

The Rightmove House Price Index

The largest monthly sample of residential property prices

Under embargo for 00:01 hours: Monday 19th October

Buyers snap up stock, but for how long?

| | October | September |
|--------------------------------------|-----------------|-----------------|
| Average Property Asking Price | £230,184 | £223,996 |
| % Change in Month | +2.8% | +0.6% |
| % Change in Past Year | +0.2% | -1.5% |
| Monthly Index (Jan 2002=100) | 187.3 | 182.2 |

- Largest October rise for 6 years as balance of power continues swing towards new sellers, pushing average Autumn asking prices up by 2.8% (£6,188)
- 95,000 fresh stock, down 36% on 2007, including 22,000 stamp duty exempt sellers looking to cash-in before buyer incentive ends in January
- Prices now higher than a year ago with London at record high - majority of buyers expecting more rises and only 1 in 10 expecting falls
- 'Window of opportunity for sellers' given 2010 election and economic uncertainties facing the next Government and home movers



Rightmove measured 94,629 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 13th September 2009 to 10th October 2009 and advertised on Rightmove.co.uk.

Rightmove.co.uk is the UK's largest property web site, advertising around 90% of all homes for sale via estate agents across the UK. The site attracts over 40 million visits from home movers each month who view in excess of 400 million pages. Each month Rightmove uses asking price data of up to 200,000 properties coming onto the market to produce this House Price Index - the largest, most accurate and up-to-date monthly index.

Released 19th October 2009

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For media enquiries and interviews please contact:

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Overview

Sellers' markets are associated with high volumes of buyers ready, willing and able to proceed. The number of buyers who can fulfil these criteria remains well below historical norms, yet this month's statistics from Rightmove show a 2.8% rise in new sellers' average asking prices. This is the largest rise seen during October in 6 years, a highly unusual time of year to see such a strong sellers' market emerge, especially given the current economic backdrop.

Miles Shippside, commercial director of Rightmove comments: "It's a little bit crazy to have a sellers' market given the time of year and the warnings of imminent fiscal austerity by all the main political parties. Agents in the north as well as the south are reporting that quality properties are often selling within the week. Buyers are ready to pounce on new instructions and are willing to proceed as they believe prices have bottomed, and more are finding the ability to put down the larger deposits required to access the best mortgage deals".

As well as the largest rise seen in October since 2003, 2.8% is the biggest rise measured in any month since February 2008's 3.2%. A rise of this magnitude is more commonly seen in spring, when market optimism combines with demand fuelled by winter inactivity. Following last autumn's acute shortage of transactions, the market has seen gradual recovery throughout 2009. Mortgage approvals have grown year-on-year from circa 32,000 a month to 52,000, yet the supply of properties coming to market has not seen corresponding growth, resulting in upwards pressure on prices. This month sees national average asking prices at a higher level than a year ago, the first time Rightmove has recorded a year-on-year increase since June 2008. The 0.2% rise is led by a strong recovery in London, where property shortages and increased buyer demand see asking prices now the highest Rightmove has ever measured. They are 0.8% above their peak of November 2007 and 5.2% higher than this time last year. Lack of fresh stock is the driving factor behind this record high, with 16,808 properties coming to the market this month, failing to keep pace with the 19,890 coming off.

Shippside adds: "London generally leads the country out of property recessions, as underlying demand remains strong in the capital city. Agents report a frenzied market in the best locations with supply at a premium, and buyers competing hard. Opportunities to buy cheaply in one of the most popular capital cities of the world may come along once in a decade. With prices lower due to the financial jitters in the City, combined with the weakness of the pound, foreign buyers are on a shopping spree".

Further evidence of the improvement in buyer sentiment comes from the latest Rightmove Consumer Confidence survey, which will be released at the end of the month. Analysis to date shows that only 1 in 10 of our sample of over 30,000 respondents believes prices will be lower one year out, a massive turnaround from the beginning of the year when nearly 7 in 10 were of that opinion. Indeed, more than half expect prices to be higher, rather than just levelling off.

So, it would appear all is positive with prices stable or increasing across the country and mortgage availability improving, albeit slightly. This positive picture is, however, hiding some fundamental weaknesses in the current housing market.

