



Asking Price Index

The UK's Independent Forward Market Indicator

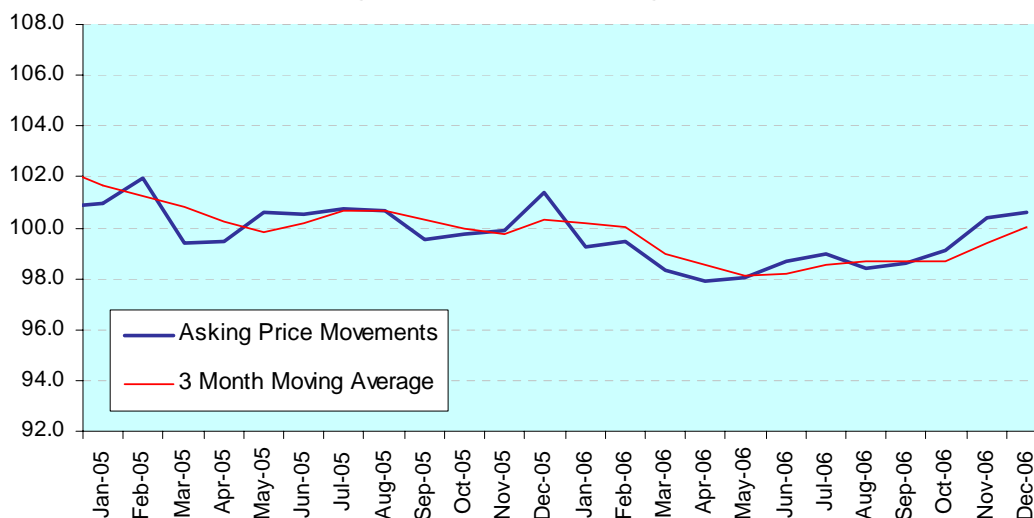
Release date: 12th December 2006

Demand Drives Asking Price Rises

"House prices went up, everybody said, 'Ooh, I'm going to get rich.' It seemed like it, and for a time one or two people did, but then they suddenly ran up the biggest balance of payments deficit in our history. Appalling."

[Barbara Castle](#) (1910-2002) UK Politician

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 homes in England and Wales rose weakly this month by 0.2% and 2.0% overall for Q4.

Asking Prices in England and Wales fell by 0.8% over the last year (*ca.* 3.2% below the [CPI](#), *ca.* 4.5% below the [RPI](#) and *ca.* 4.3% below the [AEI](#)).

Greater London Asking Prices rose strongly, this month by 1.2% (and 3.2% in Q4).

Released 12th December 2006

Page 1 of 9

Copyright © 2006, 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

Asking prices for homes, currently on the market, in England and Wales increased only marginally this month, by 0.2%. This latest increase makes December's API the fourth consecutive monthly report indicating rising asking prices. The total increase for Q4 was 2.0%, showing continued growth in confidence amongst sellers in England and Wales. Asking prices have rallied strongly since Spring 06, however, they failed to make positive gains overall during the course of 2006 (-0.8%). Average asking price values in 2006 were significantly affected by the increased number of flats on the market priced lower than in 2005, as can be seen in the table below.

Asking Price Change by Housing Type

Housing Type	Average Asking Price	Change for 2006	Change for Q4
Detached	£318,699	+1.8%	+1.9%
Terraced	£172,435	+0.5%	+2.5%
Semi-detached	£203,814	-0.6%	+2.8%
Flats	£176,287	-5.9%	+2.2%

Whilst an overall increase was observed for detached houses in England and Wales, terraced and semi-detached house prices have showed little or no net gain over the course of 2006. A considerable number of new-build flats entered the market in 2006 and the increased supply served to drive average flat prices down in first half of the year. All housing types, including flats, have shown notable price increases in Q4 2006.

Released 12th December 2006

Page 2 of 9

Copyright © 2006, 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 December 06, showing gains and losses over Q4.

