



December 2012

# Asking Price Index

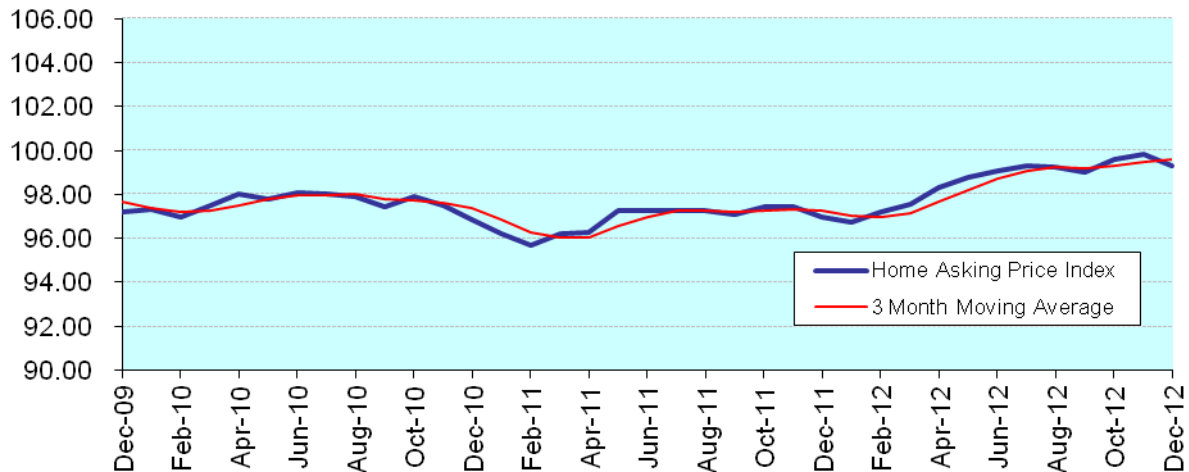
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 12<sup>th</sup> December 2012

## Prices Take a Bow in Best Year Post-Crisis.

"The financial system must transition from its self-appointed role as the apex of economic activity to once again be the servant of the real economy." Mark Carney, Central Banker and newly elected chairman of the Bank of England.

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

Asking prices down: -0.5% since November, in line with seasonal expectations.

Demand up again: Typical Time on Market 9 days lower than in December 2011.

Supply remains low: fewest properties on the market since May 2010.

Asking prices increased in 8 English regions, Scotland and Wales over the last year, while home prices fell in the North West.

Time on Market (average) rises to 222 days, 1 day shorter than in December 2011.

Annual change in UK home prices: +2.4%    6-month change: +0.2%

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Page 1 of 13

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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**



# Asking Price Index

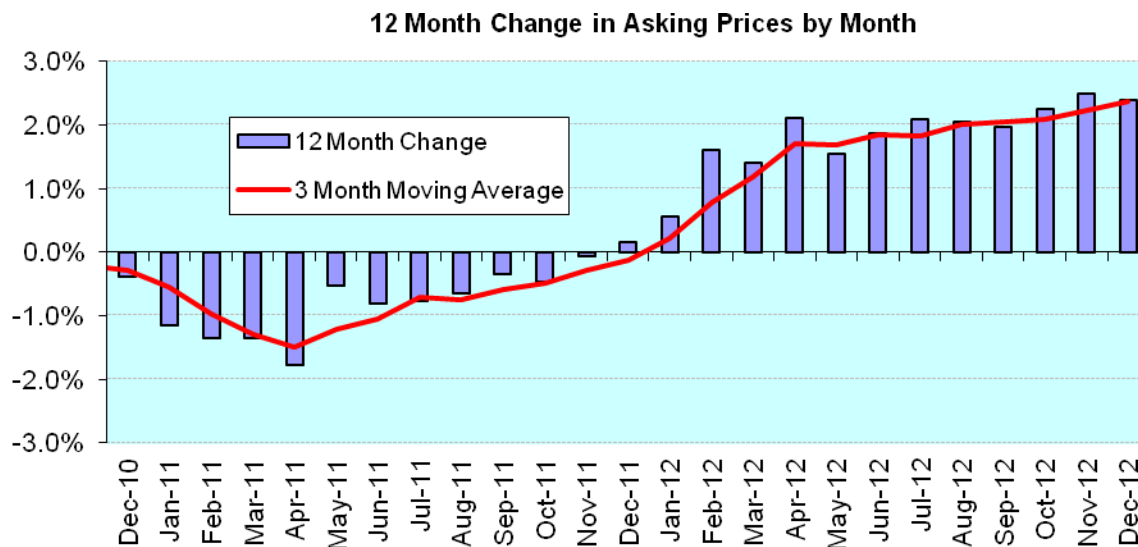
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## Overview

2012 has been the best year for price growth in UK property since the financial crisis. Typical time on market for England and Wales is now 129 days, 9 days lower than in December 2011. UK house price rises have been year-on-year positive for 13 consecutive months. Low interest rates and strong rental demand continue to drive the market towards recovery. However, UK price growth remains behind inflation (RPI ex-housing) and marketing times still need to come down further.

