



Asking Price Index

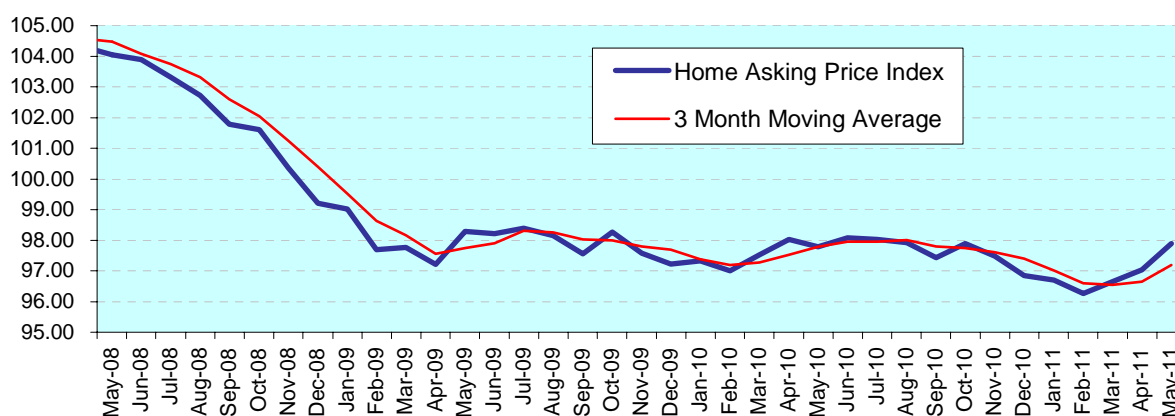
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 12th May 2011

Optimistic Sellers Push Prices to the Limit

"The prospects for the housing market are very weak indeed over the next five years," Ray Barrell, director of macroeconomic research and forecasting at Niesr.

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 has rallied by a further 0.9% since April, the largest monthly rise for two years.

The number of properties reduced in price increased during the month of April to 77,510, 29% more than in April 2010.

Typical time on market has fallen sharply by 26 days to 107 days (median), but remains 12 days more than in May 2010.

Supply of new properties to market increased to 134,704 in April, 14% more than in April 2010.

Annual change in asking prices: 0.1%
6-month change in asking prices: 0.4%

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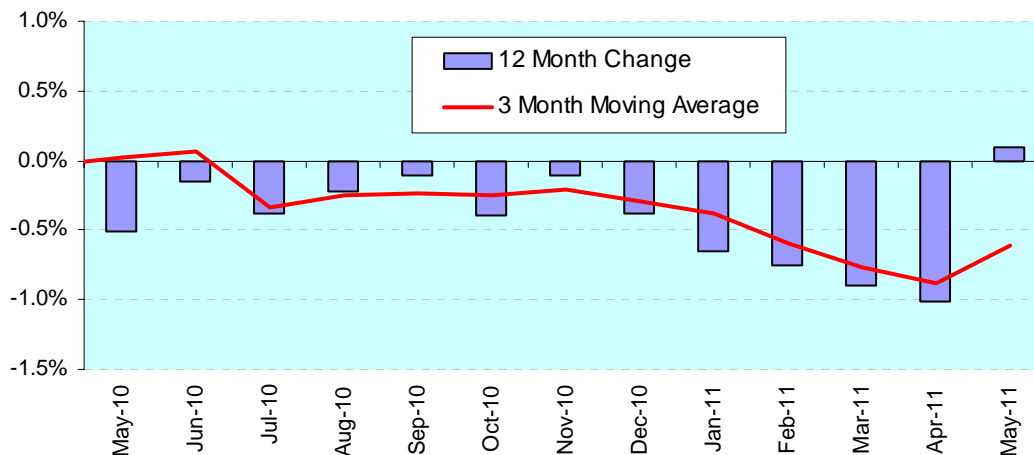
Overview

The seasonal bounce continues to rally UK home prices. Despite considerable price-cutting activity, the UK mix-adjusted average asking price pushed up 0.9% since our last report. Confidence among sellers is probably buoyed by the fact that the UK housing market is a little more vibrant and turning over slightly greater volumes of property than at this time last year. However, over-optimistic pricing risks stalling the market over the summer months. Supply of properties remains strong: 14% more new properties appeared on the market in April 2011 than in April 2010. Vendors continue to resort to price-cutting: 29% more properties were reduced in price in April 2011 than compared to April 2010. The properties discounted last month represent around 10% of the total sales market at the present time.

