



April 2012

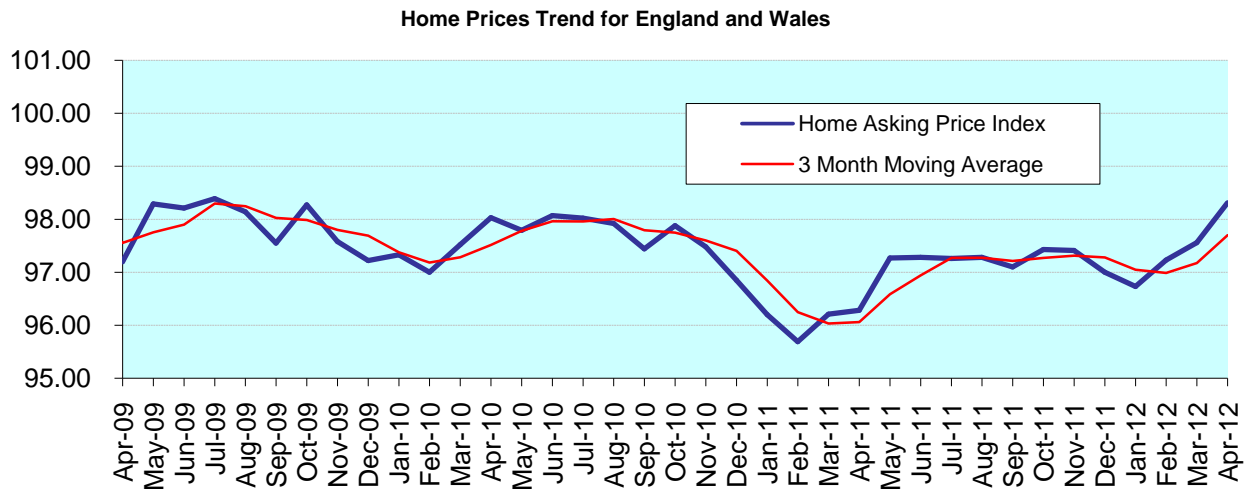
Asking Price Index

The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 12th April 2012

Spring Boost for Home Prices.

"Our financial system is nothing short of absurd." John Stepek, Editor of MoneyWeek.



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

Summary

Asking prices for homes on the market in England and Wales have moved up a further 0.8% since March, showing increased confidence amongst sellers.

Asking prices show best annual growth for 4 years.

New UK home sales listings in Q1 2012 were 5.2% fewer than in Q1 2011.

Home prices are up in all English regions, Scotland and Wales since March.

Home price gains are closing the gap with inflation and are now only 2.8% behind RPI (ex. housing).

Annual change in asking prices: +2.1%

6-month change: +0.9%

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

Press Office: 0845 373 3580

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



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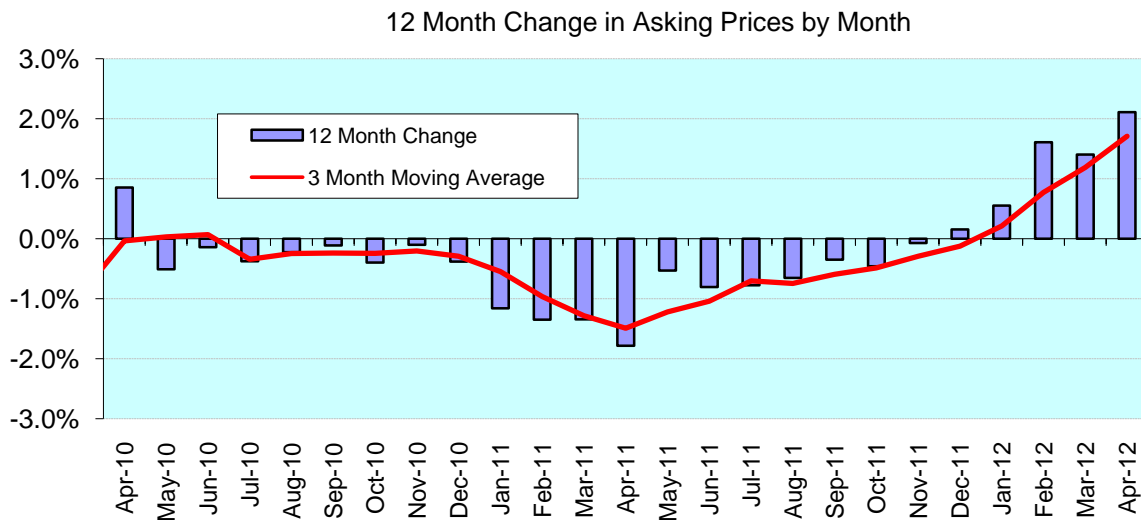
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Overview

