



Asking Price Index

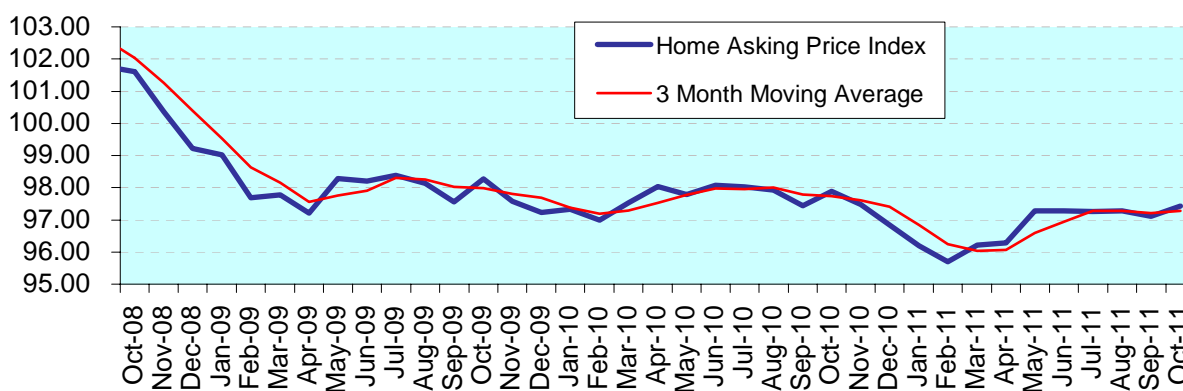
The UK's Independent Forward Market Indicator

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

Home Sellers Cut Deeper.

"This is the most serious financial crisis we've seen at least since the 1930s, if not ever." 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

The mix-adjusted average asking price for homes on the market in England and Wales has risen 0.3% since September.

Home asking prices were cut, on average, by £15,968 in September, the highest figure since November 2010.

Home prices fell in 4 out of 9 English regions and in Scotland and Wales, during the last month (Yorkshire and Humber registered no change).

Typical time on market has risen one day to 121 days.

Supply of new properties to market increased by around 5,000 to 115,739, in September, only 1.4% less than the total for September 2010.

Annual change in asking prices: -0.5%

6-month change in asking prices: 1.2%

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Page 1 of 12

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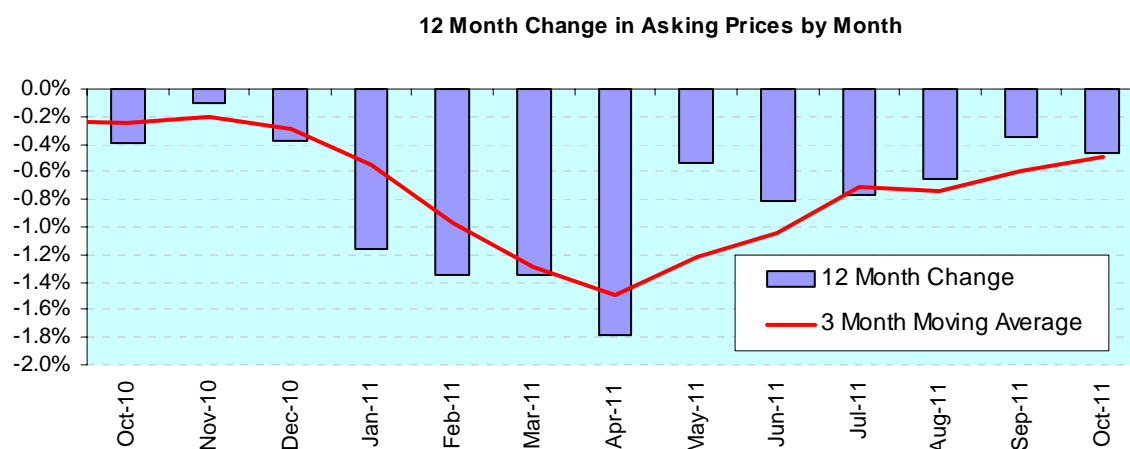
Overview

