



# Asking Price Index

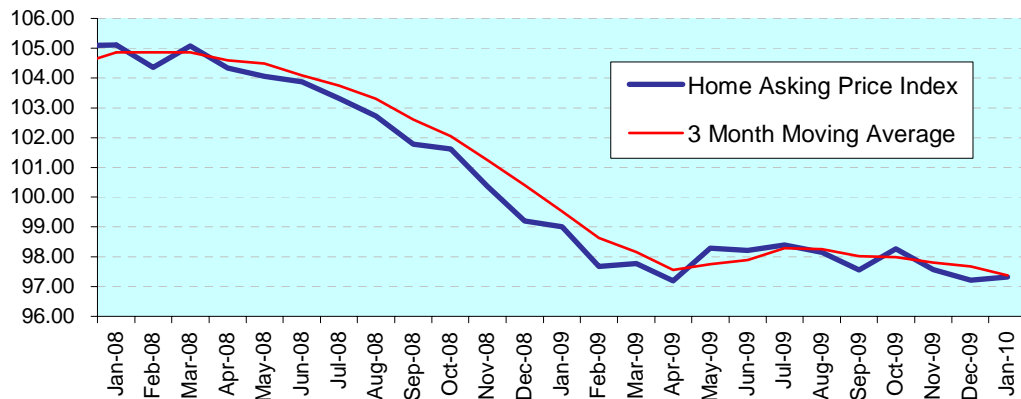
The UK's Independent Forward Market Indicator

[Home Asking Price Index](#): 12<sup>th</sup> January 2010

## Seasonal Chill Grips Housing Market

13,987 properties were repossessed by lenders during the three months to the end of September 2009, according to the Financial Services Authority

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 crept up by 0.1% this month.

Market house prices fell this month in 3 of the 9 English regions and Wales. Scottish market house prices increased for the first time in 9 months.

Asking Prices in England and Wales are 1.7% lower than in Jan 2009.

Typical (median) and Average (mean) marketing times have both jumped up by 14 and 15 days, respectively, since December further underlining the seasonal slowdown.

Greater London market house prices fell 0.3% over the last month.

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

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## Overview

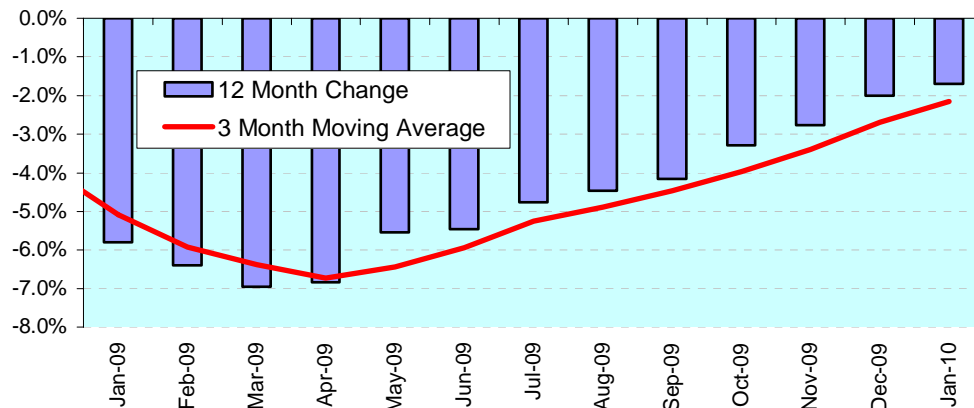
UK asking prices have yet to break out from the downward trend that began in the summer of 2009. The poor state of the UK economy at large and limited mortgage options for first time buyers are stifling any further recovery the UK housing market. As previously observed, price erosion is predominant in semi-detached and terraced housing and flats, whilst prime detached housing remains price stable.

Further house price consolidation remains evident. December saw 20,349 properties reduced in price, the lowest number recorded over the course of 2009. The average price reduction in December was £17,269, the second lowest monthly average for 2009.

