



Asking Price Index

The UK's Independent Forward Market Indicator

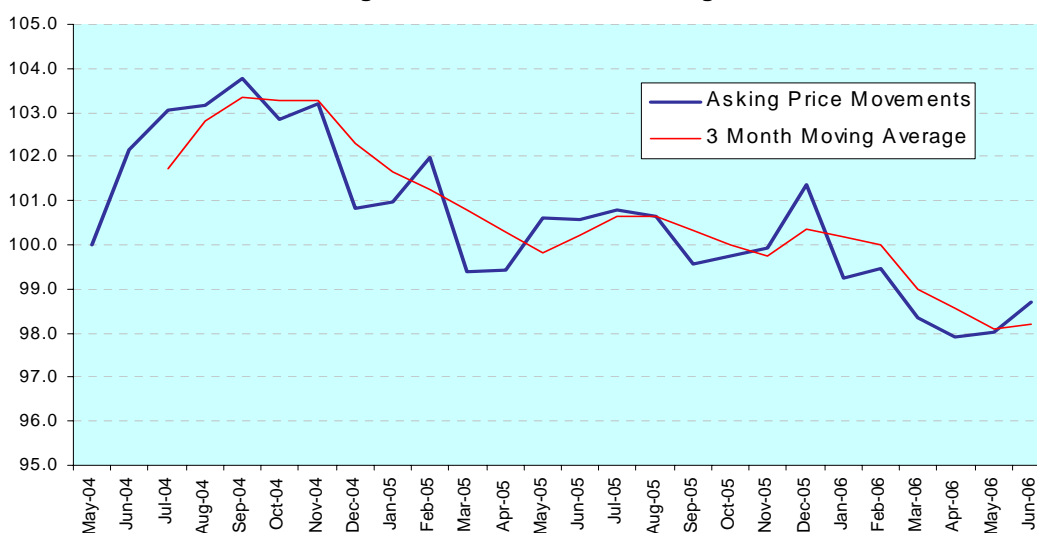
Release date: 12th June 2006

New Sellers' Confidence Bucks the Trend.

"A study of the history of opinion is a necessary preliminary to the emancipation of the mind."
[John Maynard Keynes](#) (1883-1946)

"House prices are a matter of opinion whereas debt is real." [Mervyn A. King](#) (1948-)

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

Asking Prices for residential property in England and Wales rose this month by 0.7%.

Asking Prices rose in Q2 in England and Wales by 0.4%.

Asking Prices in England and Wales fell 1.9% over last 12 months (3.9% below the [CPI](#)).

London Asking Prices lose momentum contrary to seasonal expectations.

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Page 1 of 7

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Overview

A surge of new market entrants by confident sellers has served to drive asking prices higher. Whilst this overall trend for England and Wales is broadly in line with seasonal expectations, the regional figures continue to show a high degree of variation.

Regional Housing Markets

The regional average asking prices for June 06 showing gains and losses for Q2.

Scotland	£151,149	+3.8%
Wales	£186,276	+3.1%
East Midlands	£194,238	+2.2%
South West	£253,022	+2.0%
South East	£270,485	+0.8%
North West	£187,594	+0.6%
East	£253,386	-0.3%
Yorkshire and Humber	£168,833	-0.5%
West Midlands	£198,883	-0.6%
Greater London	£302,400	-0.9%
North East	£165,681	-4.6%

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

This table clearly illustrates the continued disparity across the Regions of England, Scotland and Wales. Such contrary trends serve to attenuate the overall trend in National House Price Indices. The leading regional housing markets of Scotland, Wales, East Midlands and the South West all show significant Asking Price increases. By far the poorest performing region is the North East, showing Asking Prices falling by 4.6% since March 06.

