



Asking Price Index

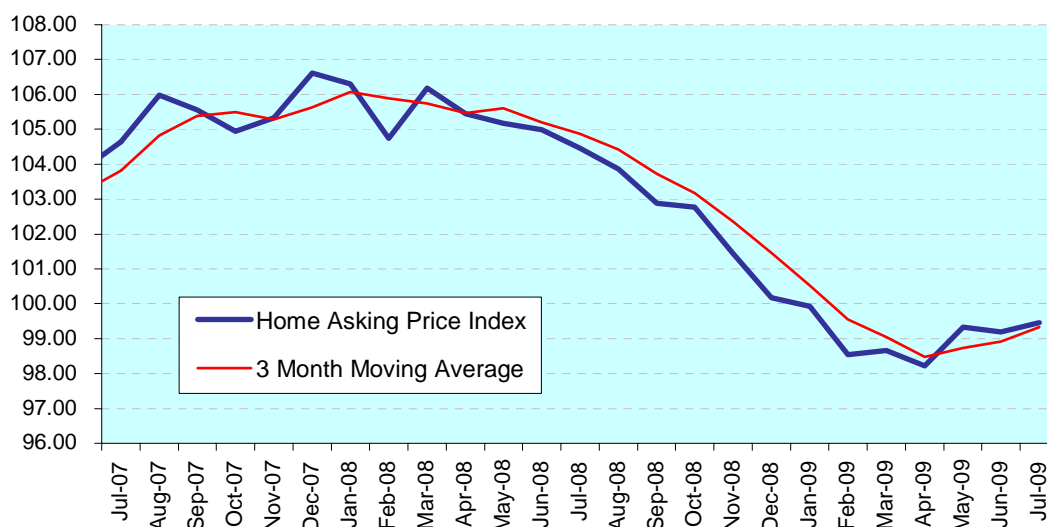
The UK's Independent Forward Market Indicator

Home Asking Price Index: 14th July 2009

Sellers More Hopeful Despite Weak Market

"...they who control the credit of the nation direct the policy of Governments and hold in the hollow of their hands the destiny of the people" [Reginald McKenna](#), Chairman of the Midland Bank, and former Chancellor of the Exchequer.

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

The mix-adjusted average Asking Price for homes on the market in England and Wales has risen by 0.3% since June.

Typical Time on Market up 2 days to 131 days since June.

Month-on-month average Asking Price increases observed in 5 of the 9 English regions, but falls in Wales and Scotland.

Asking Prices across England and Wales have fallen 4.8% since July 08.

The average Asking Price reduction in June was £18,270.

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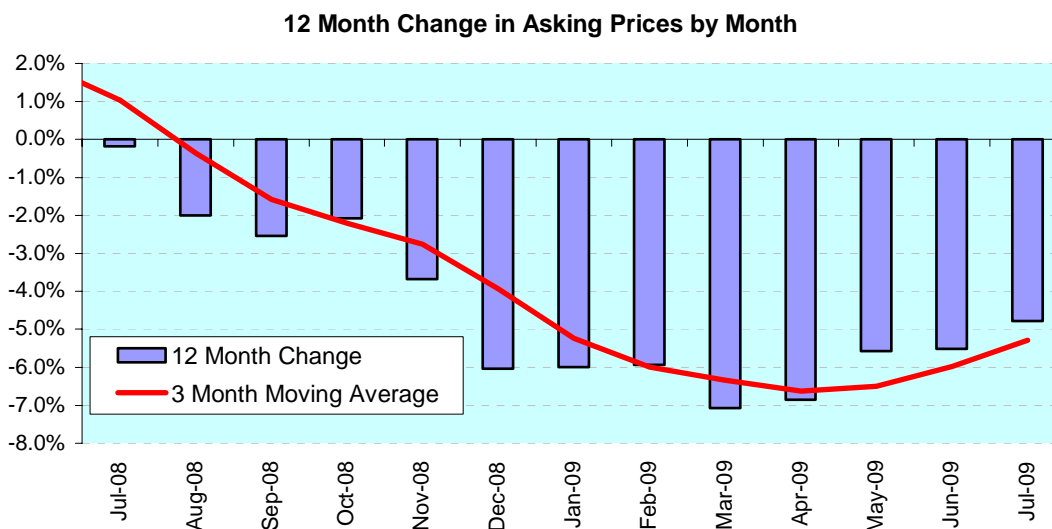
Overview

Despite regaining considerable buyer interest the UK housing market remains relatively weak and sluggish when compared to 2007. Both typical and average Time on Market indicators increased this month showing that the Spring bounce in market sentiment is fragile and dependent on limited numbers of cash buyers or those with a large deposit. Asking prices have been edging up overall as sellers regain some confidence, although, unless the supply of mortgage credit improves, these gains may be unjustified and easily lost in the latter part of the year.

