



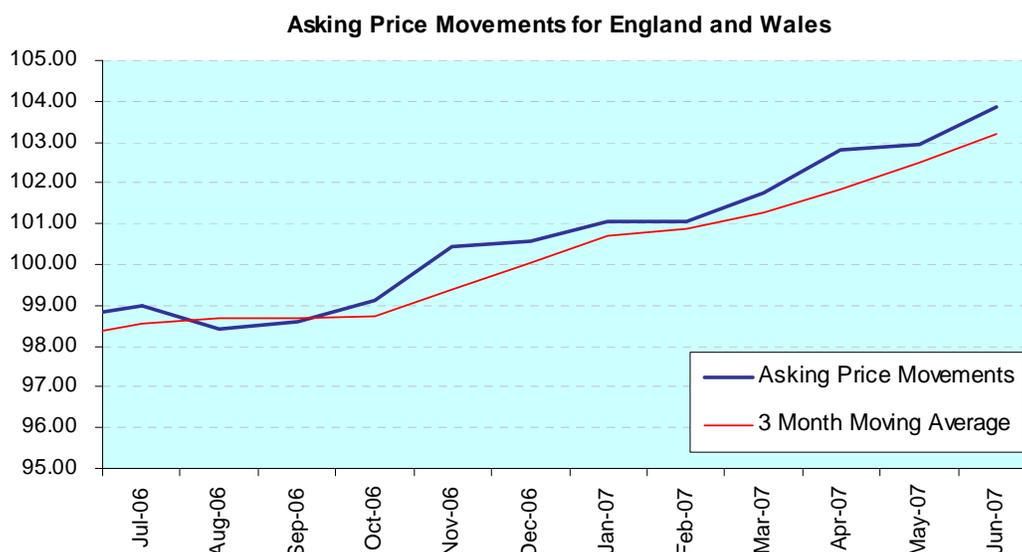
Asking Price Index

The UK's Independent Forward Market Indicator

Release date: 12th June 2007

Asking Prices Continue to Rise.

"Debt is the slavery of the free" [Publilius Syrus](#), Freed Slave, 1st Century BC.



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

Summary

Asking Prices for homes in England and Wales rose by 0.9% this month and 2.1% in Q2 2007.

Greater London Asking Prices rose 2.3% this month making the total rise over the last six months equal to 8.1%.

Scottish Asking Prices have surged by 8.5% in Q2 2007.

Asking Prices in England and Wales are rising at an annual rate of 5.2%, *ca.* 2.4% above the [CPI](#), *ca.* 0.7% above the [RPI](#) and *ca.* 0.7% above the [AEI](#) excluding bonuses.

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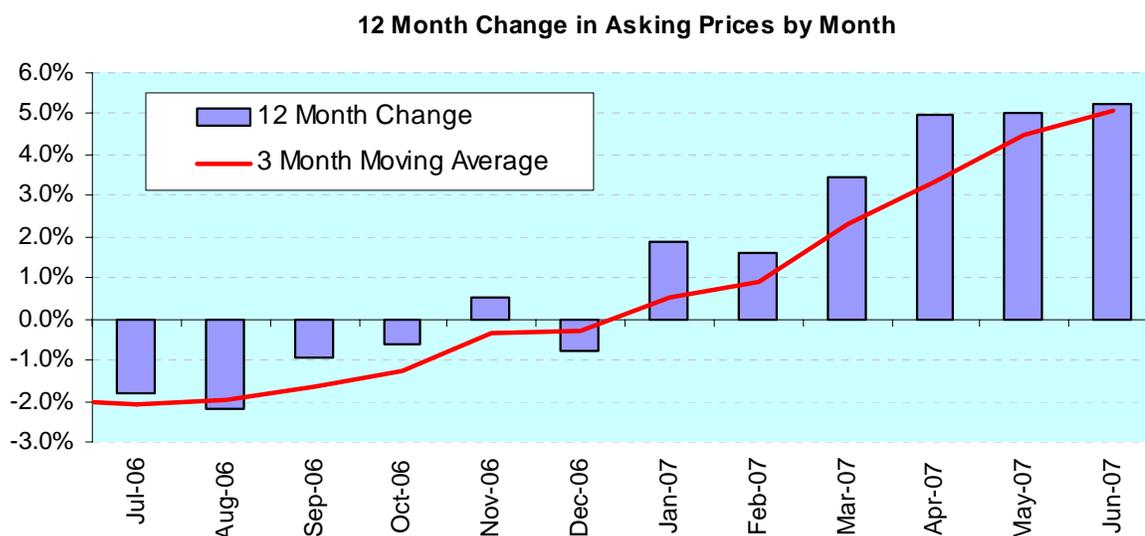
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Overview

Confidence amongst sellers of homes continues to remain firm across most of the UK. Greater London continues to outperform other English regions and has helped drive the index for England and Wales to a new high of 103.8 [May04 = 100]. At the same time the UK is experiencing a surge in the number of properties on the market, around 20% higher than previously observed June06.

