



July 2011

Asking Price Index

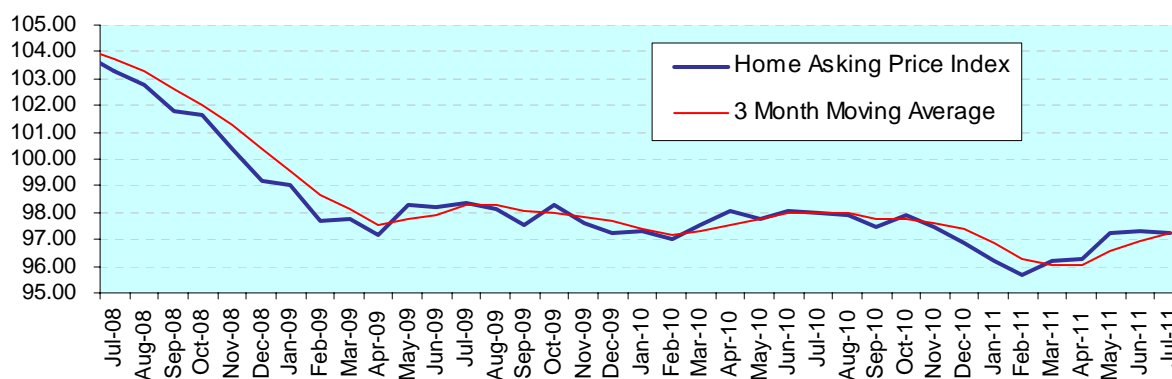
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 12th July 2011

London Leading Home Prices Lower

"The world economy is adjusting. In more biblical language, failure to tackle the imbalances during the seven years of plenty before 2007 threatens seven lean years thereafter for at least part of the world economy." Sir Mervyn King, Governor of the Bank of England.

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

Overall the mix-adjusted average Asking Price for homes on the market in England and Wales remains unchanged since June.

Home prices fell 0.5% in Greater London during the last 3 months.

The number of properties reduced in price June fell slightly since May to 85,104, which is 15% more than in June 2010.

Typical time on market has increased a further 4 days to 113 days (median) since June and is now 13% longer than in July 2010.

Supply of new properties to market fell back *ca.* 8,000 to 121,941 in June, 6% less than in June 2010.

Annual change in asking prices: -0.8%
6-month change in asking prices: 1.1%

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



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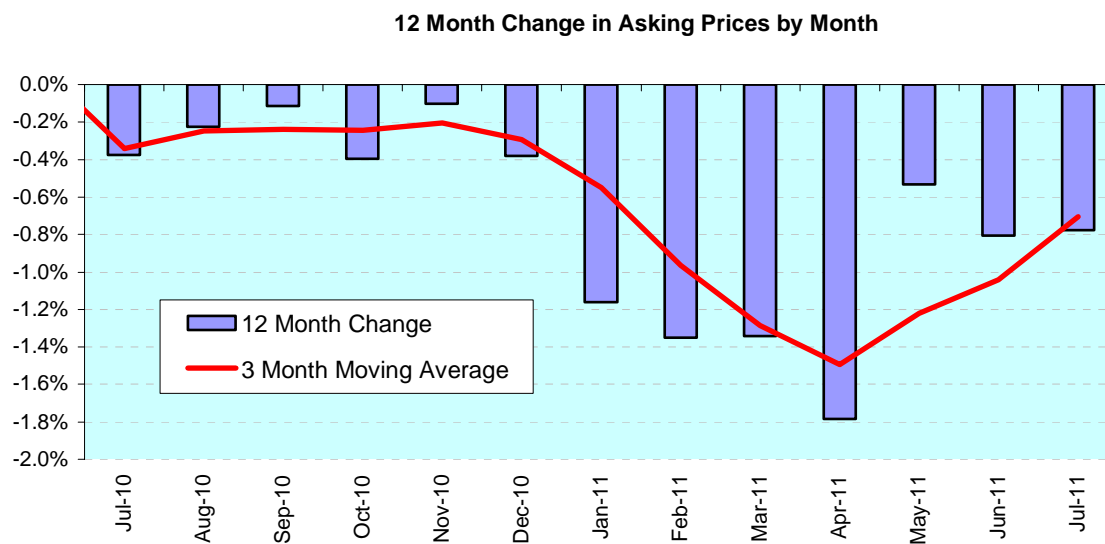
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Overview

Greater London, the UK's leading housing market, is displaying falling prices and a rising typical time on market. Taking the UK as a whole, rising time on market and stalled pricing indicate that this summer's price maximum has already been achieved and regional prices are now likely to follow in wake of the London market. Price-cutting activity of property whilst on-market remains high: 15% more properties were reduced in price in June 2011 than in June 2010. Whilst these indicators show that demand is falling, it is also evident that supply of property for sale is also falling: 6% fewer properties appeared on the market in June 2011 than June 2010.

