



Asking Price Index

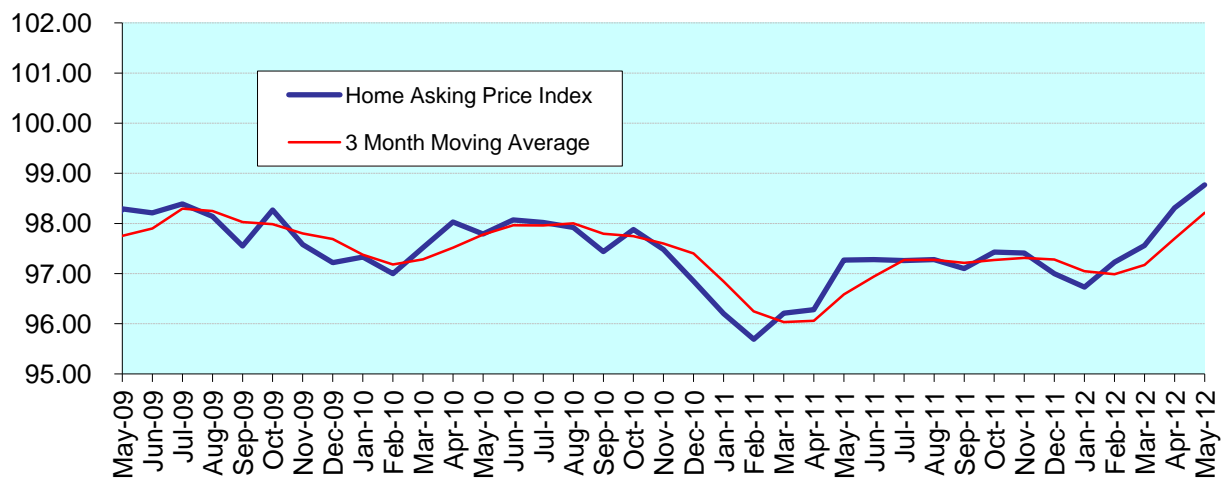
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 14th May 2012

Supply Drought Raises Prices.

"Increased government spending can provide a temporary stimulus to demand and output but in the longer run higher levels of government spending crowd out private investment or require higher taxes that weaken growth by reducing incentives to save, invest, innovate, and work." Martin Feldstein, Professor of Economics at Harvard University.

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

Supply of homes to market was 19% lower last month than in April 2011.

Asking prices for homes on the market in England and Wales have moved up a further 0.5% since April.

Average UK asking price rises to highest value since Jan 2009.

Home prices are up in all English regions, Scotland and Wales since April, with the exception of the North East which registered no change.

Greater London supply of homes for sale has fallen by 58% since April 2008.

Annual change in asking prices: +1.5% 6-month change: +1.4%

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Page 1 of 12

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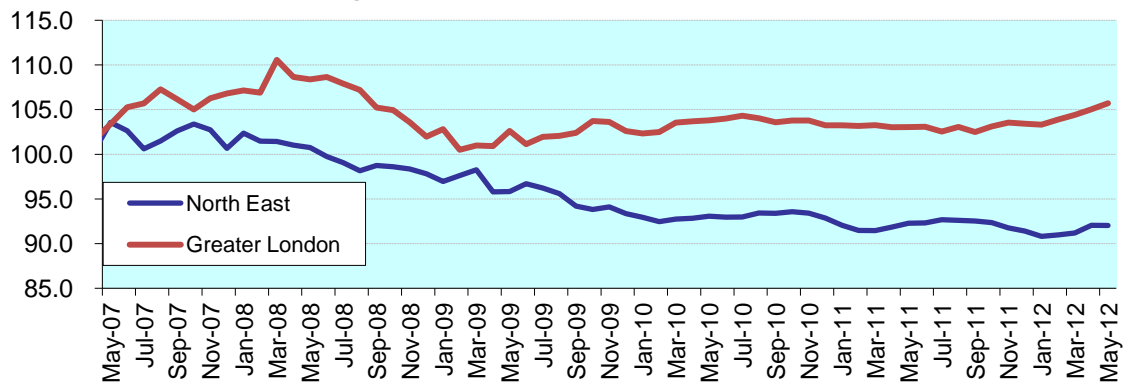
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Overview

