



Asking Price Index

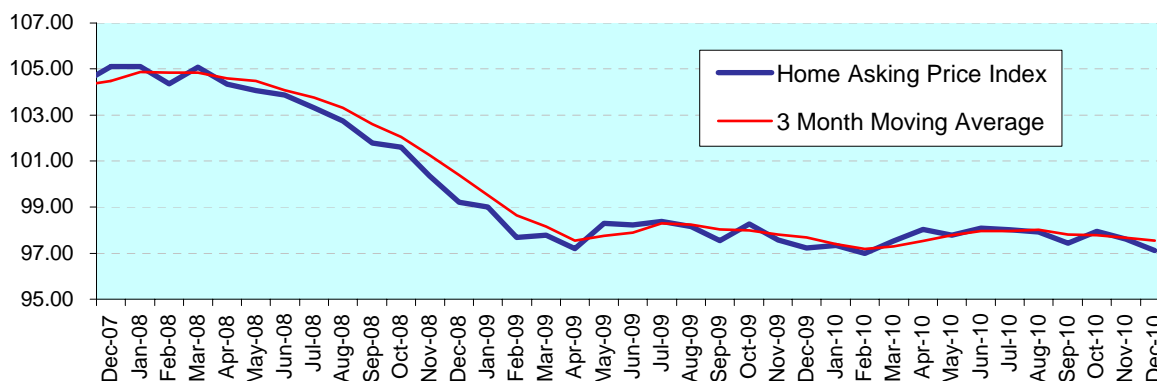
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 13th December 2010

Little Seasonal Cheer for Home Sellers

"Contrary to popular thinking, it is not a fall in prices as such that weakens real economic growth but the declining pool of real savings." Frank Shostak, Von Mises Institute.

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 has fallen by a further 0.5%.

There were monthly asking price falls in all English regions and Scotland; Wales registered no change.

The number of properties reduced in price has fallen considerably to 55,272 for the month of November, but is still 38% more than in November 2009.

Typical time on market jumped 17 days to 135 days (median).

Annual change in asking prices: -0.1%

6-month change in asking prices: -1.0%



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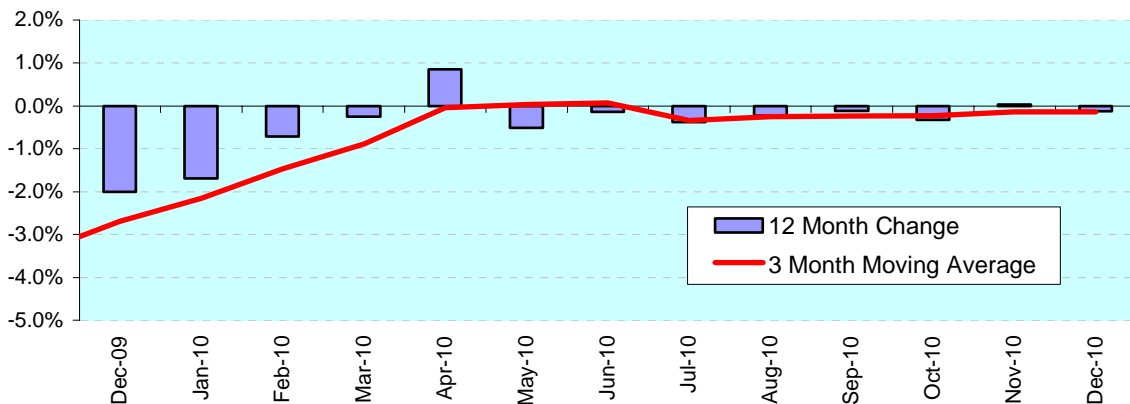
Overview

Prices of homes on the UK market have notched down again this month due to weak buyer demand. Both economic and seasonal factors are creating a headwind for an already weak property market. However, asking prices have remained remarkably stable for the last 20 months and are yet to deviate from a narrow range.

Over the last quarter asking prices have fallen by 0.4% in England and Wales. Such a drop is in line with seasonal fluctuations. However, more worryingly, the median Time on Market is rising in all English regions, Wales and Scotland at a much faster rate than expected for the time of year. Rising Time on Market figures usually portend a period of 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 Time on Market figures (both median and average) continue rising.