Serious homebuyers remain limited in number. Demand from first-time buyers remains very subdued due to a difficult mortgage market, but a growing number of buy-to-let investors are taking up some of the slack in this market sector.

Twelve-Month Trend in Asking Prices

12 Month Change in Asking Prices by Month



Year-on-year (YoY) asking prices have stabilised in nominal terms, arresting the downward trend, although this falls far short of inflation (CPI or RPI).



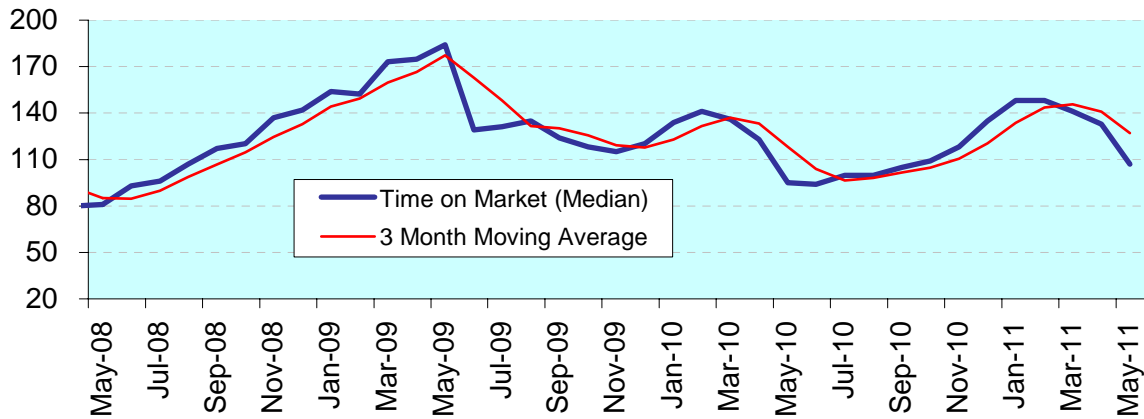
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Time-on-Market Analysis

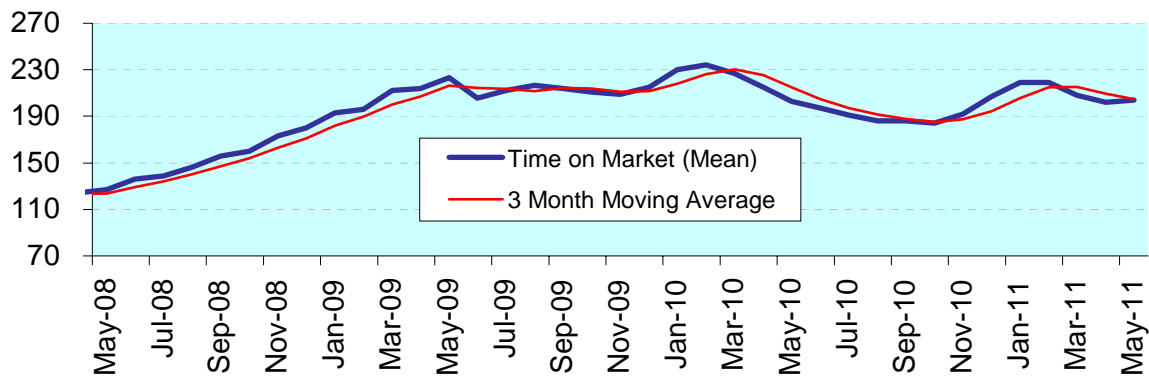
Typical time on market has dropped 26 days to 107 days (median), but remains 12 days longer than in May 2010

Typical Time on Market for England & Wales



Whilst the typical time on market has fallen in line with seasonal expectations, the average time on market for unsold property has risen slightly since April (by 2 days). The divergence of these two key market indicators suggests that older properties are staying on the market longer. The average time on market for England and Wales at 204 days is 1 day more than in May 2010.

