



October 2012

Asking Price Index

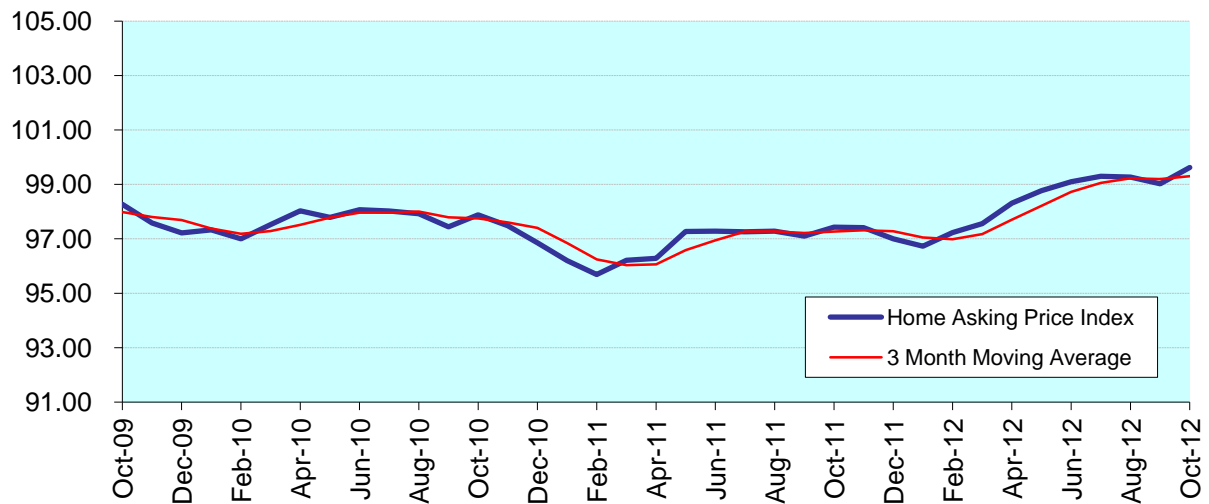
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 12th October 2012

Sellers' Optimism Gives Prices a Fillip.

"Even with the funding for lending scheme, banks remain constrained by regulatory requirements for higher capital levels, which in practice constrains their ability to lend," Alastair Ryan, banking analyst at UBS.

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

Asking prices for homes on the market in England and Wales have jumped 0.6% since September, inflated by a seasonal surge in new listings.

Asking prices rose in 8 of the 9 English regions, Scotland and Wales over the last month. Greater London prices up 5% over last year.

Supply to market of properties for sale down 3.4% year-on-year.

Time on Market (average) remains unchanged since September at 215 days, 5 days longer than in October 2011.

UK detached home prices: stable, rising and look set to make new highs.

Annual change in asking prices: +2.2%

6-month change: +1.3%

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For media enquiries and interviews please contact: rachael.bonfield@home.co.uk

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



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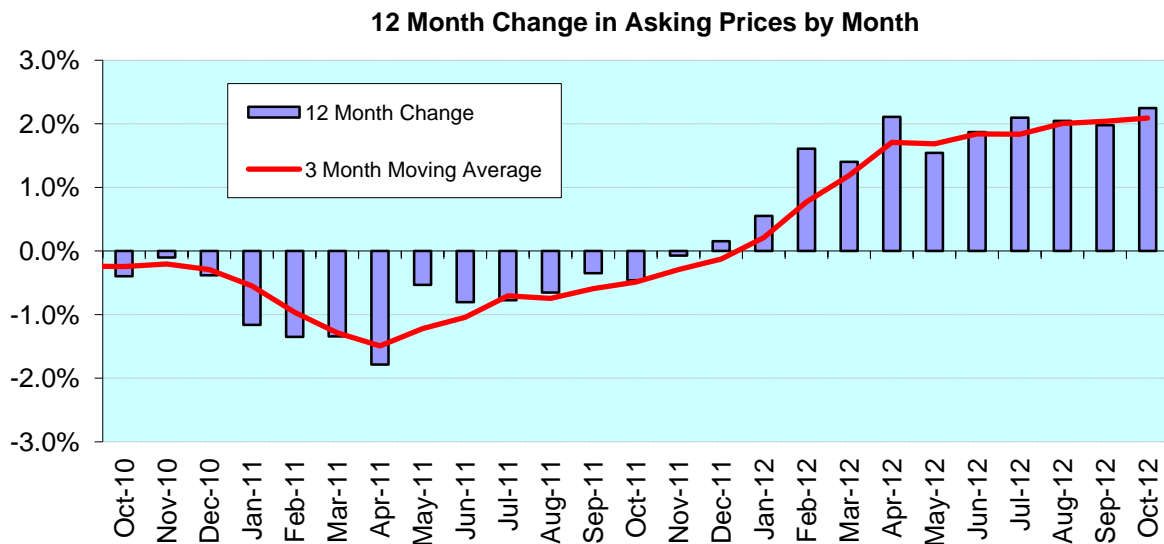
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Overview

Asking prices have risen since September and this previously observed trend is part of a common seasonal pattern. Following the summer break, estate agents' portfolios are swelled by a surge of properties which are often priced over-optimistically. Moreover, what usually follows is a steady price decline through to January and February. However, overall, it is clear that UK property is on a rising trend and hence the anticipated seasonal decline in the average UK asking price may be more muted over the coming months.

