



Asking Price Index

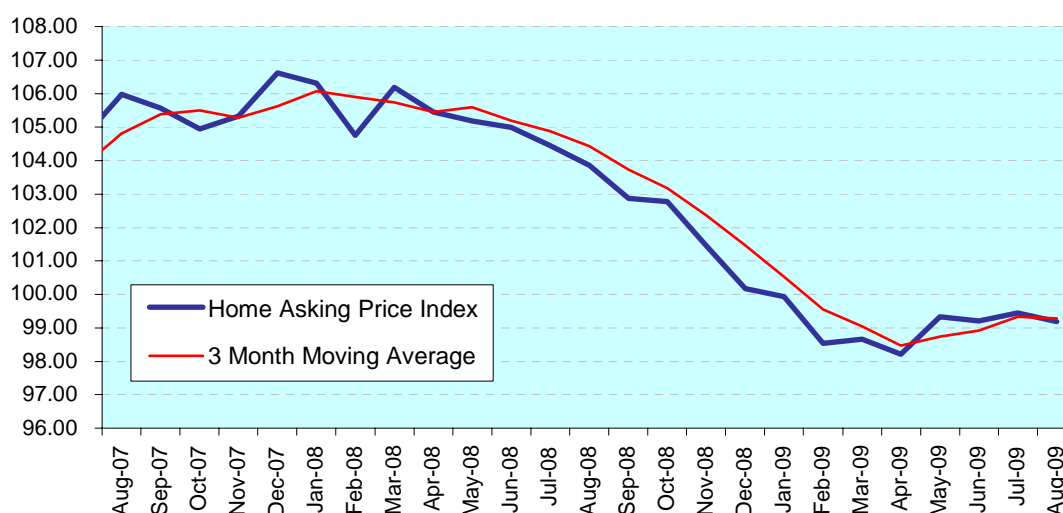
The UK's Independent Forward Market Indicator

Home Asking Price Index: 12th August 2009

Signs of a North-South Divide?

"What is prudence in the conduct of every private family, can scarce be folly in that of a great kingdom." Adam Smith (1723 - 1790) Economist, Philosopher.

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

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

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

Asking Prices in England and Wales have remained static in the last quarter.

Wales saw an increase in the mix-adjusted average Asking Price for homes this month of 0.3% but a fall over the past six months of 1.5%.

Released 12th August 2009

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Overview

Only last month we commented that the gains which were being seen may be 'unjustified and easily lost': the figures this month show clearly that the current housing market is far from confident, with a fall of 0.3% in the mix-adjusted average asking price in England & Wales over the past month and no gain or loss over the past 3 months. Although buyer interest in the UK housing market is increasing, there are still falls in the mix-adjusted asking price of homes in many regions of England and in Scotland.

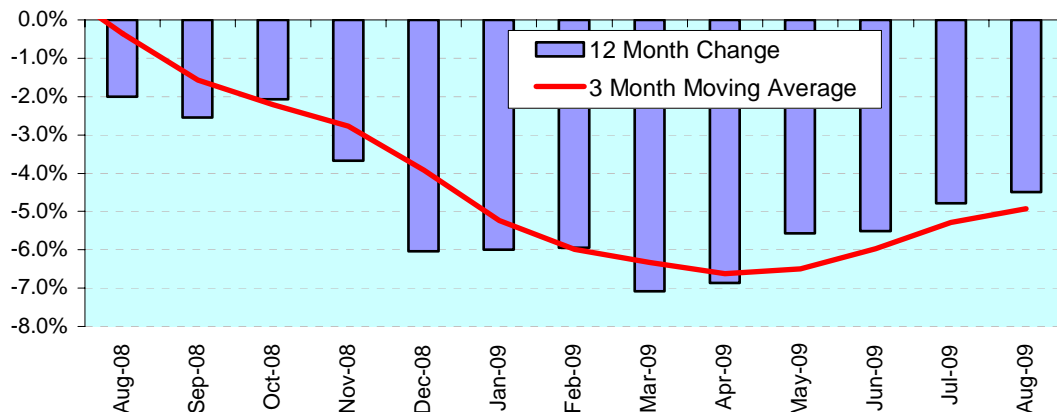
A north-south divide is beginning to appear when figures are compared for the past six months, with the South East, South West and Greater London showing increases in excess of 1.5% whilst the remaining areas show either very weak growth or downward movement.

