



# Asking Price Index

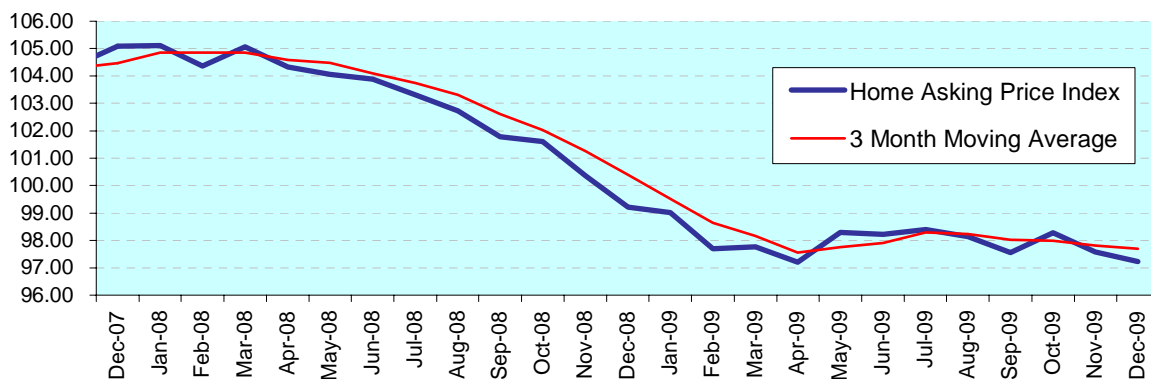
The UK's Independent Forward Market Indicator

[Home Asking Price Index](#): 14<sup>th</sup> December 2009

## Market Price Erosion Erases Recovery

"The main economic indicators point towards a period of stagnation at best, or at worst a double-dip contraction in house prices," Jean-Pierre Husband, Fitch's UK house builder analyst.

### 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 fell back by a further 0.4% this month.

Market house prices fell this month in 6 of the 9 English regions. Welsh prices held firm whilst Scottish market house prices fell further (-1.4%).

Asking Prices in England and Wales are 2.0% lower than in Dec 2008.

Typical (median) and Average (mean) marketing times have risen by 5 and 6 days respectively since November further indicating a loss of market momentum.

Released 14<sup>th</sup> December 2009

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## Overview

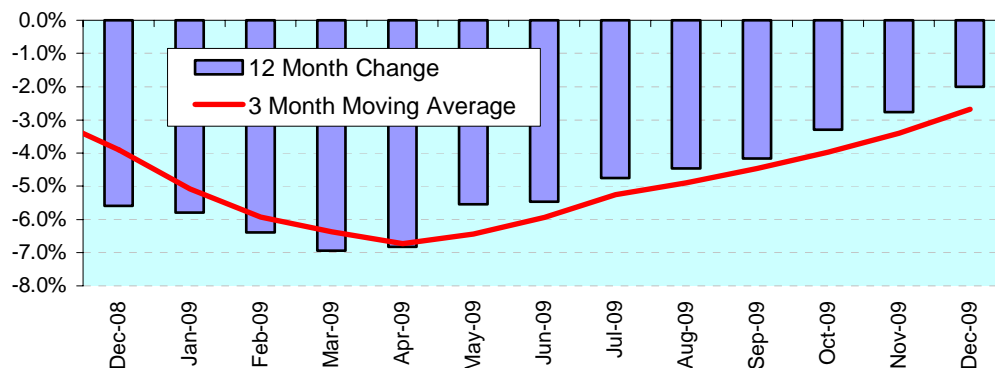
Following a brief spell of optimism over the summer months the dire state of the UK economy at large and a dearth of mortgages for the first time buyer is weighing heavily on the UK housing market. Price erosion continues in semi-detached and terraced housing and flats, whilst prime detached housing remains price stable. A slowdown in the tide of new unemployed will raise some seasonal cheer but more job cuts are likely in the 2010 together with unwillingness, by prospective homebuyers, to take on large financial commitments.

Market weakness remains evident in more conservative initial pricing of properties for sale, rather than 'optimistic' initial pricing followed by heavy discounting adjustment as seen last year. November saw 39,868 properties reduced in price by an average of £14,628. Both these figures are the lowest recorded over the last year.

