

The Rightmove House Price Index

The largest monthly sample of residential property prices

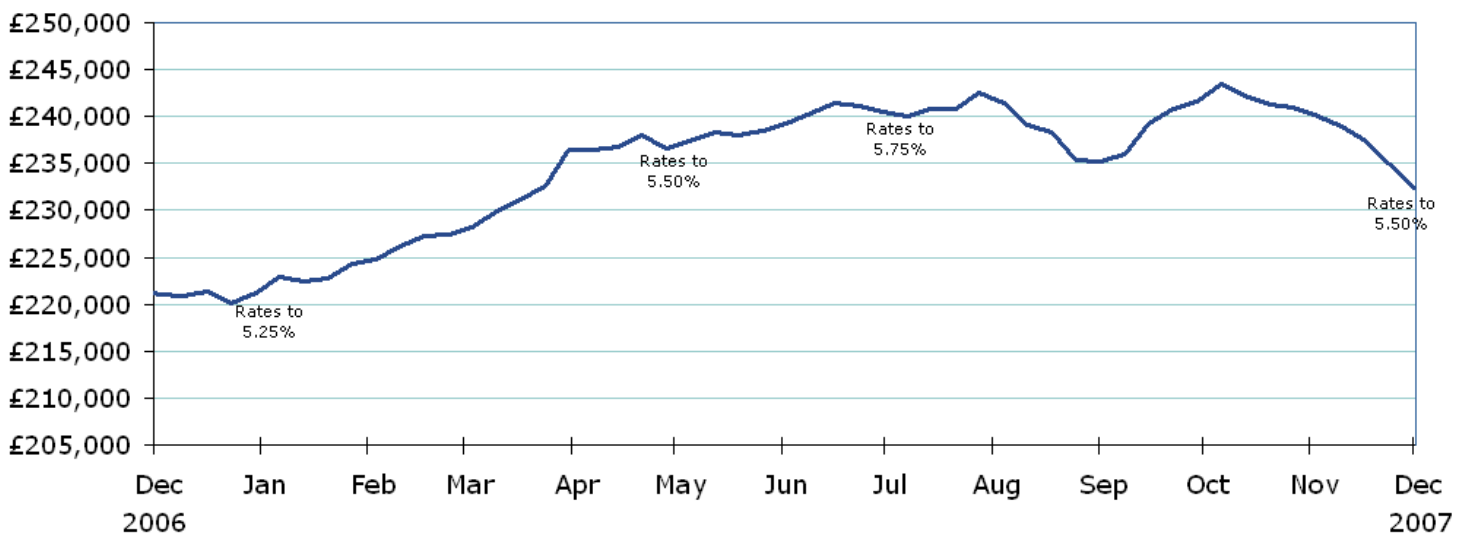
Under embargo for 00:01 hours: Monday 17th December 2007

HIPs deadline exaggerates big price falls

| | December | November |
|--------------------------------------|-----------------|----------|
| Average Property Asking Price | £232,396 | £239,986 |
| % Change in Month | -3.2% | -0.7% |
| % Change in Past Year | 4.8% | 7.9% |
| Monthly Index (Jan 2002=100) | 189.1 | 195.3 |

- 3.2% asking price fall exacerbated by seasonal factors and HIP-avoiding first-time sellers
- Proportion of cheaper 2 bedroom or fewer homes coming to market surges from 38% to 48%, accounting for circa 1.1% of the 3.2% fall in average prices
- London average price suffers greater distortion from the 'HIP effect', which accounts for 2.3% of the 6.8% fall
- As the housing market seeks to navigate through uncharted territory during 2008, recovery depends upon continued action by the banking sector to improve liquidity and appropriate pricing by sellers

Rightmove Monthly Asking Price Trend



Rightmove measured 108,240 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 11th November to 08th December 2007 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 25 million visits from home movers each month who view in excess of 450 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 17th December 2007

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For media enquiries and interviews please contact:

Mei-Kuen Tsui on 0207 087 0605 or press@rightmove.co.uk



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The UK's number one property website

Overview

The seasonal trend of falling asking prices during December has been magnified by an unseasonal surge of cheaper than average 2 bedroom or fewer properties avoiding their 14th December HIPs deadline. Whilst this may bring some relief to estate agents who are normally devoid of new sellers just before Christmas, it brings further confusion at a sensitive time for the property market.

