



Asking Price Index

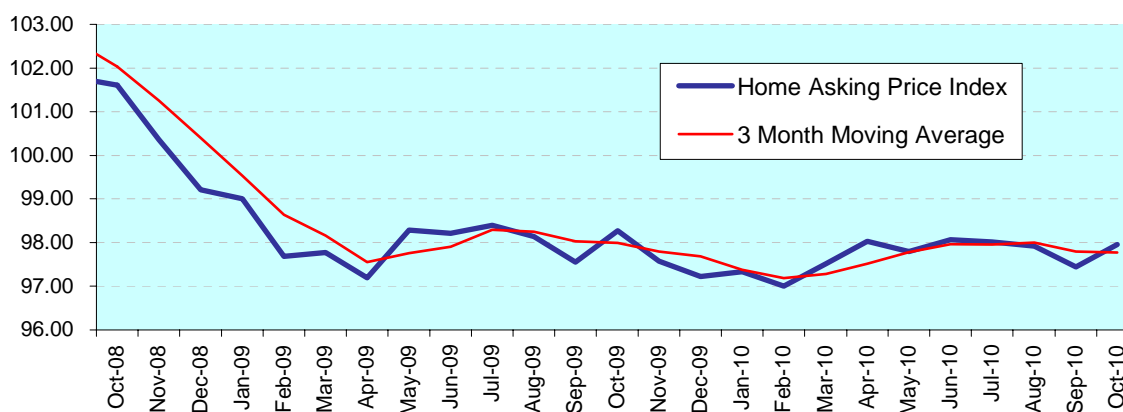
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 12th October 2010

Autumn Home Vendors Price Too High

"We are worried that it is already beginning to look as if the government's growth figures don't stack up," said Peter Hemmington, partner at accountants BDO.

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 risen by 0.5% over the last month.

12-month asking price falls in 6 out of 9 English regions, Wales and Scotland.

Total number of UK properties for sale has increased 16% since October 2009.

The number of properties reduced in price has risen to a new 20-month high of 93,202 during the month of September.

Annual change in asking prices: -0.3%.

6-month change in asking prices: -0.1%

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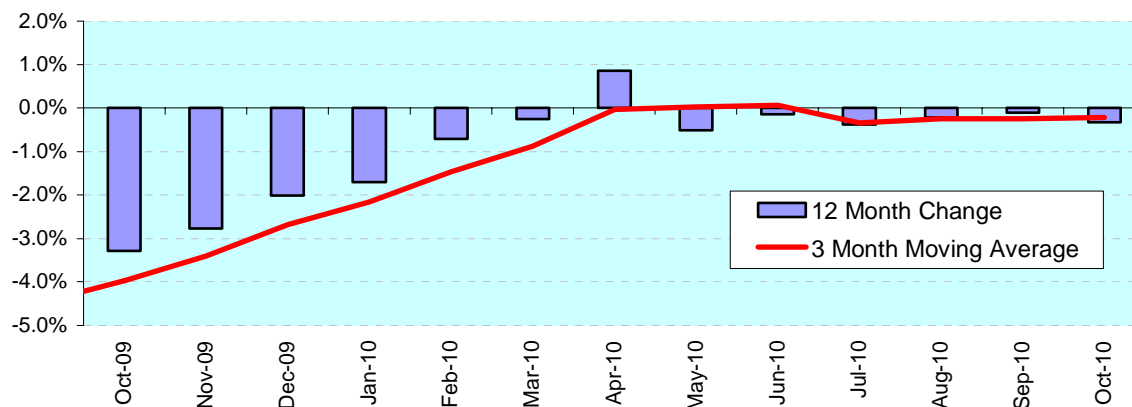
Overview

Prices of homes on the market jumped up 0.5% over the last month but this does not mean that the market has escaped the twin downward price pressures of mortgage rationing and over-supply. This month's upward movement is largely due to a seasonal surge in properties for sale, placed on the market at overly optimistic prices. However, this is set against a backdrop of increased price-cutting both in frequency and value (a new 20-month record for September). Moreover agents' sales stock levels are now 16% higher than a year ago and this will only fuel the growing 'discount culture' in the UK housing market.

Over the last 12 months asking price falls are evident across most of the UK with only East Anglia registering a significant increase of 1.7%. Looking at the overall average performance of the UK housing market prices appear fairly stable, although the regional picture shows that some areas have fallen by as much as 2.0% over the last year (e.g. Yorkshire and Humber). Other poorly performing regions were Wales, the West Midlands and the North West.