The overall market picture is one of a buyers' market (those with cash or sizable deposits) with sellers under renewed pressure, as the economic outlook remains poor for 2010. There remain significant regional differences, with the South having shown a recovery in asking prices this year while the North continues to suffer considerable price erosion. Scotland has been hardest hit. (See [Comment](#))

## Twelve-Month Trend in Asking Prices

12 Month Change in Asking Prices by Month



The year-on-year (YoY) fall in Asking Prices for England and Wales has now slowed to -2.0% with the trend line showing the price stabilisation that occurred this year.

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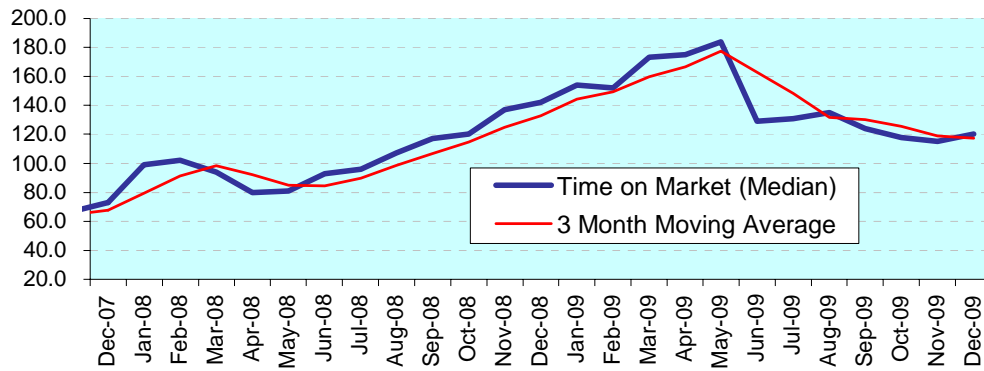
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## Time-on-Market Analysis

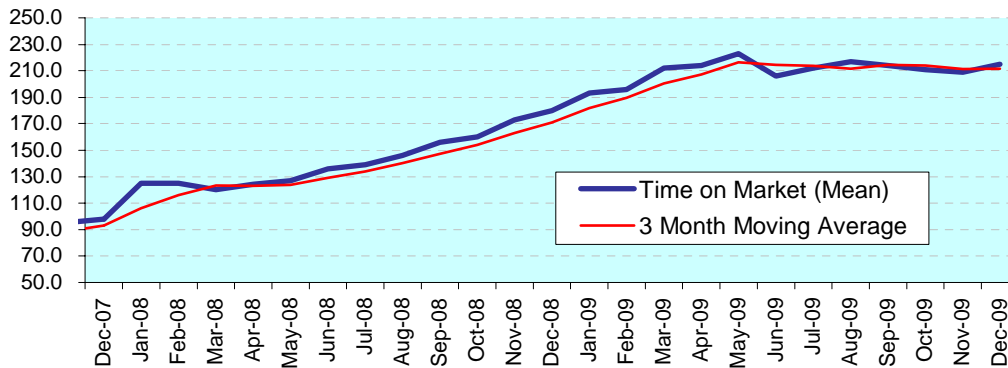
Typical Time-on-Market for unsold properties has risen this month to 120 days, indicating a slowdown in market activity.

**Typical Time on Market for England & Wales**



Average Time on Market (ToM) for unsold UK property has also increased to 215 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 2.0%, *ca.* 3.5% below the [CPI](#), *ca.* 4.5% below the [RPI](#) (ex. housing) and *ca.* 3.8% below the [AEI](#) (ex. bonuses). The mix-adjusted average price of homes in England and Wales, advertised on the open market, now stands at £227,607<sup>1</sup>. The HAPI for England and Wales now stands at 97.2<sup>1</sup> [May04 = 100].

## Regional Housing Markets

Regional Asking Prices for December 2009, showing gains and losses in Q4.

	Current average price	Q4 change
Greater London	£339,415	+0.2%
South East	£283,399	+0.2%
East Anglia	£237,749	-0.2%
Wales	£179,450	-0.2%
East Midlands	£170,264	-0.5%
South West	£250,875	-0.7%
West Midlands	£189,920	-0.7%
North West	£176,184	-0.8%
Yorkshire and Humber	£170,397	-0.9%
North East	£154,274	-0.9%
Scotland	£157,142	-3.2%
<b>England &amp; Wales</b>	<b>£227,607</b>	<b>-0.3%</b>

<sup>1</sup> Please note that the entire HAPI was recalculated in Nov 09 using a more accurate algorithm, to better judge regional differences and remove price biasing.



