



Asking Price Index

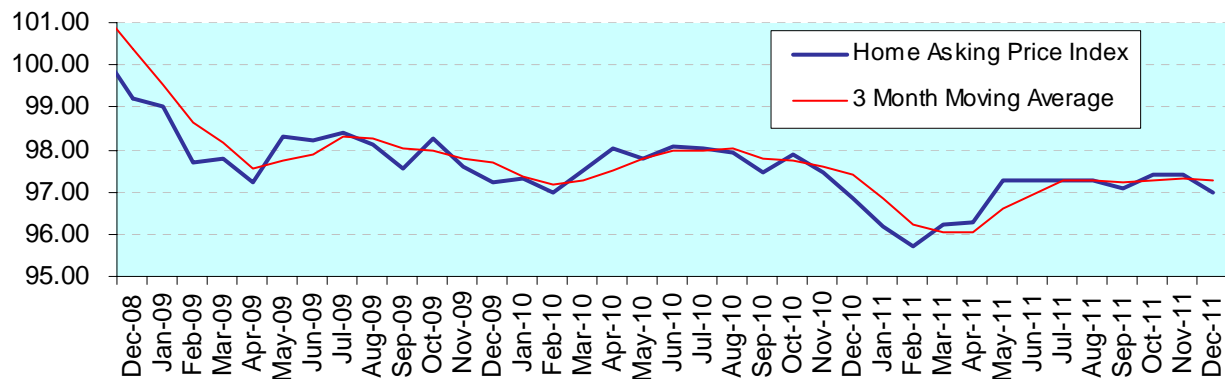
The UK's Independent Forward Market Indicator

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

North-South Divide Widens.

"Unfortunately there will therefore be no early end to the financial pressures on households across the country, while our regional growth estimates suggest some further widening of the North-South divide next year," John Hawksworth, Chief Economist at PricewaterhouseCoopers.

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

Asking prices for homes on the market in England and Wales have fallen 0.4% since November, in line with seasonal expectations.

62,475 sellers cut their asking prices in November: 13% more than in November 2010.

Homes in the North East spend 88% longer on the market than in Greater London.

Typical time on market has risen further to 138 days: 3 days longer than in December 2010.

88,212 homes for sale entered the UK market in November: 21% more than in November 2010.

Annual change in asking prices: +0.2%

6-month change: -0.3%

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Overview

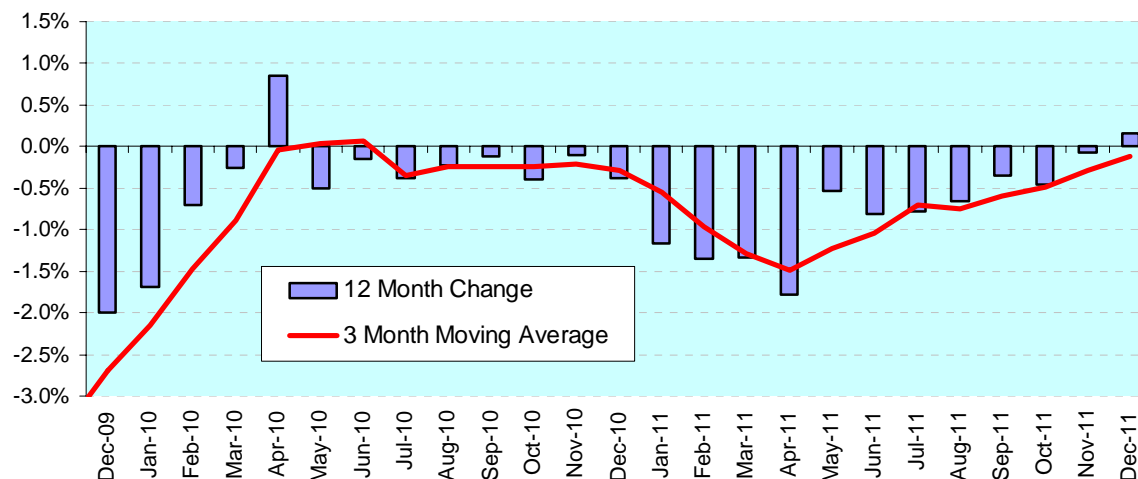
The seasonal slowdown in the UK property market continues. Whilst home asking prices are marginally higher than last December, the supply of homes for sale has increased significantly. During the most part of 2011 the reduced supply of homes for sale served to support prices and this worrying new development coupled with a surge in price-cutting by frustrated sellers suggests a more negative outlook for 2012. Marketing times for homes are already higher than they were 12 months ago.

