



Asking Price Index

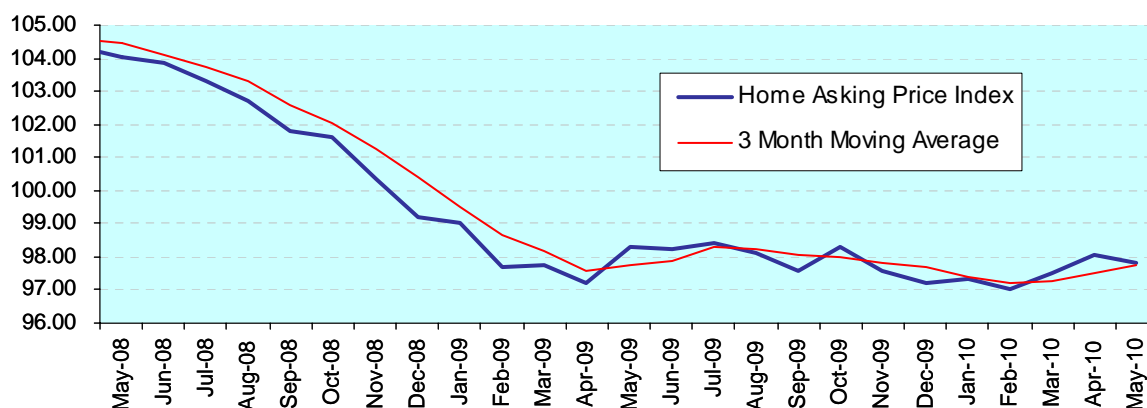
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 12th May 2010

Seller Surge Stifles Prices

"The crisis has led to a deteriorating trajectory for debt burdens and sharply higher sovereign risk." IMF, Financial Stability Report.

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 slip by 0.2% this month.

Monthly falls observed in 3 out of 9 English regions and Scotland.

Greater London market house prices drop back sharply by 2.0%.

The typical (median) marketing time eases down from 123 to 95 days since March, as a flood of new properties enter the market.

Annual change in asking prices falls back into negative territory at -0.5%.

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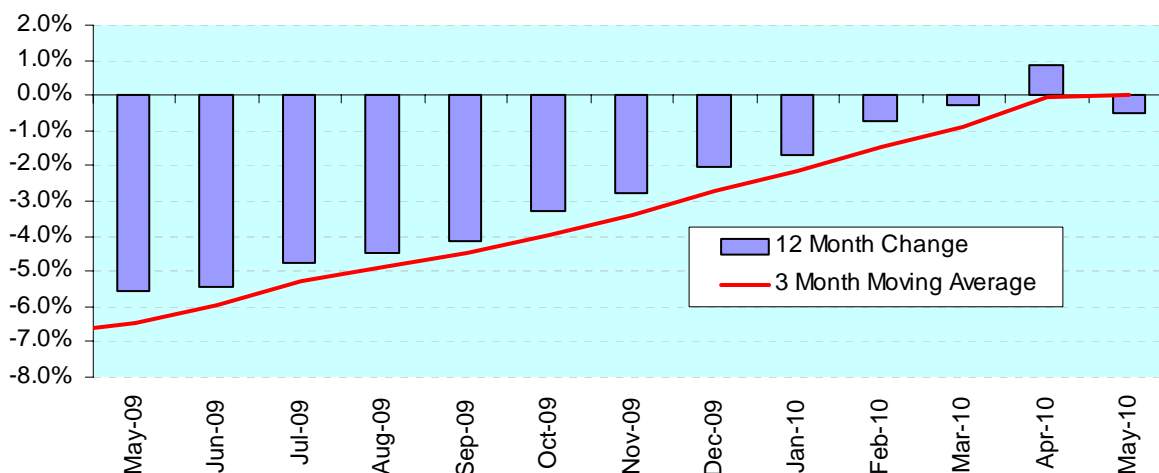
Overview

Increased optimism among UK home sellers has initiated a surge in property for sale entering the market, creating downward pressure on asking prices. Time-on-market figures have fallen significantly reflecting an increase in stock for sale of around 9% in just one month. Greater London asking prices have led the retreat this month following a strong rally. Asking price changes in the rest of England and Wales are relatively muted, although rising stock levels will bring downward pressure on prices in the regions over the coming months.

Overall, this May 2010 asking price report shows that the UK property market has little appetite for further near-term house price rises in view of rising stock levels, set against a background of considerable economic and political uncertainty.

