



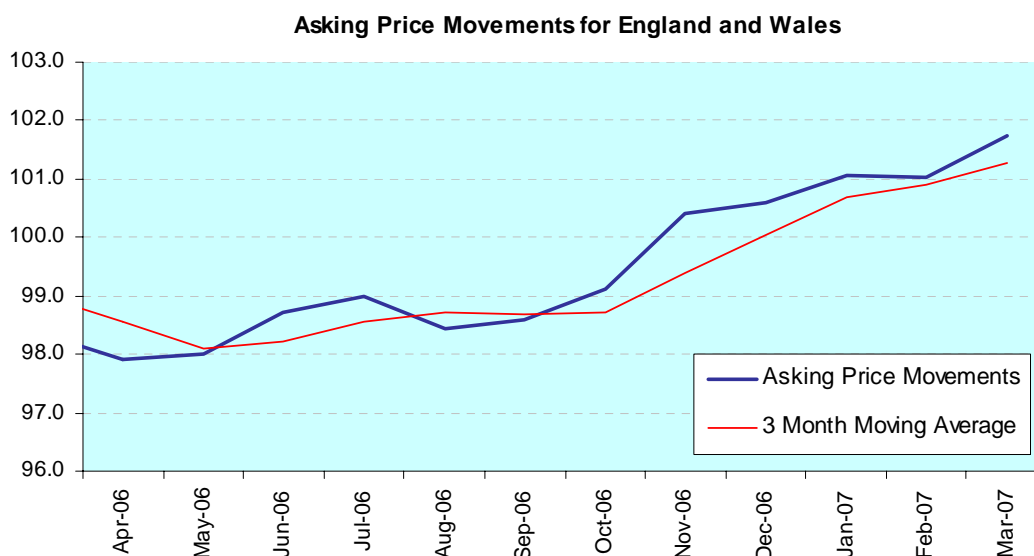
# Asking Price Index

The UK's Independent Forward Market Indicator

Release date: 12<sup>th</sup> March 2007

## London Leads House Price Surge

"The real price of everything, what everything really costs to the man who wants to acquire it, is the toil and trouble of acquiring it." [Adam Smith](#) (1723-1790) Economist, Philosopher.



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

### Summary

Asking Prices for homes in England and Wales move up to their highest point since February 2005 with a monthly rise of 0.7%.

Asking Prices in England and Wales have risen 3.5% in the last year, the fastest annual rate for 2 years. (*ca.* 0.8% above the [CPI](#), *ca.* 0.7% below the [RPI](#) and *ca.* 0.2% below the [AEI](#)).

Greater London Asking Prices account for much of the surge this month, with a rise in the mix-adjusted average house price of 1.6%

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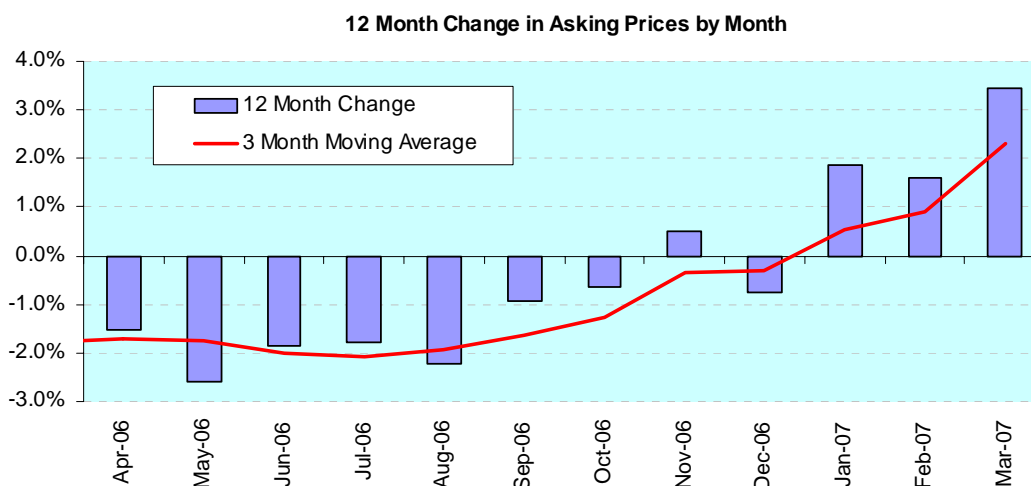
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## Overview

Following a lacklustre performance in February, this month's figures suggest that overall market sentiment remains distinctly bullish, especially in London, and that the recent asking price rally is far from over. March's mix adjusted average asking price for homes on the market in England and Wales is up 0.7% on February's figure and up 1.1% in Q1 2007. The twelve-month change in house prices now stands at +3.5%, its highest level for two years, which is broadly in line with wage inflation for the UK. Such continued strong growth indicates that sellers' confidence remains high and rebuts any suggestions that the recent rising trend may be losing momentum.

