



Asking Price Index

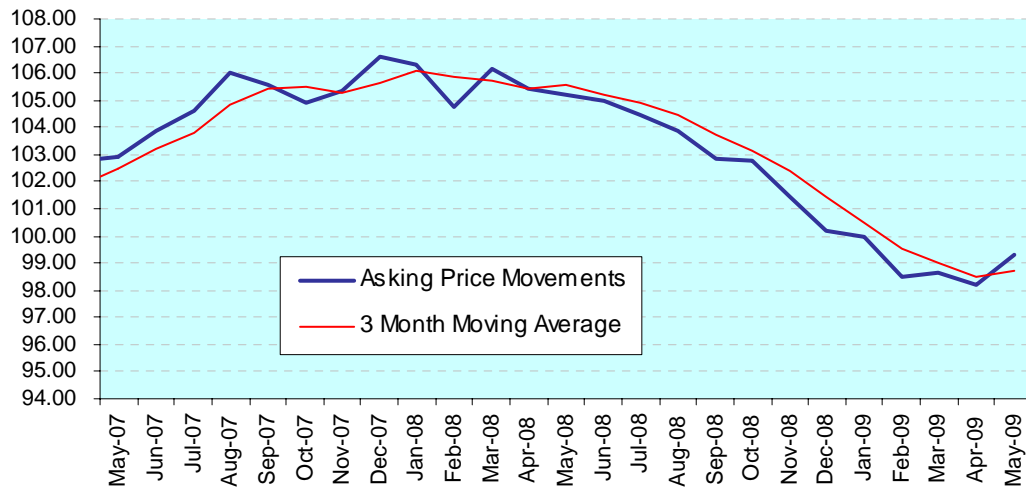
The UK's Independent Forward Market Indicator

Home Asking Price Index: 12th May 2009

Prices Jump Despite Rising Time On Market

"Putting affordable housing within the reach not just of the few but the many is vital to meeting individual aspirations and a better future for our country," [Gordon Brown](#), July 2007.

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

The mix-adjusted average Asking Price for homes on the market in England and Wales has risen 1.1% since April.

Month-on-month average Asking Price increases observed in 8 of the 9 English regions & Wales.

Asking Prices across England and Wales have fallen 5.6% since May 08.

The average Asking Price reduction in March was £19,179.

Typical Time on Market for unsold homes up 9 days to 184 days.

Greater London house prices jump 1.7%.

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Page 1 of 10

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Overview

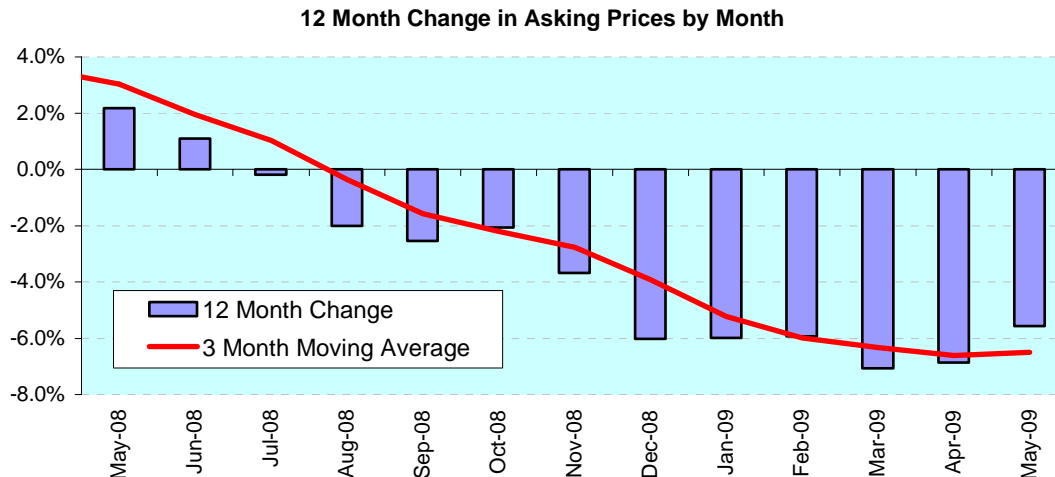
Increasing interest from potential buyers and media talk of 'green shoots' has buoyed sentiment amongst sellers of UK homes. Consequently, average asking prices have risen in most parts of England since April despite the fact that the typical marketing time for homes is still rising rapidly. Rising asking prices, at a time when transaction levels are at or near record lows, do not bode well for a housing market recovery in 2009. Such over-optimism on the part of sellers will likely induce further market stagnation in the near term.

