



January 2013

# Asking Price Index

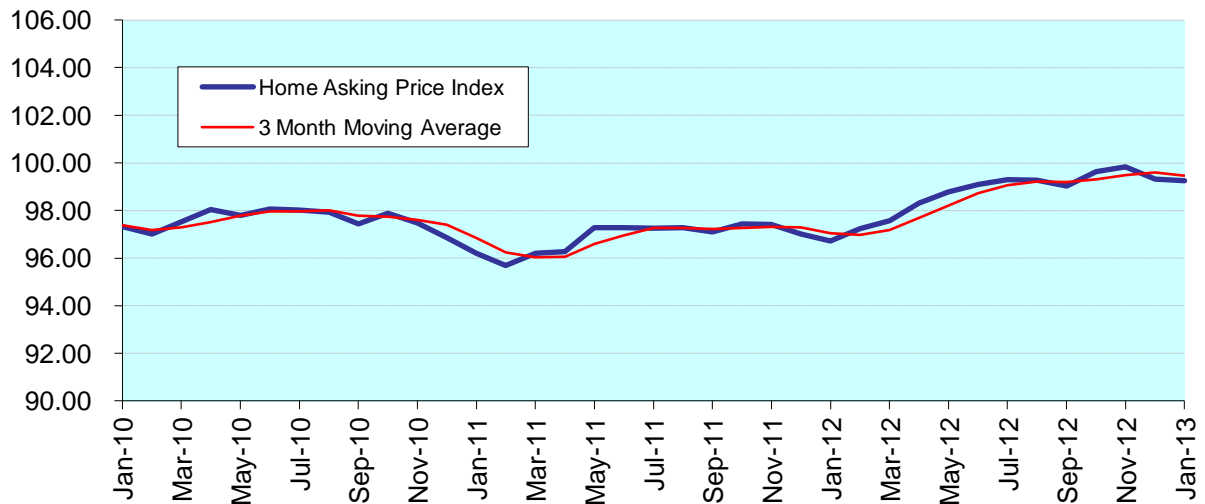
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 15<sup>th</sup> January 2013

## Shrinking Supply Supports UK Home Prices.

"The U.S. housing recovery is a fragile one and should be spurred by reducing the role of government in the mortgage-finance system," Prof. Robert Shiller, Yale University and co-creator of the S&P/Case-Shiller index of property values.

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 are down just 0.1% since December, in line with seasonal expectations.

Demand up again: Typical Time on Market 10 days lower than in January 2012.

Supply still falling: Total property on market down 11% vs. Jan 2012.

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

Average Time on Market now 4 days shorter than in January 2012.

Annual change in UK home prices: +2.6%    6-month change: +0.2%

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



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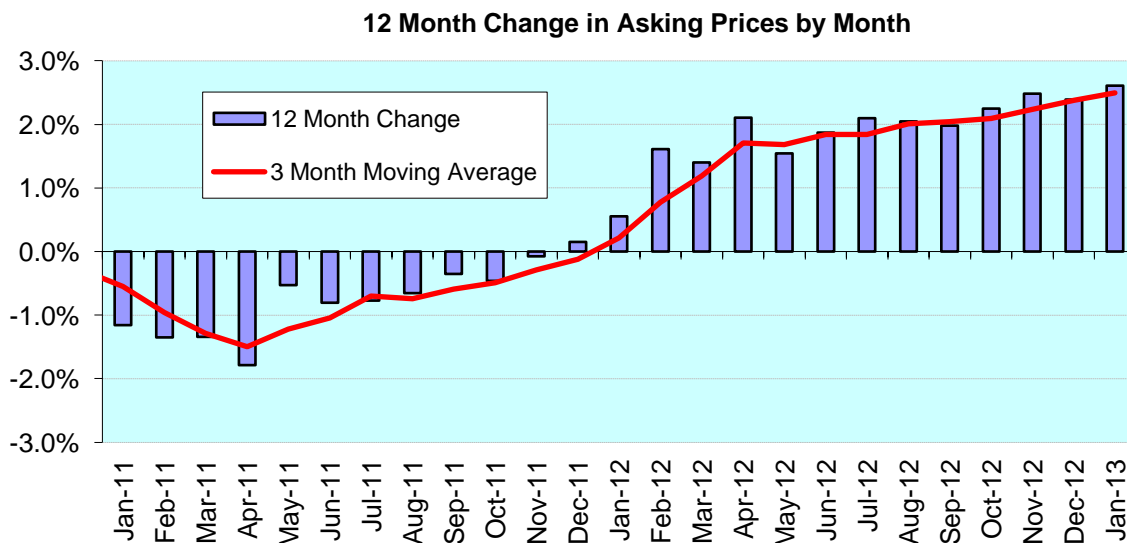
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## Overview

2013 gets off to a great start with UK home prices registering the best 12-month growth figure since April 2008. Whilst the market remains very different to the frothy exuberance experienced before the financial crisis, signs of recovery are clearly apparent. Take typical marketing times for example: down 10 days year-on-year. Moreover, UK asking price growth has now been year-on-year positive for 14 consecutive months. Low interest rates and strong rental demand have been key drivers in the market recovery.