Twelve-Month Trend in Asking Prices



Year-on-year (YoY) growth in asking prices in England and Wales has shown a dramatic turn-around rising by around +7% over the last twelve months. This rebound from the market downturn in 2005-6 culminating in a *second wave* of surging house prices, dominated by the Greater London housing market, is now showing some initial signs of being tamed by rising interest rates. Correspondingly, the annual rise overall for England and Wales has begun to level off around the 5-6% mark during Q2. Despite London's extraordinary vigour, the cooling effect of higher borrowing costs appears to be having a more pronounced effect in England's regions and therefore a moderating effect on the national average.

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Regional Housing Markets

Regional average asking prices for June 07 showing gains and losses for Q2 2007.

	Average Price	Q2 Change
Scotland	£171,479	+8.5%
Greater London	£344,302	+5.5%
South East	£286,364	+2.2%
Yorkshire and Humber	£176,289	+2.2%
North	£171,279	+1.7%
West Midlands	£206,098	+1.6%
North West	£189,793	+1.3%
East Midlands	£190,079	+1.0%
South West	£267,363	+1.0%
Wales	£193,762	+0.1%
East Anglia	£255,661	-0.4%

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

Regional Analysis

Greater London asking prices continue to surge higher at a much faster rate than any other region in England and Wales thereby inflating the national average figures. Only asking prices in Scotland rose faster during Q2. Outside of London, most English regions registered rises of between 1.0% and 2.2% since Mar 07.

At the opposite end of the regional house price growth league table is East Anglia where prices fell 0.4% in Q2. Asking prices were essentially static in Wales over the same period.

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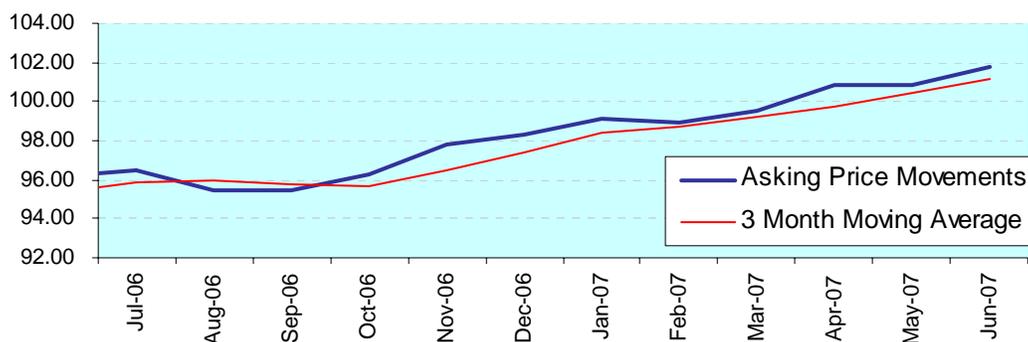
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South East

Asking prices in the South East rose this month by 0.9% indicating continued confidence amongst sellers. House price growth in the South East totalled 2.2% over Q2 2007.

Asking Price Movements for the South East

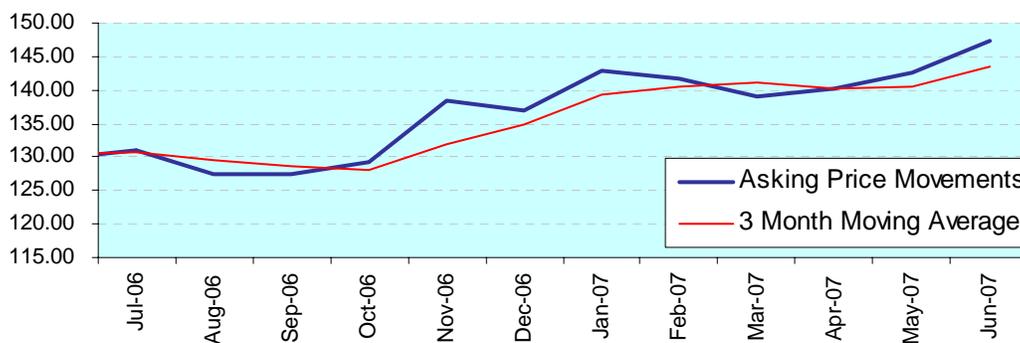


[Laspeyres](#) Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

Scotland

Asking prices in Scotland continue to rise very rapidly with a Q2 rise of 8.5%.