Asking prices of 52,516 homes on the market were cut in the month of April, fewer than the number of reductions recorded for March (66,316). The value of the average price cut in April also fell from March (£20,592) to £19,179.

The typical Time-on-Market indicator for unsold properties rose 9 days to 184 days since our April report. By way of contrast, the typical Time-on-Market was just 48 days in May 2007.

Over the last year asking prices fell in all English regions, Scotland and Wales. For England and Wales the mix-adjusted average asking price has fallen 5.6% since May 2008, while the Scottish mix-adjusted average asking price fell 5.7%.

Twelve-Month Trend in Asking Prices



The May 09 year-on-year (YoY) fall in Asking Prices for England and Wales of 5.6% shows a further decrease, showing that YoY falls in asking prices are slowing.

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Page 2 of 10

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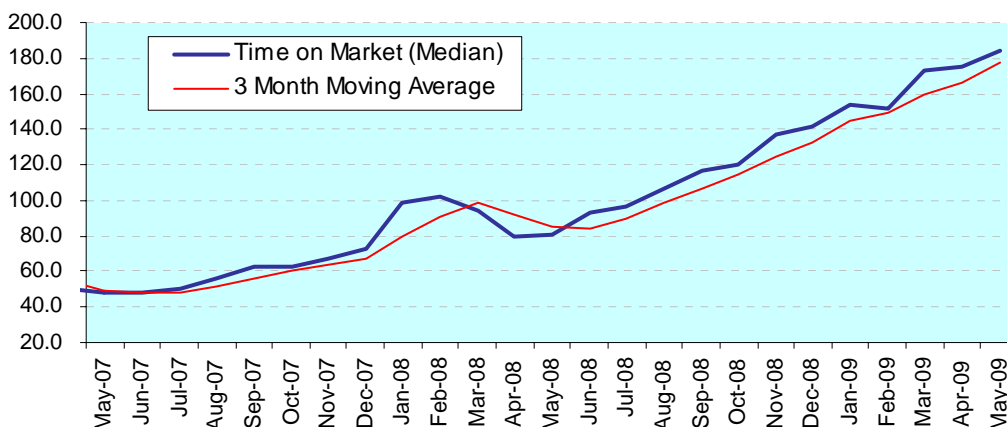
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Time-on-Market

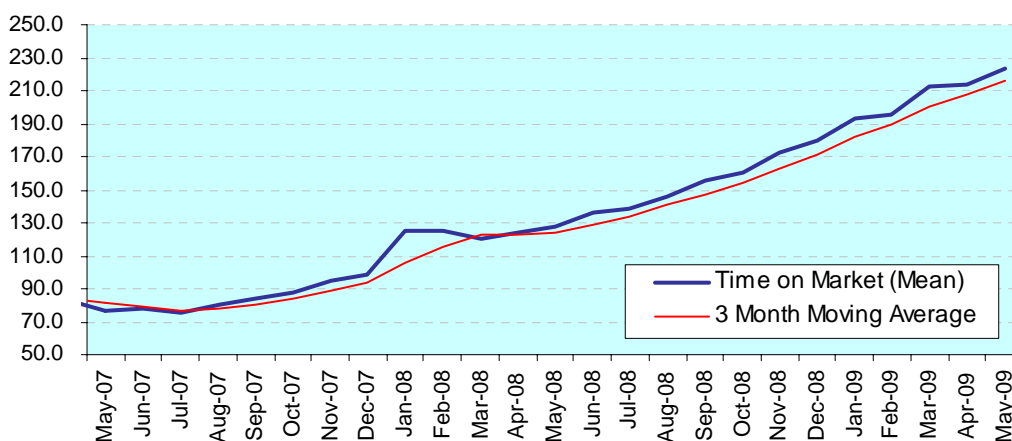
Typical Time-on-Market, now 184 days for unsold properties, over the last 2 years for England and Wales shows the increasing stagnation in the UK housing market.

Typical Time on Market for England & Wales



Average Time on Market for unsold UK property also rose since last month, in trend with the median (typical) figure, to 223 days.

Average Time on Market for England & Wales



Note: The mean number of days is appreciably higher than the median due to a statistically significant number of properties that have exceptionally long marketing times.