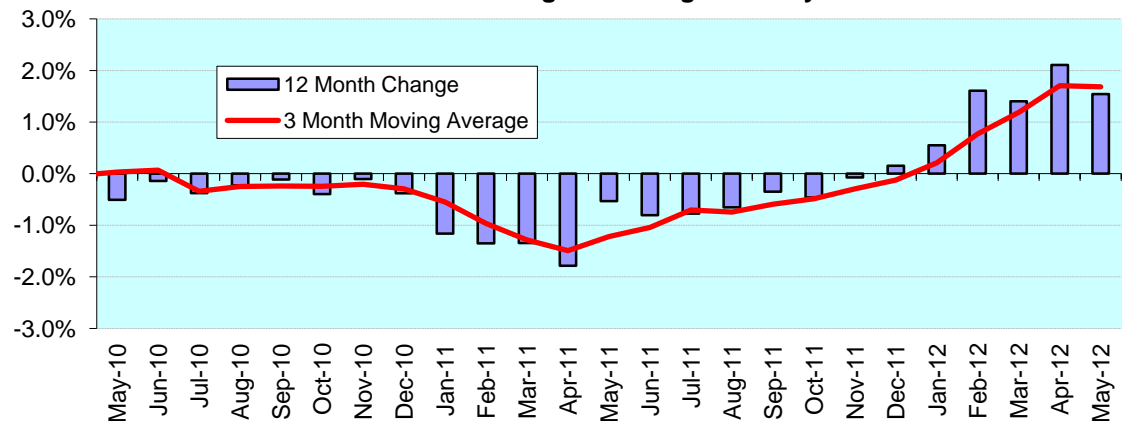
The slowdown in property supply intensified in April. This further drop in listings, possibly exacerbated by the poor weather, has served to push prices up further. Supply of property for sale was down 19% during April vs. April 2011. The region hardest hit was Wales where supply has slipped a massive 25% year-on-year. Whilst overall low interest rates and forbearance by lenders also continue to support the average UK home price, the more detailed analysis reveals a bi-polar market. Northern regions, Scotland and Wales continue to underperform while the South of England enjoys a relatively prosperous homes market.

Asking Price Movements for Greater London and the North East



Year-on-Year Trend in Asking Prices

12 Month Change in Asking Prices by Month



Year on year, asking prices are up by 1.5%.

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Page 2 of 12

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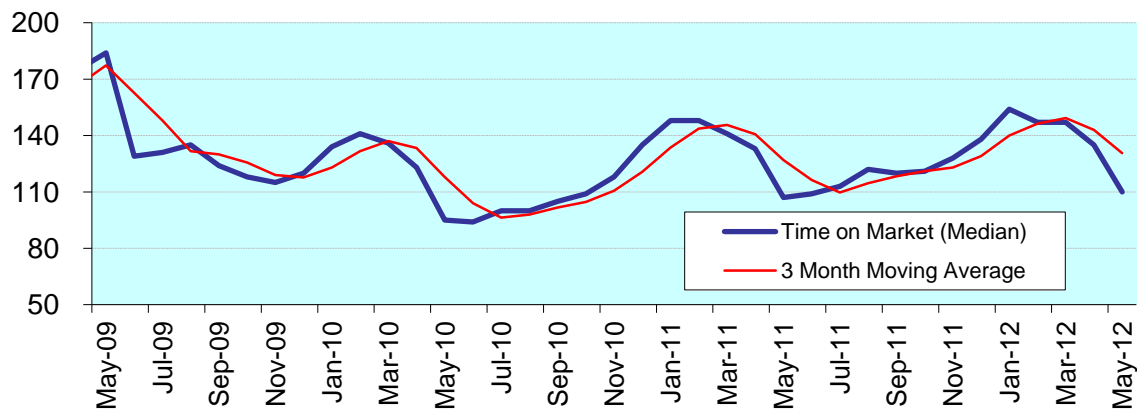
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Time-on-Market Analysis

