

The Rightmove House Price Index

The largest monthly sample of residential property prices

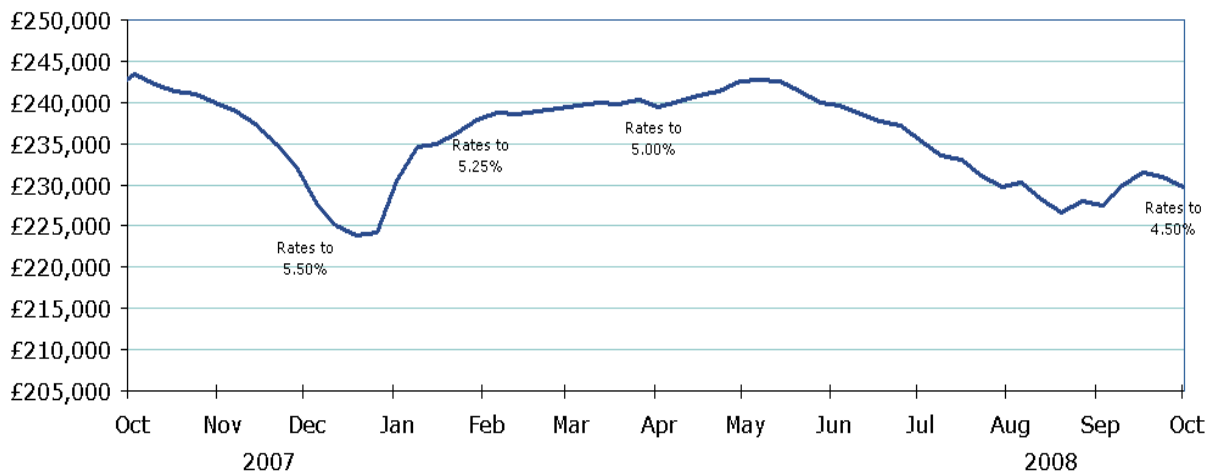
Under embargo for 00:01 hours: Monday 20th October 2008

The "Property Vultures" Circle and Wait

	October	September
Average Property Asking Price	£229,691	£227,438
% Change in Month	1.0%	-1.0%
% Change in Past Year	-4.9%	-3.3%
Monthly Index (Jan 2002=100)	186.9	185.0

- Largest ever annual fall recorded as average asking prices now 4.9% less than a year ago
- Traditional autumn asking price bounce more muted than previous years with new sellers asking an unrealistic 1% more than last month
 - Severe shortage of new sellers sees some agents willing to overprice before Christmas holidays
 - As credit crunch fallout continues, will there be a surge of forced sales to drive prices down further?
- Housing market unlikely to ever be the same again

Rightmove Monthly Asking Price Trend



Rightmove measured 94,098 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 14th September to 11th October 2008 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 30 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.

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Overview

The downward trend in asking prices continues, with new sellers now marketing at 4.9% less than 12 months ago, the largest year-on-year fall ever recorded by Rightmove. At the same time, "property vultures" are circling, looking harder and longer for a good deal.

Old habits associated with ten years of a rising market remain; however despite a severe downturn in property sales volumes. New sellers increased their asking prices by 1% compared to last month, though the price rise was far less pronounced than the October norm of circa 2% seen in more buoyant years. This continued the tradition of an autumn bounce in asking prices as, in spite of financial mayhem, some sellers are tempted to think their own residence is more desirable than its competition. Estate agents are also competing for scarce additional stock on the off chance it will sell and boost revenues before Christmas. However, all should note that for the first time, this month sees all regions of the country slipping into negative territory compared to a year ago.

Miles Shipside, commercial director of Rightmove, comments, "Any potential buyer will drive a hard bargain, so the temptation for sellers to price up and negotiate later may seem like a good idea. These are not the tactics of sellers in real financial hardship, and it would appear that the economic downturn has yet to become an everyday reality to most people. This is about to change as, unfortunately it looks like rising unemployment and an increasing pipeline of repossessions will drastically alter the complexion of the market in 2009."