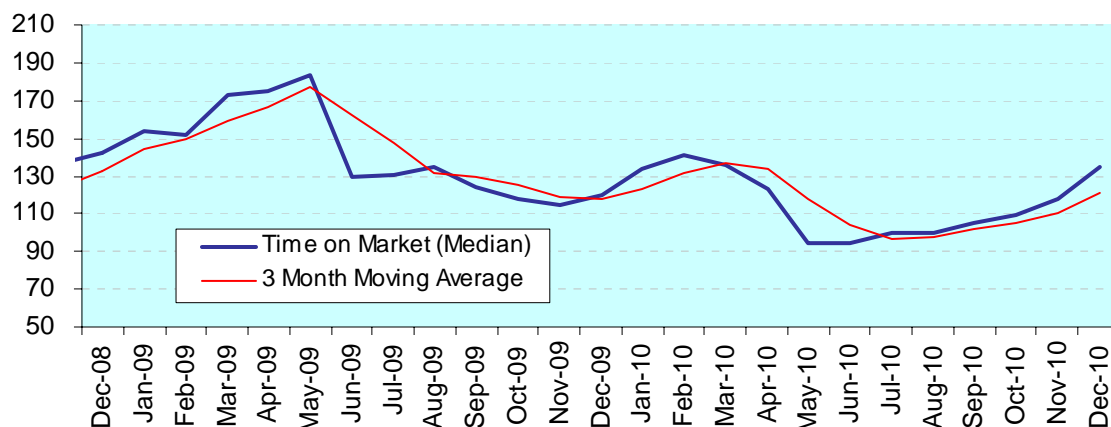


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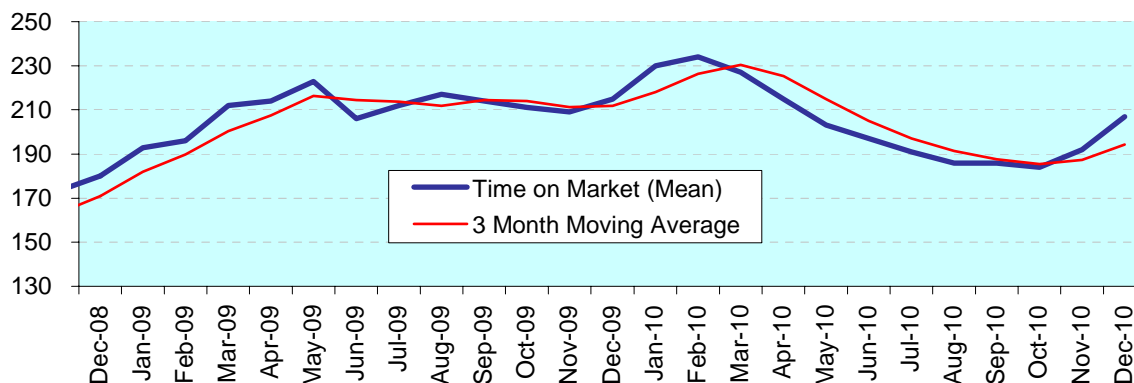
Time-on-Market Analysis

Typical Time on Market for England & Wales



Following an alarming trend, the typical (median) Time on Market for unsold properties has risen a further 17 days since last month and now stands at 135 days. Meanwhile the average (mean) Time on Market is also up 15 days to 207 days. Perhaps as a result of the adverse weather in the UK, around 20% fewer properties have entered the market over the last month.

Average Time on Market for England & Wales



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Page 3 of 10

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Asking Prices, Inflation and Average Earnings

Since December 2009 the asking price for homes in England and Wales has fallen 0.1%. Macro-economic woes and an over-supply of property on the one hand, and optimistic sellers and improving mortgage availability on the other, have held prices in a tight range. Yet asking prices are still falling in real terms. When corrected for monetary inflation, property remains a poor store of capital value as compared to goods and services. Comparing ONS October figures and the YoY change in asking prices for the same month shows that asking prices were still falling in real terms, by 5.2% per year, relative to the [RPI](#) (ex. housing) and *ca.* 2.3% below the [AEI](#) (September figure from ONS ex. bonuses). The HAPI for England and Wales now stands at 97.1 [May04 = 100].

Regional Housing Markets

Regional Asking Prices for December 2010, showing gains and losses since September 2010.

