



March 2008

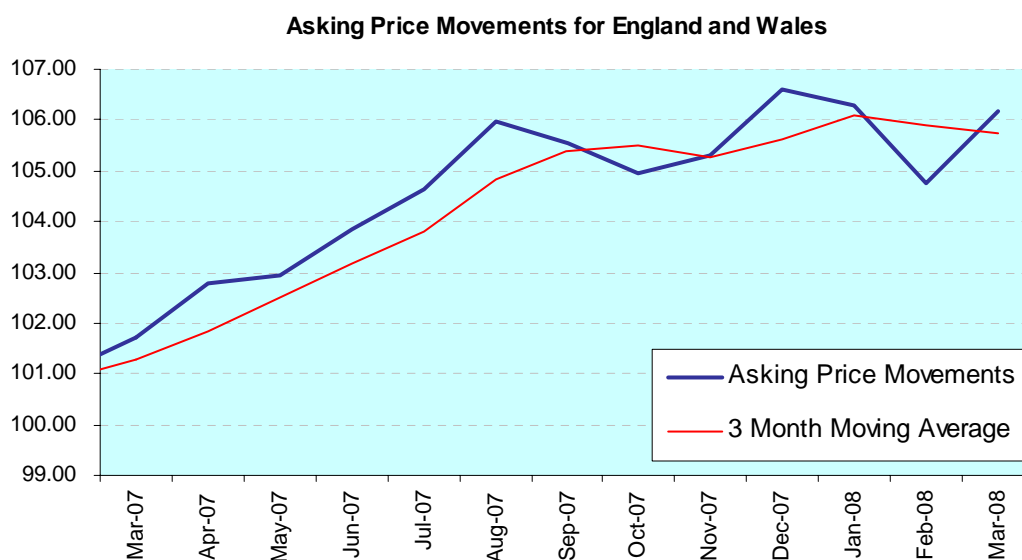
# Asking Price Index

The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 12<sup>th</sup> March 2008

## Property Numbers Surge as Sellers Panic.

"To put it bluntly, this year we are probably facing a period of above target inflation and a marked slowdown in growth"  
[Mervyn King](#) (1948-) Governor of the Bank Of England.



[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 rose sharply this month by 1.4%, boosted by a surge in premium property listings predominantly in Greater London.

The year-on-year change in Asking Prices for homes in England and Wales now stands at +4.4%.

Asking Prices in England & Wales have fallen 0.4% over Q1 2008.

Monthly falls were registered in only 2 regions in England and Wales.

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Page 1 of 9

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Press Office: 0845 373 3580

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



# Asking Price Index

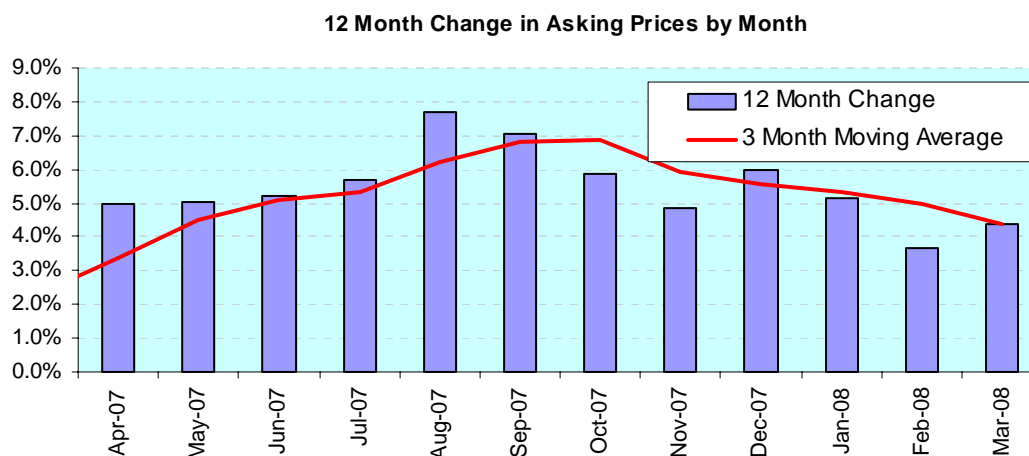
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## Overview

Average asking prices rose sharply this month due to a spring surge of new listings dominated by prime properties. Market entry of so many high-end homes has raised the average asking price for England and Wales by 1.4%. Whilst a seasonal increase in supply is to be expected, increased supply of premium properties is unusual and may signify more property market turmoil as investors and City workers move to liquidate prime UK property market assets. Hitherto, prime property in London has been performing extraordinarily well, although the outlook is poor. Fall-out from the Credit Crunch may cull around 10,000 City jobs over the course of 2008, according to the International Financial Services London research group, and increased supply of premium properties will put further downward pressure on prices in this sector.