Restricted supply of property for sale and relatively low interest rates continue to support the average UK home price. There remains however a distinct North-South divide and a growing disparity in the relative fortunes of the regional property markets. Asking price trends in the regions are currently highly correlated with supply and demand dynamics. Supply of property for sale in Greater London and East Anglia are down 11% and 9% respectively year-on-year whilst Scotland and the North West indicate listing rates are up 14% and 19% respectively.

The rental market continues to boom and this means that many property owners, who may have considered selling in more normal times, are instead opting to let out their properties. Gross yields can be as good as 6% and this is encouraging significant investment. So much so, that should these trends continue, private renting may account for 25% of all housing stock by 2020.

Year-on-Year Trend in Asking Prices



Year on year, asking prices are up by 2.1% which is the highest such figure since April 08. Overall UK prices continue to be supported by the stronger performing regions (Greater London, the South East and East Anglia).

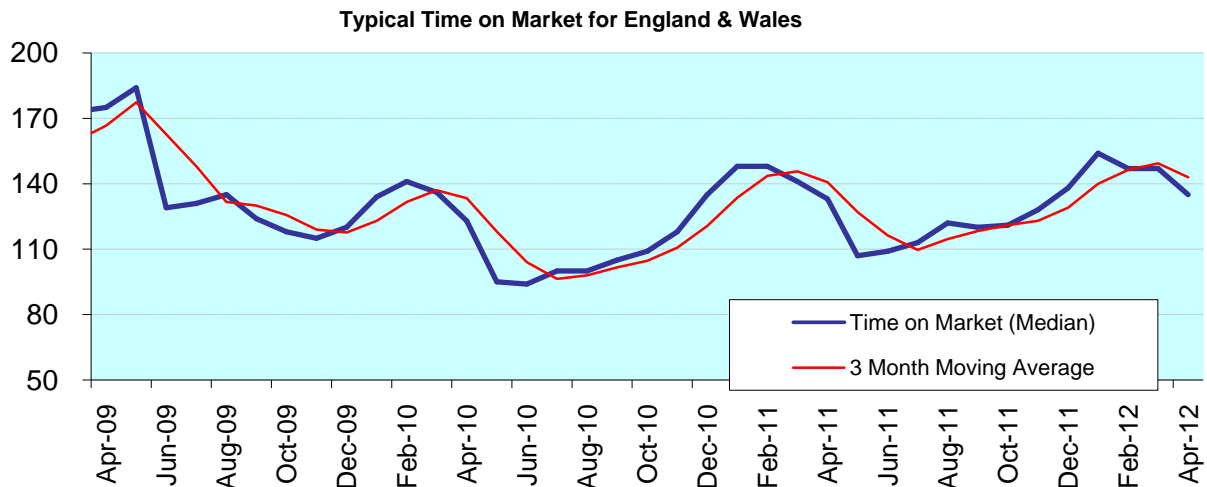


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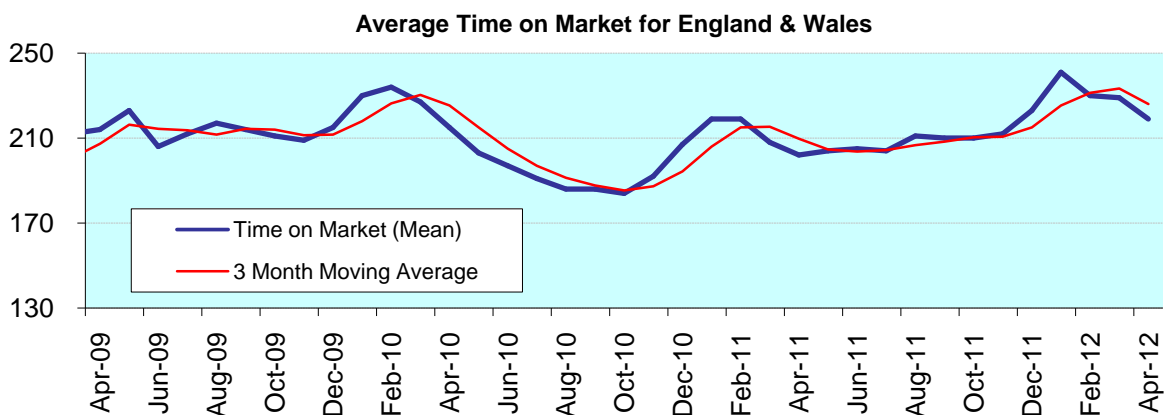
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Time-on-Market Analysis

