



September 09

Asking Price Index

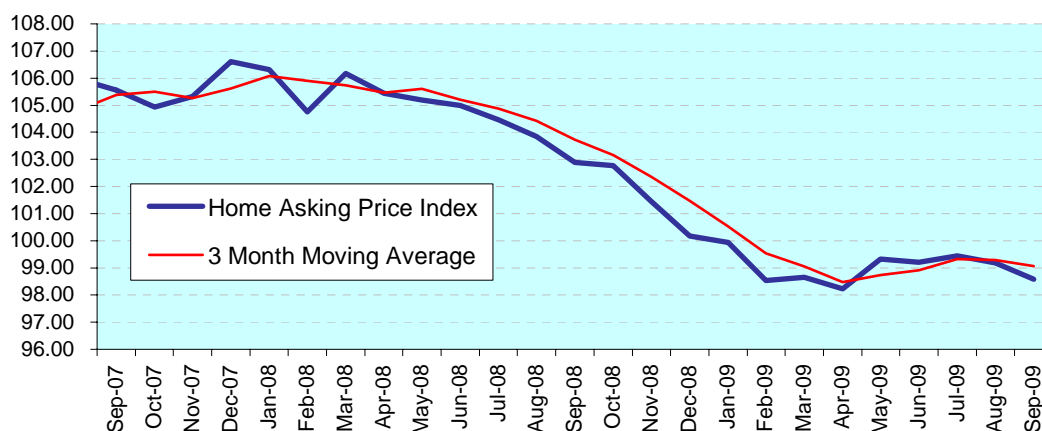
The UK's Independent Forward Market Indicator

Home Asking Price Index: 14th September 2009

House Prices Under Renewed Pressure

"It suggests to me that deep down the Bank of England governor was, and remains, more concerned about the outlook for recovery," [Howard Wheeldon](#), Senior Strategist, BGCPartners.

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 fell by a further 0.6% this month.

Market house prices fell in all English regions except Greater London, Wales and Scotland.

Asking Prices in England and Wales have fallen 4.2% over the last year.

Meanwhile, the typical marketing time fell from 135 to 124 days over the last month (median), the shortest so far in 2009.

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



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Overview

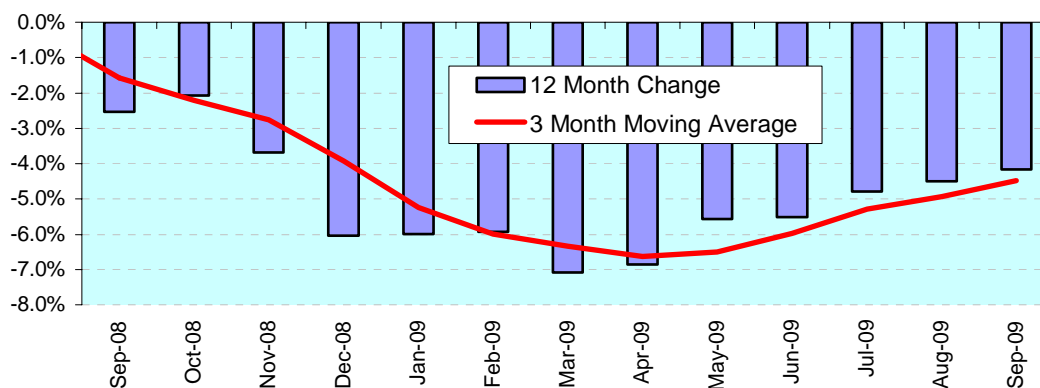
Confidence amongst sellers has been further eroded this month as asking prices failed to sustain their mid-summer highs. Falls in all regions of England (except Greater London), Wales and Scotland clearly illustrate that the UK property market remains fragile and under pressure from the general economic malaise.

Overall the spring bounce in asking prices hit a ceiling in July and has lost ground since then. Mortgage credit remains in short supply as Banks and Building Societies remain justifiably nervous about the economic outlook. In view of this and the growing jobless counts, UK house prices may have much further to fall (see [Comment](#) section).

