



# Asking Price Index

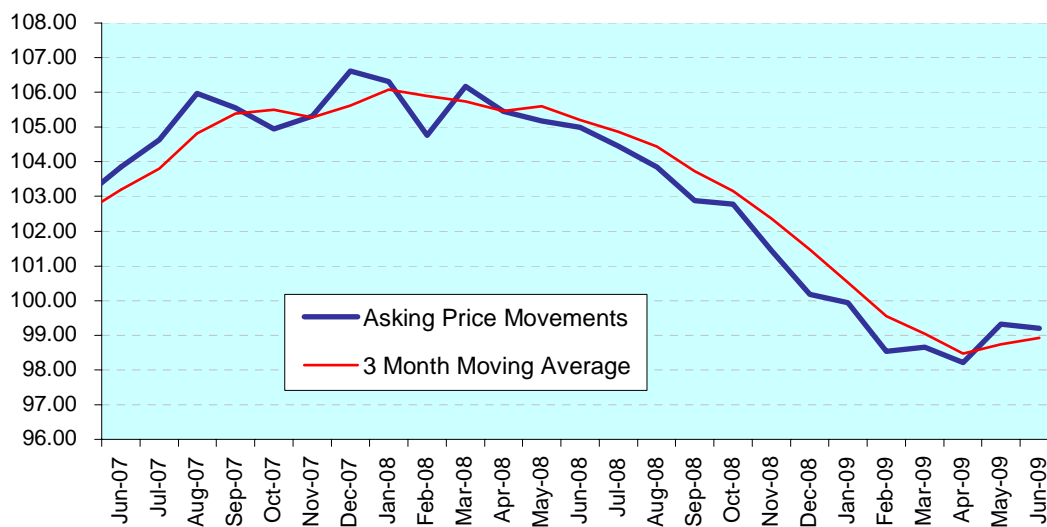
The UK's Independent Forward Market Indicator

Home Asking Price Index: 12<sup>th</sup> June 2009

## Instructions Surge as Home Sales Pick Up

"Most developing country economies will contract this year and face increasingly bleak prospects," World Bank president Robert Zoellick

Asking Price Movements 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 has fallen albeit by just 0.1% since May.

Typical Time on Market drops 55 days to 129 days since May.

Month-on-month average Asking Price decreases observed in 4 of the 9 English regions & in Wales.

Asking Prices across England and Wales have fallen 5.5% since June 08.

The average Asking Price reduction in March was £19,623.

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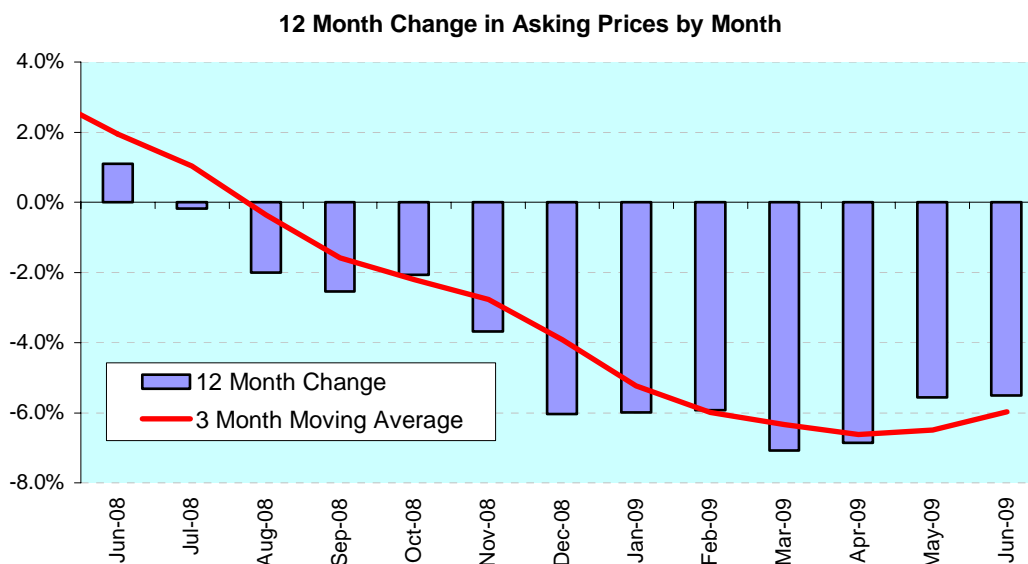
## Overview

The UK housing market has regained considerable momentum. The typical Time on Market has plummeted 55 days since May to 129 days and asking prices have stabilised for the time being. The typical marketing time may be the lowest it has been for 8 months but it is still twice as long as any seen in 2007, although struggling sellers will be relieved that the market is at last moving again. However, accompanying the encouraging up-tick in sales there is a large surge in new instructions as hesitant sellers try their luck in the improving market conditions. Should it continue, this increased supply of property for sale will undoubtedly restrain asking price increases over coming months.

