



Asking Price Index

The UK's Independent Forward Market Indicator

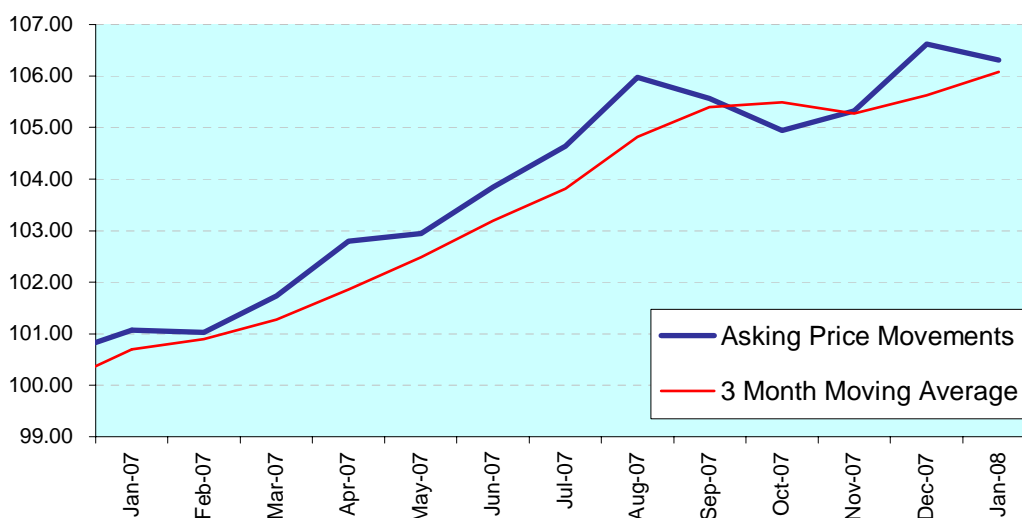
Home Asking Price Index. Release date: 14th January 2008

House Prices Falter in Uncertain Market.

" The budget should be balanced. Public debt should be reduced. The arrogance of officialdom should be tempered, and assistance to foreign lands should be curtailed, lest Rome become bankrupt. "

[Marcus Tullius Cicero](#). (106-43 BC) Roman Statesman.

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

Prices of homes on the market in England and Wales have retreated this month by 0.3%.

The Asking Price year-on-year change for homes in England and Wales currently stands at 5.2%.

Greater London Asking Prices fell this month by 1.2%.

Monthly falls registered in 5 of the 10 regions in England and Wales.