The overall picture is one of a subdued market with serious buyers having the upper hand (those with cash or sizable deposits). Sellers, on the other hand are under less pressure to reduce market prices, although room for price increases is severely limited, as the general economic outlook remains lacklustre for 2010. Increasing marketing times will test the nerve of many sellers. It will be interesting to see if the strong regional differences seen in 2009 will persist in 2010.

## 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 reduced further to -1.7% with the trend line showing the price stabilisation that began last year. Please note that these figures are not adjusted for inflation.



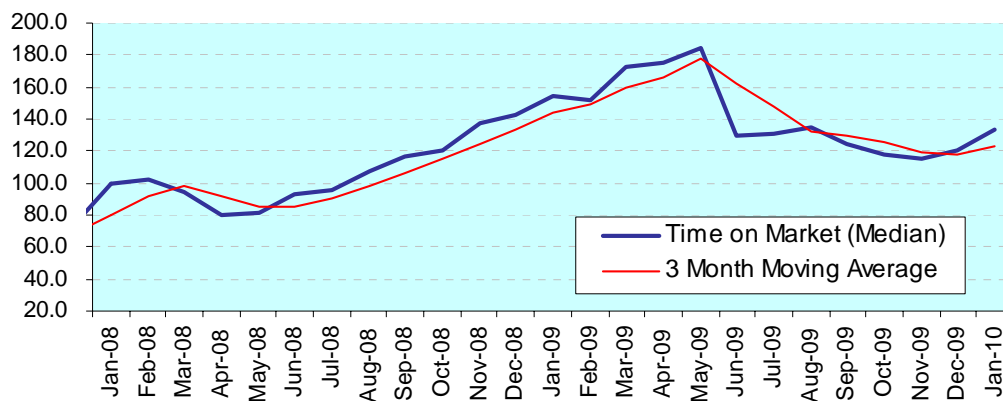
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## Time-on-Market Analysis

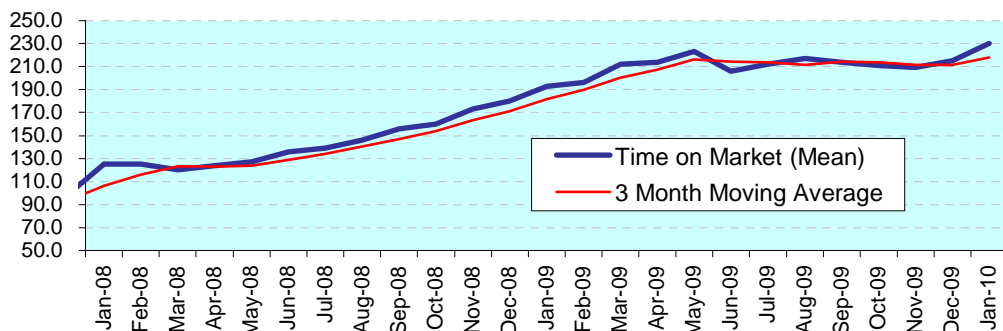
Typical Time-on-Market for unsold properties has risen this month to 134 days, indicating a seasonal slowdown in market activity.

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



Average Time on Market (ToM) for unsold UK property has also increased to 230 days, a new record.

**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 1.7%, *ca.* 3.6% below the [CPI](#), *ca.* 5.0% below the [RPI](#) (ex. housing) and *ca.* 3.4% below the [AEI](#) (ex. bonuses). The mix-adjusted average price of homes in England and Wales, advertised on the open market, now stands at £227,856<sup>1</sup>. The HAPI for England and Wales now stands at 97.3<sup>1</sup> [May04 = 100].

## Regional Housing Markets

Regional Asking Prices for January 2010, showing gains and losses since January 2009.

	Current average price	12-month change
South East	£284,426	+1.3%
Greater London	£338,573	-0.5%
South West	£251,197	-1.4%
East Midlands	£170,961	-2.7%
North West	£176,495	-2.9%
Yorkshire and Humber	£171,699	-3.3%
East Anglia	£237,599	-3.4%
West Midlands	£190,267	-3.5%
Wales	£178,974	-3.9%
North East	£153,595	-4.1%
Scotland	£158,046	-9.2%
<hr/>		
England & Wales	£227,856	-1.7%

<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.