The typical (median) time on market for unsold property normally shows a dramatic drop through the spring months as momentum returns to the housing market. However, this year the seasonal boost appears a little more subdued with the Median Time on Market being 1.5% longer than in Apr 2011.



Likewise, the current average time on market has fallen back as expected but remains 17 days higher than in April 2011.



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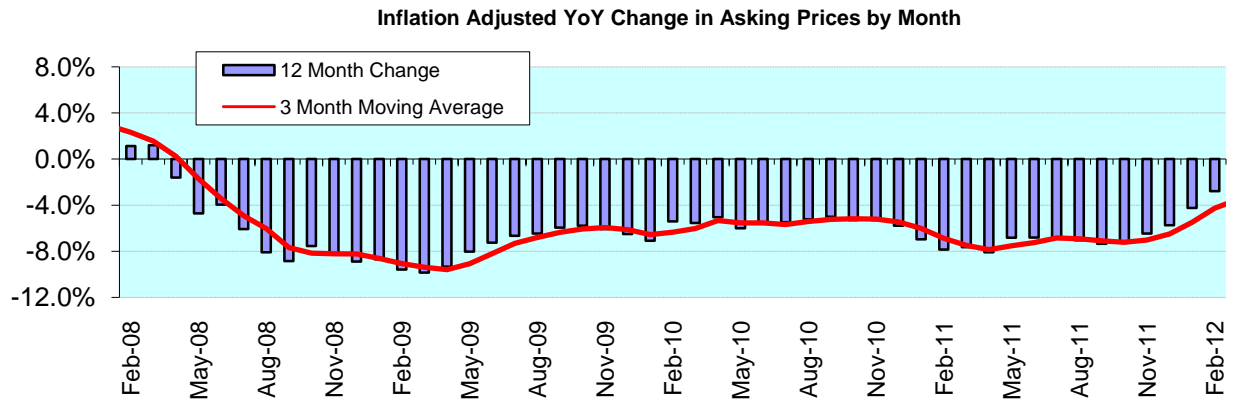
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Home Asking Prices vs. Inflation



Comparing ONS figures ([RPI](#) ex. housing) and the YoY change in asking prices shows that, whilst in real terms UK property has been a negative investment since March 2008, the gap with inflation is now closing. The HAPI for England and Wales now stands at 97.6 [May04 = 100].

Regional Housing Markets

Regional asking prices for April 2012, showing gains and losses since Oct 11 and current typical time on market.

	Current average price	6-month change	Median ToM (days)
South East	£293,232	+2.0%	79
Greater London	£347,502	+1.9%	79
East Anglia	£245,597	+0.8%	89
South West	£252,652	+0.6%	108
East Midlands	£173,633	+0.5%	145
Yorkshire and Humber	£167,810	+0.3%	184
West Midlands	£188,059	+0.1%	147
North West	£173,450	-0.1%	165
North East	£152,118	-0.3%	192
Wales	£172,759	-0.4%	195
Scotland	£159,599	-1.6%	177
England & Wales	£230,162	+0.9%	135