For now, we continue to see evidence of the lack of urgency for sellers to enter the market resulting in average unsold stock per estate agent decreasing from 78 to 76. These levels still remain at historic highs, a testament to the lack of buyer activity as well as sellers being unwilling to accept a price in line with those few deals that are being achieved. Sellers should be mindful that rapidly rising unemployment is historically linked to a surge in forced sales, driving prices down further.

While fewer buyers may be ready to proceed, a number of "property vultures" are looking harder and longer for the right deal. Prospective home movers researching the market now spend an average of 13 minutes per visit to the site. During searches, sellers who price too high are easy to ignore and in danger of missing the impact a new listing generates. Once initial momentum is wasted, their fate tends to be a downward spiral of price reductions and a growing suspicion among would-be buyers that the property lacks appeal and popularity.

Shipside adds, "Most home owners have been shielded by 15 years of economic growth, coupled with historically low unemployment and interest rates. They hope that the Government intervention in the finance markets will lead to a more stable housing market rather than a catastrophic one driven by repossessions as came to pass in the early 1990's. With 38 million visits to Rightmove in the last month, there appears to be pent up demand at the right price by circling property vultures. Predicting outcomes is difficult in uncertain times, but we believe that the steps being taken to avoid a collapse in the global financial system will result in a paradigm shift in the UK housing market."

The unparalleled events of the past few months will have long-term consequences for the UK housing market, which is unlikely to ever be the same again. RBS, Lloyds TSB and HBOS between them have around 34% of the UK mortgage market¹, and it remains to be seen how the Government bailout will affect their lending and repossession practices. It will be interesting to see how these banks deliver on the commitment given to Government that they will seek to deliver a broad, deep mortgage market with a good spread of products that enables credit-worthy borrowers to access mortgage finance. Rule-of-thumb salary multiples established in the high-inflation and high interest rate environment of the 1970s and 1980s are looking increasingly inappropriate as base rates fall back from a peak of only 5.5%. We expect lenders to increase their use of broader measures of mortgage

¹ Source: Council of Mortgage Lenders. This figure is the 2007 market share of the RBS, Lloyds TSB & HBOS in terms of total mortgage balances outstanding at year end.



affordability, though their lending will remain restricted compared to pre-credit crunch times by tighter controls on leveraging debt.

The aforementioned shifts affect all sectors of the housing market and may have longer-term consequences, namely:

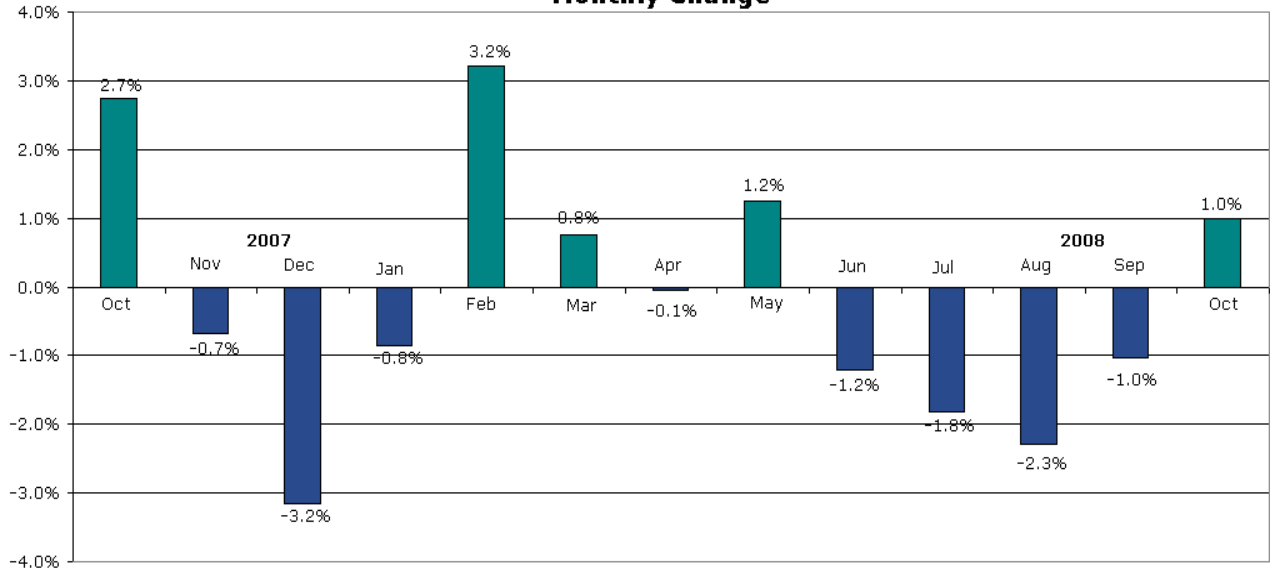
- First-Time Buyers having to save more for the larger deposits now required, thus more likely to be older or the beneficiaries of help from their parents;
- Amateur buy-to-let investors becoming hindered by tightening criteria on mortgages, thus significantly restricting the growth of the private rented sector. This potentially expose opportunities for larger intuitional landlords.
- Low volumes of new homes as the industry will take years to recover from banks' wariness to lend on speculative developments, exacerbated by the loss of skills that the new homes developers have already suffered.