Poor near-term yield forecasts and higher mortgage financing costs have already swelled estate agents inventories across the UK over the last 6 months. A hold this month in the Bank of England base rate will not have been welcomed by sellers and buyers hoping for a further cut. In fact, mortgage credit tightened further this month as Abbey (the UK's second largest mortgage lender) raised all their rates by 0.3% and the newly nationalised Northern Rock completely stopped writing sub-prime mortgage business.

## Twelve-Month Trend in Asking Prices



Year-on-year (YoY) growth in asking prices for England and Wales rose this month by 0.7% but continues to follow a downward trend since August 07.

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Page 2 of 9

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Over the last 12 months, Asking Prices for homes in England and Wales have risen 4.4%, *ca.* 2.2% above the [CPI](#), *ca.* 0.3% above the [RPI](#) and *ca.* 0.7% above the [AEI](#) (excluding bonuses). The mix-adjusted average price of homes in England and Wales, advertised on the open market, now stands at £259,026.

The HAPI for England and Wales has risen 1.4 index points to 106.2 since Feb 08 [May04 = 100].

## Regional Housing Markets

Regional average asking prices for Mar 2008 showing gains and losses over Q1.

	Current average price	3-month change
Greater London	£361,417	+1.6%
North	£169,562	+0.3%
Wales	£196,020	+0.2%
North West	£191,407	-0.3%
East Midlands	£190,619	-0.3%
South East	£293,268	-0.5%
Scotland	£180,303	-0.7%
Yorkshire and Humber	£183,336	-0.9%
South West	£269,228	-1.4%
West Midlands	£206,622	-1.4%
East Anglia	£263,174	-2.3%
England & Wales	£259,026	-0.4%

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

Released 12th March 2008

Page 3 of 9

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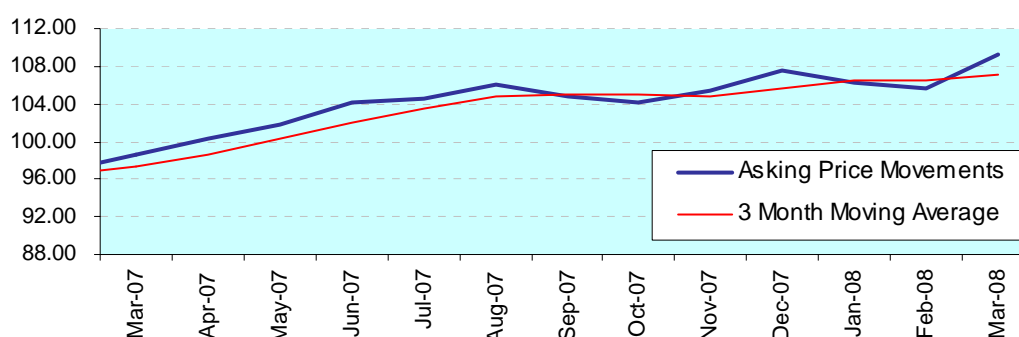
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## Greater London

Discounting of asking prices in Greater London has been masked this month as estate agents' inventories increased with a disproportionate amount of premium property. New top-end London property listings pushed up the average price by 3.4% this month to a new record of £361,414 thus making the Q1 change for 2008 +1.6%.

Asking Price Movements for Greater London



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

## Central London Home Prices

The number of properties for sale in central London has soared by 22.5% in just the last 14 days. Most of these new listings are flats, which dominate the London housing market.

	No. of properties	Average price	Median price
Flat	52,199	£472,217	£319,950
Detached	2,503	£1,026,496	£675,000
Semi-detached	7,382	£526,123	£399,995
Terraced	10,020	£640,446	£374,950

Note: The [house prices for Central London](#) were calculated by sampling over all properties for sale in the Home.co.uk property search index within 10 miles of the centre of London

Released 12th March 2008

Page 4 of 9

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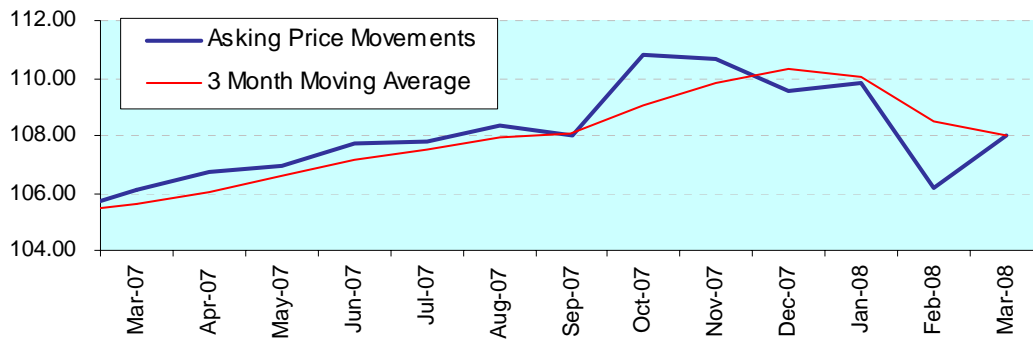
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## West Midlands