Twelve-Month Trend in Asking Prices

12 Month Change in Asking Prices by Month



The observed year-on-year (YoY) trend in Asking Prices for England and Wales continues to show nominal price stability. It should be borne in mind that the regional YoY changes show much more variation. An increasing number of homes for sale combined with the poor economic outlook suggest that we may expect larger YoY falls in asking prices over the final quarter of 2010 and the beginning of 2011.



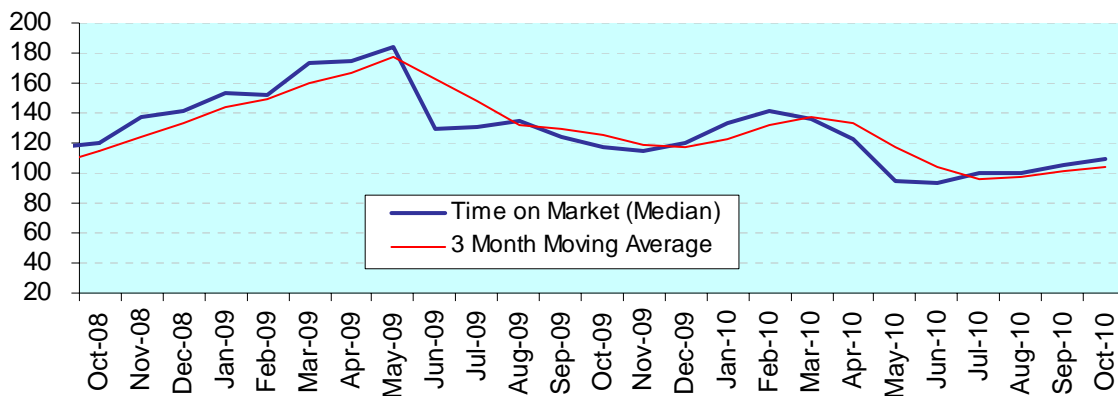
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Time-on-Market Analysis

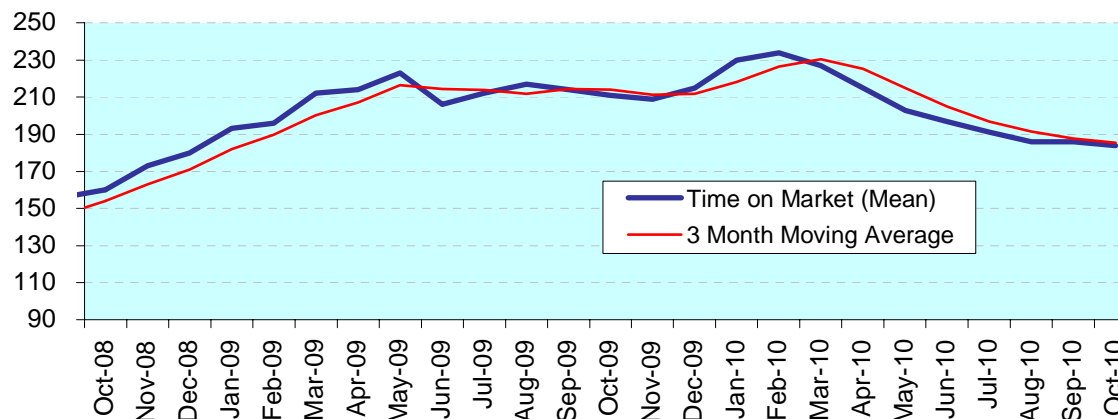
Typical (median) Time on Market for unsold properties has risen a further 4 days since last month and now stands at 109 days. Meanwhile the average (mean) Time on Market is down to 184 days. These contrary trends confirm that supply of new properties for sale is outpacing buyer demand.

Typical Time on Market for England & Wales



Average Time on Market (mean) has edged down to 184 days, which is the lowest average time on market since December 2008.

Average Time on Market for England & Wales





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Asking Prices, Inflation and Average Earnings

Since October 2009 asking prices for homes in England and Wales have decreased by 0.3%. A massive increase in the supply of property for sale since March this year has thwarted any further recovery in house prices.

Asking prices are still falling in real terms. When corrected for monetary inflation property is a poor store of capital value. Comparing ONS August figures and the YoY change in asking prices for the same month shows that asking prices were still falling in real terms by 5.2% relative to the [RPI](#) (ex. housing) and *ca.* 1.5% below the [AEI](#) (July figure from ONS excluding bonuses). The HAPI for England and Wales now stands at 98.0 [May04 = 100].

