



June 2012

# Asking Price Index

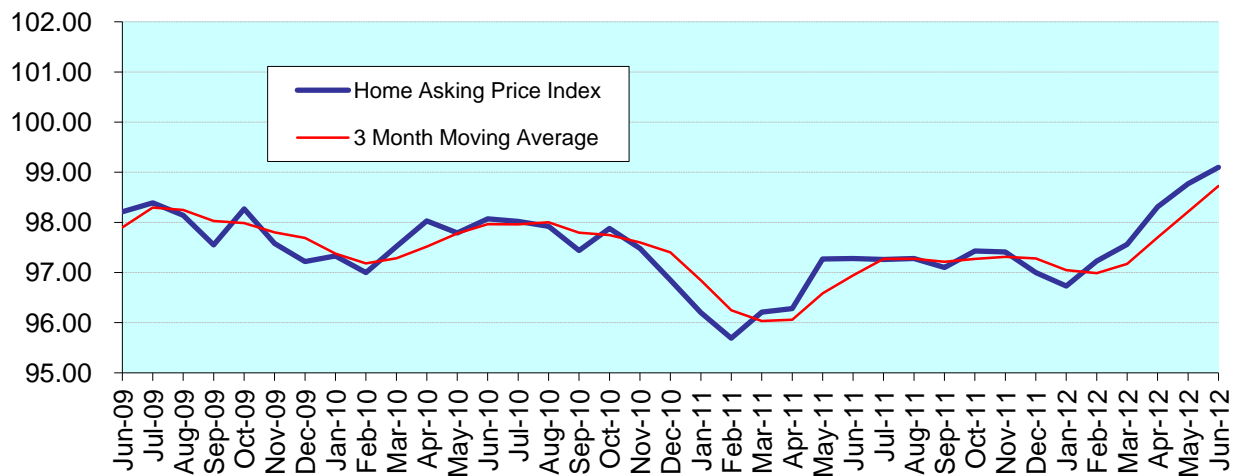
The UK's Independent Forward Market Indicator

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

## Home Prices Up Despite Weak Economy.

"We have been through a big global financial crisis, the biggest downturn in world output since the 1930s, the biggest banking crisis in this country's history, the biggest fiscal deficit in our peacetime history and our biggest trading partner, the euro area, is tearing itself apart without any obvious solution," Mervyn King, Governor 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

Supply of homes to market has increased but remains 5% lower last month than in May 2011.

Asking prices for homes on the market in England and Wales have moved up a further 0.3% since May.

Average UK asking price rises to highest value since Dec 2008.

Home prices are rising in most English regions and Scotland. Prices fell back slightly in Wales, East Midlands and the South West over the last month.

Greater London supply of homes for sale is 40% less than May 2008.

Annual change in asking prices: +1.9%      6-month change: +2.2%

Released 12<sup>th</sup> June 2012

Page 1 of 12

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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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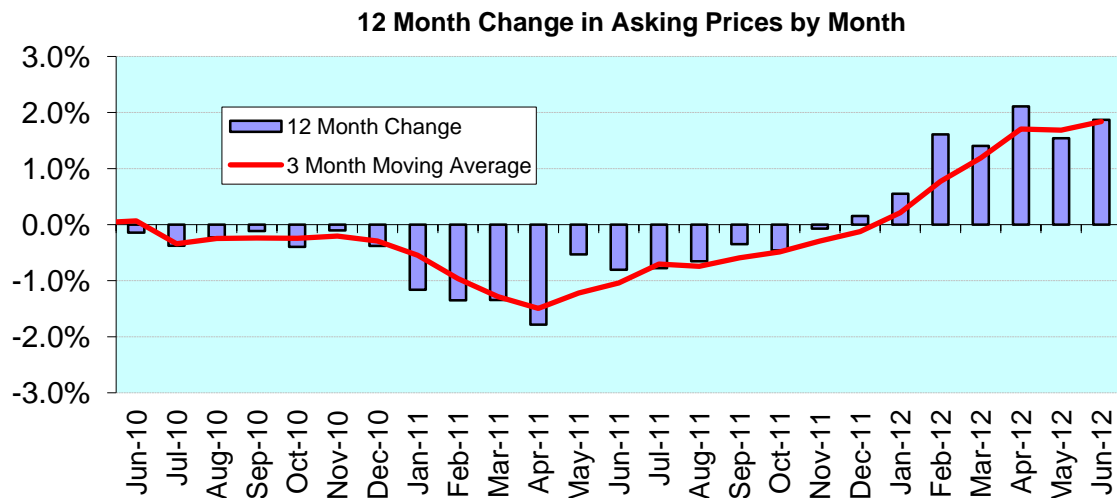
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## Overview