Shippside comments: "Sellers in popular areas are back in the driving seat, though they should watch out for icy conditions ahead, as the market is likely to enter a pre-election freeze by spring next year".

Current price recovery is based on an unusually thin market with transaction levels still 54% down on 2007. Ongoing lack of supply is driven by home owners deciding not to move given the current economic backdrop. Forced sales also remain subdued due to historically low interest rates and the effectiveness of forbearance schemes, allowing most home owners facing financial difficulties making mortgage repayments to remain in their homes. This lack of supply to the market has now compensated for the downward pressure on asking prices caused by low mortgage availability.

However, the problem with a thin market is that the impact of both positive and negative changes in economic fundamentals are magnified. Hence, any change in either supply or demand over coming months will have an exaggerated impact on house price indices that are currently being calculated on historically low volumes. This is particularly important when one considers what might happen during the rest of 2009 and the first half of 2010.

Shippside adds: "Political uncertainty can cause a period of slower activity in the housing market, and there appears to be a lot more at stake at next year's general election to make would-be movers pause for thought. Now could be a good time to sell, as the spring market could be curtailed by pre-election

paralysis, with the post-election market dampened by the next Government having to implement its austerity package”.

Despite signs of apparent stability, ministers and shadow ministers returning to Parliament following the party conference season must think very carefully about the likely impact on the housing market of short and medium term decisions:

- Stamp Duty and VAT – Stamp duty holiday due to end, and VAT due to rise on January 1st, giving aspiring and existing home owners less funds for house purchase
- Election – Hesitancy in housing market activity before and after election
- HIPs – Sellers may decide to hold off marketing if they anticipate a change of Government will reduce the requirements and costs for Home Information Packs
- Austerity – The effect of post-election fiscal tightening on people’s housing decisions and needs

The Chancellor’s autumn pre-budget report is likely to enlighten us with regard to the withdrawal of the temporary stamp duty exemption for property transactions between £125,000 and £175,000. Sudden changes in taxation can cause serious short-term distortions in the housing market, as was seen in both 1988 with the withdrawal of double mortgage interest tax relief and in 1992 at the end of the last stamp duty holiday. Any rush to transact properties before the planned December 31st deadline will be made more difficult by the Christmas holiday season and may cause a further shortage of supply in early 2010.

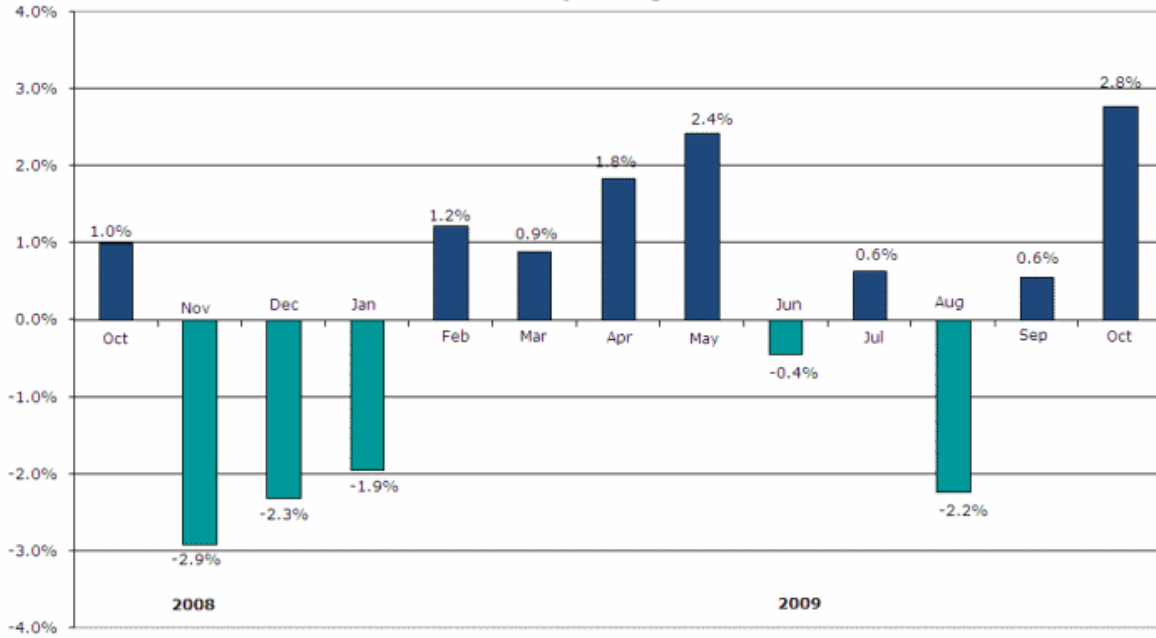
The number of new properties measured in this month’s index remains subdued at 94,629. This represents a 36% decrease on the numbers measured 2 years ago as reduced equity, unwillingness to take on more debt, restricted finance and lack of property choice combine to dampen prospective buyers’ and sellers’ appetite to move. This perhaps suggests that now is not the time to reduce the threshold.