Twelve-Month Trend in Asking Prices

12 Month Change in Asking Prices by Month



The year-on-year (YoY) change in Asking Prices for England and Wales has returned to negative territory and now stands at -0.5%.



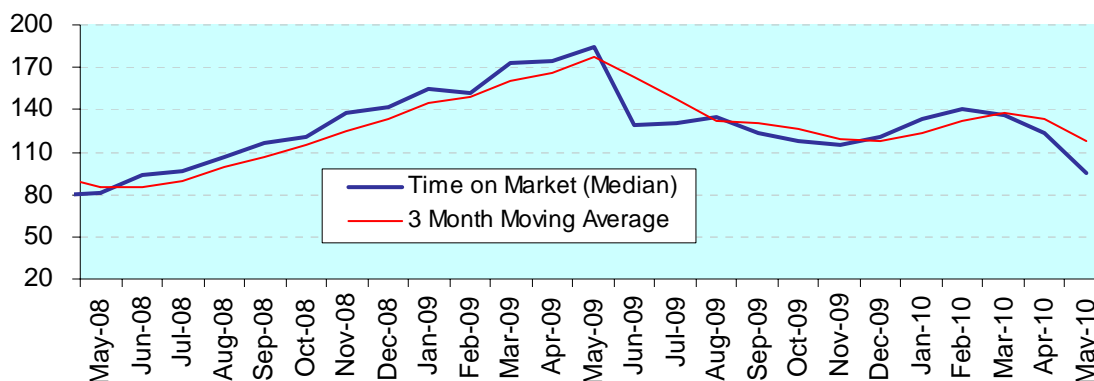
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Time-on-Market Analysis

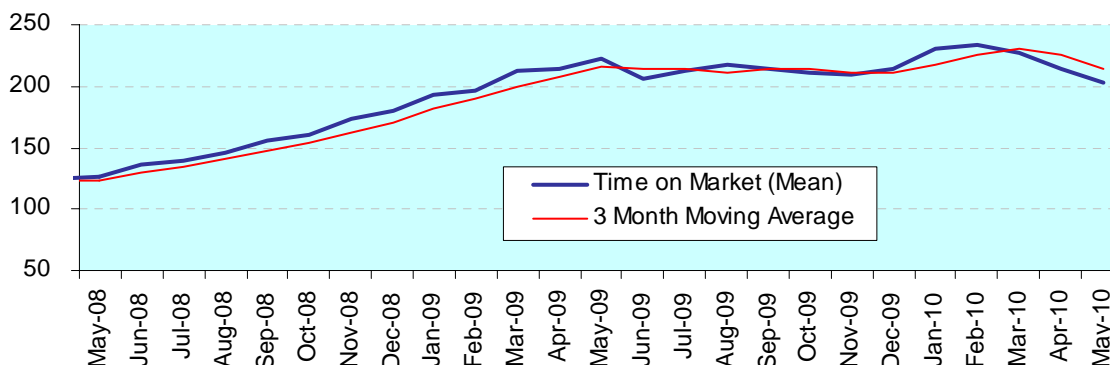
Typical Time on Market (median) for unsold properties has dropped back further this month and now stands at 95 days, as a result of the surge of properties entering the market.

Typical Time on Market for England & Wales



Average Time on Market (mean) also decreased, but by a smaller margin, to 203 days. Selling property remains comparatively difficult in most areas of the UK. The average property spent just 77 days on the market in May 2007.

Average Time on Market for England & Wales





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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 0.5%. While nominal market house prices have stabilised, they are still falling in real terms, when corrected for monetary inflation ([CPI](#)). Comparing March's ONS figures and the YoY change in asking price figures for the same month shows that asking prices were trailing by 5.6% relative to the [RPI](#) (ex. housing) and *ca.* 2.4% below the [AEI](#) (February figures from ONS excluding bonuses). The HAPI for England and Wales now stands at 97.8 [May04 = 100].

Regional Housing Markets

Regional Asking Prices for May 2010, showing gains and losses since November 2009.