With the Bank of England's quarterly Credit Conditions Survey noting that the availability of mortgage credit in the second quarter was broadly unchanged from the previous quarter and that credit is expected to remain flat in the third quarter of 2011, asking prices may be expected to slide over the rest of 2011. Larger numbers of buy-to-let investors have been helping to stimulate mortgage demand but they do not command enough of the market to counter the slowdown in UK property sales.

Twelve-Month Trend in Asking Prices



Year-on-year (YoY) asking prices continue to slide 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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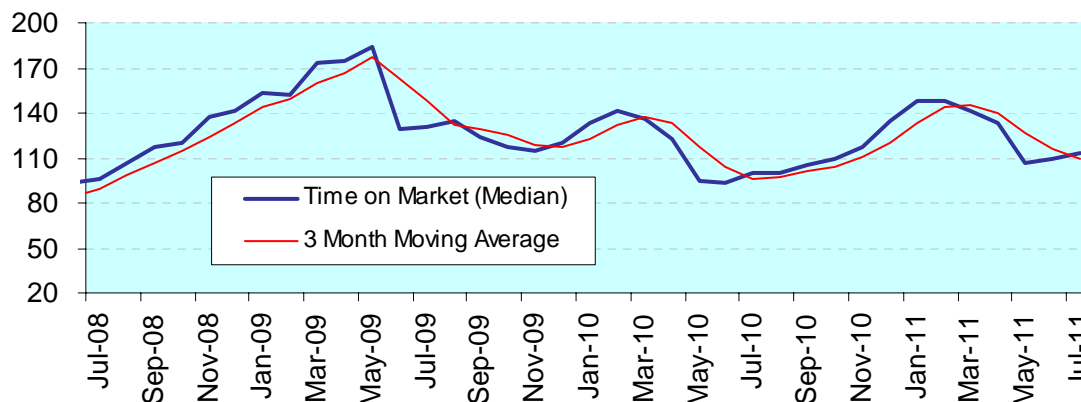
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Time-on-Market Analysis

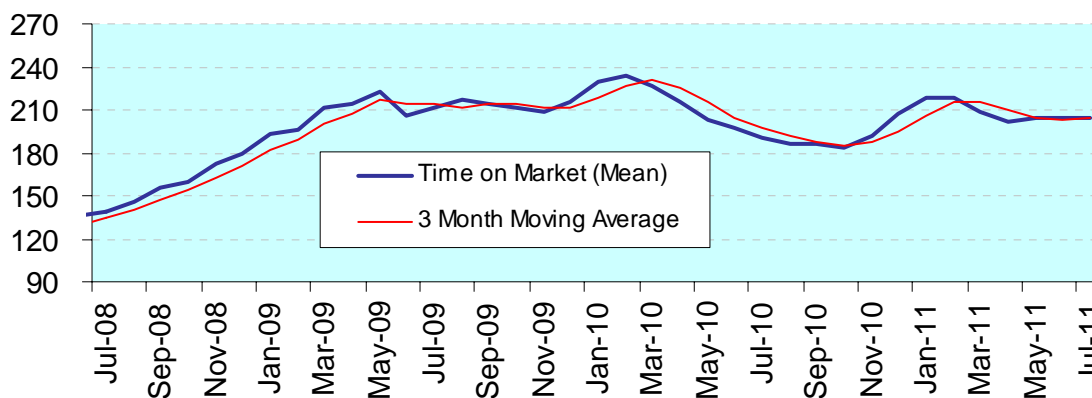
Typical (median) time on market has increased a further 4 days to 113 days, 13 days longer than in July 2010.