Greater London and the South East continue to outperform the rest of the UK both in price rises and sub-100 day typical marketing times. Moreover, these are the only two regions where prices are rising ahead of inflation (vs. RPI ex. housing). The government 'funding for lending' scheme, which has been in effect since June, is seemingly not having the desired effect on other regions. Indeed, any increase in mortgage funding is likely to enter the more healthy regional property markets where risk to the lender is lower. Reports of misallocation of these BoE funds such as in the FT, "Britain's banks have taken advantage of the government's 'funding for lending' initiative, giving them access to cheap money, to buy back billions of pounds in debt issued to investors." also give cause for concern.

Year-on-Year Trend in Asking Prices



Year on year, asking prices are increasing by 2.2%.

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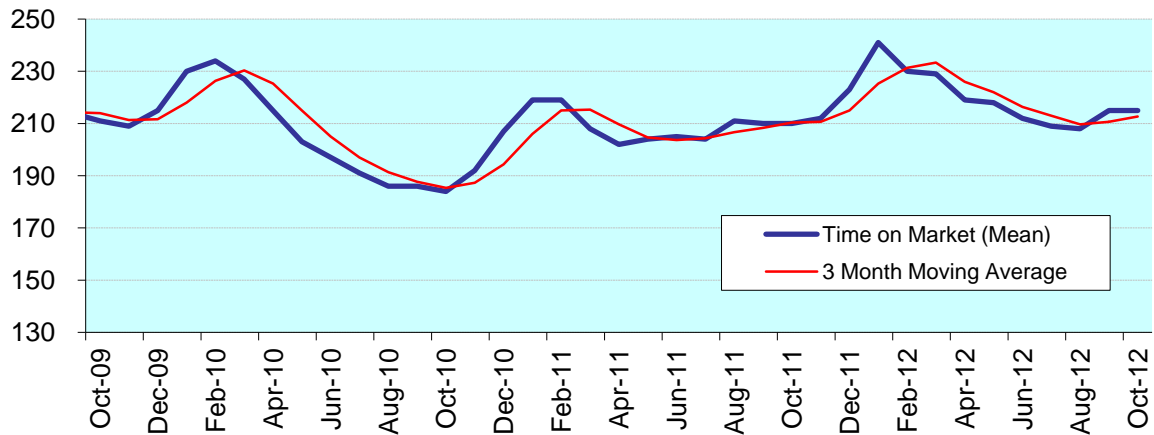
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Time-on-Market Analysis

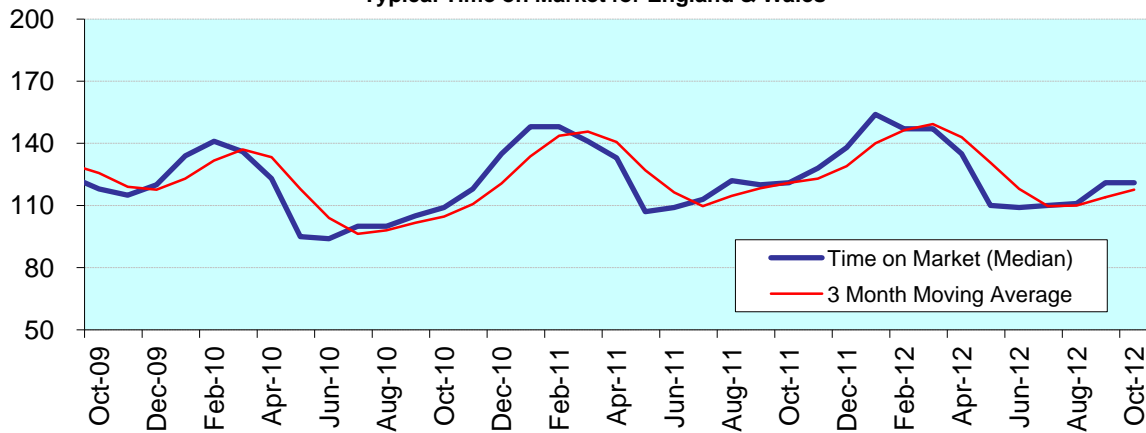
Properties are, on average, spending longer on the market year-on-year. The mean time on market for unsold property remains unchanged since last month at 215 days, but more importantly this figure is 5 days longer than in October 2011.