However, UK home price growth remains just behind inflation (RPI excluding housing) and marketing times still need to come down further (especially in the North). Indeed, the national figures hide the fact that the market still remains very much divided North-South, with London and the South East enjoying much better market conditions than the Northern regions. Greater London has shown impressive price growth of 5.1% over the last year while the North West has suffered a loss of 0.3%. Spring 2013 may well show some improvement in the fortunes of property in the North, Scotland and Wales. Meanwhile, London, its surrounding regions and the South West are expected to prosper in 2013.

## Year-on-Year Trend in Asking Prices



Year on year, asking prices are increasing by 2.6% (not corrected for the effects of monetary inflation).

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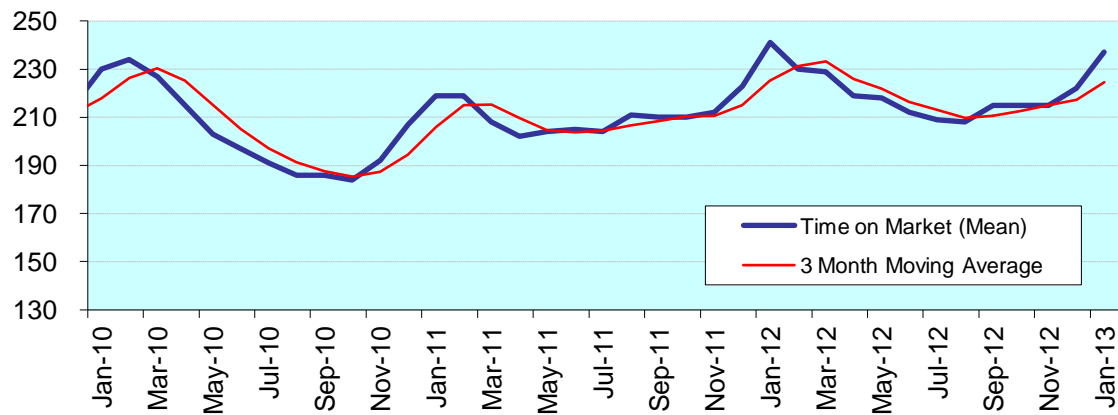
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## Time-on-Market Analysis

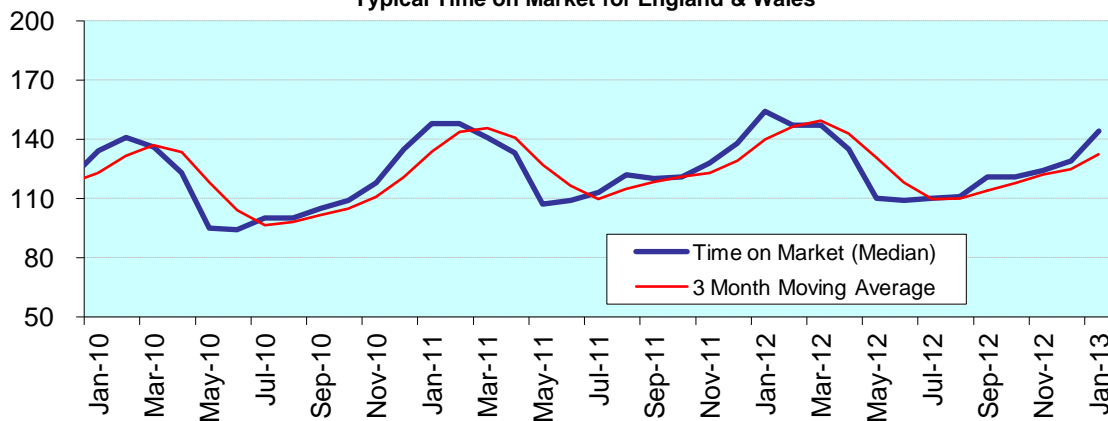
Properties are, on average, spending less time on the market year-on-year. The mean time on market for unsold property is now 237 days, 4 days shorter than in January 2012. January is typically the month where properties have the longest marketing times due to the Christmas slow-down.

Average Time on Market for England & Wales



An often more representative figure, the current median (typical) time on market, has increased 15 days to 144 days since December, which is a highly significant 10 days **less** than in January 2012. This is a very positive change for UK property sales and suggests that market conditions are improving.

