



Asking Price Index

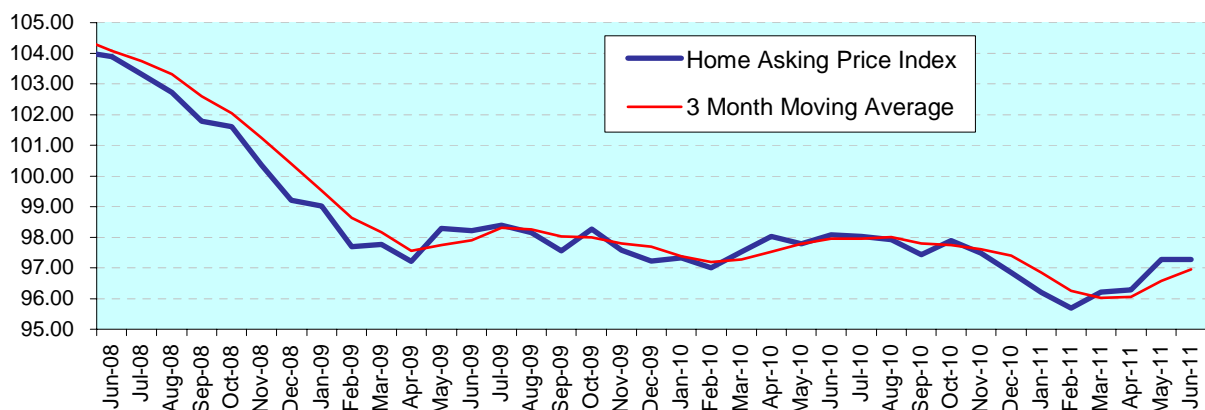
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 13th June 2011

Prices Stall as Buyers Harder to Find

"The big risk is that U.K. real estate suffers a dramatic collapse. The second big risk is that it takes decades to return to normality, much as has happened in Japan." Alen Mattich, writing for the Wall Street Journal.

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 remains unchanged since May.

Home prices fell 0.2% in Greater London over the second quarter.

The number of properties reduced in price last month surged to 88,815, 34% more than in May 2010.

Typical time on market has increased 2 days to 109 days (median) since May and is now 16% longer than in June 2010.

Supply of new properties to market fell back *ca.* 5,000 to 129,726 in June, 2% less than in June 2010.

Annual change in asking prices: -0.8%

6-month change in asking prices: 0.4%

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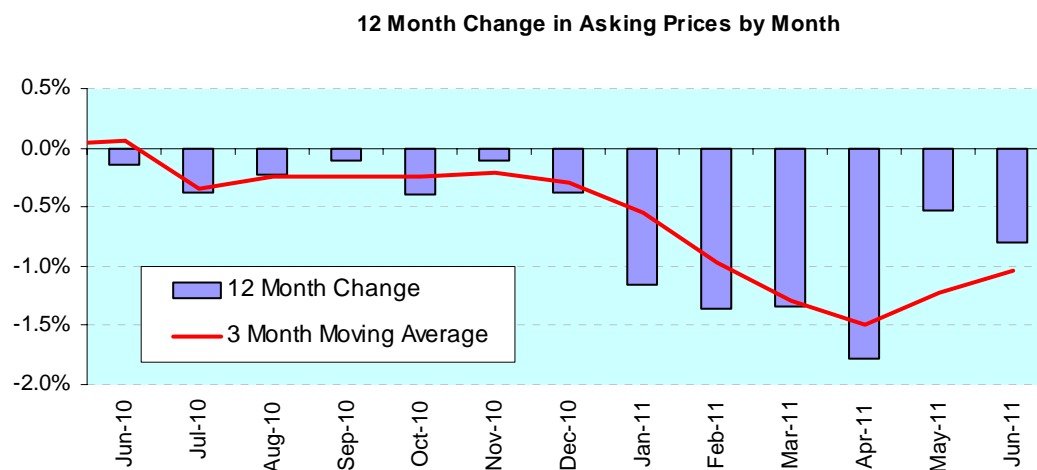
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Overview

The strong, seasonal recovery in home prices following the low in February has faltered. Rising time on market and stalled prices suggest strongly that this summer's price maximum is probably already achieved and, hence, will be somewhat below last year's high, perpetuating the slow slide in house prices year on year. Increasing price-cutting activity adds to the gloomy picture for UK house prices: 34% more properties were reduced in price in May 2011 than May 2010. Confidence among sellers is waning with properties beginning to spend longer on the market and buyers are harder to find. The number of properties discounted whilst on the market increased last month to around 12% of the total sales market. Supply of properties has weakened, however: 2% fewer properties appeared on the market in May 2011 than May 2010.