Average Time on Market for England & Wales



Meanwhile, the current median (typical) time on market remains the same as last month, 121 days, which is also the same as for October 2011. A seasonal rise through to Jan/Feb is expected.

Typical Time on Market for England & Wales



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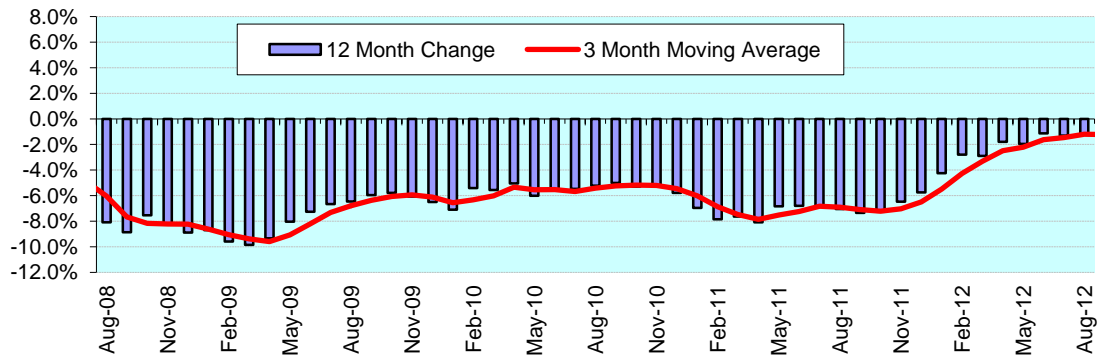


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Home Asking Prices vs. Inflation

Inflation Adjusted YoY Change in Asking Prices by Month



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 has been narrowing (1.2% in August). The HAPI for England and Wales is now at 99.6 [May04 = 100].

Regional Housing Markets

Regional asking prices for October 2012, showing gains and losses since October 2011 and current typical time on market.

	Current average price	12-month change	Median ToM (days)
Greater London	£358,297	+5.0%	90
South East	£296,929	+3.3%	93
East Anglia	£250,105	+2.7%	102
South West	£256,453	+2.2%	107
East Midlands	£175,234	+1.5%	121
West Midlands	£189,743	+1.0%	126
Wales	£174,191	+0.5%	159
Yorkshire and Humber	£168,500	+0.2%	157
North East	£152,649	0.0%	177
Scotland	£161,861	-0.2%	143
North West	£171,228	-1.4%	148
England & Wales	£233,216	+2.2%	121

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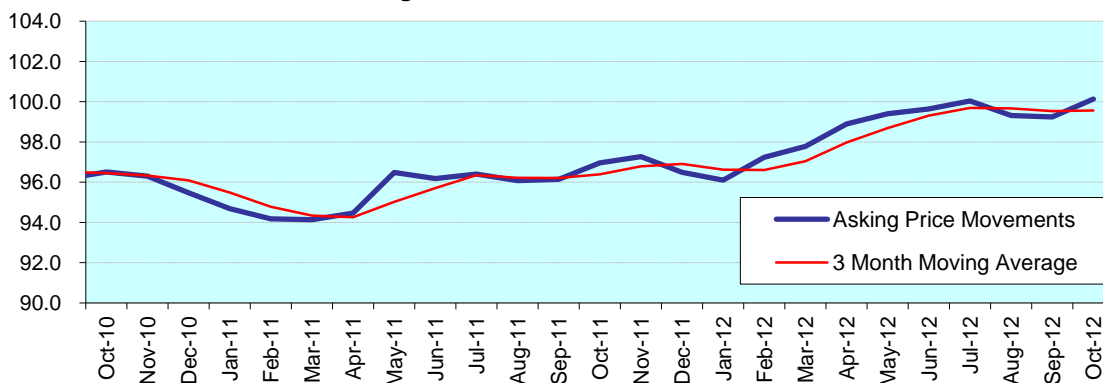
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South East

Market house prices in the South East have recorded a solid performance this year, especially between January and July. This month's rise takes home prices in the region to a new post-credit crunch high. The supply of market entrants in September was 4% down on September 2011 adding further support to asking prices over the coming months.