There is also widespread evidence of lower initial pricing of properties for sale, as, despite fewer on-market reductions, average prices are still falling. Asking prices of 43,445 homes on the market were cut in the month of August, many fewer than the number of reductions recorded for July (53,123). The value of the average price cut in August also fell from May's figure of £18,240 to £16,657.

Twelve-Month Trend in Asking Prices

12 Month Change in Asking Prices by Month



The year-on-year (YoY) fall in Asking Prices for England and Wales has now reduced to -4.2%.



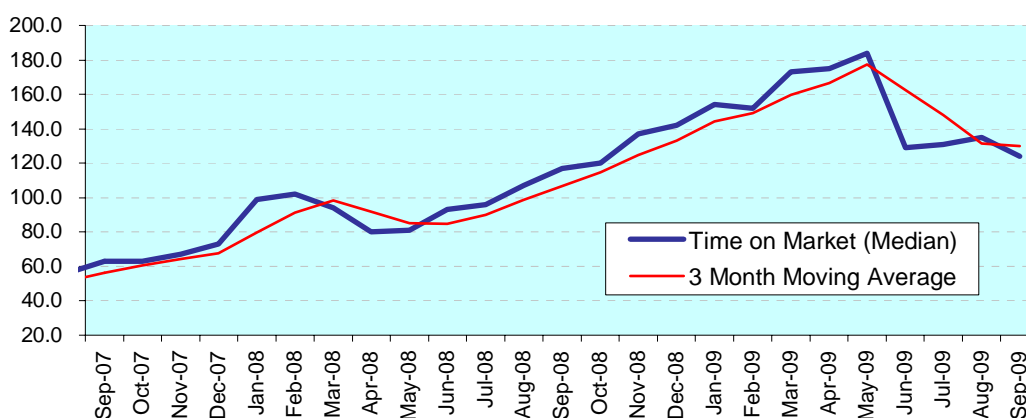
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Time-on-Market Analysis

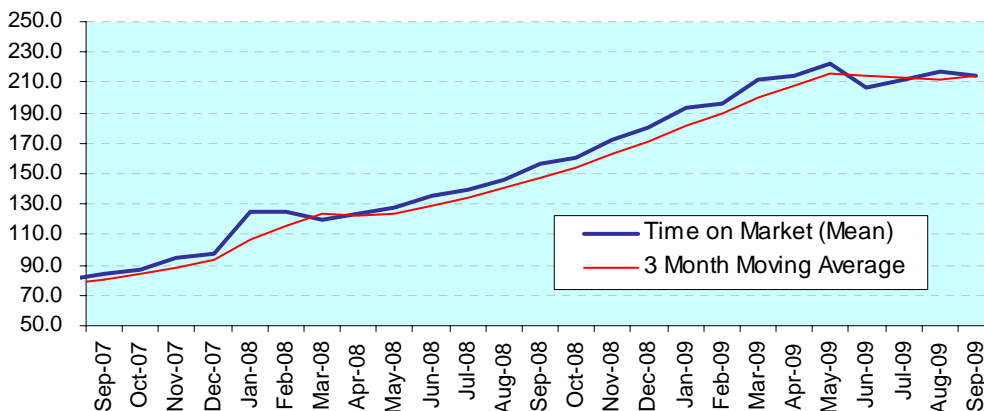
Typical Time-on-Market for unsold properties has dropped since August, from 135 to 124 days. This suggests that the mild recovery in sales turnover observed earlier this year may be sustained for the short-term.

Typical Time on Market for England & Wales



Average Time on Market (ToM) for unsold UK property has also fallen slightly since August, in line with the median (typical) figure, from 217 to 214 days. Average ToM remains extraordinarily 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 4.2%, *ca.* 6.0% below the [CPI](#), *ca.* 6.1% below the [RPI](#) (ex. housing) and *ca.* 6.7% below the [AEI](#) (ex. bonuses). The mix-adjusted average price of homes in England and Wales, advertised on the open market, now stands at £240,499.

The HAPI for England and Wales now stands at 98.6 [May04 = 100].