Typical Time on Market for England & Wales



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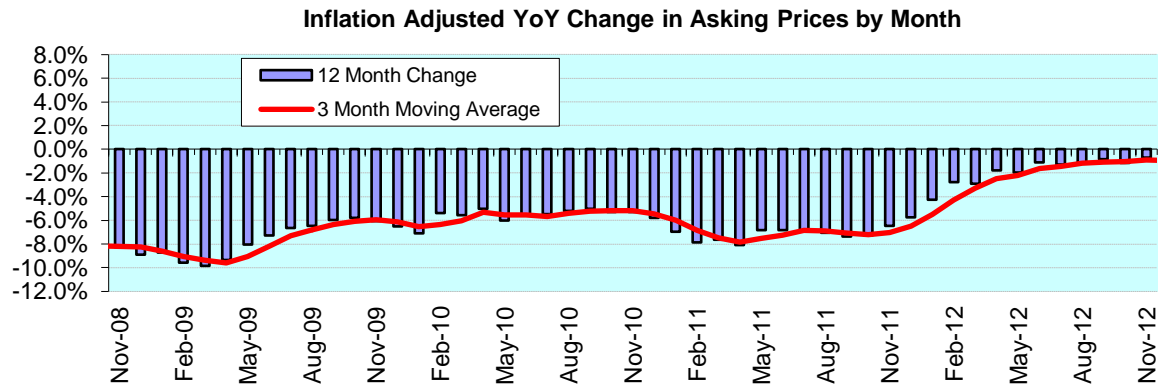
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## Home Asking Prices vs. Inflation



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 (0.7% in November). The HAPI for England and Wales remains unchanged at 99.3 [May04 = 100].

## Regional Housing Markets

Regional asking prices for January 2013, showing gains and losses since January 2012 and current typical time on market.

	Current average price	12-month change	Median ToM (days)
Greater London	£359,319	+5.1%	103
South East	£295,798	+3.0%	108
East Anglia	£248,308	+3.0%	116
South West	£253,524	+2.3%	123
Wales	£174,941	+1.5%	191
North East	£152,380	+1.5%	206
West Midlands	£188,527	+1.2%	151
East Midlands	£173,603	+1.1%	144
Scotland	£158,622	+0.3%	183
Yorkshire and Humber	£166,715	+0.1%	175
North West	£171,421	-0.3%	174
<b>England &amp; Wales</b>	<b>£232,348</b>	<b>+2.6%</b>	<b>144</b>

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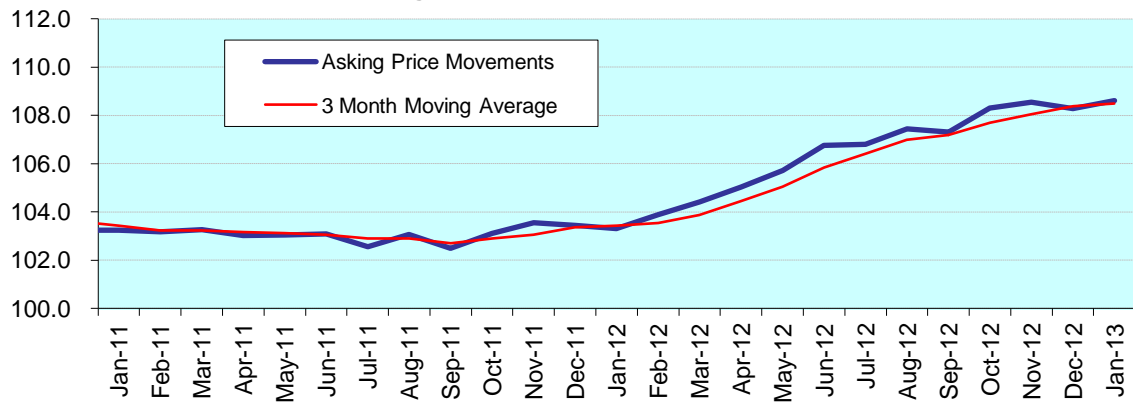
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## Greater London

Market house prices in London have recorded a very strong performance over the last 12 months. The supply of market entrants in December was 15% down on December 2011 and this will serve to accelerate price growth in this the UK's most vigorous market.