Prices of houses on the market in the West Midlands have recovered some ground lost in the steep price drop registered in February, although the trend overall remains downward. This month's rise in prices is due mainly to a seasonal surge in new listings.

Asking Price Movements for the West Midlands

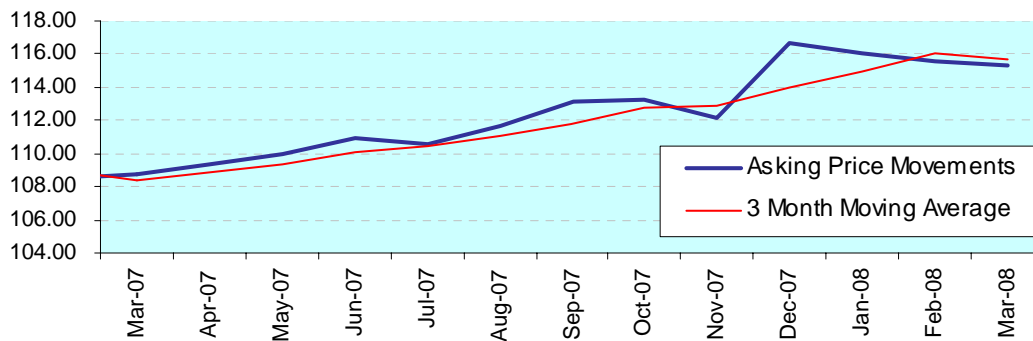


Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

## Yorkshire and Humber

Market house prices have declined 0.9% in Yorkshire & Humber since their peak in December. This fall has reduced the overall year-on-year gain in Yorkshire & Humber asking prices to 6.1%.

Asking Price Movements for Yorkshire & Humber



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

Released 12th March 2008

Page 5 of 9

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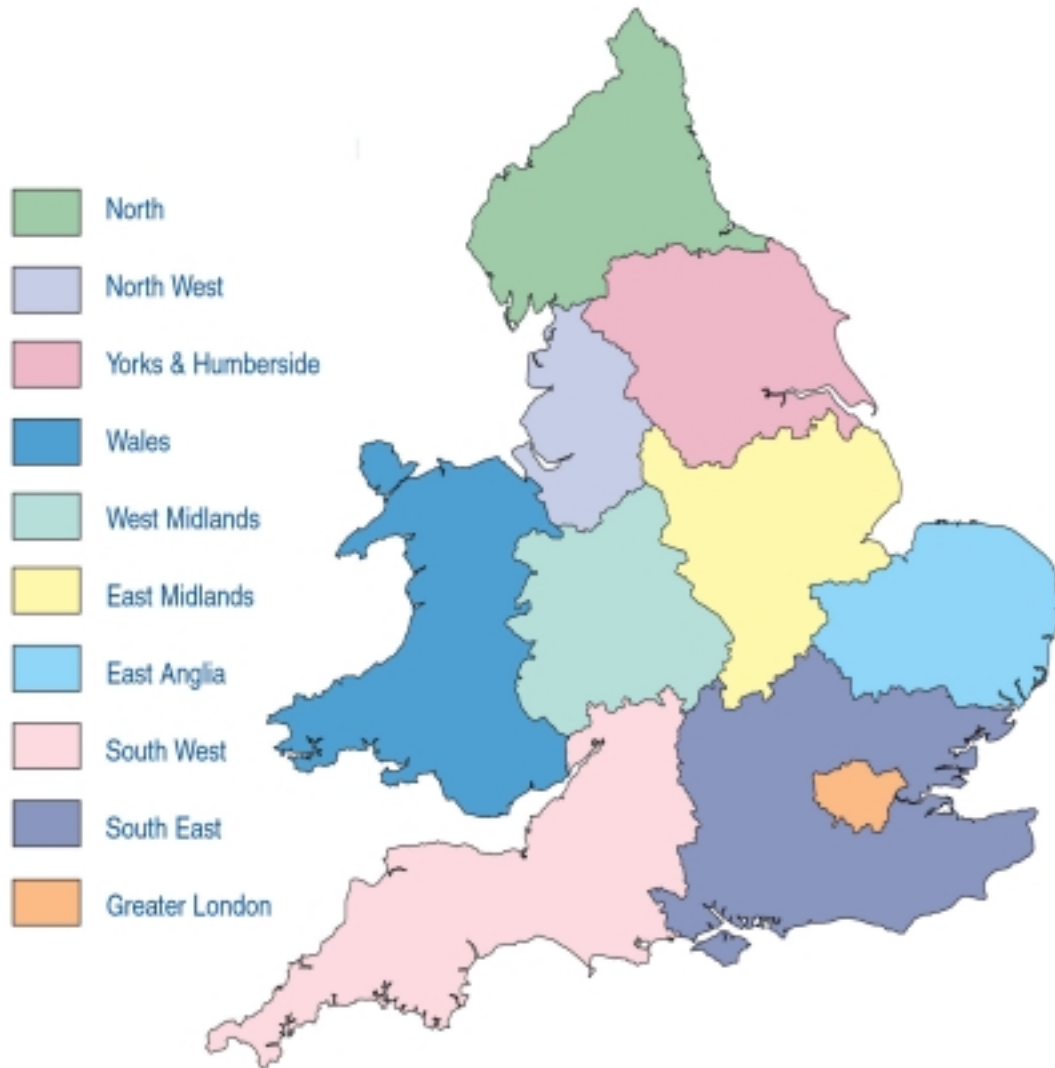
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**Regions** (as per DCLG)