Despite a small monthly rise overall in UK home prices from September to October, home asking prices for October have been lower every year now for 4 years. Home asking prices are now 6.3% lower than in October 2007. It may also be noted that the same small monthly rise to October has been observed previously in 2009 and 2010 only to fall back on the following months. If the same seasonal trend is to be followed this year as in previous years, the autumn will show a slowdown in the UK property market and concomitant price reductions through to February 2012. Sellers are already finding it even harder to sell, as indicated by a rise in both the number of reduced properties, which was 87,511 in September (up by around 15,000 since August) and the average size of the price reductions (£15,968), which is the largest figure since Nov 2010.

Total number of properties for sale is similar to last year, whilst home prices are slightly down. Despite improvements in mortgage availability, sentiment amongst buyers and sellers throughout most of the UK continues to be subdued by a poor macroeconomic outlook. However, certain locations still enjoy a reasonably vigorous property market such as several parts of London, and prestigious University towns. Poor economic news continues to plague the money markets.

Market sentiment across all regions of England, Wales and Scotland remains very subdued compared to pre-crisis levels. However, the rental sector is performing very well and this serves to support prices of homes suitable for buy-to-let.

Twelve-Month Trend in Asking Prices



The year-on-year (YoY) change in asking prices for England and Wales now stands at -0.5%, although when corrected for the effect of increasing monetary inflation (CPI or RPI) the real fall is worsening (ca. 7% per annum vs. RPI ex housing).

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Page 2 of 12

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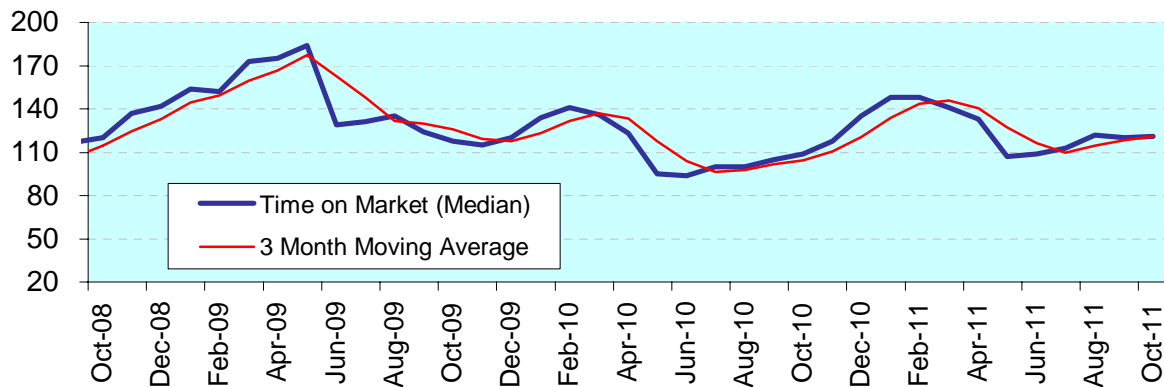
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Time-on-Market Analysis