It is worth noting that there will not be a direct correlation between lower prices and buyer affordability due to the significant tightening of lending criteria.

Shipside predicts: "For those who have been active in the housing market in the last 20 years, or were now hoping to get on the housing ladder following recent price falls, the rules have changed for good. When we look back on these turbulent times, I suspect we will not only realise that we came closer to the brink than most imagine, but we will also clearly recognise it as the end of the long period of growth in owner occupation."



Monthly Change



Time on Market Indicator



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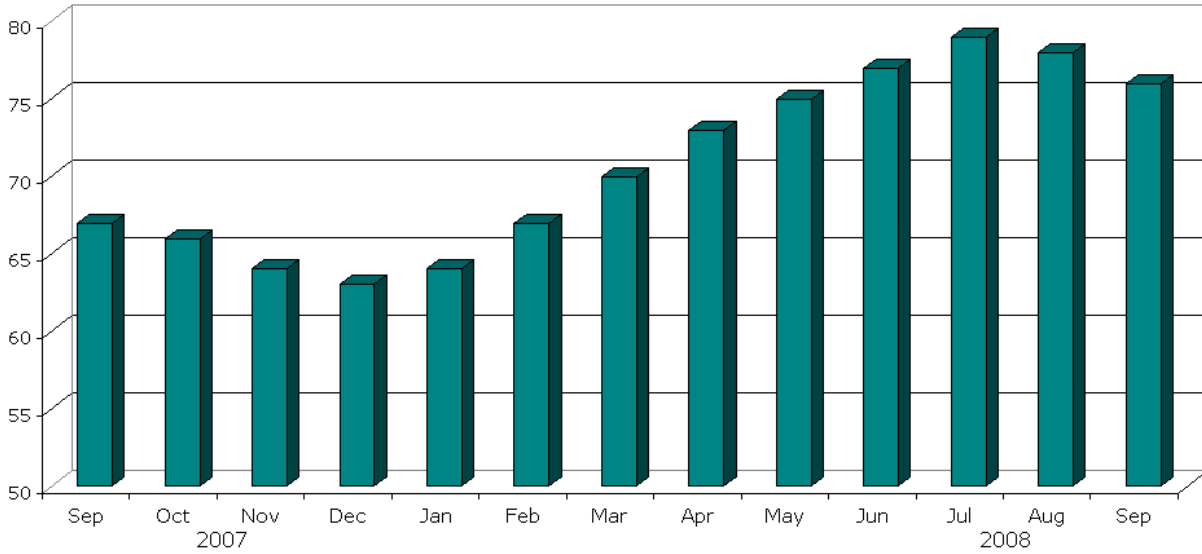
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Average properties for sale per Estate Agent