Average Time on Market for England & Wales



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Asking Prices, Inflation and Average Earnings

The mix-adjusted average asking price for homes in England and Wales remains essentially unchanged year-on-year (+0.1% since May 2010). Despite the seasonal rally, UK property-sales activity remains lacklustre compared to pre-crisis levels. In terms of supply and demand, the 2011 UK home market is indicating levels of activity very similar to 2010.

Higher inflation continues to erode property prices in real terms. Comparing ONS March figures and the YoY change in asking prices for the same month shows that asking prices were falling in real terms, by 7.2% per year, relative to the [RPI](#) (ex. housing). Homes are becoming more affordable as prices fall relative to average earnings: 2.8% below the [AEI](#) (January figure from ONS ex. bonuses). The HAPI for England and Wales now stands at 97.9 [May04 = 100].

Regional Housing Markets

Regional Asking Prices for May 2011, showing gains and losses since November 2010 and current typical time on market.

	Current average price	6-month change	ToM (days)
Scotland	£163,863	+2.5%	168
East Midlands	£173,946	+2.0%	119
South East	£287,411	+0.8%	78
East Anglia	£243,261	+0.8%	87
Greater London	£345,562	+0.7%	82
South West	£252,086	+0.2%	89
West Midlands	£188,464	0.0%	139
North West	£173,950	0.0%	170
Yorkshire and Humber	£168,410	-0.2%	181
Wales	£176,158	-0.5%	177
North East	£152,959	-0.9%	196
England & Wales	£229,155	+0.4%	133

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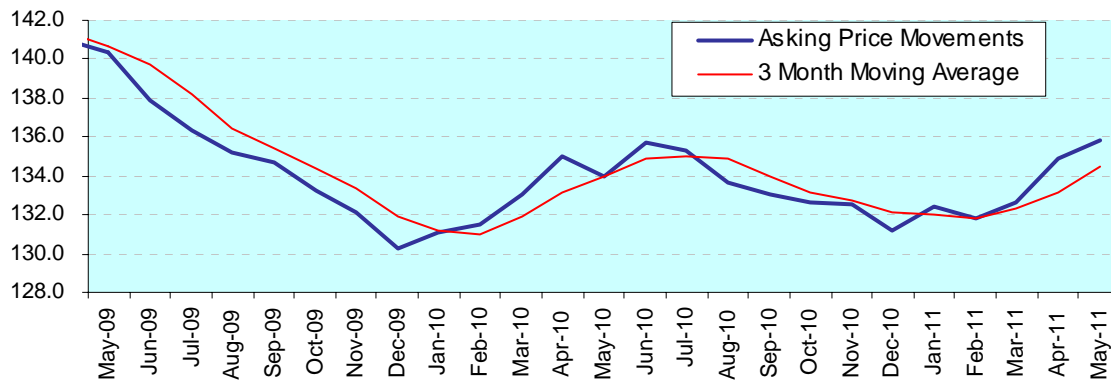
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Scotland

North of the border, Scottish home prices have rallied strongly since the end of last year. Following a decline over the latter half of 2010, asking prices in Scotland have now recovered this lost ground thanks to a strong spring bounce. Home prices in Scotland are now 1.4% higher, on average, than they were in May 2010.

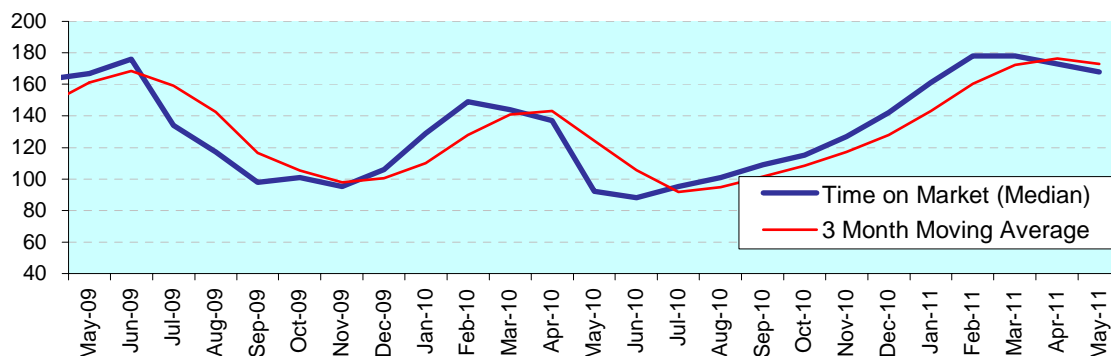
Asking Price Movements for Scotland



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

Falling time-on-market figures suggest that prices will rally further into the summer months.