The market still remains bi-polar with London and the South East enjoying much better market conditions than the North. Greater London has shown price growth of 4.7% over the last year while the North West has suffered a loss of 0.5%. Suffice to say, confidence in the market is still very much lacking in the northern regions. Spring 2013 may well show some improvement in the fortunes of property in the North, Scotland and Wales. Meanwhile, London and its surrounding regions are expected to continue to prosper.

## Year-on-Year Trend in Asking Prices



Year on year, asking prices are increasing by 2.4%.



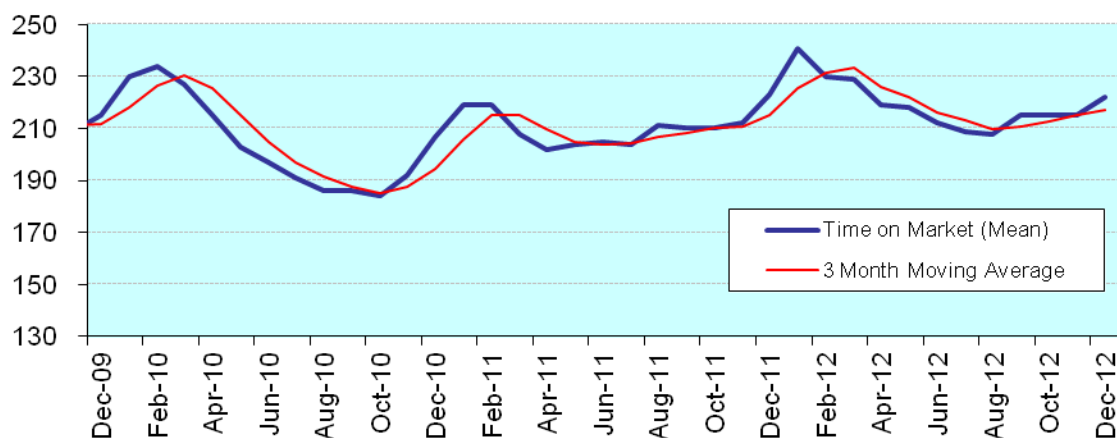
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## Time-on-Market Analysis

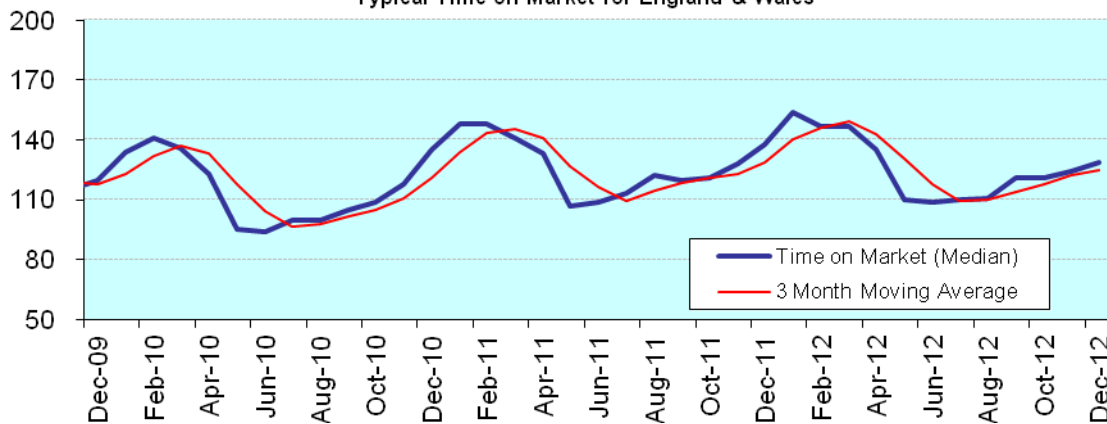
Properties are, on average, spending slightly less time on the market year-on-year. The mean time on market for unsold property is now 222 days, 1 day shorter than in December 2011. This average figure is biased upwards by hard-to-sell properties that can linger on the market for well over a year in some instances.

Average Time on Market for England & Wales



A perhaps more representative figure, the current median (typical) time on market, has increased 5 days to 129 days since November, which is a highly significant 9 days **less** than in December 2011. A seasonal rise through to Jan/Feb is expected.