Regional Housing Markets

Regional Asking Prices for October 2010, showing gains and losses since October 2009.

	Current average price	12-month change
East Anglia	£244,340	+1.7%
Greater London	£343,407	+0.1%
South East	£286,253	+0.1%
North East	£154,787	-0.2%
South West	£253,855	-0.3%
Scotland	£159,988	-0.4%
East Midlands	£171,204	-0.7%
Wales	£177,599	-1.3%
West Midlands	£189,264	-1.5%
North West	£174,305	-1.5%
Yorkshire and Humber	£171,094	-2.0%
England & Wales	£228,122	-0.3%

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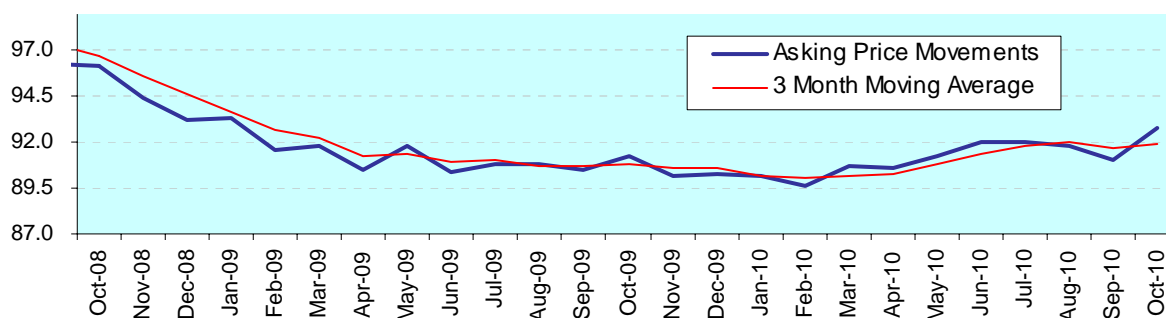
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East Anglia

The recovery in market house prices in East Anglia has been exceptional over the last year. Soaring above leading markets such as Greater London and the South East, East Anglia is the only English region to register significant gains over the last 12 months (1.7%). Asking prices have rallied an impressive 3.5% since the low in February this year.

Asking Price Movements for East Anglia

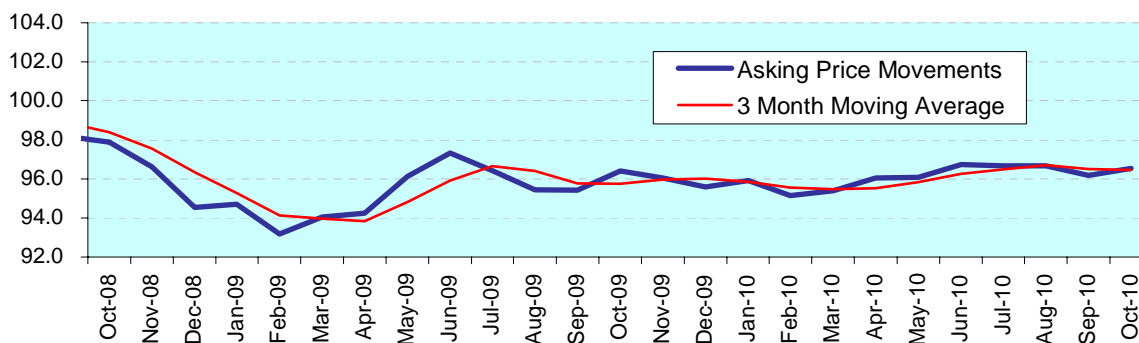


[Laspeyres](#) Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

South East

By contrast, asking prices in the South East bounced much sooner and reached a maximum in June last year. Market house prices in the South East have declined since the summer months, due mainly to oversupply.