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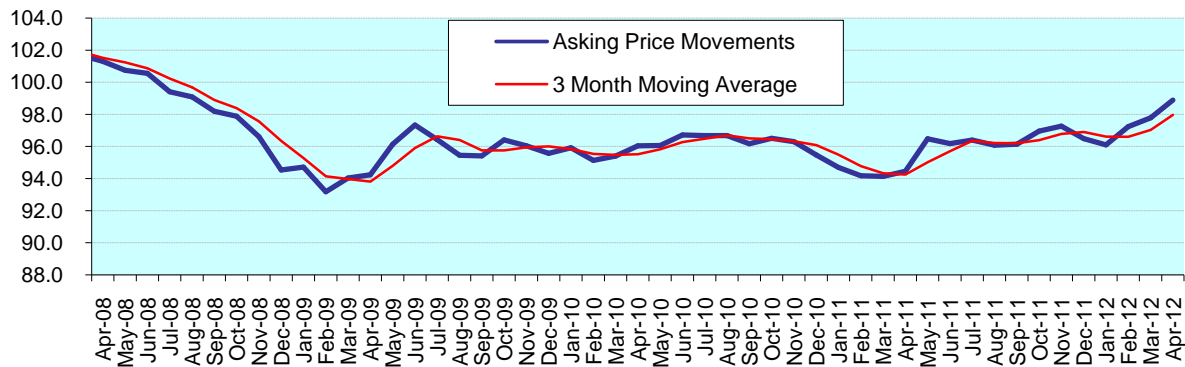
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South East

Market house prices in the South East continue to outperform most of the UK. Home asking prices are now the highest they have been since the dramatic falls recorded in 2008.

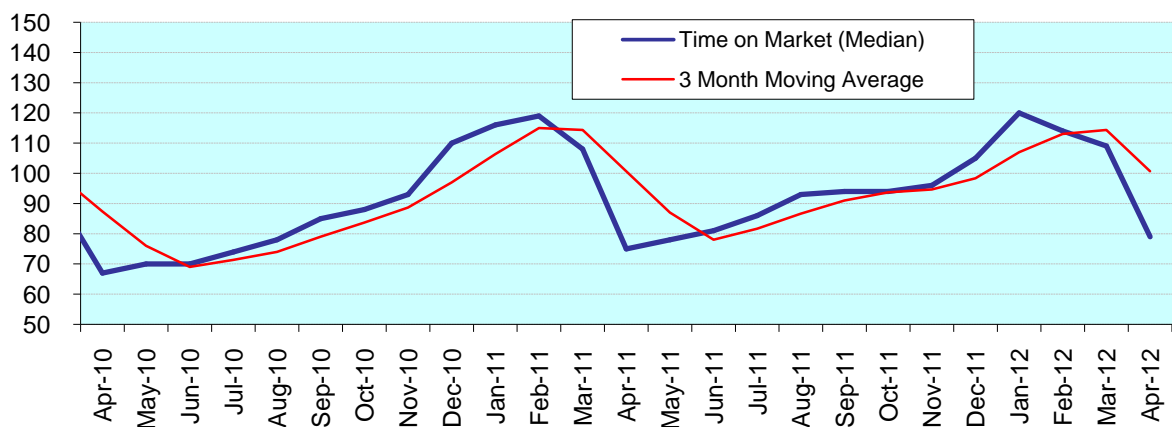
Asking Price Movements for the South East



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

The typical time on market trend for unsold property in the South East has registered a large seasonal drop as expected and is consistent with last spring. Median time on market now stands at 79 days, only 4 days more than in April 2011. Supply of new properties to market in the month of March increased significantly over February figures but was still down 4.6% on March 2011, and this supply shortage continues to support market prices.

Typical Time on Market for the South East



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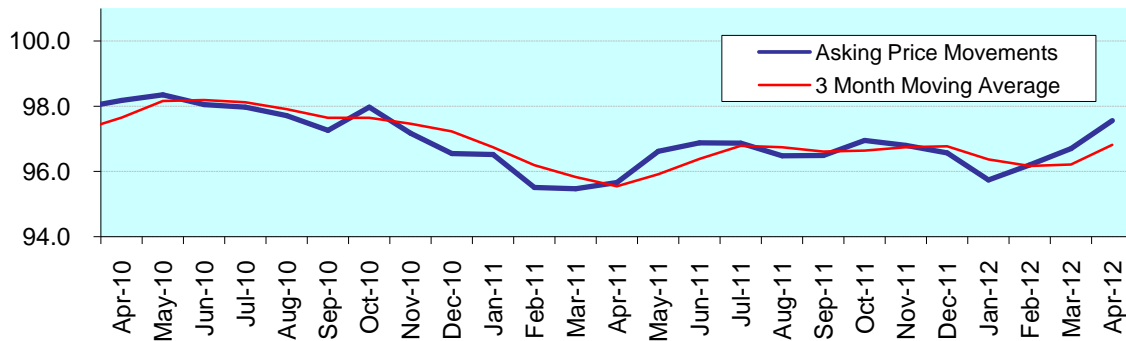
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South West

The mix-adjusted average Asking Price for property in the South West is showing a convincing spring bounce and is now 2.0% higher than in April 2011, although prices remain below those registered in April 2010. For the time being, the average home price in this region is supported strongly by a lack of supply (13% down on April 2011).