Typical Time on Market for England & Wales



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Page 3 of 13

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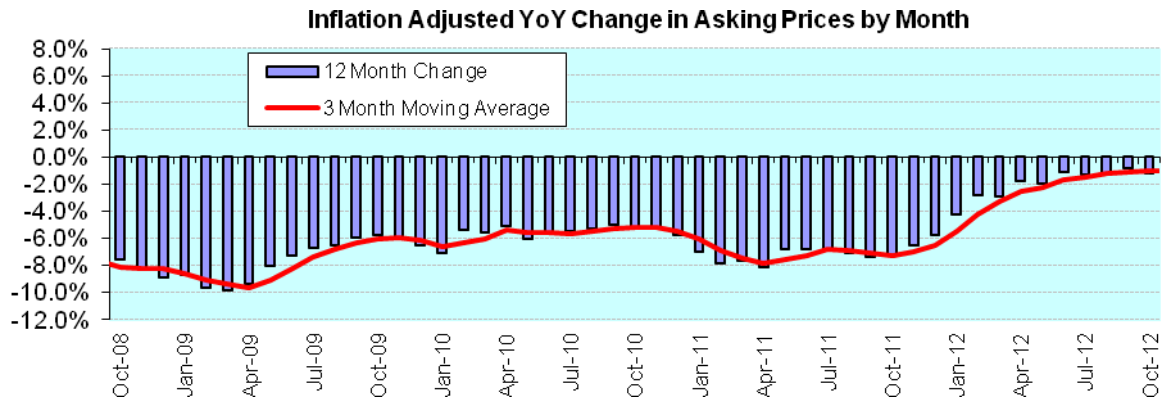
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## Home Asking Prices vs. Inflation



Comparing ONS figures ([RPI](#) ex. housing) and the YoY change in asking prices shows that, whilst in real terms UK property has been an unsafe store of capital value since March 2008, the gap with inflation has been narrowing (1.2% in October). The HAPI for England and Wales is now at 99.3 [May04 = 100].

## Regional Housing Markets

Regional asking prices for December 2012, showing gains and losses for Q4 and current typical time on market.

	Current average price	3-month change	Median ToM (days)
Greater London	£358,203	+0.9%	86
South East	£296,317	+0.7%	91
Wales	£174,797	+0.6%	173
West Midlands	£188,588	+0.4%	136
East Anglia	£249,136	+0.3%	104
Scotland	£160,485	+0.2%	162
North East	£152,609	+0.2%	188
South West	£254,687	0.0%	113
East Midlands	£173,871	-0.4%	133
Yorkshire and Humber	£166,820	-0.4%	162
North West	£171,535	-0.8%	158
<b>England &amp; Wales</b>	<b>£232,525</b>	<b>+0.3%</b>	<b>129</b>

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Page 4 of 13

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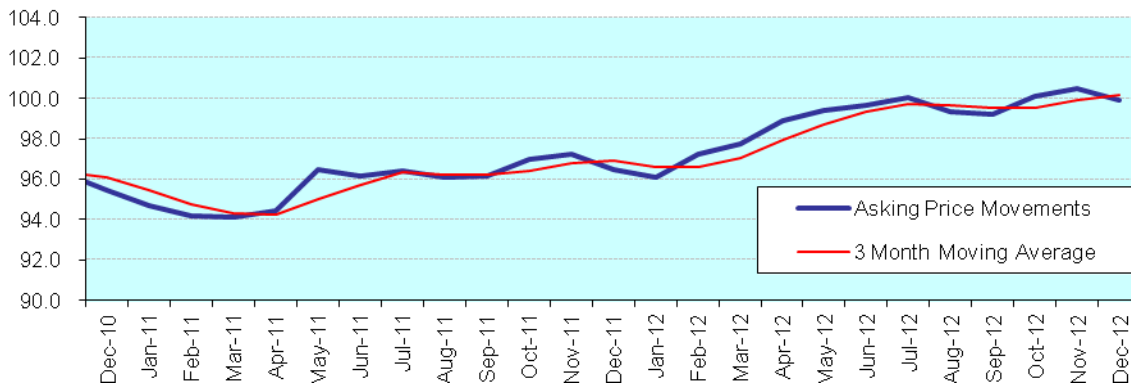
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## South East

Market house prices in the South East have recorded a strong performance over the last 12 months, second only to Greater London. The supply of market entrants in November was 2% up on November 2011 and this will temper price growth in this vigorous market.