Typical Time on Market for England & Wales



By contrast, the average time on market for unsold property is more stable. Overall market conditions remain more difficult than during the same period last year. The average time on market for England and Wales, now at 204 days, is 13 days longer than in July 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 remains down by 0.8% year on year. UK property sales lack momentum compared to last summer: typical time on market is currently 13% longer than in July 2010. In terms of both supply and demand, the 2011 UK home market continues to indicate lower levels of activity than in 2010.

Inflation continues to erode capital invested in property in real terms. Comparing ONS May figures and the YoY change in asking prices for the same month shows that asking prices were falling in real terms, by 6.8% per year, relative to the [RPI](#) (ex. housing). Meanwhile, homes are becoming more affordable as prices fall relative to average earnings: 3.8% below the [AEI](#) (April figure from ONS ex. bonuses). The HAPI for England and Wales now stands at 97.3 [May04 = 100].

Regional Housing Markets

Regional Asking Prices for July 2011, showing gains and losses since July 2010 and current typical time on market.

	Current average price	12-month change	ToM (days)
East Midlands	£173,284	+0.9%	117
Scotland	£164,102	+0.6%	123
East Anglia	£242,223	-0.1%	95
South East	£285,844	-0.3%	86
North East	£153,164	-0.3%	164
West Midlands	£188,382	-0.6%	120
North West	£173,849	-0.7%	138
South West	£250,860	-1.1%	101
Wales	£174,867	-1.3%	148
Yorkshire and Humber	£168,612	-1.6%	144
Greater London	£339,264	-1.7%	86
England & Wales	£227,710	-0.8%	113

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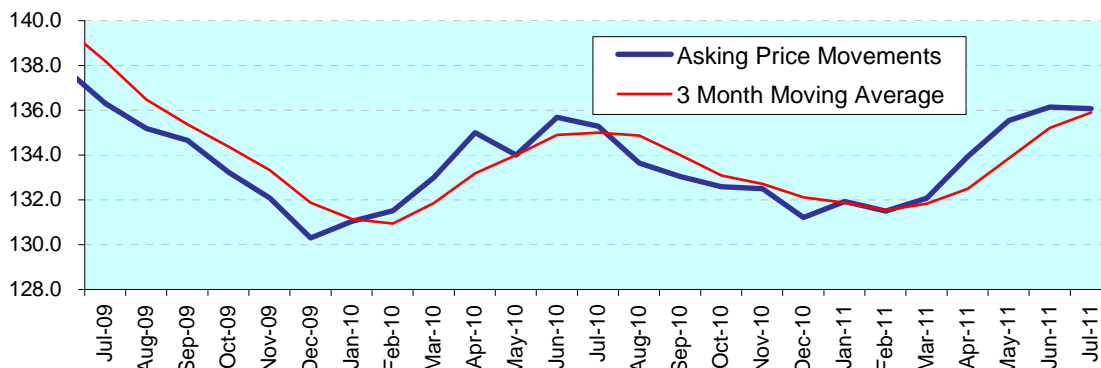
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Scotland

Second only to the East Midlands, Scottish home market prices have outperformed most regions and Wales over the last year. Following a decline over the latter half of 2010, asking prices North of the Border are now slightly higher than the high made last summer. However, this may not indicate better fortune for Scottish home prices, as the trend for Scotland typically follows that for England albeit after a considerable lag.

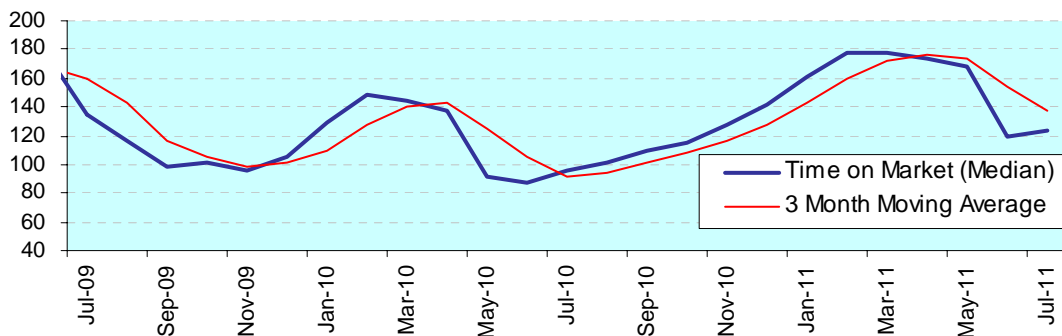
Asking Price Movements for Scotland



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

The time-on-market trend shows that Scottish property is moving more slowly than in July than in June which suggests that prices will not rally any further into the summer months.