Released 14th January 2008

Page 1 of 9

Copyright © 2008, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580



Asking Price Index

The UK's Independent Forward Market Indicator

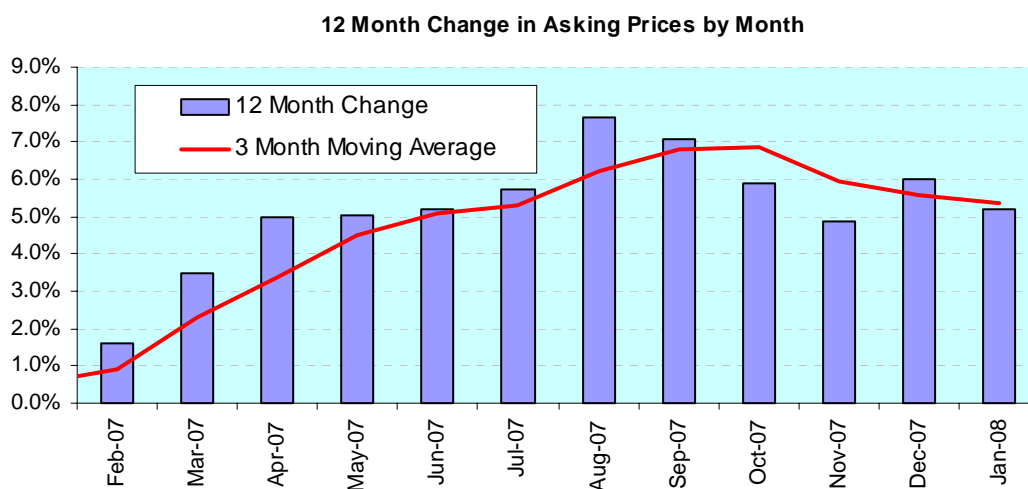
Overview

Confidence among sellers crumbled this month as a second cut in the Bank of England base rate failed to materialise. Despite seemingly heavy hints from Gordon Brown and Alistair Darling, the Monetary Policy Committee voted to keep rates at 5.5%. Credit remains much tighter than in previous years on account of higher interest rates and a more cautious approach to mortgage lending. Whilst most sellers are experiencing heightened levels of interest from buyers, as is to be expected at this time of year, many vendors are failing to secure a sale as buyers find that their mortgage lender's valuation is too low. Without the 'tail-wind' of lower interest rates, increasing numbers of failed transactions will put more downward pressure on asking prices.

The HAPI for England and Wales has fallen 0.3 index points to 106.3 since Dec 07 [May04 = 100].

Over the last 12 months, Asking Prices for homes in England and Wales have risen 5.2%, *ca.* 3.1% above the [CPI](#), *ca.* 0.9% above the [RPI](#) and *ca.* 1.6% above the [AEI](#) (excluding bonuses). The mix-adjusted average price of homes in England and Wales, advertised on the open market, now stands at £259,338.

Twelve-Month Trend in Asking Prices



Year-on-year (YoY) growth in asking prices for England and Wales has fallen steadily following a peak in August 07 of 7.7%. Asking prices have increased 5.2% since January 07.

Released 14th January 2008

Page 2 of 9

Copyright © 2008, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580



Asking Price Index

The UK's Independent Forward Market Indicator

Regional Housing Markets

Regional average asking prices for Jan 2008 showing gains and losses since Jan 2007.

	Current average price	12-month change
Greater London	£351,463	+9.6%
Scotland	£182,272	+9.6%
Yorkshire and Humber	£184,391	+7.3%
South East	£295,032	+5.8%
East Anglia	£266,796	+4.5%
North West	£192,447	+4.0%
West Midlands	£210,132	+4.0%
South West	£272,863	+2.7%
North	£171,487	+2.6%
East Midlands	£191,368	+1.8%
Wales	£194,860	0.0%
England & Wales	£259,338	+5.2%

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

Regional Comment

The year-on-year regional data shows that in several areas of the UK house prices are falling in real terms. 6 of the 10 regions in England and Wales have experienced house price inflation below the rate of inflation as determined by the Retail Price Index in 2007. Large price rises in Greater London and Yorkshire & Humber over this period have served to buoy the national average figure. Welsh house prices are by far the worst performer making no nominal gains whatsoever over the course of the last 12 months.

Released 14th January 2008

Page 3 of 9

Copyright © 2008, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580



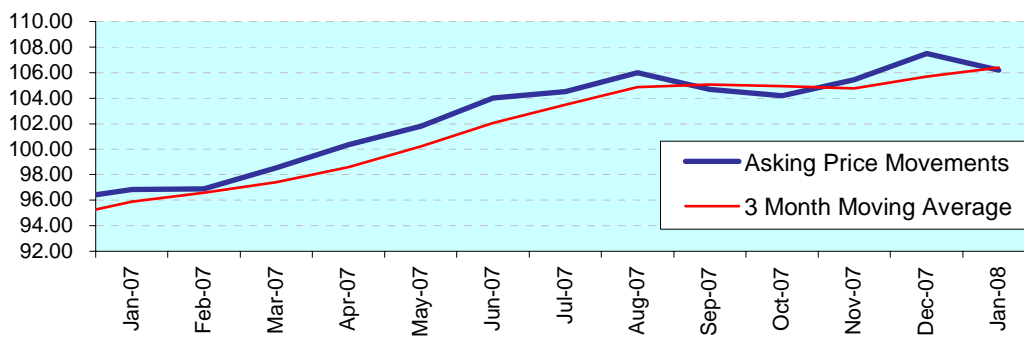
Asking Price Index

The UK's Independent Forward Market Indicator

Greater London

Following a year of large gains to Aug07, house prices in Greater London have stagnated. The Greater London regional asking price index has increased 0.2 points since Aug07.