Scotland has suffered the greatest fall over the last six months of 6%, significantly more than any of the other regions. The largest fall in England and Wales was the North East down 1.85%.

The greatest improvement in mix-adjusted average asking price over the last six months was seen in the South East where prices have increased by 2.2%.

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 now stands at -4.5%.



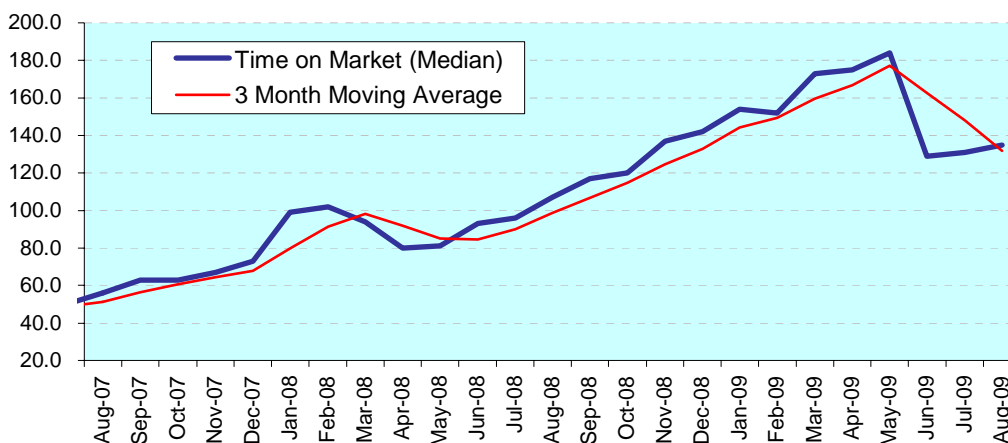
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Time-on-Market

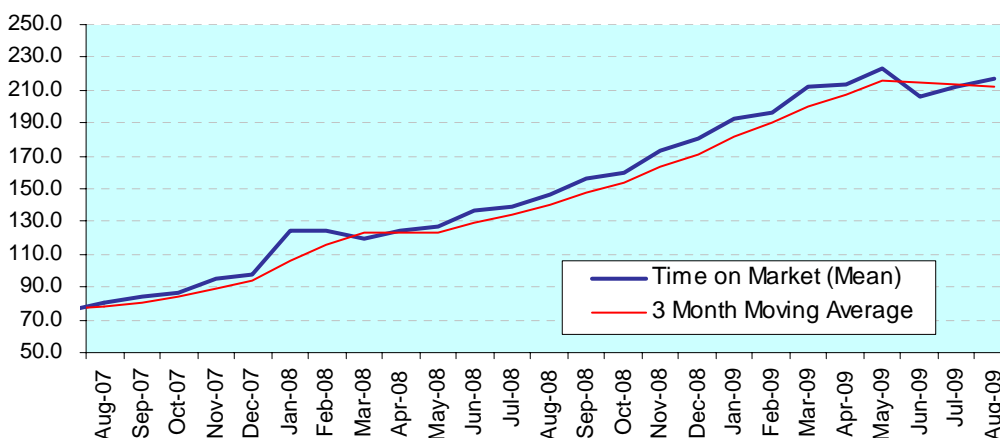
Typical Time-on-Market for unsold properties has increased for a second consecutive month, from 131 to 135 days. Slower sales turnover is consistent with firmer asking prices and continued poor mortgage availability.

Typical Time on Market for England & Wales



Average Time on Market (ToM) for unsold UK property has also risen since July, in line with the median (typical) figure, from 212 to 217 days. ToM remains historically very high indeed.

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 4.5%, *ca.* 6.3% below the [CPI](#), *ca.* 6.7% below the [RPI](#) (ex. housing) and *ca.* 7.1% below the [AEI](#) (ex. bonuses). The mix-adjusted average price of homes in England and Wales, advertised on the open market, now stands at £241,971. The HAPI for England and Wales now stands at 99.2 [May04 = 100].

Regional Housing Markets

Regional Asking Prices for August 2009, showing gains and losses since February 2009.

