



Asking Price Index

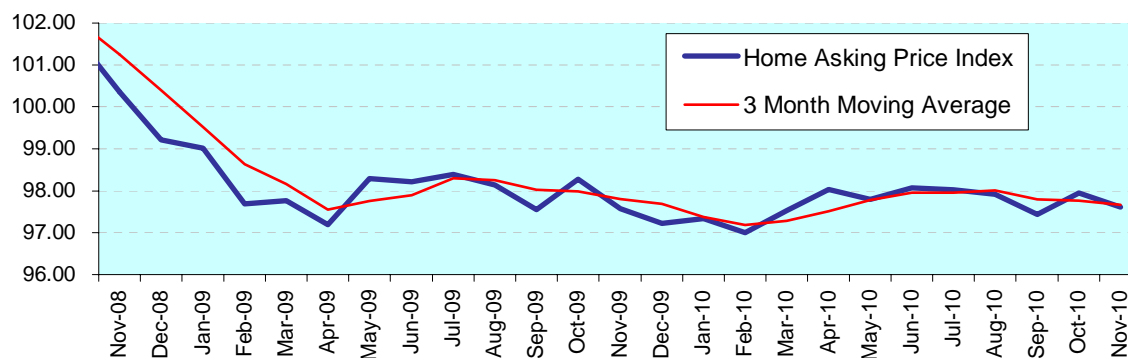
The UK's Independent Forward Market Indicator

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

Realism Weighs Heavy on Home Prices

"You have a choice between the natural stability of gold and the honesty and intelligence of the members of government. And with all due respect for those gentlemen, I advise you, as long as the capitalist system lasts, vote for gold." George Bernard Shaw, 1856-1950.

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 dropped back by 0.3% over the last month.

Monthly asking price falls in all English regions, Scotland and Wales except Greater London and the East Midlands, which both registered no change.

The number of properties reduced in price has increased further to a new 21-month high of 95,335 for the month of October.

Typical time on market jumped 9 days to 118 days (median).

Annual change in asking prices: 0.0%.

6-month change in asking prices: -0.2%



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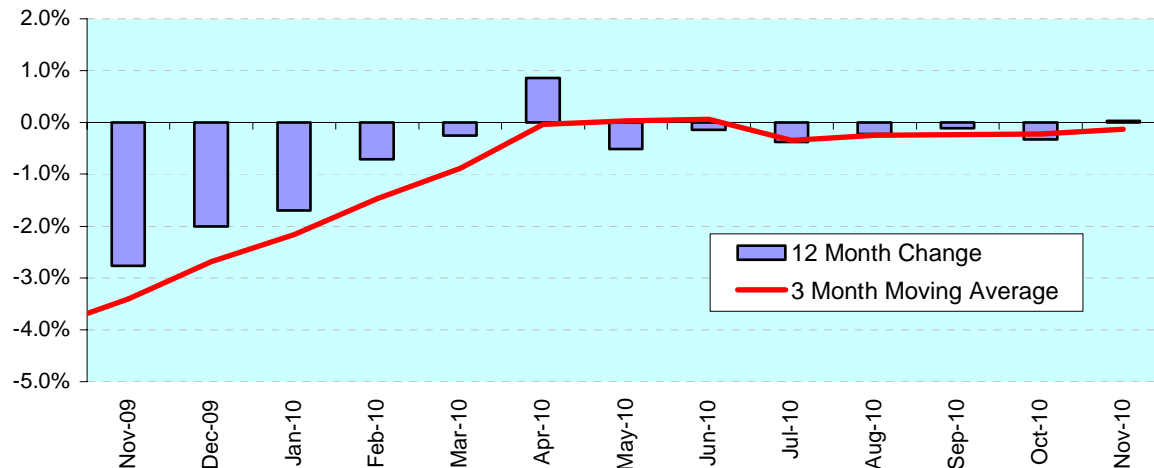
Overview

Overall prices of homes on the UK market appear to be levitating. This month's fall serves to counter last month's rise; yet, given the poor economic outlook coupled with seasonal downturn, we might well expect further falls over the coming months. Early indications show that buyer interest is waning in the face of high stock levels on estate agents books. Price-cutting of property on the market continues to increase in frequency (a new 21-month record for October) fuelling the growing 'discount culture' in the UK housing market.

Over the last 6 months asking prices have fallen by 0.2% in England and Wales. In general, average market house prices look fairly stable, although the regional picture shows quite different levels of vigour. London property has performed well with modest gains over the last 6 months whilst Wales and Scotland are suffering falling asking prices.