Asking Price Movements for Greater London

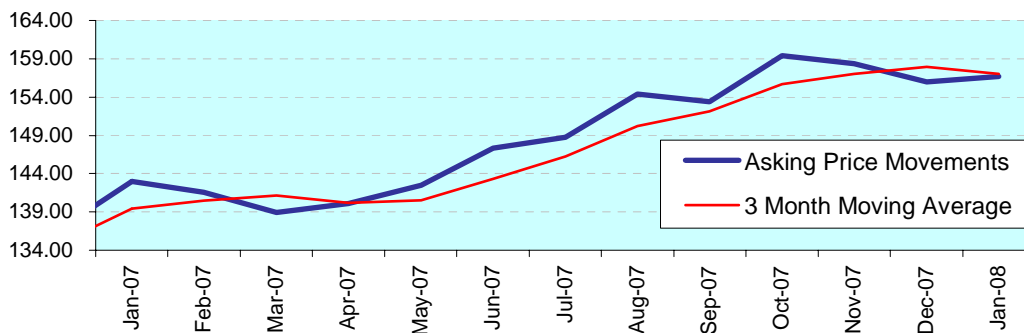


[Laspeyres](#) Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

Scotland

The Scottish housing market has significantly outperformed the rest of the UK over the last 2 years, although there are now signs that this period of record growth may be over.

Asking Price Movements for Scotland



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

Released 14th January 2008

Page 4 of 9

Copyright © 2008, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580



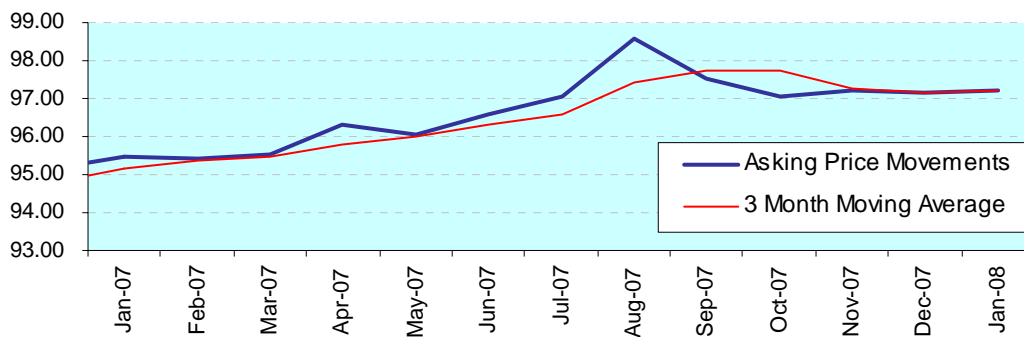
Asking Price Index

The UK's Independent Forward Market Indicator

East Midlands

Prices of houses on the market have fallen back in the East Midlands following a recent high in Aug07. Asking prices have stagnated in the East Midlands over recent months indicating a standoff between buyers and sellers.

Asking Price Movements for the East Midlands

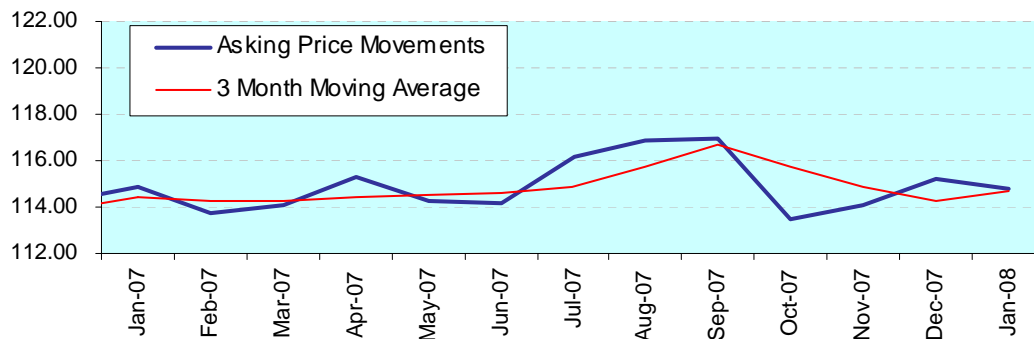


Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

Wales

Welsh market house prices have fallen back following a brief rally over the summer months. Reduced demand for second homes and a poor economic outlook for 2008 leave little scope for a near-term revival of this housing market.