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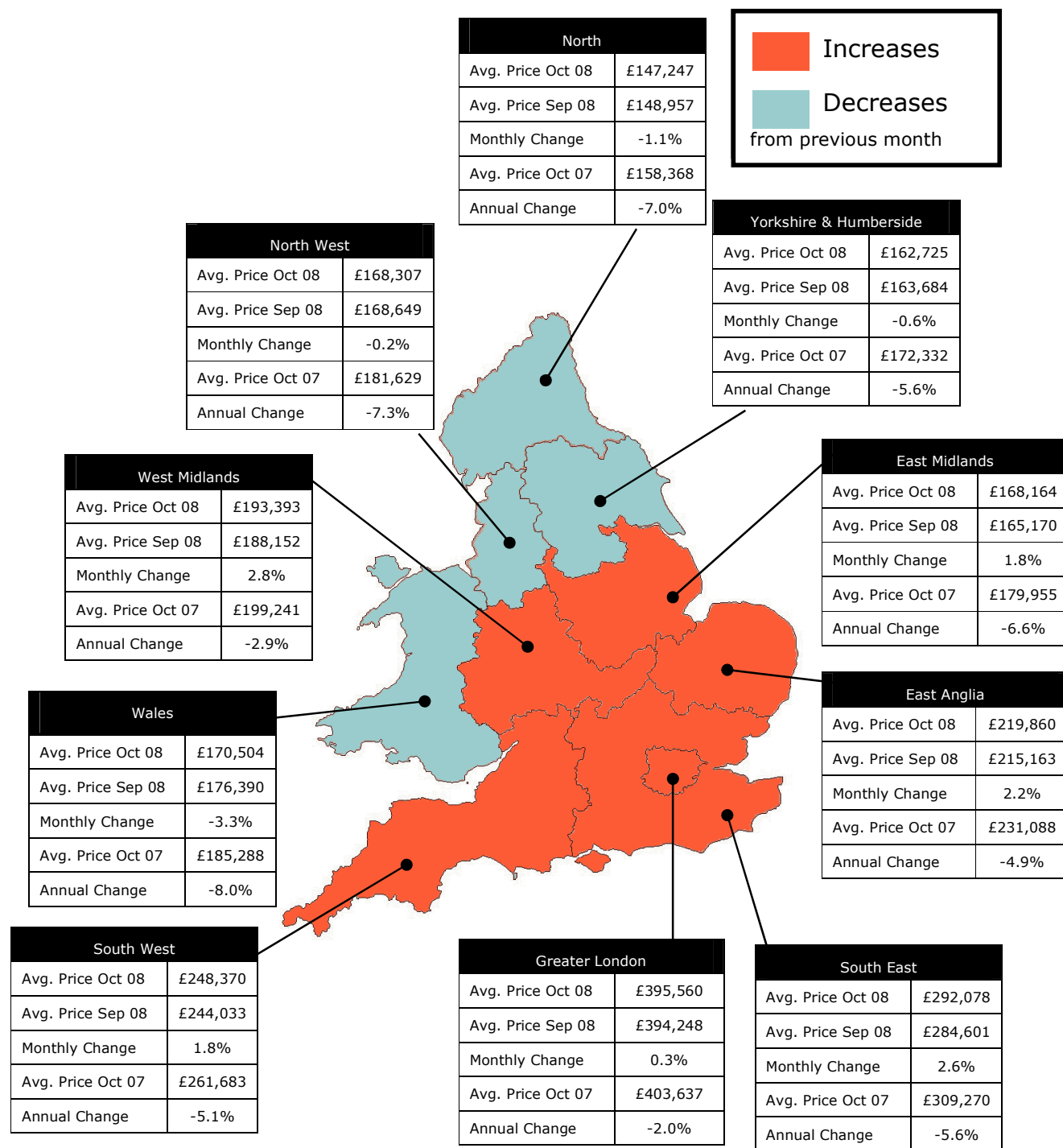
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Regions of England & Wales