Shipside adds: “Sellers of properties which benefit from the temporary stamp duty exemption form a substantial sector of the market. They will be hoping that buyers who are unable to transact at the moment will maintain their interest into the New Year when properties are effectively 1% more expensive. It gives the market a second politically-induced challenge in 2010, with any post-stamp-duty holiday blues coinciding nastily with the general election”.

In the medium term all the main political parties agree that, post-election, tighter fiscal policy will be required to pay off the national debt built up during the recession. It is almost a given that this will lead to a reduction in public sector employment and higher taxation. In these circumstances, political pressure on lenders to continue the Pre Action Protocol to keep defaulting borrowers in their homes will be an important factor in preventing a forced-seller-induced downwards price spiral. A potential change of Government always adds uncertainty to the property market, a fact often forgotten with elections several years apart. The stakes are higher this time round with unprecedented Government intervention in the banking and lending sector.

Shipside concludes: “The combination of economic hardship, pending taxation decisions and an imminent general election could stamp out the early stages of a housing market recovery. There are some tough calls over the coming weeks in terms of taxation. We will then see political uncertainty around the election posing a further challenge to the housing market. This time round the slowdown could be complicated by the need to cut back spending and the major differences between the parties on the future of Home Information Packs.”

Monthly Change



Time on Market Indicator



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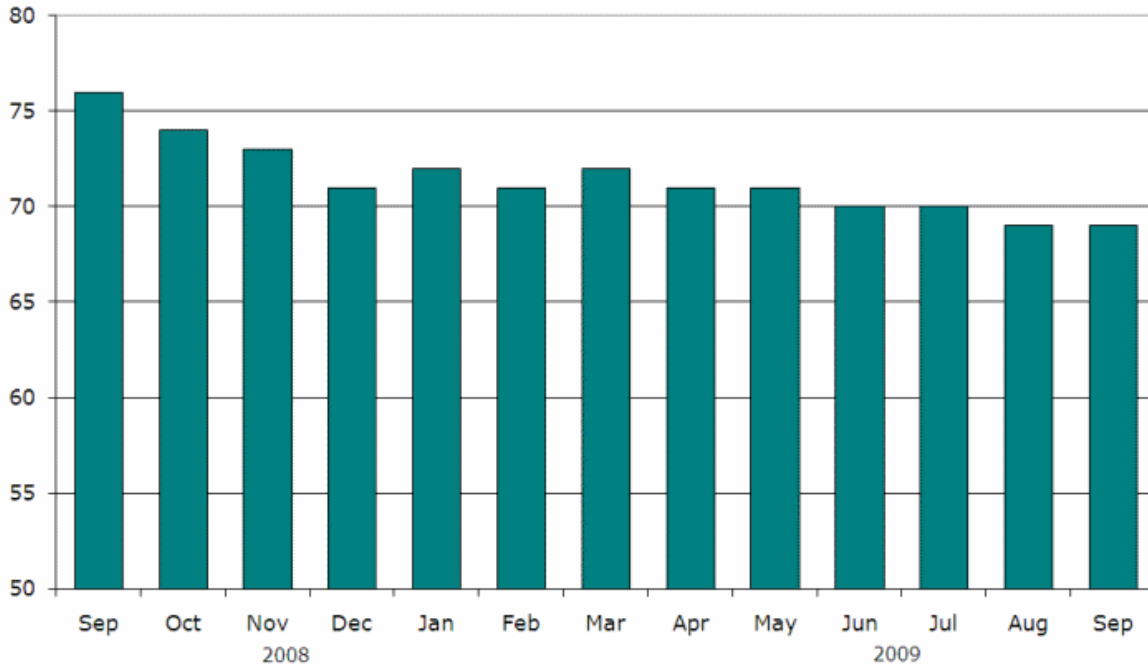
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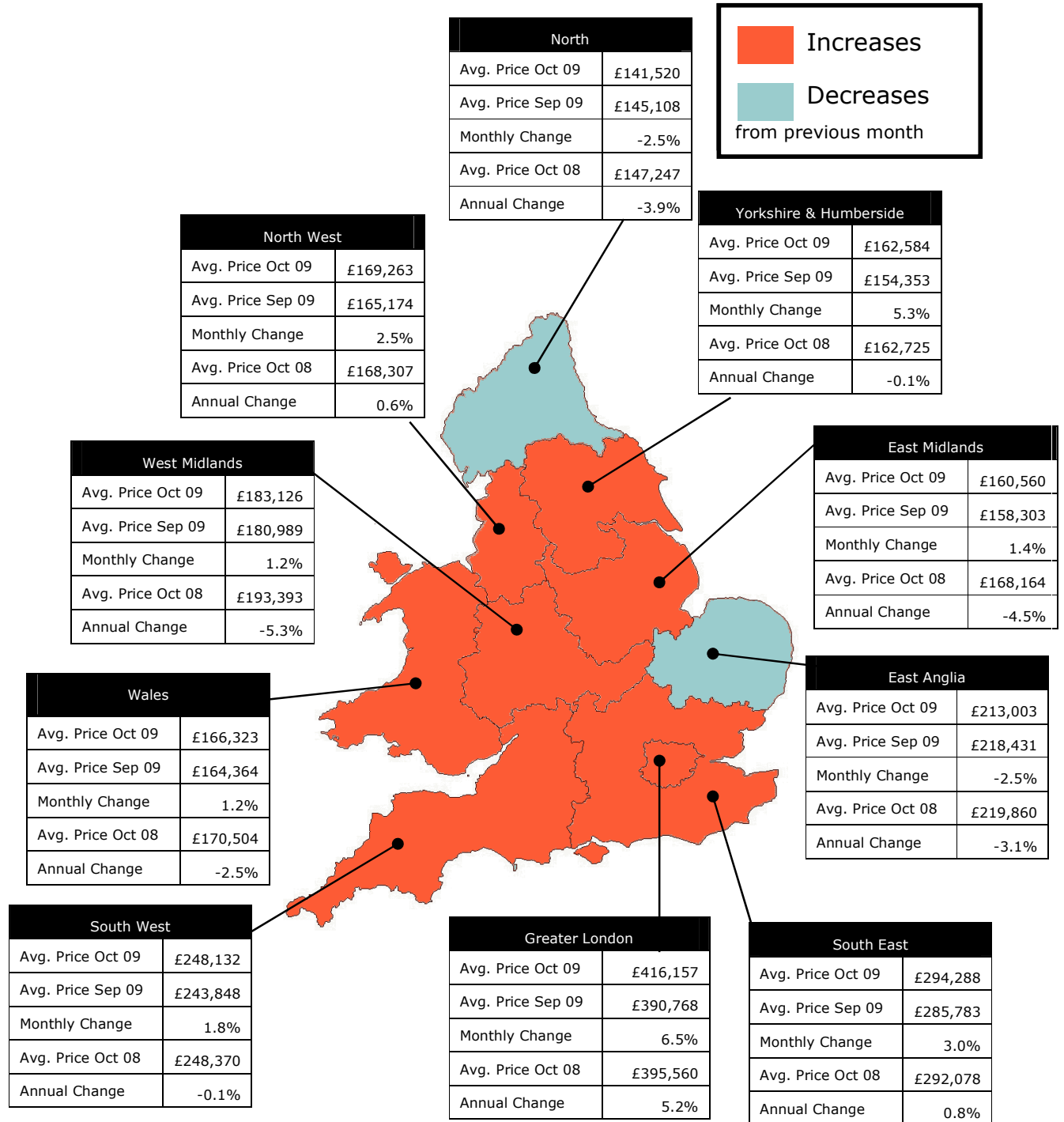
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The UK's number one property website