	Current average price	6 month change
South East	£274,252	2.2%
South West	£257,278	2.1%
Greater London	£333,643	1.6%
West Midlands	£194,281	0.2%
East Anglia	£244,750	0.0%
East Midlands	£172,884	-0.3%
North West	£179,218	-0.4%
Wales	£184,333	-1.5%
Yorkshire and Humber	£172,494	-1.6%
North East	£160,661	-1.8%
Scotland	£162,409	-6.0%
England & Wales	£241,971	0.5%

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



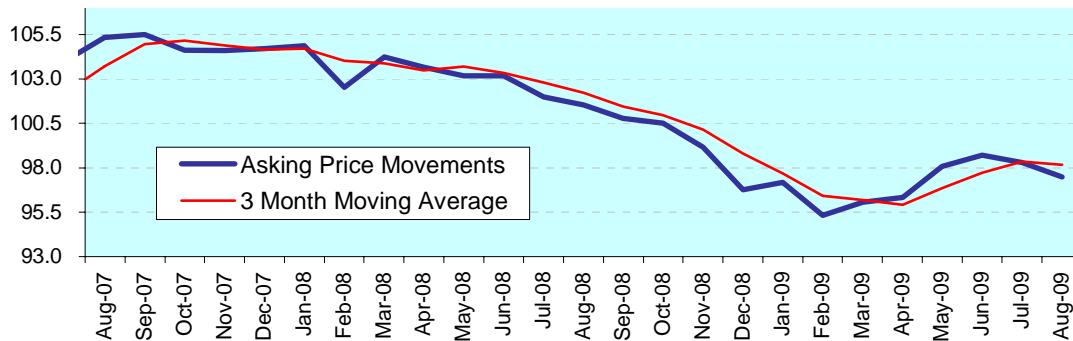
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South East

The effect of the spring bounce can be clearly shown in the strongest performing region over the past 6 months with asking prices in the South East increasing by 2.2% over the period. However, asking prices have been falling back since June.

Asking Price Movements for the South East

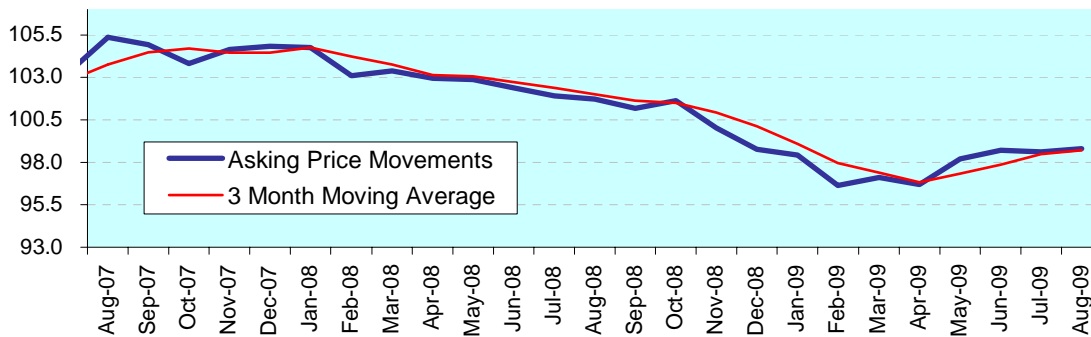


Laspeyres Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

South West

The mix-adjusted Asking Price for property in the South West has clearly consolidated in recent months. Overall, asking prices have recovered by 2.1% over the past 6 months.

Asking Price Movements for the South West



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



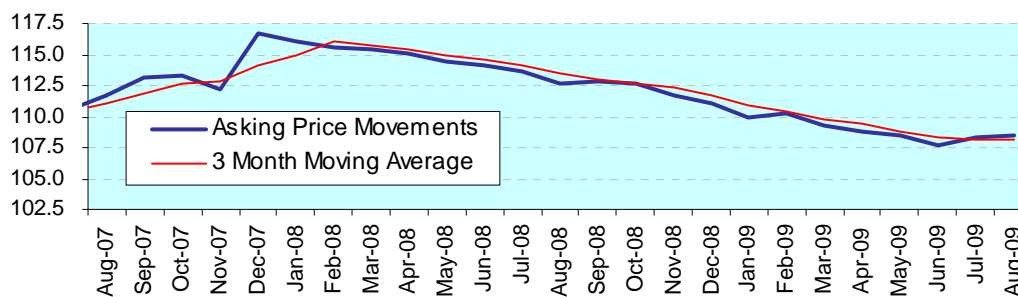
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Yorkshire and Humber

The mix-adjusted average Asking Price for properties for sale in Yorkshire and the Humber has fallen by 1.6% since February 2009 and is finally showing a recovery as observed earlier in other regions.