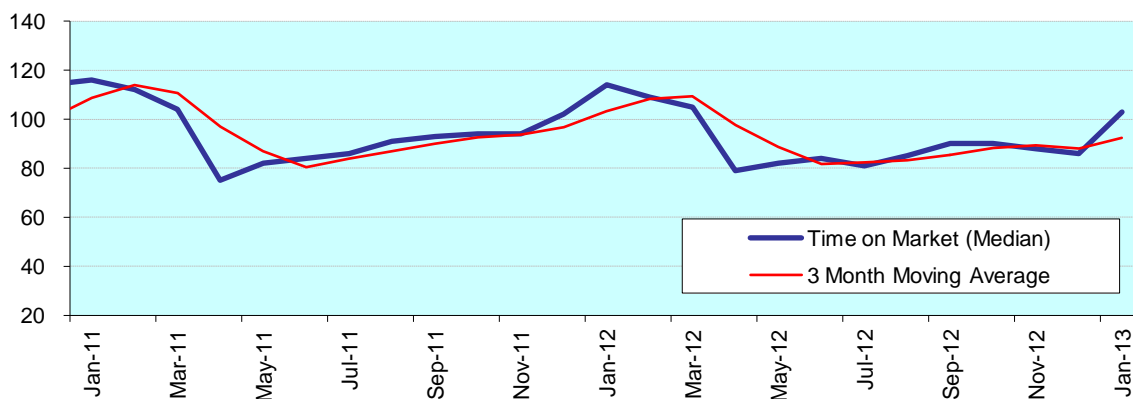
Asking Price Movements for Greater London



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

Greater London boasts the lowest time on market for any region in the UK. Median time on market has risen to 103 days since last month, which is 11 days less than in January 2012.

Typical Time on Market for Greater London





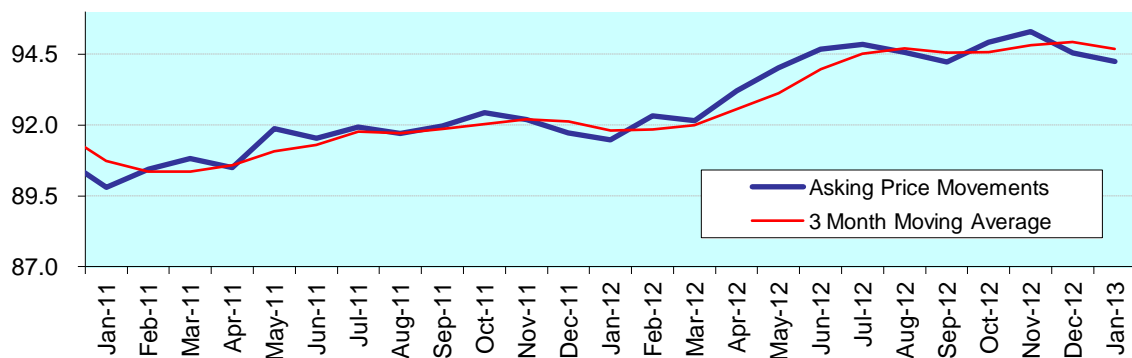
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## East Anglia

The mix-adjusted average asking price trend for property in East Anglia has also registered a solid performance over the last year (+3.0%), although as yet prices have recovered only about half of their losses following the banking crisis. Increased confidence in this regional market has not triggered a rise in supply. In fact, supply of property for sale was down 12% year-on-year in December.

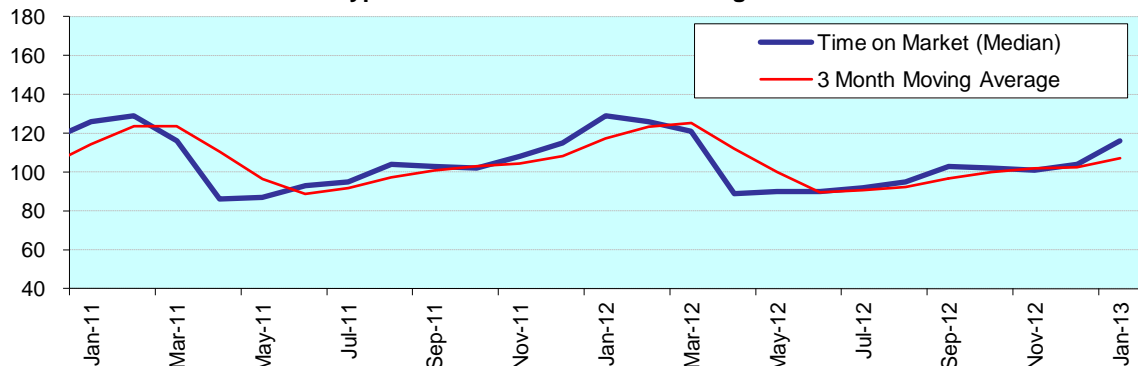
Asking Price Movements for East Anglia



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

The time-on-market chart for unsold property in East Anglia shows a typical seasonal trend. Typical marketing time in East Anglia, at 116 days, is now 13 days shorter than in January last year. We expect the typical Time on Market to fall well below 100 days in the Spring.