Average properties for sale per Estate Agent



Regions of England & Wales



If you are a journalist and would like a further breakdown on these regional statistics please contact the Press Office on: press@rightmove.co.uk or call 0845 456 8439

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National Asking Price Trend

| Month | Index (Jan 2002 = 100) | % Change | Avg. Price |
|----------------------|---------------------------|--------------|-------------|
| October 2008 | 186.9 | +1.0% | £229,691 |
| November 2008 | 181.4 | -2.9% | £222,979 |
| December 2008 | 177.2 | -2.3% | £217,808 |
| January 2009 | 173.8 | -1.9% | £213,570 |
| February 2009 | 175.9 | +1.2% | £216,163 |
| March 2009 | 177.4 | +0.9% | £218,081 |
| April 2009 | 180.7 | +1.8% | £222,077 |
| May 2009 | 185.1 | +2.4% | £227,441 |
| June 2009 | 184.2 | -0.4% | £226,436 |
| July 2009 | 185.4 | +0.6% | £227,864 |
| August 2009 | 181.2 | -2.2% | £222,762 |
| September 2009 | 182.2 | +0.6% | £223,996 |
| October 2009 | 187.3 | +2.8% | £230,184 |
| Annual Change | +0.4 | +0.2% | £493 |

(National asking price includes other property types that are not classified below)

National Asking Price Trend by Property Type

| Month | Detached | Semi-Detached | Terraced | Flats/Apartments |
|----------------------|--------------|---------------|-------------|------------------|
| September 2008 | £327,568 | £195,188 | £174,270 | £184,542 |
| October 2008 | £334,518 | £193,143 | £173,858 | £187,051 |
| November 2008 | £323,690 | £188,219 | £170,740 | £183,501 |
| December 2008 | £317,998 | £185,471 | £164,512 | £175,915 |
| January 2009 | £314,282 | £181,093 | £161,667 | £173,613 |
| February 2009 | £307,787 | £183,208 | £166,302 | £179,063 |
| March 2009 | £312,893 | £184,300 | £168,828 | £184,821 |
| April 2009 | £321,827 | £187,589 | £167,844 | £179,693 |
| May 2009 | £327,914 | £188,271 | £169,038 | £183,587 |
| June 2009 | £325,903 | £189,866 | £169,149 | £184,011 |
| July 2009 | £330,574 | £193,298 | £171,227 | £182,800 |
| August 2009 | £324,557 | £189,181 | £170,265 | £181,769 |
| September 2009 | £328,201 | £192,503 | £171,060 | £179,454 |
| October 2009 | £332,201 | £193,216 | £174,989 | £185,200 |
| Annual Change | -0.6% | 0.0% | 0.7% | -1.0% |

Press enquiries regarding the methodology employed and access to further analysis of the data held by rightmove.co.uk should be directed to the Press Office on press@rightmove.co.uk or call 0845 456 8439

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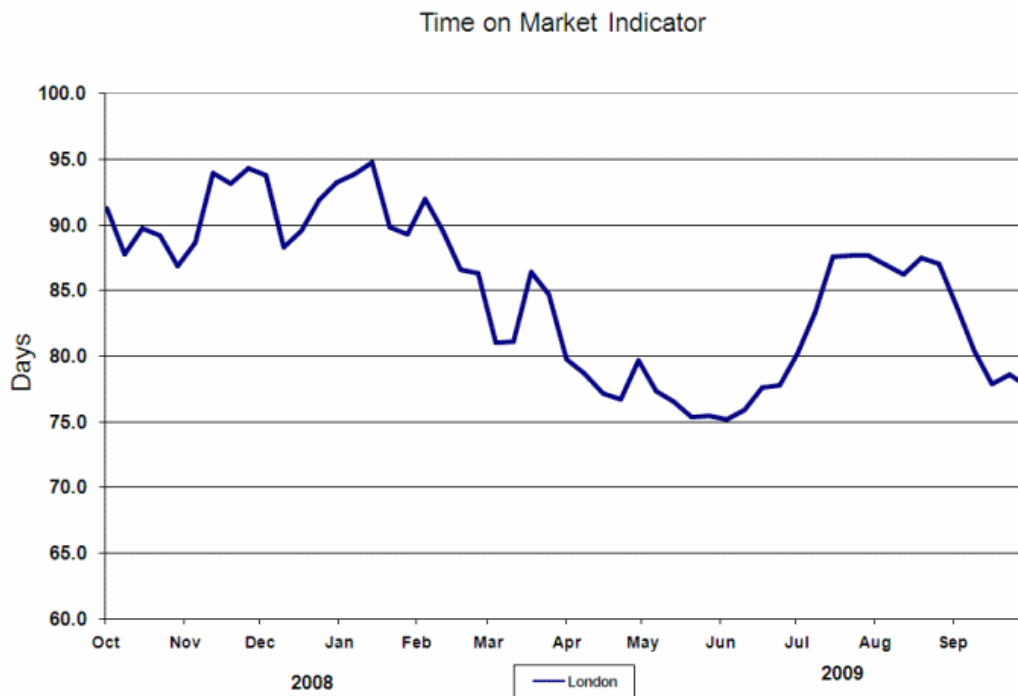
London's Best Performers October 2009

