



Asking Price Index

The UK's Independent Forward Market Indicator

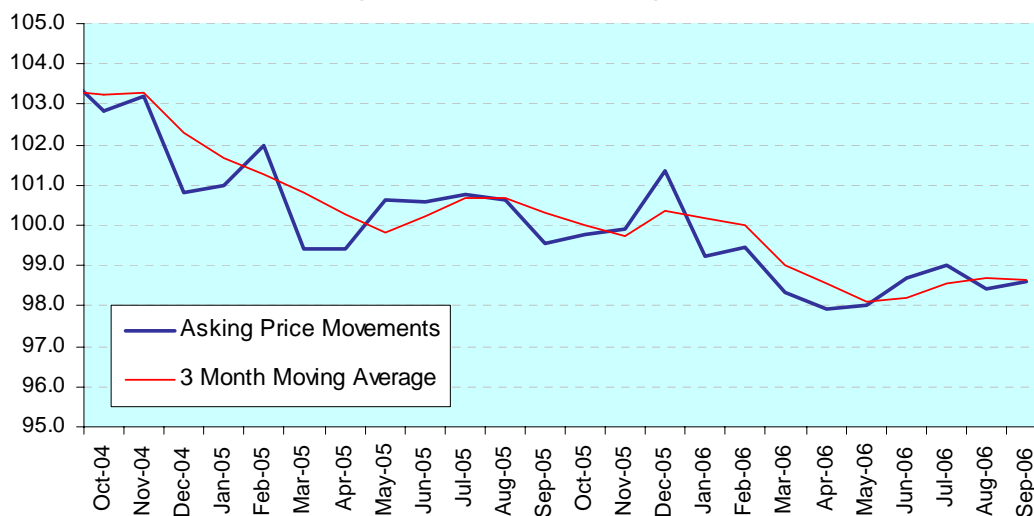
Release date: 12th September 2006

Asking Prices Defy Rate Increase.

"There are 10^{11} stars in the galaxy. That used to be a huge number. But it's only a hundred billion. It's less than the [US] national deficit! We used to call them astronomical numbers. Now we should call them economical numbers."

[Richard Feynman](#). (1918-88) Nobel Laureate

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

Asking Prices for homes in England and Wales rose slightly this month by 0.2% but fell during Q3 by 0.1%.

Asking Prices in England and Wales fell 1.0% over the last year (*ca.* 3.4% below the [CPI](#) and *ca.* 5.3% below the [AEI](#)).

East Midlands Asking Prices fell by 3.0% in Q3.

The most affordable homes in England and Wales are in Yorkshire and Humber region.

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

Press Office: 0845 373 3580



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Overview

Asking Prices for homes in England and Wales nudged up by 0.2% this month, despite the recent rise in interest rates. The national mix-adjusted average figure was buoyed chiefly by seasonal factors and a stronger performance in Greater London (up 1.1%). Downward momentum in asking prices over the last year has slowed markedly to give a 12 month change of just -1.0%.

Regional Housing Markets

The regional average asking prices for September 06 showing gains and losses in Q3.

Wales	£189,839	+2.1%
South West	£256,903	+1.5%
Greater London	£307,073	+1.4%
Yorkshire and Humber	£168,438	-0.2%
East Anglia	£252,456	-0.4%
South East	£268,481	-0.7%
West Midlands	£197,095	-0.9%
North West	£185,871	-1.0%
North	£163,147	-1.5%
Scotland	£148,451	-2.3%
East Midlands	£188,376	-3.0%

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

Regional trends are discussed the following Regional Analysis.

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Regional Analysis

Seasonal factors supported asking prices in the South West and Wales in Q3. They were, however, amongst the few regions to indicate a monthly rise for this period. Greater London was the only other region to register a rise in asking prices over Q3.

Regional asking prices were weakest in the North, Scotland and East Midlands housing markets, registering falls of 1.5, 2.3 and 3.0% respectively.

Regional Affordability

Average earnings, % change for 2005 and current home affordability ratios by region.

South West	£20,754	6.2%	12.4
South East	£24,039	2.4%	11.2
East Anglia	£22,810	6.7%	11.1
Wales	£19,597	4.6%	9.7
West Midlands	£21,004	4.7%	9.4
East Midlands	£20,532	5.3%	9.2
North West	£21,354	4.2%	8.7
Greater London	£36,176	6.4%	8.5
North	£19,679	6.9%	8.3
Yorkshire and Humber	£21,094	6.8%	8.0

Sources: Home.co.uk & Annual Survey of Hours and Earnings, Office for National Statistics.

Regional affordability ratios are calculated by dividing the mix adjusted mean property asking price by the mean earnings for that region. A high value ratio indicates that houses in that region are relatively more expensive with respect to earnings than in a region with a lower ratio. The overall home affordability ratio for England and Wales currently stands at 10.3.