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 2007	196.6	+2.7%	£241,642
November 2007	195.3	-0.7%	£239,986
December 2007	189.1	-3.2%	£232,396
January 2008	187.5	-0.8%	£230,428
February 2008	193.5	+3.2%	£237,856
March 2008	195.0	+0.8%	£239,655
April 2008	194.9	-0.1%	£239,521
May 2008	197.3	+1.2%	£242,500
June 2008	194.9	-1.2%	£239,564
July 2008	191.4	-1.8%	£235,219
August 2008	187.0	-2.3%	£229,816
September 2008	185.0	-1.0%	£227,438
October 2008	186.9	1.0%	£229,961
Annual Change	-9.7	-4.9%	-£11,681

(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
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
January 2008	£324,114	£203,951	£183,324	£197,384
February 2008	£338,789	£207,458	£185,444	£197,649
March 2008	£340,632	£207,141	£186,797	£199,912
April 2008	£344,140	£206,452	£184,624	£198,873
May 2008	£344,706	£206,327	£183,833	£199,076
June 2008	£343,167	£204,036	£182,611	£196,699
July 2008	£338,319	£200,736	£180,449	£192,006
August 2008	£330,312	£198,079	£174,364	£189,965
September 2008	£327,568	£195,188	£174,270	£184,542
October 2008	£334,518	£193,143	£173,858	£187,051
Annual Change	-4.1%	-7.5%	-7.4%	-7.4%

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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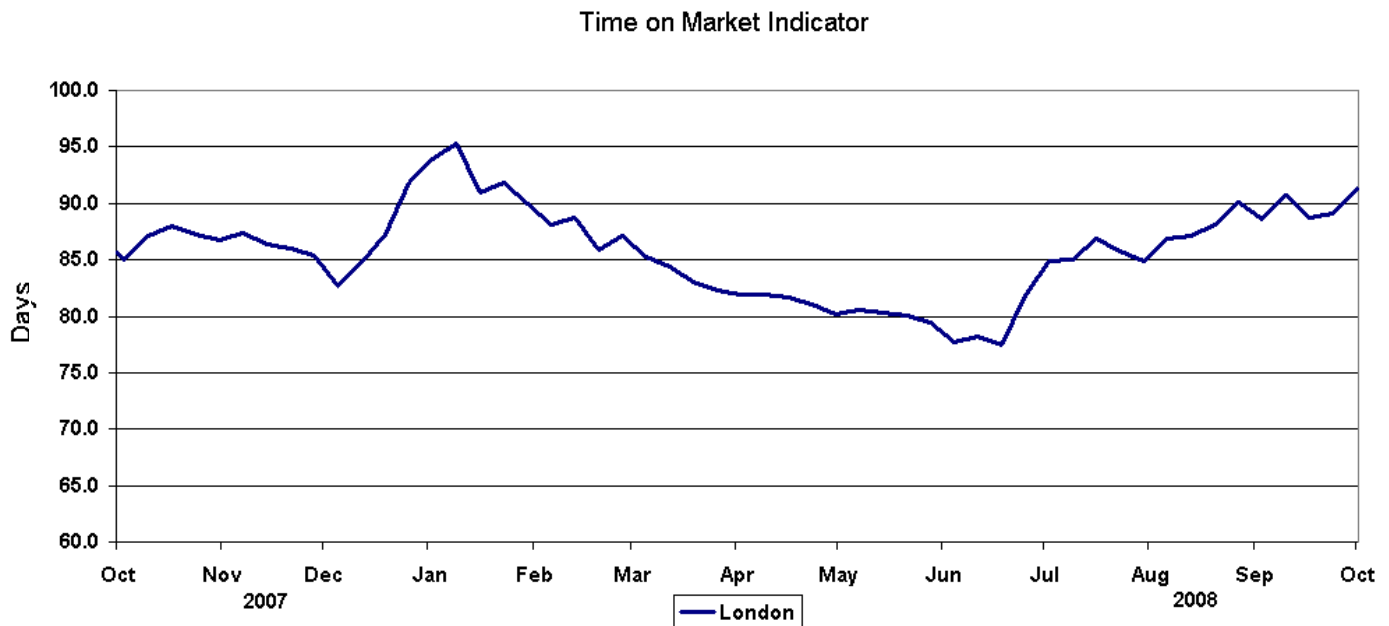
London's Best Performers October 2008