Yorkshire and Humber	£175,171	+4.2%
Greater London	£317,680	+3.2%
South East	£276,520	+2.9%
North	£167,494	+2.6%
South West	£263,520	+2.5%
Wales	£193,874	+2.4%
West Midlands	£201,215	+2.2%
East Anglia	£252,246	-0.1%
East Midlands	£187,340	-0.5%
North West	£184,925	-0.5%

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

Regional Analysis

An overall rise in asking prices across England and Wales for Q4 (2.0%) is also reflected in the regional analysis. In Q4, prices of houses on the market rose in all but three regions (East Midlands, North West, East Anglia) with Yorkshire & Humber and Greater London making the strongest advances with increases of 4.2% & 3.2% respectively. All regions that indicated growth in asking prices for Q4 grew at a faster rate than the 2.0% mix adjusted average for England and Wales.

Whilst market sentiment has continued to strengthen across the top six English regions and Wales (see table above) throughout Q4 asking price stagnation in the East Midlands, North West and East Anglia suggests that affordability constraints are limiting further price growth in these regions.

Released 12th December 2006

Page 3 of 9

Copyright © 2006, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580

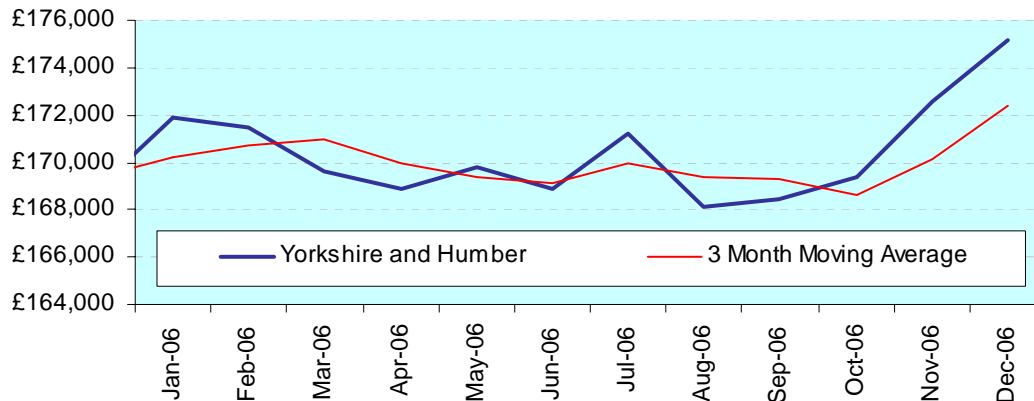


Asking Price Index

The UK's Independent Forward Market Indicator

Yorkshire and Humber

Asking Price Movements for Yorkshire and Humber



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

Yorkshire and Humber has experienced a considerable rise in the region's housing market confidence in Q4. Despite rising interest rates, sellers in the region have pushed up the market's house prices by 4.2% in Q4, raising the overall growth for 2006 to 4.0%. It remains to be seen whether there is sufficient buyer demand in the region to support transaction levels at these higher asking prices.

The mix-adjusted average price of homes in Greater London and the South East (see graph below), have also risen appreciably in recent months but to a lesser extent than Yorks & Humber. Q4 gains for the South East have merely served to counter the asking price discounting trend previously observed in Q1 2006, thereby making negligible the overall change in average house prices in the region over the course of 2006.

In direct contrast, the graph for the North West region (see below) shows no recovery of asking prices in 2006. The downward trend observed in Q1 gave way to yield a notable price stability for the remainder of the year, a clear indication of a finely balanced housing market this region.