For the Northern regions, home market conditions are considerably worse than the national figures may suggest. In the North East, for example, homes spend 90 days longer on the market than in Greater London. Moreover the situation is getting much worse. Home prices fell 1.2% in the North East during the last quarter, whilst prices rose 0.9% in Greater London over the same period.

A dire economic outlook continues to haunt the northern UK property market. Jobless totals are rising and cuts in government spending look set to hurt these English regions and Wales the most. Consequently market sentiment outside of London and the South East remains negative.

Year-on-Year Trend in Asking Prices

12 Month Change in Asking Prices by Month



Overall, asking prices for England and Wales have shown resilience across the latter part of 2011. The year-on-year (YoY) change in asking prices for England and Wales now stands at +0.2%, the first positive figure for 20 months, although this lags far behind inflation.



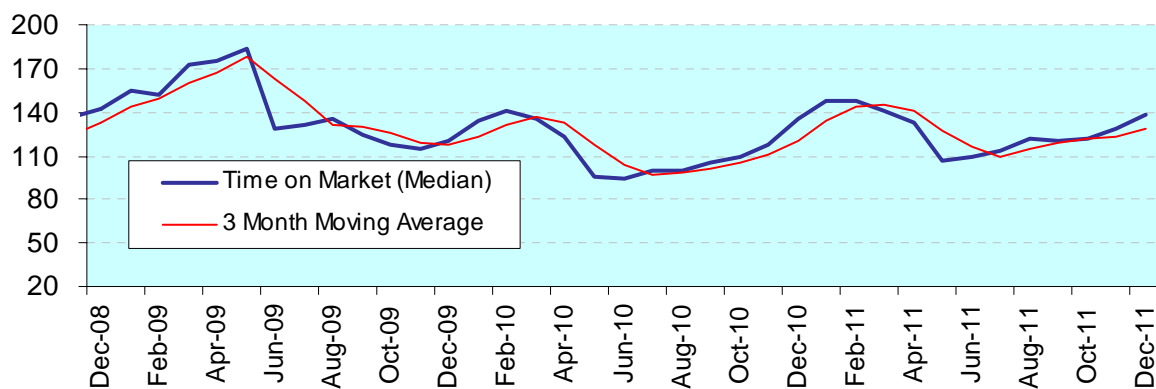
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Time-on-Market Analysis