The UK property market remains bi-polar in character, with Northern and Southern Markets showing highly differing fortunes. However, such is the strength of the Southern recovery (principally the Southeast, East Anglia and Greater London) that the national average figures have improved substantially over recent months. Year-on-year change in the national mix-adjusted average figure has been positive for 6 months and this looks set to continue, at least for the near future. We expect this trend of low home price growth to continue as long as both interest rates and supply of homes for sale continue to remain relatively low.

Hence the balance sheets of banks and building societies must also be steadily improving and this may well lead to a better mortgage finance environment. However, when one corrects the current slow rate of price growth for the effects of inflation, currently around 4% (RPI ex-housing is our preferred measure), the real growth in UK home prices remains negative.

## Year-on-Year Trend in Asking Prices



Year on year, asking prices are up by 1.9%.



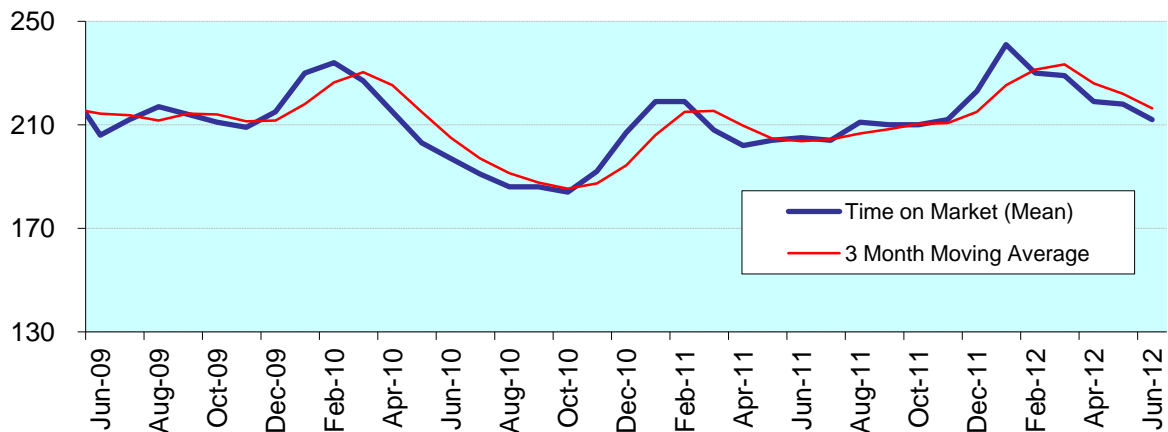
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## Time-on-Market Analysis

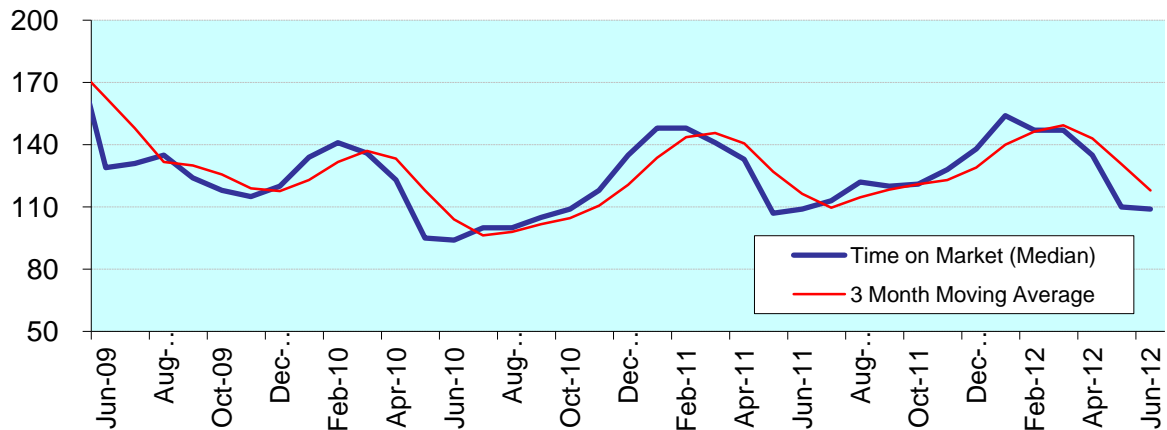
The mean (average) time on market for unsold property continues to fall indicating increased momentum in the UK property market overall. This year the seasonal boost is more prolonged than that observed in 2011. The mean UK marketing time is now 212 days, 10 days higher than in June last year.