Homebuyers with cash or sizeable deposits appear to be increasingly limited in number, although reportedly this trend has been countered somewhat by larger numbers of first-time buyers and buy-to-let investors. Mortgage lenders are beginning to improve the deals on offer in particular the Northern Rock is offering 90% mortgages once again. Overall, demand remains subdued compared with pre-crisis levels due to economic pressures.

Twelve-Month Trend in Asking Prices



Year-on-year (YoY) asking prices continue to fall slowly in nominal terms, although when corrected for the effect of monetary inflation (CPI or RPI) the real fall is considerably greater.



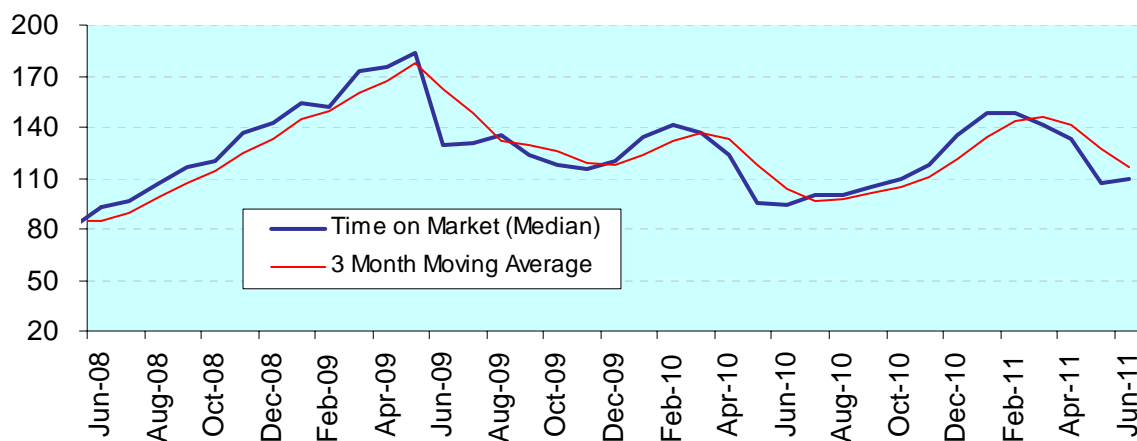
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Time-on-Market Analysis

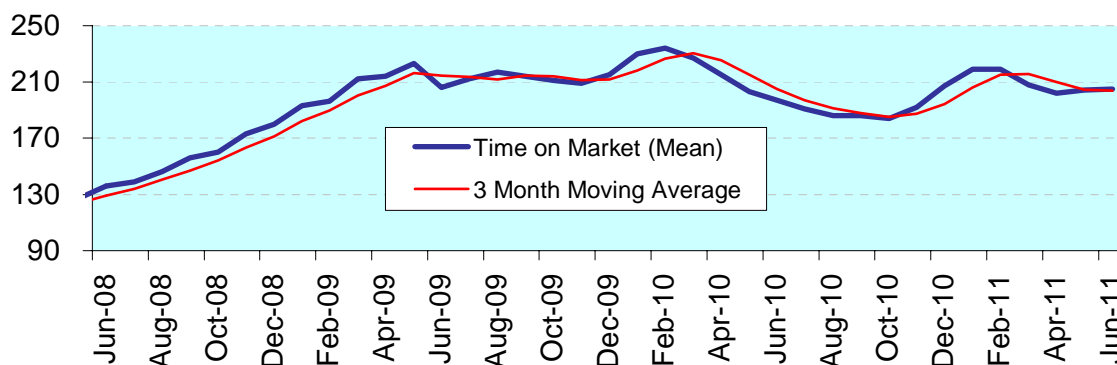
Typical (median) time on market has increased 2 days to 109 days, 15 days longer than in June 2010.