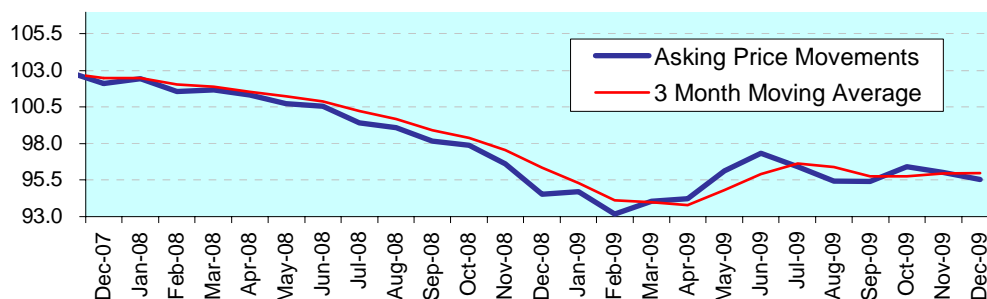
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## South East

Asking Prices in the South East have made a notable recovery this year, although market prices in the region have failed to hold on to their mid-summer highs and remain well below previous highs.

Asking Price Movements for the South East

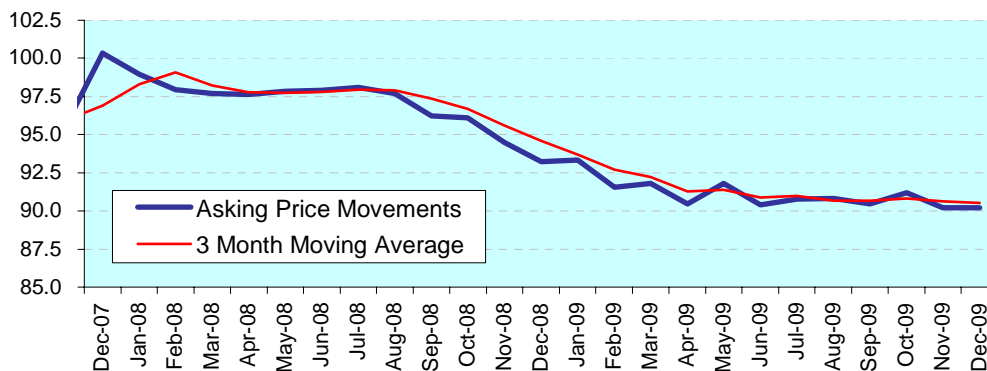


Laspeyres Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

## East Anglia

The mix-adjusted Asking Price chart for property for sale in East Anglia indicates that there was little or no spring bounce in prices for this region; instead we observe a period of price stabilisation since April this year.

Asking Price Movements for East Anglia



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



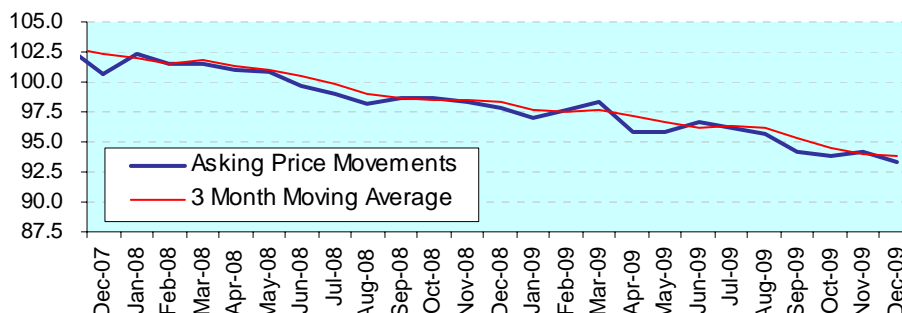
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## North East

Market house prices in the North East continue a downward trend of price erosion, a region hit hard by the economic crisis.