Asking Price Movements for Wales



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

Released 14th January 2008

Page 5 of 9

Copyright © 2008, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580

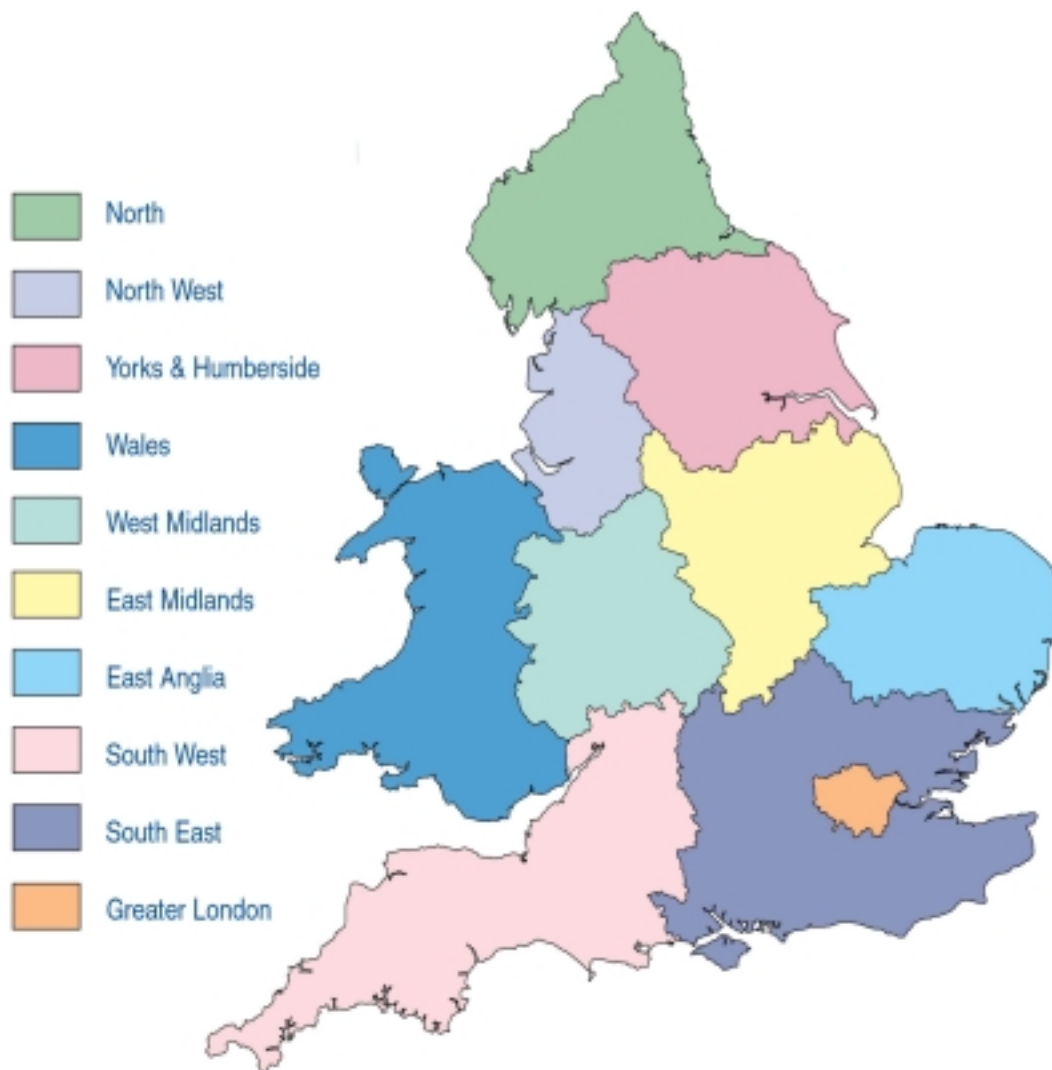


January 2008

Asking Price Index

The UK's Independent Forward Market Indicator

Regions (as per DCLG)



Source: HM Land Registry

Released 14th January 2008

Page 6 of 9

Copyright © 2008, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580

The Home.co.uk Asking Price Index is calculated by Calnea Analytics Ltd



Asking Price Index

The UK's Independent Forward Market Indicator

Comment

The outlook for the UK housing market in 2008 is rather bleak. Since the *tipping point* in August, banks and building societies have reined in their lending. December's quarter point cut in the Bank of England base rate did little to lower the overall cost of borrowing. Moreover, in some instances mortgage lenders failed to pass on the cut to their customers.