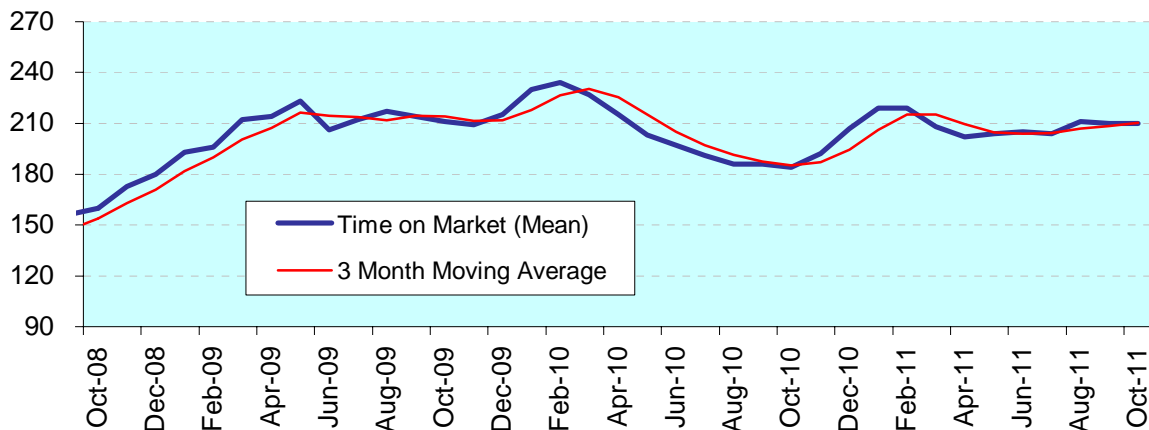
Typical (median) time on market for unsold property has risen slightly by 1 day to 121 days, since last month, and remains 12 days longer than in October 2010.

Typical Time on Market for England & Wales



The current average time on market for unsold property remains unchanged since September (210 days) and is 26 days longer than in October last year. Average marketing times for property continue to be considerably longer than those observed before the financial crisis (<100 days).

Average Time on Market for England & Wales



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Page 3 of 12

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Asking Prices and Inflation

Market expectations are for a seasonal decline in pricing and activity over the coming months. UK property sales are slow in most regions: both typical and average times on market are longer than in October last year. By way of contrast the current stock of property for sale is essentially static year on year. Consequently, asking prices continue to suffer downward pressure. In September, sellers cut UK asking prices by a total of £1.4 billion pounds.

Whilst nominal home prices have been losing ground very slowly over the last 3 years, inflation continues to severely erode capital invested in property. Comparing ONS August figures and the YoY change in asking prices for the same month shows that asking prices continue to fall, in real terms, by 7.1% per year relative to the [RPI](#) (ex. housing). The HAPI for England and Wales now stands at 97.4 [May04 = 100].

Regional Housing Markets

Regional asking prices for October 2011, showing gains and losses since October 2010 and current typical time on market.

	Current average price	12-month change	ToM (days)
Scotland	£162,116	+1.4%	135
East Midlands	£172,709	+1.0%	130
South East	£287,507	+0.5%	94
East Anglia	£243,528	-0.3%	102
North West	£173,582	-0.3%	139
Greater London	£341,146	-0.6%	94
West Midlands	£187,938	-0.6%	130
South West	£251,061	-1.0%	110
North East	£152,624	-1.3%	175
Yorkshire and Humber	£168,245	-1.6%	154
Wales	£173,393	-2.3%	159
England & Wales	£228,100	-0.5%	121

Released 12th October 2011

Page 4 of 12

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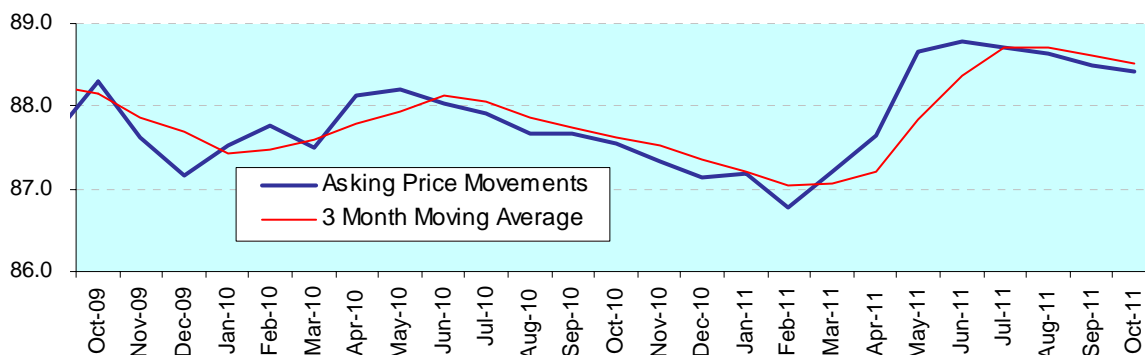
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East Midlands