Average national asking prices show a big fall of 3.2% (£7,590). However, we have measured a hugely disproportionate number of cheaper properties coming onto the market, which have exaggerated the average price fall. We estimate the 'HIP effect' has added 1.1% to the monthly drop, which would otherwise have been a fall in the region of 2.1%. In London, the fall of 6.8% would have been reduced to around 4.5%. Monthly price falls have occurred nationally in December for the last three years and in 5 out of the last 6 years in London. It is a typically quiet time of year when new sellers tend to be more desperate to sell. And given the traditionally low number of properties coming to the market, a surge in supply of a particular category of home will distort average prices. However, the substantial drops in asking prices are further confirmation of the underlying trend of more sellers re-adjusting their prices downwards to try and tempt buyers in deteriorating market conditions.

At this time last year, 38% of properties coming to market had two or fewer bedrooms. In the week from 2 December to 8 December, this increased to 48%, which is a massive increase in the proportion of smaller properties. In London, the corresponding figures were 43% and 50%. This surge in the number of smaller properties coming to market will continue to be reflected in Rightmove's January House Price Index, which we anticipate will be similarly depressed. We then forecast a rebound in the February figure, by which point the 'HIP effect' should have finally worked through the system.

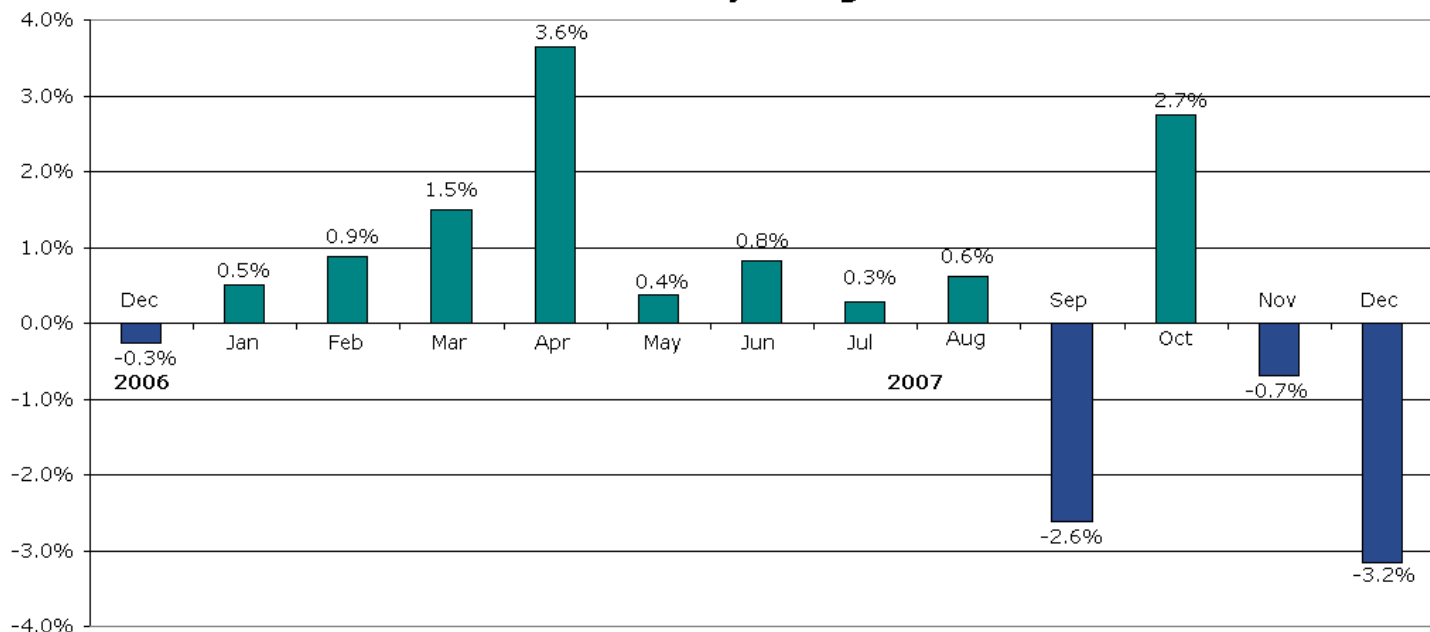
Miles Shippside, Commercial Director of Rightmove comments: "New listings are very low at this time of year, so the artificial wave of 'low-end sellers' has really distorted the average prices of new properties coming onto the market. Whilst 3 months ago we forecast that the final phase of HIPs would drop average prices this month, a substantial element of the fall reflects genuinely tough market conditions, and many sellers who have listed this month have priced below the market to try and sell. It is wrong, however, to speculate that prices will continue to fall based on one month's statistics from a quiet December."