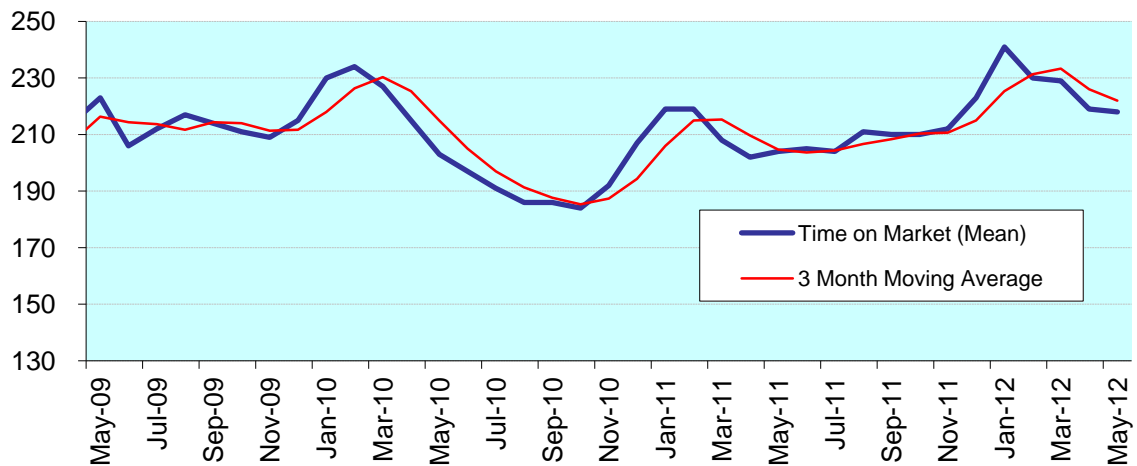
The median time on market for unsold property has shown a drop typical of the spring months as momentum returns to the housing market. This year the seasonal boost appears consistent with that observed in 2011. The median UK marketing time is now 110 days.

Typical Time on Market for England & Wales



However, the current average time on market has fallen back as expected but remains 14 days higher than in May 2011 and this is likely to be more influenced by the slower moving regional markets.

Average Time on Market for England & Wales



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Page 3 of 12

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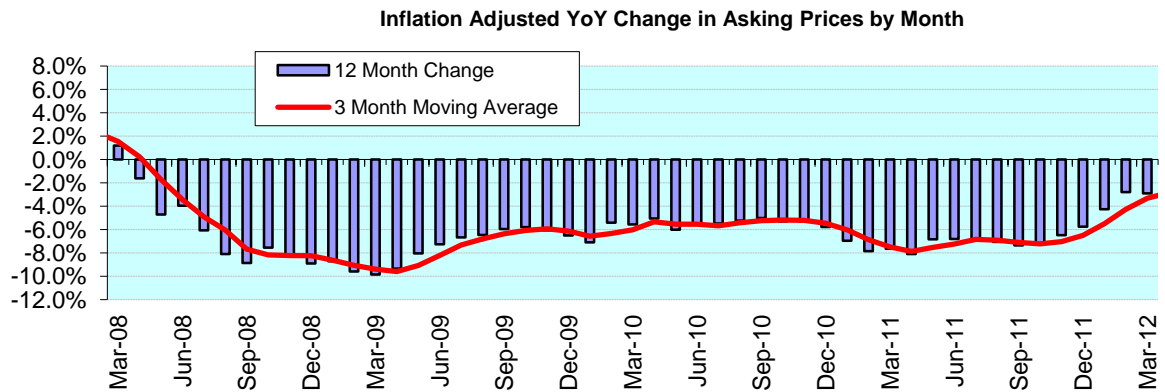
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Home Asking Prices vs. Inflation



Comparing ONS figures ([RPI](#) ex. housing) and the YoY change in asking prices shows that, whilst in real terms UK property has been an unsafe store of capital value since March 2008, the gap with inflation is closing. The HAPI for England and Wales now stands at 98.8 [May04 = 100].

Regional Housing Markets

Regional asking prices for May 2012, showing gains and losses since May 11 and current typical time on market.

	Current average price	12-month change	Median ToM (days)
South East	£294,746	+3.0%	82
Greater London	£349,700	+2.6%	82
East Anglia	£247,712	+2.3%	90
East Midlands	£174,190	+1.7%	120
South West	£253,701	+1.4%	96
West Midlands	£189,026	+0.6%	117
North West	£173,592	+0.3%	159
North East	£152,096	-0.3%	189
Yorkshire and Humber	£168,123	-0.5%	177
Wales	£173,345	-0.9%	190
Scotland	£159,774	-2.3%	163
England & Wales	£231,231	+1.5%	110

