

The Rightmove House Price Index

The largest monthly sample of residential property prices

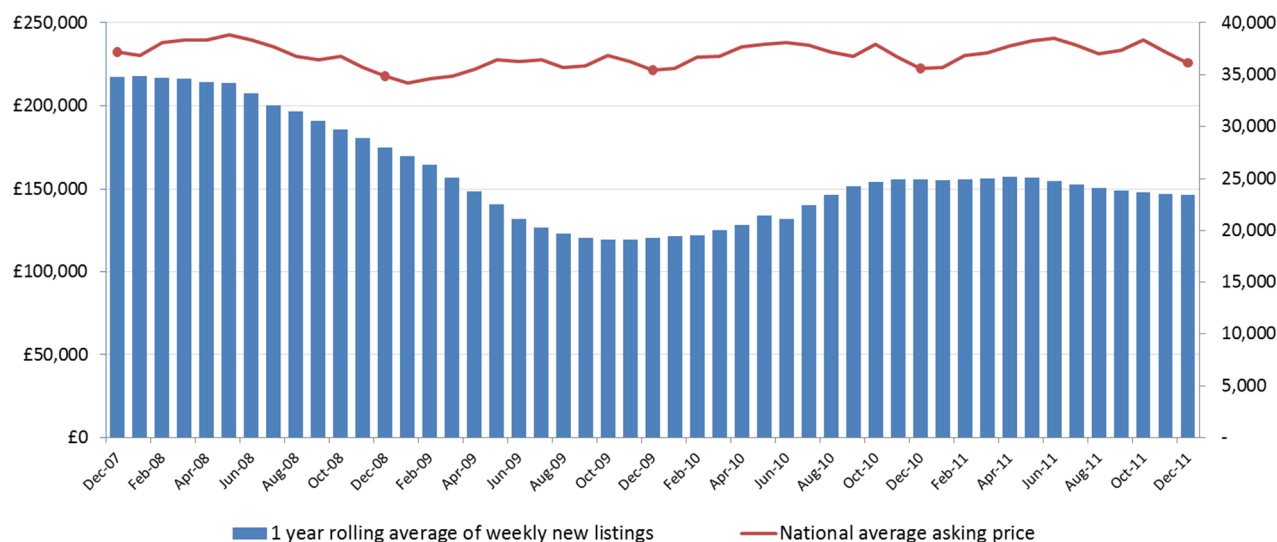
Under embargo for 00:01 hours: Monday 19th December 2011

2012 forecast: a fragmented and uncertain market

	December	November
Average Property Asking Price	£225,766	£232,144
% Change in Month	-2.7%	-3.1%
% Change in Past Year	+1.5%	+1.2%
Monthly Index (Jan 2002=100)	183.7	188.9

- 2011 ends with national average asking prices little changed (+1.5%) on a year ago
- The key to buying and selling in 2012 will be being “micro-market savvy”
 - Sellers must analyse their local competitive edge in terms of location, accommodation and price
 - Buyers could find areas with a lack of choice and high prices, or a glut and bargains, all within a few miles of each other
- National asking prices forecast to rise by circa 2% in 2012
 - Prices will be underpinned by a shortage of new sellers – we expect circa 1.2 million new sellers, down marginally on 2011 and still down by around a third on 2007 pre-credit crunch levels
 - Mortgage availability to remain difficult and, with low interest rates continuing to limit repossessions to below 40,000, transaction numbers will stay muted at 2011 levels
 - Uncertain outlook for the Eurozone weighs on potential home movers’ decision making — will it be a minor bump or a Lehman Brothers-style derailing?

National average asking prices and new listings since December 2007



Rightmove measured 68,376 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 13th November 2011 to 10th December 2011 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 December 2011

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For media enquiries and interviews please contact the Rightmove press office:

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Overview

New sellers' average asking prices fell by 2.7% in December to leave prices marginally up year-on-year (+1.5%), perhaps a surprising performance given the challenging market. With RPI still at 5.2%, this represents a fall of nearly 4% in real terms, though with wages failing to keep pace with inflation this does not necessarily indicate a corresponding increase in affordability. 2012 will be similarly challenging and Rightmove forecasts more of the same in the defining metrics of property supply and buyer demand, resulting in another small rise in nominal average asking prices. However, the key to the success of buyers and sellers in 2012 will be their understanding of how the impact of the credit crunch has fragmented traditional local buyer and seller dynamics into a series of highly complex micro-markets.

