



August 2010

# Asking Price Index

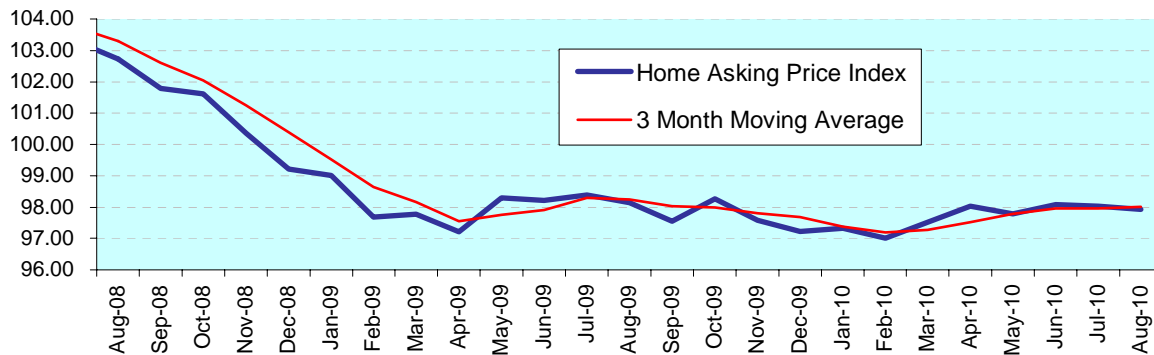
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 12<sup>th</sup> August 2010

## Home Prices Resist Discounting Surge

'Talk of public spending cuts is unsettling consumers and they are concentrating on essentials,' Stephen Robertson, BRC Director General.

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 edged down 0.1% for a second consecutive month.

Monthly asking price falls in 6 out of 9 English regions and Scotland.

East Anglia market house prices fair the best over the last 6 months: up by 2.5%.

The number of properties reduced in price in July leaped to 92,000 from 74,000 in June.

Annual change in asking prices: -0.2%.

6 month change in asking prices: +0.9%

Released 12<sup>th</sup> August 2010

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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



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## Overview

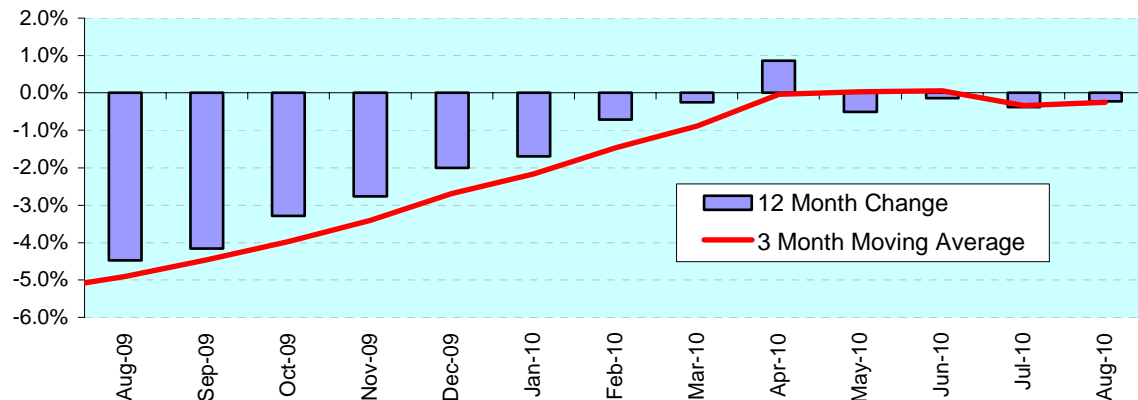
A further surge in home price reductions in July means that 92,000 homes on the market were reduced in price last month, 18,000 more than in June. Despite this, the mix-adjusted average asking price remains stable suggesting that in order to attract buyers and secure sales a 'discount culture' is developing in the UK housing market. In the current economic climate, buyers need to perceive value for money before they commit to a purchase.

Significantly, the monthly price-cutting total has now risen to around 13% of the total market. Those asking prices that were reduced in July were cut, on average, by £14,057.

The UK housing market continues to be plagued by shrinking government spending, poor employment prospects and the threat of a double-dip recession.

## 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 trend indicates nominal price stability. However, relative to the Retail Price Index (ex. housing) asking prices have fallen, in real terms, around 12.4% from June 2008 to June 2010.