Average Time on Market for England & Wales



Meanwhile, the current median (typical) time on market, our second marketing time indicator, has also fallen back a little further and at 109 days is identical to that observed in June 2011.

Typical Time on Market for England & Wales



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Page 3 of 12

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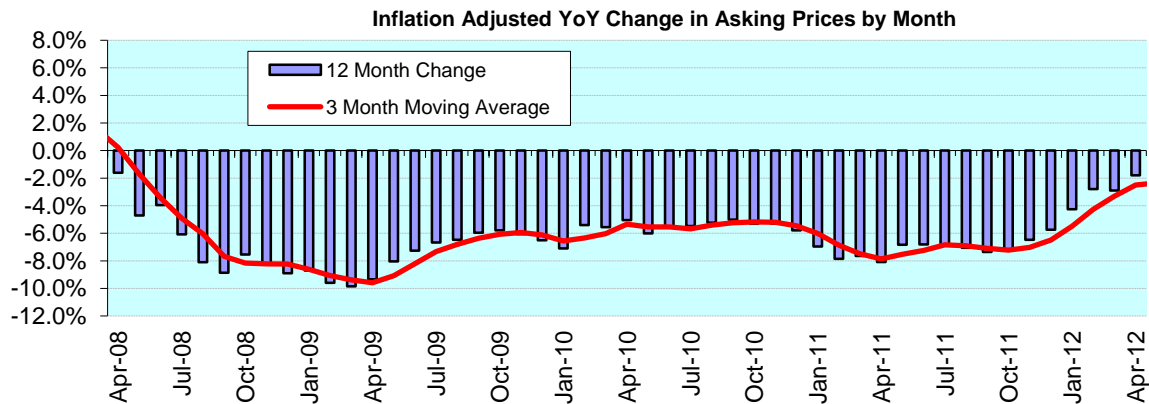
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## Home Asking Prices vs. Inflation



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 continues to narrow. The HAPI for England and Wales now stands at 99.1 [May04 = 100].

## Regional Housing Markets

Regional asking prices for June 2012, showing gains and losses for Q2 and current typical time on market.

	Current average price	3-month change	Median ToM (days)
East Anglia	£249,458	+2.8%	90
Greater London	£353,084	+2.3%	84
South East	£295,476	+1.9%	84
Scotland	£160,210	+1.4%	119
North East	£152,620	+1.3%	153
West Midlands	£189,184	+1.1%	114
East Midlands	£174,084	+1.1%	114
South West	£252,803	+1.0%	95
North West	£173,992	+0.8%	137
Yorkshire and Humber	£168,196	+0.7%	143
Wales	£173,236	+0.5%	182
<b>England &amp; Wales</b>	<b>£231,998</b>	<b>+1.6%</b>	<b>109</b>

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Page 4 of 12

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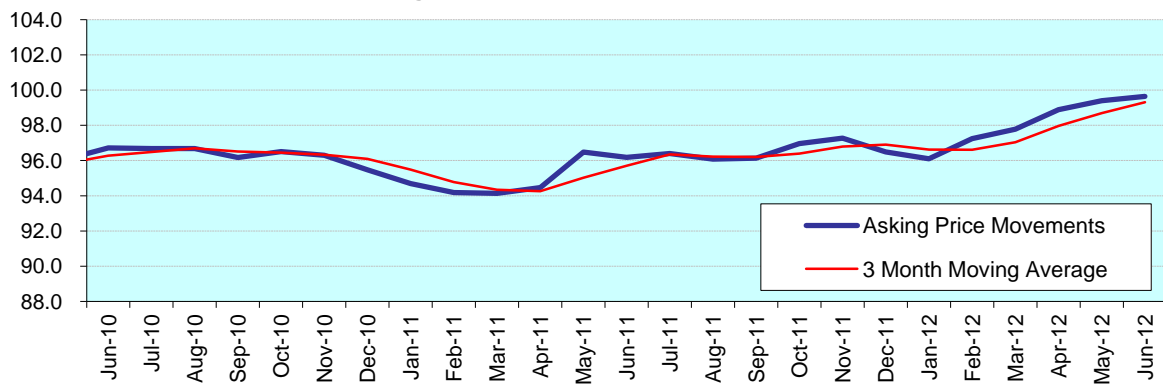
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## South East