Typical Time on Market for Scotland





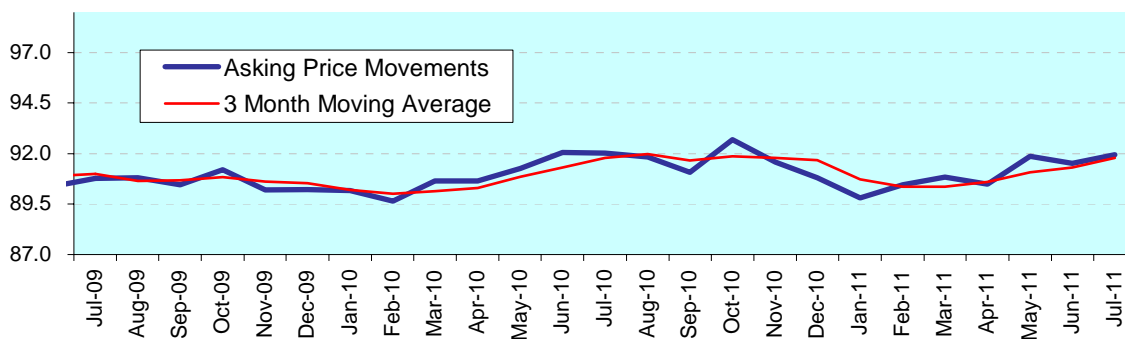
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East Anglia

Market home prices in East Anglia have experienced a long rally this year, recovering ground lost towards the end of 2010. Asking prices are now just 0.1% lower than in July 2010.

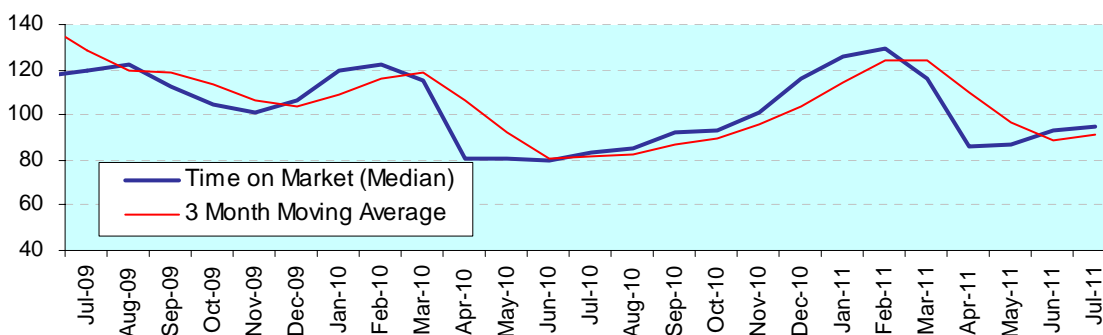
Asking Price Movements for East Anglia



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

Time-on-market figures for East Anglia fell sharply at the beginning of the year, as expected. However, the typical time on market for East Anglia, at 95 days, is 12 days higher than in July 2010 and has been rising since April. Hence, this trend suggests there is little scope for further price rises.

Typical Time on Market for East Anglia



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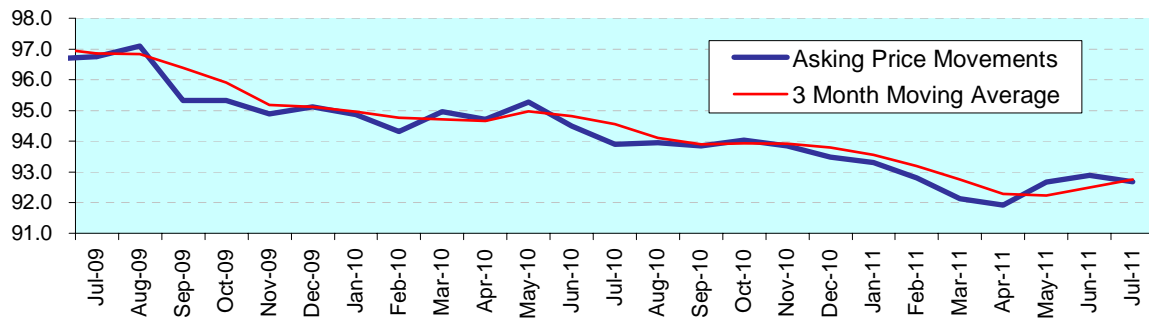
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Wales

Asking prices have fallen 1.3% in Wales over the last year and appear to be re-establishing a long downward trend.