Typical Time on Market for England & Wales



The average time on market for unsold property continues to rise slowly. Overall market conditions are more difficult than during the same period last year, which registered a contrary trend. The average time on market for England and Wales at 205 days is 4% longer than in June 2010.

Average Time on Market for England & Wales



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Asking Prices, Inflation and Average Earnings

The mix-adjusted average asking price for homes in England and Wales has fallen 0.8% year on year, despite the seasonal rally. UK property-sales activity remains lacklustre compared to pre-crisis levels: typical time on market is 127% currently longer than in June 2007. In terms of both supply and demand, the 2011 UK home market is indicating lower levels of activity than in 2010.

Inflation increasingly erodes capital invested in property in real terms. Comparing ONS April figures and the YoY change in asking prices for the same month shows that asking prices were falling in real terms, by 8.1% per year, relative to the [RPI](#) (ex. housing). Homes are becoming more affordable as prices fall relative to average earnings: 3.4% below the [AEI](#) (March figure from ONS ex. bonuses). The HAPI for England and Wales now stands at 97.2 [May04 = 100].

Regional Housing Markets

Regional Asking Prices for June 2011, showing gains and losses since March 2011 and current typical time on market.

	Current average price	3-month change	ToM (days)
Scotland	£164,193	+3.0%	120
South East	£285,192	+2.2%	81
East Midlands	£173,439	+1.8%	116
West Midlands	£188,196	+1.7%	117
South West	£250,888	+1.5%	94
North West	£173,901	+1.3%	138
Yorkshire and Humber	£168,770	+0.9%	147
North East	£152,582	+0.9%	200
East Anglia	£241,156	+0.8%	93
Wales	£175,255	+0.8%	150
Greater London	£341,018	-0.2%	84
England & Wales	£229,155	+1.1%	109

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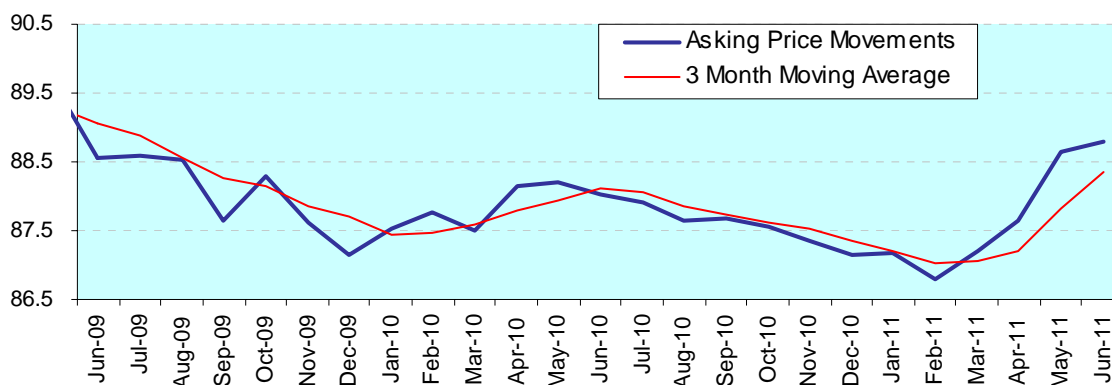
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East Midlands

East Midlands home prices have rallied strongly since February. Following a decline over the latter half of 2010, asking prices in the East Midlands have now recovered this lost ground and made further gains thanks to a strong spring bounce. Home prices in the East Midlands are now 0.9% higher, on average, than they were in June 2010.

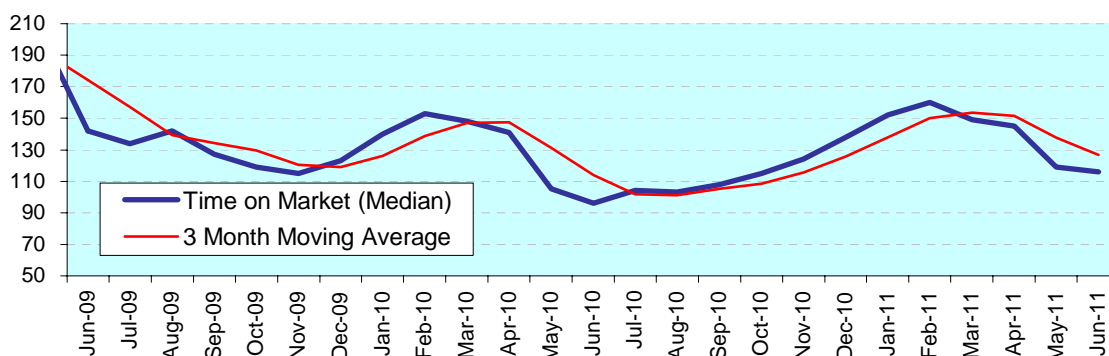
Asking Price Movements for the East Midlands



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

The time-on-market trend shows that property is moving more slowly than in June 2010 and suggests that prices will not rally much further into the summer months.