Market house prices in the South East continue to perform well, when compared to most English regions, Scotland and Wales. Home asking prices in this region are now the highest they have been since June 2008 and only 4% lower than the all time high in August 2007. Prices in the South East continue to be supported by a shortage of supply. The number of markets entrants in May was 8.5% lower than for May 2011.

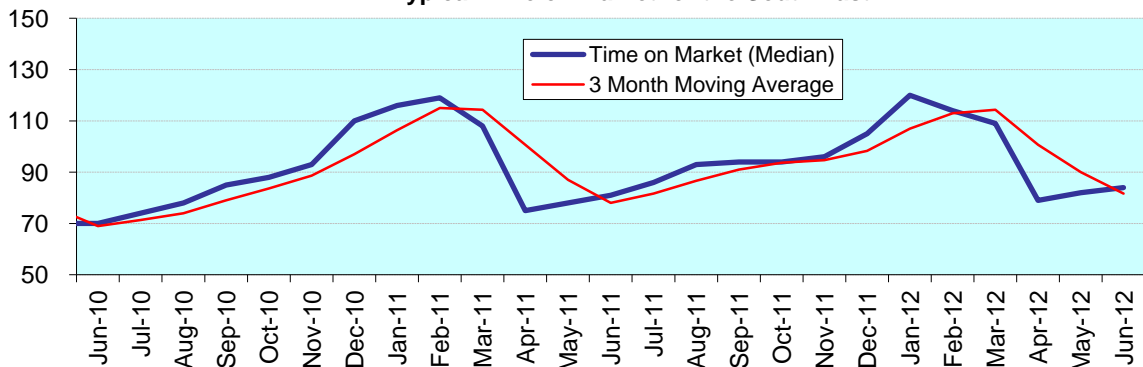
Asking Price Movements for the South East



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

The typical time on market trend for unsold property in the South East shows no deviation from the seasonal trend. Median time on market now stands at 84 days, which is just 3 days longer than in June 2011.

Typical Time on Market for the South East



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Page 5 of 12

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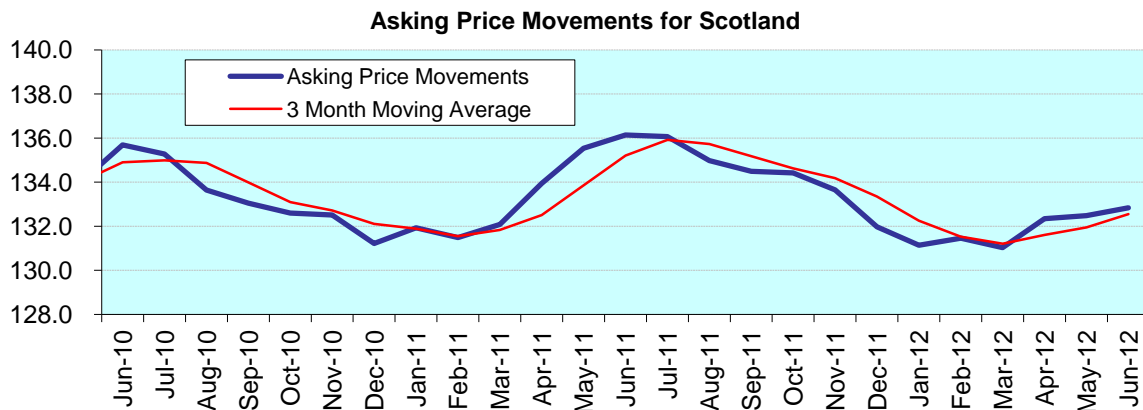