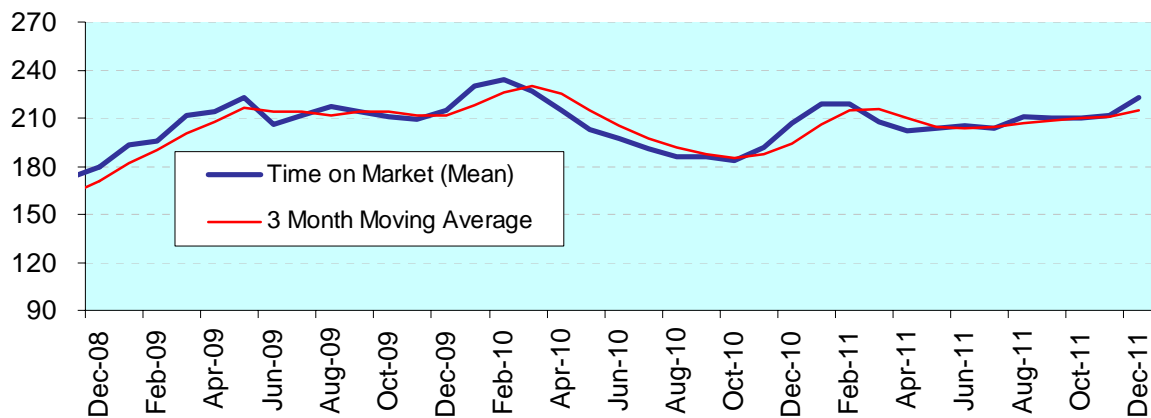
The typical (median) time on market for unsold property has risen 10 days to 138 days since last month, and is now 3 days longer than in December 2010. This indicator may well exceed last winter's maximum of 148 days over the coming months.

Typical Time on Market for England & Wales



The current average time on market for unsold property has also increased (by 11 days) since December 2010 (now 223 days), and is only 9 days shorter than the all-time high of 234 days registered in February 2010.

Average Time on Market for England & Wales



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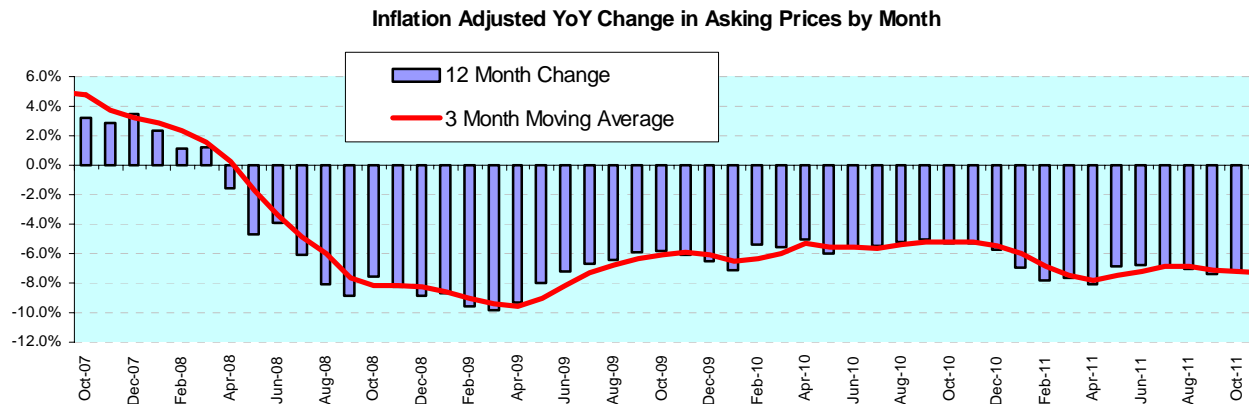
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Home Asking Prices vs. Inflation



Comparing ONS figures ([RPI ex. housing](#)) and the YoY change in asking prices shows that asking prices continue to fall in real terms. The HAPI for England and Wales now stands at 97.0 [May04 = 100].

Regional Housing Markets

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

	Current average price	3-month change	ToM (days)
Greater London	£342,155	+0.9%	102
South East	£286,134	+0.4%	105
South West	£250,078	+0.1%	124
East Anglia	£241,654	-0.3%	115
North West	£172,345	-0.6%	162
West Midlands	£186,662	-0.8%	140
East Midlands	£171,935	-0.5%	143
Wales	£172,800	-1.2%	177
Yorkshire and Humber	£166,293	-1.2%	170
North East	£151,039	-1.2%	192
Scotland	£159,160	-1.9%	154
England & Wales	£228,047	-0.1%	138