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Page 4 of 12

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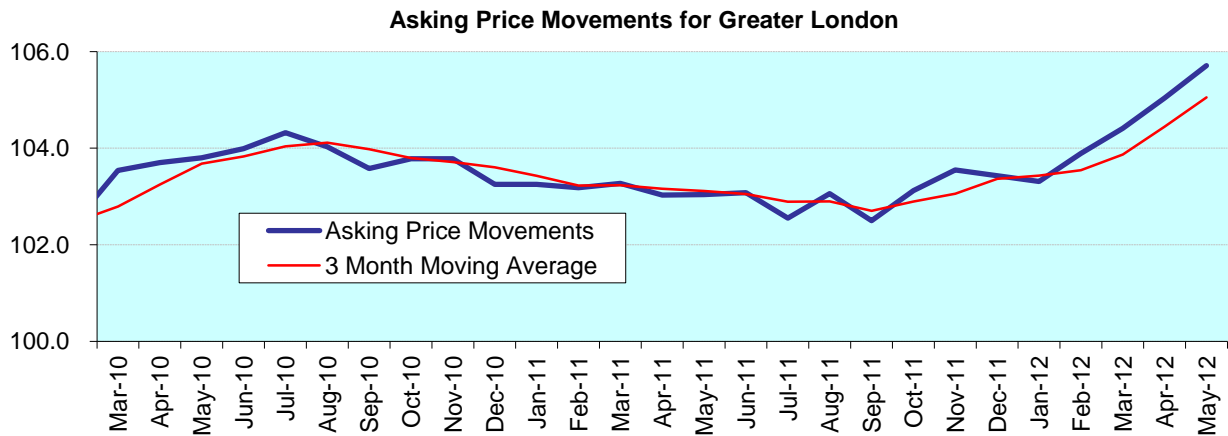


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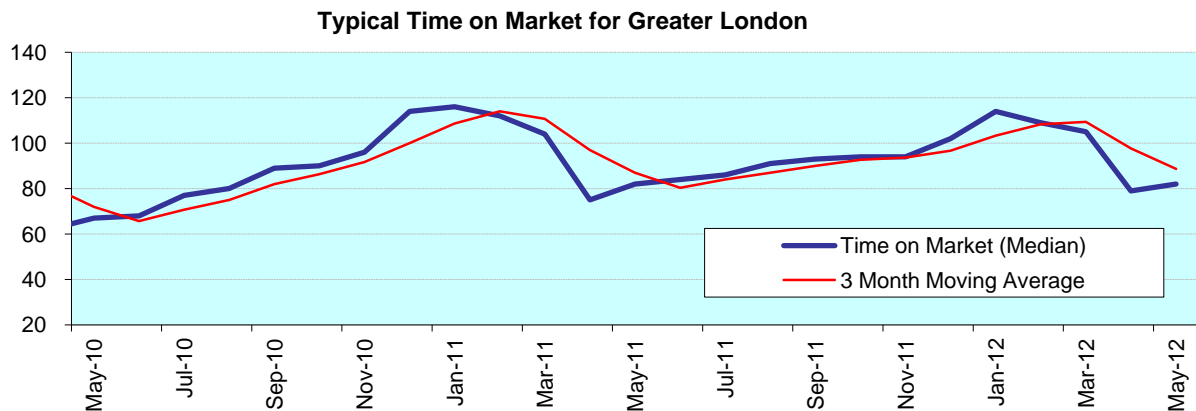
Greater London

Market house prices in Greater London continue to perform very strongly, as compared to most English regions, Scotland and Wales. Home asking prices are now the highest they have been since August 2008 and only 3% lower than the all time high in April the same year.



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

The typical time on market trend for unsold property in Greater London registered a large seasonal drop last month and now shows an up-tick following the trend as seen last year. Median time on market now stands at 82 days, equal to that observed in May 2011. Supply of new properties to market in the month of April was 23% down on the April 2011.



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Page 5 of 12

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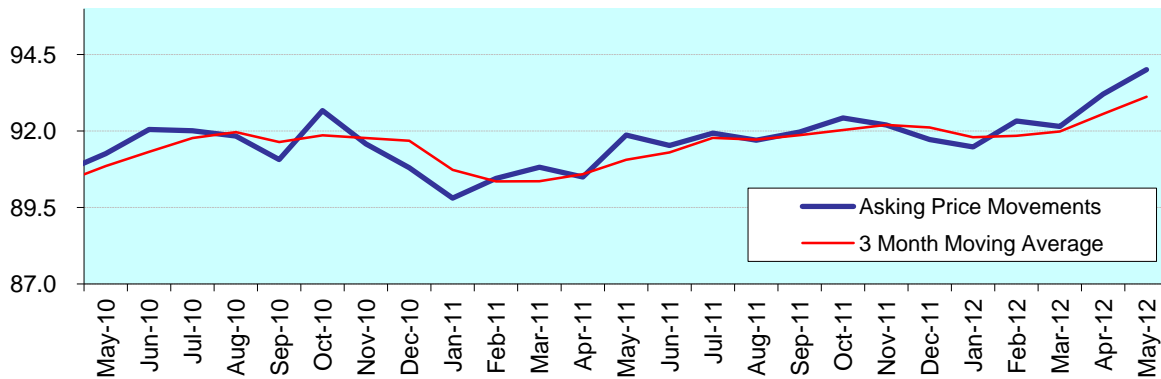
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East Anglia