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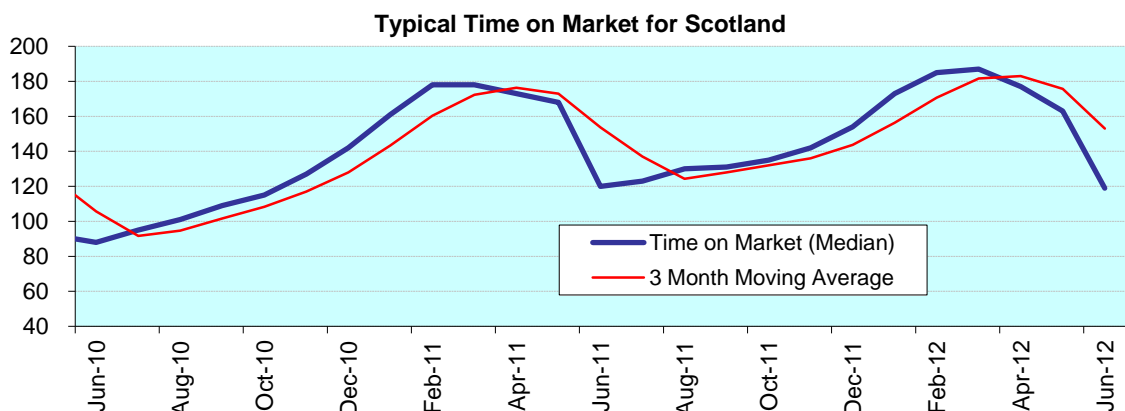
## Scotland

The mix-adjusted average Asking Price for property in Scotland is showing a less than convincing rally. Seasonal price increases are weaker than last year and they are being undermined by an increase in supply of 4% comparing May 2012 with the same month last year.



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

The time-on-market chart for unsold property in the Scottish housing market shows a seasonal drop in marketing times this month consistent with last year's trend. The median figure is just one day lower than last year. However, the average time on market in this region is 15 days longer than in June last year and now stands at 236 days. This suggests that supply of Scottish property for sale is out-pacing demand.



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Page 6 of 12

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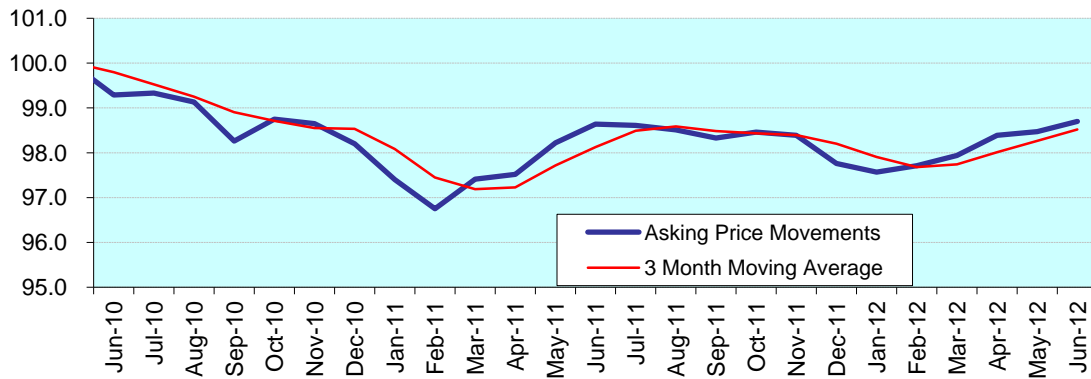
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## North West

Asking prices for properties for sale in the North West have shown a strong seasonal rise and are now marginally higher than at this time last year. Prices are supported in part by a slight reduction in supply (2% lower in May 2012 than in May 2011).

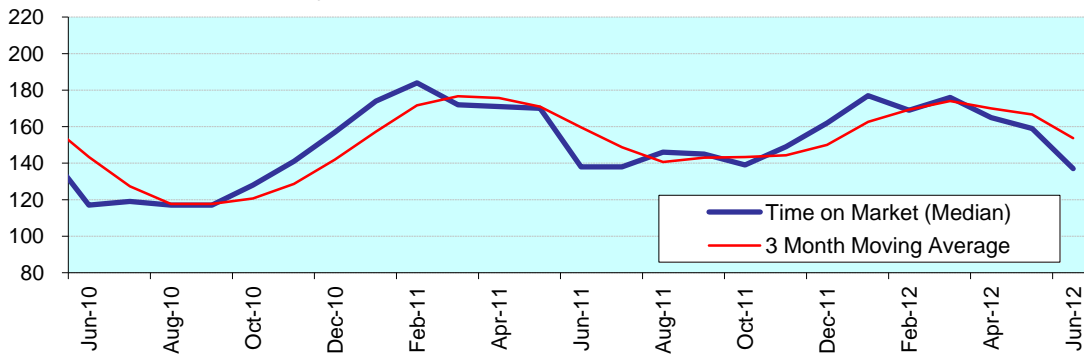
Asking Price Movements for the North West