| London's Top 5 | Avg. Price Oct 09 | Avg. Price Sep 09 | Monthly Change |
|------------------------|-------------------|-------------------|----------------|
| Hammersmith and Fulham | £747,813 | £663,940 | 12.6% |
| Kensington and Chelsea | £1,894,192 | £1,689,874 | 12.1% |
| Ealing | £412,845 | £370,713 | 11.4% |
| Newham | £231,832 | £211,220 | 9.8% |
| Bromley | £331,419 | £303,077 | 9.4% |

London's Worst Performers October 2009

| London's bottom 5 | Avg. Price Oct 09 | Avg. Price Sep 09 | Monthly Change |
|----------------------|-------------------|-------------------|----------------|
| City of Westminster | £1,089,428 | £1,100,906 | -1.0% |
| Camden | £775,070 | £760,302 | 1.9% |
| Brent | £561,584 | £549,782 | 2.1% |
| Lambeth | £400,084 | £382,702 | 4.5% |
| Barking and Dagenham | £218,972 | £209,292 | 4.6% |

London Time on Market



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London Boroughs

| Borough | Avg. Price Oct 09 | Avg. Price Sep 09 | Monthly Change | Avg. Price Oct 08 | Annual Change |
|------------------------|----------------------|----------------------|-------------------|----------------------|------------------|
| Kensington and Chelsea | £1,894,192 | £1,689,874 | 12.1% | £1,571,792 | 20.5% |
| City of Westminster | £1,089,428 | £1,100,906 | -1.0% | £1,056,495 | 3.1% |
| Camden | £775,070 | £760,302 | 1.9% | £714,115 | 8.5% |
| Hammersmith and Fulham | £747,813 | £663,940 | 12.6% | £711,740 | 5.1% |
| Richmond-upon-Thames | £609,293 | £574,192 | 6.1% | £541,027 | 12.6% |
| Islington | £587,241 | £553,988 | 6.0% | £562,486 | 4.4% |
| Brent | £561,584 | £549,782 | 2.1% | £530,654 | 5.8% |
| Kingston-upon-Thames | £553,038 | £514,461 | 7.5% | £537,438 | 2.9% |
| Wandsworth | £522,839 | £498,430 | 4.9% | £534,432 | -2.2% |
| Hackney | £496,474 | £460,061 | 7.9% | £488,289 | 1.7% |
| Barnet | £484,419 | £456,269 | 6.2% | £460,057 | 5.3% |
| Hounslow | £471,876 | £445,547 | 5.9% | £443,462 | 6.4% |
| Haringey | £438,016 | £417,297 | 5.0% | £407,214 | 7.6% |
| Ealing | £412,845 | £370,713 | 11.4% | £385,032 | 7.2% |
| Merton | £405,262 | £382,230 | 6.0% | £390,658 | 3.7% |
| Lambeth | £400,084 | £382,702 | 4.5% | £387,943 | 3.1% |
| Southwark | £391,856 | £363,474 | 7.8% | £374,871 | 4.5% |
| Tower Hamlets | £390,460 | £370,858 | 5.3% | £399,788 | -2.3% |
| Hillingdon | £345,523 | £324,634 | 6.4% | £337,343 | 2.4% |
| Lewisham | £342,511 | £314,771 | 8.8% | £320,912 | 6.7% |
| Bromley | £331,419 | £303,077 | 9.4% | £329,620 | 0.5% |
| Harrow | £326,643 | £308,171 | 6.0% | £316,773 | 3.1% |
| Sutton | £324,374 | £304,083 | 6.7% | £318,690 | 1.8% |
| Enfield | £321,639 | £297,639 | 8.1% | £307,982 | 4.4% |
| Waltham Forest | £289,440 | £273,791 | 5.7% | £279,059 | 3.7% |
| Redbridge | £281,908 | £266,129 | 5.9% | £282,291 | -0.1% |
| Croydon | £275,128 | £259,283 | 6.1% | £268,317 | 2.5% |
| Greenwich | £272,954 | £252,683 | 8.0% | £250,555 | 8.9% |
| Havering | £258,068 | £242,978 | 6.2% | £249,684 | 3.4% |
| Newham | £231,832 | £211,220 | 9.8% | £234,051 | -0.9% |
| Barking and Dagenham | £218,972 | £209,292 | 4.6% | £220,148 | -0.5% |
| Bexley | £218,426 | £204,409 | 6.9% | £215,743 | 1.2% |