Miles Shippside, director of Rightmove explains: "The market fragmentation caused by the credit crunch means that success in selling now requires a very careful and complex local market analysis. As always it involves location, but the number of mortgage-ready buyers you can attract is now dictated by the type and size of property that you are selling. With all but the most appealing properties, pitching at too high a price and waiting for offers is a route to stagnation. Four years of increasingly dire economic news have also trained consumers' brains to look for stand-out value from day one of marketing. Welcome to the complex world of your very own local 'micro-market'".

Selling in 2012?

As well as being a marketing channel, estate agents must be a seller's most trusted advisor, whose expertise will give them the competitive edge needed to attract what buyers there are in their local marketplace. They must advise on what buyers are looking for in terms of accommodation, character, location and price, and whether a seller's property matches those criteria. In a market where buyers are driven to hunt for value, the surest way to sell a standard-sounding property is to make the price well below the standard. That is a financially painful step for many sellers, and a step that is not possible for those on the borders of negative equity or who need a large deposit to fund their planned move.

Shippside adds: "In the volume market of 2007 an average property at an average price had a good chance of selling. In 2012 average on any count will not be good enough."

Buying in 2012?

Buyers too need to research and understand the make-up of their target property market. They could face a lack of property choice and high prices, or a glut and what seem to be comparative bargains, all within a few miles. At a macro-level, price and activity variations can be simplistically explained as a difference in market conditions between the north and the south. For example, new seller average asking prices are up by 4.7% year-on-year in the south (East Anglia, South West, South East and London) compared to an average fall of 1.1% in the north (Wales, East Midlands, West Midlands, North West, North and Yorkshire & Humberside). Much more stark contrasts are evident at a micro-level within regions. For example, in the West Midlands, Burton-on-Trent has seen over 10% more new sellers compared to 2010, contributing to their prices being down by 12%. Some thirteen miles away in Tamworth prices are down by just 0.8%, supported by 2% less new sellers than in 2010. In Yorkshire prices in Rotherham are up 2.8% under-pinned by 12% fewer properties coming to market, whereas in Barnsley prices are down by 5.0% as new seller numbers are up by 2%.

Shippside adds: "It is clear that in these turbulent times the UK housing market is made up of many fragmented micro-markets that are performing very differently. Those that are involved in buying or selling next year need to understand their local market dynamics to help them deliver the right recipe for success. That will include gauging under- or over-supply of property types, buyer demographics and mortgage profiling, unemployment concerns and exposure to public sector cuts or the likelihood of external investment".

Housing shortage

In the longer run, the UK will continue to suffer from a shortage of housing. House building numbers are still failing to keep pace with the increase in the number of households, and the shortfall gets worse every year.

Both the government's new plans to boost house building by easing planning restrictions and the introduction of a mortgage indemnity guarantee scheme have yet to be tested by the market. If the Eurozone economy suffers a major shock and unemployment levels soar, then we may see higher levels of immigration from European workers looking for jobs, putting further pressure on the UK's housing stock, particularly in London and the South East.

Four years into this downturn it seems certain that it still has some years left to run. The lessons we have learned in recent years about the performance of the property market in difficult times are likely to remain valid in the short to medium term, and have informed our forecasts for 2012.

2012 FORECASTS

Prices

New sellers' average asking prices will rise by circa 2%, though this national average will vary in the many local micro-markets. However, inflation-adjusted house prices will continue to fall, or at best stand still, and have now been eroded by 8% in the last 2.