Typical Time on Market for Scotland





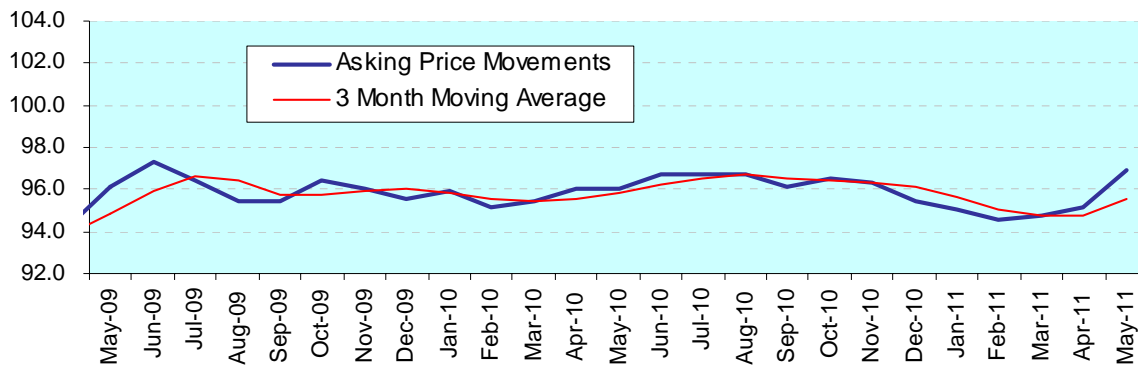
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South East

The South East is experiencing a pronounced spring rally in asking prices. Prices fell away gradually last year after the summer but all of this lost ground has already been recovered. Asking prices are now 0.9% higher than in May 2010.

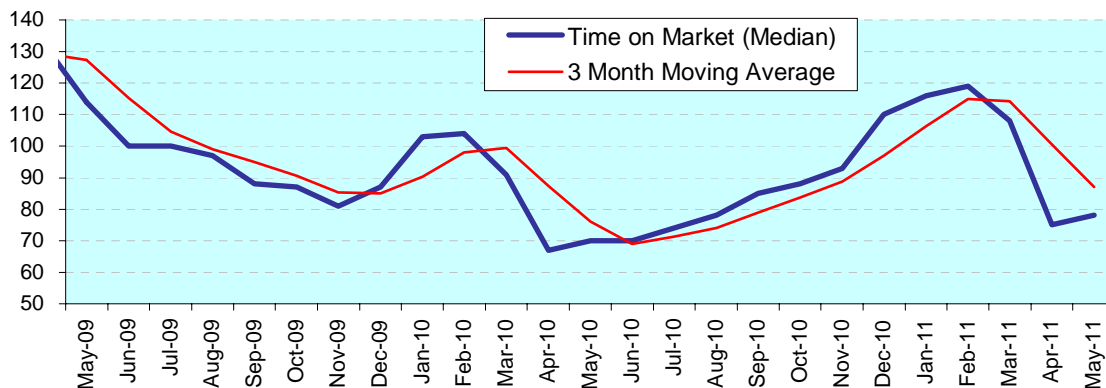
Asking Price Movements for the South East



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

Time-on-market figures for the South East fell sharply at the beginning of the year, as expected. However, the typical time on market for the South East, at 78 days, is 8 days higher than in 2010. Hence property in this regional market is moving more slowly than a year ago and suggests there is little scope for further price rises.