Asking Price Movements for the North East

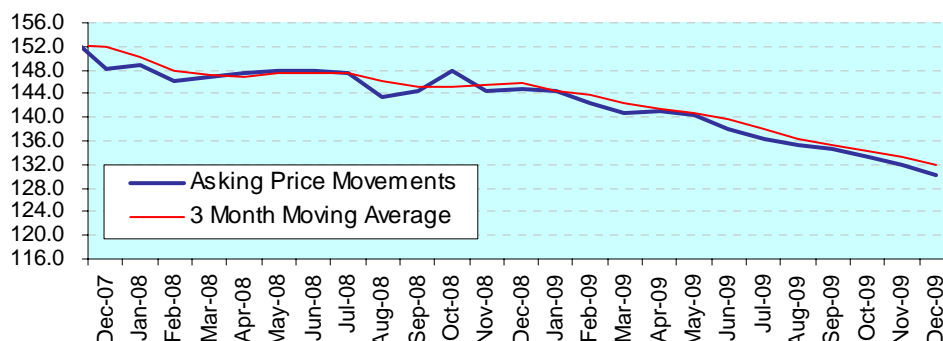


Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

## Scotland

Asking Prices for homes in Scotland continue to crash dramatically. Market house prices North of the border have fallen 10.0% since Dec 08.

Asking Price Movements for Scotland



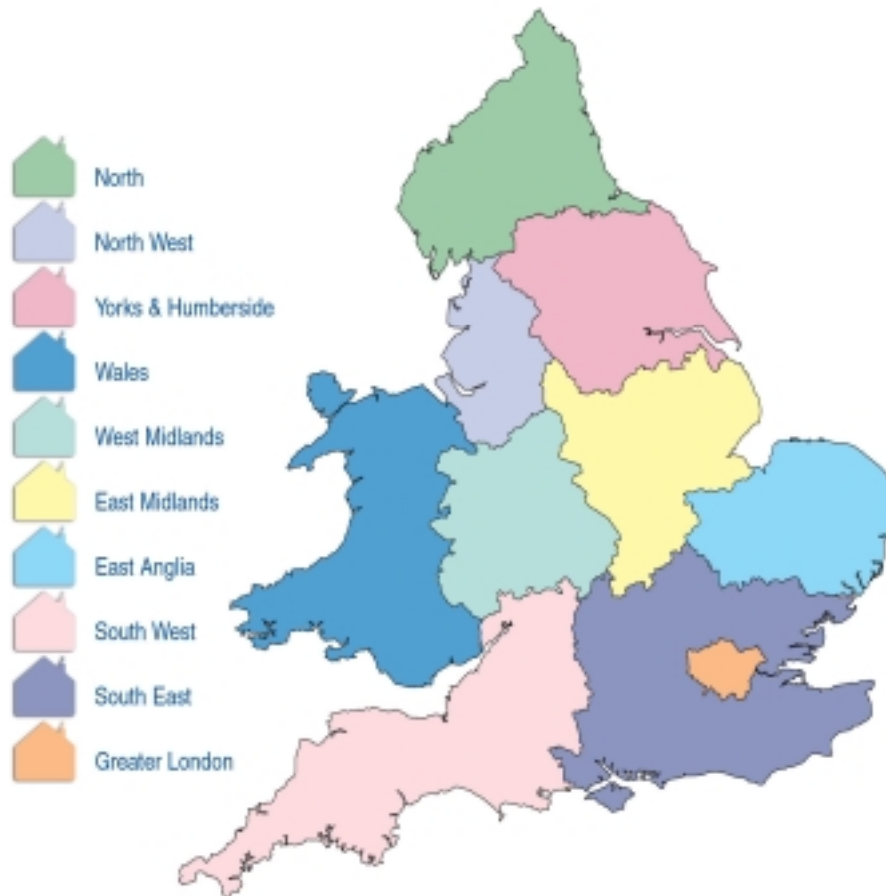
Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]



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**Regions** (as per DCLG)



Source: HM Land Registry



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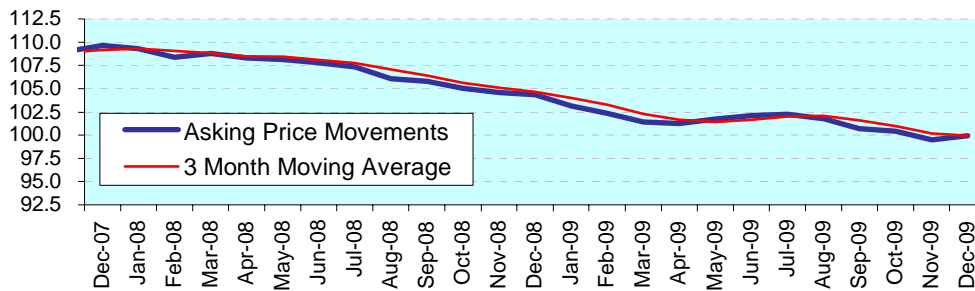
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## Comment