Market house prices in the East Midlands have been performing relatively strongly over the last year, thanks to a strong spring price rally. East Midlands is one of the very few regions where this summer's asking price high surpassed the previous year's maximum.

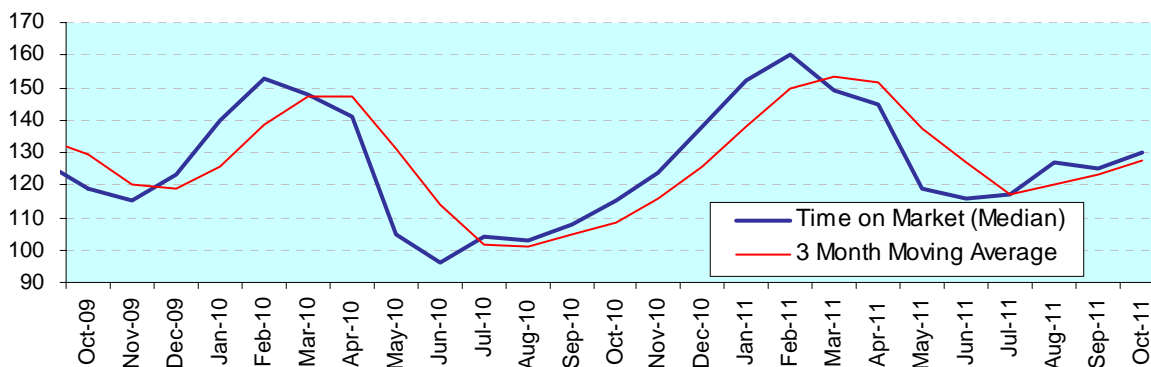
Asking Price Movements for the East Midlands



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

Typical time on market for East Midlands is experiencing a rising trend and therefore a seasonal decline in pricing may be expected over the next few months. Median time on market now stands at 130 days.

Typical Time on Market for East Midlands





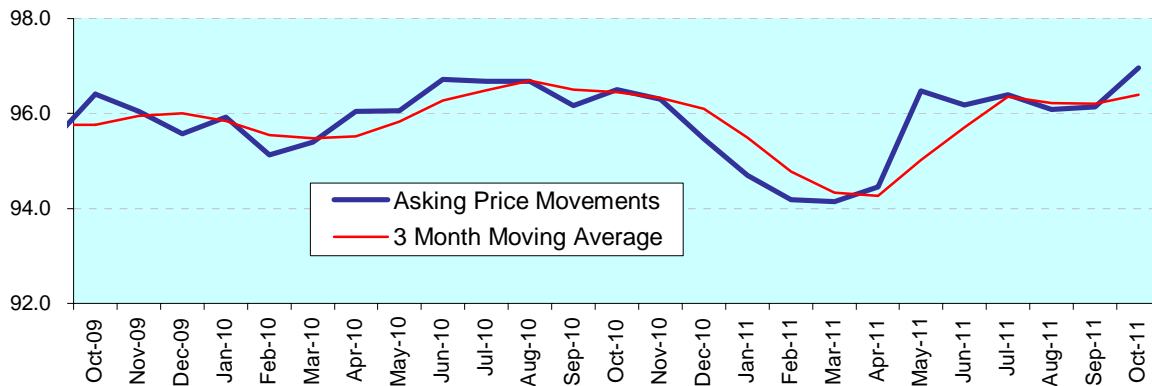
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South East

Over the last year, the mix-adjusted average Asking Price for property in the South East has performed in line with seasonal expectations. Thanks to this month's strong advance prices are now just above the maximum level achieved last year by 0.2%.