An artificially induced increase in supply at the slowest time of the year in the property market, followed by HIP costs deterring new sellers in the New Year, is a hindrance to market recovery. A period of stagnation remains the most likely outcome for 2008, with the vast majority of sellers still in control of the decision as to whether to drop their prices. As long as employment rates are high and the overall economy remains stable then sellers will not be strongly motivated to drop their prices, though the outlook remains uncertain.

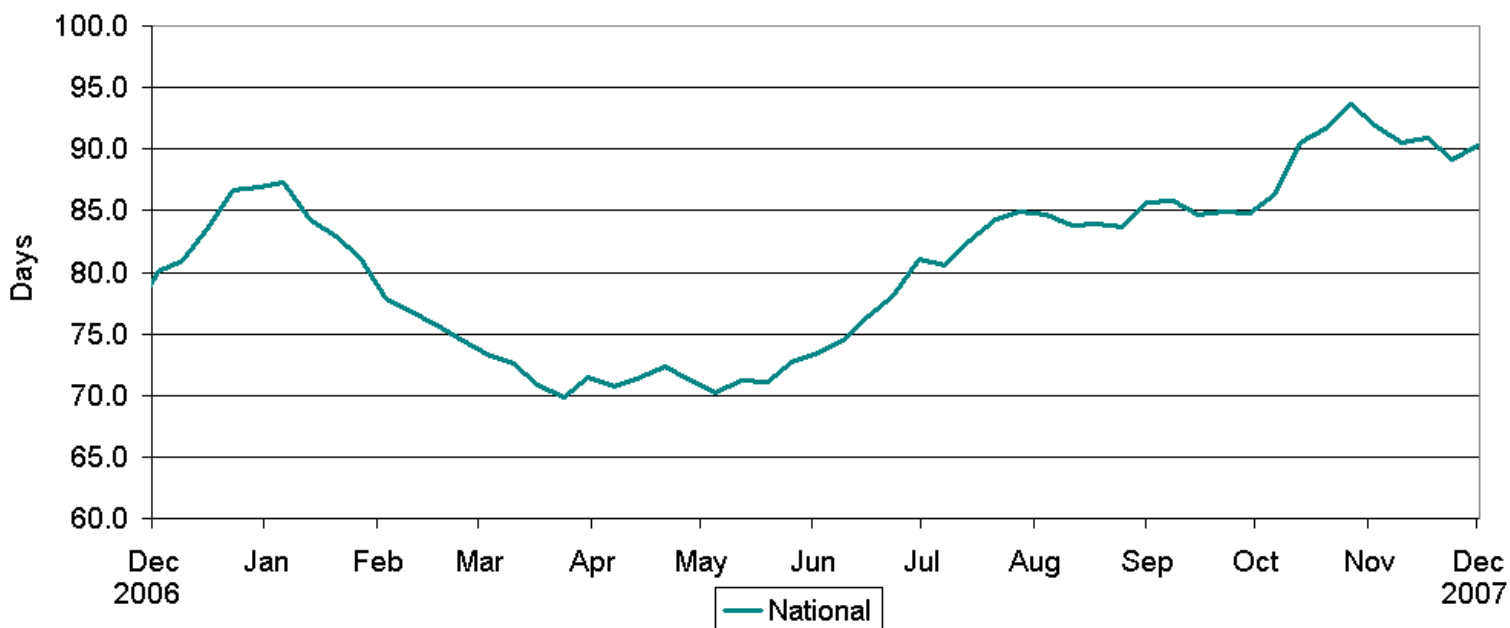
As we enter 2008, the property market is in uncharted territory. The oil crisis caused a recession and a housing crash in the mid 1970s. In the late 1980s we had the combination of a policy change in mortgage tax relief and a surge in interest rates, again leading to forced sales and falling prices. The 2004 slowdown came after five successive increases in base rates. In the current downturn the problem is the property market's increased dependence on mortgage funding raised from the log-jammed wholesale money markets rather than from savings deposits. This means that buyers face limited availability of mortgages at attractive rates, although the recent move by central banks across the world is a welcome attempt to alleviate this problem. The three month sterling LIBOR is currently at 6.6%, 1.1% higher than the Bank of England base rate. In December 2006, it was 5.3%, a more normal 0.3% above the then current base rate of 5.0%. So while the base rate is now only 0.5% higher than at this time last year, the market rates on which mortgages are based are 1.3% higher, which is a severe monetary tightening that has occurred outside the control of the Bank of England.