Regional Housing Markets

Regional Asking Prices for September 2009, showing gains and losses since June 2009.

	Current average price	3month change
Greater London	£334,654	0.7%
East Anglia	£243,746	0.2%
Yorkshire and Humber	£171,059	0.0%
South West	£254,447	-1.0%
West Midlands	£191,292	-1.0%
East Midlands	£171,321	-1.0%
South East	£274,038	-1.3%
North West	£177,310	-1.5%
Wales	£180,842	-1.6%
North East	£158,287	-2.4%
Scotland	£161,820	-2.8%
England & Wales	£240,499	-0.6%

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

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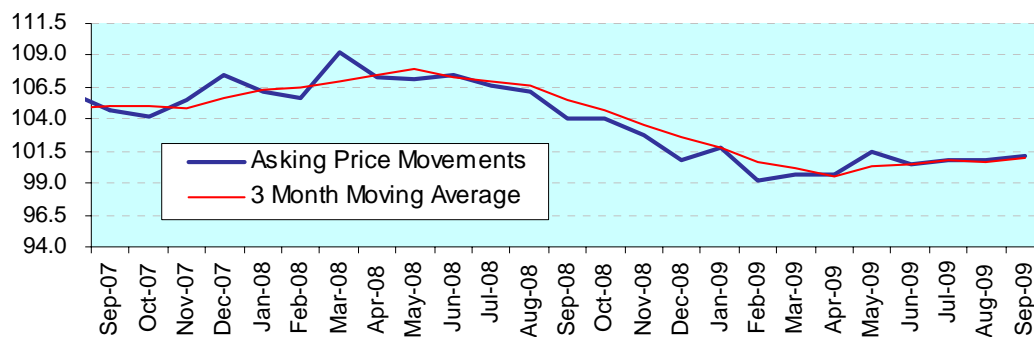
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Greater London

Greater London house prices have been the best performers over the last quarter, holding onto the gains made in the spring recovery this year. However, asking prices in London remain considerably below their 2008 highs.

Asking Price Movements for Greater London

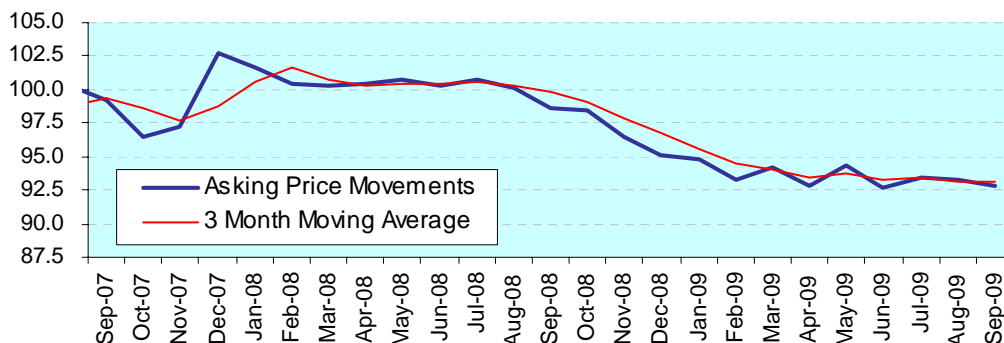


Laspeyres Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

East Anglia

The mix-adjusted Asking Price chart for property in East Anglia indicates that there was no real spring bounce in this region, albeit prices have clearly consolidated at in recent months.

Asking Price Movements for East Anglia



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



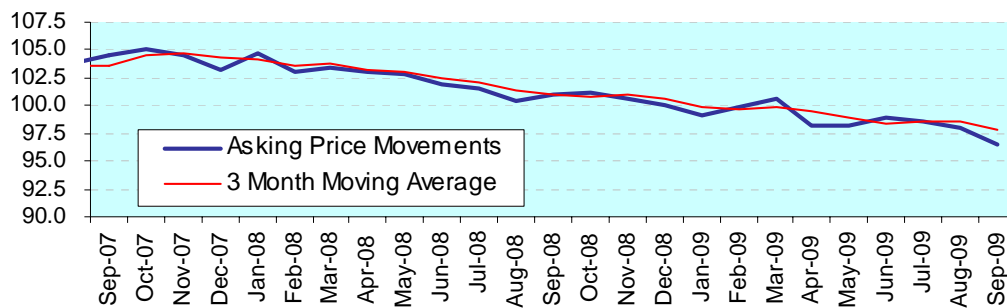
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North East

The mix-adjusted average Asking Price for properties for sale in the North East has fallen consistently since the Credit Crisis began in 2007, suggesting that this is the most vulnerable of the all English regions to poor mortgage credit supply.