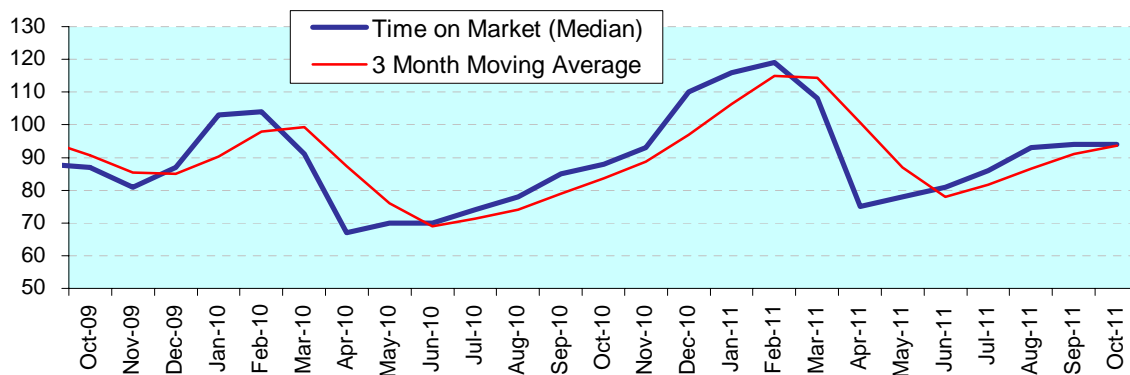
Asking Price Movements for the South East



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

The time-on-market chart for the South East housing market shows that the momentum experienced in early 2010 was not quite regained this year. The typical time on market for the South East stands at 94 days, 6 days longer than in October 2010.

Typical Time on Market for the South East



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Page 6 of 12

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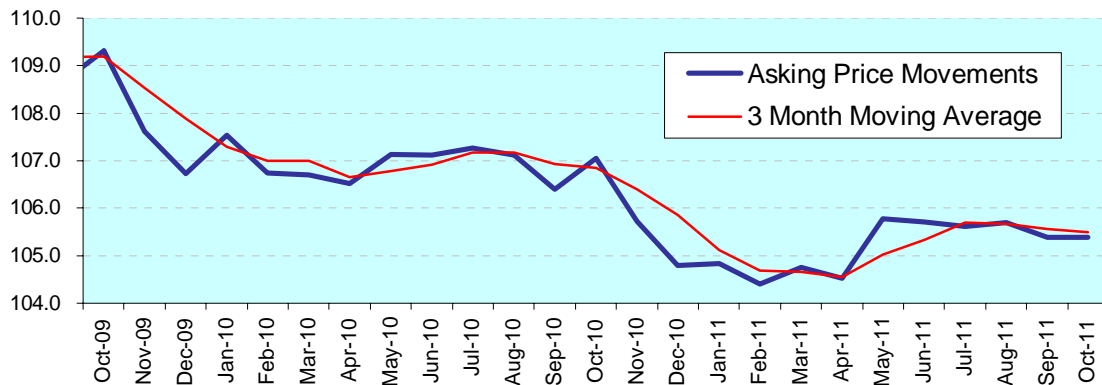
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Yorkshire and Humber

The 2011 summer price maximum for properties for sale in Yorkshire and Humber fell a long way short of the 2010 high in July last year. The asking prices for properties in Yorkshire and Humber are currently 1.6% lower than in October 2010.