Miles Shippside adds: "Traditionally, the Bank of England base rate is the most important factor in setting mortgage rates. In recent months, however, problems in the mortgage funding markets mean that the biggest influence has been the interest rate at which banks are prepared to lend to each other rather than that set by the Bank of England. There therefore needs to be an effort by all parties to act decisively. One way or another, we need a further 0.5% cut in the cost of credit to borrowers early in 2008 just to return market borrowing rates to where they were before the credit crisis. In addition, sellers need to price aggressively and banks need to get their own houses in order to improve liquidity as quickly as possible. We are in a different world compared to previous housing downturns. It is a world of international banking interdependencies, and a world in which the robustness of the UK housing market has never been tested".

Monthly Change



Time on Market Indicator



Released 17th December 2007

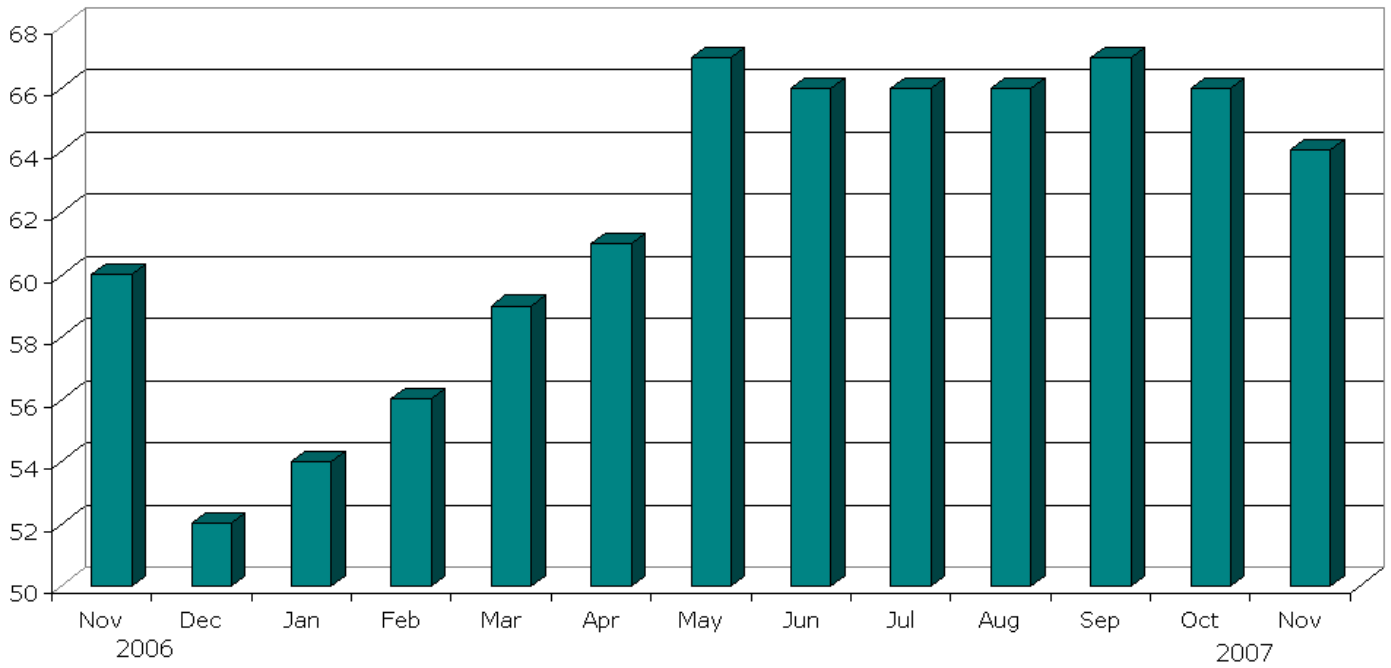
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Average properties for sale per Estate Agent