Asking Price Movements for the North East

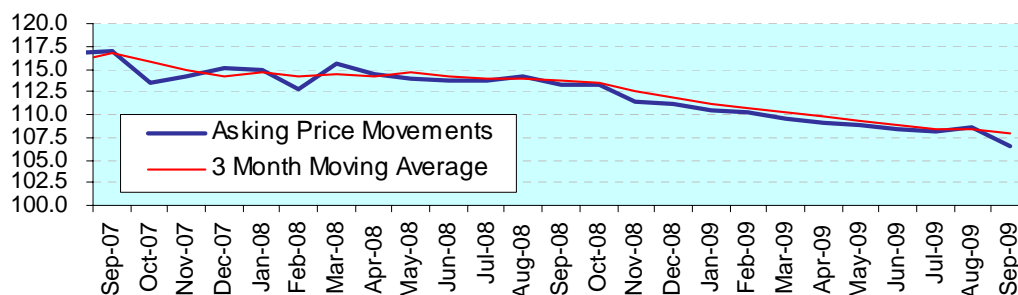


Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

Wales

Asking Prices for homes in Wales have fallen by around 10% since the onset of the Credit Crunch. No spring recovery was evident in the Principality this year and the trend is clearly towards lower market house prices in 2010.

Asking Price Movements for Wales



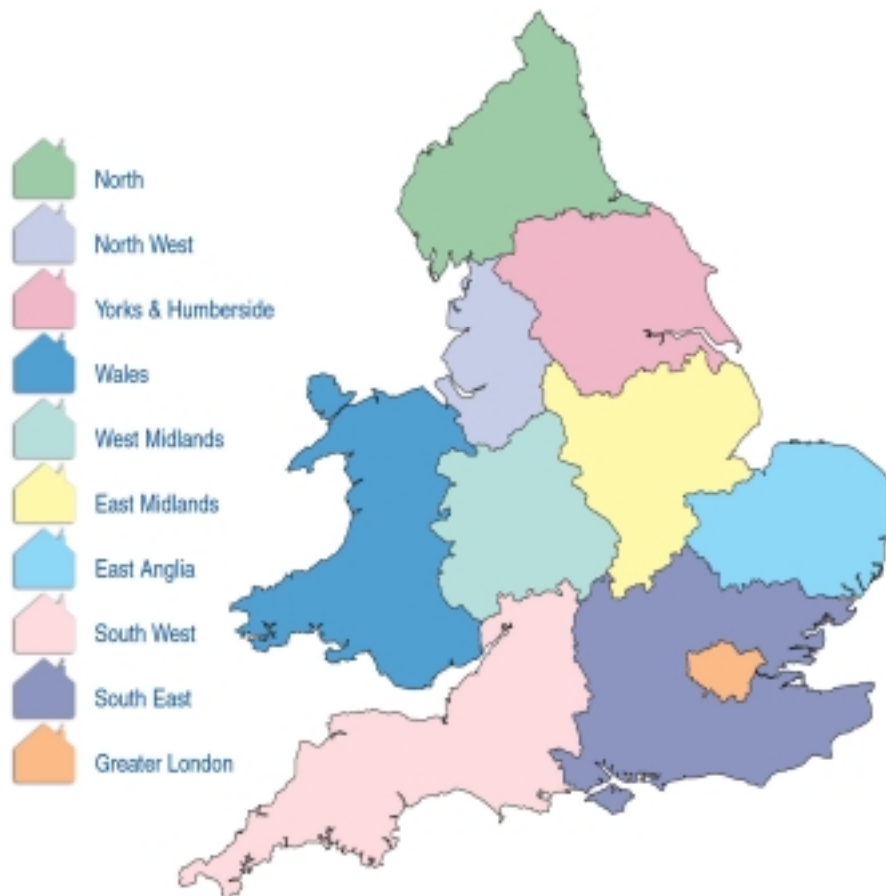
Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]



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Regions (as per DCLG)



Source: HM Land Registry



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Comment

Stabilisation or a Pause Before the Next Leg Down?