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

Typical time on market for the North West also shows a typical seasonal pattern. This median figure is currently 137 days, 28 days longer than the median time on market for the UK.

Typical Time on Market for the North West





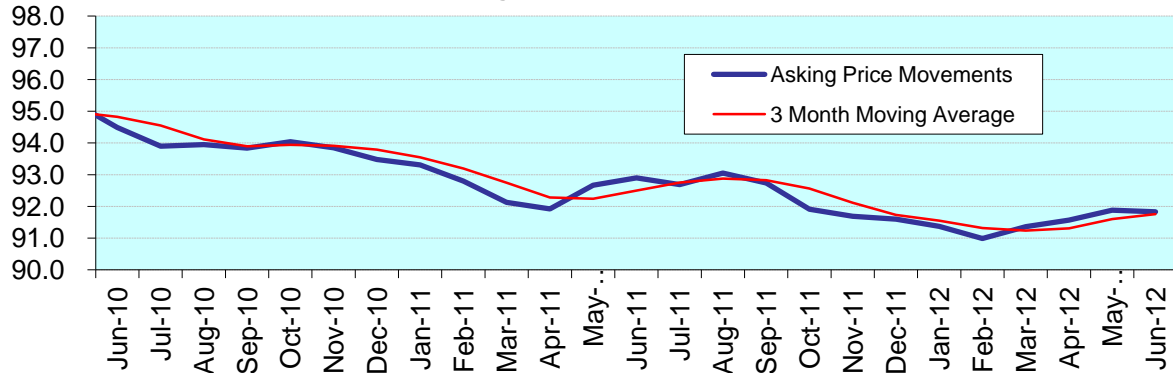
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## Wales

Asking prices for homes in Wales are enjoying a seasonal rally but continue to suffer year-on-year losses. Home prices are now 1.2% lower than in June last year and this downward trend looks set to continue.

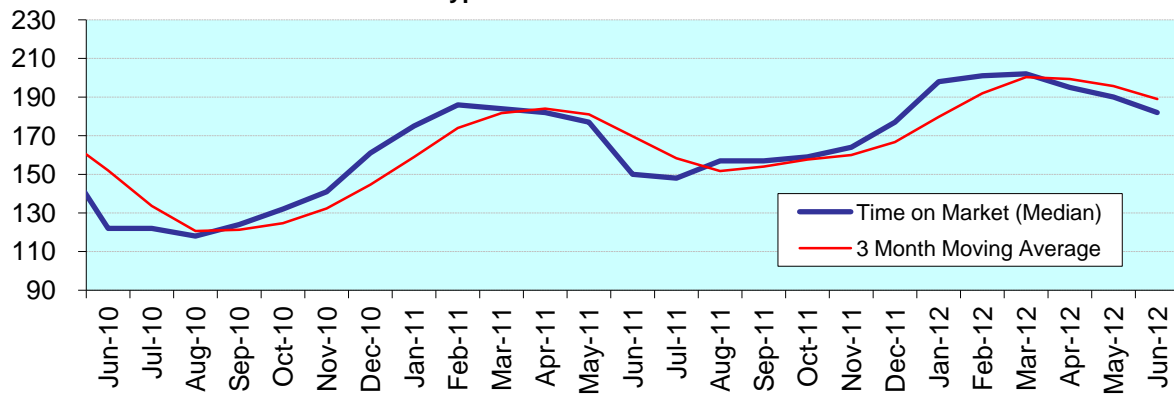
Asking Price Movements for Wales



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

Typical (median) time on market for unsold property in Wales is currently 182 days, 32 days longer than in June last year. The typical time on market for Wales is considerably longer than any English region or Scotland and serves to show how comparatively slow the Welsh housing market currently is.