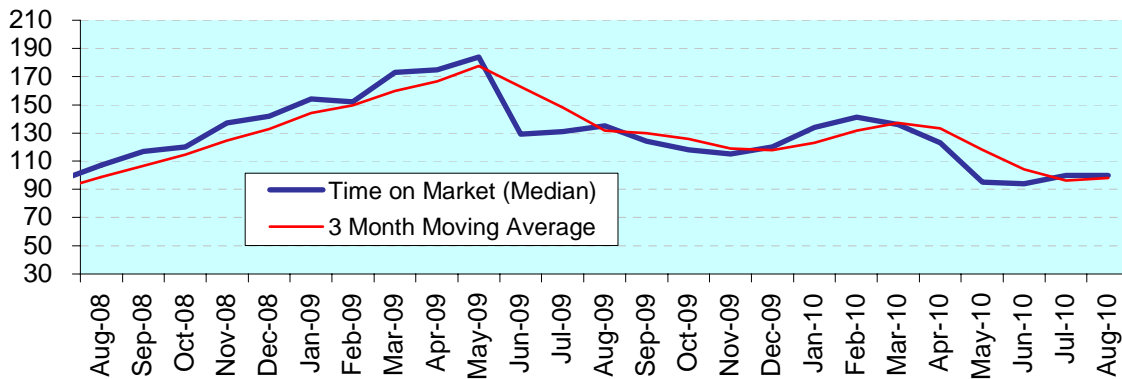
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## Time-on-Market Analysis

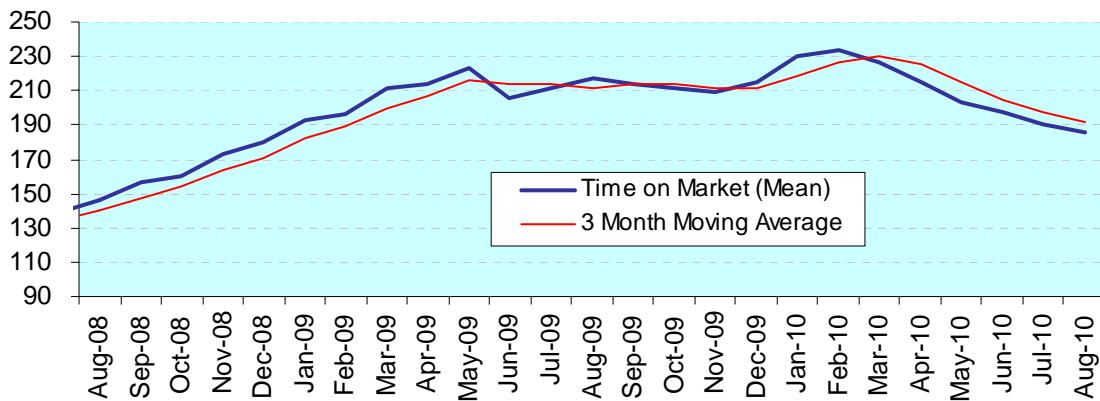
Typical Time on Market (median) for unsold properties remains unchanged from last month at 100 days. Meanwhile the average (mean) Time on Market continues to fall, which when taken together signals that the surge in supply (22% increase since January) is further out-pacing buyer demand.

Typical Time on Market for England & Wales



Average Time on Market (mean) decreased further to 186 days, dragged down by new stock coming onto the market and remains the lowest average time on market since December 2008.

Average Time on Market for England & Wales



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## Asking Prices, Inflation and Average Earnings

Since February 2010 asking prices for homes in England and Wales have increased 0.9%, which is in line with seasonal fluctuations. Nominal market house prices continue to be stable, although they are still falling in real terms, when corrected for monetary inflation. Comparing ONS' June figures and the YoY change in asking price figures for the same month shows that asking prices were trailing by 5.5% relative to the [RPI](#) (ex. housing) and *ca.* 2.0% below the [AEI](#) (April figure from ONS excluding bonuses). The HAPI for England and Wales now stands at 97.9 [May04 = 100].

## Regional Housing Markets

Regional Asking Prices for August 2010, showing gains and losses since February 2010.