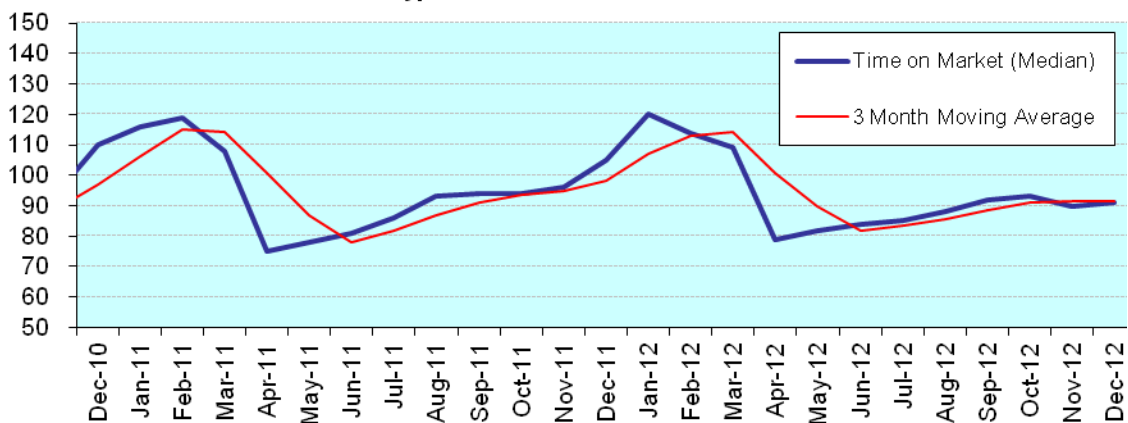
Asking Price Movements for the South East



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

Owing to an increase in market activity, the typical time on market trend for unsold property in the South East has deviated slightly from the typical seasonal trend. Median time on market has risen only 1 day to 91 days, since last month, which is 14 days less than in December 2011.

Typical Time on Market for the South East



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Page 5 of 13

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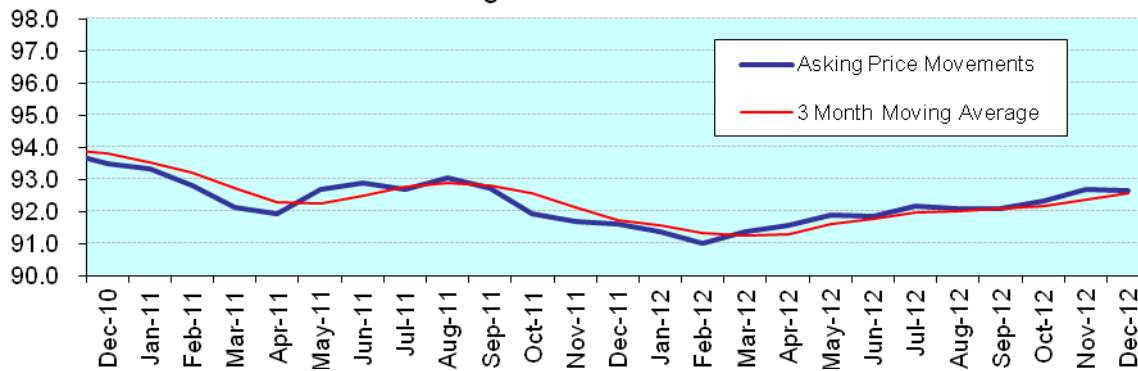
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## Wales

The mix-adjusted average asking price trend for property in Wales has also registered a solid performance over the last year (+1.2%), although prices have recovered only a small part of their losses following the banking crisis. Increased confidence in this regional market has not triggered a rise in supply: no change year-on-year.

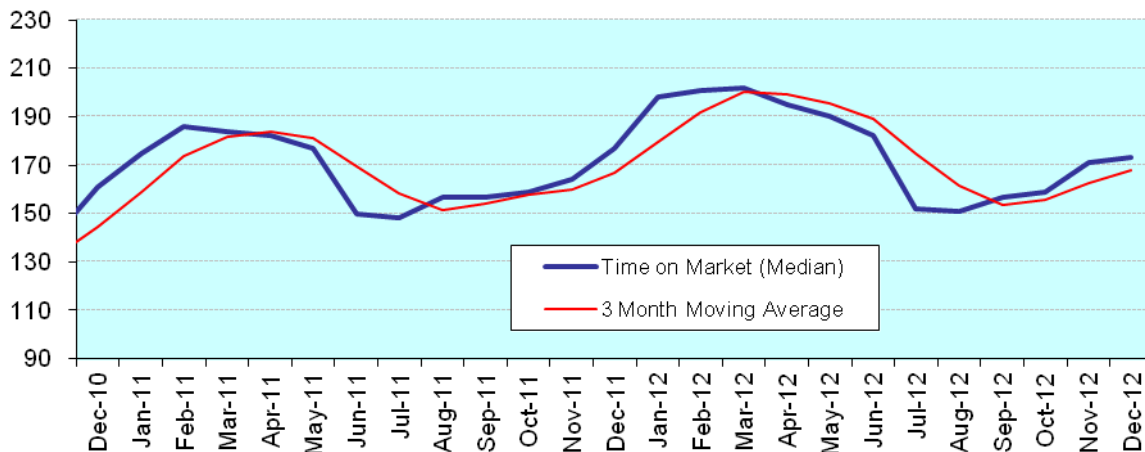
Asking Price Movements for Wales



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

The time-on-market chart for unsold property in Wales shows a typical seasonal trend. Marketing times are now shorter than last year, although the market is considerably slower than Greater London or the South East. Median ToM for Wales is currently 173 days, 4 days less than in December 2011.