Typical Time on Market for Wales



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Page 8 of 12

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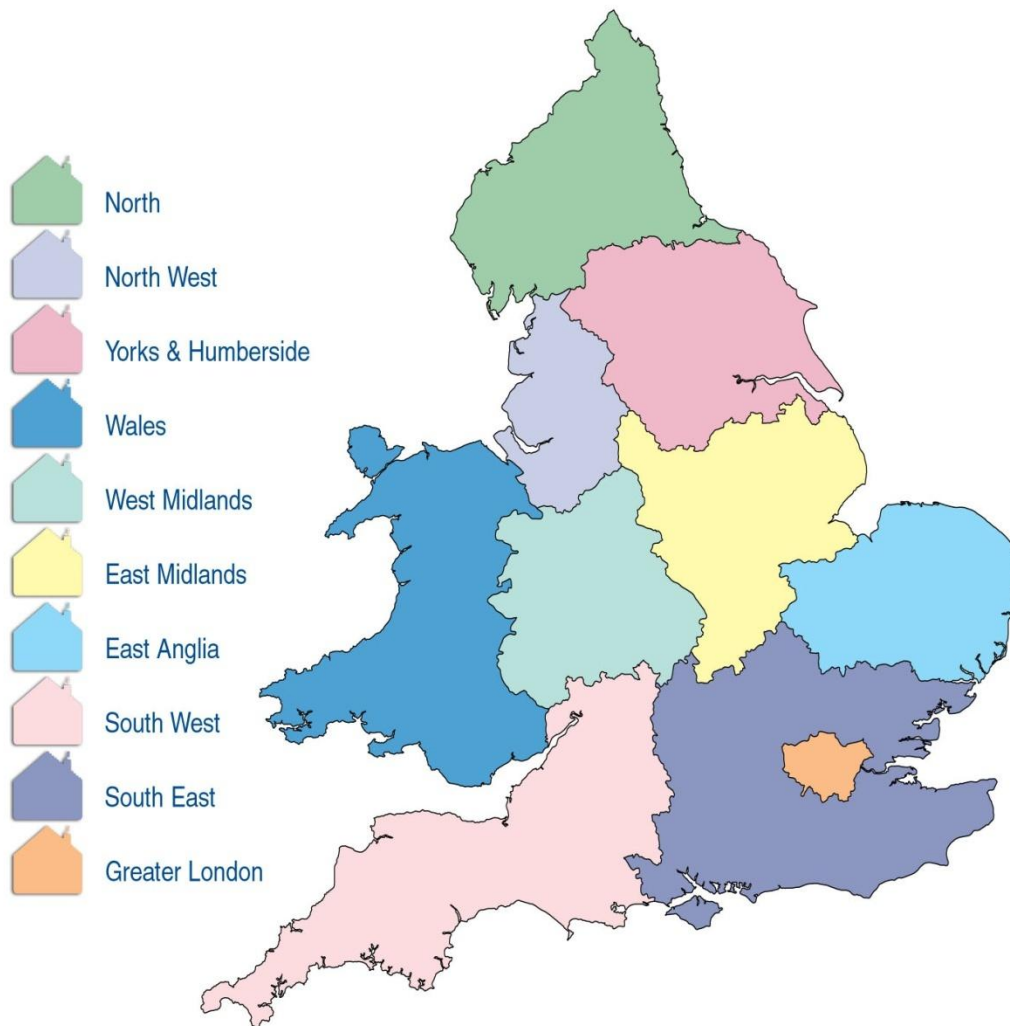


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**Regions** (as per DCLG)