Twelve-Month Trend in Asking Prices

12 Month Change in Asking Prices by Month



Since April 2010, the observed year-on-year (YoY) trend in Asking Prices for England and Wales shows nominal asking price stability. This trend is unlikely to continue as reposessions and distressed sales continue to rise

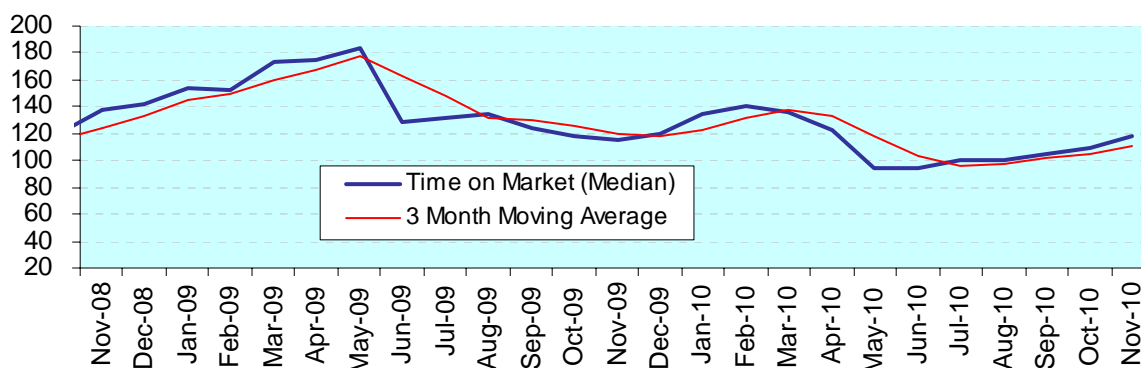


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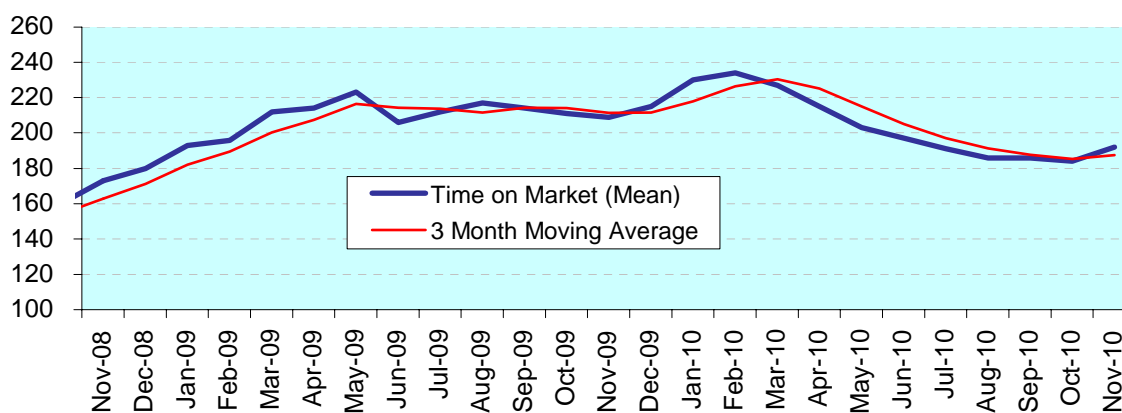
Time-on-Market Analysis

Typical Time on Market for England & Wales



Typical (median) Time on Market for unsold properties has risen a further 9 days since last month and now stands at 118 days. Meanwhile the average (mean) Time on Market is also up 8 days to 192 days. These figures are consistent with the observation that somewhat fewer properties are entering the marketplace after the summer surge and those that are currently for sale are spending more time in agents' portfolios.

Average Time on Market for England & Wales



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Asking Prices, Inflation and Average Earnings

Since November 2009 the average mix-adjusted asking price for homes in England and Wales has not changed. Poor mortgage availability, low economic confidence and an over-supply of property for sale have held prices in limbo.

Asking prices are still falling in real terms. When corrected for monetary inflation, property remains a poor store of capital value as compared to commodities or gold. Comparing ONS September figures and the YoY change in asking prices for the same month shows that asking prices were still falling in real terms, by 4.9%, relative to the [RPI](#) (ex. housing) and *ca.* 2.2% below the [AEI](#) (August figure from ONS excluding bonuses). The HAPI for England and Wales now stands at 97.6 [May04 = 100].

Regional Housing Markets

Regional Asking Prices for November 2010, showing gains and losses since May 2010.