The mix-adjusted average Asking Price for property in East Anglia is showing a convincing rally and is now the highest figure since November 2008. Increasingly, the average home price in this region is being supported by a lack of supply of property for sale (April 2012 was 19% down vs. April 2011).

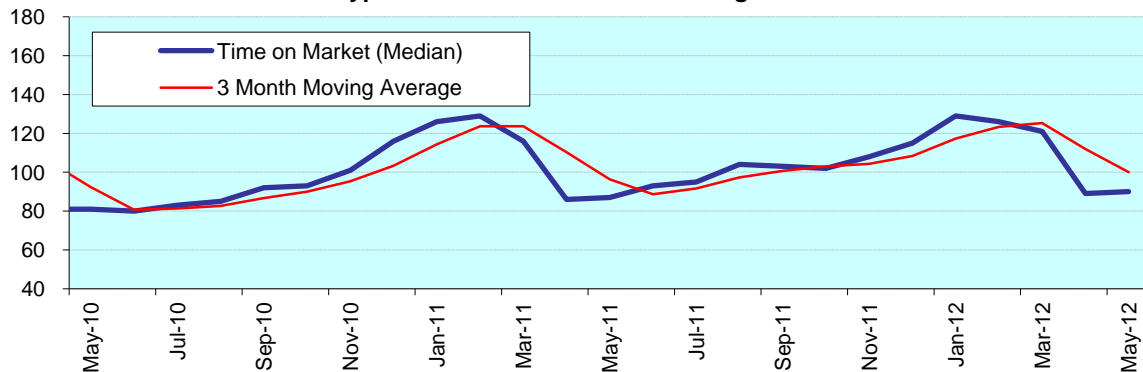
Asking Price Movements for East Anglia



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

The time-on-market chart for unsold property in the East Anglia housing market also showed a seasonal drop in marketing times last month and consistent with last year's trend the median has risen slightly this month. Typical time on market in this region is currently only 3 days longer than in May last year.

Typical Time on Market for East Anglia



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Page 6 of 12

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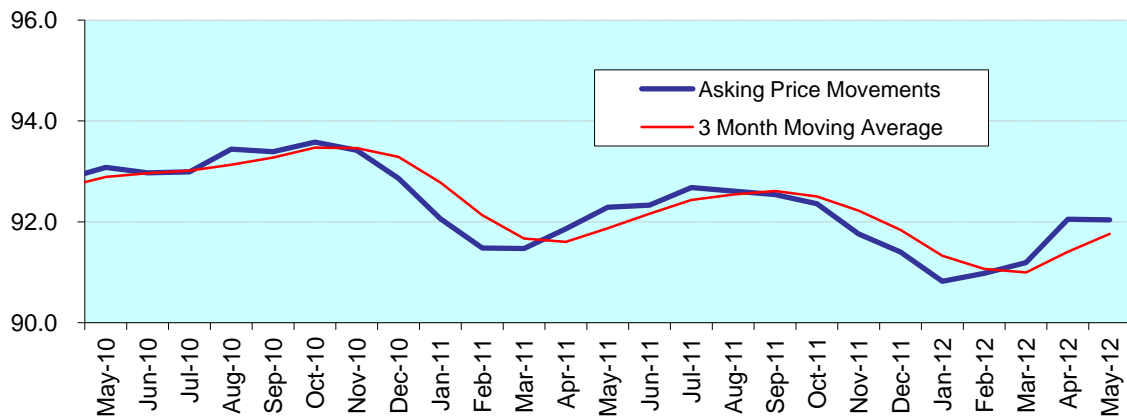
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North East

Despite a small up-tick, asking prices for properties for sale in the North East seemingly continue a slow downward trajectory. Despite a 21% drop in supply, home prices in the North East are now 0.3% lower than was registered in May 2011.