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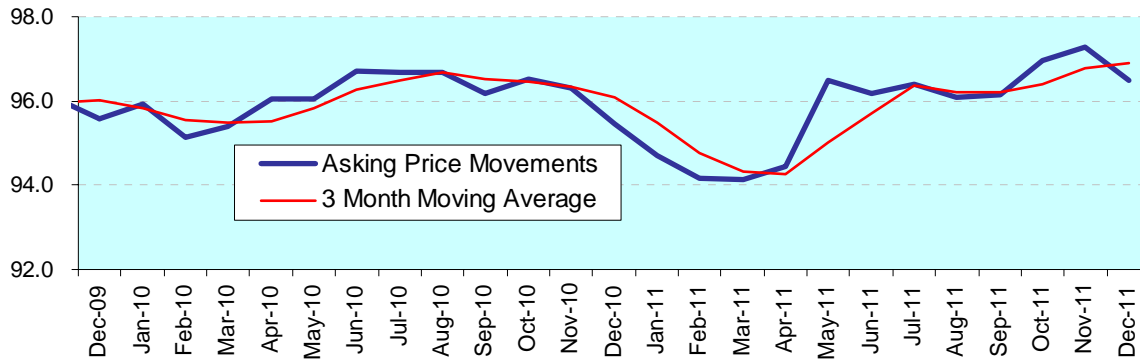
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South East

Market house prices in the South East have been out-performing the national average figures. This region benefited from a strong price rally over the last quarter. South East home prices are up 1.1% since December 2010.

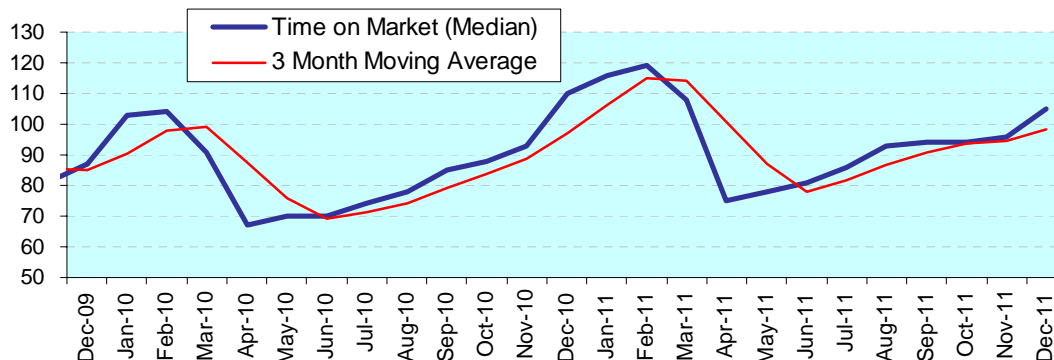
Asking Price Movements for the South East



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

Typical time on market for unsold property in the South East showed a seasonal increase this month as expected. Median time on market now stands at 105 days, 5 days less than December 2010. However, supply of properties to market increased significantly: 27% more properties were placed on the market in the South East in the last month compared to November 2010.

Typical Time on Market for the South East





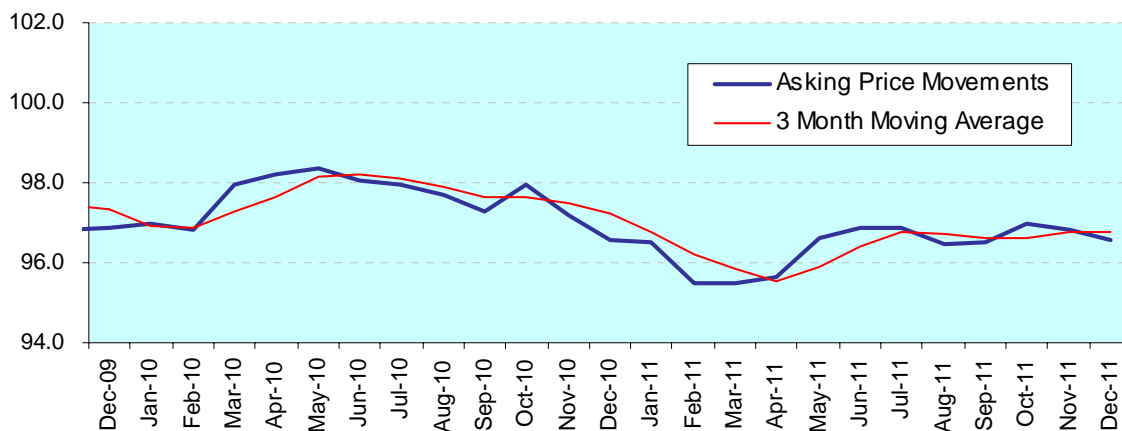
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South West