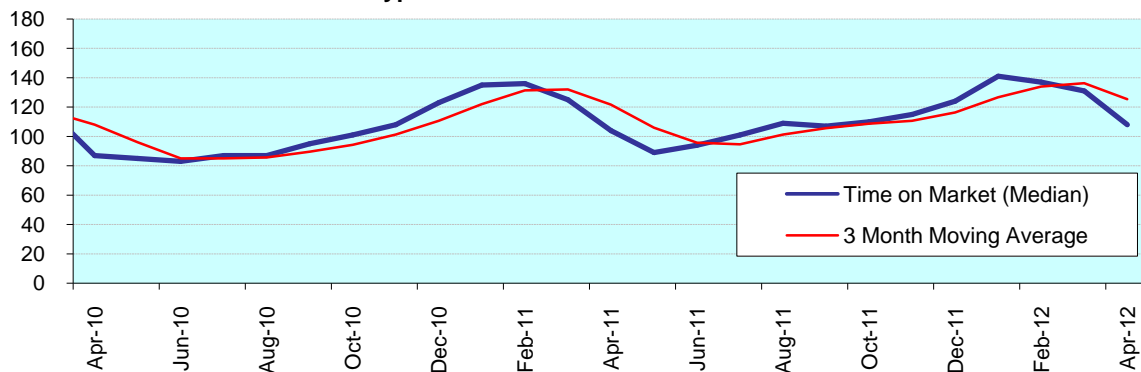
Asking Price Movements for the South West



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

The time-on-market chart for unsold property in the South West housing market indicates a further seasonal drop in marketing times, consistent with expectations. However, despite this increase in momentum the Typical Time on Market for unsold property in the South West remains 4 days higher than in April 2011.

Typical Time on Market for the South West



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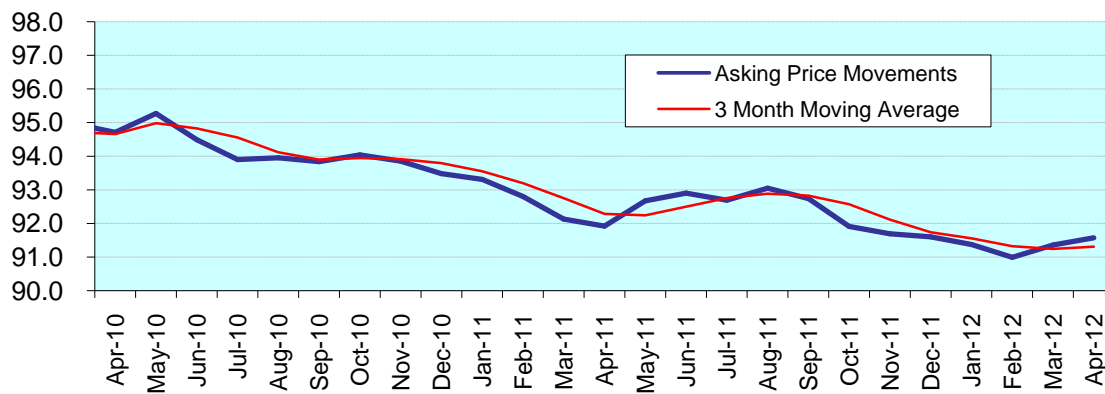
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Wales

Despite a small seasonal rise, asking prices for properties for sale in Wales are 2.0% lower than in April 2011. A spring bounce has come earlier than last year but prices in the Principality appear unlikely to exceed the maximum achieved last year. March supply of properties for sale in Wales was marginally higher (3.5%) than March 2011.