Source: HM Land Registry

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Released 12th March 2008

Page 6 of 9

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## Comment

Logically speaking, large increases in property sales listings should not occur when the housing market is in poor shape, but they do and the reason is simple: Panic selling. There is a growing awareness amongst investors and the UK public that the Credit Crunch has dealt the UK housing market a double blow, tightening mortgage lending and crippling the financial service sector. Some will be forced sales due to spiralling mortgage costs and others will simply be investors fearing their capital will be tied-up in illiquid assets during a downturn. Supply is now seriously outweighing demand.

Following the *tipping point* in August 07 the number of new mortgage loans approved for purchase had halved by January 08 (reduced by one third year-on-year) and mortgage lending has tightened further since then despite the February rate cut. Demand for UK property has been drastically reduced and will only recover through large house price falls or loosening mortgage credit. A minority of cash buyers will be waiting patiently for the former.

With the US now in economic recession following their housing bust, the likelihood of the same ill winds ravaging the UK shores is high. After 12 years of ballooning house prices and dwindling manufacturing capacity the UK is looking very vulnerable to a severe economic downturn.

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Page 7 of 9

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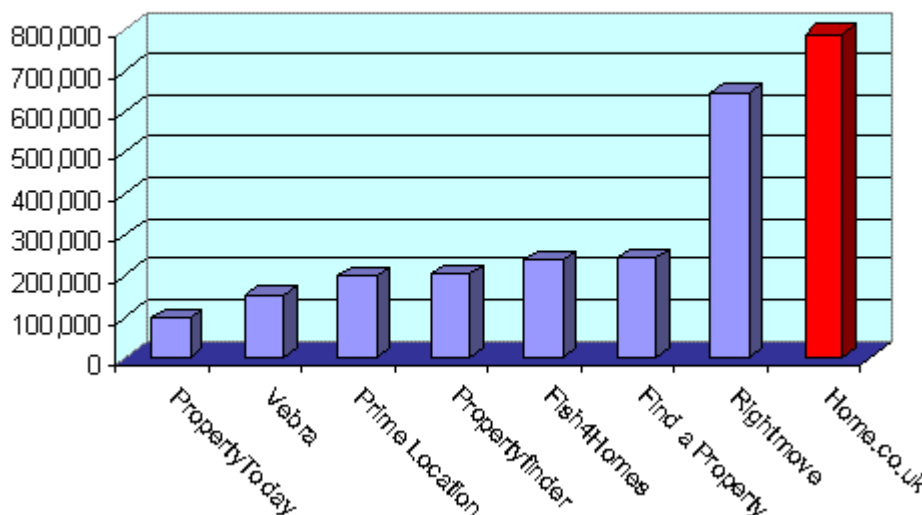
The [Home.co.uk](http://Home.co.uk) Asking Price Index is produced in association with [Calnea Analytics](#): the statistical consultancy responsible for the production of the official [Land Registry House Price Index](#).

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.

### Searchable Properties for Sale by Website.

Source: Home.co.uk February 08



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.

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Page 8 of 9

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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.calnea.com/asking-price-index/>

## Future release dates:

Monday 14<sup>th</sup> April 08

Monday 12<sup>th</sup> May 08

Thursday 12<sup>th</sup> June 08



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Page 9 of 9

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