Typical Time on Market for Wales



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Page 6 of 13

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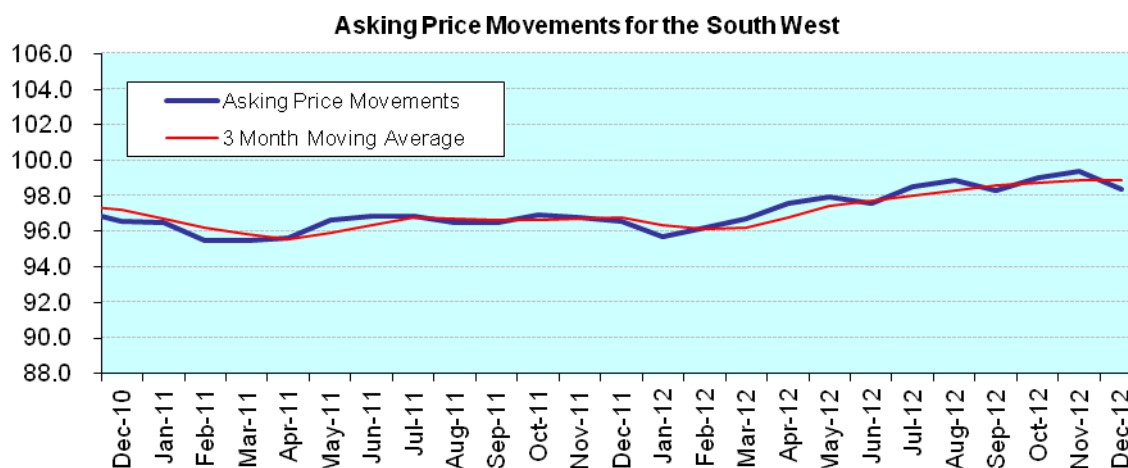


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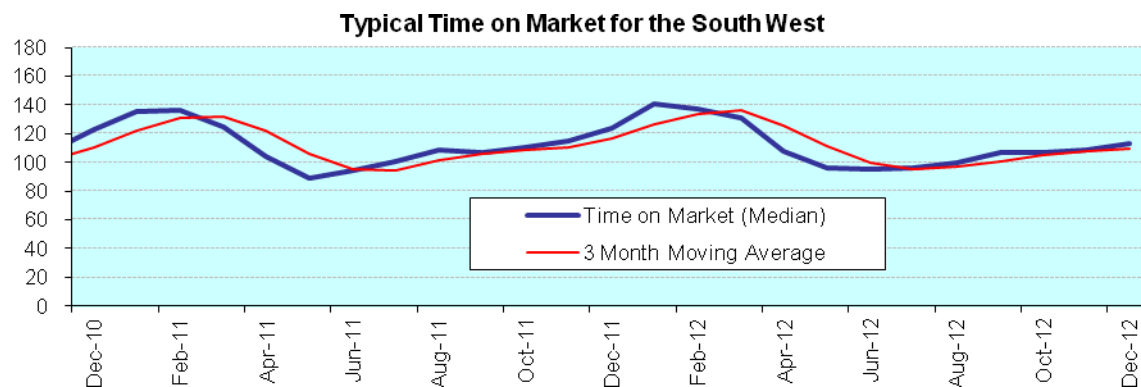
## South West

Asking prices for properties for sale in the South West have shown a rising trend throughout 2012. A seasonal pull-back this month is to be expected especially in a region where house prices are supported strongly by the second homes market. Sales property supply was unchanged in November, as compared to November 2011, and this will serve to support prices.



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

Marketing times in this region are improving year-on-year and show a gentle seasonal rise since the summer, indicating falling activity. Typical (median) time on market for unsold property in the South West is currently 113 days, 11 days shorter than in December last year.