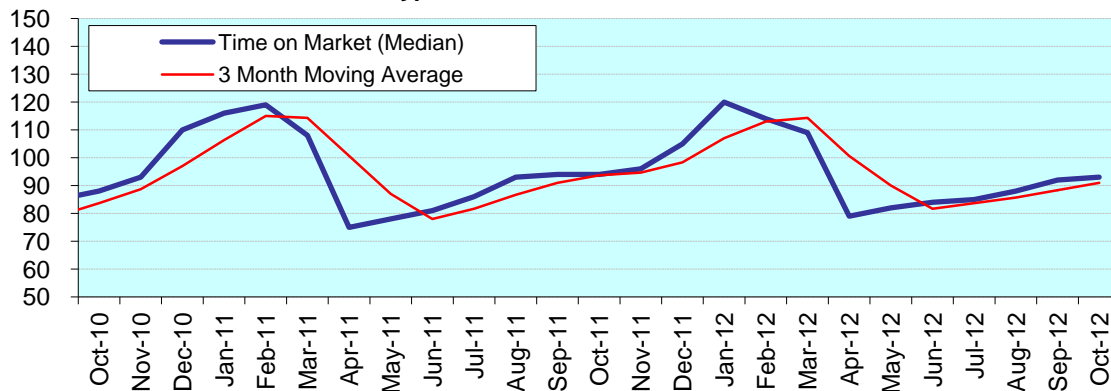
Asking Price Movements for the South East



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 follows a classic seasonal trend. Median time on market now stands at 93 days, which is 1 day less than in October 2011.

Typical Time on Market for the South East



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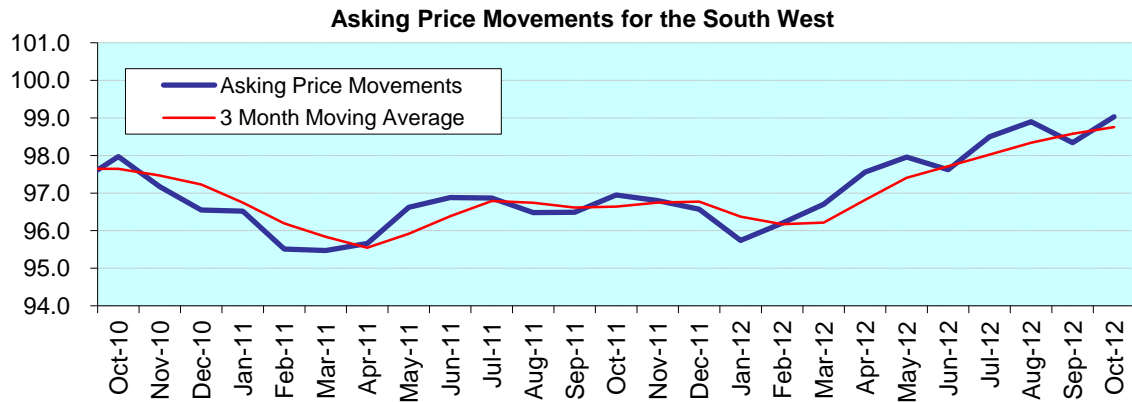


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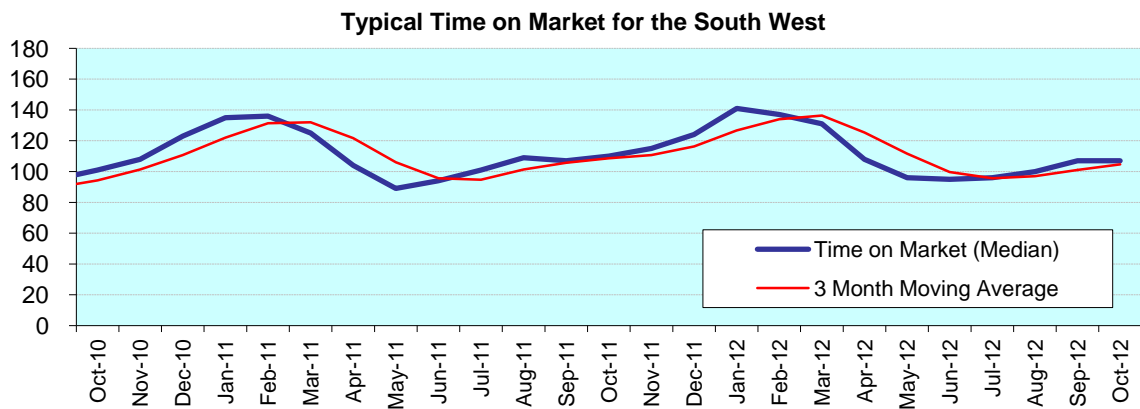
South West

The mix-adjusted average asking price trend for property in the South West has also registered a solid performance over the last year (+2.2%), although prices have not yet returned to their pre-banking crisis highs. Increased confidence in this regional market has elicited a rise in supply: 2% up year-on-year.



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

The time-on-market chart for unsold property in the South West housing market also shows a typical seasonal trend. Marketing times show a slight improvement on last year: currently 107 days (median), 3 days less than in October 2011.