## Twelve-Month Trend



Continued growth in asking prices over the last year has moved the annual % change firmly back into positive territory, taking back much of the ground lost in the market correction of 2005. Price reductions of properties whilst on the market are much less prevalent than in 2005 as sellers stick to their guns in what may be regarded as a *second wave* of rising asking prices.

The greatest contribution to the rise in this month's indexed average for England and Wales was from Greater London, where market sentiment is arguably at its most positive in the UK.

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## Regional Housing Markets

Regional average asking prices for March 07, showing gains and losses for Q1 2007.

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Greater London	£326,096	+2.5%
Scotland	£161,644	+2.1%
East Anglia	£256,567	+1.7%
North West	£187,596	+1.5%
South East	£280,059	+1.2%
West Midlands	£203,019	+0.9%
North	£168,458	+0.6%
South West	£264,652	+0.4%
Wales	£193,662	-0.1%
East Midlands	£188,100	-0.3%
Yorkshire and Humber	£172,792	-1.5%

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

## Regional Analysis

Most regions in England and Scotland have continued to show significant increases in asking prices over the last quarter. Only Wales and the East Midlands and Yorkshire & Humber regions registered an overall fall in Q1 2007. Greater London tops the quarterly growth figures, with a rise of 2.5%, followed by Scotland where house prices rose at a more moderate 2.1%.

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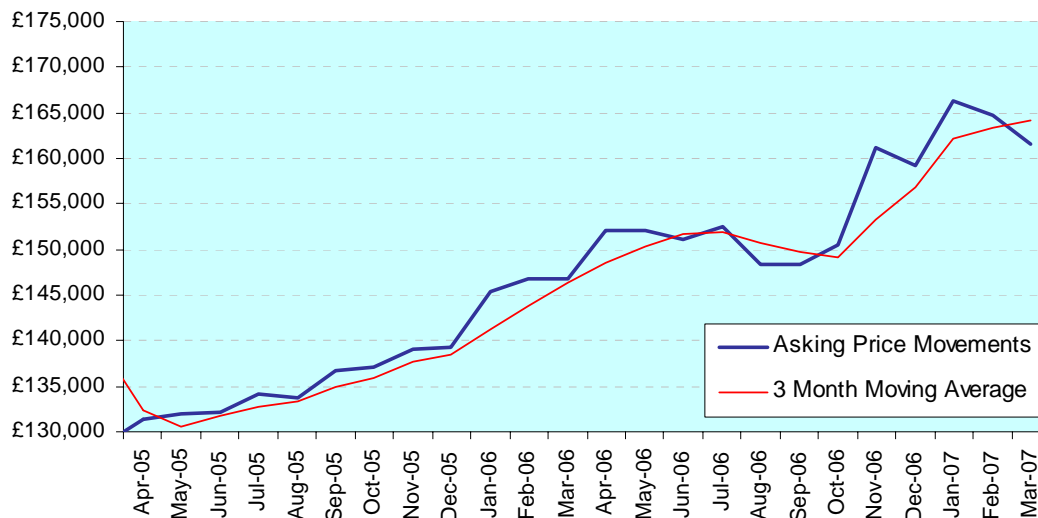
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## Scotland

Scottish asking prices have previously outperformed any part of England or Wales for over two years, although a further drop of 2.7% this month has significantly reduced the overall growth figure for Q1. This recent slowdown in the rate of house price inflation north of the border is likely to be consequence of tighter affordability constraints brought about by recent increases in the cost of borrowing.

Asking Price Movements for Scotland



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

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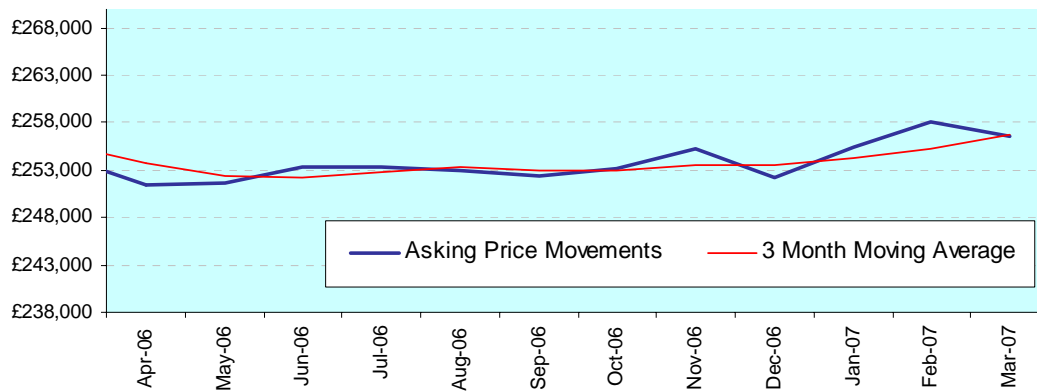
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## East Anglia

Asking prices in East Anglia show signs of a faltering recovery following a sustained period of price stagnation in this regional market during 2006.