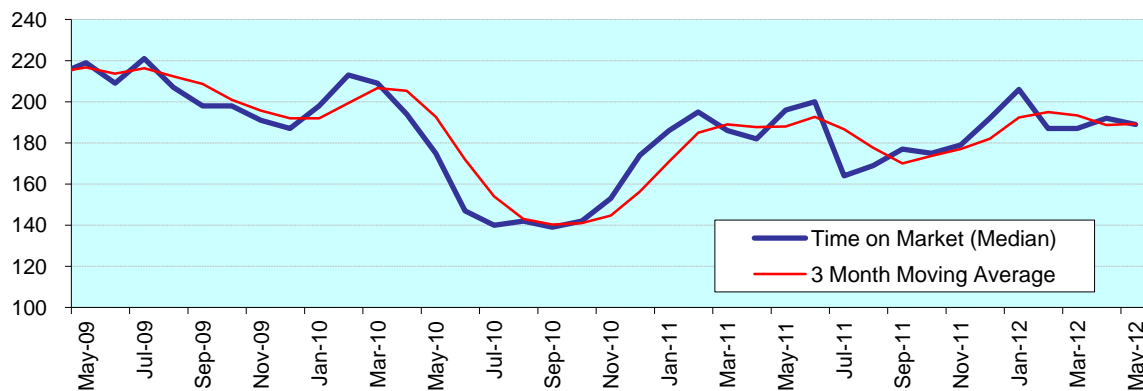
Asking Price Movements for the North East



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

Typical time on market for the North East remains stubbornly high and at 189 days the current (median) is 7 days shorter than in May 2011. This figure is 79 days longer than the median time on market for the UK.

Typical Time on Market for the North East



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Page 7 of 12

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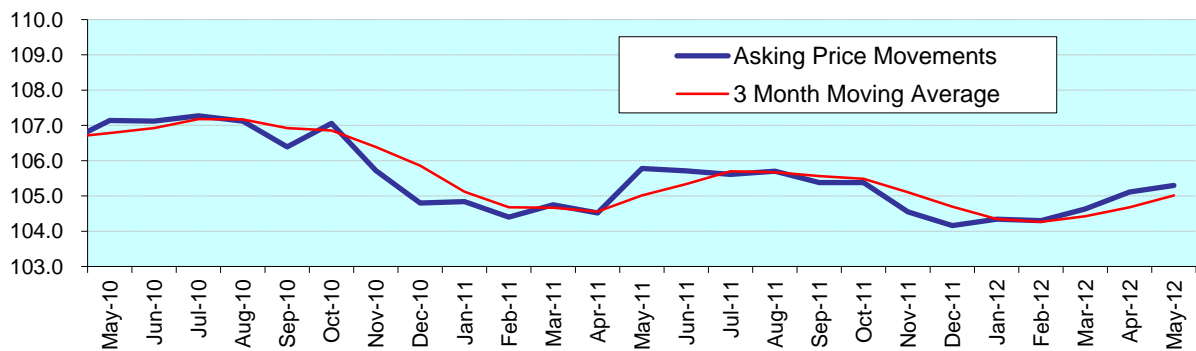
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Yorkshire and Humber

Asking prices for homes in the Yorkshire and Humber region are enjoying a seasonal rally but remain 0.5% below the mix-adjusted average registered in May 2011. It is also worth noting that home prices fell away from the seasonal high set in May last year.

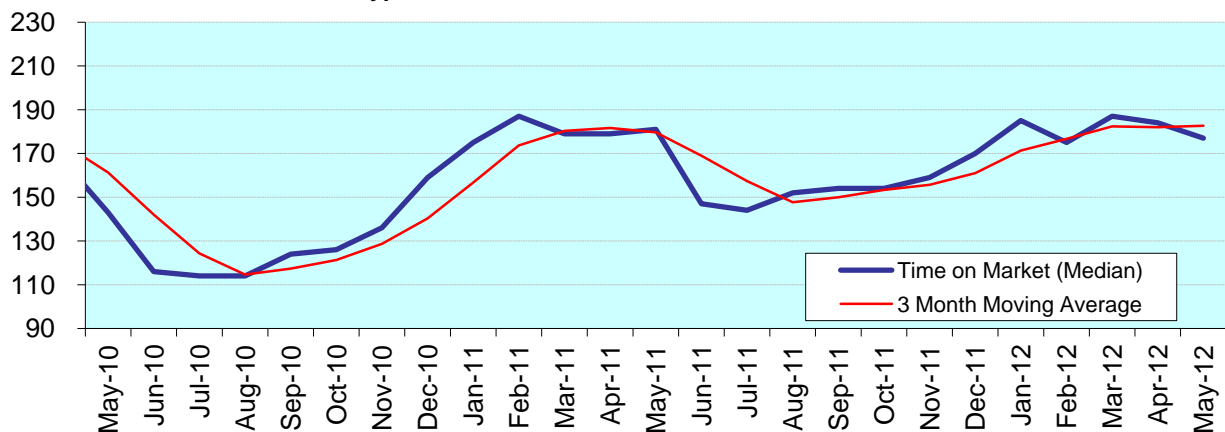
Asking Price Movements for Yorkshire & Humber