Typical Time on Market for East Anglia



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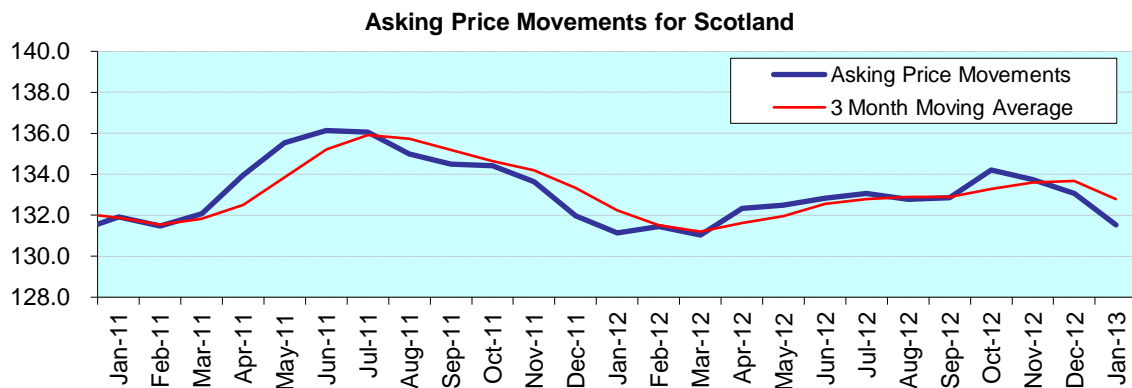


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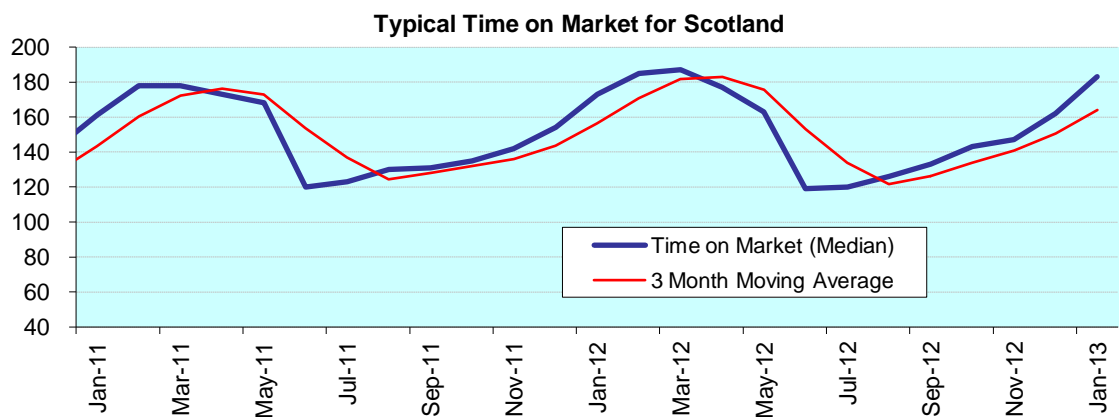
## Scotland

Asking prices for properties for sale in Scotland registered a rising trend throughout most of 2012, although the fact that prices failed to reach the summer highs of 2011 suggest the Scottish market is still troubled. Sales property supply was down 10% December, as compared to December 2011, and this will serve to support prices in 2013.



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

A further sign that the property market in Scotland remains in difficulty is that the typical Time on Market is 10 days longer than at this time last year. This negative trend indicates falling activity. Typical (median) time on market for unsold property in Scotland is currently 183 days, 39 days longer than the UK median figure.



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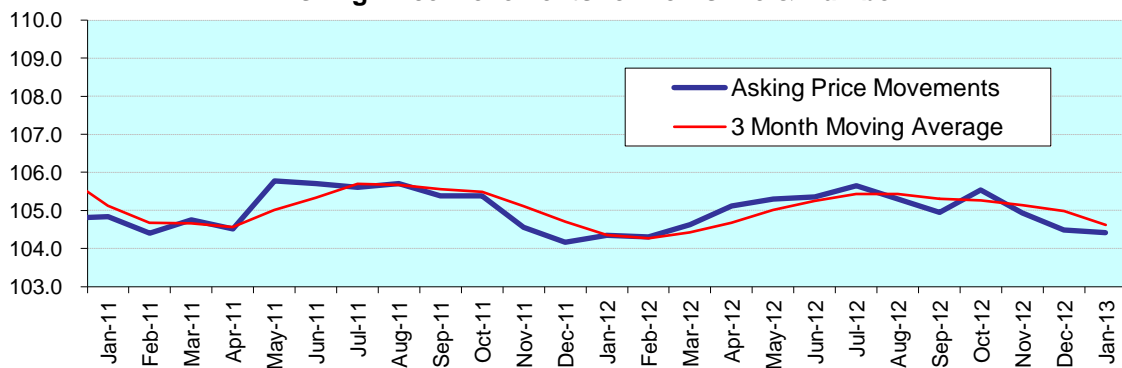
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## Yorkshire and Humber