	Current average price	Q4 change
North West	£173,715	+0.3%
Wales	£177,452	+0.2%
East Anglia	£239,953	0.0%
East Midlands	£171,159	-0.1%
Greater London	£341,754	-0.3%
North East	£153,794	-0.3%
South West	£250,521	-0.5%
South East	£283,388	-0.6%
West Midlands	£188,026	-0.8%
Yorkshire and Humber	£168,144	-1.0%
Scotland	£158,465	-1.2%
England & Wales	£227,328	-0.4%

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Page 4 of 10

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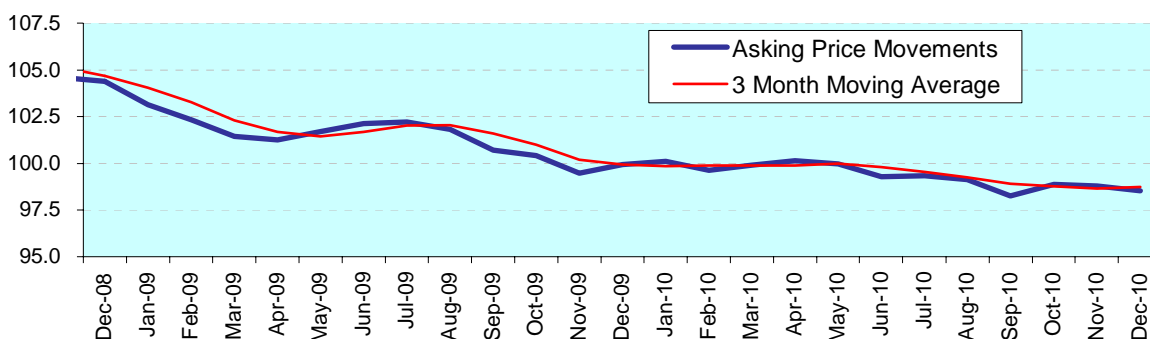
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The North West

Despite a positive gain for market house prices in the North West over the last quarter of this year, the overall trend is clearly downward since May 2010. Over the last two years home prices in the North West have fallen by 5.6%. Typical Time on Market for the North West has risen 40 days to 157 since June.

Asking Price Movements for the North West

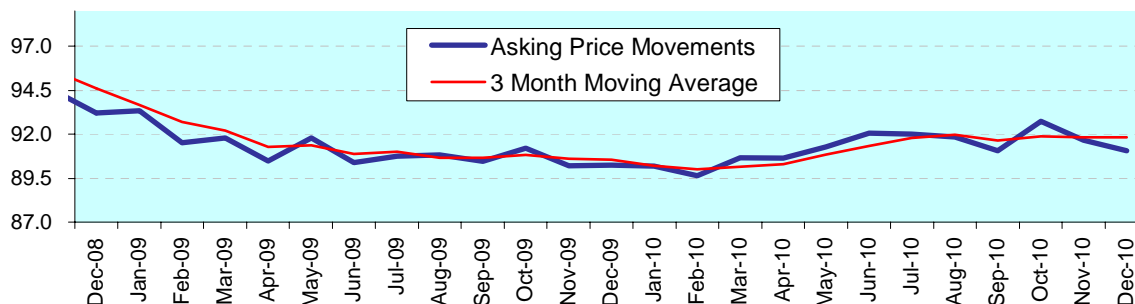


Laspeyres Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

East Anglia

By contrast, the notable recovery in asking prices in East Anglia that began in February 2010 may now be faltering. The East Anglian property market was one of the strongest on the UK this year, although the typical Time on Market has jumped 15 days since November.

Asking Price Movements for East Anglia



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



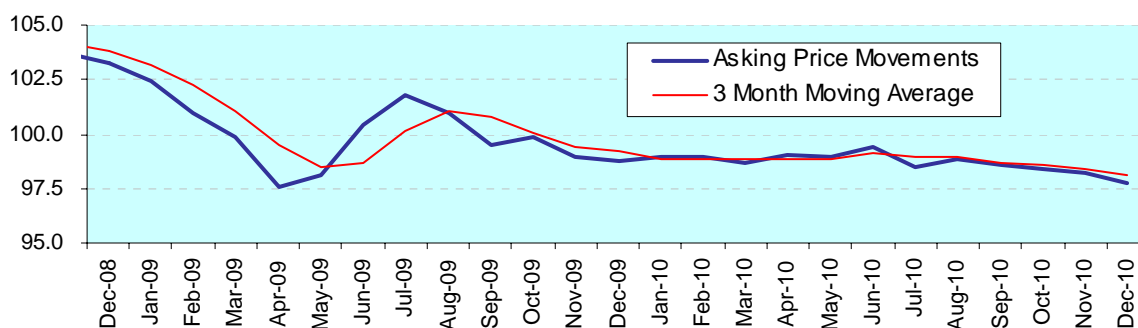
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West Midlands

Prices of homes on the market in the West Midlands have been sliding since August 2010, although they remain above the recent low in 2009. Market house prices have fallen 1.5% over the last year in this region. At 140 days, the typical Time on Market has been rising since the summer and is now the highest since March 2010.