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Regions of England & Wales

Increases
Decreases
 from previous month

| North | |
|-------------------|----------|
| Avg. Price Dec 07 | £151,629 |
| Avg. Price Nov 07 | £156,223 |
| Monthly Change | -2.9% |
| Avg. Price Dec 06 | £150,661 |
| Annual Change | 0.6% |

| North West | |
|-------------------|----------|
| Avg. Price Dec 07 | £174,372 |
| Avg. Price Nov 07 | £178,512 |
| Monthly Change | -2.3% |
| Avg. Price Dec 06 | £176,136 |
| Annual Change | -1.0% |

| Yorkshire & Humberside | |
|------------------------|----------|
| Avg. Price Dec 07 | £166,753 |
| Avg. Price Nov 07 | £169,013 |
| Monthly Change | -1.3% |
| Avg. Price Dec 06 | £164,340 |
| Annual Change | 1.5% |

| West Midlands | |
|-------------------|----------|
| Avg. Price Dec 07 | £197,679 |
| Avg. Price Nov 07 | £194,398 |
| Monthly Change | 1.7% |
| Avg. Price Dec 06 | £186,068 |
| Annual Change | 6.2% |

| East Midlands | |
|-------------------|----------|
| Avg. Price Dec 07 | £178,020 |
| Avg. Price Nov 07 | £178,897 |
| Monthly Change | -0.5% |
| Avg. Price Dec 06 | £169,417 |
| Annual Change | 5.1% |

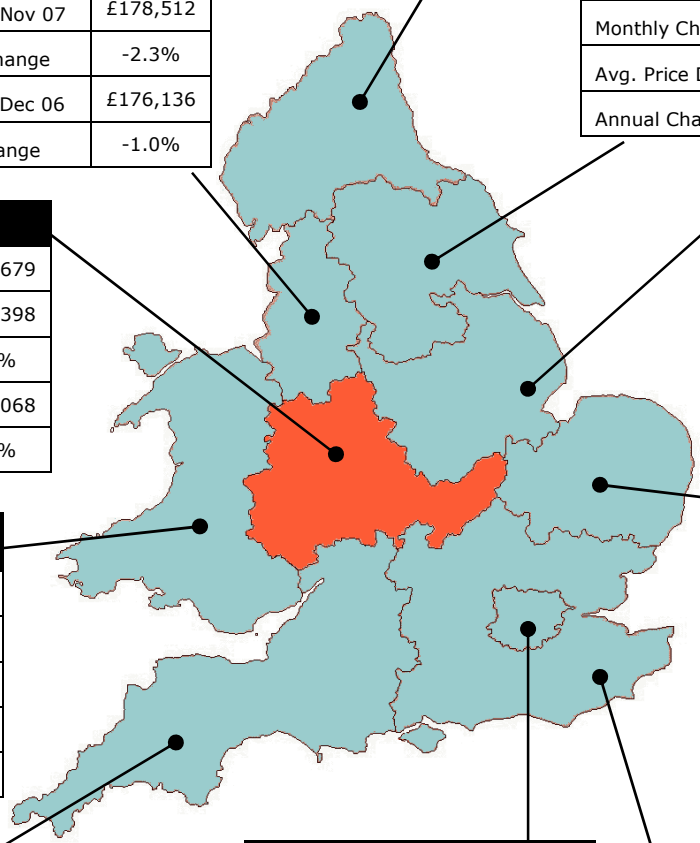
| Wales | |
|-------------------|----------|
| Avg. Price Dec 07 | £180,409 |
| Avg. Price Nov 07 | £185,072 |
| Monthly Change | -2.5% |
| Avg. Price Dec 06 | £175,625 |
| Annual Change | 2.7% |