In stark contrast to the better performing regions down South, asking prices for homes in Yorkshire and Humber have been sliding since midsummer and are up just 0.1% year-on-year. Negative market sentiment is not deterring potential sellers to any great extent and consequently the supply of homes for sale in this region was up 2% in the month of December, as compared to December 2011.

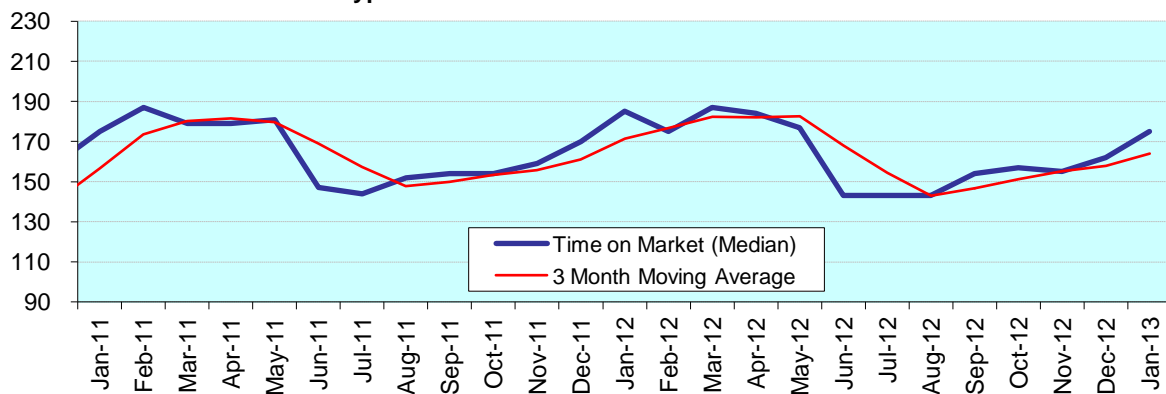
Asking Price Movements for Yorkshire & Humber



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

Despite stagnant pricing and rising supply, marketing times in this region have improved slightly compared to last year. Typical (median) time on market for unsold property in Yorkshire and Humber is currently 175 days, 10 days shorter than in January last year.

Typical Time on Market for Yorkshire and Humber



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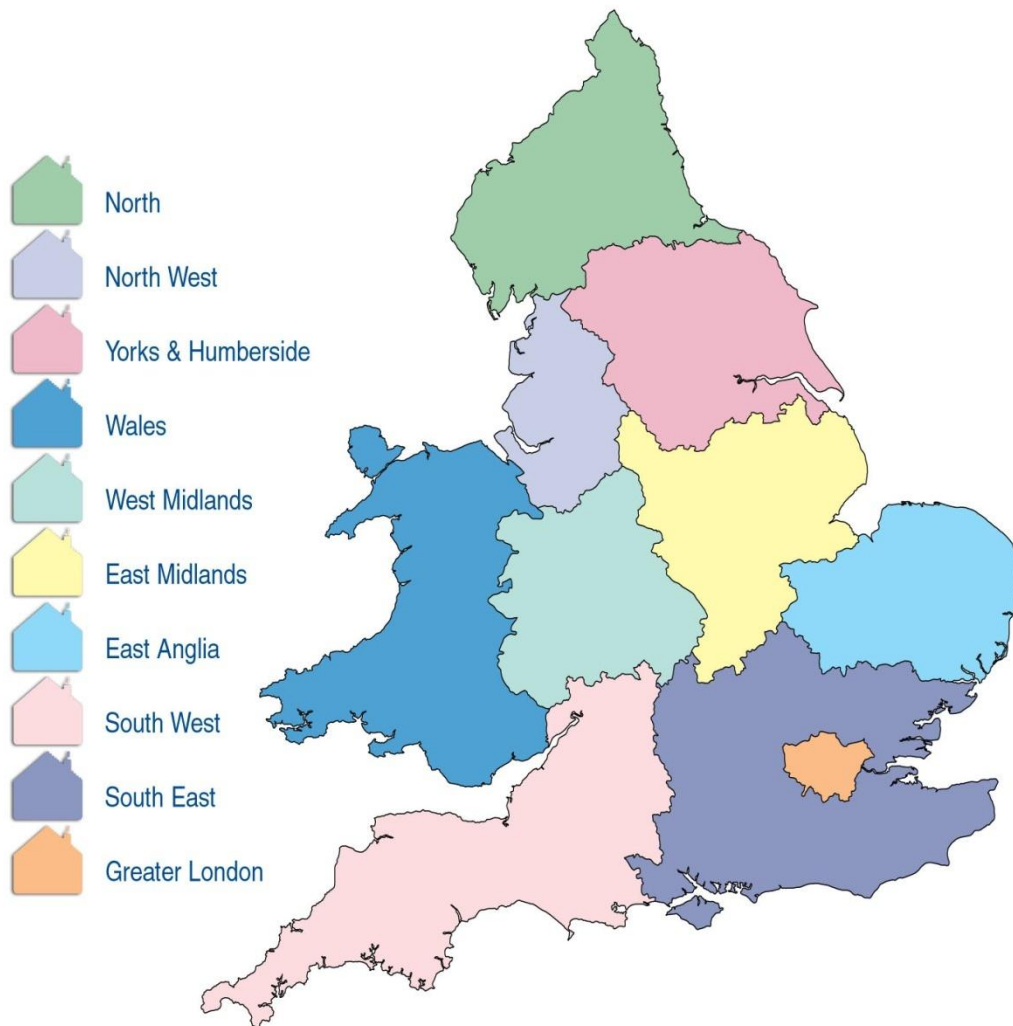