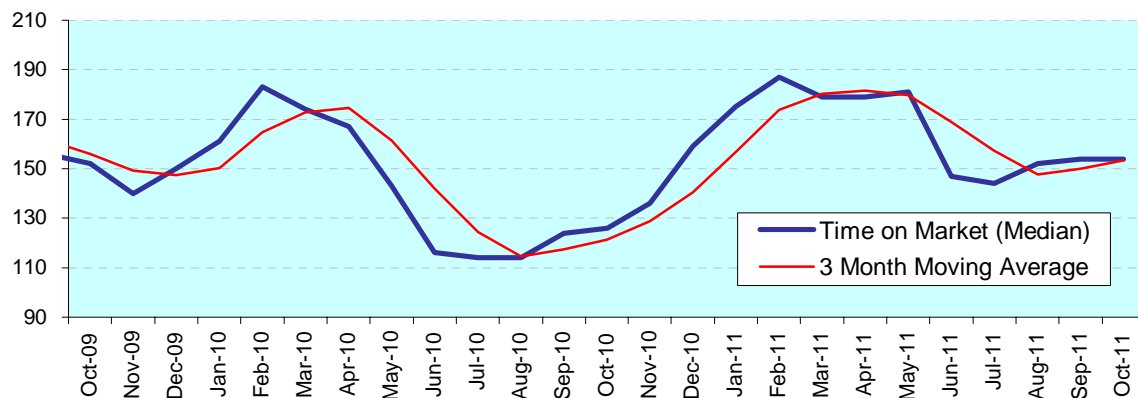
Asking Price Movements for Yorkshire & Humber



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

Typical time on market in Yorkshire and Humber is considerably higher than last year. The median time on market is now 154 days, which is 28 days longer than in October 2010.

Typical Time on Market for Yorkshire and Humber



Released 12th October 2011

Page 7 of 12

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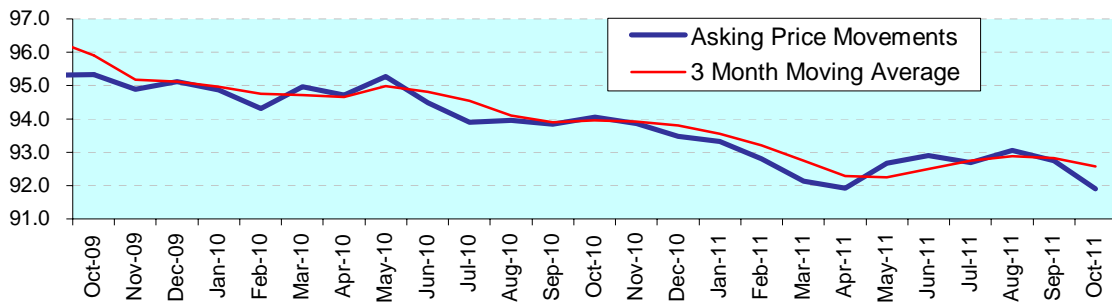
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Wales

Asking prices for homes in Wales have fallen by 2.3% since October 2010 and are at their lowest value since the financial crisis hit.

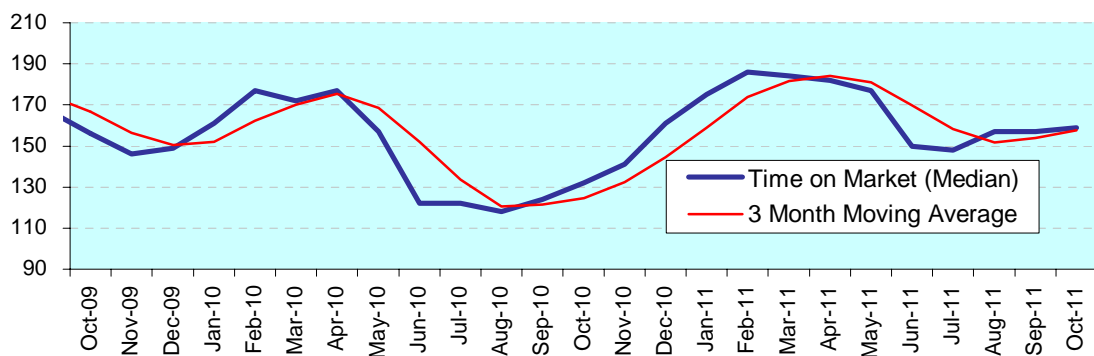
Asking Price Movements for Wales



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

Time on market in Wales is much higher than in October last year and has resumed a rising trend suggesting that further price falls are to be expected. Typical time on market is 27 days higher than in October 2010.