Typical Time on Market for the South East



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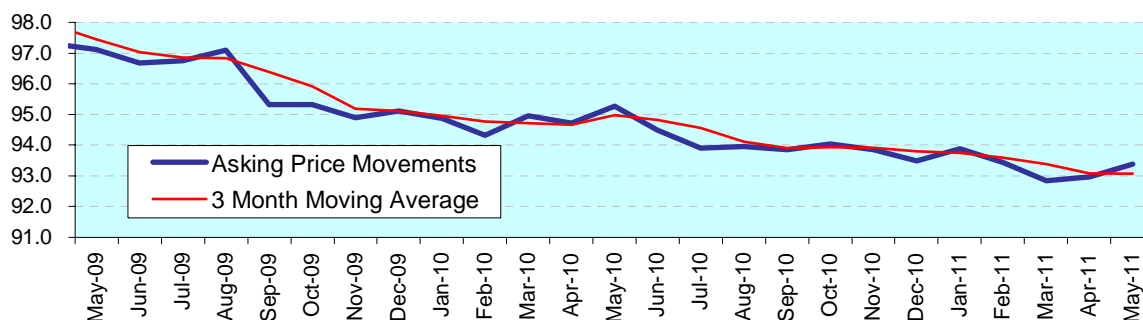
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Wales

The longer-term downward trend in asking prices of homes on the market in Wales appears to be only slightly interrupted by a weak spring rally. Market house prices in the Principality are 2.0% lower than in May 2010.

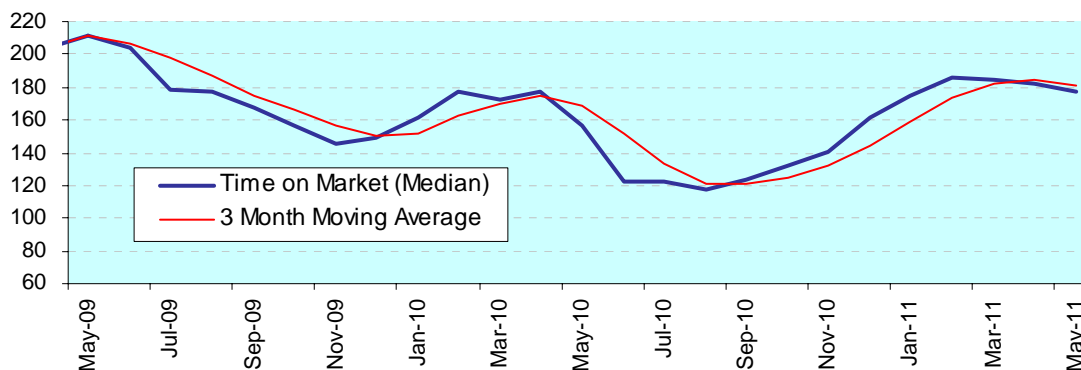
Asking Price Movements for Wales



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

Typical time-on-market statistics for Wales show that properties for sale are still spending a long time on the market. Currently at 177 days the typical time on market is 20 days higher than in May 2010.

Typical Time on Market for Wales





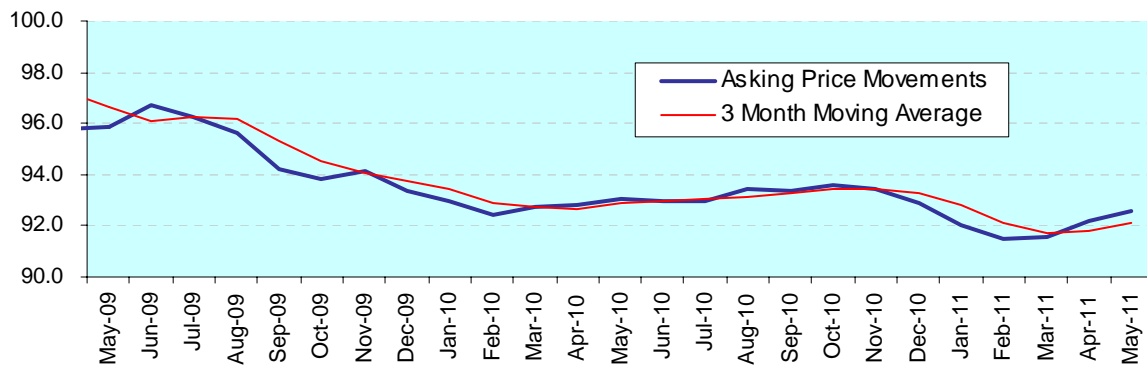
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North East

The North East is the worst performing region over the last 6 months, during which time prices fell 0.9% despite the arrival of spring and better weather. Prices have rallied over the last two months but the spring bounce, whilst evident, has much ground to recover before prices rise to last year's mid-summer highs. Home asking prices in the North East are now 0.6% less than they were in May 2010.