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**Regions** (as per DCLG)



Source: HM Land Registry

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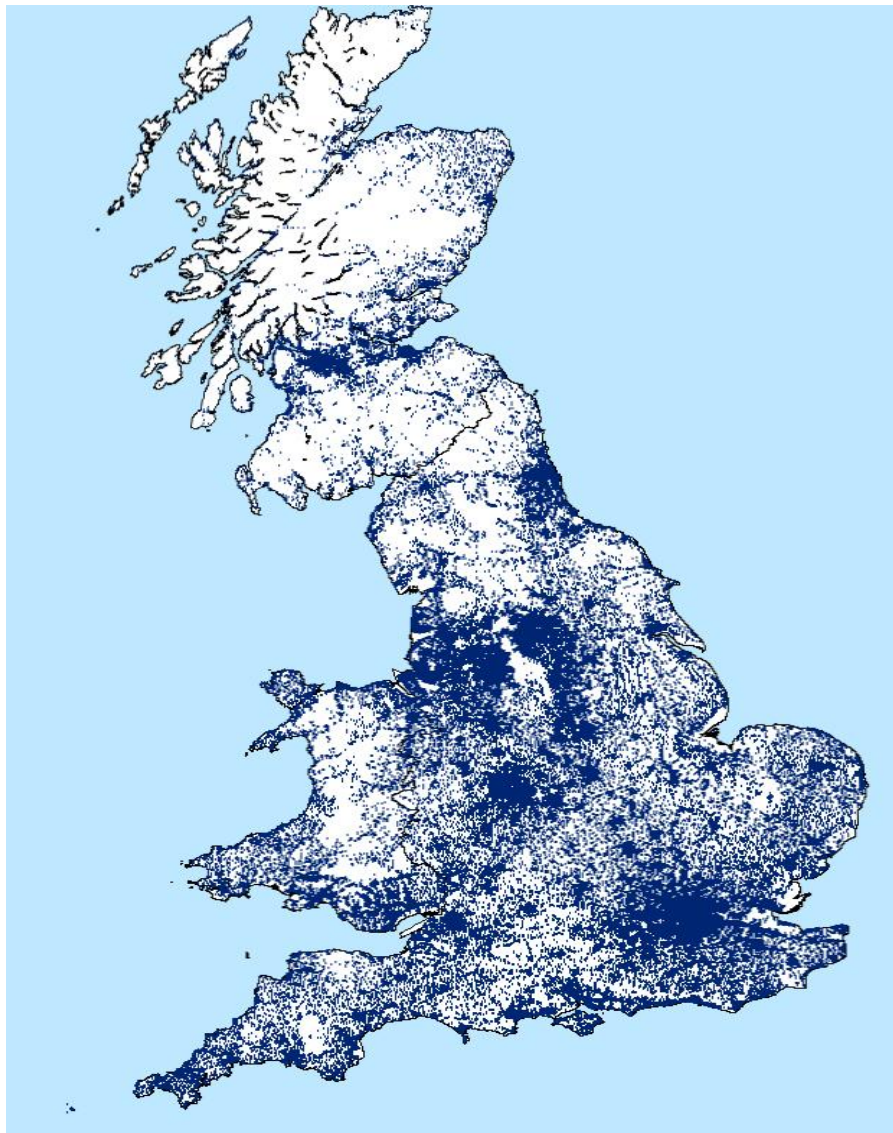
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## Data Snapshot