Typical Time on Market for East Midlands



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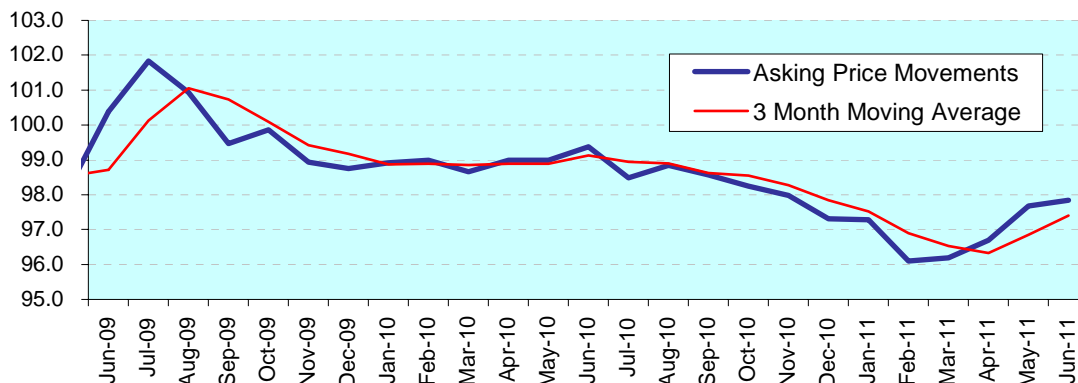
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West Midlands

Like most regions, the West Midlands have experienced a spring rally in asking prices. Prices fell away gradually last year after the summer and some of this lost ground has been recovered. Asking prices are now 1.6% lower than in June 2010.

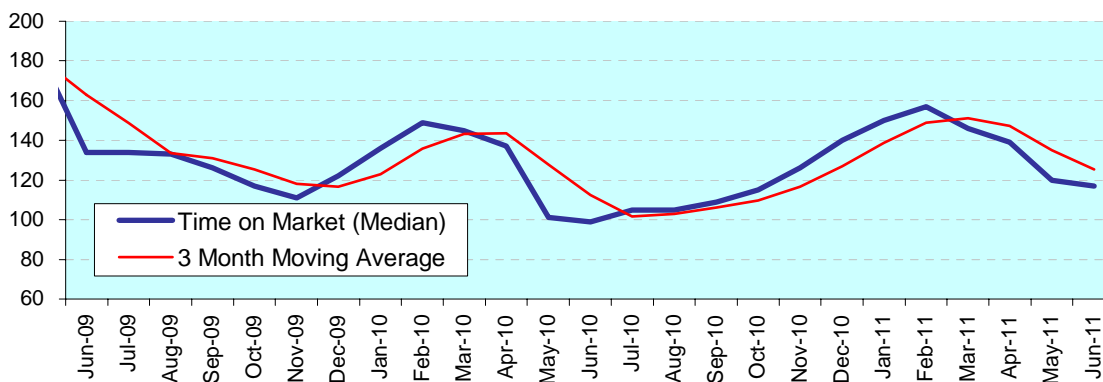
Asking Price Movements for the West Midlands



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

Time-on-market figures for the West Midlands fell sharply at the beginning of the year, as expected. However, the typical time on market for the West Midlands, at 117 days, is 18 days higher than in June 2010. Hence, property in this regional market is moving more slowly than a year ago and suggests there is little scope for further price rises.