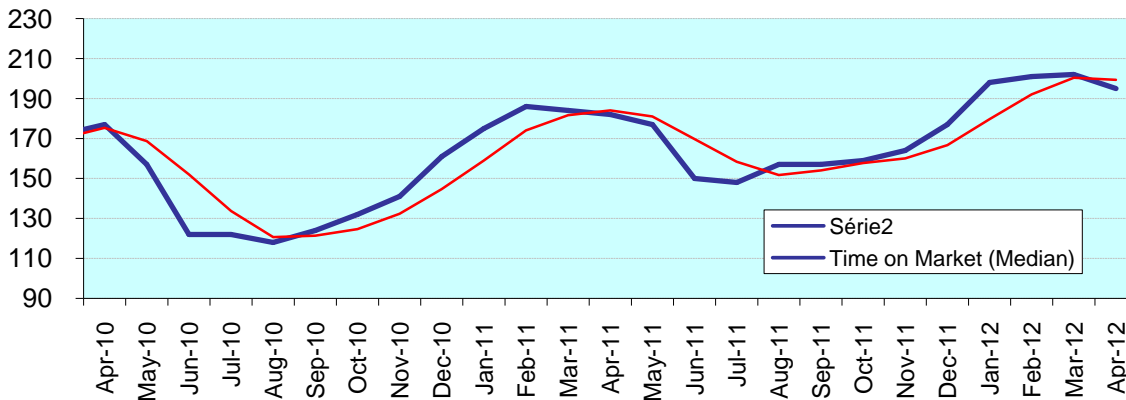
Asking Price Movements for Wales



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

Typical time on market for Wales has reduced slightly to 195 days but remains considerably higher than in April last year (182 days), and therefore appears to be a housing market suffering from over-supply.

Typical Time on Market for Wales



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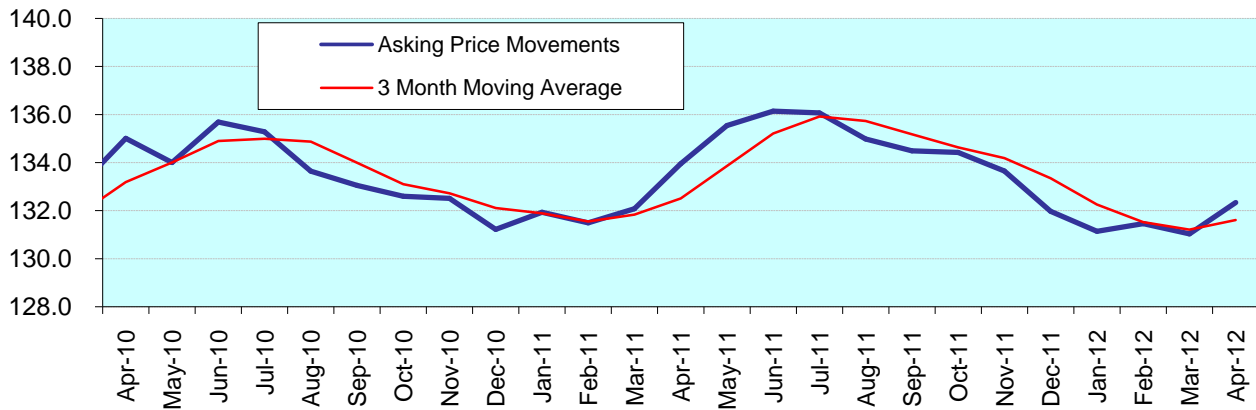
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Scotland

Asking prices for homes in Scotland fell away considerably from their early summer high last year and registered a new low last month. This month's data shows the first evidence of a tentative spring bounce. However, due to an increase of 14% in supply in March it appears unlikely that Scottish prices this year will exceed the summer maximum registered in 2011.