Asking Price Movements for the South East



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



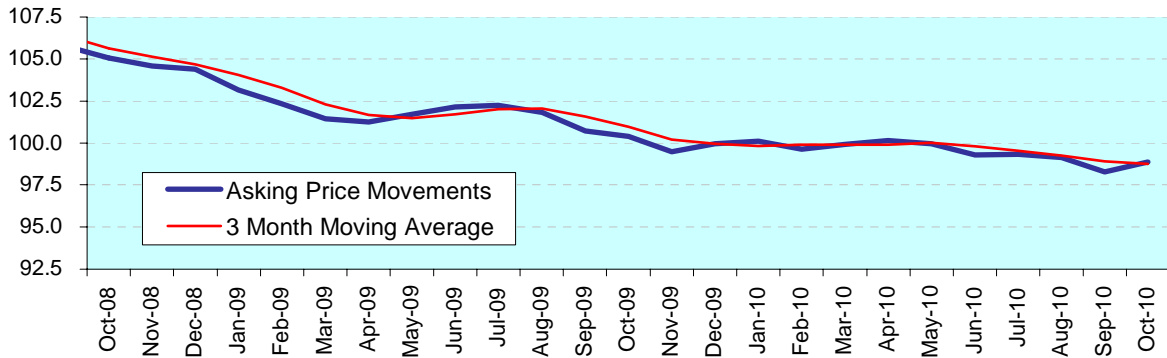
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North West

Prices in the North West have fallen away from their recent high in May this year. Market house prices have fallen 1.5% over the last year in this region.

Asking Price Movements for the North West

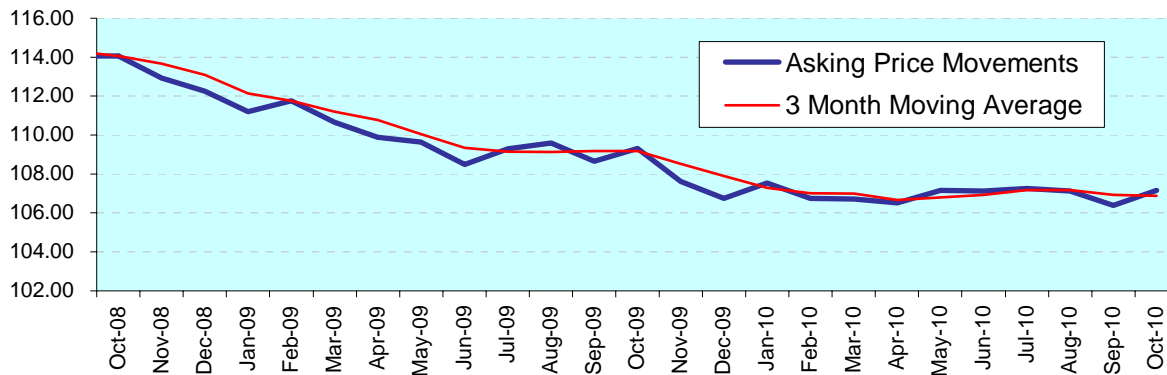


[Laspeyres](#) Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

Yorkshire and Humber

Asking Prices for homes in Yorkshire and Humber have yet to show a real recovery although prices appear to have stabilised in this region for the time being.

Asking Price Movements for Yorkshire & Humber



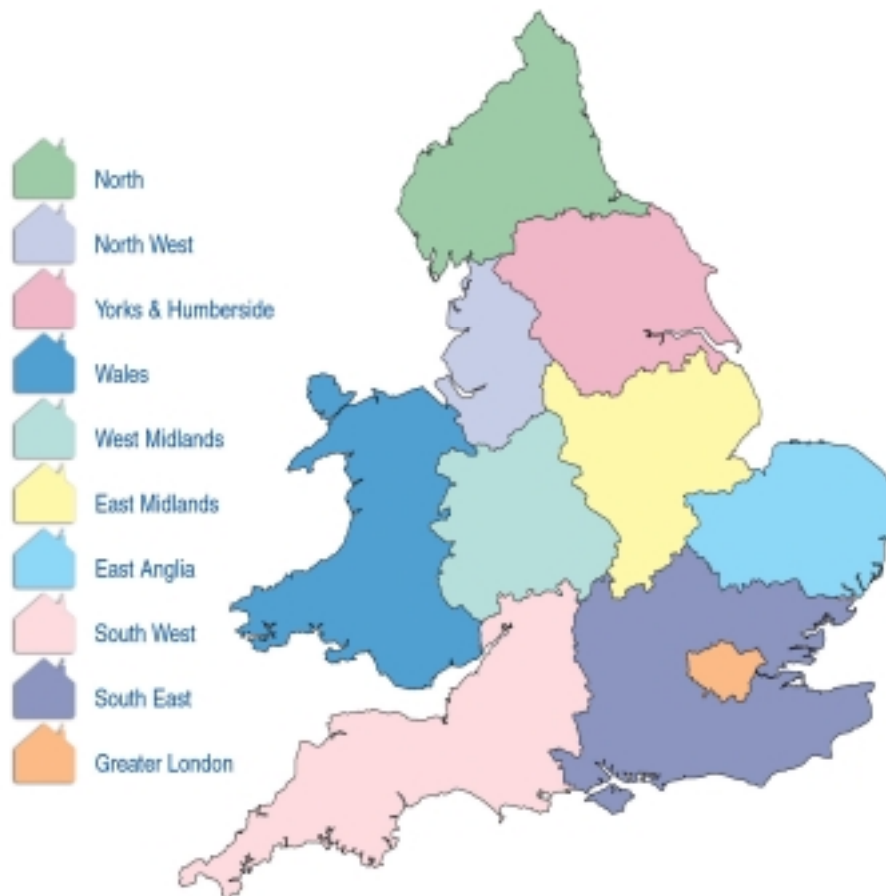
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Regions (as per DCLG)