	Current average price	6-month change
Greater London	£343,509	+0.8%
East Anglia	£241,552	+0.5%
North East	£154,674	+0.5%
South East	£285,757	+0.3%
East Midlands	£171,246	-0.6%
West Midlands	£188,933	-0.8%
South West	£251,907	-1.1%
Yorkshire and Humber	£169,165	-1.1%
Scotland	£159,905	-1.1%
North West	£174,167	-1.2%
Wales	£177,452	-1.3%
England & Wales	£229,521	-0.2%

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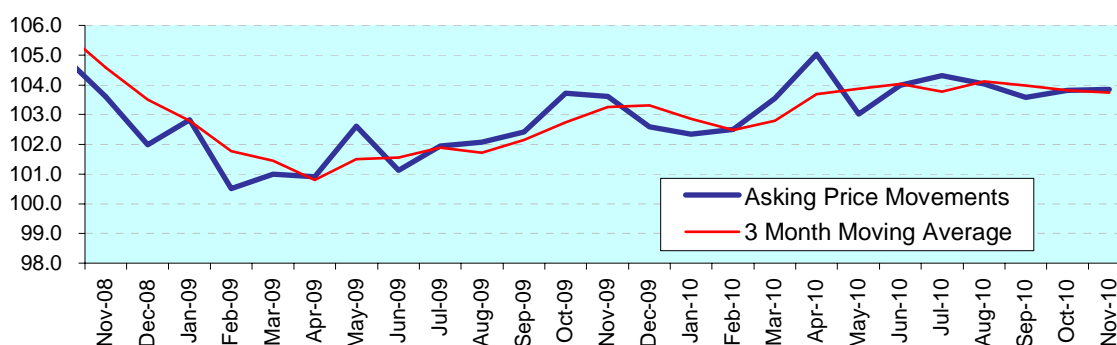
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Greater London

The recovery in market house prices in Greater London has been characterised by considerable price volatility. Foreign buyers taking advantage of the weakness in sterling have led activity in this market. However, the recent strengthening of sterling relative to other major currencies combined with the weakness of the domestic economy has stifled further house price rises.

Asking Price Movements for Greater London

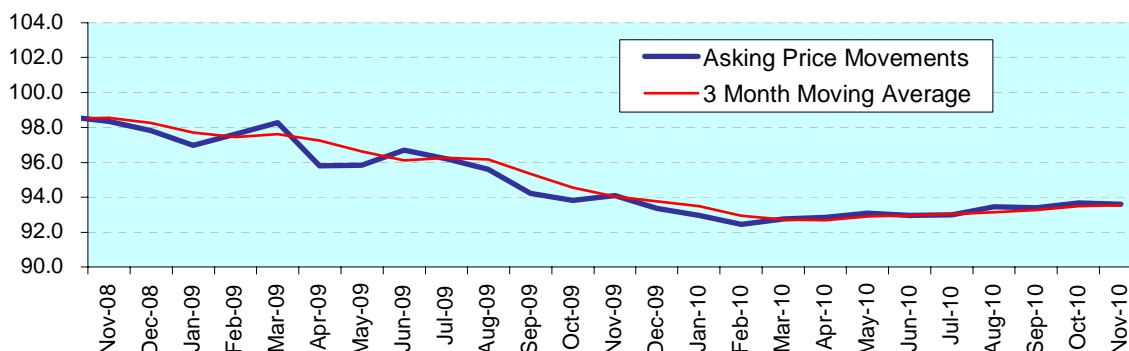


[Laspeyres](#) Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

North East

By contrast, the recovery in asking prices in the North East came 12 months later than London and is more subdued. Market house prices in the North East have risen 0.5% over the last 6 months.