Over the last year, the mix-adjusted average Asking Price for property in the South West has performed in line with seasonal expectations and out-performed the national average. South West home prices are now 0.4% higher than in December 2010.

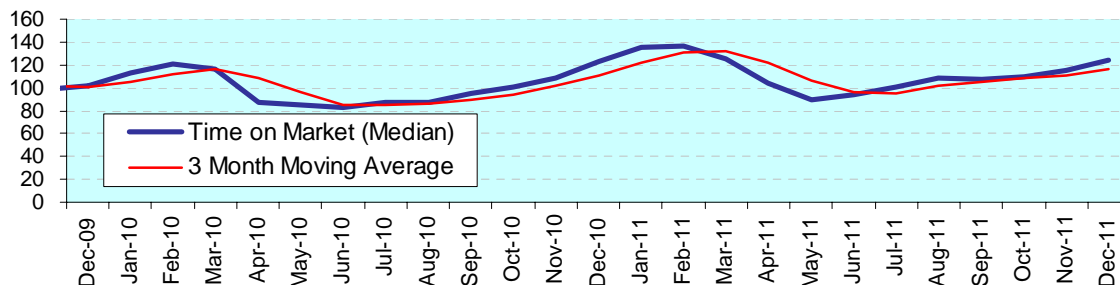
Asking Price Movements for the South West



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

The time-on-market chart for unsold property in the South West housing market shows the expected seasonal trend and typical time on market is effectively the same as last year (124 days). The typical time on market for the South West is 14 days less than the figure for England and Wales.

Typical Time on Market for the South West



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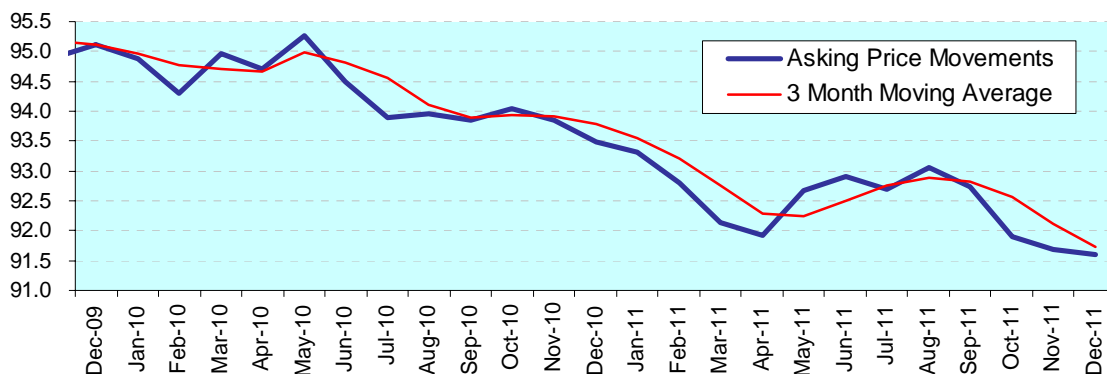
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Wales

Asking prices for properties for sale in Wales have resumed a downward trend after a rally over the summer months. Market prices in Wales are currently 2.0% lower than in December 2010. Moreover, supply of properties to market was up 24% in November compared to November 2010.