Asking Price Movements for the West Midlands

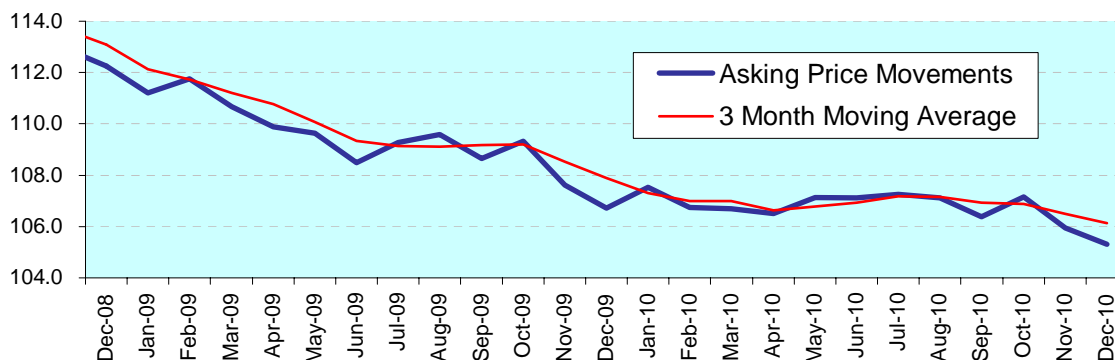


Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

Yorkshire and Humber

Asking Prices for homes in Yorkshire and Humber have taken a further tumble following a summer of stable pricing. Typical Time on Market in this region has now increased to 159 days since August (114 days).

Asking Price Movements for Yorkshire & Humber



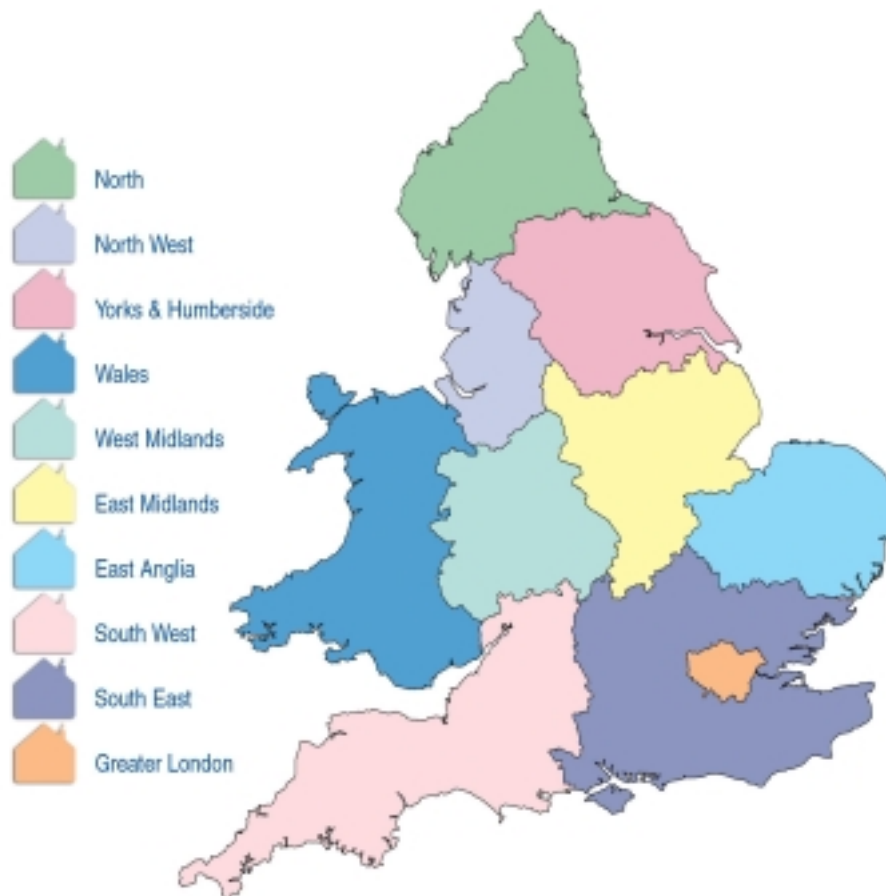
Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]



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Regions (as per DCLG)