Recent months have seen an overwhelming downturn in market sentiment and this has been reflected by stagnant house prices and falling numbers of transactions. Negative sentiment surrounding the troubled UK housing market has also spread to the wider economy, which is now experiencing softer retail sales, job cuts and a weaker pound.

Is the Credit Crunch Over?

Turmoil in the money markets is far from over. Heavy borrowing from central banks has helped UK banks survive short-term liquidity problems but research by Morgan Stanley suggests that UK banks face a £1.5 trillion funding gap in 2008. In view of this staggering shortfall, credit conditions look set to deteriorate further. For comparison current UK GDP and Government debt are around £1.3 and £0.6 trillion respectively.

More IR Cuts to Come?

The BoE's Monetary Policy Committee has little room to manoeuvre. Further IR cuts are likely to put the fragile pound into a tailspin and fuel import-led inflation. Sterling has already lost around 14% of its value to the Euro in the last 12 months. Any further cut in interest rates may be considered a desperate measure and would fly in the face of the BoE's twin mandates of inflation targeting and financial stability.

Will House Prices Fall in 2008?

When corrected for the effect of inflation, asking prices are falling in several regions of the UK. Without further IR cuts nominal falls of up to 10% are possible in the weaker regional housing markets in 2008. In terms of Euros (or Gold) UK house prices are already falling fast.

A Buyers' Market?

Indeed, for a minority of buyers with large cash deposits the market will improve significantly in the near term. Supply will continue to rise, thereby both improving choice for the cash buyer and weakening prices further.

Released 14th January 2008

Page 7 of 9

Copyright © 2008, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580



Asking Price Index

The UK's Independent Forward Market Indicator

The Home.co.uk Asking Price Index

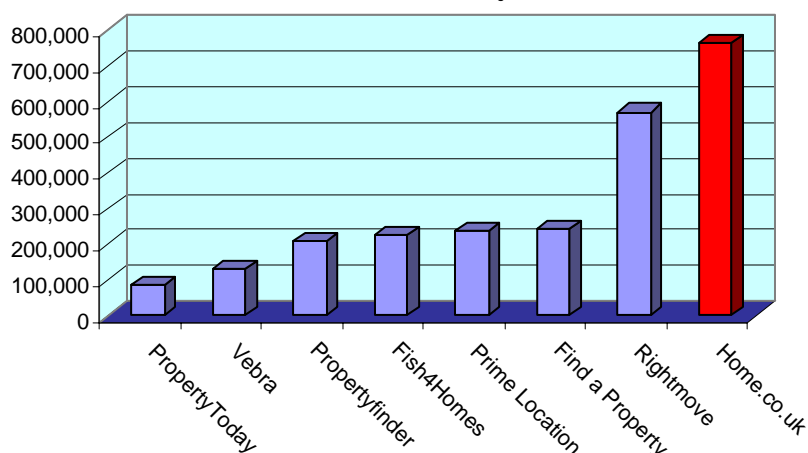
The Home.co.uk Asking Price Index is produced in association with [Calnea Analytics](#): the statistical consultancy responsible for the production of the official [Land Registry House Price Index](#).

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 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.

Searchable Properties for Sale by Website.

Source: Home.co.uk August 07



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.

Released 14th January 2008

Page 8 of 9

Copyright © 2008, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580



Asking Price Index

The UK's Independent Forward Market Indicator

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.calnea.com/asking-price-index/>

Future release dates:

Tuesday 12th February 08

Wednesday 12th March 08

Monday 14th April 08



Released 14th January 2008

Page 9 of 9

Copyright © 2008, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580