Property supply

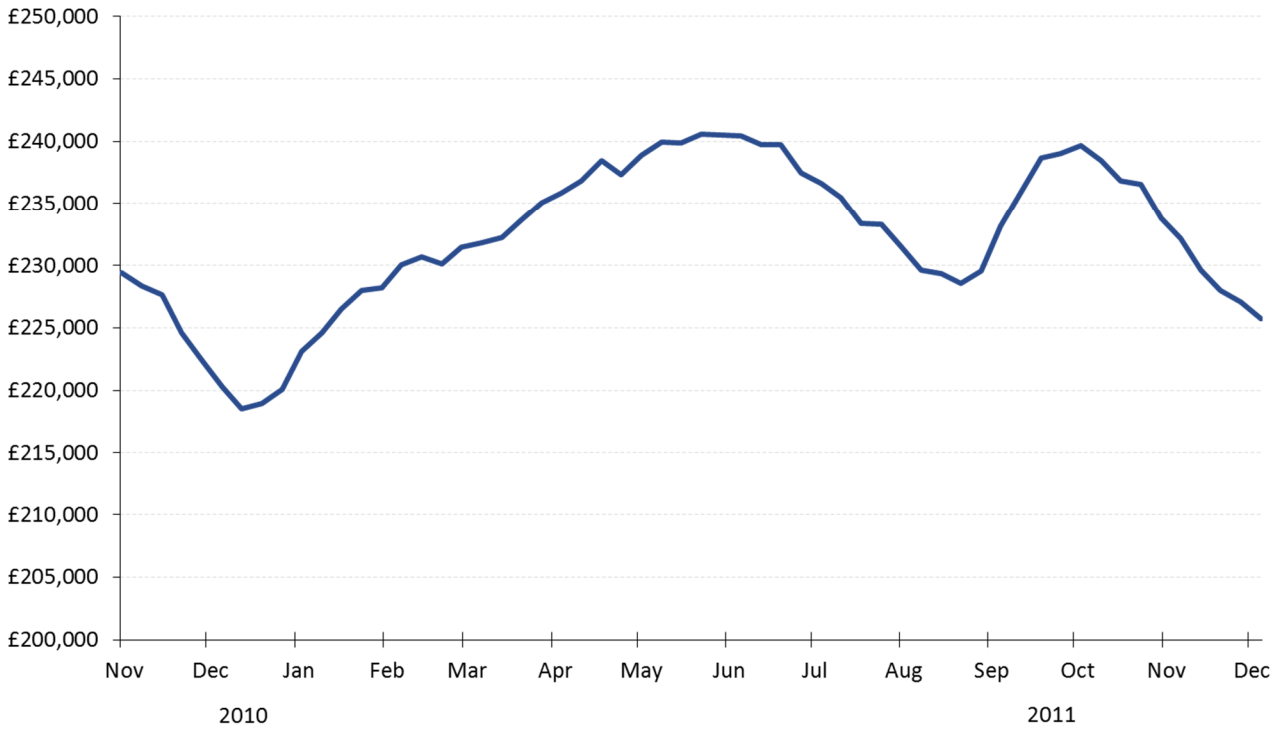
We expect the number of properties coming to market to be marginally below the 1.24 million recorded in 2011. This anticipated decline reflects the fall-off in sellers coming to market seen by Rightmove in recent months. It means that new seller numbers will be about a third down on the pre-credit crunch levels in 2007. The shortage of new sellers in some locations, and improving investor yields on rental properties, will help underpin prices and stave off a price collapse except in exceptionally adverse market conditions. Although we forecast that the number of forced sales will increase due to the economic stress testing home owners' finances, continued lender forbearance will keep repossessions to below 40,000 and this in turn will limit wider market price falls.