Asking Price Movements for the North East



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

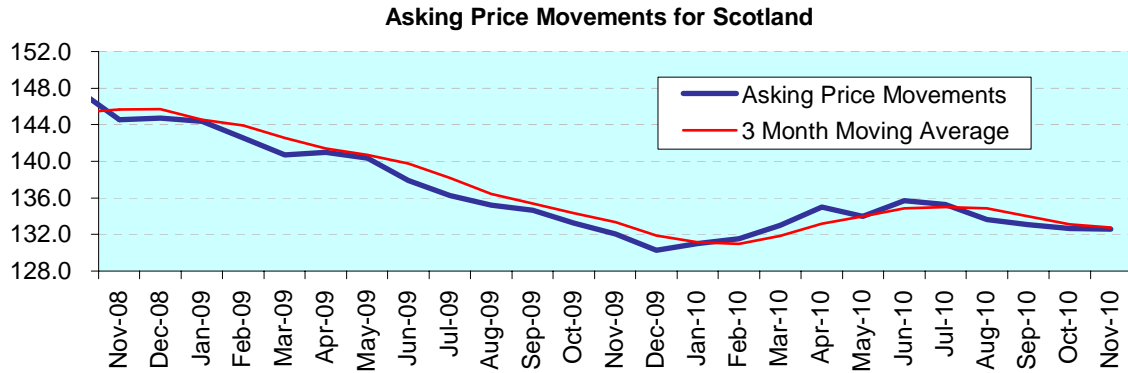


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Scotland

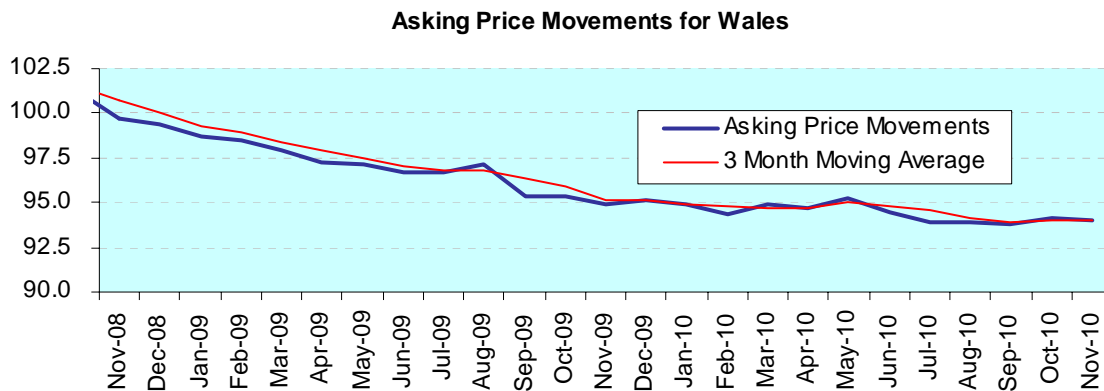
Prices north of the border have fallen away from their recent high in May this year. Market house prices have fallen 1.5% over the last year in this region.



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

Wales

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



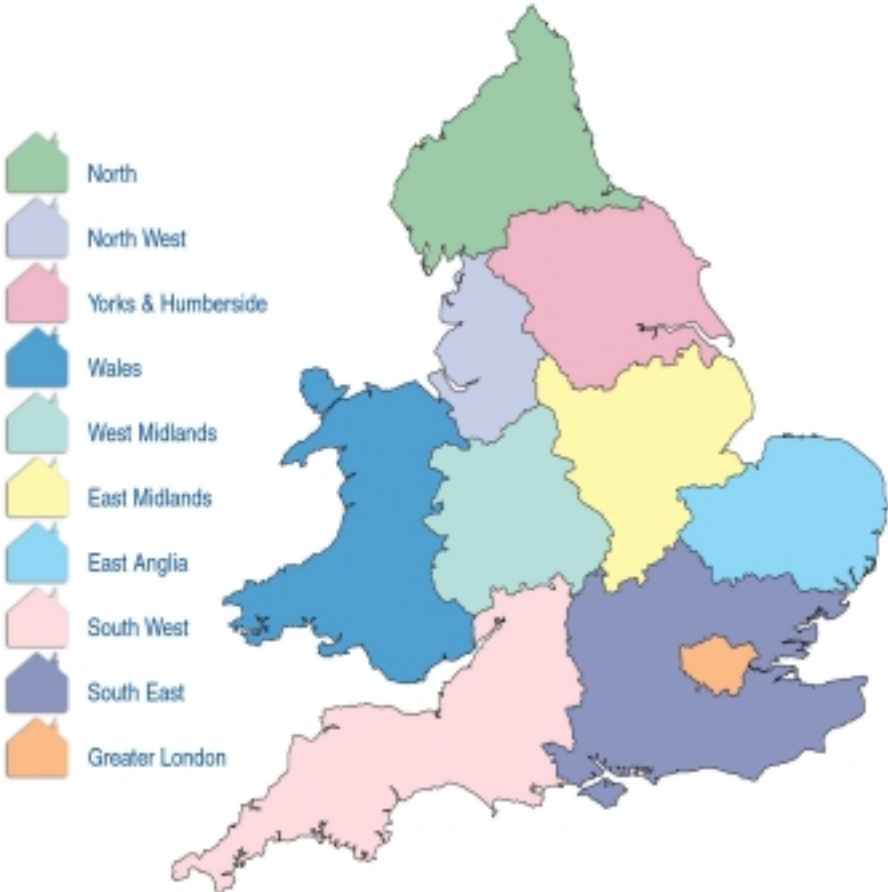
[Laspeyres](#) Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]