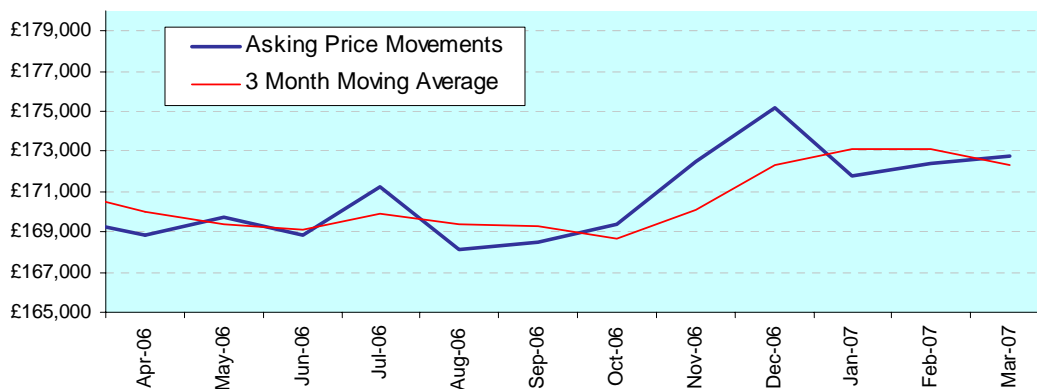
Asking Price Movements for East Anglia



## Yorkshire & Humber

Despite poor figures for Q1 2007, home prices in Yorkshire & Humber have risen 2.0% over the last twelve months.

Asking Price Movements for Yorkshire & Humber



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

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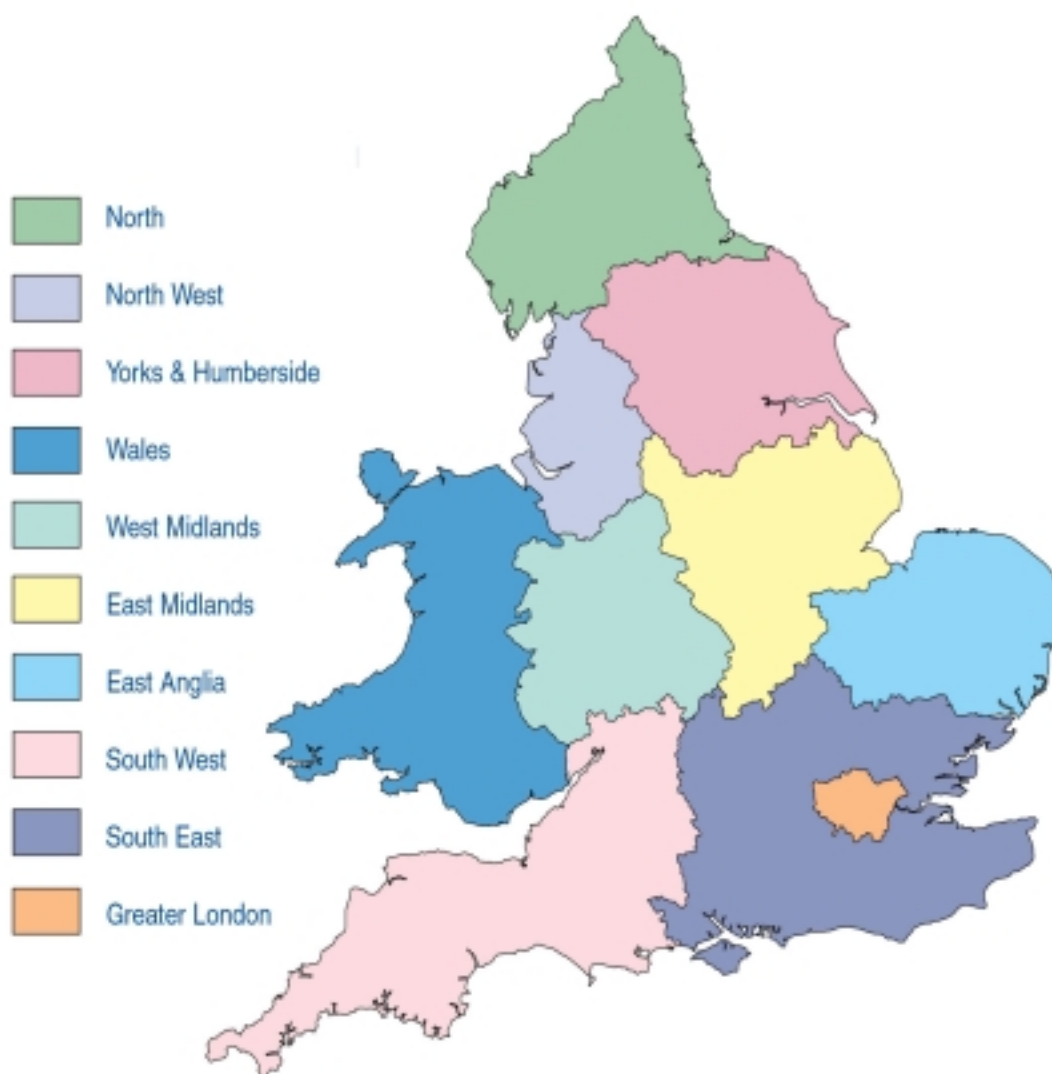