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Page 7 of 13

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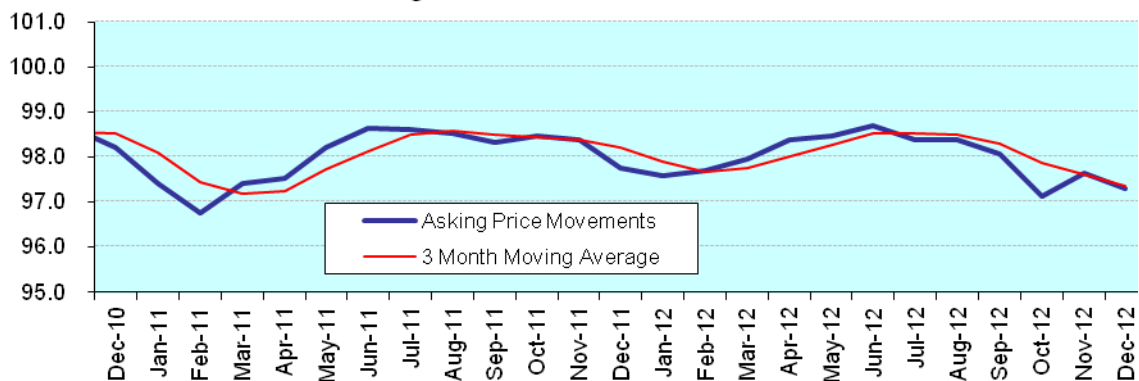
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## North West

By way of contrast, asking prices for homes in the North West have been sliding since the summer months and are down 0.5% year-on-year. Negative market sentiment is not deterring potential sellers and consequently the supply of homes for sale in this region was up 9% in the month of November, as compared to November 2011.

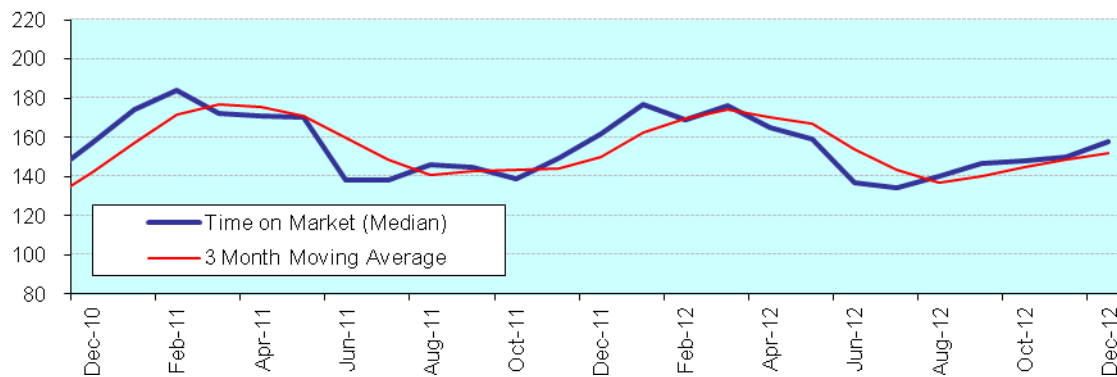
Asking Price Movements for the North West



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

Despite falling prices and rising supply, marketing times in this region have improved slightly compared to last year. Typical (median) time on market for unsold property in the North West is currently 158 days, 4 days shorter than in December last year.