Lending

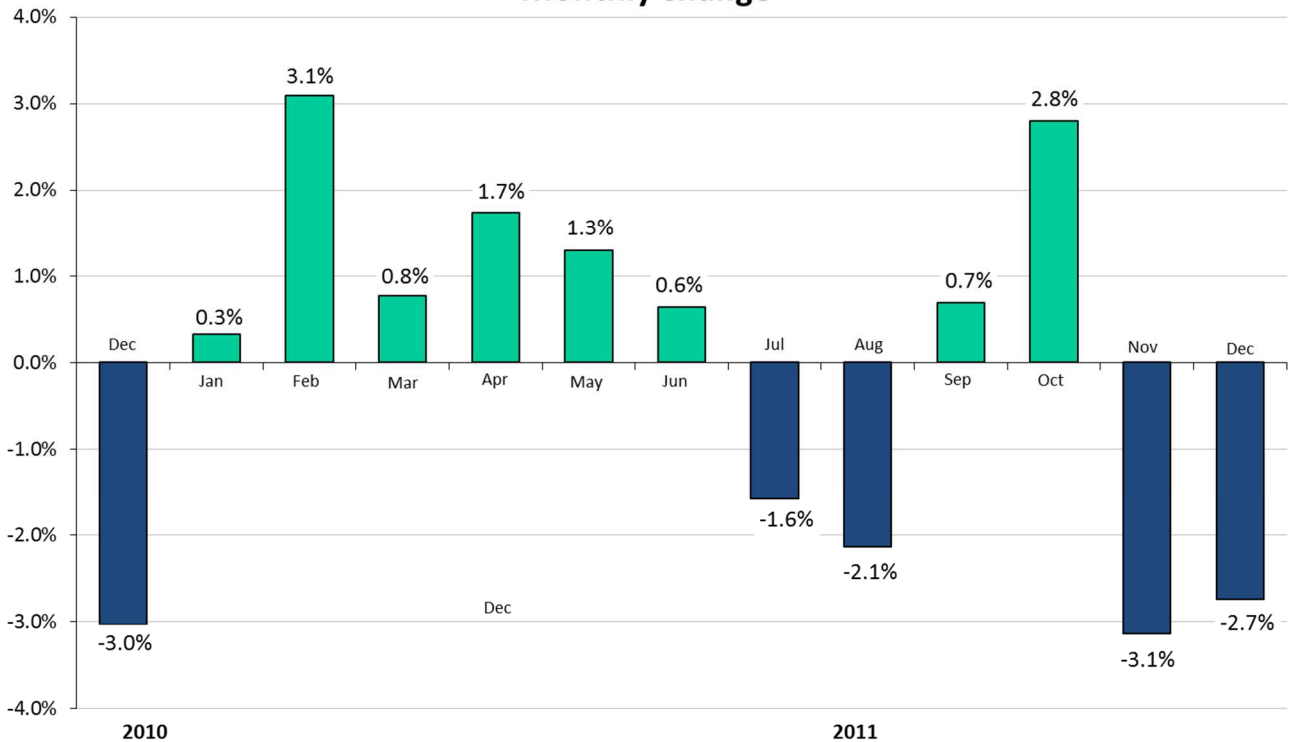
Mortgage availability will remain difficult as lenders continue to rebuild their balance sheets and cherry-pick the most creditworthy borrowers. This practice will continue to discriminate against first-time buyers who are struggling to raise the necessary deposits. A recent Rightmove survey found that of those who intend to buy over the next 12 months just 23% will be purchasing for the first time. This is significantly below the commonly accepted 40% level required for a healthy and active property market. If events in the Eurozone cause another banking and liquidity crisis, then mortgage conditions could become even more difficult. This means that sales transaction numbers could fall back slightly on the low levels achieved in 2011, and remain muted at circa half of their peak levels. While Bank of England base rates are likely to remain at current record lows throughout 2012, some existing borrowers will come to the end of their attractive deals and join those at risk of being forced sellers.

Shipside comments: "We have had a few years of testing the resilience of the bottom of the market, and we seem to have found a base level that represents an uneasy equilibrium between repressed buyer demand and affordability, and what sellers are willing or able to accept. Buyer and seller activity is also impacted by a lack of confidence and there remains a high level of uncertainty overhanging the market due to the ongoing Eurozone crisis. It's like a high-speed train running along a damaged track, but could the bumps be so severe as to cause another Lehman Brothers-style derailment of the property market? Some potential home-movers are watching in anticipation for the answer before making a decision on a large financial commitment. In the event of a disorderly collapse of the Eurozone then our predictions for 2012 will also be derailed!"