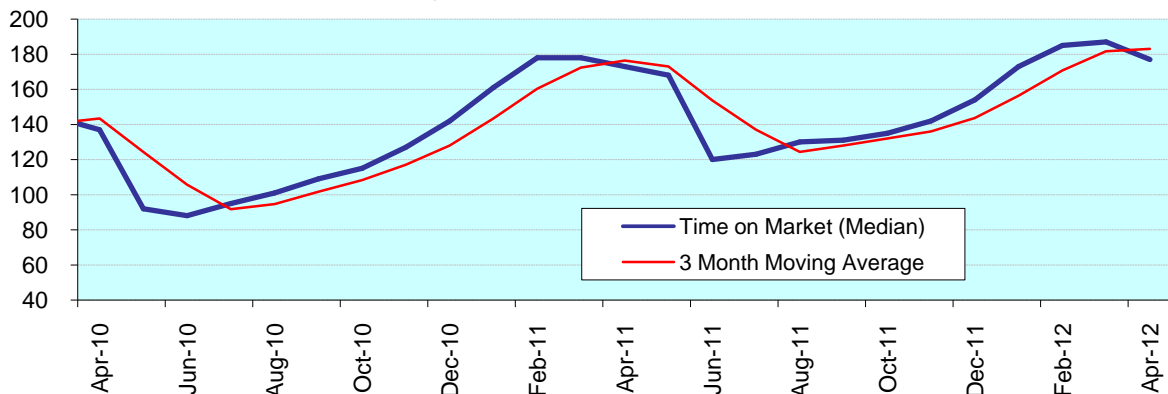
Asking Price Movements for Scotland



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

Typical (median) time on market for unsold property in Scotland is currently 177 days, 4 days higher than in April last year. Moreover, this poor figure remains 42 days longer than the overall median time on market for the UK.

Typical Time on Market for Scotland



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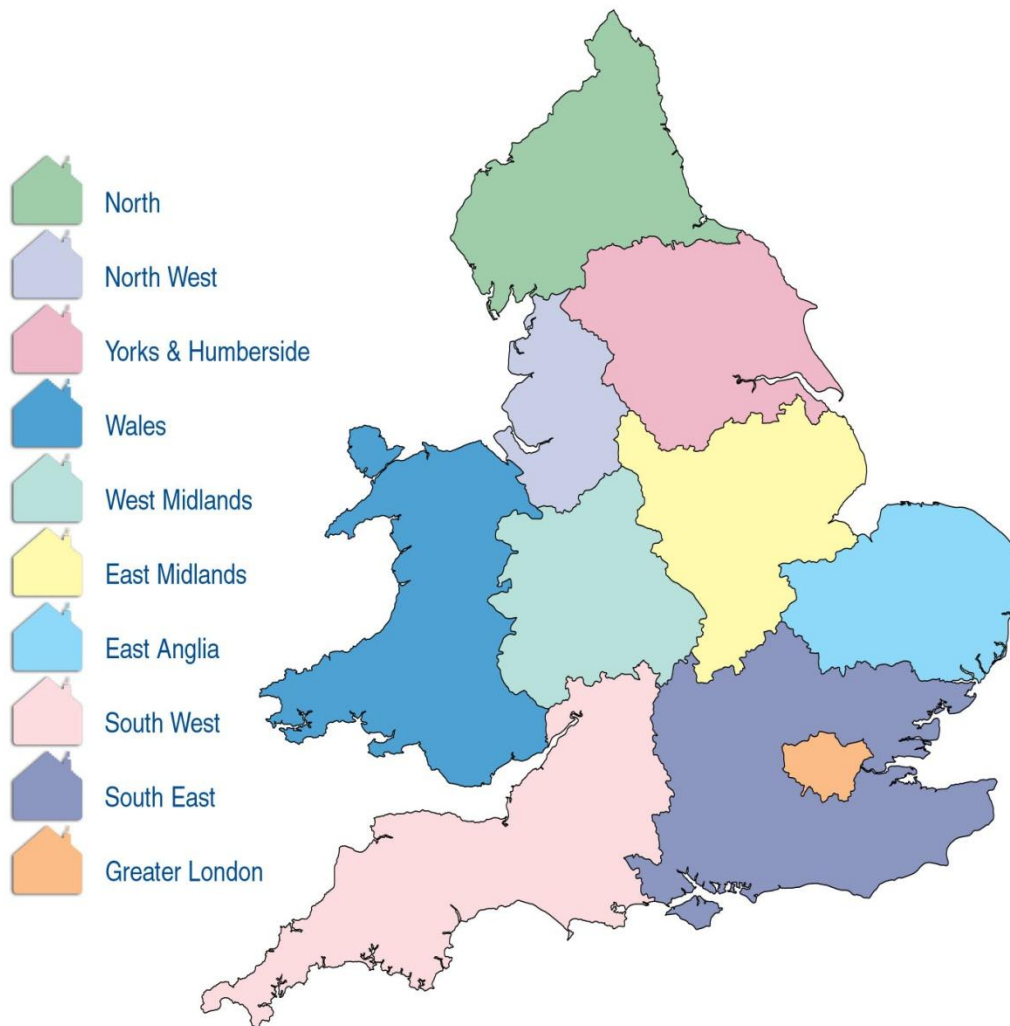


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Regions (as per DCLG)