Typical Time on Market for the North West



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Page 8 of 13

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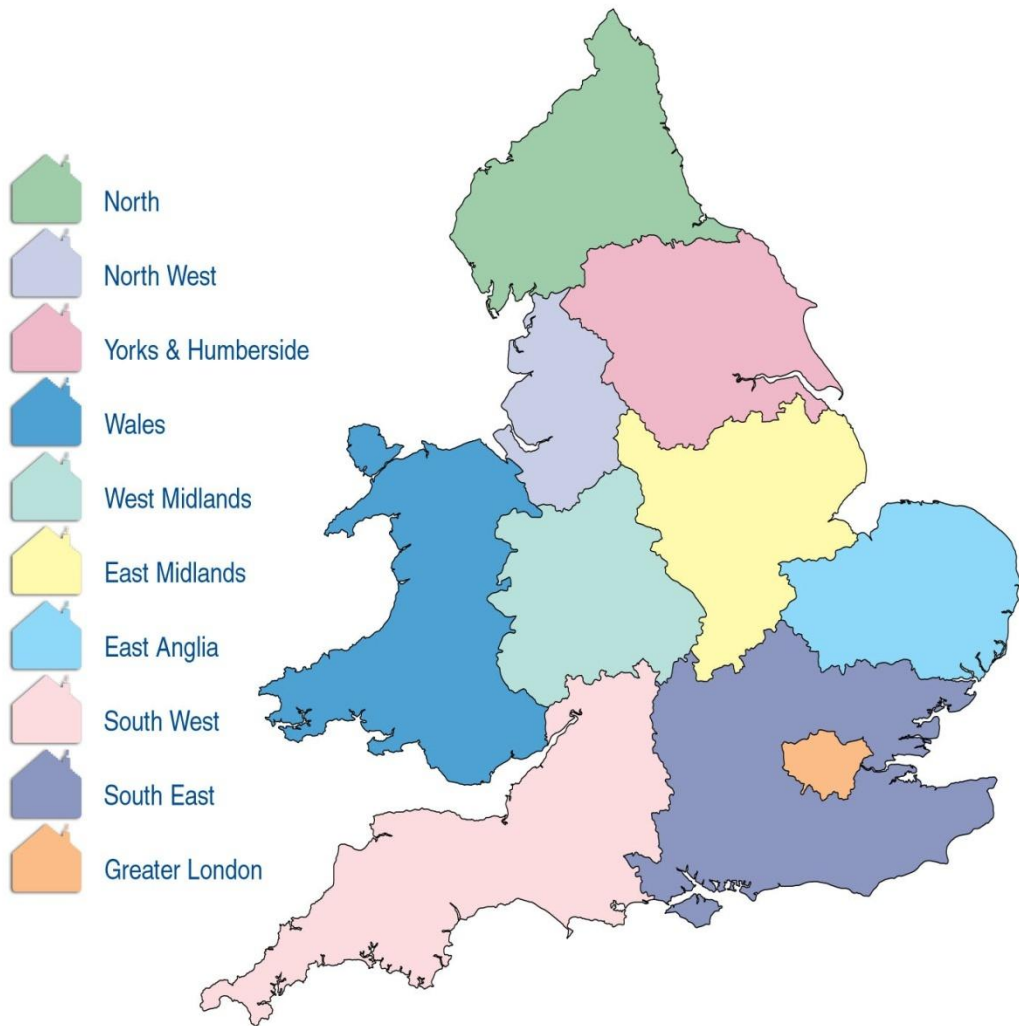




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**Regions** (as per DCLG)



Source: HM Land Registry



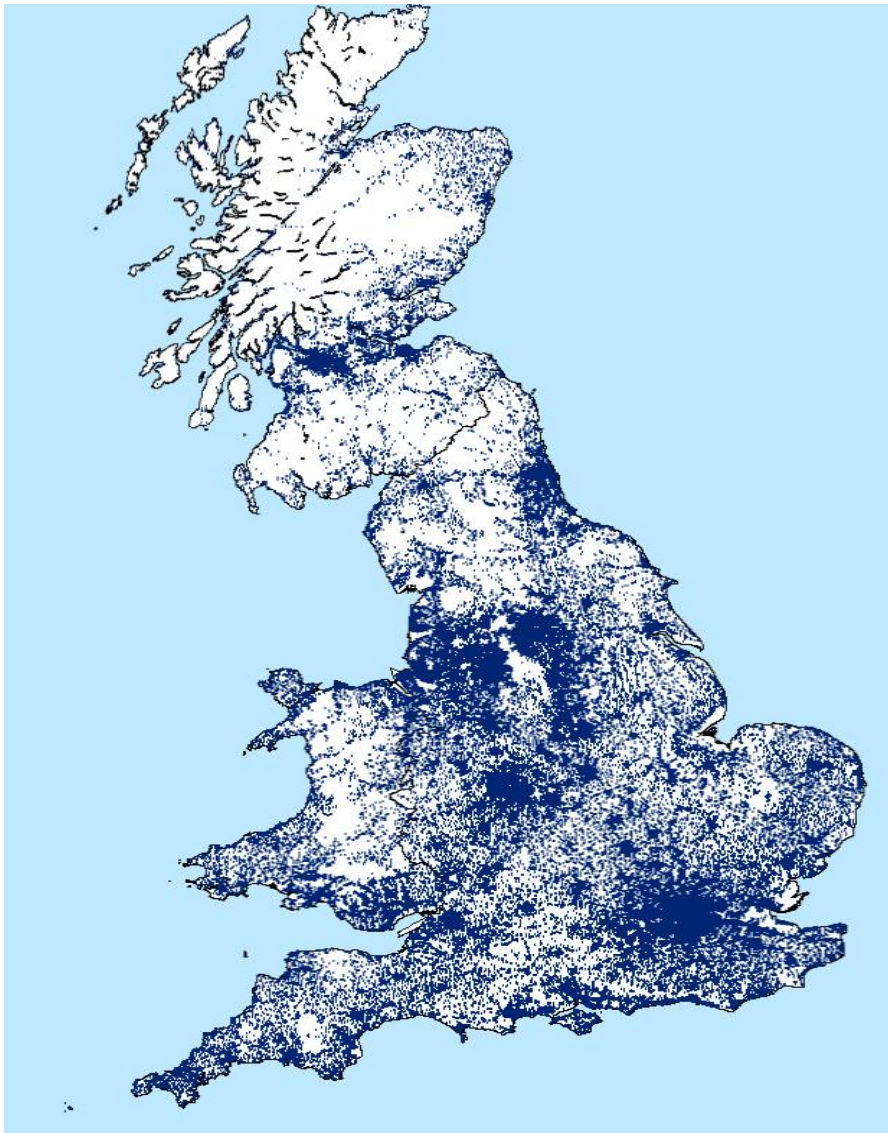
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## Data Snapshot

This image represents a snapshot of the [Home.co.uk](http://Home.co.uk) database of UK property for sale. Each blue dot represents a property.