The property industry might be tempted to heave a sigh of relief but a further drop in UK home prices may well be on the cards for 2009/10.

Despite furious money-printing by the Bank of England the spring rally in home prices has faltered. No amount of economic stimulus, it seems, can stem the growing jobless totals. Moreover, the current rate of money-printing and other economic stimulus is simply not sustainable.

Hence, any forward-looking assessment of the UK property market must take into account the likelihood of higher interest rates and greater economic pain as government spending has to be cut to try to balance the books. At some point interest rates must rise from their record lows and this will place many homeowners in hot water. The UK housing market is in no fit state to weather a torrent of forced sales such as this would produce.

Unemployment Haunts Recovery Hopes

Unemployment continues to climb at a phenomenal rate. [Figures from the Office for National Statistics](#) show that the unemployment rate was 7.8 per cent for the three months to June 2009, up 0.7 over the previous quarter and up 2.4 over the year. The number of unemployed people increased by 220,000 over the quarter and by 750,000 over the year, to reach 2.43 million.

The claimant count, which measures the number of people claiming Jobseeker's Allowance, reached 1.58 million in July 2009, the highest it has been since May 1997. The count is up 24,900 over the previous month and up 709,000 over the year. Hence, the weekly bill for already-stretched government funds is now almost double what it was a year ago.

The number of redundancies in the three months to June 2009 was 277,000, down 9,000 over the quarter but up 150,000 over the year, a sobering rise of 118%.



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The Home.co.uk Asking Price Index

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

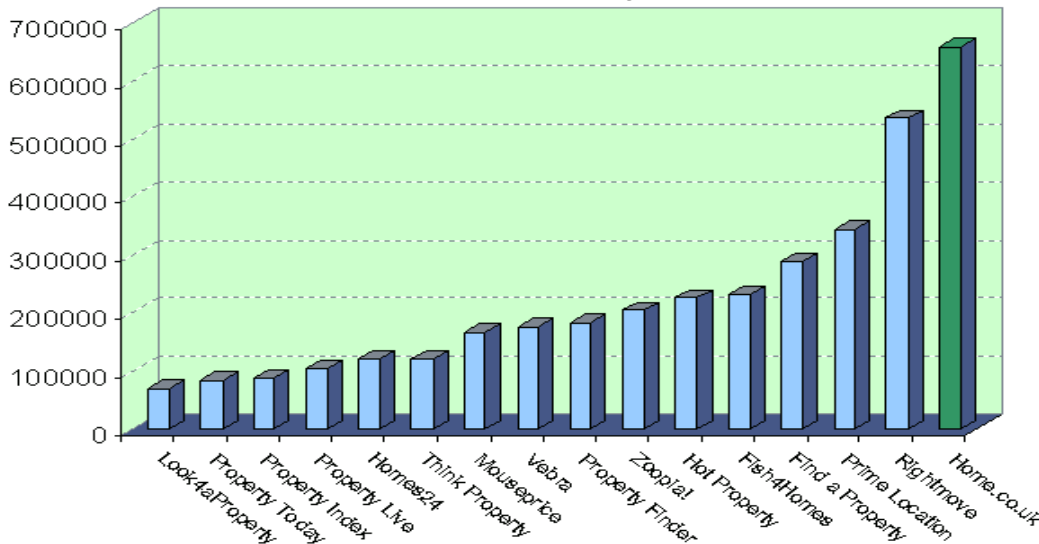
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of 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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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 12th October 09

Thursday 12th November 09

Monday 14th December 09