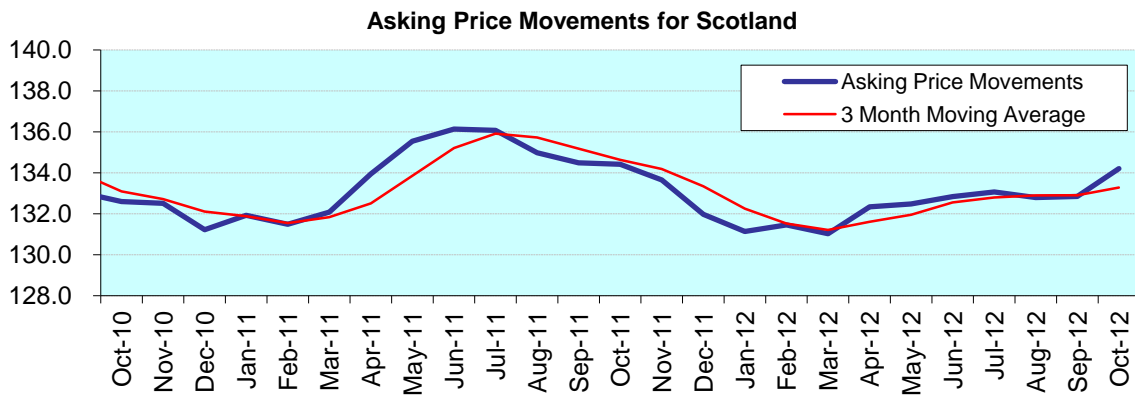


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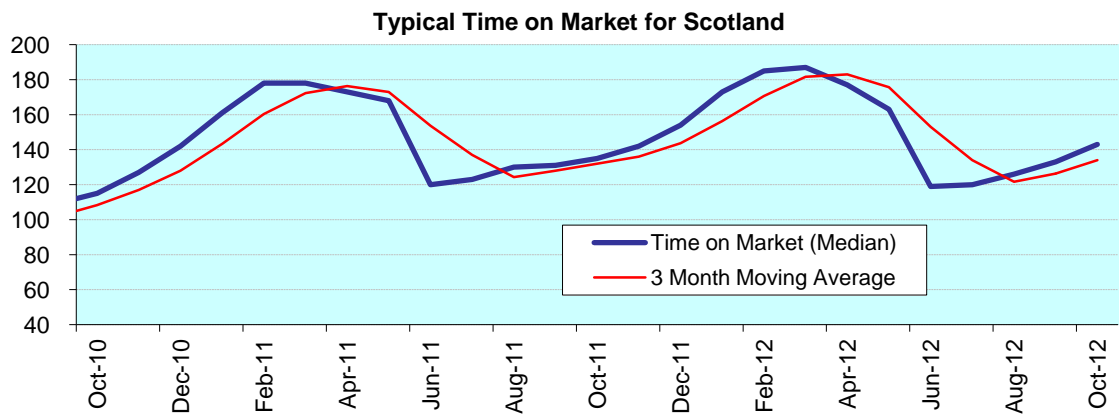
Scotland

Asking prices for properties for sale in Scotland have risen cautiously since the spring and are now just 0.2% lower than in October 2011. Despite the positive market performance this year, sales supply was down 8.5% in September, as compared to September 2011, and this will serve to support prices over the coming months.



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

Typical time on market trend for Scotland also shows a typical seasonal pattern but marketing times have increased slightly year-on-year. The median figure is currently 143 days, which is 8 days longer than the median time on market for Scotland in October 2011.



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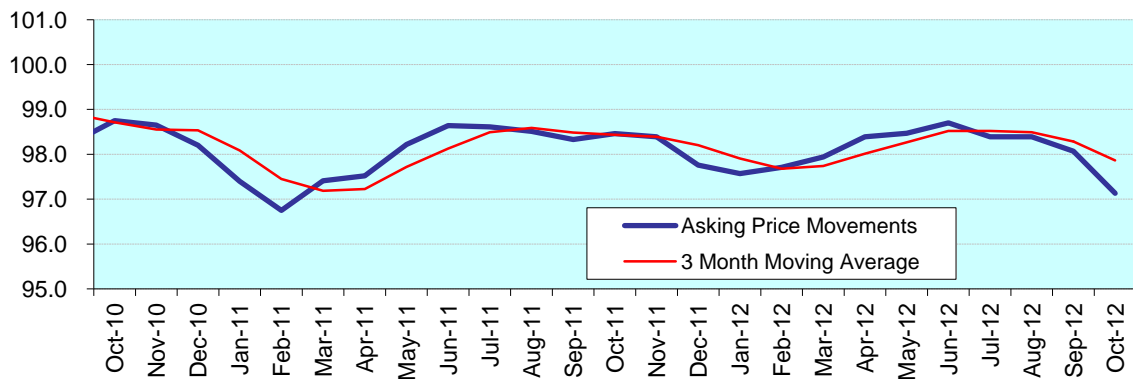
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North West

Asking prices for homes in the North West have been sliding over recent months and are down 1.4% year-on-year. Negative market sentiment is deterring potential sellers and consequently the supply of homes for sale in this region was down 12% in the month of September, as compared to September 2011.