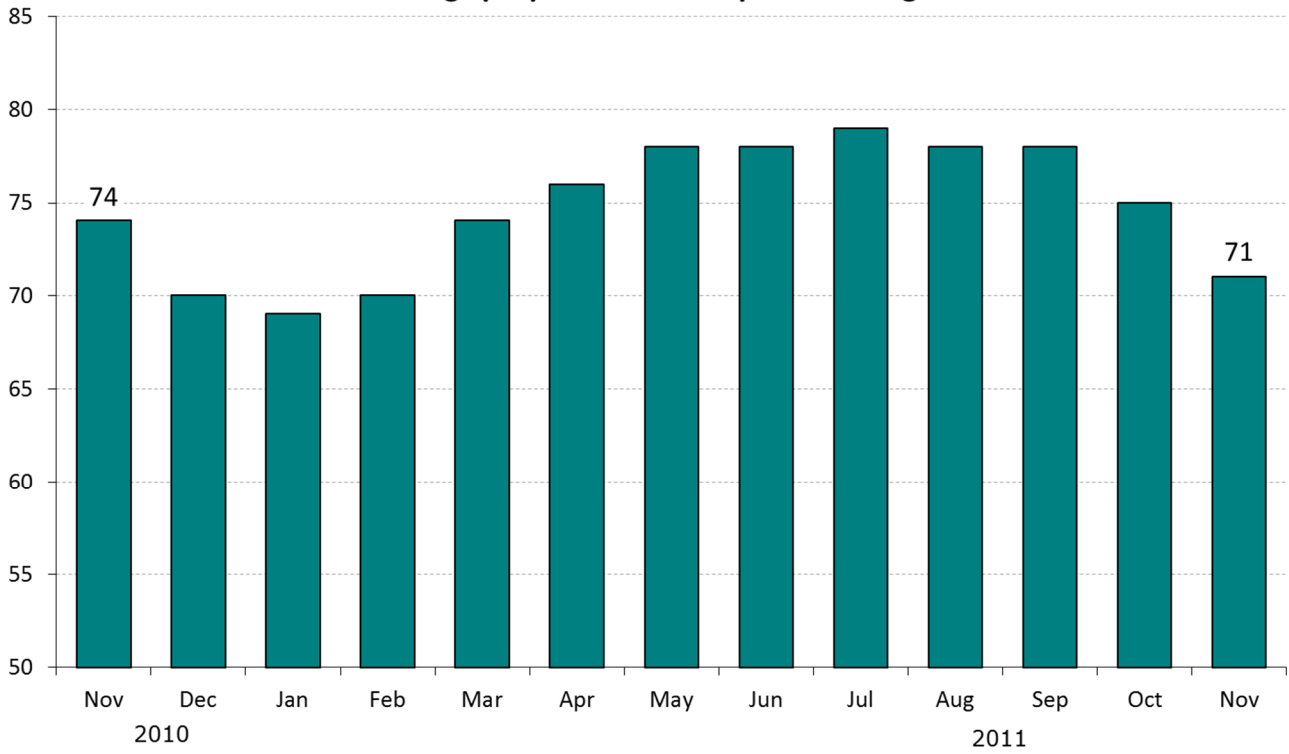
Rightmove Monthly Asking Price Trend



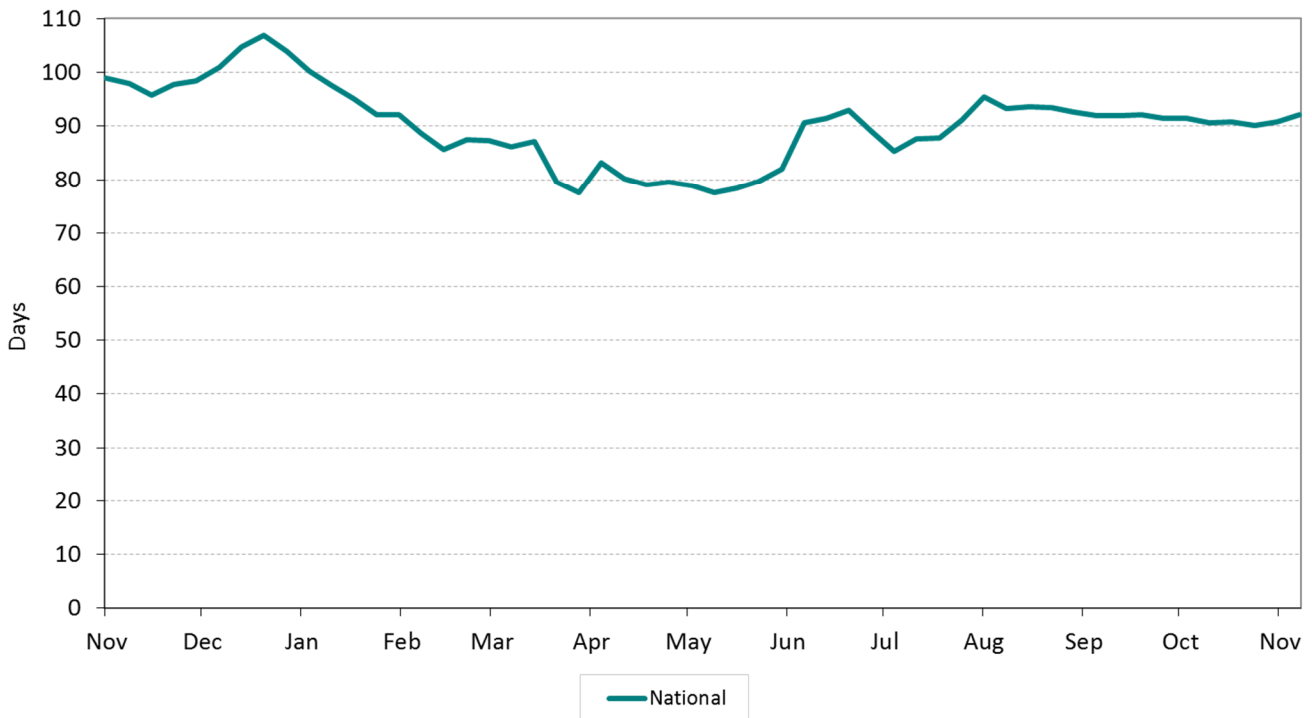
Monthly Change



Average properties for sale per Estate Agent



Time on Market Indicator (National)



Regions of England & Wales

Increases

Decreases
from previous month

North	
Avg. Price Dec 11	£141,555
Avg. Price Nov 11	£140,317
Monthly Change	0.9%
Avg. Price Dec 10	£145,898
Annual Change	-3.0%

North West	
Avg. Price Dec 11	£154,126
Avg. Price Nov 11	£157,181
Monthly Change	-1.9%
Avg. Price Dec 10	£157,207
Annual Change	-2.0%

Yorkshire & Humberside	
Avg. Price Dec 11	£144,767
Avg. Price Nov 11	£146,240
Monthly Change	-1.0%
Avg. Price Dec 10	£150,218
Annual Change	-3.6%

West Midlands	
Avg. Price Dec 11	£176,524
Avg. Price Nov 11	£183,517
Monthly Change	-3.8%
Avg. Price Dec 10	£176,376
Annual Change	0.1%

East Midlands	
Avg. Price Dec 11	£151,825
Avg. Price Nov 11	£157,128
Monthly Change	-3.4%
Avg. Price Dec 10	£153,535
Annual Change	-1.1%

Wales	
Avg. Price Dec 11	£162,003
Avg. Price Nov 11	£164,905
Monthly Change	-1.8%
Avg. Price Dec 10	£162,577
Annual Change	-0.4%

East Anglia	
Avg. Price Dec 11	£209,311
Avg. Price Nov 11	£211,765
Monthly Change	-1.2%
Avg. Price Dec 10	£205,759
Annual Change	1.7%

South West	
Avg. Price Dec 11	£247,765
Avg. Price Nov 11	£246,874
Monthly Change	0.4%
Avg. Price Dec 10	£242,408
Annual Change	2.2%

Greater London	
Avg. Price Dec 11	£434,871
Avg. Price Nov 11	£444,724
Monthly Change	-2.2%
Avg. Price Dec 10	£408,789
Annual Change	6.4%