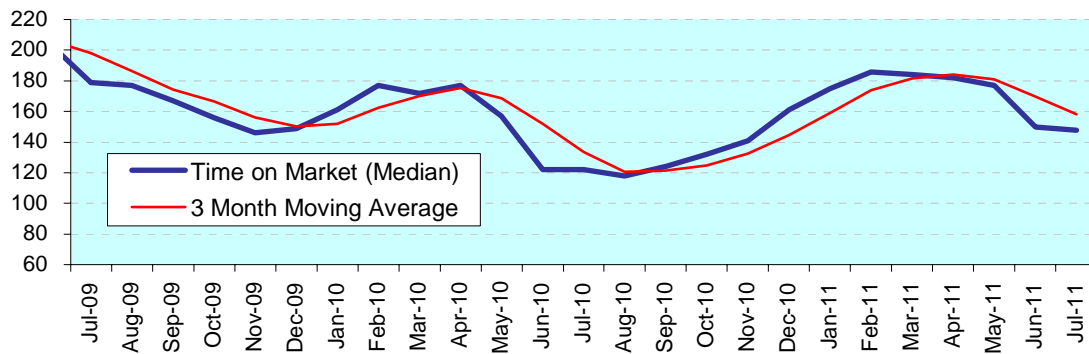
Asking Price Movements for Wales



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

Typical time-on-market statistics for Wales show that properties for sale are spending longer on the market than last summer. Currently at 148 days, the typical time on market is 26 days higher than in July 2010.

Typical Time on Market for Wales





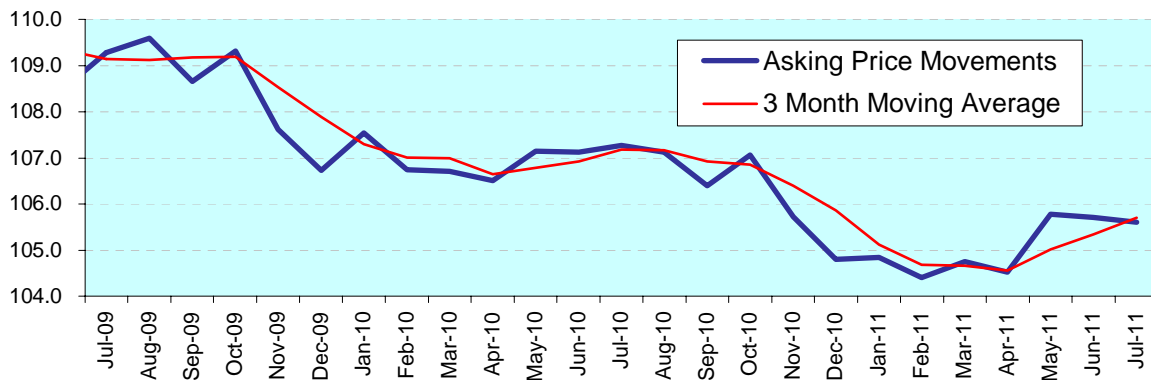
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Yorkshire and Humber

The Yorkshire and Humber region is the second worst performing region over the last 12 months, during which time prices fell 1.6% despite the arrival of summer. Prices have fallen slowly since a sudden bounce in May. Yorkshire and Humber home prices have considerable ground to recover before prices reach last year's midsummer highs and this seems unlikely in view of the overall trend.

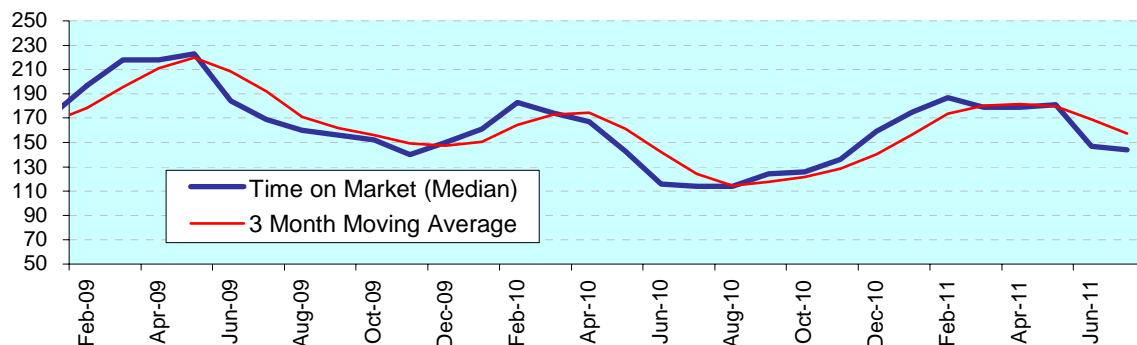
Asking Price Movements for Yorkshire & Humber