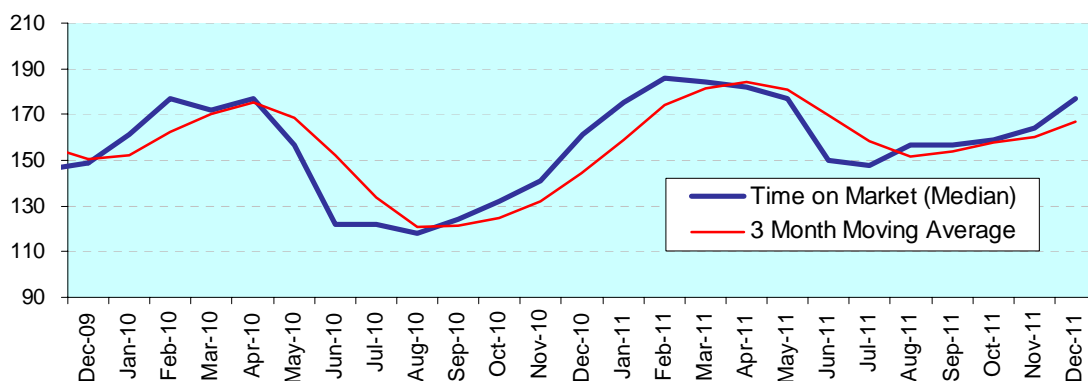
Asking Price Movements for Wales



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

The current typical time on market for unsold property in Wales is higher than December last year by 16 days. The median time on market is now 177 days, which is 39 days longer than the national figure.

Typical Time on Market for Wales





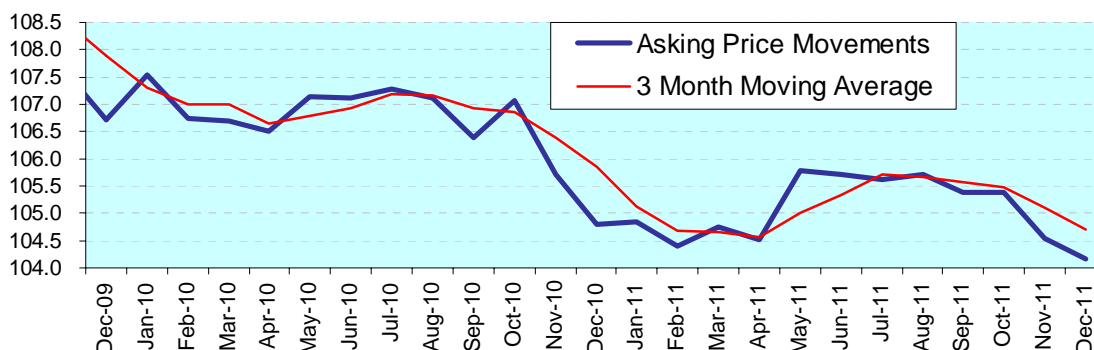
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Yorkshire and Humber

Asking prices for homes in the Yorkshire and Humber region have dropped sharply, falling below even seasonal expectations. Home prices in Yorkshire and Humber are now 0.6% lower than in December 2010.