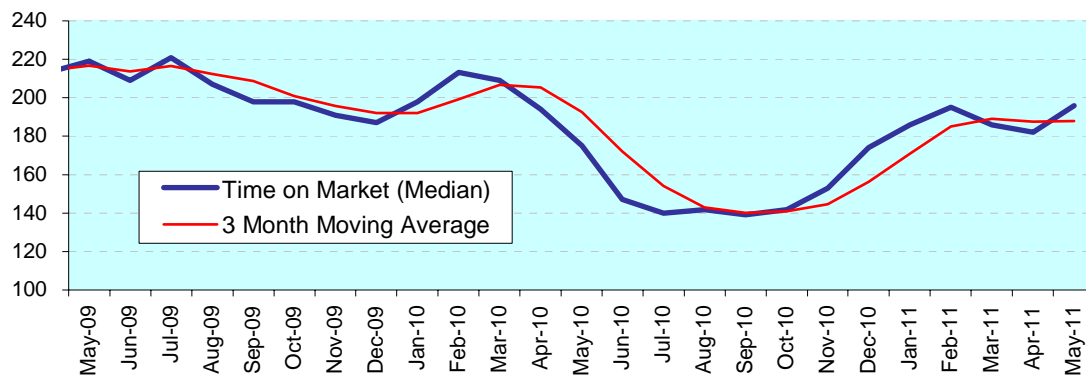
Asking Price Movements for the North East



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

Typical time on market in this region has risen 14 days since last month and now stands at 196 days. This is higher than any other English region, Wales or Scotland.

Typical Time on Market for the North East



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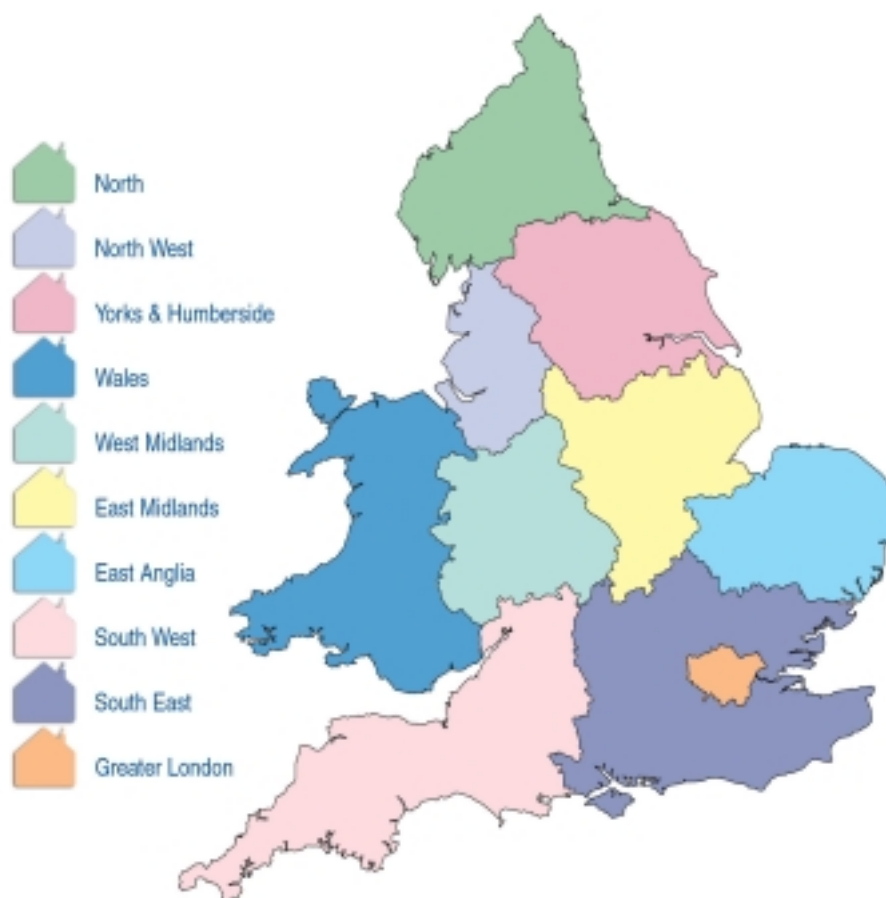