Asking prices of 50,842 homes on the market were cut in the month of June, less than the number of reductions recorded for May (54,069). The value of the average price cut in June also fell from May (£19,623) to £18,270.

Since July 2008 asking prices have fallen in all English regions, Scotland and Wales. In England and Wales the mix-adjusted average asking price fell 4.8% over the same period, while the Scottish mix-adjusted average asking price fell 8.2%.

Twelve-Month Trend in Asking Prices



The July 09 year-on-year (YoY) fall in Asking Prices for England and Wales of 4.8% displays a further decrease, showing that YoY falls in asking prices are slowing.

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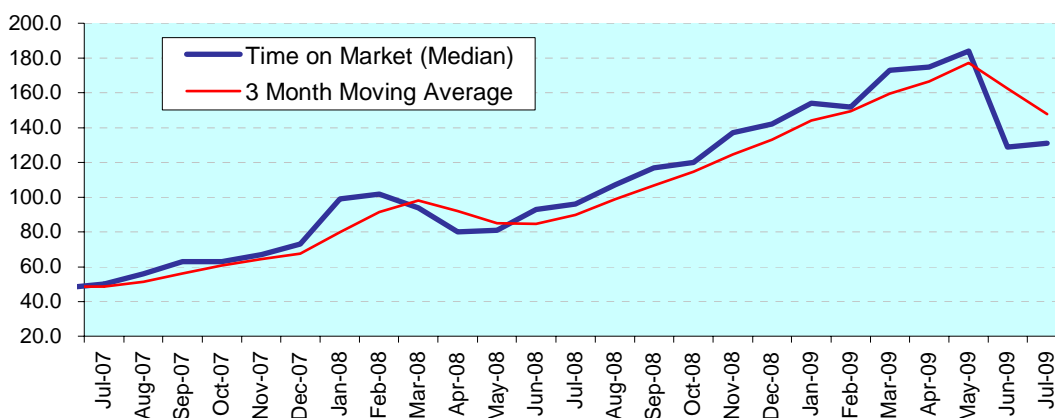
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Time-on-Market

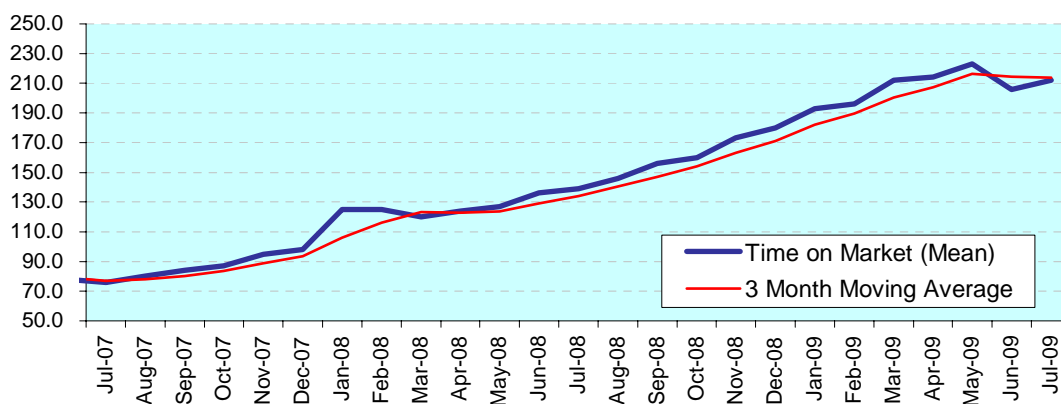
Typical Time-on-Market has increased from 129 to 131 days for unsold properties since June, reflecting a fall in the total number of homes being placed on the market from June to July of 14%.

Typical Time on Market for England & Wales



Average Time on Market for unsold UK property has also risen since June, in line with the median (typical) figure, from 206 to 212 days. Notably, there remains a large overhang of unsold property keeping the average ToM very high.

Average Time on Market for England & Wales



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Asking Prices, Inflation and Average Earnings

Over the last 12 months Asking Prices for homes in England and Wales have fallen 4.8%, *ca.* 7.0% below the [CPI](#), *ca.* 7.3% below the [RPI](#) (ex. housing) and *ca.* 7.5% below the [AEI](#) (ex. bonuses). The mix-adjusted average price of homes in England and Wales, advertised on the open market, now stands at £242,612. The HAPI for England and Wales now stands at 99.5 [May04 = 100].