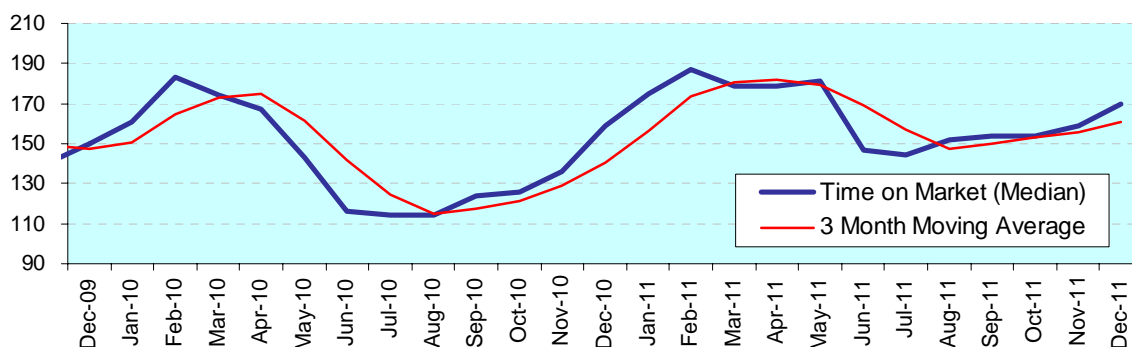
Asking Price Movements for Yorkshire & Humber



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

Time on market for unsold property in Yorkshire and Humber is 11 days higher than in December last year and continues a rising trend suggesting that further price falls are to be expected. Supply of property for sale in this region was up 34% in November compared to November 2010.

Typical Time on Market for Yorkshire and Humber



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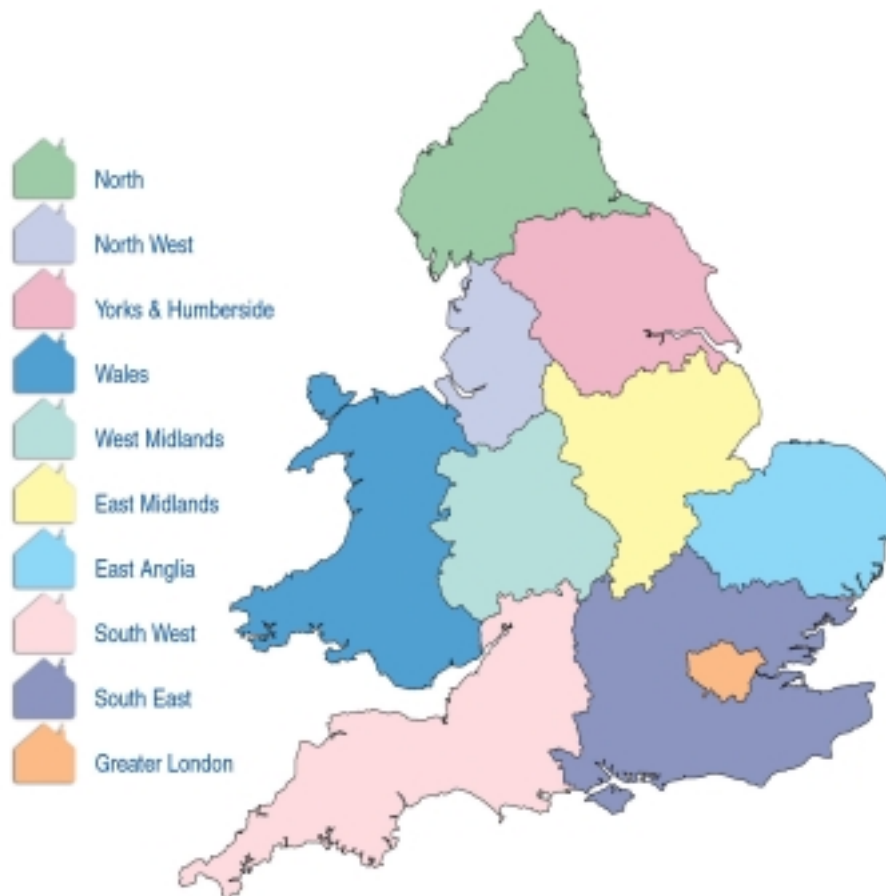
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Regions (as per DCLG)