	Current average price	6 month change
East Anglia	£241,977	+2.5%
South East	£286,674	+1.6%
Scotland	£161,166	+1.6%
Greater London	£344,140	+1.5%
North East	£154,410	+1.1%
South West	£253,032	+0.9%
Yorkshire and Humber	£171,019	+0.4%
East Midlands	£171,227	-0.1%
West Midlands	£190,121	-0.2%
Wales	£177,250	-0.4%
North West	£174,753	-0.5%
<b>England &amp; Wales</b>	<b>£229,486</b>	<b>+0.9%</b>

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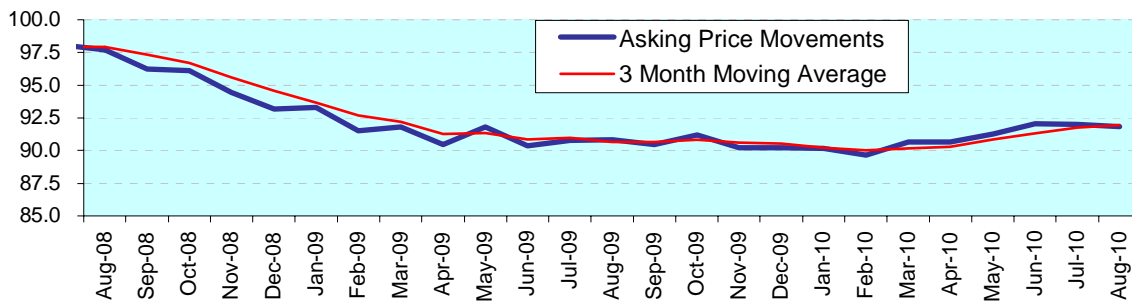
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## East Anglia

Market house prices in East Anglia have performed the best of all UK regions over the last six months, regaining ground since the price low in February 2010 during early summer, but prices are now beginning to slide.

Asking Price Movements for East Anglia

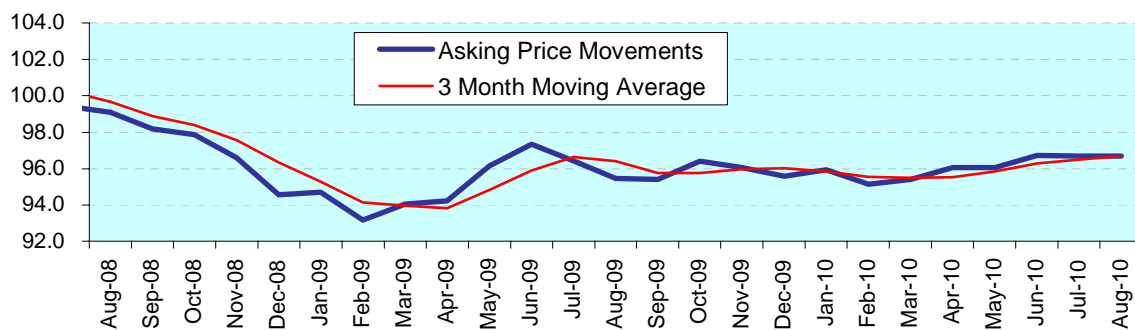


[Laspeyres](#) Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

## South East

Similarly, asking prices in the South East also increased in spring and early summer this year, but have stagnated over the last three months.

Asking Price Movements for the South East



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



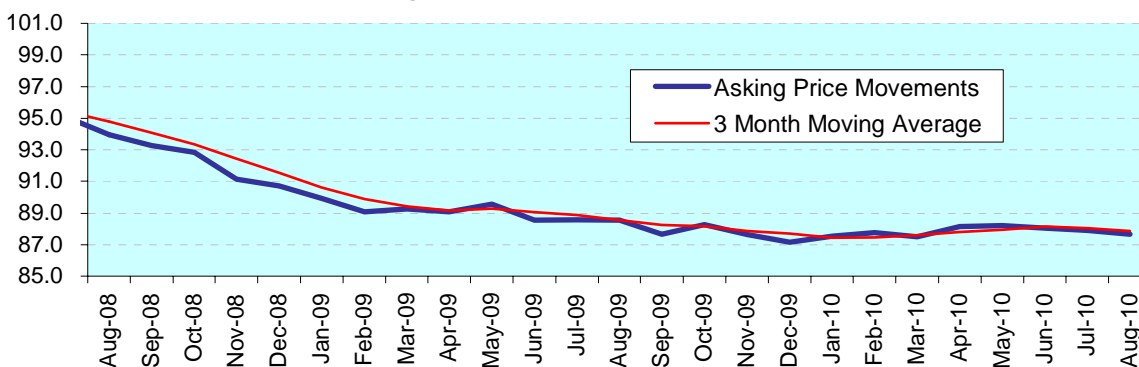
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## East Midlands

Asking prices in the East Midlands have moved by only -0.1% since February and have been slowly eroded since their temporary peak this year in May.