Asking Price Movements for Yorkshire and Humber

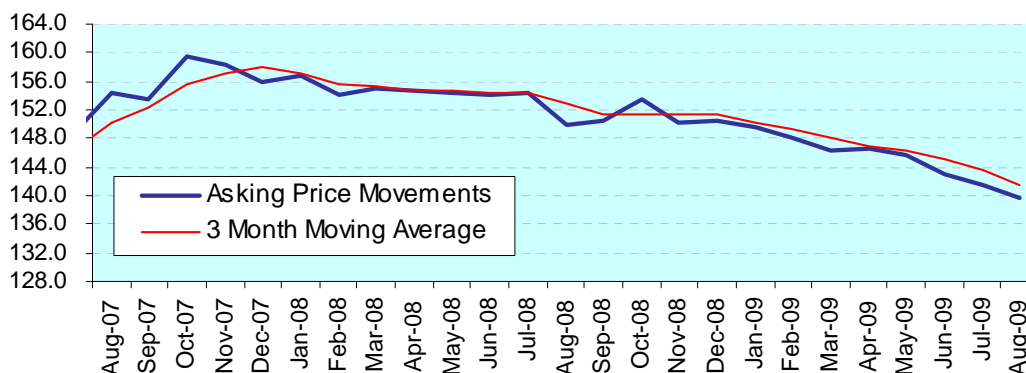


Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

Scotland

Asking Prices for homes in Scotland have fallen by 6.0% over the past 6 months, by far the greatest drop seen in any region over this period. Total market house price fall since the peak in Oct 07 is 13.4%.

Asking Price Movements for Scotland



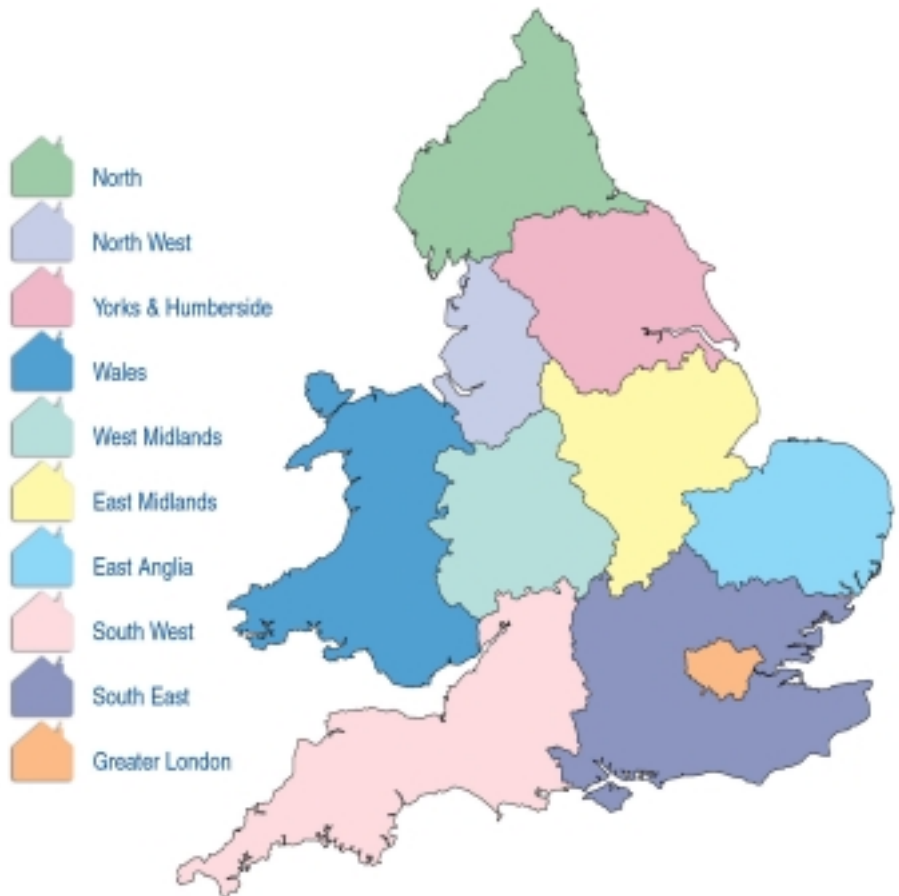
Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]