Asking prices of 54,069 homes on the market were cut in the month of May, slightly higher than the number of reductions recorded for April (52,516). The value of the average price cut in May also rose from April (£19,179) to £19,623.

During Q2 2009 asking prices rose in 5 of 9 English regions but fell in Wales. For England and Wales the mix-adjusted average asking price has risen 0.5% since March 2008, while the Scottish mix-adjusted average asking price fell 2.1%.

## Twelve-Month Trend in Asking Prices



The June 09 year-on-year (YoY) fall in Asking Prices for England and Wales of 5.5% shows a further decrease, showing that YoY falls in asking prices are slowing.

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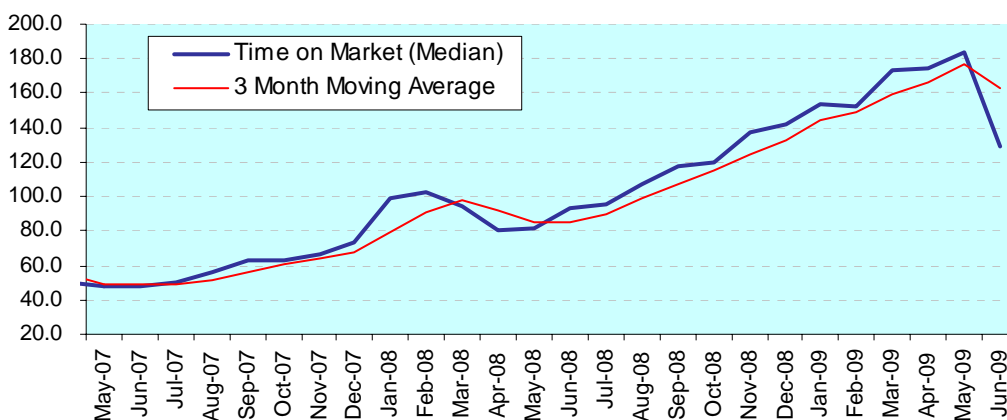
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## Time-on-Market

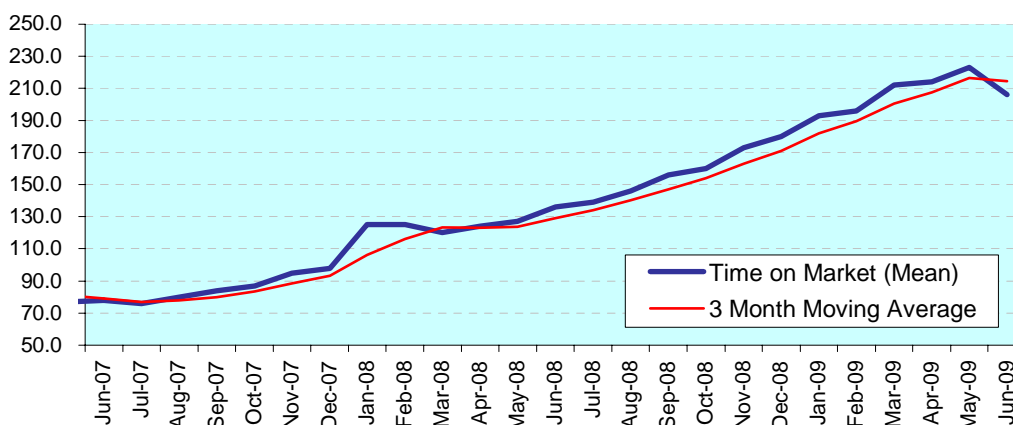
Typical Time-on-Market has dropped to 129 days for unsold properties, reflecting a sudden upturn in home sales that has been largely compensated by increased new listings in the UK housing market.