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Regions (as per DCLG)



Source: HM Land Registry



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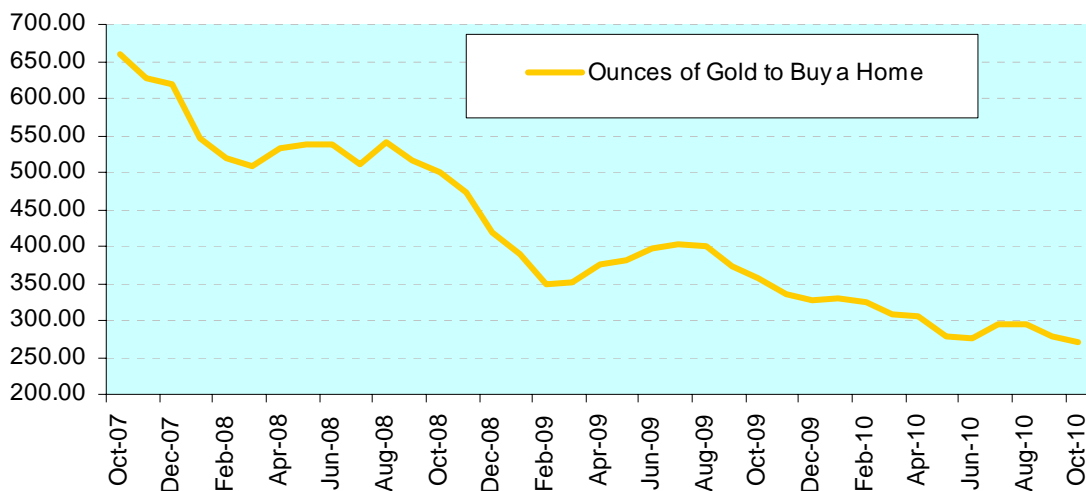
Comment

Home Values Have Collapsed When Priced in Gold

Serious investors know that what they buy must, first and foremost, be a good store of capital value as well as potentially earning a good return (e.g. rent or interest). Whilst gold offers little if anything in the way of a return, in times of financial stress and panic it serves investors well by preserving their hard earned gains in the economic good times.

Often referred to as 'old money', gold has been a much better investment than property since the credit crunch struck a mortal blow at the mortgage industry. The chart below says as much about the value of sterling relative to gold as it does about the value of UK homes.

Home Values in Ounces of Gold



In October 2007 the average home asking price was the equivalent of 660 ounces of gold. Three years later the average home can be bought for just 272 ounces of 'old money'. For those wise and perhaps lucky gold owners, house prices have fallen by 59%. Maybe they would like to now pick up a bargain and reinvigorate the UK property market?



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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](#).

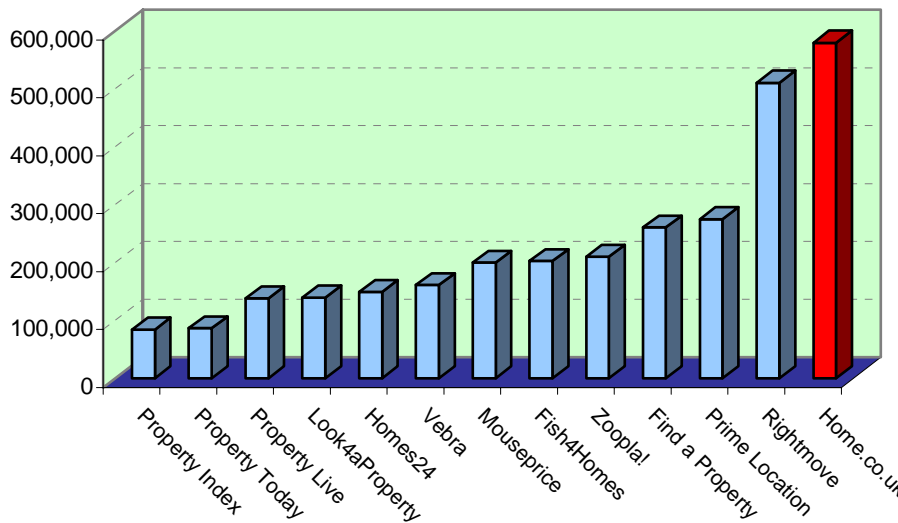
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of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

- Monday 13th December
- Wednesday 12th January
- Monday 14th February