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Page 3 of 10

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Asking Prices, Inflation and Average Earnings

Over the last 12 months Asking Prices for homes in England and Wales have fallen 5.6%, *ca.* 8.5% below the [CPI](#), *ca.* 5.2% below the [RPI](#) (ex. housing) and *ca.* 8.8% below the [AEI](#) (ex. bonuses). The mix-adjusted average price of homes in England and Wales, advertised on the open market, now stands at £242,309. The HAPI for England and Wales now stands at 99.3 [May04 = 100].

Regional Housing Markets

Regional Asking Prices for May 2009, showing % change since Nov 2008.

	Current average price	6-month change
South East	£275,966	-1.1%
Greater London	£335,566	-1.2%
East Midlands	£174,744	-1.6%
South West	£255,751	-1.8%
East Anglia	£247,703	-2.2%
Wales	£184,753	-2.4%
North West	£179,378	-2.4%
North East	£160,839	-2.5%
Yorkshire and Humber	£172,441	-2.8%
Scotland	£169,610	-2.9%
West Midlands	£188,667	-5.4%
England & Wales	£242,309	-2.1%

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

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Page 4 of 10

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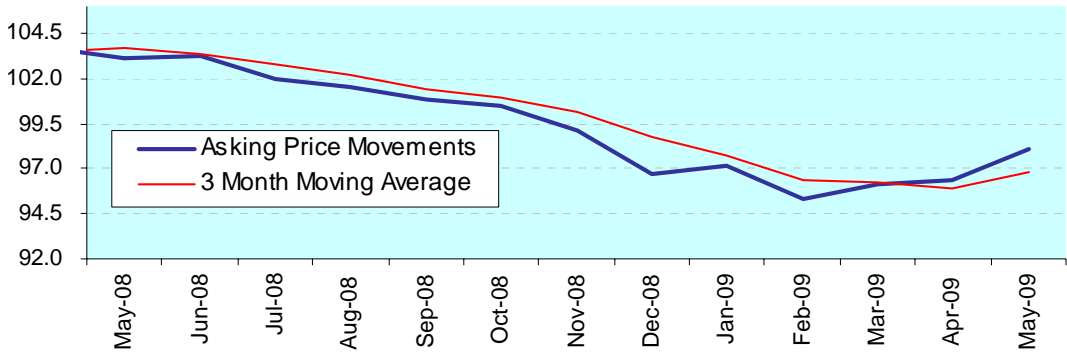
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South East

Asking prices in the South East have risen for 3 consecutive months in line with sellers' expectations of a spring bounce. South East market house prices have been the most resilient of all English regions, Wales and Scotland over the last six months, falling by just 1.1%.

Asking Price Movements for the South East

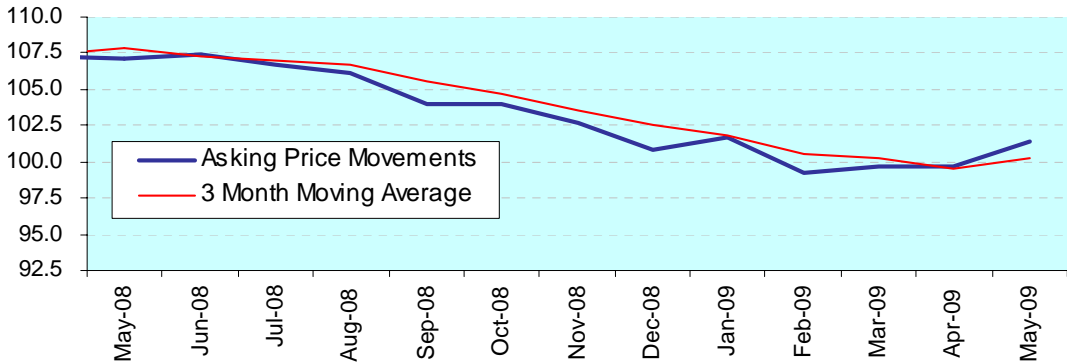


Laspeyres Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

Greater London

London asking prices have also shown relative strength over the last six months, falling by only 1.2% since Nov 08.