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Page 2 of 7

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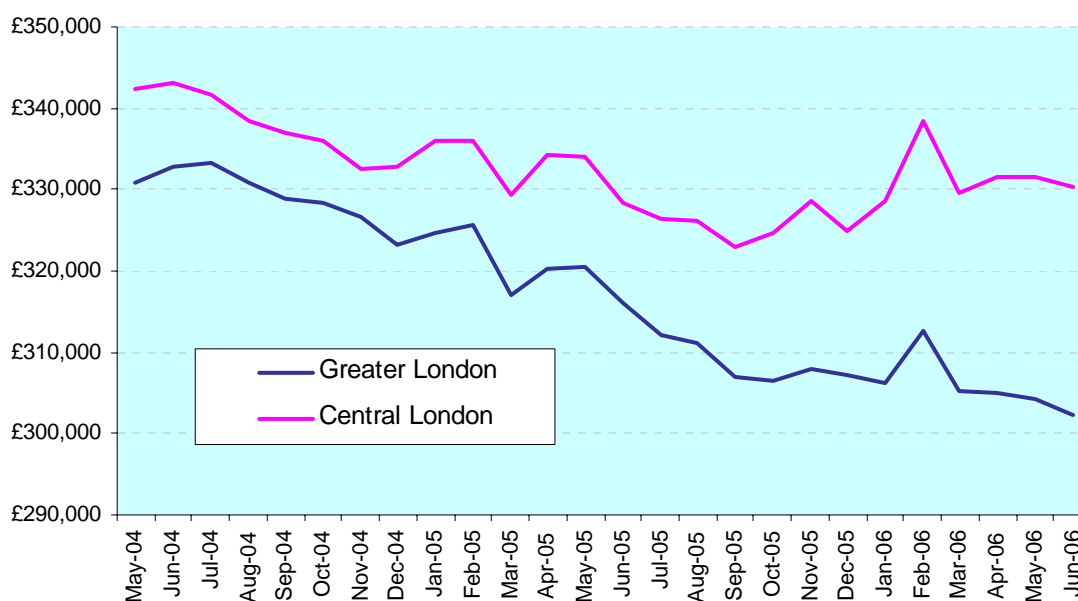
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London

Over recent months there has been considerable media speculation with regard to a purported 'mini-boom' in London's housing market. Asking Price Movements for the London area are shown below. The figures for Greater London have been calculated using a larger geographical area as defined by the DCLG (see Notes). The following graph allows comparison of the two Asking Price Indices for London.

Asking Price Movements for London



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

The trend for Central London can be seen to shadow that of Greater London for the first 12 months from May 04. The last 12 months, however, has shown a significant upward deviation from the trend for Greater London. This suggests that rises in Central London Asking Prices have been highly localised and have not spread to more outlying areas. As suggested in the previous report, Central London's stronger performance may be attributed in part to continued growth in the financial sector. It remains to be seen whether the house price recovery in Central London is sustainable, and if so whether it will spread to outlying areas and neighbouring regions.

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Page 3 of 7

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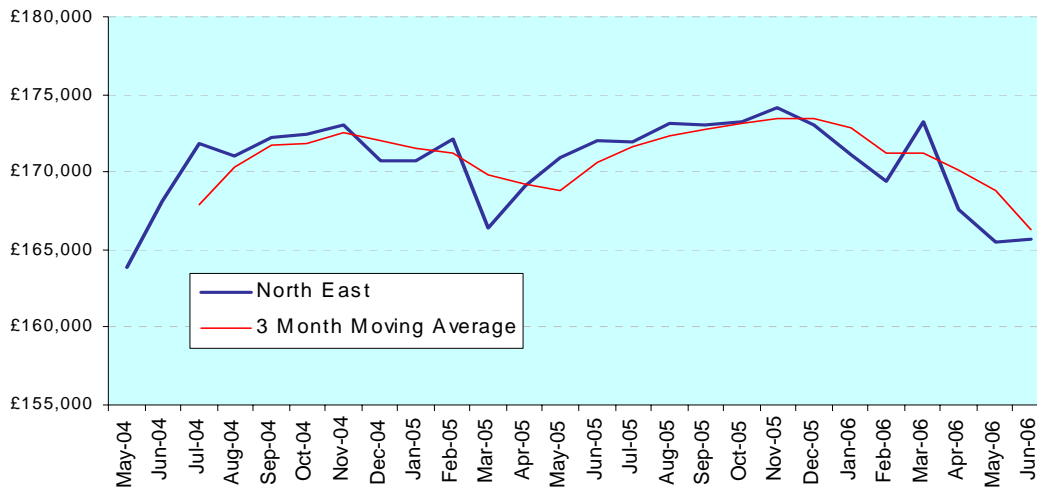