Regional Housing Markets

Regional Asking Prices for July 2009, showing % change since July 2008.

	Current average price	12-month change
North East	£161,561	-2.9%
South West	£256,780	-3.3%
South East	£276,569	-3.6%
West Midlands	£196,018	-3.8%
North West	£179,937	-4.6%
Yorkshire and Humber	£172,069	-4.7%
Wales	£183,718	-4.8%
Greater London	£333,518	-5.5%
East Midlands	£173,526	-6.9%
East Anglia	£245,110	-7.3%
Scotland	£164,681	-8.2%
England & Wales	£242,612	-4.8%

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

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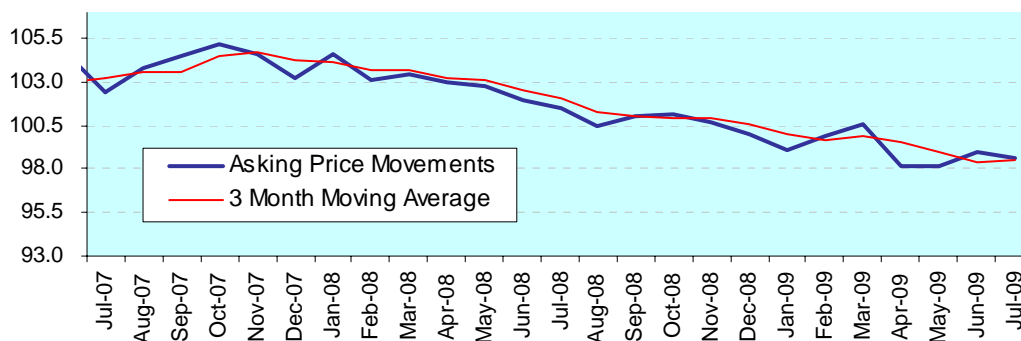
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North East

Even the strongest performing region in terms of price over the last year, the North East, has experienced gradually eroding asking prices since October 07. Asking prices in the North East have fallen 2.9 percent over the last year.

Asking Price Movements for the North East

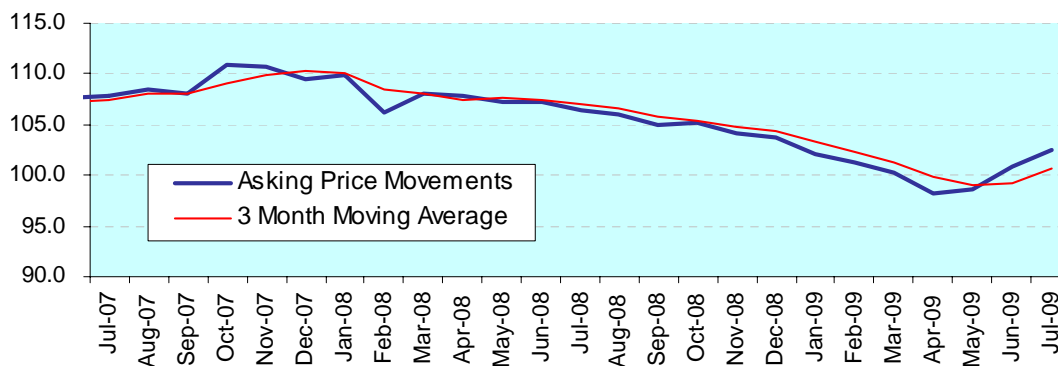


Laspeyres Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

West Midlands

Asking prices in the West Midlands have rallied strongly in recent months clawing back some of the ground lost over the last year. Asking prices have fallen 3.8% since July 2008.

Asking Price Movements for the West Midlands



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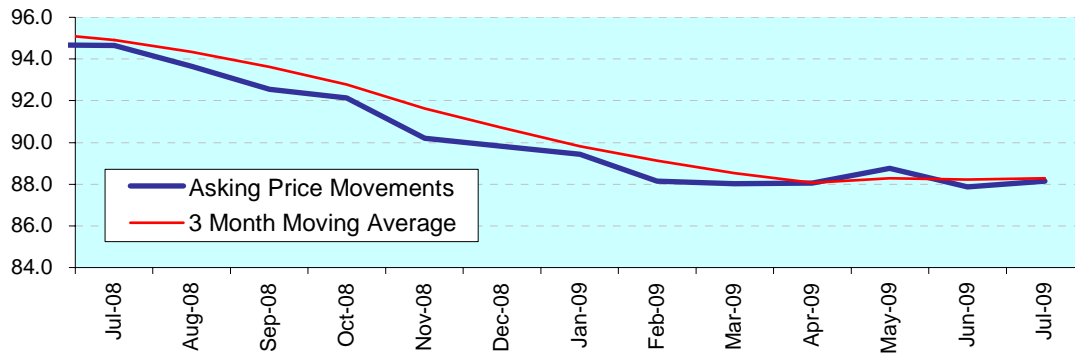
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East Midlands

The average asking price for homes in the North East rose slightly over the last month but is down 6.9% since July 2008 making this region one of the worst performers during this period.