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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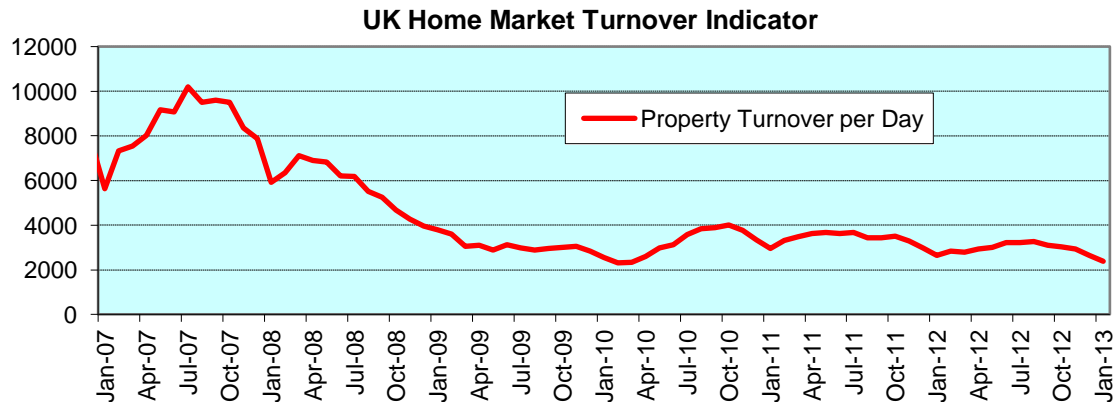
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## Comment

### How healthy is the UK Property Market?

Most home owners will be happy to know that, overall, prices are rising and there are signs that the market is recovering. However, given that interest rates are so low shouldn't the market be doing better? What about the North? Take London and the South East out of the equation and UK property would still be going sideways.

In our view, there remains much progress to be made before the UK property market can be described as 'healthy'. Take sales market volume for instance. Below is a chart showing how many properties move through the market going back to the heady days of 2007.



The trend from October 2010 to the present looks like neither a market in recovery nor a healthy one. The amount of property moving through the sales market is actually falling and has been doing so for nearly 2.5 years and judging by previous seasonal movements we may see a new low in the next two months.

Two key factors explain the current trend: 1) Supply of property for sale is extraordinarily limited and 2) Mortgages are still hard to get (especially for first-time buyers). The latter may change this year with the Funding for Lending Scheme but the former will not change for some time. Supply will remain limited because many homeowners cannot afford to sell since the current value of their home is less than they originally paid. Hence, many people who must move (for work or to up-size/down-size) choose to let their property and rent another. This helps explain why the home rental sector is booming as each such owner-occupier becomes both landlord and someone else's tenant.

Wishing a Happy and Prosperous 2013 to all our readers!

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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](#).

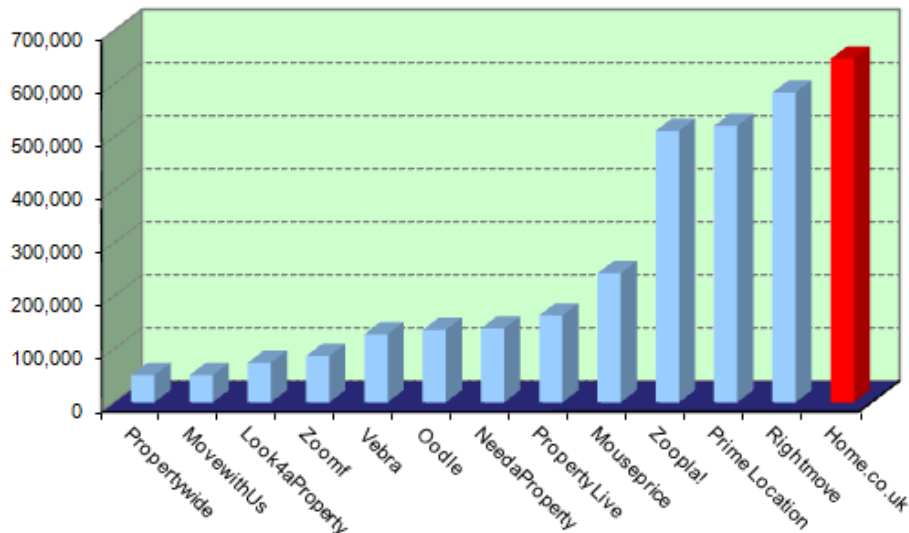
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of 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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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 12<sup>th</sup> February

Tuesday 12<sup>th</sup> March

Friday 12<sup>th</sup> April



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