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Regions (as per DCLG)



Source: HM Land Registry



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Comment

Price stabilisation

The property sector is feeling particularly optimistic following a raft of house price indices indicating that prices are levelling out.

The [Halifax's latest figures](#) show a rise of 1.1% in prices for July. The [Land Registry's figures](#), which are based on completed sales, are also showing a monthly rise, the first since January 2008. Lack of supply of homes and low interest rates have been key factors, as has government and Bank of England intervention, such as the £175bn programme of [quantitative easing](#).

However, some property market experts are getting carried away, and seeing the current price stabilisation as an indicator that another property boom could be on its way and that prices cannot possibly fall further.

The Royal Institution of Chartered Surveyors is among the most optimistic and has revised its 2009 year-end prediction. Instead of a fall of at least 10% in house prices it now believes prices will end the year higher than at the start. This is a bold claim that has also been echoed by The Nationwide Building Society. The National Housing Federation says [prices could shoot up by as much as 20% by 2014](#).

The Land Registry is quite rightly urging calm, pointing out that its latest increase of only 0.1% between May and June, shows prices are flattening. The figures do, "not signal a return to solid growth," it says firmly.

Unemployment

In this clamour to interpret price stabilisation as a sign of recovery, many analysts are forgetting the elephant in the room – unemployment. The effect of the recession has been felt far and wide in the UK labour market and the rise in jobless figures has now turned from a canter into a full gallop. According to latest Office of National Statistics figures [the unemployment rate for the three months to May this year was 7.6%](#), up 0.9% over the previous three months and up 2.4% over the year. To put this into perspective this is an increase of 753,000 over the year so far, putting the jobless total at 2.38 million.



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The Home.co.uk Asking Price Index

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

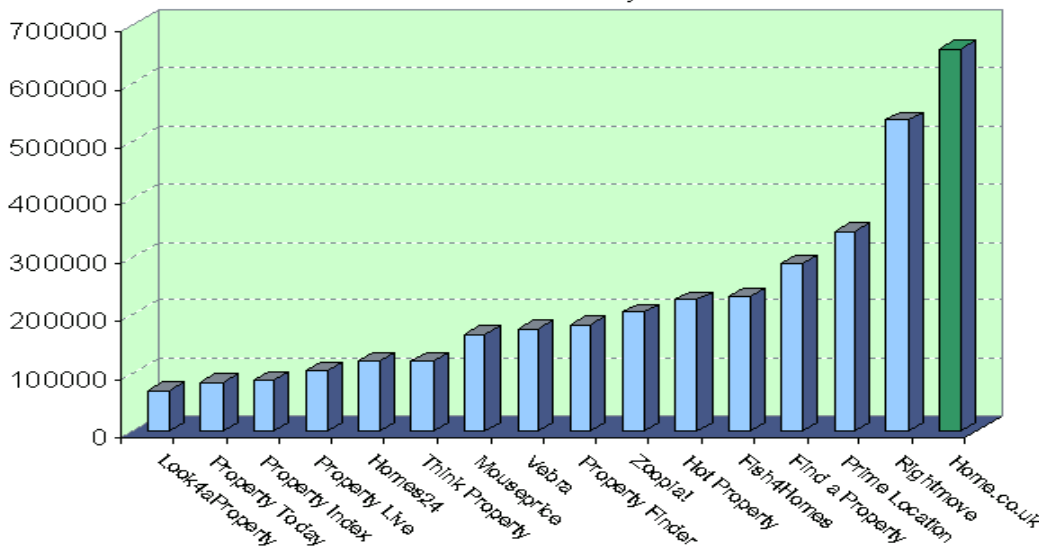
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of 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 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 July 09



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August 09

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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 14th September 09

Monday 12th October 09

Thursday 12th November 09



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