Typical Time on Market for West Midlands



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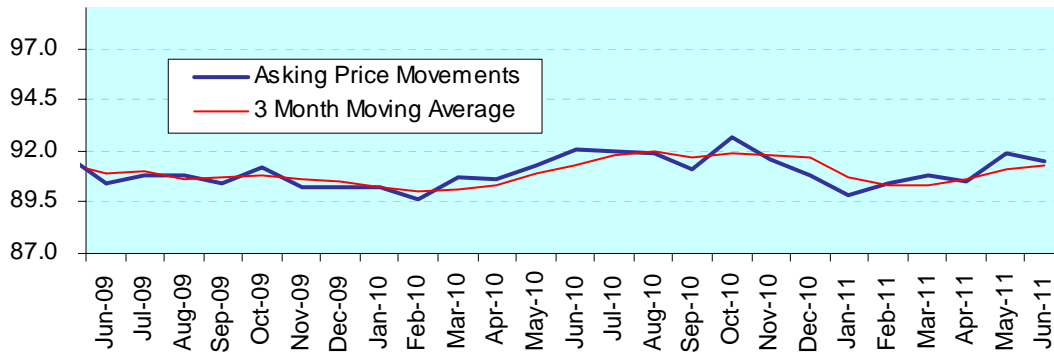
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East Anglia

The spring rally in asking prices of homes on the market in East Anglia appears to have faltered rather early. Market house prices in East Anglia are 0.6% lower than in June 2010.

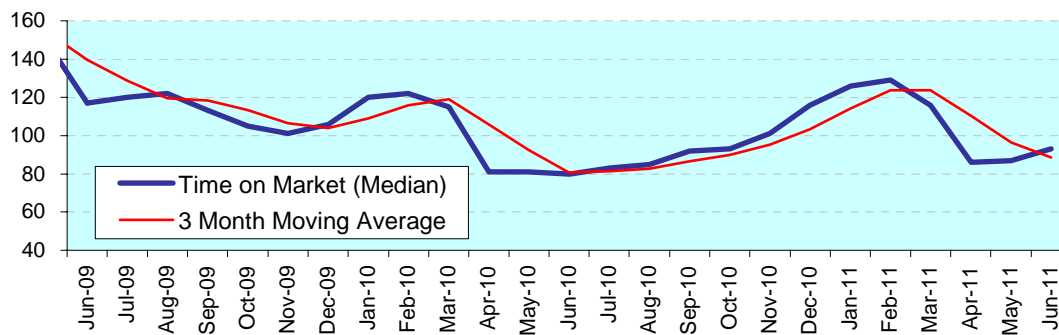
Asking Price Movements for East Anglia



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

Typical time-on-market statistics for East Anglia show that properties for sale are already beginning to spend longer on the market. Currently at 93 days, the typical time on market is 13 days higher than in June 2010.

Typical Time on Market for East Anglia





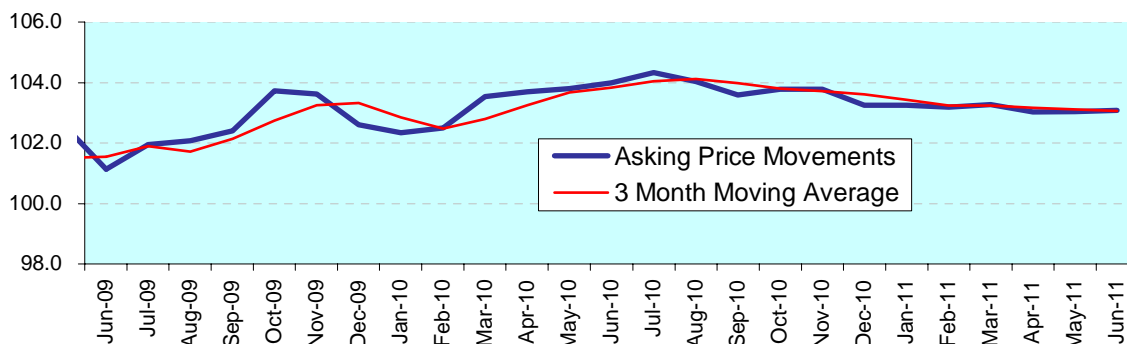
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Greater London

Perhaps surprisingly, Greater London is the worst performing region over the last 3 months, during which time prices fell 0.2% despite the arrival of spring and better weather. Prices have remained flat since a sudden bounce in March. Greater London home prices have considerable ground to recover before prices rise to last year's midsummer highs. Home asking prices in Greater London are now 0.9% less than they were in June 2010.