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

Typical (median) time on market for unsold property in Yorkshire and Humber is currently 177 days, 4 days lower than in May last year. However, this relatively high figure is 67 days longer than the overall median time on market for the UK.

Typical Time on Market for Yorkshire and Humber



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Page 8 of 12

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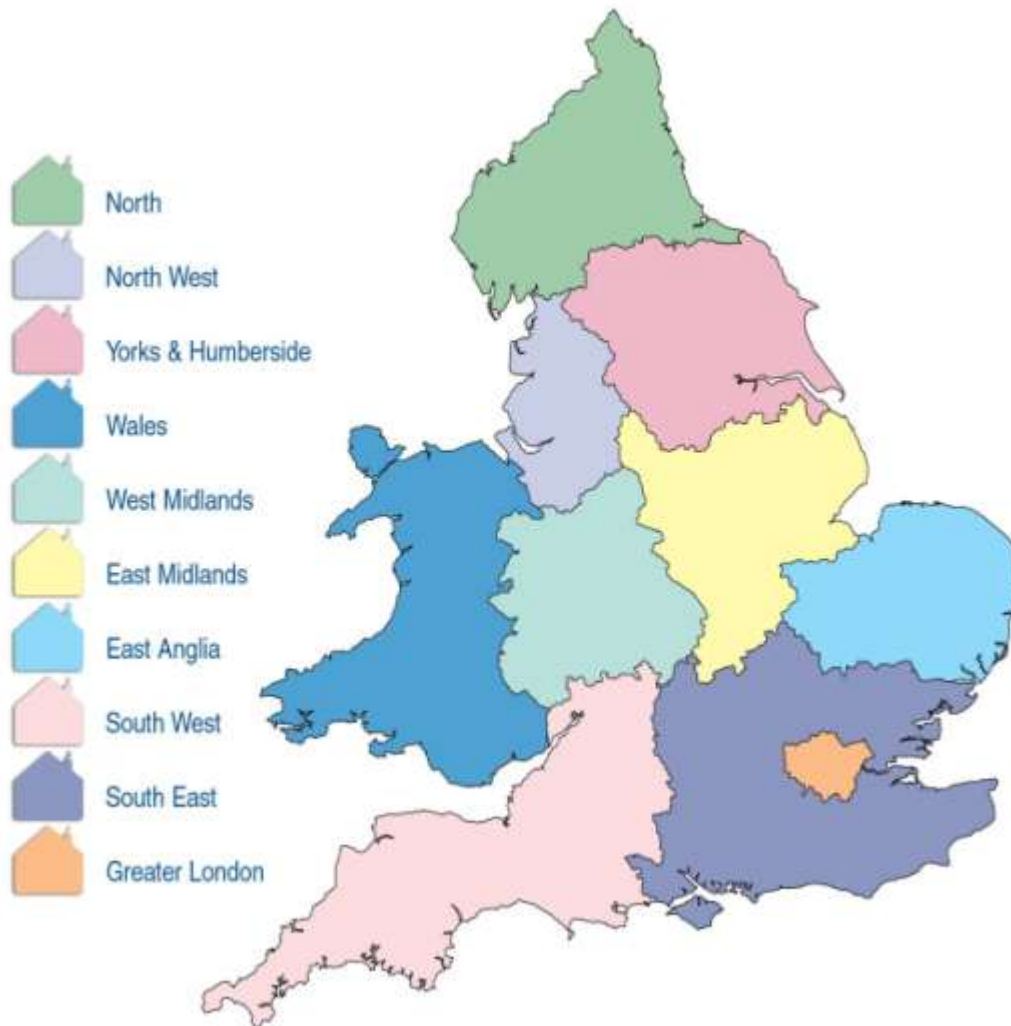


May 2012

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Regions (as per DCLG)