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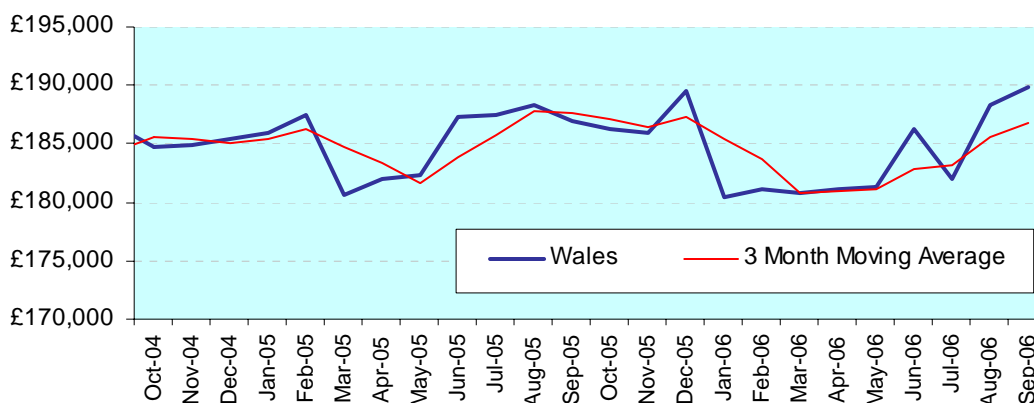


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Wales

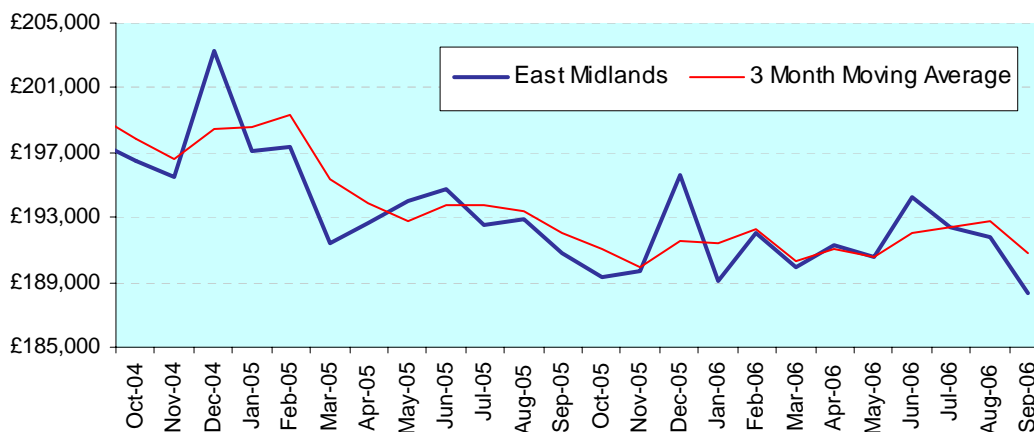
Asking Price Movements for Wales



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

East Midlands

Asking Price Movements for the East Midlands



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

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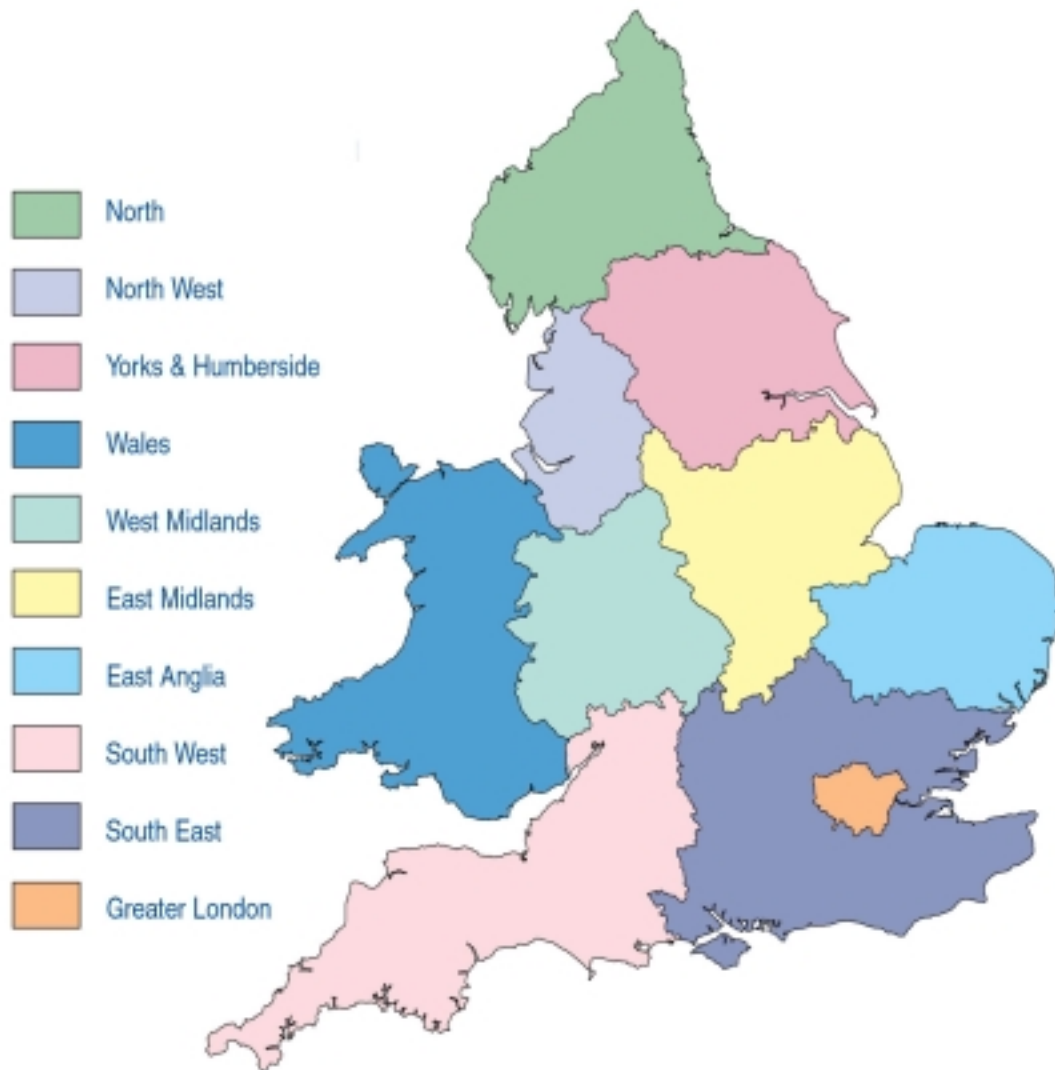
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Regions (as per DCLG)