Asking Price Movements for Scotland



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

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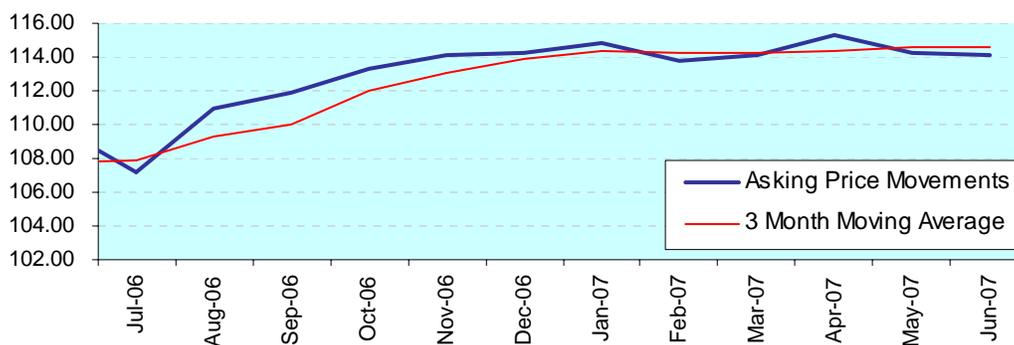
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Wales

After posting strong gains during the course of H2 2006, house prices in Wales have been essentially static in 2007. Affordability constraints appear to have curbed further rises in this region.

Asking Price Movements for Wales

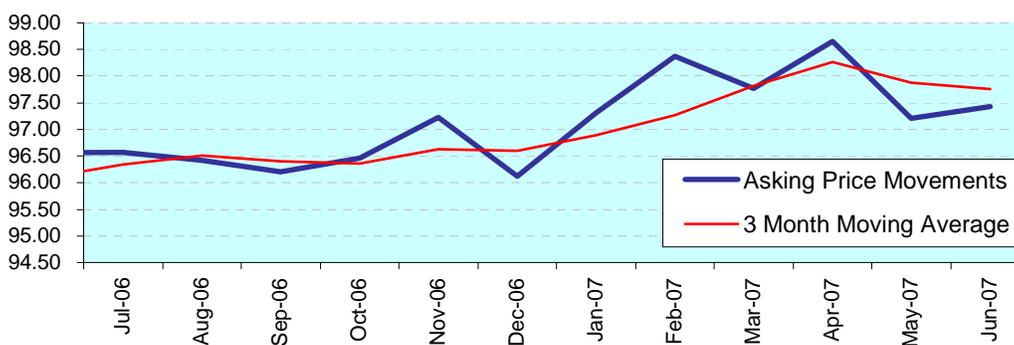


[Laspeyres](#) Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

East Anglia

Affordability constraints are also forcing sellers to moderate their expectations in East Anglia, where house prices fell in Q2 by 0.4%