| East Anglia | |
|-------------------|----------|
| Avg. Price Dec 07 | £221,931 |
| Avg. Price Nov 07 | £229,757 |
| Monthly Change | -3.4% |
| Avg. Price Dec 06 | £216,304 |
| Annual Change | 2.6% |

| South West | |
|-------------------|----------|
| Avg. Price Dec 07 | £250,793 |
| Avg. Price Nov 07 | £257,403 |
| Monthly Change | -2.6% |
| Avg. Price Dec 06 | £239,896 |
| Annual Change | 4.5% |

| Greater London | |
|-------------------|----------|
| Avg. Price Dec 07 | £384,632 |
| Avg. Price Nov 07 | £412,731 |
| Monthly Change | -6.8% |
| Avg. Price Dec 06 | £355,097 |
| Annual Change | 8.3% |

| South East | |
|-------------------|----------|
| Avg. Price Dec 07 | £291,708 |
| Avg. Price Nov 07 | £303,194 |
| Monthly Change | -3.8% |
| Avg. Price Dec 06 | £273,859 |
| Annual Change | 6.5% |



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 2006 | 180.4 | -0.3% | £221,751 |
| January 2007 | 181.3 | +0.5% | £222,859 |
| February 2007 | 182.9 | +0.9% | £224,802 |
| March 2007 | 185.7 | +1.5% | £228,183 |
| April 2007 | 192.4 | +3.6% | £236,490 |
| May 2007 | 193.1 | +0.4% | £237,361 |
| June 2007 | 194.7 | +0.8% | £239,317 |
| July 2007 | 195.3 | +0.3% | £240,001 |
| August 2007 | 196.5 | +0.6% | £241,474 |
| September 2007 | 191.3 | -2.6% | £235,176 |
| October 2007 | 196.6 | +2.7% | £241,642 |
| November 2007 | 195.3 | -0.7% | £239,986 |
| December 2007 | 189.1 | -3.2% | £232,396 |
| Annual Change | +8.7 | +4.8% | +£10,645 |

(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 2006 | £316,003 | £196,846 | £173,372 | £187,434 |
| January 2007 | £316,734 | £195,564 | £175,339 | £189,265 |
| February 2007 | £318,772 | £200,303 | £177,942 | £186,522 |
| March 2007 | £327,068 | £201,018 | £177,928 | £192,196 |
| April 2007 | £336,264 | £205,798 | £182,632 | £194,294 |
| May 2007 | £342,087 | £207,898 | £181,519 | £196,813 |
| June 2007 | £342,865 | £207,751 | £184,385 | £196,452 |
| July 2007 | £344,401 | £208,460 | £186,240 | £200,109 |
| August 2007 | £349,848 | £210,833 | £186,573 | £200,852 |
| September 2007 | £335,011 | £206,704 | £183,471 | £200,587 |
| October 2007 | £348,770 | £208,852 | £187,834 | £202,070 |
| November 2007 | £339,675 | £208,794 | £187,844 | £200,875 |
| December 2007 | £334,039 | £205,759 | £180,224 | £193,973 |
| Annual Change | 5.7% | 4.5% | 4.0% | 3.5% |

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 December 2007

| London's Top 5 | Avg. Price Dec 07 | Avg. Price Nov 07 | Monthly Change |
|----------------|-------------------|-------------------|----------------|
| Brent | £511,860 | £526,634 | -2.8% |
| Havering | £261,242 | £269,384 | -3.0% |
| Haringey | £388,708 | £402,589 | -3.4% |
| Enfield | £318,805 | £330,263 | -3.5% |
| Redbridge | £291,176 | £301,675 | -3.5% |

London's Worst Performers December 2007

| London's Bottom 5 | Avg. Price Dec 07 | Avg. Price Nov 07 | Monthly Change |
|-------------------|-------------------|-------------------|----------------|
| Hackney | £425,007 | £473,377 | -10.2% |
| Tower Hamlets | £395,034 | £436,880 | -9.6% |
| Islington | £492,951 | £538,099 | -8.4% |
| Southwark | £349,208 | £380,873 | -8.3% |
| Merton | £377,225 | £408,564 | -7.7% |