Source: HM Land Registry



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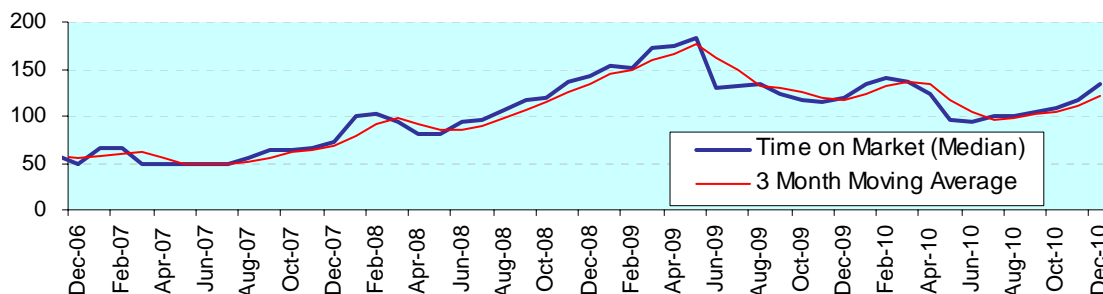
Comment

Time on Market Trends Bode III for 2011

Both Typical (median) and Average (mean) Time-on-Market trends are up substantially across the UK. The average Time on Market for property in England and Wales increased from around 70 days before the Credit Crisis to a peak in February 2010 of 234 days. A brief recovery occurred this spring and summer but this key measure has moved up to 207 days this month and rising.

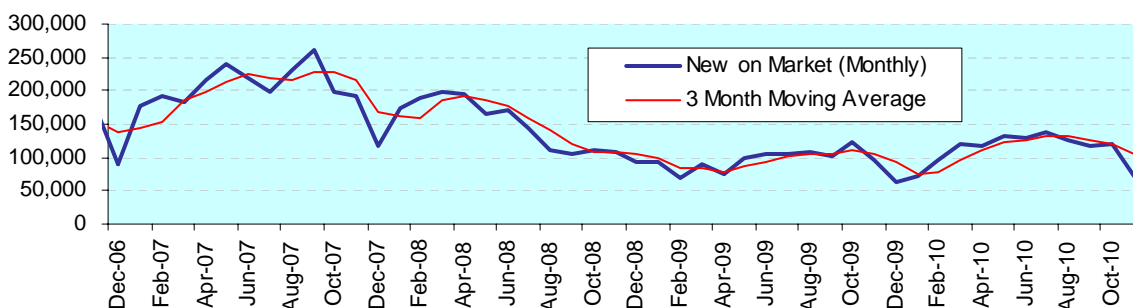
Median (typical) time on market, a more leading measure of the health of the UK property market, is less affected by the minority of properties that are 'stuck' on estate agents books. The chart below shows a dramatic increase over recent months as property has become harder to sell.

Typical Time on Market for England & Wales



Looking to the supply side, there is perhaps a glimmer of hope for UK home prices. After a surge of new properties to market in Q2 and Q3 2010 the number of market entrants has tailed off significantly.

Properties New to the UK 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.

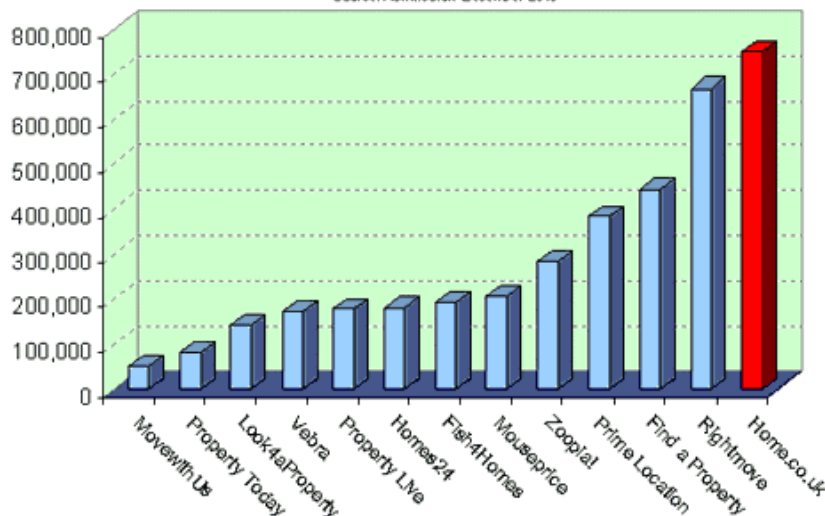
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) Survey of English Housing Stock (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the Office of National 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 December 2010





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Contact Details

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

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 January

Monday 14th February

Monday 14th March