Released 12th December 2006

Page 4 of 9

Copyright © 2006, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580

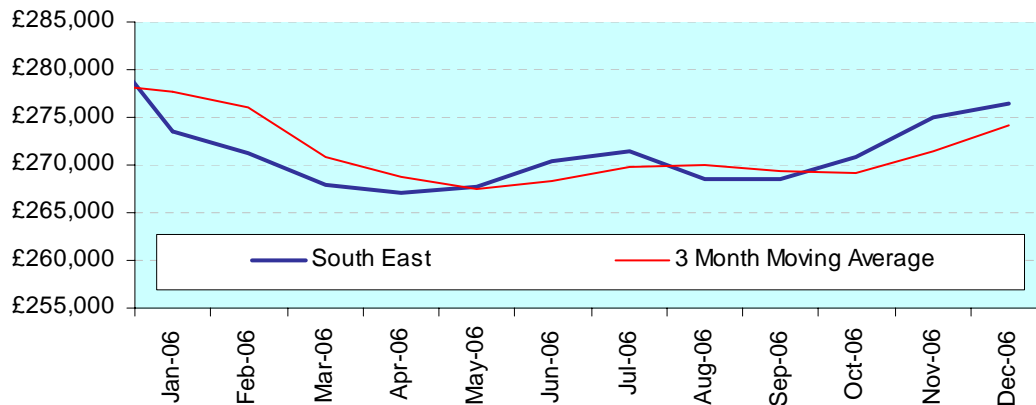


Asking Price Index

The UK's Independent Forward Market Indicator

South East

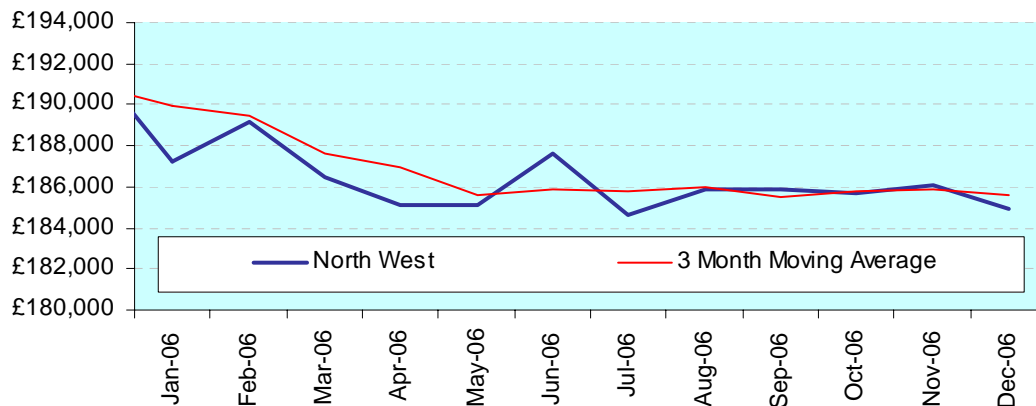
Asking Price Movements for the South East