	Current average price	6 month change
South West	£254,709	+1.6%
Scotland	£161,612	+1.4%
East Anglia	£240,449	+1.2%
East Midlands	£172,297	+0.7%
North West	£176,222	+0.5%
Wales	£179,738	+0.4%
West Midlands	£190,408	+0.1%
South East	£284,844	0.0%
Yorkshire and Humber	£171,062	-0.4%
Greater London	£340,851	-0.6%
North East	£153,811	-1.1%
England & Wales	£228,943	+0.2%

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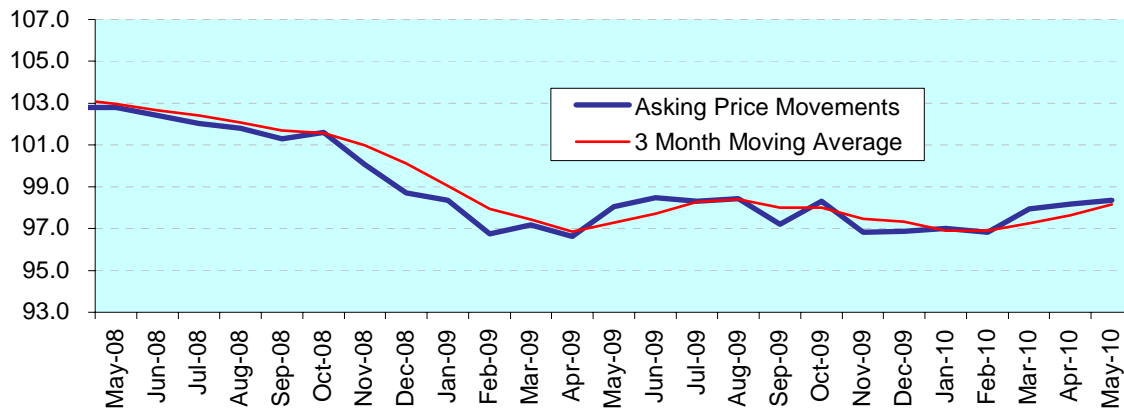
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South West

Despite indicating the strongest average price rise over the last 6 months, over the past 12 months the property market in the South West appears range-bound.

Asking Price Movements for the South West

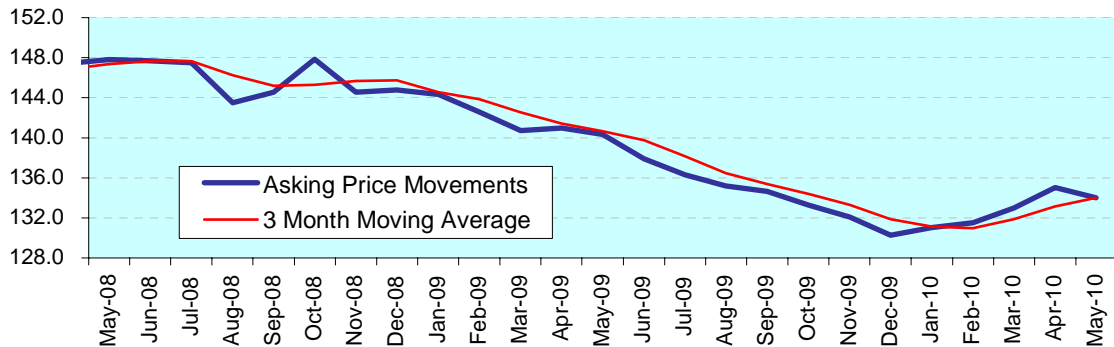


Laspeyres Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

Scotland

Although asking prices increased over the first 4 months of this year, this month prices in Scotland have dropped back.

Asking Price Movements for Scotland



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



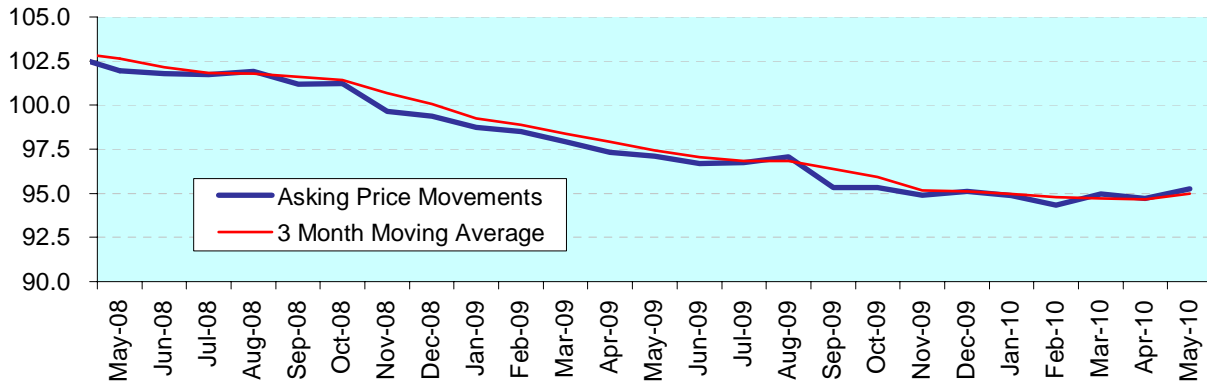
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Wales

The mix-adjusted average Asking Price for properties for sale in Wales has clearly consolidated over the last 6 months, following a long period of price falls.