Asking Price Movements for Greater London



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

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Page 5 of 10

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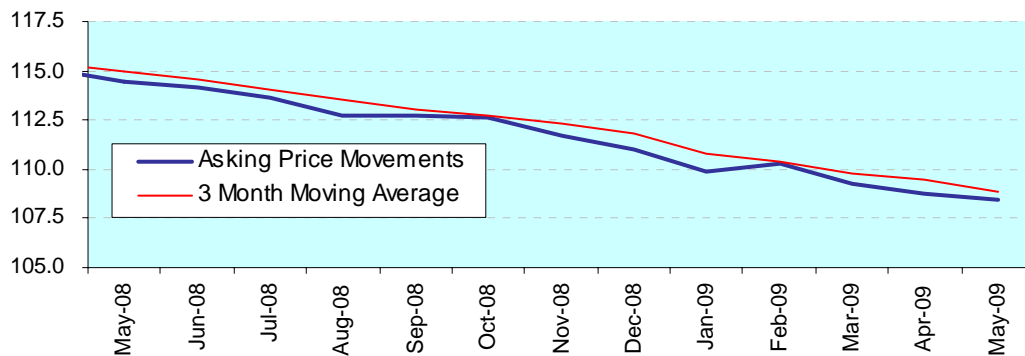
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Yorkshire and Humber

The average asking price for homes in Yorkshire and Humber decreased 2.8% since Nov 2008 and was one of the worst performing regions during this period. The chart below shows continual reductions in asking prices occurred during the last 12-months.

Asking Price Movements for Yorkshire and Humber

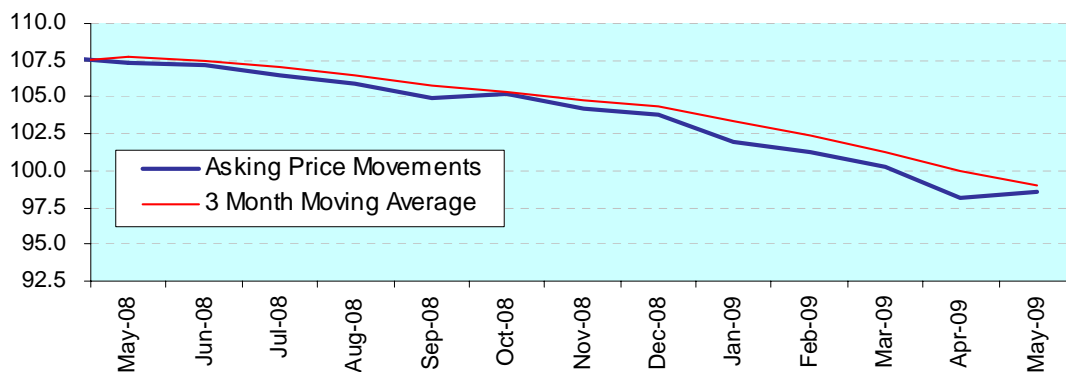


Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

West Midlands

Asking prices for homes in the West Midlands have fallen 8.7% over the last year and 5.4% over the last six months, making it the weakest regional housing market. However, a belated spring bounce is evident this month.

Asking Price Movements for the West Midlands



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

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Page 6 of 10

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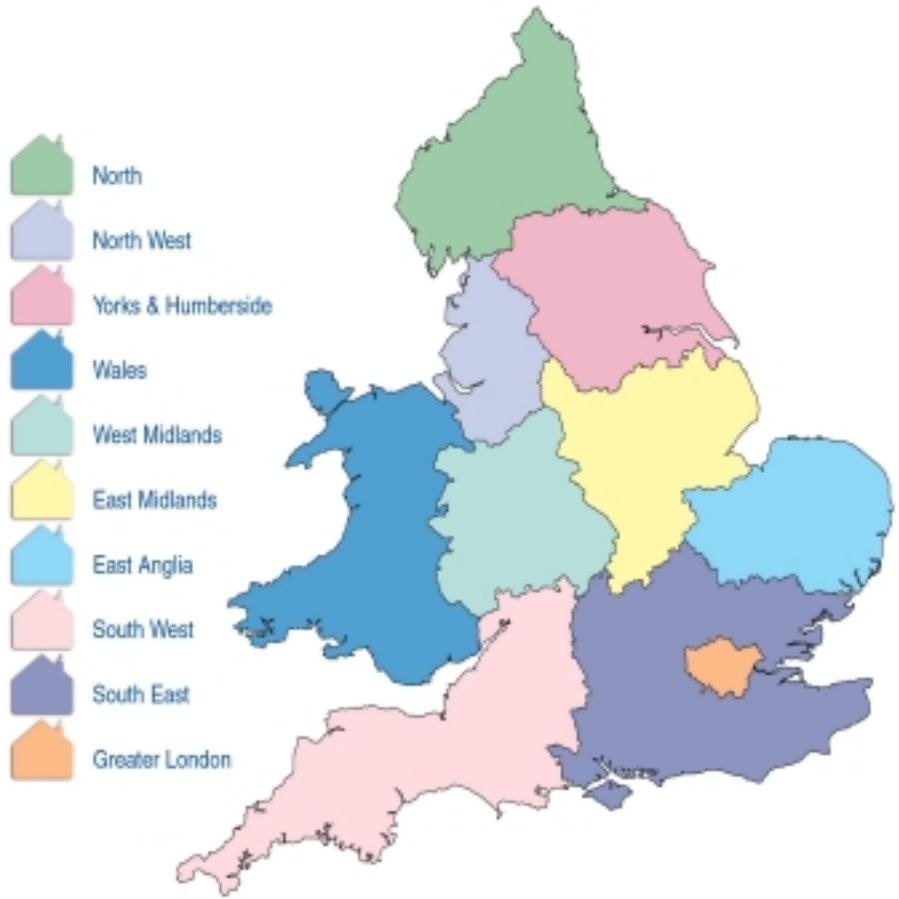
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Regions (as per DCLG)