May 2011

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Regions (as per DCLG)



Source: HM Land Registry

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



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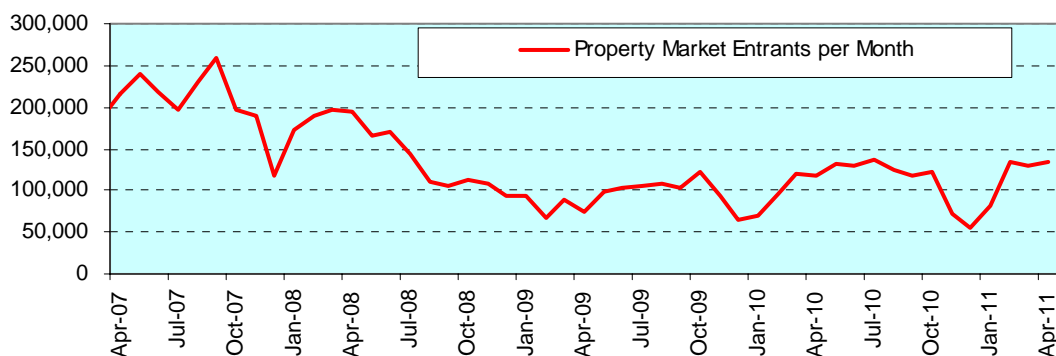
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Comment

Is the Rise in Supply Sustainable?

In a property market hamstrung by limited mortgage credit the supply of properties for sale is of critical importance. Despite the great weather, royal-wedding celebrations and Easter holidays, April saw even more vendors put their properties on the market. 14% more did than in April 2010 and 82% more than in April 09, a worrisome trend.

Property Volumes Entering the Market



The UK property market remains in a fragile equilibrium with demand propped up by ultra-low interest rates. A further surge in supply, brought on by fears of rising interest rates or increasing unemployment (both likely), could stall the market and initiate a downward price spiral. Even small rises in interest payments will seriously affect many heavily indebted homeowners. Moreover, lenders may well introduce interest-rate rises, regardless of any change in the Bank of England base rate, as inter-bank lending rates edge up.

Without a more substantial economic recovery, the UK cannot sustain further increases in property supply without risking further price falls, especially in the more northern regions and Wales.



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About the Home.co.uk Asking Price Index

The 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](#).

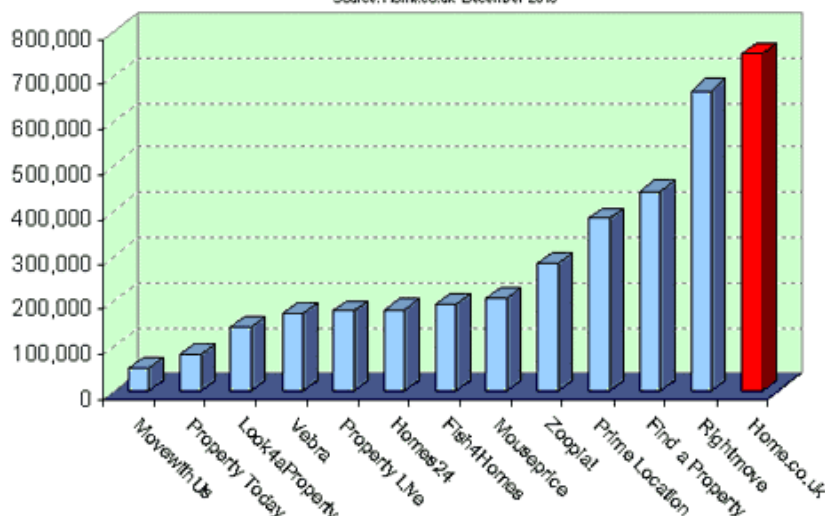
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of 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 December 2010





May 2011

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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

Future release dates:

Monday 13th June

Tuesday 12th July

Friday 12th August



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