Source: HM Land Registry

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Comment

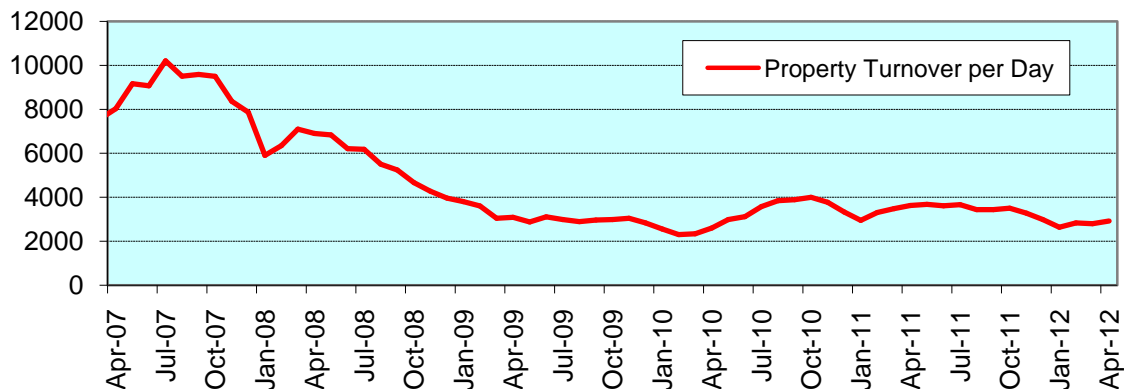
Spring for UK Property?

Optimism always increases at springtime. The race to beat the change in stamp duty also added extra momentum to the UK property market earlier in the year. Can the UK economic fundamentals support a lasting recovery for the remainder of 2012?

The answer to this key question is not straightforward. The UK property market shows considerable variance across the English regions, Wales and Scotland. The Southern English regions are enjoying a rising trend in prices and lower marketing times whilst the North East and Wales seem trapped in a long downward price trend with very long marketing times. Hence, it would appear that the unprecedented government support of the UK's crippled Banks has served to invigorate the economies of the Southern regions at the expense of the North Scotland and Wales.

The relatively low volume of property for sale moving through the marketplace, whilst supporting prices in the near-term, shows that the homes market is still in a fragile state. Last month we discussed the possible consequences of the end of forbearance by banks and building societies. The potential shock of a tsunami of repossessed homes entering the market is a real danger and would most likely hurt the regions where the greatest job losses have occurred.

UK Home Market Turnover Indicator



So given that there is no real change in government policy with respect to economic stimulus and banks seemingly continue a policy of forbearance towards those in mortgage arrears, we only can expect more of the same. The Northern regions will continue to suffer price falls year-on-year, along with Wales and Scotland, while the Southern regions enjoy steadily increasing home values. Moreover, the current low volume of home sales also looks likely to persist until the real economy (and not the over-stimulated financial services sector) shows signs of recovery providing new jobs and revenue.

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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.

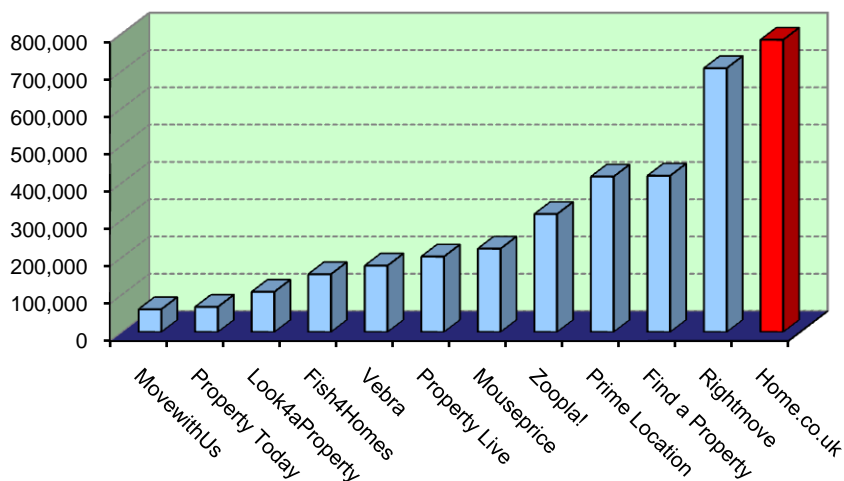
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) Survey of English Housing Stock (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the Office of National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

Monday 14th May

Tuesday 12th June

Thursday 12th July



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