London's Top 5	Avg. Price Oct 08	Avg. Price Sep 08	Monthly Change
Kingston-upon-Thames	£537,438	£516,109	4.1%
Camden	£714,115	£693,161	3.0%
Wandsworth	£534,432	£518,805	3.0%
Brent	£530,654	£516,196	2.8%
Hammersmith and Fulham	£711,740	£692,677	2.8%

London's Worst Performers October 2008

London's Bottom 5	Avg. Price Oct 08	Avg. Price Sep 08	Monthly Change
Tower Hamlets	£399,788	£426,358	-6.2%
Newham	£234,051	£244,191	-4.2%
City of Westminster	£1,056,495	£1,077,146	-1.9%
Bexley	£215,743	£218,841	-1.4%
Barking and Dagenham	£220,148	£222,097	-0.9%

London Time on Market



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London Boroughs

Borough	Avg. Price Oct 08	Avg. Price Sep 08	Monthly Change	Avg. Price Oct 07	Annual Change
Kensington and Chelsea	£1,571,792	£1,553,437	1.2%	£1,524,606	3.1%
City of Westminster	£1,056,495	£1,077,146	-1.9%	£946,085	11.7%
Camden	£714,115	£693,161	3.0%	£651,983	9.5%
Hammersmith and Fulham	£711,740	£692,677	2.8%	£662,448	7.4%
Islington	£562,486	£554,820	1.4%	£527,643	6.6%
Richmond-upon-Thames	£541,027	£536,368	0.9%	£540,529	0.1%
Kingston-upon-Thames	£537,438	£516,109	4.1%	£512,691	4.8%
Wandsworth	£534,432	£518,805	3.0%	£504,089	6.0%
Brent	£530,654	£516,196	2.8%	£503,933	5.3%
Hackney	£488,289	£486,627	0.3%	£443,642	10.1%
Barnet	£460,057	£457,353	0.6%	£448,939	2.5%
Hounslow	£443,462	£432,671	2.5%	£444,971	-0.3%
Haringey	£407,214	£405,992	0.3%	£389,923	4.4%
Tower Hamlets	£399,788	£426,358	-6.2%	£429,657	-7.0%
Merton	£390,658	£384,054	1.7%	£400,062	-2.4%
Lambeth	£387,943	£387,125	0.2%	£390,512	-0.7%
Ealing	£385,032	£383,332	0.4%	£399,554	-3.6%
Southwark	£374,871	£373,385	0.4%	£378,093	-0.9%
Hillingdon	£337,343	£337,097	0.1%	£355,803	-5.2%
Bromley	£329,620	£331,635	-0.6%	£332,227	-0.8%
Lewisham	£320,912	£323,017	-0.7%	£336,426	-4.6%
Sutton	£318,690	£321,162	-0.8%	£358,309	-11.1%
Harrow	£316,773	£316,514	0.1%	£332,131	-4.6%
Enfield	£307,982	£309,746	-0.6%	£325,545	-5.4%
Redbridge	£282,291	£280,706	0.6%	£303,222	-6.9%
Waltham Forest	£279,059	£277,626	0.5%	£307,039	-9.1%
Croydon	£268,317	£267,695	0.2%	£288,062	-6.9%
Greenwich	£250,555	£252,005	-0.6%	£255,940	-2.1%
Havering	£249,684	£251,002	-0.5%	£268,458	-7.0%
Newham	£234,051	£244,191	-4.2%	£266,847	-12.3%
Barking and Dagenham	£220,148	£222,097	-0.9%	£236,764	-7.0%
Bexley	£215,743	£218,841	-1.4%	£230,992	-6.6%

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



Index Comparison

	October 08		September 08		August 08	
	House Price	Monthly change	House Price	Monthly change	House Price	Monthly change
Rightmove	£229,691	1.0%	£227,438	-1.0%	£229,816	-2.3%
Halifax	N/A*	N/A*	£172,108	-1.3%	£174,178	-1.8%
Nationwide	N/A*	N/A*	£161,797	-1.7%	£164,654	-1.9%

* 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 Rightmove.co.uk's 11,500 estate agency branches. 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 10,269 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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