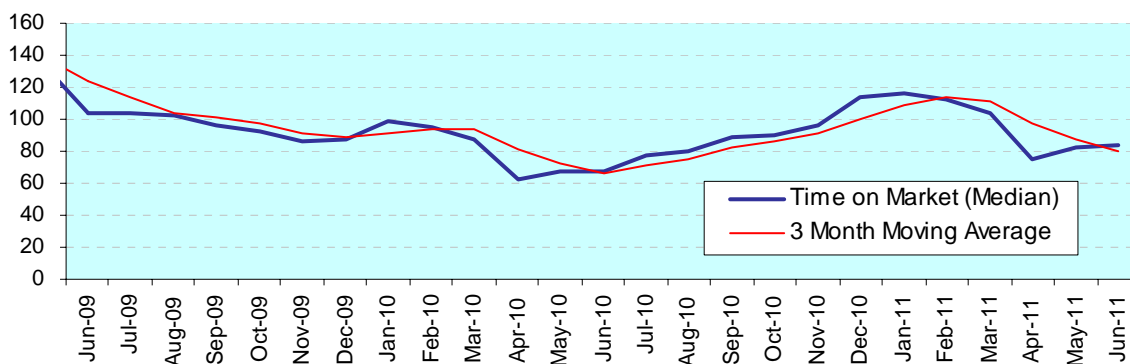
Asking Price Movements for Greater London



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

Typical time on market in this region has risen 9 days since April and now stands at 84 days, which is 16 days longer than in June 2010.

Typical Time on Market for Greater London



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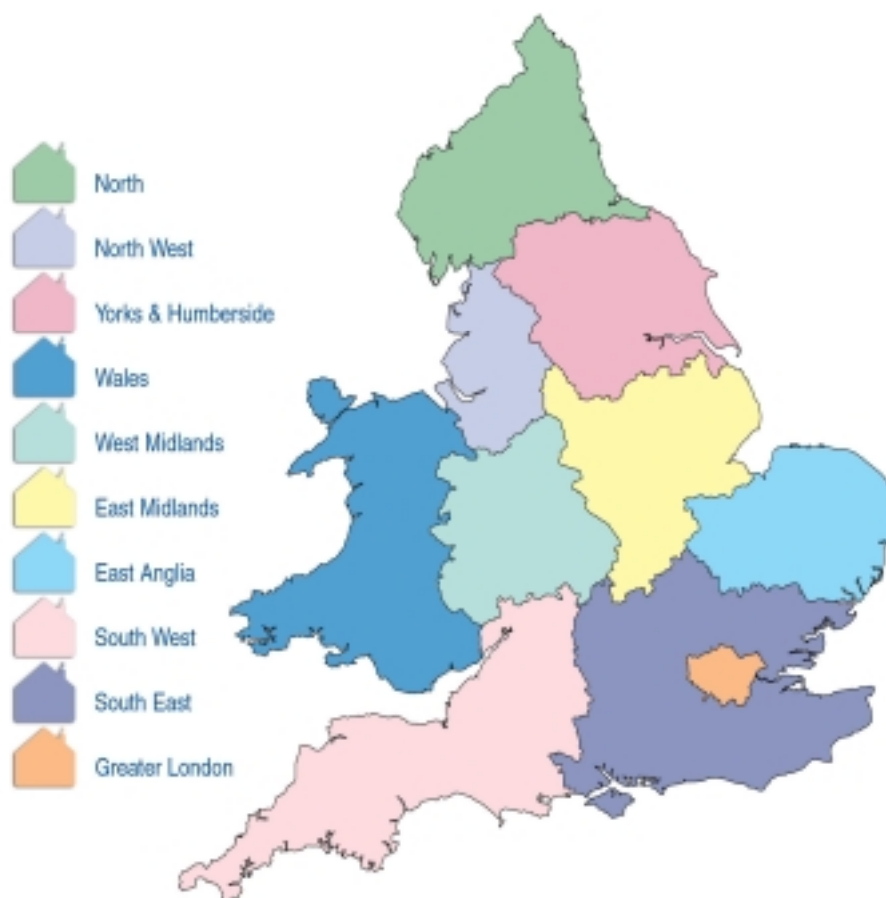


June 2011

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Regions (as per DCLG)