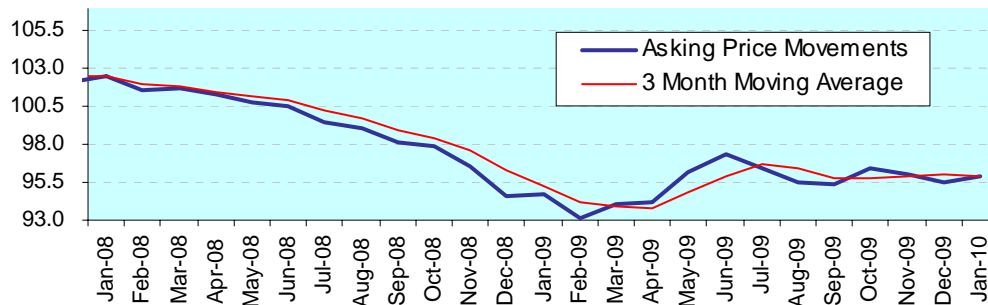
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## Greater London

Asking Prices in Greater London made a notable recovery last year, although market prices in the capital did not hold on to their summer 2009 highs and remain well below previous highs.

Asking Price Movements for Greater London

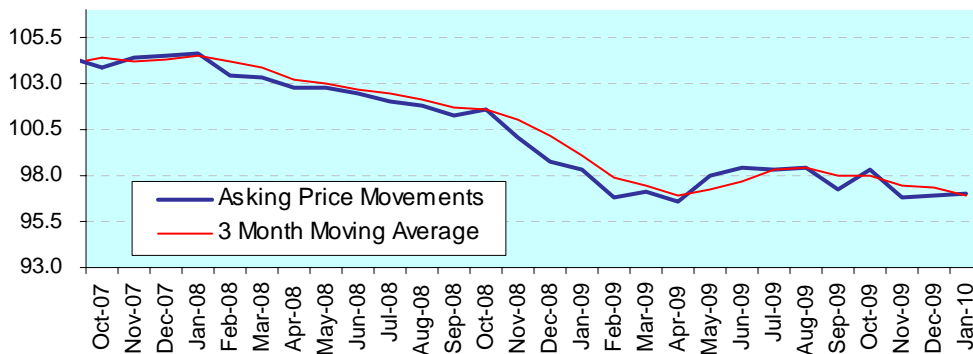


Laspeyres Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

## South West

The mix-adjusted Asking Price chart for property for sale in the South West shows that following a bounce in prices for this region, asking prices have resumed a downward trend.

Asking Price Movements for the South West



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



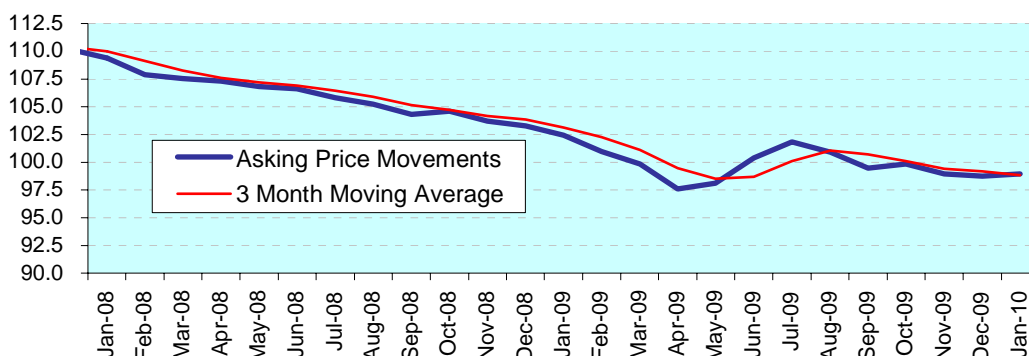
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## West Midlands

Market house prices in the West Midlands have also resumed a slow downward trend of price erosion, after a bounce in asking prices earlier in 2009.