Source: HM Land Registry



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Comment

A Two-Tier Housing Market

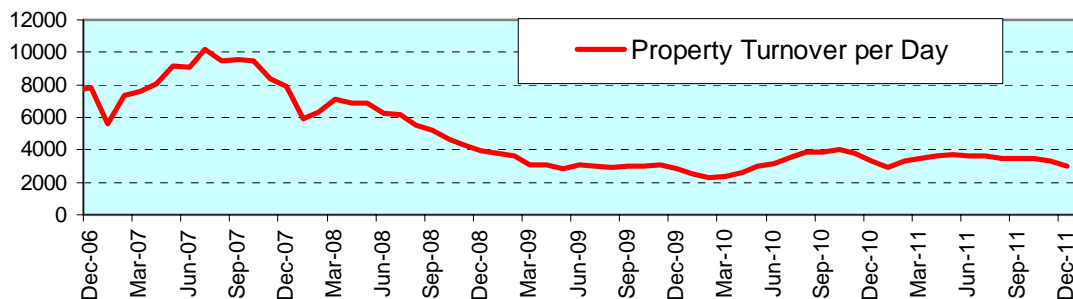
The housing markets in the North and South of England bear little resemblance. One could be mistaken for assuming that the figures come from two different countries with widely differing economic fortunes. Prices of homes have always been lower in the North than the South but the contrasting vigour of these property markets is staggering. The typical home spends 192 days on the market in the North East; in London the typical marketing time is just 102 days. Welsh home price lost 2.0% over the year whilst home prices in the South East rose 1.1%.

What is perhaps most alarming of all is that the gap in the relative fortunes of the northern and southern housing markets looks set to widen further. The broadly prescribed dual economic remedies of cuts in government spending and bailouts of the banking sector have had regionally disproportionate affects. London, and its wide commuter belt, has benefited greatly overall whilst the northern regions and Wales have seen their economies shrink.

Research from PricewaterhouseCoopers reports that *"The North East and Wales are the regions that have suffered the greatest increases in household financial stress since the recession began, followed by the West Midlands. A mixture of relatively large increases in unemployment and economic inactivity rates, marked falls in house prices, and significant increases in personal insolvencies have all contributed to these results.*

"In contrast, the South East, the East and particularly London have suffered less since the onset of recession and this pattern echoes the long-term trend in UK regional development of a widening North-South divide that has existed for a period extending well before the recession (although London continues to score badly on some measures such as relative unemployment rates)."

UK Home Market Turnover Indicator



Overall, housing market activity is now 10% lower than in December 2010.



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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](#).

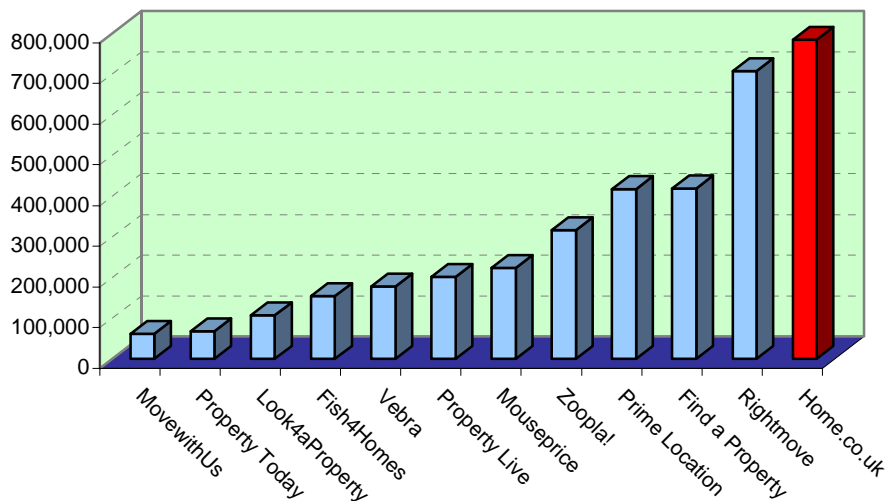
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of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

- Thursday 12th January
- Monday 13th February
- Monday 12th March