London Time on Market

Time on Market Indicator



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London Boroughs

| Borough | Avg. Price Dec 07 | Avg. Price Nov 07 | Monthly Change | Avg. Price Dec 06 | Annual Change |
|------------------------|----------------------|----------------------|-------------------|----------------------|------------------|
| Kensington and Chelsea | £1,572,814 | £1,653,696 | -4.9% | £1,116,041 | 40.9% |
| City of Westminster | £943,587 | £994,306 | -5.1% | £726,101 | 30.0% |
| Hammersmith and Fulham | £672,121 | £699,743 | -3.9% | £547,330 | 22.8% |
| Camden | £668,752 | £697,166 | -4.1% | £545,617 | 22.6% |
| Richmond-upon-Thames | £530,284 | £557,451 | -4.9% | £466,824 | 13.6% |
| Brent | £511,860 | £526,634 | -2.8% | £434,914 | 17.7% |
| Islington | £492,951 | £538,099 | -8.4% | £446,919 | 10.3% |
| Kingston-upon-Thames | £483,285 | £518,246 | -6.7% | £452,875 | 6.7% |
| Wandsworth | £468,072 | £505,349 | -7.4% | £461,484 | 1.4% |
| Barnet | £446,691 | £463,253 | -3.6% | £397,937 | 12.3% |
| Hounslow | £441,201 | £461,711 | -4.4% | £418,226 | 5.5% |
| Hackney | £425,007 | £473,377 | -10.2% | £390,261 | 8.9% |
| Tower Hamlets | £395,034 | £436,880 | -9.6% | £382,443 | 3.3% |
| Haringey | £388,708 | £402,589 | -3.4% | £344,625 | 12.8% |
| Ealing | £385,417 | £410,860 | -6.2% | £349,436 | 10.3% |
| Merton | £377,225 | £408,564 | -7.7% | £356,109 | 5.9% |
| Lambeth | £371,743 | £397,970 | -6.6% | £352,325 | 5.5% |
| Southwark | £349,208 | £380,873 | -8.3% | £328,419 | 6.3% |
| Hillingdon | £337,416 | £357,258 | -5.6% | £323,361 | 4.3% |
| Sutton | £335,808 | £358,119 | -6.2% | £318,872 | 5.3% |
| Bromley | £322,489 | £341,688 | -5.6% | £301,322 | 7.0% |
| Harrow | £322,089 | £336,152 | -4.2% | £303,194 | 6.2% |
| Enfield | £318,805 | £330,263 | -3.5% | £289,470 | 10.1% |
| Lewisham | £318,463 | £338,249 | -5.8% | £294,042 | 8.3% |
| Waltham Forest | £294,311 | £309,866 | -5.0% | £278,966 | 5.5% |
| Redbridge | £291,176 | £301,675 | -3.5% | £280,452 | 3.8% |
| Croydon | £276,942 | £289,595 | -4.4% | £261,892 | 5.7% |
| Havering | £261,242 | £269,384 | -3.0% | £252,711 | 3.4% |
| Newham | £251,674 | £265,407 | -5.2% | £244,866 | 2.8% |
| Greenwich | £245,789 | £261,264 | -5.9% | £230,923 | 6.4% |
| Barking and Dagenham | £227,145 | £236,284 | -3.9% | £219,001 | 3.7% |
| Bexley | £219,375 | £231,446 | -5.2% | £212,974 | 3.0% |

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

Index Comparison

| | December 07 | | November 07 | | October 07 | |
|------------|-------------|----------------|-------------|----------------|-------------|----------------|
| | House Price | Monthly change | House Price | Monthly change | House Price | Monthly change |
| Rightmove | £232,396 | -3.2% | £239,986 | -0.7% | £241,642 | +2.7% |
| Halifax | N/A* | N/A* | £194,895 | -1.1% | £197,248 | -0.7% |
| Nationwide | N/A* | N/A* | £184,099 | -0.8% | £186,044 | +1.1% |

* 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 half the market. Not seasonally adjusted.

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 DCLG (Department of Communities and Local Government) measure prices at completion stage, not seasonally adjusted.

Editors' notes

Rightmove's **House Price Index** is compiled from the asking prices of properties coming onto the market via Rightmove.co.uk's 12,500 estate agency branches. It is produced from factual data of actual prices of actual properties, rather than being a survey of opinions as with some other indexes. 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 8,400 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 25 million visits every month and is constantly ranked number 1 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