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

Typical time on market in this region has not fallen like last year and now stands at 144 days, which is 30 days longer than in July 2010.

Typical Time on Market for Yorkshire and Humber

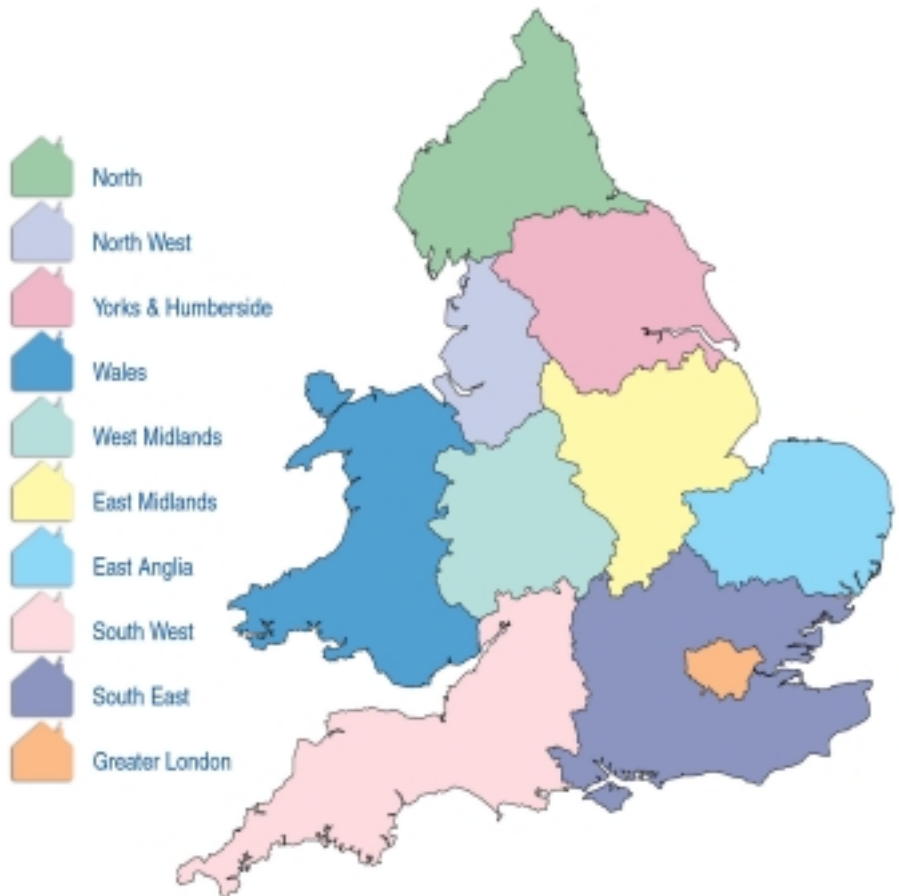




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Regions (as per DCLG)



Source: HM Land Registry



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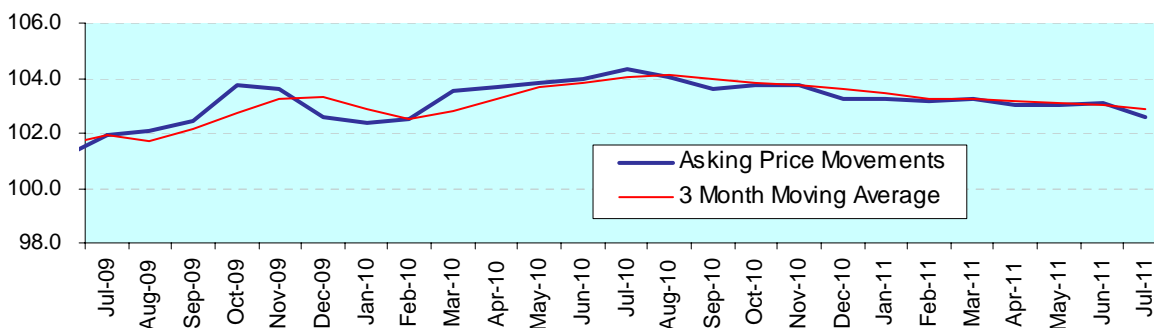
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Comment

Will London Lead the Whole UK Home Market Down?