Source: HM Land Registry

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Page 9 of 12

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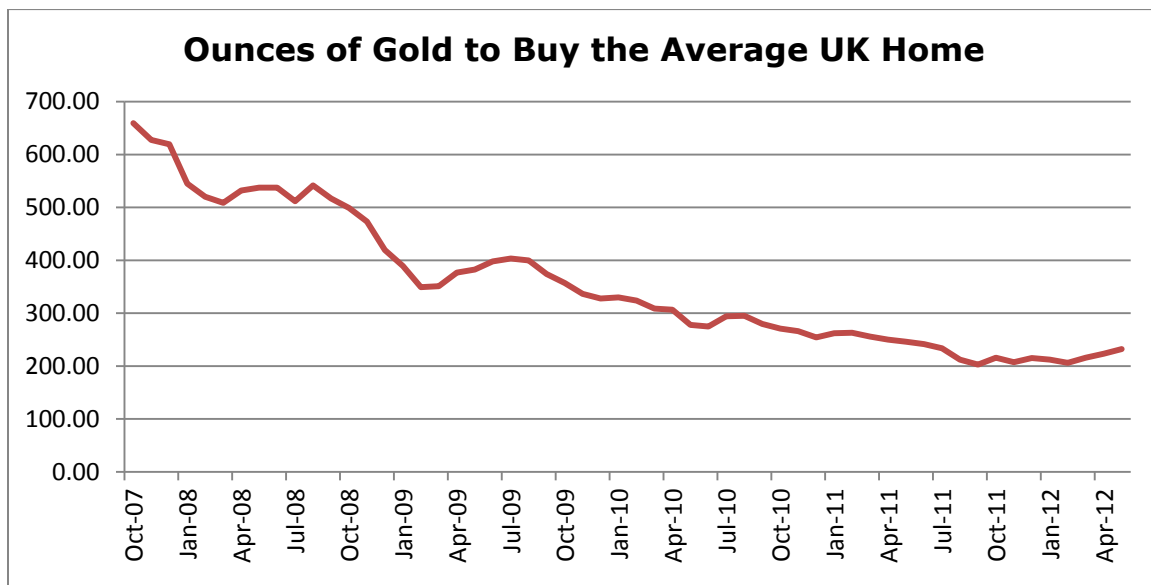
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## Comment

### UK Houses Now Better Than Gold?

Buying property has been, for many years, the number one investment choice for most Britons. However, in recent years Gold has been a better bet.



In fact, over the last 5 years gold has tripled in value compared to the average UK home asking price. A traditional investment in times of financial uncertainty, for many investors Gold has acted as a useful hedge against the corrosive effects of both inflation and asset price deflation.

However, the recent trend since September 2011 suggests that the pendulum could be swinging back in the opposite direction. Since September 2011, home prices have gained 15% vs. Gold. Should this trend continue, we could be witnessing the start of a considerable turnaround in the property investment sector. Investors are still enthusiastic about UK property and the principle reason must be that, unlike Gold, property offers a return on capital in the form of rent.

On the other hand, perhaps Gold is set to surge even higher as the financial catastrophe in the Euro-zone unfolds. Only time will tell...



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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](http://Calnea Analytics): the statistical consultancy responsible for the production of the official [Land Registry House Price Index](http://Land Registry House Price Index).

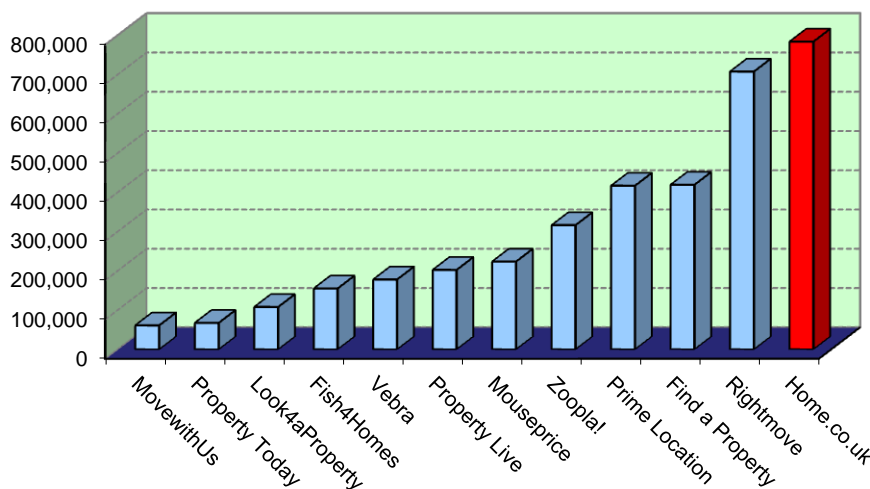
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](http://Survey of English Housing Stock) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of National Statistics](http://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 June 2011



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Page 11 of 12

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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:

Thursday 12<sup>th</sup> July

Monday 13<sup>th</sup> August

Wednesday 12<sup>th</sup> September



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Page 12 of 12

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