Source: HM Land Registry



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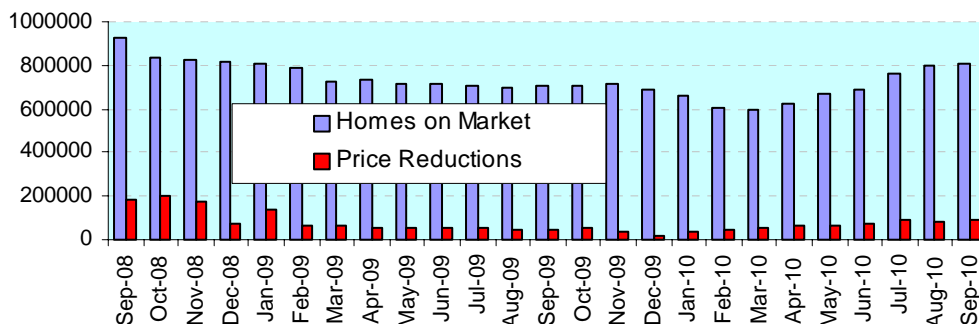
Comment

'Discount Selling' in a Difficult Market

Following the low in housing stock for sale in March this year, the total number of properties for sale has soared 37.3%. This has brought the total stock for sale back up to pre-credit crunch levels. By contrast, the number of serious buyers has not increased by the same margin and nor has mortgage availability improved appreciably. Discounting is being used more and more to attract buyers. Since December 09 the monthly total number of properties reduced has increased by a mighty 358%. The September total was 93,201, which amounts to 11.5% of the entire stock of UK property for sale.

Discounting, normally the mark of a distressed sale, is effectively being used as a marketing tool to attract buyers.

Property on Market and Price Cutting



Serious buyers know they are few and far between and are looking for a bargain. Meanwhile, most sellers are not in a great hurry to sell whilst mortgages remain relatively low. By pricing high initially and then moderating the vendors aspirations, estate agent negotiators are still able to close a sale in these difficult market conditions, but only just...



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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](#).

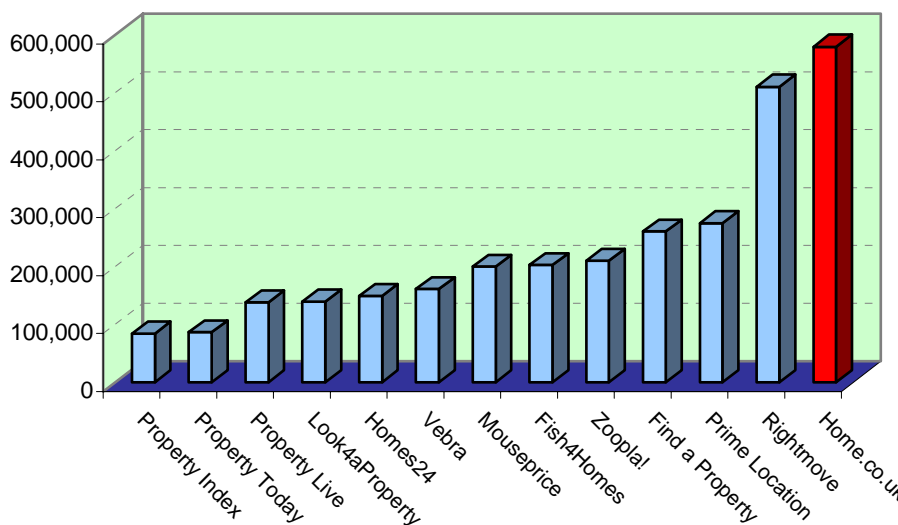
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of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

Searchable UK Properties for Sale by Website.

Source: Home.co.uk February 2010



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October 2010

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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:

Friday 12th November

Monday 13th December

Wednesday 12th January



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