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North East

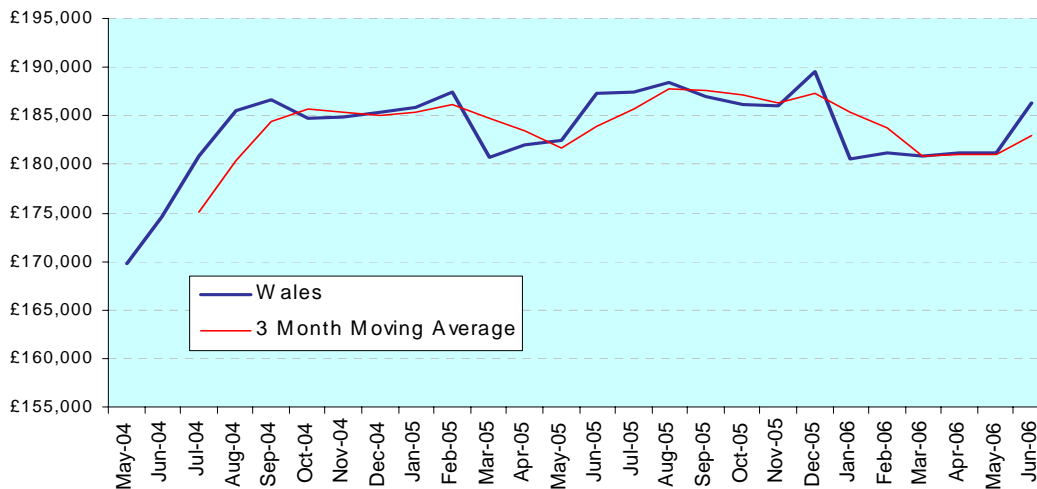
Asking Price Movements for the North East