Source: HM Land Registry

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Page 7 of 10
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The Home.co.uk Asking Price Index is calculated by Calnea Analytics Ltd



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Comment

Recovery or a False Dawn for the UK Housing Market?

Asking prices in the leading property markets of London and the South East have been rising for three consecutive months. Across the UK, buyer interest is up around 50% on this time last year. Mortgage interest rates are currently very low (if the buyer has a large deposit) having been pushed down as far as possible by the Bank of England. Affordability is much improved. Sellers are understandably much more optimistic than they have been for some time.

Confidence is returning to the property market but is this really the beginning of a sustainable recovery for the UK housing market? Looking at the time-scale of previous downturns the current bounce seems to have come too soon to be a credible start to a new bull market in property. Just 18 months after the most almighty banking disaster in living memory it is hard to countenance that the crippled UK housing market is already on the road to recovery. In the nineties housing crash it took over 6 years before house prices found a true floor from which to build.

Affordability has improved but arguably not enough to attract serious buyers in sufficient numbers. In fact, house prices still have some way to fall if they are to return to their historic averages of around 3.5x average income. Moreover, the deteriorating jobs market will exert yet more downward pressure on house prices over the next 12 months.

A further warning sign right now for any potential property buyer is that asking prices are rising whilst property transactions are still at very low levels. Low transaction levels suggest that the market is still very fragile and unlikely to be able to justify higher prices. Moreover, the Home.co.uk Time-on-Market indicator continues to rise to record levels. Unless transaction volumes start rising strongly and soon, the current wave of optimism will not last.

Released 12th May 2009

Page 8 of 10

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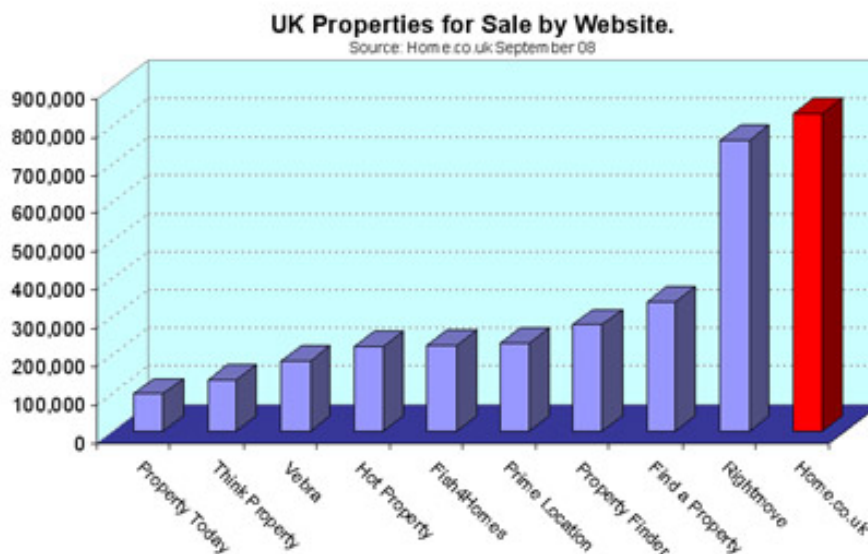
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The Home.co.uk Asking Price Index

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.



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.

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Page 9 of 10

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May 09

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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 June 09

Tuesday 14th July 09

Wednesday 12th August 09



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Page 10 of 10

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