Asking Price Movements for East Anglia



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

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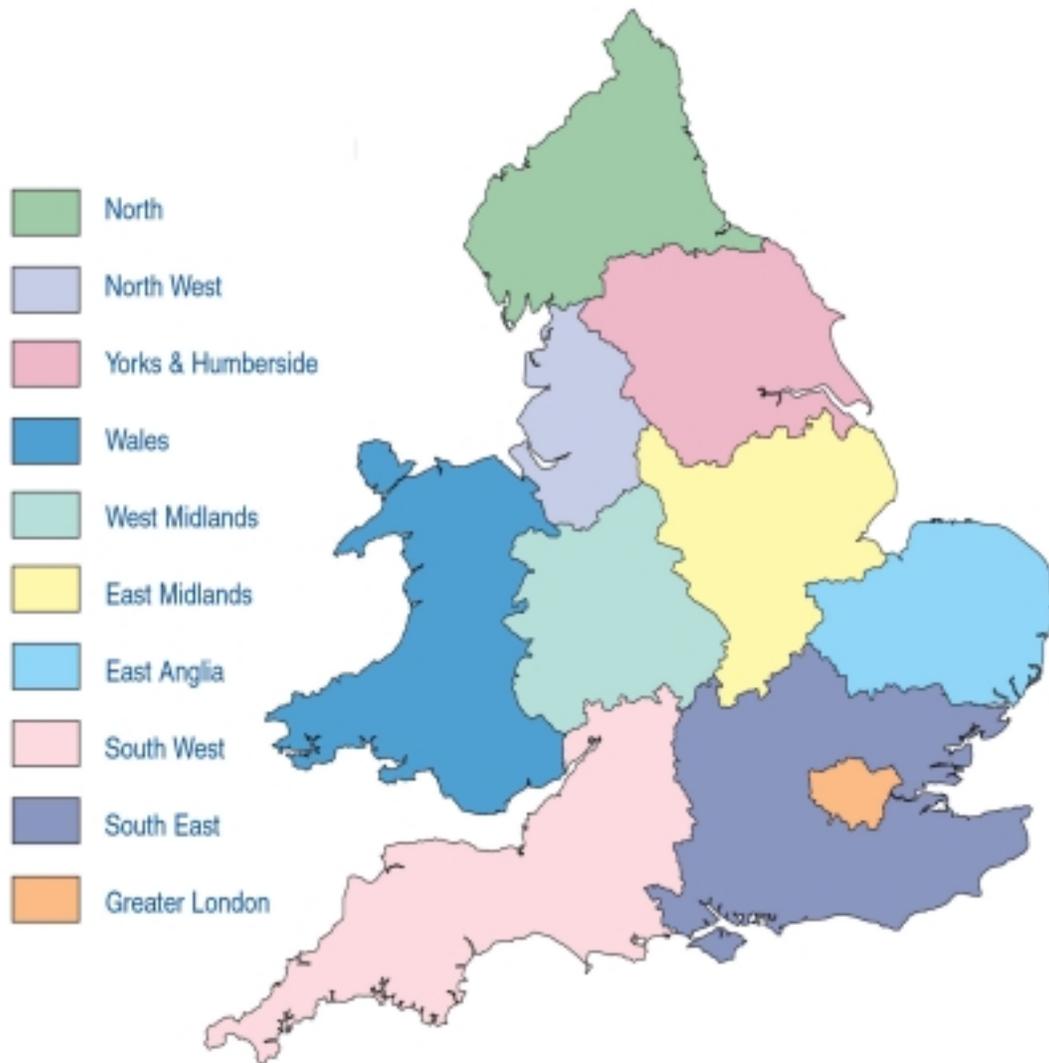
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Regions (as per DCLG)



Source: HM Land Registry

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Comment

According to the charity [Credit Action](#), "Total secured lending on homes at the end of April 2007 stood at **£1,112bn**. This has increased 11.4% in the last 12 months." UK personal debt secured on property is still growing at around £1 billion per day, but mortgage affordability for homebuyers is diminishing following the ratcheting up of interest rates to 5.50%.

Credit tightening, the next phase of the economic cycle is underway and it is therefore not surprising that the number of mortgage approvals, reported by the Bank of England, fell to a 12 month low in April. Equally worrying for property sellers is that the number of properties entering the market has exceeded expectations by around 20% – supply is increasing.

Diminishing returns for Buy-to-Let investors together with tougher credit conditions for buyers and rising numbers of properties on the market will serve to weaken the UK housing market, bringing it closer to a *tipping point*.

Dominic White, former HM Treasury economist and now European economist for the Dutch Bank ABN Amro, sees significant risk for property prices worldwide. 'The decline in global interest rates has now been largely reversed,' White was quoted. 'Rising real interest rates could result in greater economic volatility. I believe this leaves housing markets vulnerable to a correction on a global scale.'

Although reports of a slump in the US housing market have captured media attention, the degree of over-valuation is more 'severe' in Britain, Australia, Spain and Ireland according to ABN Amro.

Earlier this year ABN Amro estimated that UK residential property is 50% overvalued, whereas in the US, where the housing market is already experiencing a downturn, homes are 25% too expensive. Property prices in Spain and Ireland are also reported to now be on the wane.

Credit Action also published these worrying statistics "33,715 mortgage possession claims were issued during the first quarter of 2007, 10% higher than the previous quarter". A sobering thought for investors in the UK property market, and a stark reminder for hopeful homebuyers not to over-borrow and heed the ubiquitous lenders warning "*Your home may be repossessed if you don't keep up payments on your mortgage*" as they mean it.

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The Home.co.uk Asking Price Index

The Home.co.uk Asking Price Index 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.



Source: Home.co.uk Search Index Date: November 06

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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June 2007

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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:

Thursday 12th July 07
Monday 13th August 07
Wednesday 12th September 07



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