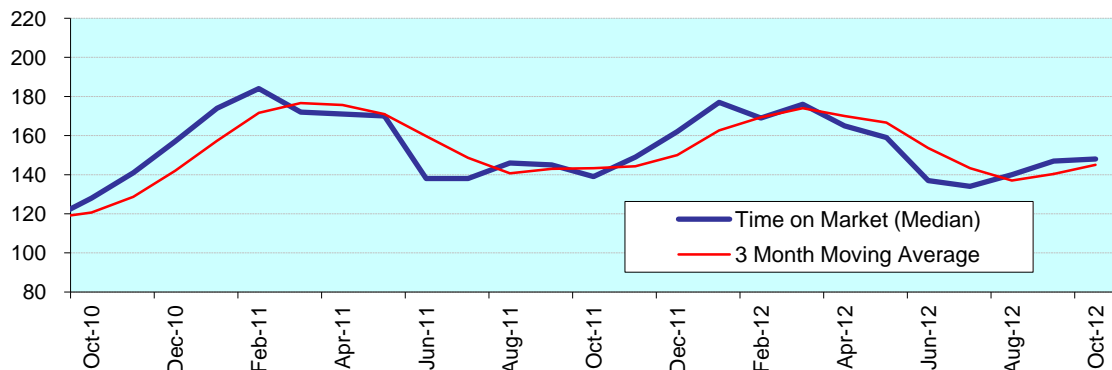
Asking Price Movements for the North West



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

Price falls are symptomatic of a slowing market and correspondingly typical (median) time on market for unsold property in the North West is currently 148 days, 9 days longer than in October last year. The typical time on market for the North West is 27 days longer than the UK median.

Typical Time on Market for the North West



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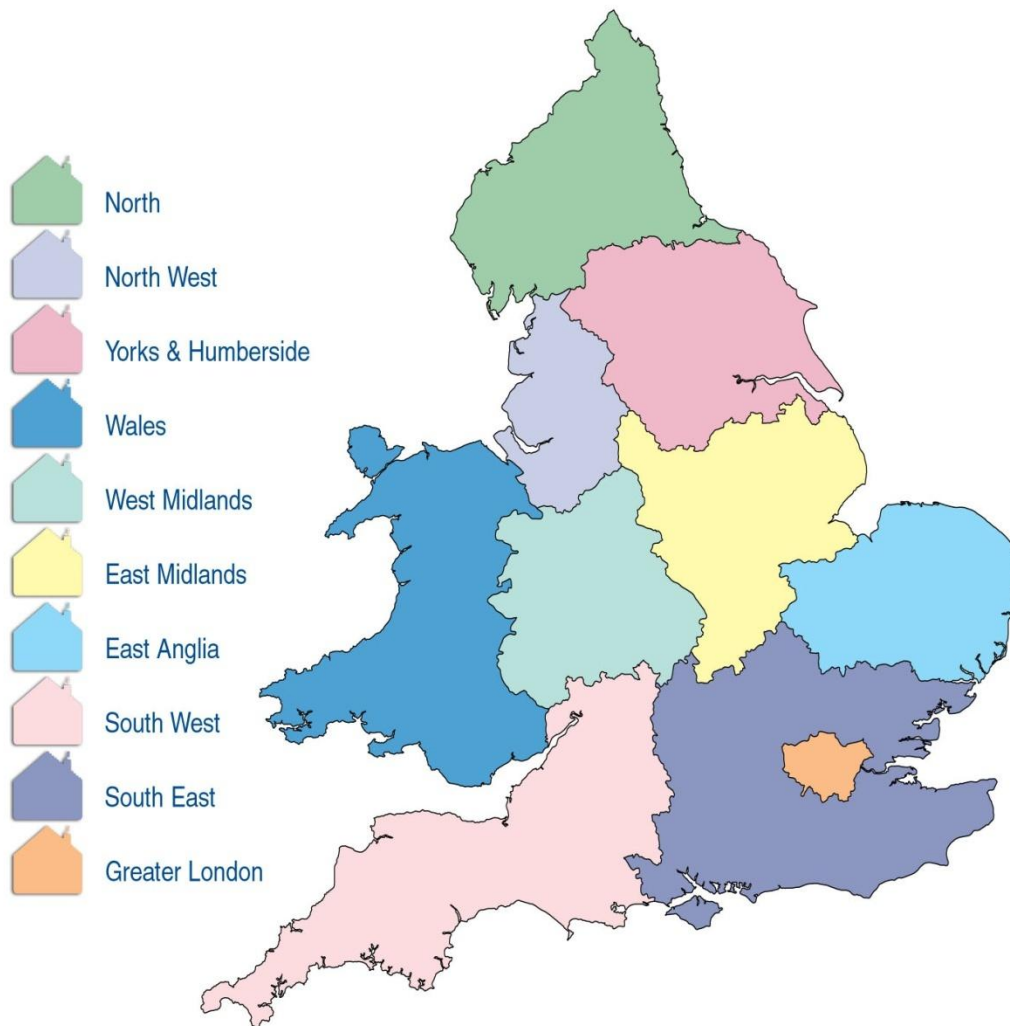