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

North West

Asking Price Movements for the North West



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

Released 12th December 2006

Page 5 of 9

Copyright © 2006, HomeCo Internet Property Ltd

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

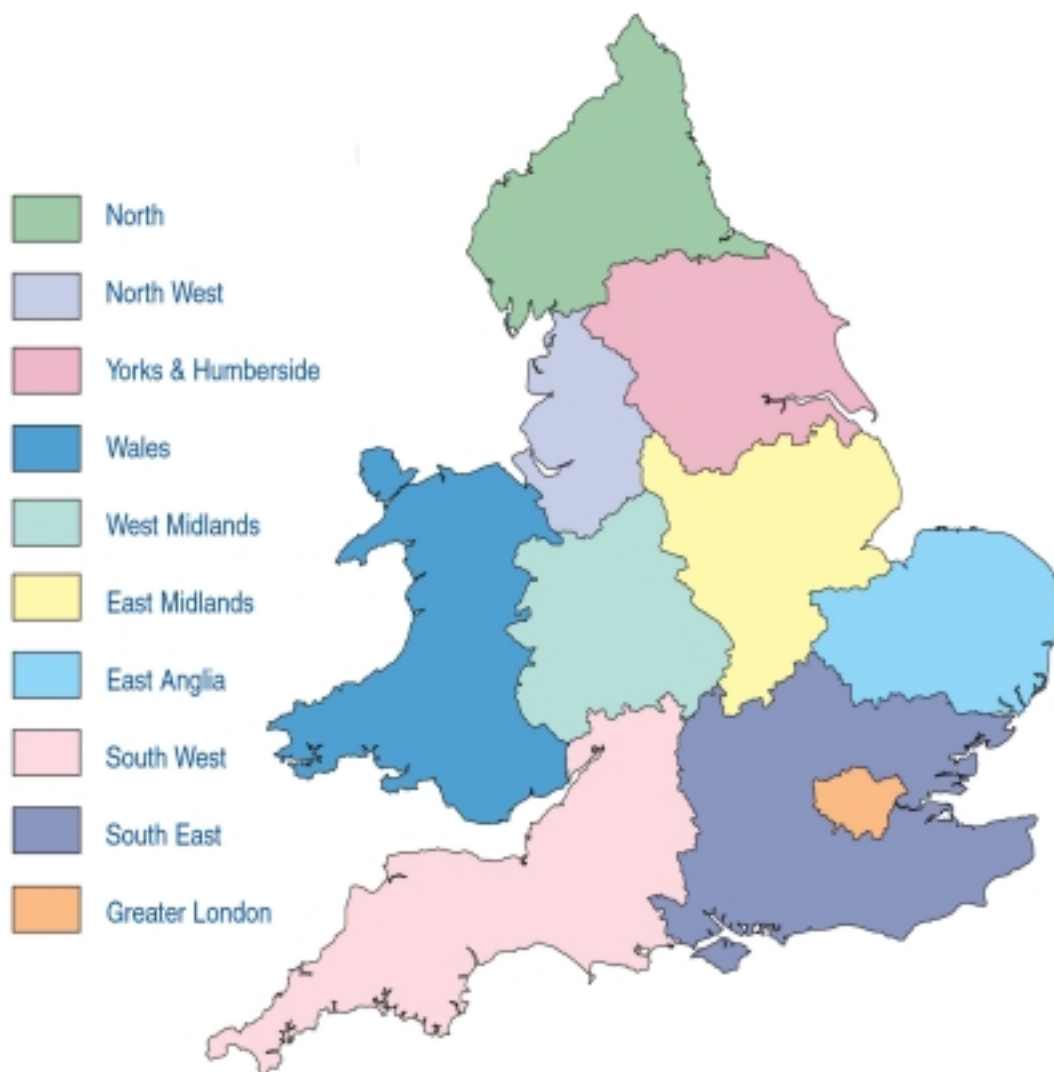
Press Office: 0845 373 3580



Asking Price Index

The UK's Independent Forward Market Indicator

Regions (as per DCLG)