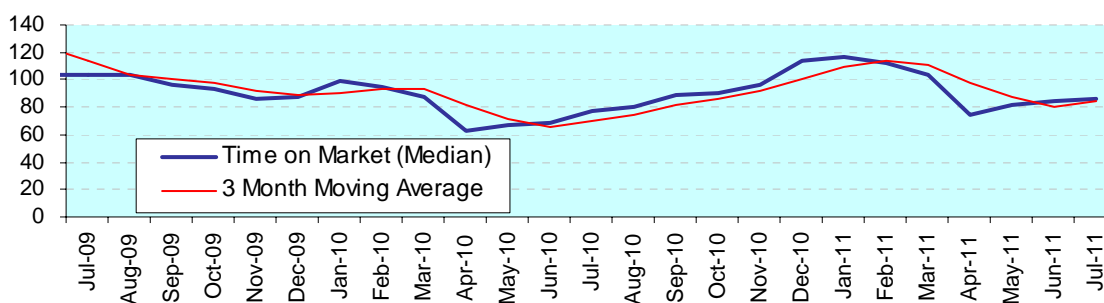
Perhaps surprisingly, Greater London is the worst performing region over the year, during which time prices have fallen 1.7%.

Asking Price Movements for Greater London



Following the financial crisis London home prices posted the strongest recovery of any region in the UK. Aided by a falling pound, London property market really took off, fuelled by demand from foreign investors. More recently sterling has stabilised against the major trading partners and this, together with a weaker than expected UK economy, has put the brakes on Greater London home prices. Supply now outweighs demand as evidenced by rising Time on Market figures.

Typical Time on Market for Greater London



Typical time on market in and around the UK capital at 86 days is 9 days higher than in July 2010 and has been rising since April.

Greater London is often viewed as the UK's leading market and is certainly the most valuable. Historically, London price trends are almost always followed sooner or later by the regions, Scotland and Wales.



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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](#).

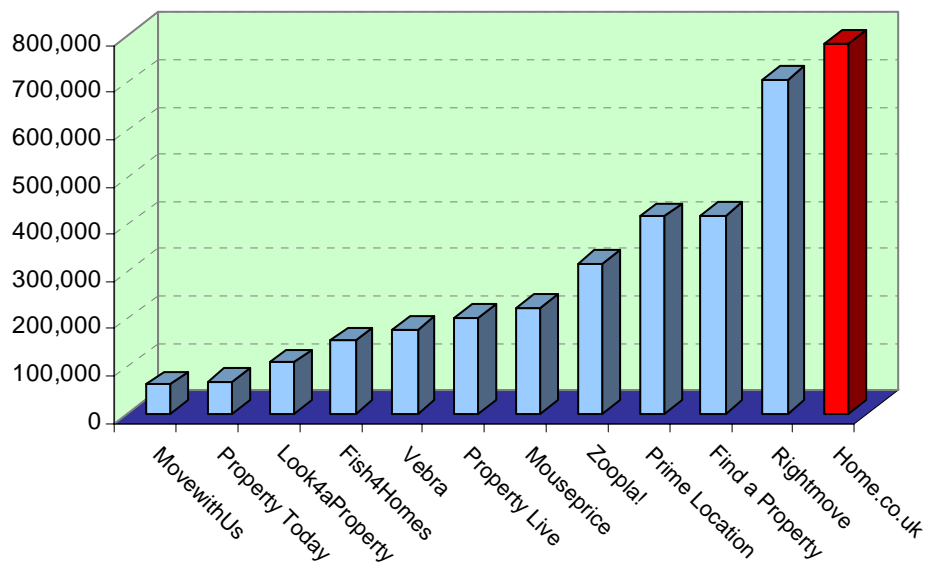
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of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

Friday 12th August

Monday 12th September

Wednesday 12th October



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