Source: HM Land Registry

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Page 9 of 12

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



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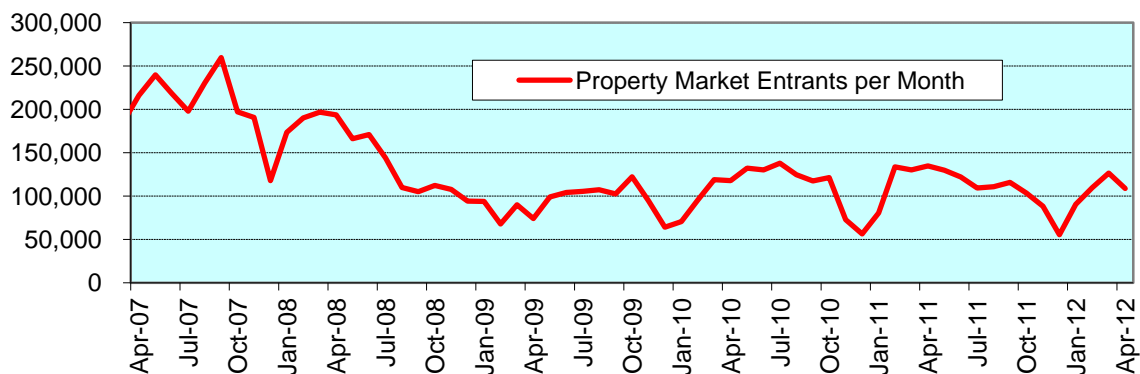
Comment

Please Turn Up the Volume!

Stock market traders know that rising price trends that are underpinned by low volumes are often short-lived. The UK property market is experiencing precisely this phenomenon. Thus we pose the question can price rises be sustainable when sales volumes are historically so low?

A key driver for the housing market is the availability of mortgage credit and according to the Council of Mortgage Lenders' recent report, 2011 saw the lowest mortgage lending figures for nearly 40 years. The home sales market is currently about half the size that it was during the boom years, but quite remarkably prices are rising.

Property Volumes Entering the Market



Take for instance Greater London: supply of property for sale is down around 58% on the boom years and prices are rising. Of course supply shortages always serve to support prices but why is supply so low?

Clearly, in view of the poor economic climate potential vendors may consider now a bad time to sell. However, prices in the South are currently not far off their historic highs and yet this has not encouraged many more sellers to put their property up for sale. Why? Property can also be a much needed income generating asset.

The rental market is booming thanks to the twin tail-winds of low interest rates (and as yet unregulated BTL lending) and the large deposits required by lenders (which ensures many potential buyers must continue to rent). Hence, supply of sales property is low because perhaps half of what would have been placed on the market during the boom years is instead being offered to let. Moreover, as long as the rental market remains strong, UK home prices look set to rise despite the thin volume. Unfortunately for first-time buyers this is perhaps the worst possible situation.

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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.

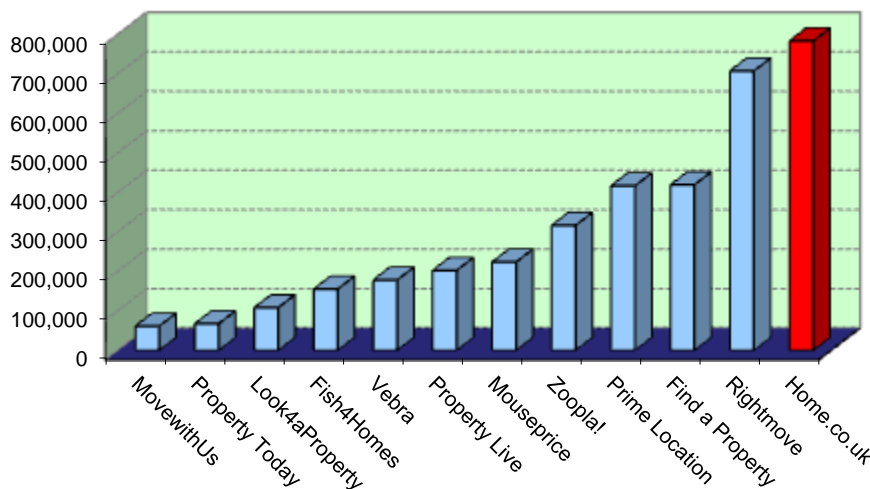
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) Survey of English Housing Stock (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the Office of National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



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Page 11 of 12

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May 2012

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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:

Tuesday 12th June
Thursday 12th July
Monday 13th August



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Page 12 of 12

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