March 2007

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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



# Asking Price Index

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## Comment

The Home.co.uk Asking Price Index currently stands at 101.7 its highest level since Feb 2005. Despite steady growth over a period of ten months, since the *soft landing* in May 06, the Index has yet to return to the record level of 103.8 registered in September 2004.

Expectations of a further slowdown in UK house price growth, following three rises in interest rates by the Bank of England, have not been met and market sentiment remains strong. The current rising trend is broadly in line with rises in average earnings and the [Retail Price Index](#) which may indicate that, in the wake of the 2005 correction, the current rate of increase in house prices is more sustainable.

The UK housing market still remains vulnerable to future rises in interest rates, however. Despite a warning that rates may have to be raised again the Monetary Policy Committee chose to hold at 5.25% this month. MPC members may well be anxious not to upset the applecart with further interest rate hikes, especially in the light of [comments made by the IMF](#) last week.

*In its keynote World Economic Outlook, the IMF warned that a fall in house prices - which would leave households poorer - was a potential danger for many rich countries as it would lead to consumers tightening their budgets.*

*"A key risk on the demand side is that continued cooling of advanced economies' housing markets will weaken household balance sheets and undercut aggregate demand," it said. "At this point, concerns centre on the US, although other markets, such as those in Ireland, Spain and the United Kingdom, also still seem overvalued by most conventional measures."*

*This marks a harsher warning than its last forecasts in April when it said house prices had come closer to economic "fundamentals" - factors such as demand, supply and wages.*

*[Philip Thorton, The Independent](#)*



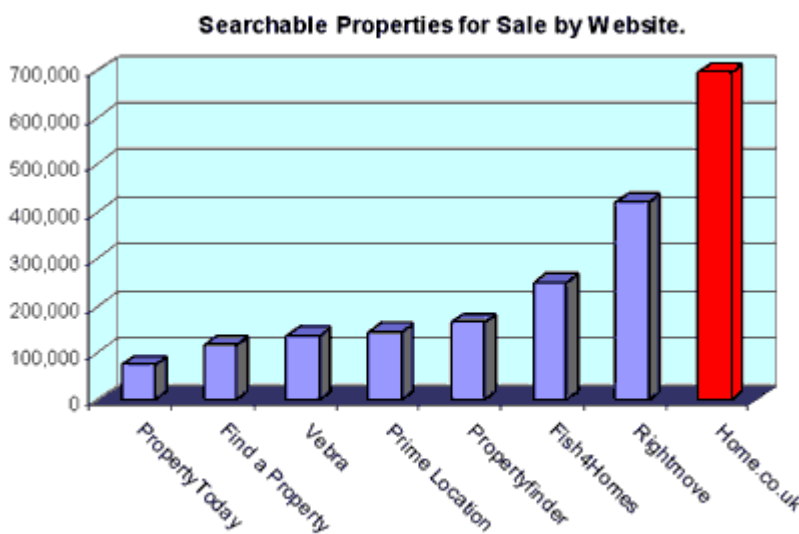
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## The Home.co.uk Asking Price Index

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.



Source: Home.co.uk Search Index Date: November 06

Properties above £1m and below £20k are excluded from the calculations. 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.

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March 2007

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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 data please visit:  
<http://www.calnea.com/asking-price-index/>

The [Home.co.uk](http://www.home.co.uk) Asking Price Index is calculated by [Calnea Analytics](http://www.calnea.com) who is also the statistical consultancy responsible for the production of the official [Land Registry House Price Index](http://www.landregistry.gov.uk).

## Future release dates:

Thursday 12<sup>th</sup> April 07  
Monday 14<sup>th</sup> May 07  
Tuesday 12<sup>th</sup> June 07



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