Asking Price Movements for the East Midlands

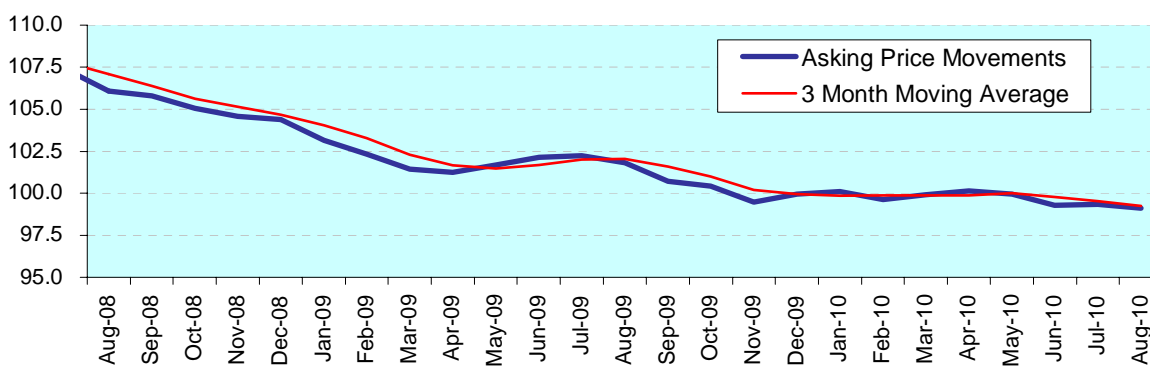


Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

## North West

Asking Prices for homes in the North West have fallen over the last six months by 0.5% and are now at their lowest point since the credit crisis.

Asking Price Movements for the North West



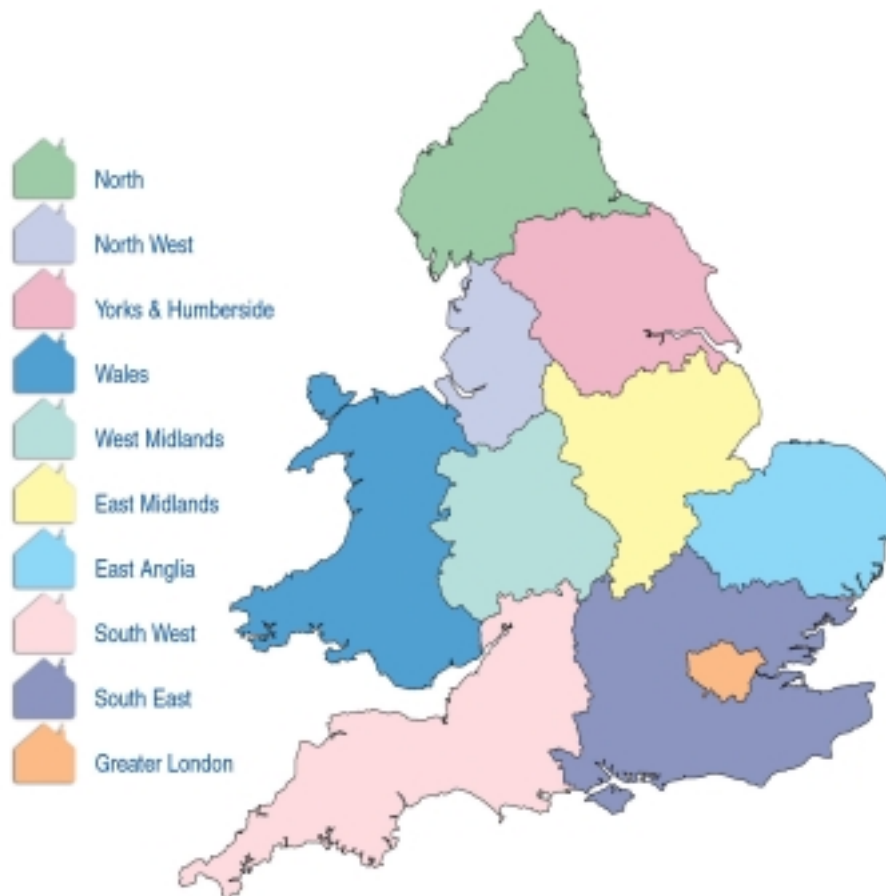
Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]