Source: HM Land Registry



September 2006

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Comment

Asking prices for England and Wales held firm in September despite the quarter point hike in the Bank of England's base rate in August. However, house prices seem far from buoyant with 8 out of 11 regions registering a fall in asking prices in Q3. Furthermore, affordability ratios ranging from 8.0 through to 12.0 indicate that the cost of homes in England and Wales remains high with considerable regional variation.

The medium term view is characterized by slowly falling or stagnant house prices, which are being outpaced by both inflation (CPI) and earnings (AEI). Therefore, relative to earnings, UK housing is becoming more affordable. Asking prices have fallen steadily for over two years by around 5% whilst average earnings have increased by around 10% over the same period. These figures indicate that whilst current house prices are high by any historical measure, they have become around 15% more affordable since asking prices peaked in 2004.

However, August's 0.25% rise in interest rates will have cut into this additional margin of affordability by way of increased borrowing costs. This small rise has not applied heavy downward pressure on house prices although it remains to be seen if it is enough to contain the strong inflationary pressures of rising energy costs and excess money supply.

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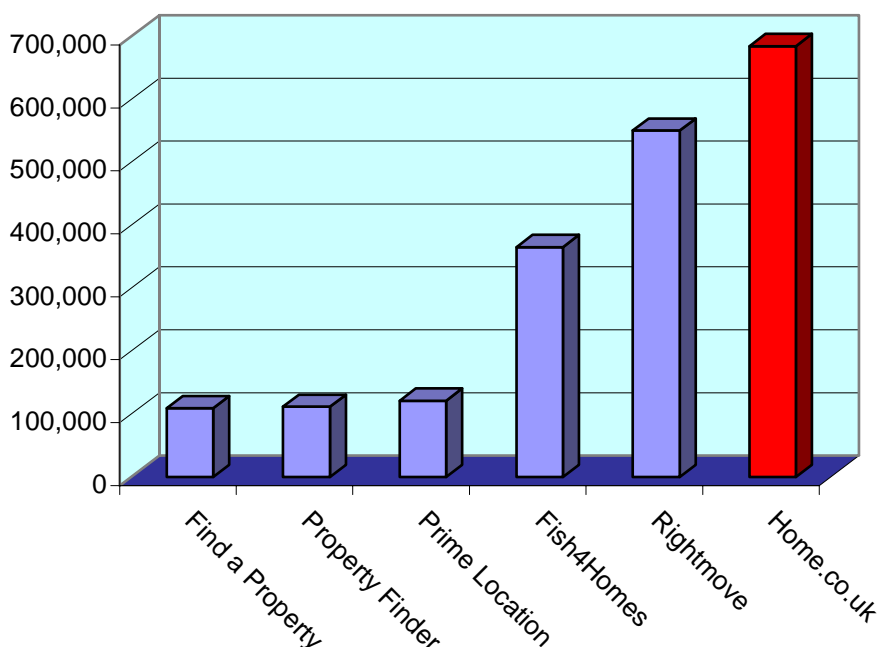
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Notes

The Home.co.uk Asking Price Index 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 Home.co.uk Asking Price Index is the UK's only independent forward market indicator. The published figures represent current and historic confidence of buyers and sellers of UK property on the open market. The Home.co.uk Asking Price Index is calculated every month using 650,000+ 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.

Searchable Properties for Sale by Website.



Sources: [Home.co.uk](#) and Estate Agency News

Properties above £1m and below £20k are excluded from the calculations. The Home.co.uk Index 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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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/>

Future release dates:

Thursday 12th October 06
Monday 13th November 06
Tuesday 12th December 06



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