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



Average Time on Market for unsold UK property has also fallen since last month, in line with the median (typical) figure, to 206 days. However, there is still a large overhang of unsold property keeping the average ToM high.

**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 5.5%, *ca.* 7.8% below the [CPI](#), *ca.* 8.0% below the [RPI](#) (ex. housing) and *ca.* 8.5% below the [AEI](#) (ex. bonuses). The mix-adjusted average price of homes in England and Wales, advertised on the open market, now stands at £242,007. The HAPI for England and Wales now stands at 99.2 [May04 = 100].

## Regional Housing Markets

Regional Asking Prices for June 2009, showing % change for Q2.

	Current average price	3-month change
South East	£277,679	+2.7%
South West	£257,050	+1.7%
North West	£179,925	+0.9%
Greater London	£332,247	+0.7%
West Midlands	£193,175	+0.7%
East Midlands	£172,990	-0.2%
Wales	£183,754	-1.2%
East Anglia	£243,272	-1.5%
Yorkshire and Humber	£171,014	-1.5%
North East	£162,157	-1.6%
Scotland	£166,504	-2.1%
<b>England &amp; Wales</b>	<b>£242,007</b>	<b>+0.5%</b>

[Laspeyres](#) Indices based on Weighted Arithmetic Mean of Regional House Prices.

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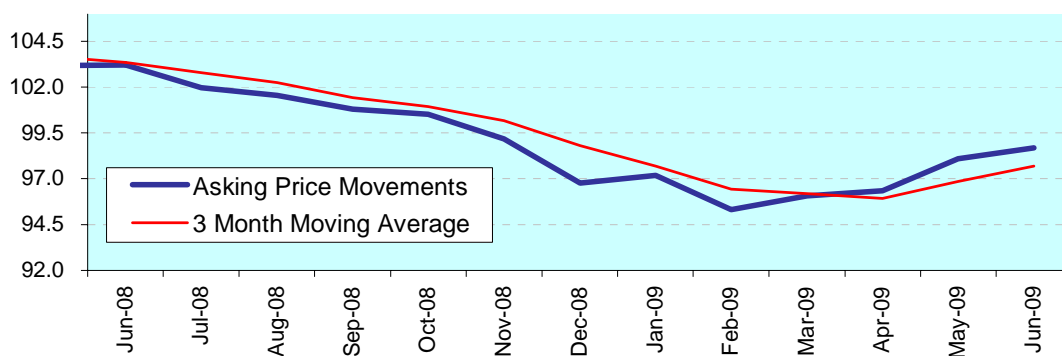
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## South East

Asking prices in the South East have risen for a fourth consecutive month in line with the surge in buyer interest in the region. South East market house prices remain the most resilient of all English regions, Wales and Scotland over the last quarter, rising by 2.7%.

Asking Price Movements for the South East

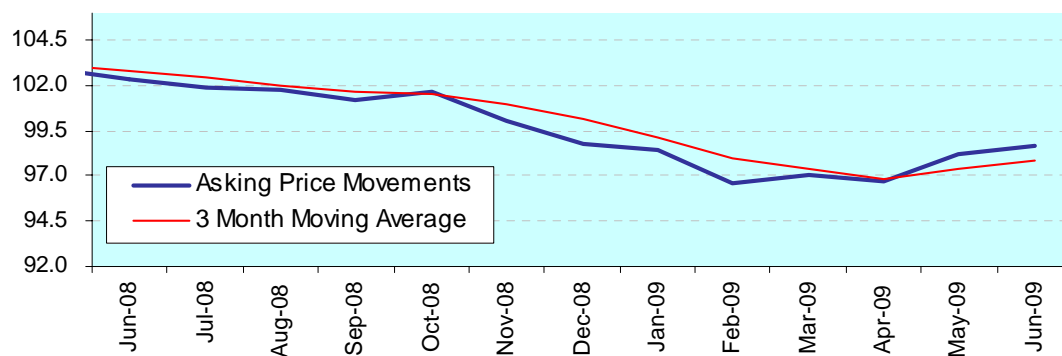


Laspeyres Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

## South West

Asking prices in the South West have also shown relative strength over the last quarter in line with seasonal expectations, rising by 1.7% in Q2 2009.