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Regions (as per DCLG)



Source: HM Land Registry

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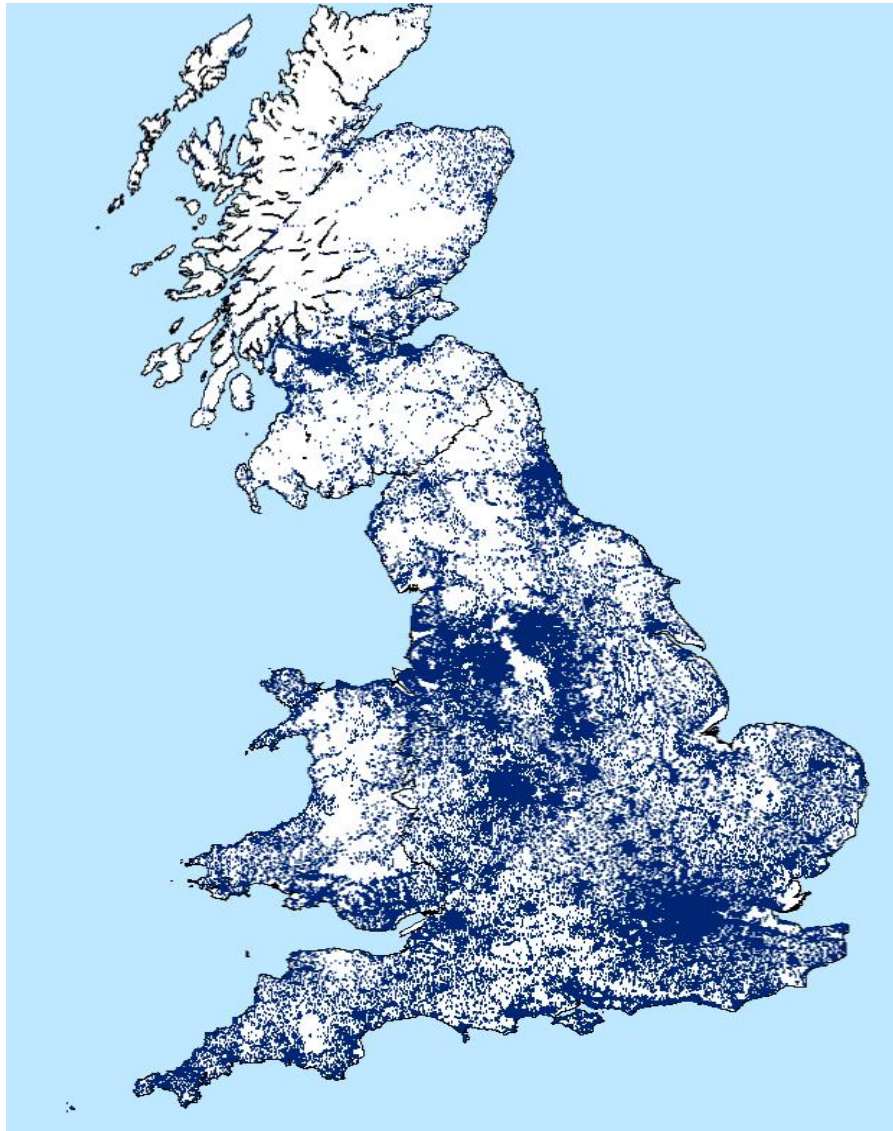
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Data Snapshot

This image represents a snapshot of the Home.co.uk database of UK property for sale. Each blue dot represents a property.