Asking Price Movements for Wales

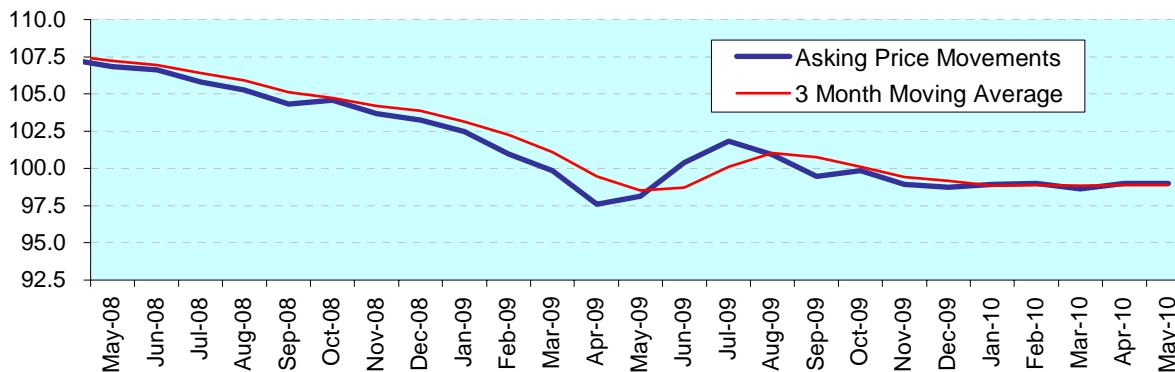


Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

West Midlands

Asking Prices for homes in the West Midlands, have remained essentially unchanged over the last 6 months, but remain below their summer 2009 highs.

Asking Price Movements for the West Midlands



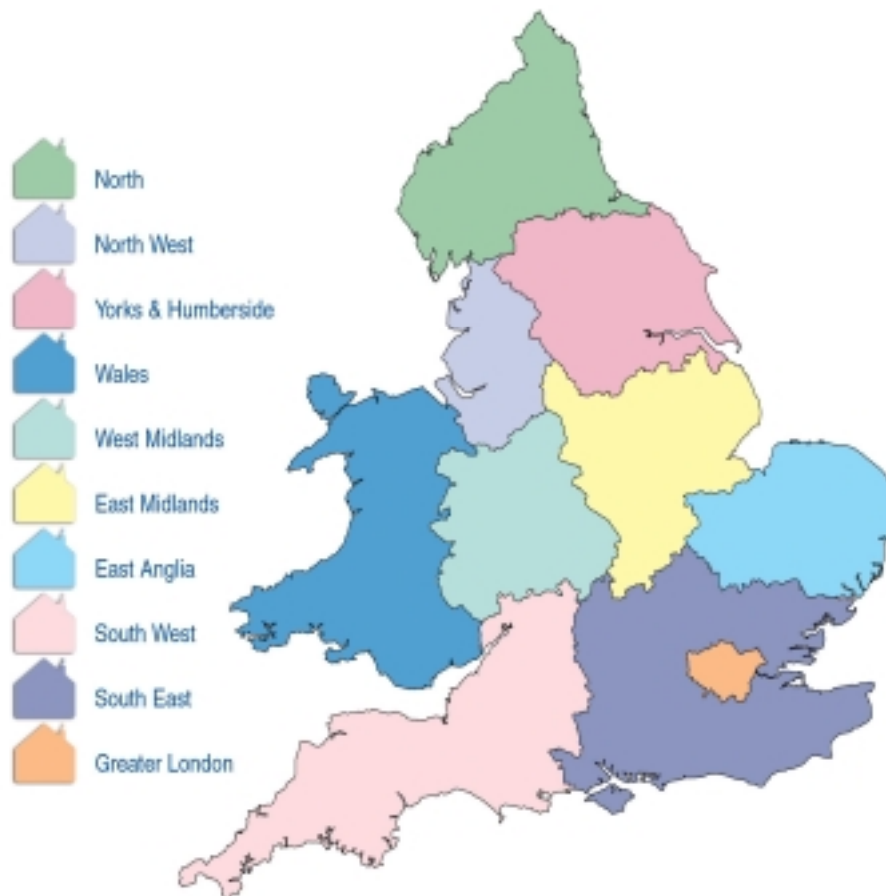
Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]