Asking Price Movements for the South West



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

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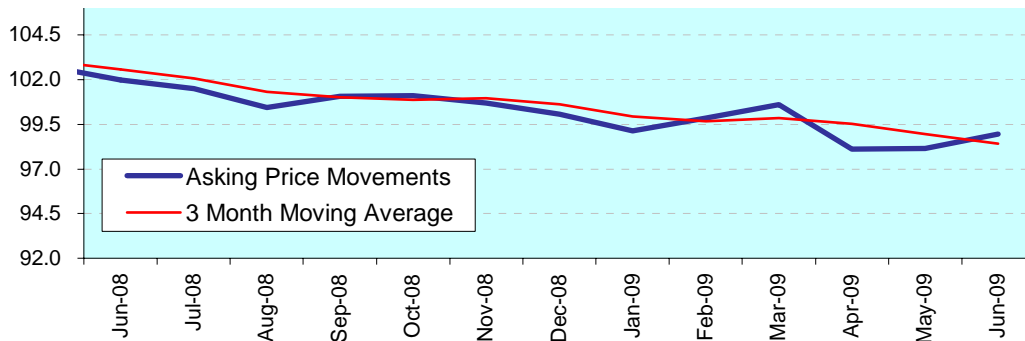
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## North East

The average asking price for homes in the North East rose slightly over the last month but is down 1.6% over Q2 2009 making this region one of the worst performers during this period.

Asking Price Movements for the North East

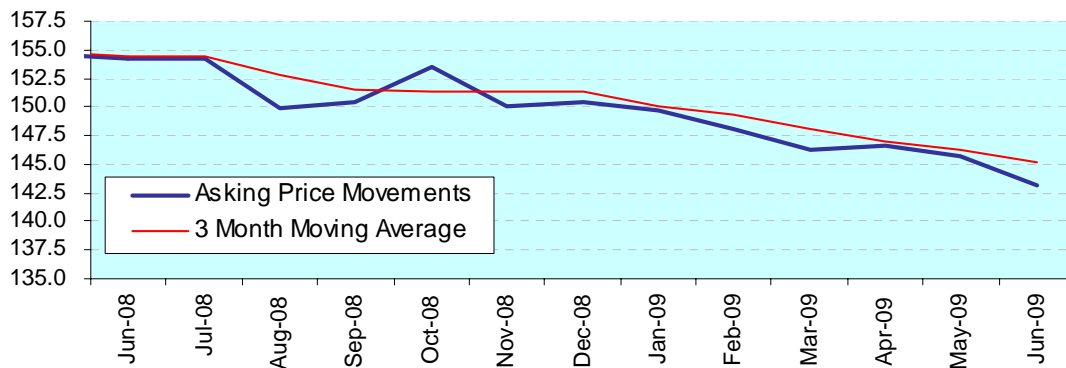


Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

## Scotland

Asking prices for homes in Scotland continue to fall rapidly. Scottish asking prices have fallen 7.2% over the last year and 2.1% over the quarter, making it the weakest housing market in the UK at present. Moreover, there is no sign of a spring bounce in prices.

Asking Price Movements for Scotland



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

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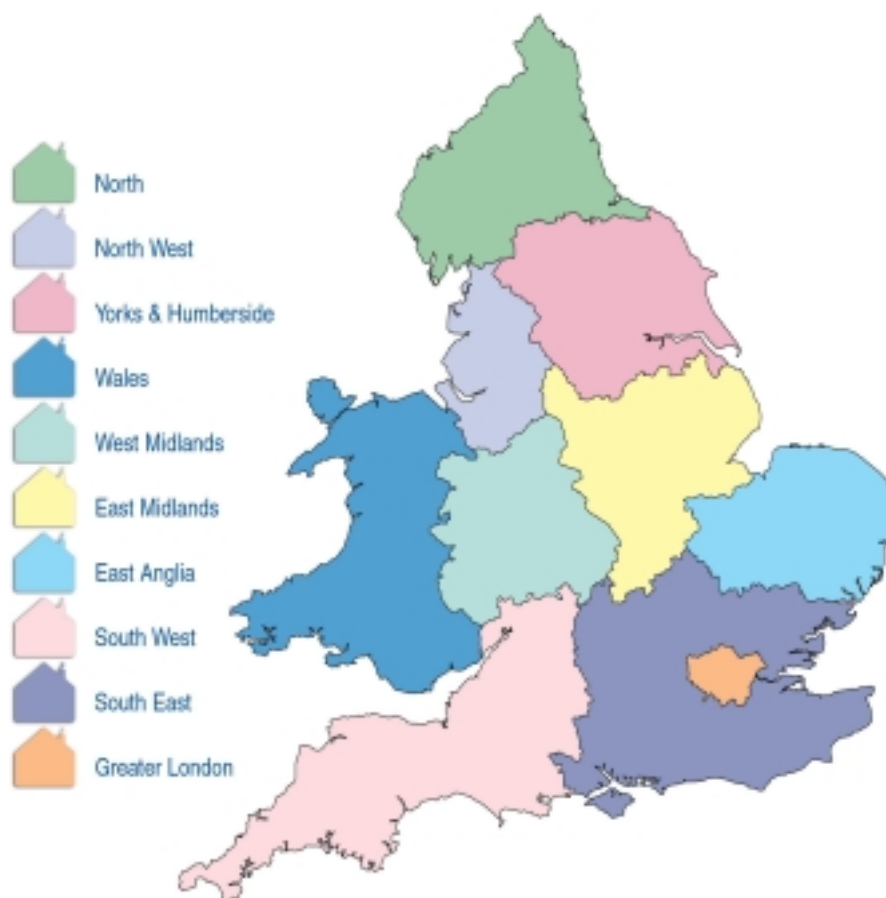
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**Regions** (as per DCLG)