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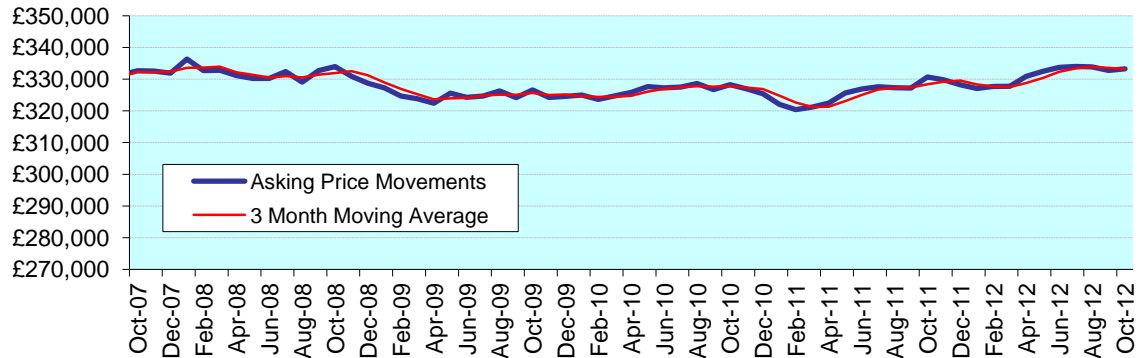
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Comment

Detached from the Rest of the Market

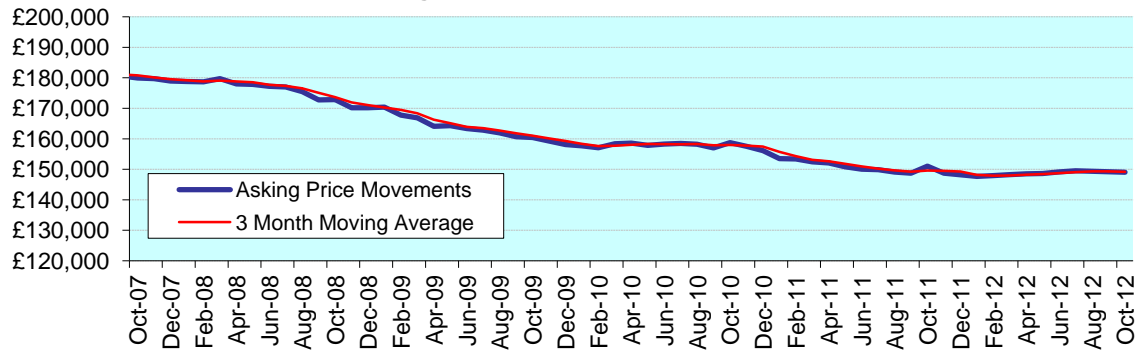
Asking Price Movements for Detached Homes



UK detached home prices: stable, rising and look set to make new highs. The average price for a detached home is now 0.2% higher than in October 2007. Hence, most owners of detached properties bought on the midst of the property boom will not be in negative equity.

Now if we look at the other three main property types (semi-detached, terraced and flats) we see a very different picture: over the last 5 years average prices have fallen by 9.8% 14.0% and 17.2% respectively. A chart for the price trend in flats, the worst performing property type, is shown below.

Asking Price Movements for Flats



Of course, if we take into account inflation over 5 years all the main 4 property types have fallen in value in real terms.

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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](#).

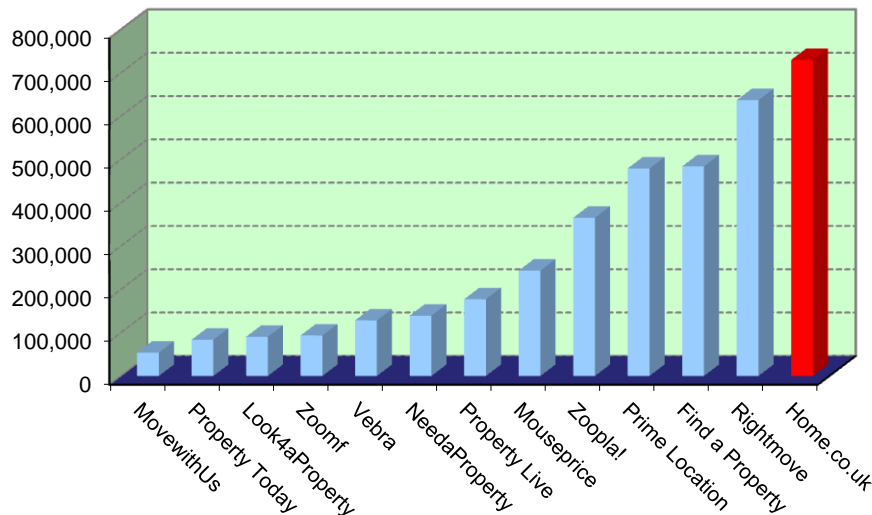
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of 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 July 2012



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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

To learn more about Home.co.uk data services please visit:
<http://www.home.co.uk/company/data/>

Future release dates:

Monday 12th November

Wednesday 12th December

Monday 14th January



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