Asking Price Movements for the East Midlands

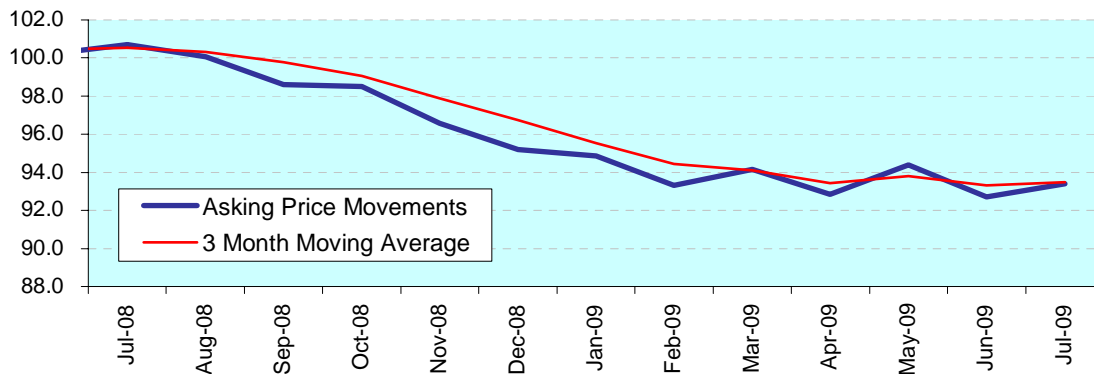


Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

East Anglia

Asking prices for homes in East Anglia fell rapidly in 2008. East Anglian asking prices have fallen 7.3% over the last year, making it the weakest housing market in the UK at present, except for Scotland. Unlike London or the South East there is no real sign of a spring bounce in prices in East Anglia.

Asking Price Movements for East Anglia



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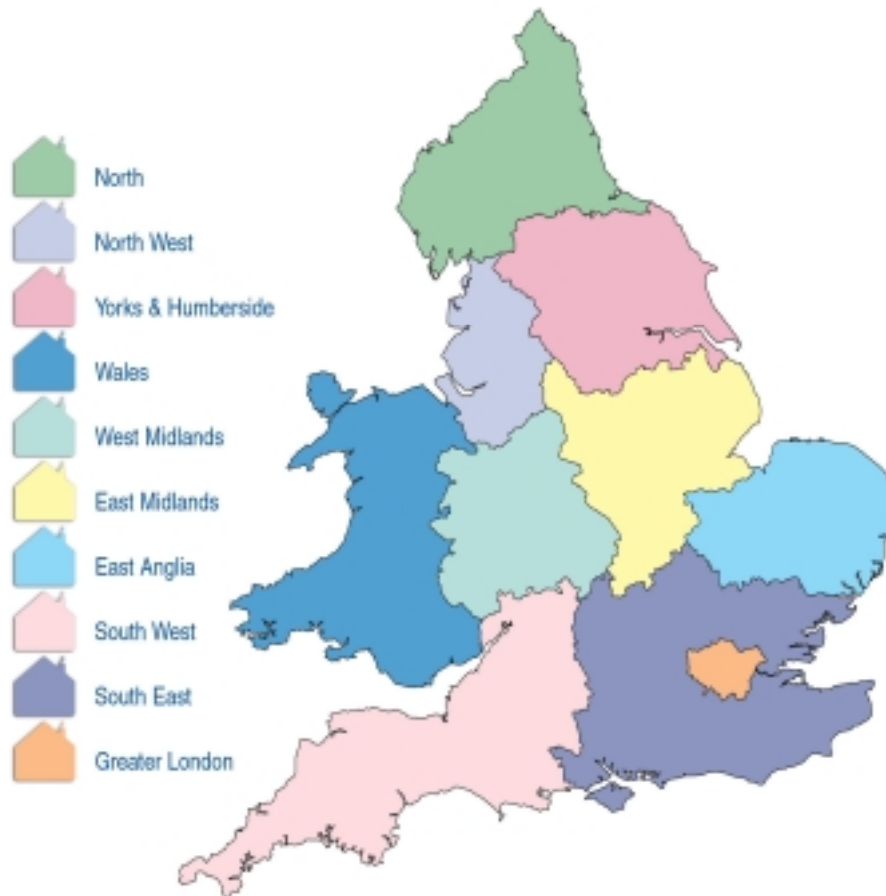
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Regions (as per DCLG)



Source: HM Land Registry

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The Home.co.uk Asking Price Index is calculated by Calnea Analytics Ltd



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Comment

Has This Recovery Got Legs?