(City of London excluded due to small number of residential properties.)

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Index Comparison

| | October 09 | | September 09 | | August 09 | |
|-------------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| | House Price | Monthly change | House Price | Monthly change | House Price | Monthly change |
| Rightmove | £230,184 | +2.8% | £223,996 | +0.6% | £222,580 | -2.3% |
| Halifax | N/A * | N/A * | £163,533 | +1.6% | £160,973 | +0.8% |
| Nationwide | N/A * | N/A * | £161,816 | + 0.9% | £160,224 | +0.9% |

* Published at the beginning of next month for Halifax and at the end of this month for Nationwide

Rightmove: compiled from asking prices of properties as they come on the market via Rightmove's member estate agents over the previous month, covering over 90% the market. Not seasonally adjusted. (Seasonally adjusted figure used for the Halifax from Nov 2003, as no unadjusted figure has been published.)

Halifax: based on mortgage approvals of loans agreed by Halifax Bank of Scotland over the previous month, seasonally adjusted.

Nationwide: based on mortgage approvals of loans agreed by Nationwide Building Society over the previous month, seasonally adjusted.

Rightmove measures asking prices and does not seasonally adjust its figures, while Nationwide and Halifax both report data based on mortgage offers, seasonally adjusted. The index offered by the CLG (Department of Communities and Local Government) measure prices at completion stage, not seasonally adjusted.

Editors' notes

Advertising property for over 90% of all UK estate agents, Rightmove is in a unique position to identify any immediate changes in the market. Using a larger sample than any other house price reports, Rightmove's **House Price Index** is compiled from the asking prices of properties coming onto the market via the c.10,000 estate agency branches listing on Rightmove.co.uk. Rather than being a survey of opinions as with some other indices, it is produced from factual data of actual prices of properties currently on the market. The sample includes up to 200,000 homes each month – representing circa 90% of the market, the largest and most up-to-date monthly sample of any house price indicator in the UK. 95% of properties are sold via an agent, while only 75% are purchased with a mortgage. The index differs from other house price indicators in that it reflects asking prices when properties first come onto the market, rather than those recorded by lenders during the mortgage application process or final sales prices reported to the Land Registry. In essence, Rightmove's index measures prices at the very beginning of the home buying and selling process while other indices measure prices at points later in the process. Having a large sample size and being very up-to-date, the Rightmove Index has established itself as a reliable indicator of current and future trends of the housing market.

This month 9,590 properties have been excluded due to being anomalies.

About Rightmove.co.uk:

Rightmove.co.uk is the UK's leading property website, displaying details of homes for sale or rent to the largest online audience. It has around 90% of all properties for sale and at any time displays a stock of over one million properties to buy or rent, worth around £270 billion. All eight corporate estate agents (those with 100 or more branches) list their properties on the site. The Rightmove.co.uk site receives over 30 million visits every month and is consistently ranked number one property website in the UK (source: Hitwise).

For further information on methodology please contact the Press Office on press@rightmove.co.uk or call 0845 456 8439

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