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**Regions** (as per DCLG)



Source: HM Land Registry



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## Comment

### Price Stabilisation or a Second Dip?

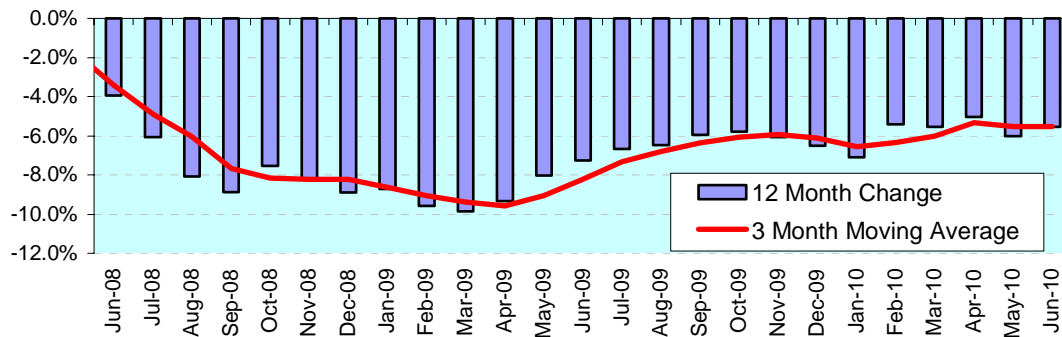
In view of the remarkable surge in supply over recent months, home asking prices have held up well overall in the UK. Volumes may be lower than pre-credit crunch times but the nature of the market has also changed. Thus far the slashing of over-inflated asking prices has not brought the market down to a second dip in home prices. Moreover, interest rates are very low for those with sizable deposits and this continues to support the market. Yet it is clear that interest rates are not enough to support prices and that supply must slow down if prices are to remain stable.

However, there is concern over the possibility that the earlier government stimulus was only enough to stall the downward flight of UK property. Bearing in mind that UK property still looks over-priced relative to average incomes, the second dip could follow this recent period of limited recovery and, having already borrowed to the hilt, the UK government would be powerless to help. Such a scenario would clearly have a devastating effect on the fragile UK banking sector and economy as a whole. Homebuyers should be aware that the UK housing market is not 'out of the woods' yet and that a Japan style 'lost decade' of negative equity is still a possibility.

### UK Property Still Not Preserving Real Value

When corrected for the effects of inflation in goods and services other than housing, UK house prices are still falling in real terms.

Inflation Adjusted YoY Change in Asking Prices by Month



Data sources: Home.co.uk and the Office for National Statistics.





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## 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](#): the statistical consultancy responsible for the production of the official [Land Registry House Price Index](#).

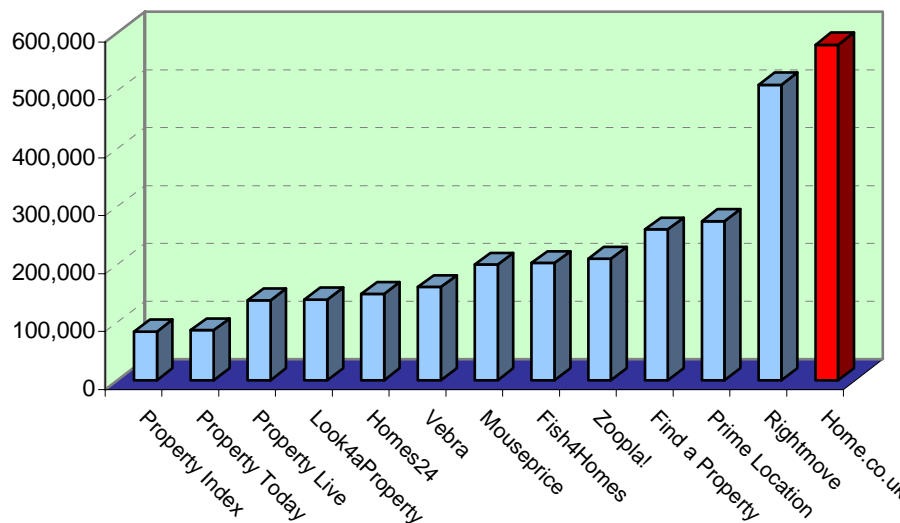
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of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

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

## Future release dates:

Monday 13<sup>th</sup> September

Tuesday 12<sup>th</sup> October

Friday 12<sup>th</sup> November



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