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

Wales

Asking Price Movements for Wales



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

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Page 4 of 7

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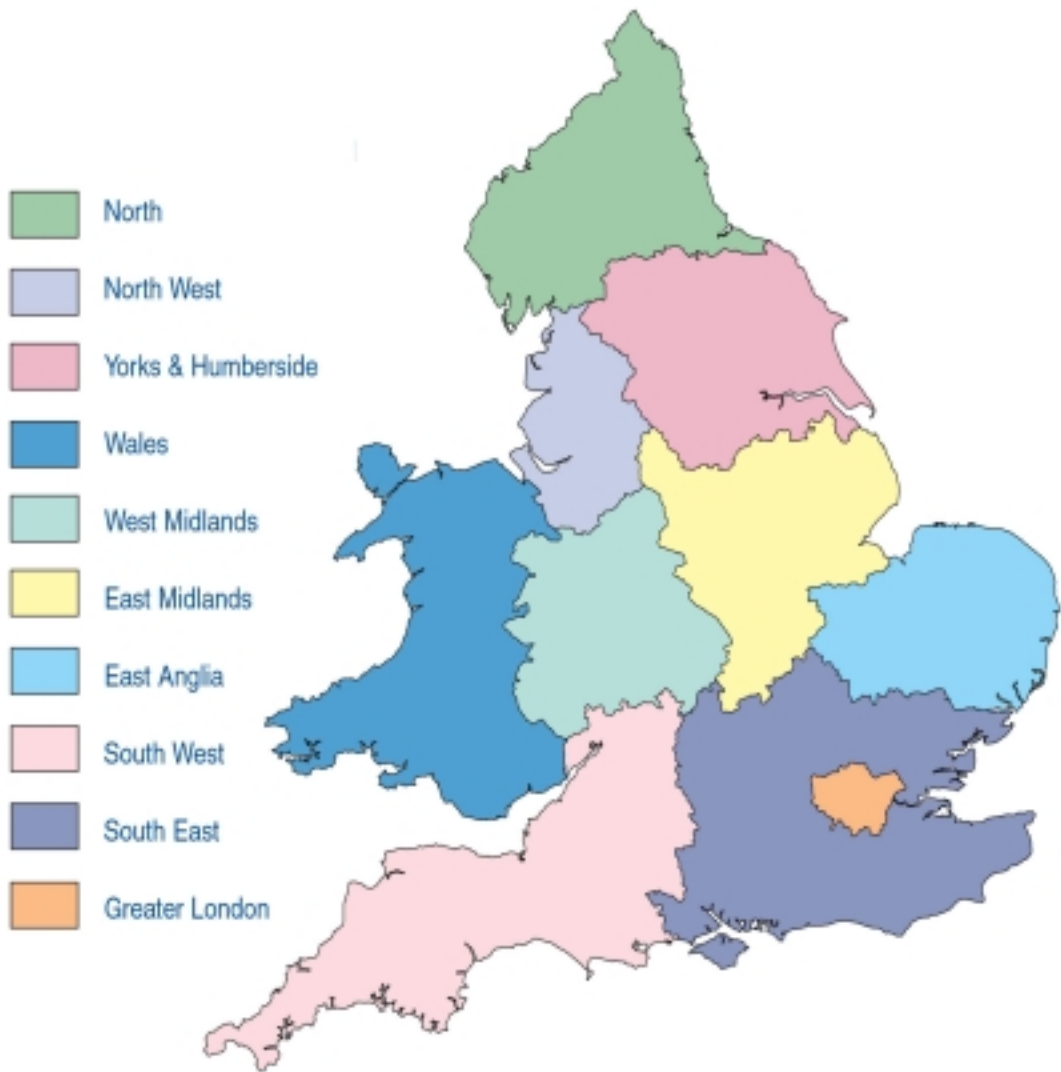
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Regions (as per DCLG)



Source: HM Land Registry



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Comment

Two consecutive months of house price increases suggests that sellers' confidence is on the rise. Set against a backdrop of price stagnation and sliding prices for most regions over the last year, observers may wonder what has brought about the sudden upturn. It is reasonable to suggest that Sellers have been encouraged by seasonal factors and remarkably positive comment from several market indicators (e.g. Halifax HPI [April] and reports of increased sales volumes in Q1 by the HM Land Registry). Note: The inclusion of a growing number of homes valued over £1M is likely to affect the aforementioned market data. The availability of credit and the current hold on interest rates also serve to the support current housing demand.

However, as high value regional markets such as Greater London and the East of England show poor performance for Q2, it is likely that the overall upturn in Asking Prices is mainly due to seasonal optimism, which may be cancelled out by price-cutting over the months that follow. Two further macroeconomic causes for concern: A rise in inflation and the slowdown in the US housing market- ominous developments for an already troubled UK market.

In conclusion, despite a small overall gain, the figures presented indicate an uncertain outlook for the UK housing market.



June 2006

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Notes

The Home.co.uk Asking Price Index has been recalculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This has allowed for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of National Statistics](#).

The Home.co.uk Asking Price Index is the UK's only independent forward market indicator. The published figures represent current and historic confidence of buyers and sellers of UK property on the open market. The Home.co.uk Asking Price Index 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. Properties above £1m and below £20k are excluded from the calculations. The Home.co.uk Index 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.

Contact Details

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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 data please visit:

<http://www.calnea.com/asking-price-index/>

Future release dates:

Wednesday 12th July 06

Friday 11th August 06

Tuesday 12th September 06



Released 12th June 2006

Page 7 of 7

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