Source: HM Land Registry

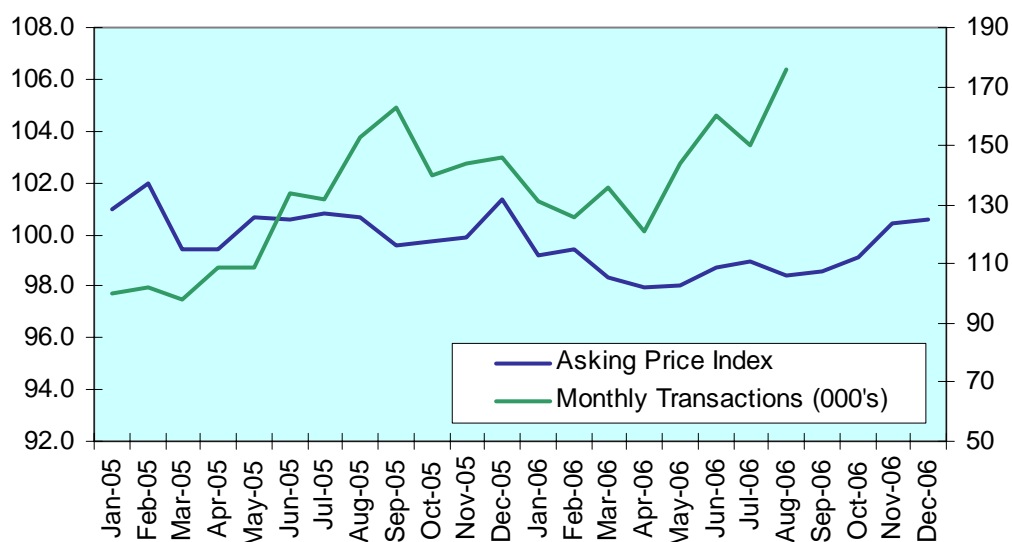


Asking Price Index

The UK's Independent Forward Market Indicator

Comment

Rising asking prices concomitant with rising interest rates may appear to many as an unlikely conundrum. However, the recent rally in asking prices may be understood if one looks at the considerable momentum that the housing market in England and Wales has gathered over the course of 2006.



Between January 2006 and August 2006 the monthly transaction volume of residential properties, as determined by HM Customs data, increased by 34%. Any such increases in market fluidity serve to bolster the confidence of sellers and push up asking prices. Accordingly, it is reasonable to suggest that, the Q4 rally observed in this Asking Price Report has been a typical response of the housing market to such a marked increase in demand. Transaction volumes recovered well from a low in 2005 thanks to a combination of asking price reductions and a cut in interest rates.

Looking forward to 2007, it is unlikely that the housing market can retain such momentum whilst labouring under the double burden of both higher borrowing costs and higher house prices. In view of this, a slowdown in housing transactions is to be expected in Q1 2007, to which the market's expected response will be to gradually reduce asking prices until demand picks up once more. However, a further rise in interest rates in the New Year would almost certainly have more serious consequences for house prices.

Released 12th December 2006

Page 7 of 9

Copyright © 2006, HomeCo Internet Property Ltd

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

Press Office: 0845 373 3580



Asking Price Index

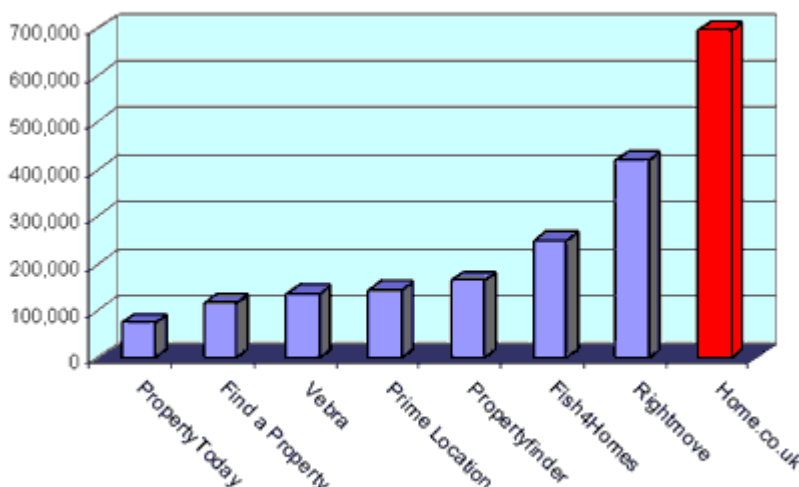
The UK's Independent Forward Market Indicator

The Home.co.uk Asking Price Index

The Home.co.uk Asking Price Index (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 650,000+ 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 Search Index Date: November 06

Properties above £1m and below £20k are excluded from the calculations. 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.

Released 12th December 2006

Page 8 of 9

Copyright © 2006, 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 data please visit:
<http://www.calnea.com/asking-price-index/>

The [Home.co.uk](http://www.home.co.uk) Asking Price Index is calculated by [Calnea Analytics](http://www.calnea.com) who is also the statistical consultancy responsible for the production of the official [Land Registry House Price Index](http://www.landregistry.gov.uk).

Future release dates:

- Friday 12th January 07
- Monday 12th February 07
- Monday 12th March 07