Typical Time on Market for Wales



Released 12th October 2011

Page 8 of 12

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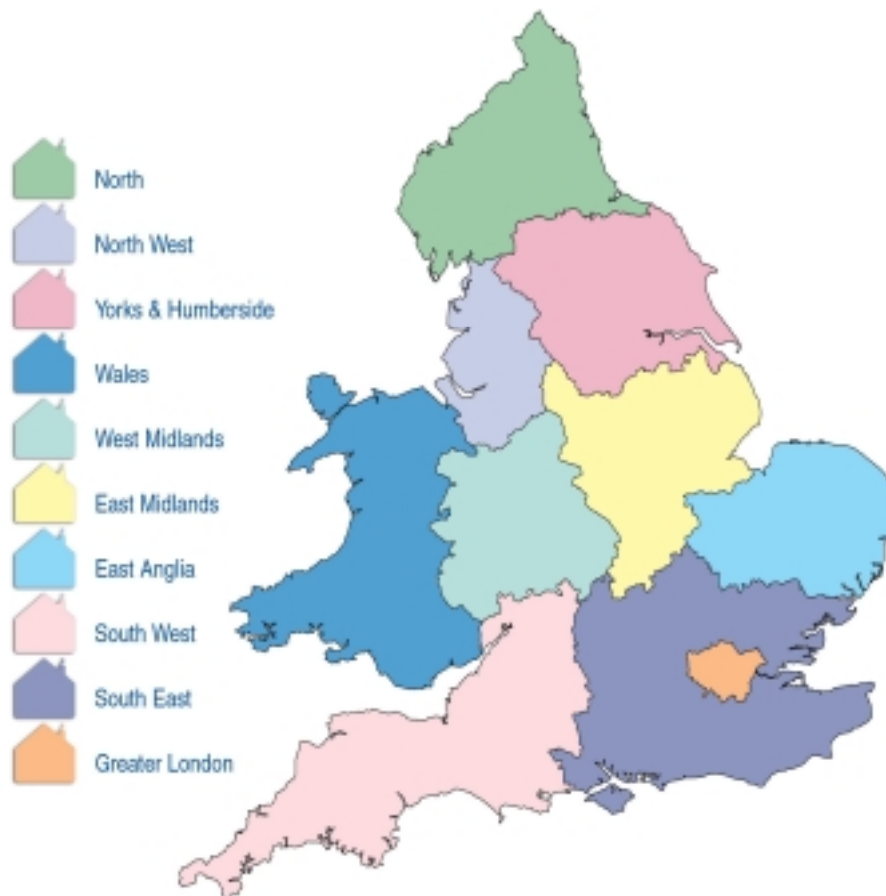
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Regions (as per DCLG)



Source: HM Land Registry



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Comment

A Torrent of Bad Financial News Rocks the Property Market (Again).