Asking Price Movements for the West Midlands

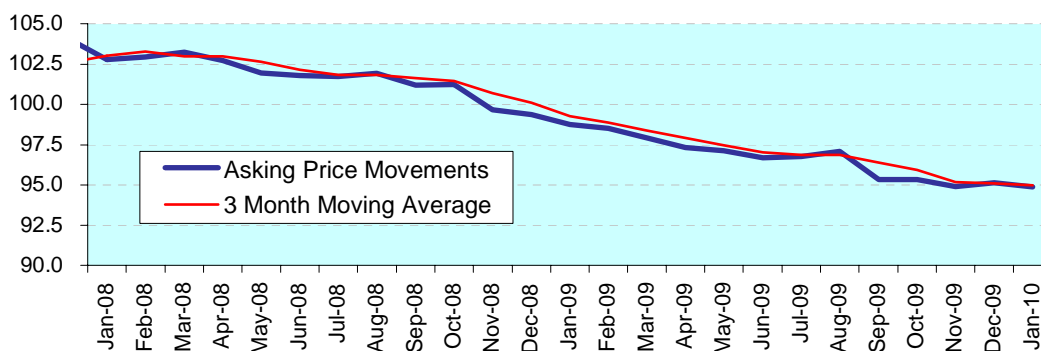


Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

## Wales

Asking Prices for homes in Wales show some signs of stabilisation. Market house prices in the Principality have fallen 7.8% since Jan 08.

Asking Price Movements for Wales



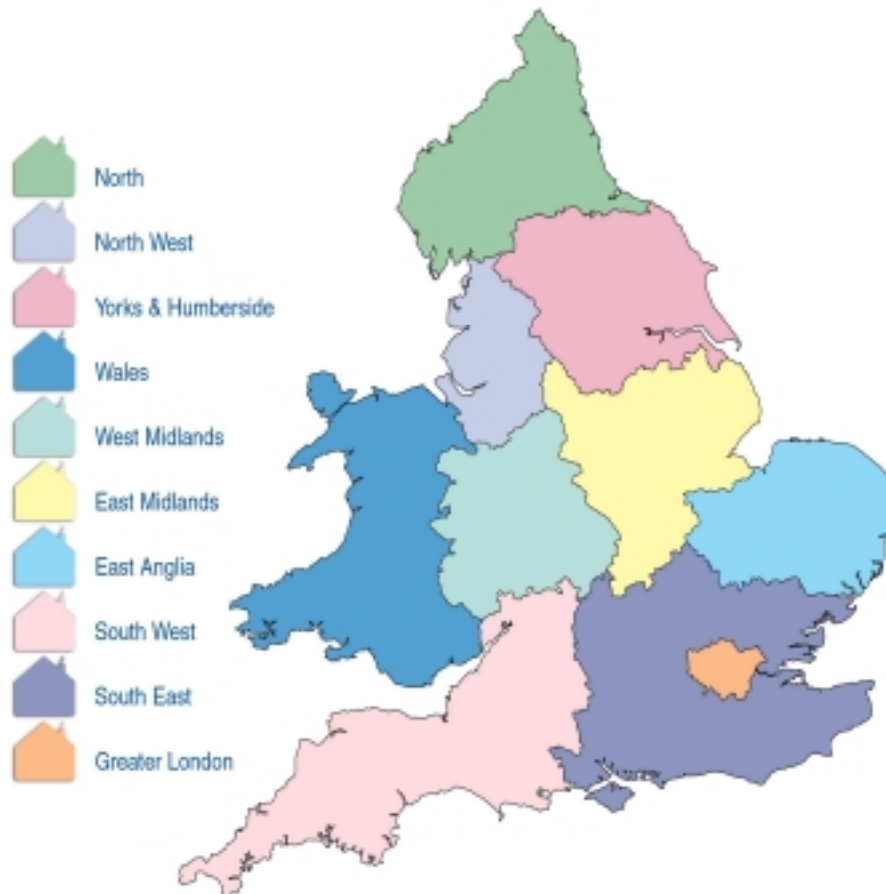
Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]