Source: HM Land Registry

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The Home.co.uk Asking Price Index is calculated by Calnea Analytics Ltd



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## Comment

### The UK Housing Market Regains Momentum

The UK housing market is finally moving again. Transaction levels are increasing, thanks in part to unprecedented levels of cash buyers and lower prices, but so are instructions and there lies the rub for house prices. A limited supply of properties for sale has provided some support for prices over the last year, but in the last month there has been a huge surge in new market entrants.

Media talk of 'green shoots' has tempted potential vendors to try their luck at finding a buyer. 121,000 properties entered the UK market place in May compared to 75,000 in April. This exceptional increase in supply, which will include many forced sellers, represents around a fifth of the total number of properties on the UK market. Transaction levels look set to recover further over the coming months but asking prices are likely to remain subdued and may fall further towards the end of the year.

### Mortgage Rates Rise.

A further fly in the ointment for the UK housing market is that mortgage rates are beginning to increase again. Rising Gilt yields are to blame as inflation fears grow over stimulus spending and quantitative easing. Mortgage lender Nationwide has already announced interest rate hikes across many of its home loans and other lenders will inevitably follow suit.

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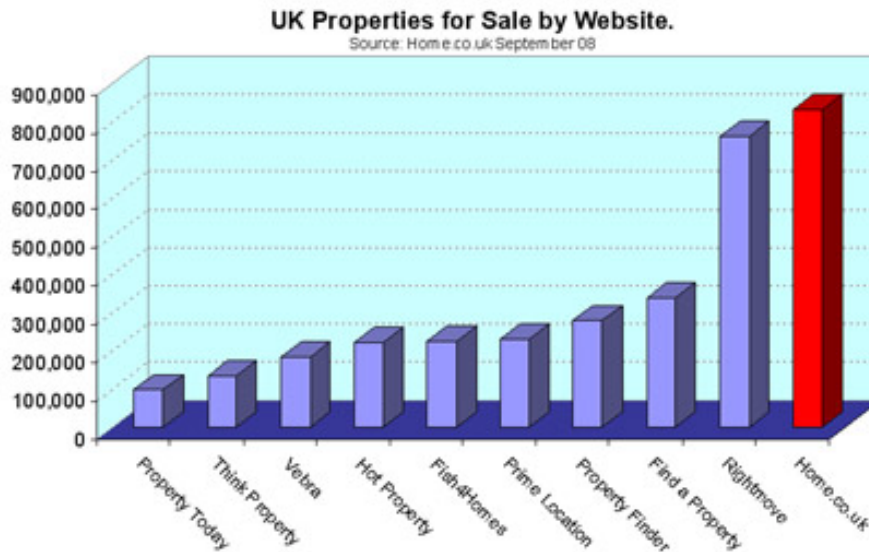
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## The Home.co.uk Asking Price Index

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 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.

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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 14<sup>th</sup> July 09
- Wednesday 12<sup>th</sup> August 09
- Monday 14<sup>th</sup> September 09