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Regions (as per DCLG)



Source: HM Land Registry



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Comment

A Flood of Property in Fragile Market

Surging numbers of new properties on the market always pushes down on prices. Over the last month the stock of UK properties for sale has leapt 9%. This is good news for buyers, who may enjoy greater choice and bargaining power, but bad news for many new sellers, who may have concluded that the dust had settled and it was time to put their property on the market.

The real rub here is that the extreme shortage of supply in 2008/9 was instrumental in preventing house prices from plunging further following the credit crunch. Consequently, we may soon see further sustained nominal falls in UK house prices. Moreover, mortgage interest rates can really only go one way from here.

More Dark Clouds over the Credit Markets

The same lethal contagion that brought some of the world's banks to their knees is still at work and now preying on the government debt markets of the world. The gold markets are screaming 'Danger ahead'. Greece narrowly avoided default and disaster for the Euro thanks to an enormous bailout hurriedly conjured up by the ECB and the Euro-zone leaders. Clearly, the crisis of over-indebtedness in the western world is not going away. It is merely being centralised and concentrated by the actions of central banks.

The UK is no exception. At least the next two generations of taxpayers are now on the hook for the folly of the UK's banking system. The future of sterling and the UK economy have been gambled to keep the music playing in our credit-fuelled consumer economy. With tax receipts plummeting the problems of government debt in the UK are only getting worse. Who will bail out the UK? According to a statement by Jean-Pierre Jouyet former French European affairs minister, the UK cannot expect to rely on Europe for help after failing to commit to the EU's most recent bailout.

A Hung Parliament but it's the UK Economy with its Neck in the Noose

No direction and no credible plan as to how to tame the spiralling government debt. Britain needs a strong government and a return to sound financial principles but neither are forthcoming and nor do they look likely in the near future. What one can expect is financial turmoil on a par with that experienced in the late 1970's or worse.

The Outlook for UK Property?

Prices may indeed fall over coming months but as the debt crisis worsens the flight to hard assets will undoubtedly gather pace. High-quality and high-yielding property is always a sought-after asset class and more familiar and accessible for the majority than the alternative precious-metals markets.



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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.

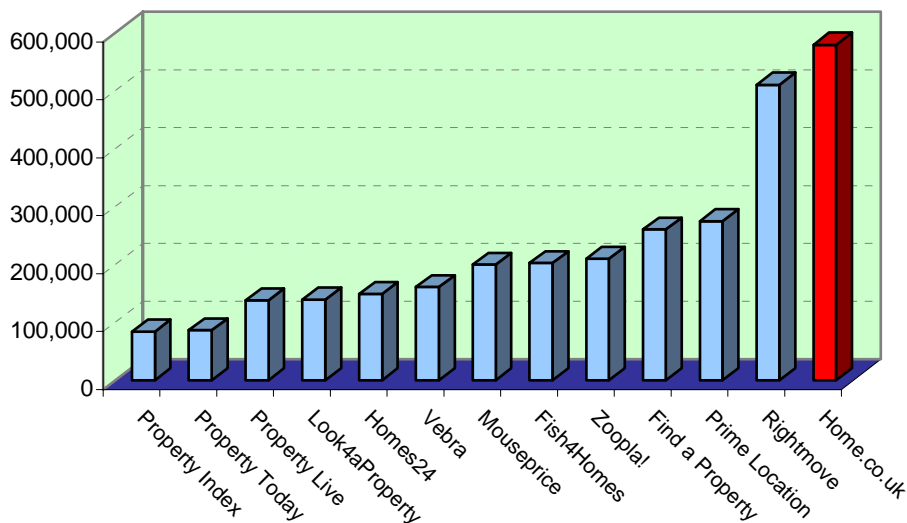
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) Survey of English Housing Stock (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the Office of National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

Searchable UK Properties for Sale by Website.

Source: Home.co.uk February 2010



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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 June

Monday 12th July

Thursday 12th August



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