South East	
Avg. Price Dec 11	£289,014
Avg. Price Nov 11	£308,101
Monthly Change	-6.2%
Avg. Price Dec 10	£285,094
Annual Change	1.4%

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

National Asking Price Trend

Month	Index (Jan 2002 = 100)	% Change	Avg. Price
December 2010	181.0	-3.0%	£222,410
January 2011	181.5	+0.3%	£223,121
February 2011	187.2	+3.1%	£230,030
March 2011	188.6	+0.8%	£231,790
April 2011	191.9	+1.7%	£235,822
May 2011	194.4	+1.3%	£238,874
June 2011	195.6	+0.6%	£240,394
July 2011	192.5	-1.6%	£236,597
August 2011	188.4	-2.1%	£231,543
September 2011	189.7	+0.7%	£233,139
October 2011	195.0	+2.8%	£239,672
November 2011	188.9	-3.1%	£232,144
December 2011	183.7	-2.7%	£225,766
Annual Change	+2.7	+1.5%	+£3,356

(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
December 2010	£326,708	£190,603	£171,769	£183,281
January 2011	£328,831	£190,534	£172,759	£187,269
February 2011	£338,546	£196,106	£178,058	£186,862
March 2011	£343,427	£196,487	£177,422	£190,367
April 2011	£347,974	£197,649	£178,034	£191,519
May 2011	£354,276	£199,409	£177,463	£192,660
June 2011	£354,079	£198,904	£179,397	£192,090
July 2011	£348,145	£196,560	£178,694	£190,758
August 2011	£342,590	£194,781	£176,393	£190,143
September 2011	£342,687	£194,642	£178,505	£189,427
October 2011	£346,883	£198,267	£179,626	£194,545
November 2011	£343,200	£194,412	£173,935	£193,381
December 2011	£336,197	£191,040	£173,266	£189,870
Annual Change	+2.9%	+0.2%	+0.9%	+3.6%

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.

