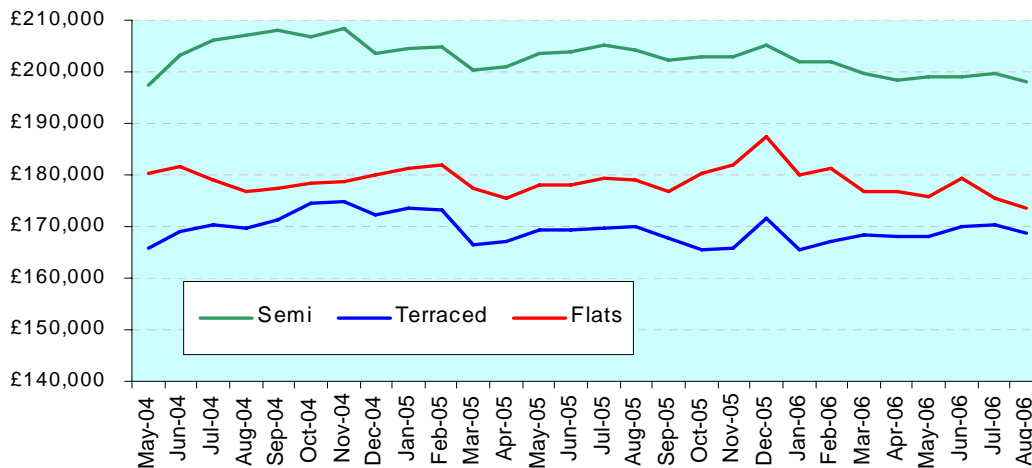
Price Trends by Dwelling Type (England and Wales)

Asking Price Movements for Detached Houses



Laspeyres Index based on Arithmetic Mean of House Prices.

Asking Price Movements by Dwelling Type



Laspeyres Indices based on Arithmetic Mean of House Prices.

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Price Trends by Dwelling Type *(Continued)*

The preceding graphs give a breakdown of asking price trends for England and Wales by dwelling type. Such analysis shows that the different property types can be subject to non-equivalent and even contrary price trends.

Detached properties signify, on average, the highest value sector of the market and showed the largest price correction of all property types in early 2005. Subsequently, price movements have been moderate and similar in trend to Semi-detached properties. However, over the last quarter, detached houses have been alone in registering small consistent rises in asking price (totalling *ca.*2%), contrary to the other three property types.

Semi detached properties, which constitute the largest number of homes in the four categories, show a less volatile trend. The graph illustrates a gentle decline in asking price over the last two years of around 5%. Asking prices for terraced housing have, by contrast, been essentially stagnant over the same period. Flats for sale in England and Wales have shown similarly small asking price variations over this period until they reached a maximum in Dec 05. The subsequent trend for 2006 is downward and may offer some hope to aspirant first time buyers.

Comment

August 3rd saw the Bank of England take its first step in efforts to curb inflation. The CPI figure now stands at 2.5%, 0.5% above the Bank's target. The 0.25% rise in interest rates merely reversed the Monetary Policy Committee's decision of a year ago, when it cut the rate by a quarter point. Such a small rise on its own is unlikely to contain the strong inflationary pressures of rising energy costs and excess money supply. Hence, this hike is likely to be followed by a further rise later in the year.

A corresponding quarter point rise in the standard variable mortgage rate by the Halifax to 6.75% may serve to dampen consumers' enthusiasm for further debt. With the remaining major high street lenders expected to follow suit, an overall rise in the cost of borrowing can only serve to create downward pressure on house prices in a market already hamstrung by affordability constraints.



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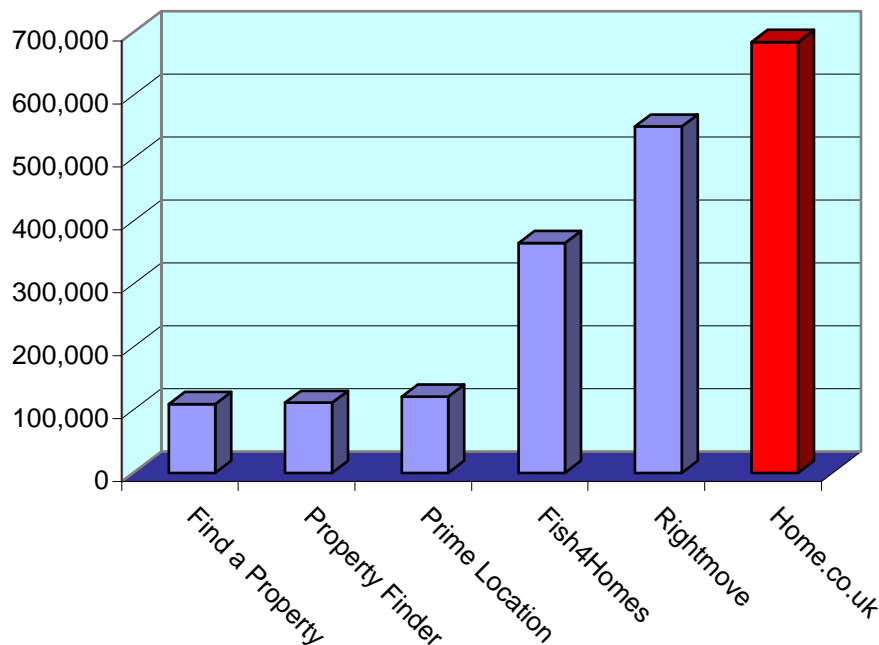
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Notes

The Home.co.uk Asking Price Index 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 Home.co.uk Asking Price Index is the UK's only independent forward market indicator. The published figures represent current and historic confidence of buyers and sellers of UK property on the open market. The Home.co.uk Asking Price Index is calculated every month using 650,000+ 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.

Searchable Properties for Sale by Website.



Sources: [Home.co.uk](#) and Estate Agency News

Properties above £1m and below £20k are excluded from the calculations. The Home.co.uk Index 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.

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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 data please visit:
<http://www.calnea.com/asking-price-index/>

Future release dates:

Tuesday 12th September 06
Thursday 12th October 06
Monday 13th November 06



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