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Page 10 of 13

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## Comment

### Outlook for 2013

Should the general trends continue, UK property will continue to prosper in 2013. Overall, prices will continue to rise and the regions may well follow in the steps of Greater London and regain the home values last seen in 2008. So far so good, one might say, but it should be borne in mind that the recovery is fragile and highly dependent on worldwide economic pressures. Moreover, it may be argued that the UK economic fundamentals do not really merit such high and rising house prices...

**Further recovery of the regions is vital to the overall health of the UK property market.** Take Greater London and the South East out of the equation and the UK property market is very much still in recession. So far we have seen stimulus in the South and austerity in the North. This imbalance must be redressed either through increased industrial output in the North or government policy or both.

**Interest rates and inflation must remain low.** Futures markets are pricing in interest rate rises in 2017, giving considerable time for improvement in the UK property market. However, the coalition is seemingly having great problems getting the UK budget deficit under control. The UK's coveted triple A rating is under threat and should there be sudden run on the pound, interest rates will need to be raised to avoid devastating inflation.

**Taxation must not increase.** The UK economy is vulnerable to the actions of the UK Treasury. Tax increases when take-home pay is flat or falling devastates confidence among potential home-buyers. More likely, and more politically palatable, perhaps is that further money printing will be the Government funding method of preference.

**Yet more money printing?** Cries for more stimulus funding for a stagnating economy may well prompt the use of the electronic printing press. The MPC seem to wax and wane on this issue but should the need arise QE3 will be upon us. Caution must be exercised by the central bank in such endeavours as there is limit as to how much this economic emergency first aid can be used. 25-30% of government debt is already held by the Bank of England. Moreover, proxy purchases of gilts by banks and building societies propped up by loans from the Bank of England mean that in reality this figure may be far higher.

'Green shoots' in UK property are evident but still very vulnerable. Only an improvement in GDP and employment will ensure continued recovery of the UK property market.

Season's Greetings to all our readers!

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Page 11 of 13

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

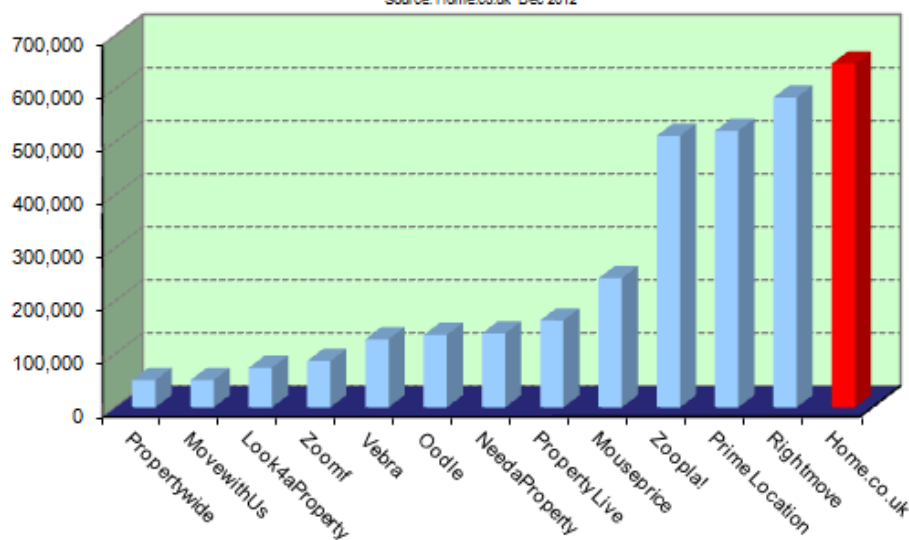
The [Home.co.uk](http://Home.co.uk) Asking Price Index is produced in association with [Calnea Analytics](#): the statistical consultancy responsible for the production of the official [Land Registry House Price Index](#).

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 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 Dec 2012



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Page 12 of 13

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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)

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## Future release dates:

- Tuesday 15<sup>th</sup> January
- Tuesday 12<sup>th</sup> February
- Tuesday 12<sup>th</sup> March