London's Best Performers December 2011

London's Top 5	Avg. Price Dec 11	Avg. Price Nov 11	Monthly Change
Hounslow	£518,968	£496,690	4.5%
Newham	£238,891	£234,660	1.8%
Merton	£437,582	£430,734	1.6%
Barnet	£519,482	£514,429	1.0%
Haringey	£478,402	£474,239	0.9%

London's Worst Performers December 2011

London's Bottom 5	Avg. Price Dec 11	Avg. Price Nov 11	Monthly Change
Brent	£606,122	£635,551	-4.6%
Croydon	£269,523	£282,416	-4.6%
Islington	£583,538	£607,103	-3.9%
Harrow	£320,867	£333,652	-3.8%
Sutton	£327,985	£340,675	-3.7%

London Time on Market

Time on Market Indicator (London)



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London Boroughs

Borough	Avg. Price Dec 11	Avg. Price Nov 11	Monthly Change	Avg. Price Dec 10	Annual Change
Kensington and Chelsea	£1,956,710	£1,963,996	-0.4%	£1,835,110	6.6%
City of Westminster	£1,329,863	£1,342,463	-0.9%	£1,178,108	12.9%
Hammersmith and Fulham	£826,508	£820,024	0.8%	£735,491	12.4%
Camden	£813,652	£819,104	-0.7%	£734,273	10.8%
Brent	£606,122	£635,551	-4.6%	£499,545	21.3%
Wandsworth	£604,035	£611,147	-1.2%	£539,144	12.0%
Richmond-upon-Thames	£592,219	£597,842	-0.9%	£580,421	2.0%
Kingston-upon-Thames	£585,762	£591,969	-1.0%	£577,090	1.5%
Islington	£583,538	£607,103	-3.9%	£567,722	2.8%
Barnet	£519,482	£514,429	1.0%	£483,203	7.5%
Hounslow	£518,968	£496,690	4.5%	£466,367	11.3%
Hackney	£485,427	£500,470	-3.0%	£466,070	4.2%
Haringey	£478,402	£474,239	0.9%	£435,176	9.9%
Merton	£437,582	£430,734	1.6%	£383,216	14.2%
Lambeth	£428,727	£442,087	-3.0%	£404,775	5.9%
Ealing	£428,578	£428,639	0.0%	£396,800	8.0%
Tower Hamlets	£414,608	£412,823	0.4%	£375,950	10.3%
Southwark	£404,550	£410,473	-1.4%	£377,704	7.1%
Hillingdon	£341,467	£354,034	-3.5%	£335,371	1.8%
Lewisham	£340,215	£346,948	-1.9%	£323,743	5.1%
Sutton	£327,985	£340,675	-3.7%	£309,640	5.9%
Enfield	£324,636	£332,514	-2.4%	£316,509	2.6%
Bromley	£322,072	£329,321	-2.2%	£329,194	-2.2%
Harrow	£320,867	£333,652	-3.8%	£316,160	1.5%
Waltham Forest	£292,087	£294,573	-0.8%	£272,949	7.0%
Redbridge	£288,123	£292,416	-1.5%	£272,212	5.8%
Greenwich	£274,325	£281,497	-2.5%	£261,807	4.8%
Croydon	£269,523	£282,416	-4.6%	£269,549	0.0%
Havering	£253,942	£260,579	-2.5%	£240,306	5.7%
Newham	£238,891	£234,660	1.8%	£212,137	12.6%
Barking and Dagenham	£216,543	£221,819	-2.4%	£202,353	7.0%
Bexley	£208,841	£216,134	-3.4%	£210,363	-0.7%

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

Index Comparison

	Dec 2011		Nov 2011		Oct 2011	
	House Price	Monthly change	House Price	Monthly change	House Price	Monthly change
Rightmove	£225,766	-2.7%	£232,144	-3.1%	£239,672	+2.8%
Halifax	N/A *	N/A *	£161,731	-0.9%	£163,311	+1.2%
Nationwide	N/A *	N/A *	£165,798	+0.4%	£165,650	+0.4%

* 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. Figure quoted for monthly change is 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 7,210 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: Experian Hitwise).

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