Source: HM Land Registry

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



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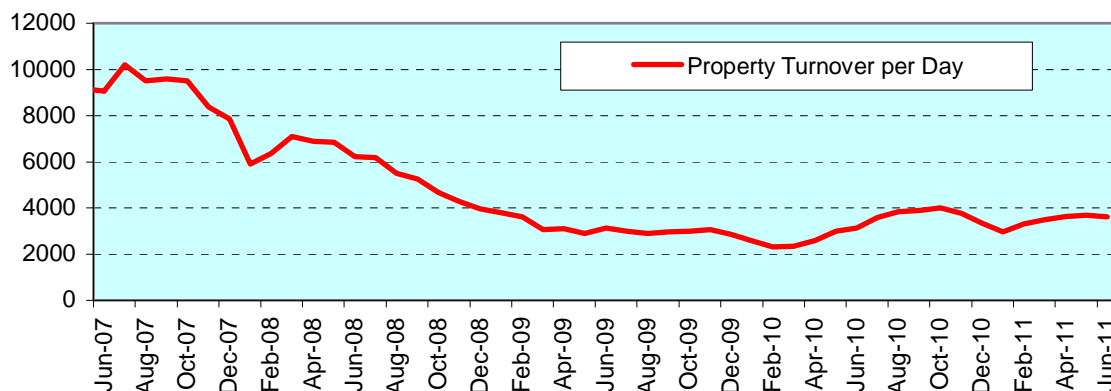
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Comment

Is the UK housing market losing momentum?

When the UK leading regional housing market, Greater London, shows a small fall in home prices over the second quarter and associated regional markets, the South East and East Anglia, begin to follow suit, it's time take a closer look at the vital signs of the property market.

UK Home Market Turnover Indicator



The UK Home Market Turnover Indicator, which serves as a measure of the volume of sales properties moving through the market (sold or unsold), shows that current activity is substantially higher than in June 2010 when 3,120 properties were moving through the market place each day.

However, activity levels may have already peaked below those attained in late summer last year. The average daily volume actually fell from 3,680 in May to 3,614 for June and, bearing in mind that home prices appear to have already stalled, this could be the beginning of a new downward trend for the UK property marketplace. What is certain is that a market contraction at this time of year is highly surprising and suggests that activity in the all important Summer months for property sales may well be more subdued than last year.

Historically, falls registered by the UK Home Market Indicator portend falls in home prices over subsequent months and in that sense this measure can serve as an important forward indicator of market strength.



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About 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](#).

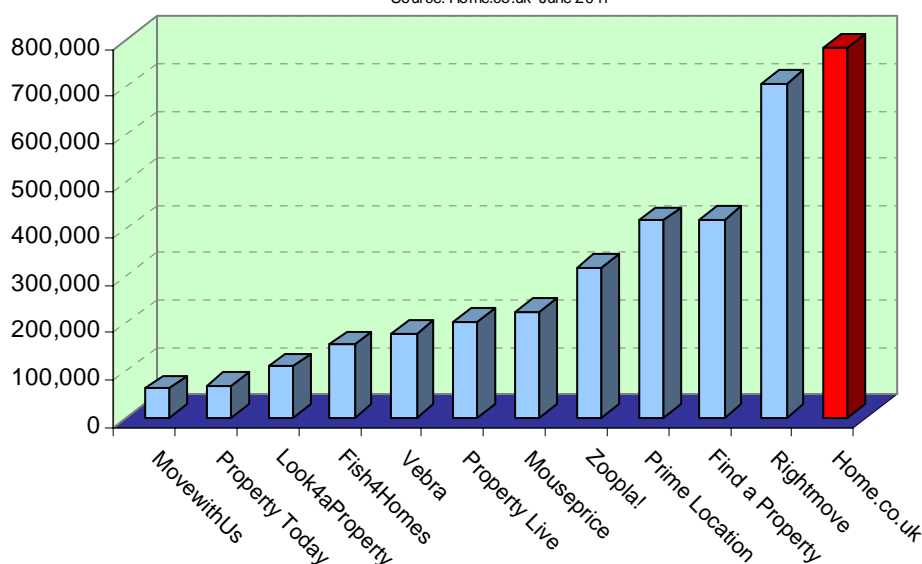
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of 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 June 2011



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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:

Tuesday 12th July

Friday 12th August

Monday 12th September



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