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**Regions** (as per DCLG)



Source: HM Land Registry



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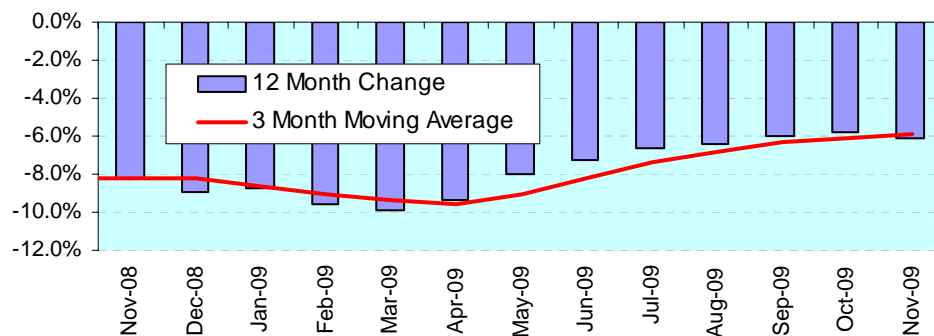
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## Comment

### Inflation Makes Property a Poor Investment

When compared to the rising prices of goods and services outside of housing, UK house prices are falling faster than headline figures may suggest.

**Inflation Adjusted Change in Asking Prices by Month**



12-month price changes corrected using the Retail Prices Index (ex. Housing) figures show UK property to be a poorer store of value than the nominal year-on-year (YoY) figures may suggest. The latest government RPI figures (November 2009) show YoY inflation increasing whilst UK asking prices are still decreasing YoY. Rising inflation is a natural consequence of fiscal easing policies and seems likely to continue to out-pace house price inflation in 2010.





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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](#).

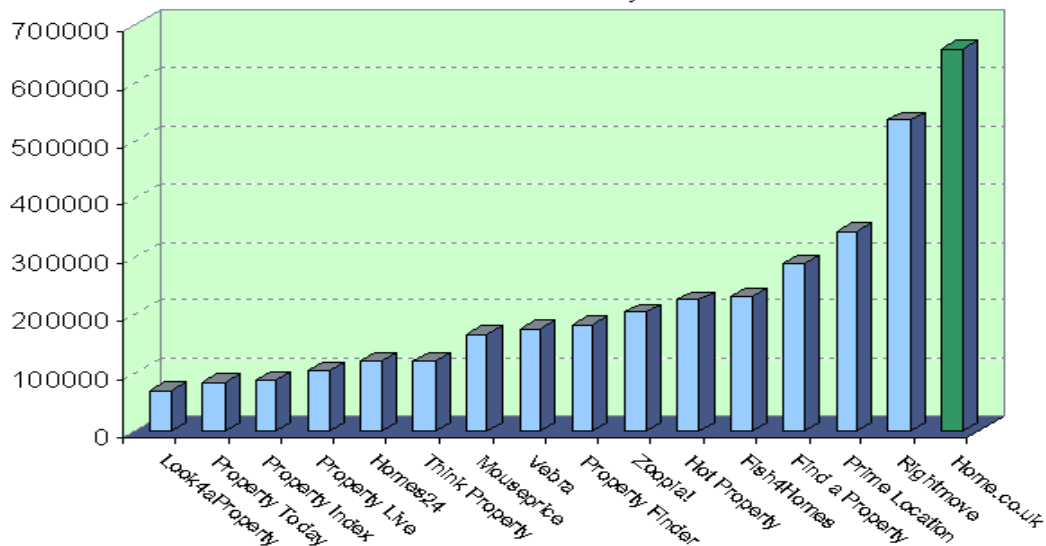
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of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





January 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:

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

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

Monday 12<sup>th</sup> April 2010



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The Home.co.uk Asking Price Index was devised in association with Calnea Analytics Ltd