Sentiment amongst sellers is improving in UK housing market. [Residential property transaction levels](#) have increased this year from the frightening low of 35,000 in January to around the 50,000 mark for March, April and May, according to figure from HMRC. However, these levels are far lower than can be described as healthy. In 2006 and 2007 monthly averages were in excess of 100,000 per month. Asking prices have been chiefly supported by a reduced supply of property for sale (still around 30% less than in July 07) and reluctance by sellers to cut their prices further. If the recent rally in asking prices is to continue, transaction numbers must also rise to support them to at least the 80,000 level, otherwise a further leg-down in prices seems inevitable.

A Wall of Unemployment

The effect of the credit crunch on the wider economy has been devastating. [UK GDP](#) is now 4.9 per cent lower than the first quarter of 2008, the largest fall on record and jobs are disappearing. According to the office of national statistics, the last three months to April saw "the largest quarterly fall in the [number of people in employment](#) since comparable records began in 1971". Clearly, this is not the sort of economic data that would support rising house prices and it looks set to worsen before it improves. The nascent recovery in property sales appears too weak to counter such economic headwinds.

Government Spending Cuts to Come?

The Organisation for Economic Co-operation and Development (OECD) indicated last month that the UK government could 'do considerably more to accelerate its programme of fiscal consolidation'. Reduced spending in the bloated public sector seems unavoidable in view of the huge hole in HM Treasury finances, as alternatives such as tax rises will only hurt the economy more. No doubt the government will try to delay such cuts until a solid recovery is established.

Meanwhile, in an unprecedented campaign the Bank of England deputy governor Charlie Bean will commence a tour of the UK to explain why quantitative easing (creating money to buy government debt) is a good idea to 'get the UK spending'. The tour follows the BoE's [publication of a pamphlet](#) explaining quantitative easing – why it is needed, how it is expected to work and how the MPC are monitoring its effectiveness on the UK economy.

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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](#).

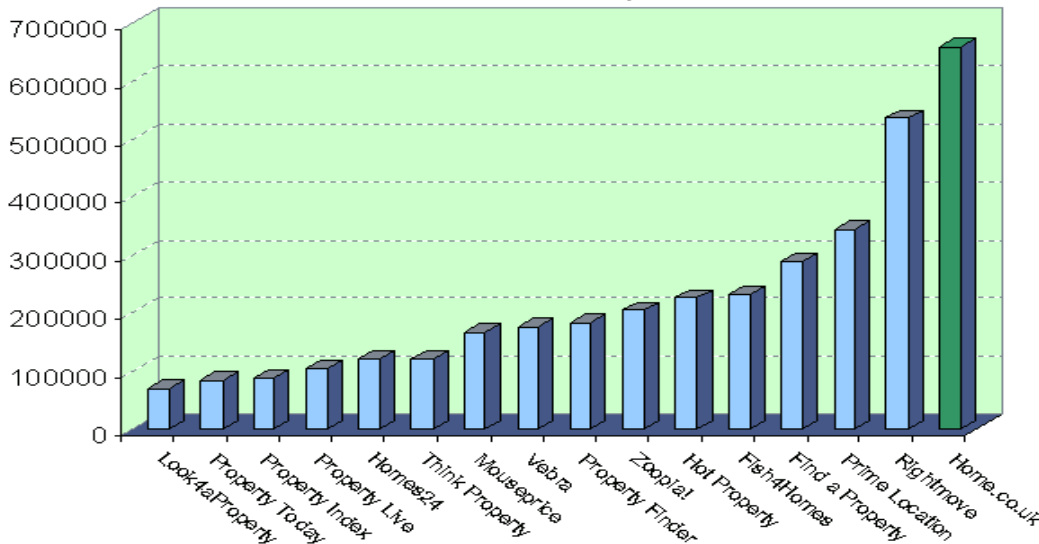
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of 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 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 July 09



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July 09

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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:

Wednesday 12th August 09

Monday 14th September 09

Monday 12th October 09



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