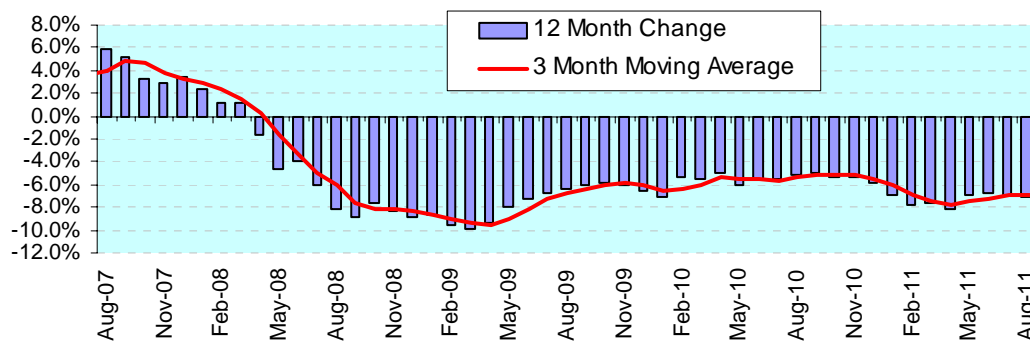
"This is the most serious financial crisis we've seen at least since the 1930s, if not ever," Mervyn King, Governor of the Bank of England.

"Moody's on Friday downgraded its credit ratings for a dozen British lenders, including state-rescued Royal Bank of Scotland and Lloyds TSB, due to the removal and curtailment of government financial support. Moody's said it chose to downgrade five large banks and seven small ones as government action had significantly reduced the predictability of support over the medium- to long-term." Associated Free Press.

Yet more 'doom and gloom' from the financial sector. So it is hardly surprising that confidence amongst buyers and seller of UK property is poor. Mervyn King's frank words came during a speech wherein he announced a new round of money-printing. In view of the UK's 'incredible shrinking economy' it would appear that quantitative easing is not as effective a stimulus as many had wished. Moreover, looking at the overall health of the UK property market it is clear that, despite throwing the kitchen sink at the UK credit problems, house prices and transaction rates are beating a slow retreat.

In fact, the money-printing medicine is causing an unpleasant side effect: inflation. So much so that in real terms (corrected for RPI excluding housing) home asking prices have fallen around 25% since the credit crunch hit the headlines: a huge loss of purchasing power in capital tied up in residential property.

Inflation Adjusted YoY Change in Asking Prices by Month



Moody's downgrade of UK banks is also troubling. Government tough talk on austerity measures to try and control the country's mounting debts has back-fired and means that the banks that the UK saved are even less likely to be sellable in the near future and less likely to be able to provide credit for the needs of business and mortgages.

Released 12th October 2011

Page 10 of 12

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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](#).

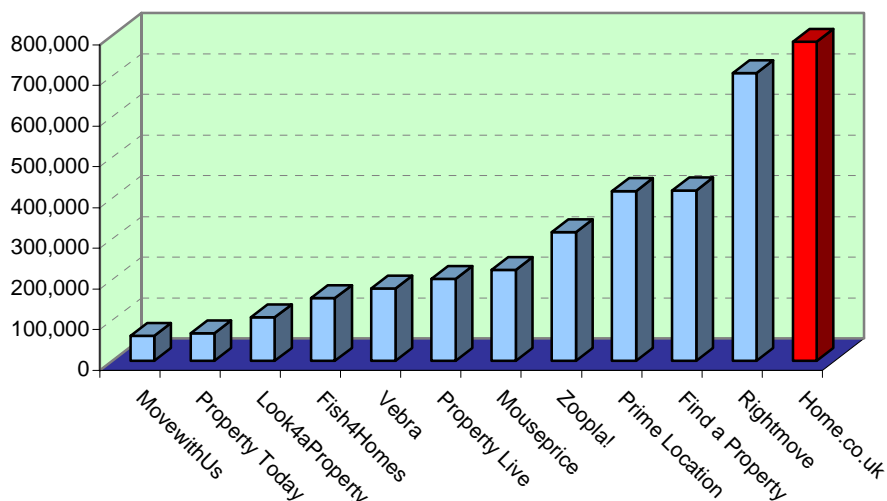
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of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



Released 12th October 2011

Page 11 of 12

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October 2011

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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 HAPI please visit:
http://www.home.co.uk/asking_price_index/Mix-Adj_Methodology.pdf

Future release dates:

Monday 14th November

Monday 12th December

Thursday 12th January



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Page 12 of 12

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