### National Figures Mask Severe Price Erosion in the North

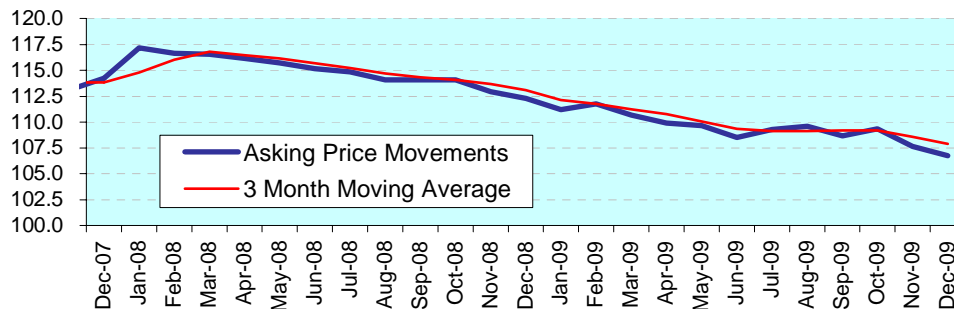
Whilst asking prices have rallied in the most economically prosperous UK regions this year (Greater London, South East and South West), thereby strongly supporting the national average figures due to a weighting bias, they have fallen hard in all the northern regions and Scotland. The average asking prices for the North West (*vide infra*), Scotland and the North East have fared worst of all this year.

Asking Price Movements for the North West



The average asking price for property in the North West has fallen 4.5% over the last year and 9.7% over the last 2 years. Further North the situation is worse. Scottish market prices have fallen 10.0% in the last twelve months alone. Yorkshire and Humber region is also experiencing continued price erosion.

Asking Price Movements for Yorkshire and Humber







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## The Home.co.uk Asking Price Index

The [Home.co.uk](http://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](#).

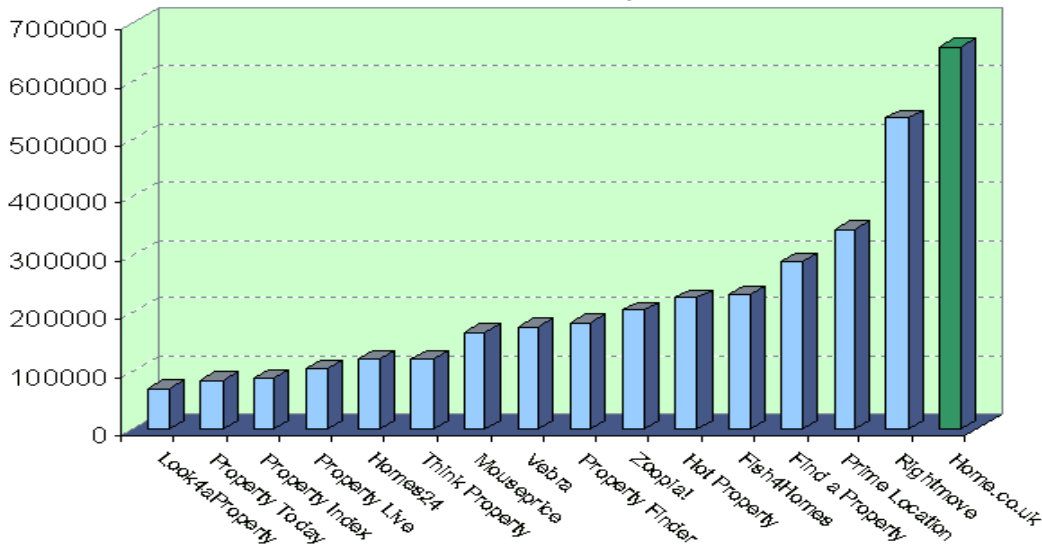
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of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

Tuesday 12<sup>th</sup> January 2010

Friday 12<sup>th</sup> February 2010

Friday 12<sup>th</sup> March 2010

