

The Rightmove House Price Index

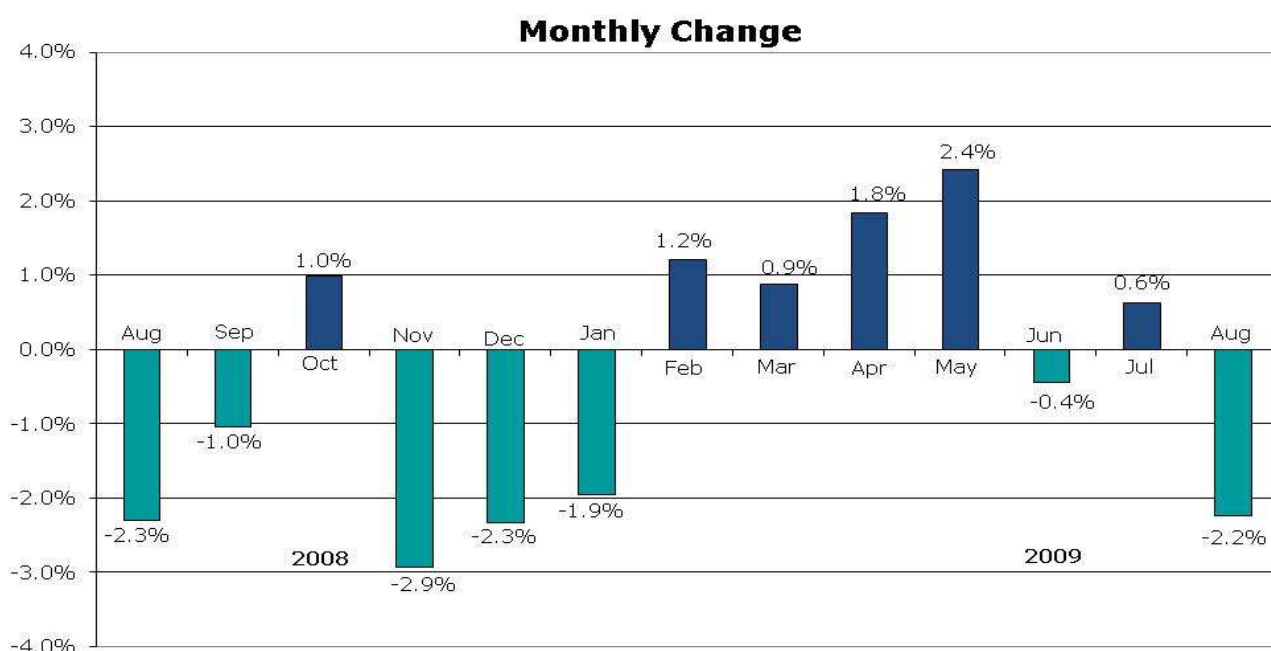
The largest monthly sample of residential property prices

Under embargo for 0001 hours: Monday 17th August 2009

BOOST FOR MARGINAL BUYERS AS SUMMER SELLERS DROP PRICES £5K

	August 09	July 09
Average Property Asking Price	£222,762	£227,864
% Change in Month	-2.2%	+0.6%
% Change in Past Year	-3.1%	-3.1%
Monthly Index (Jan 2002=100)	181.2	185.4

- Average asking prices fall by 2.2% (£5,102) as summer sellers price more realistically
- Rightmove sees record traffic month as 'marginal' buyers search hard for property that meets their restricted loan parameters and the 'creditworthy' trawl for limited supply of quality homes
- Sentiment continues to improve as 75% of home movers don't expect prices to fall in the next 12 months
- New sellers in August 48% below pre-credit crunch numbers as tight mortgage lending criteria continues to restrict transactions and stifle property coming to market



Rightmove measured 82,700 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 12th July 2009 to 8th August 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 17th August 2009

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For media enquiries and interviews please contact:

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Overview

This month's fall of 2.2% in new sellers' average asking prices comes in spite of fresh stock scarcity and record search activity on Rightmove. It re-enforces the fact that we will see a period of bumping along the bottom before we return to consistent growth in house prices.

Miles Shippside, commercial director of Rightmove comments: "After several months of activity and prices revving upwards from last winter's low point, both will start to hit the limiter without more mortgage finance. In spite of pent up demand, the market and pricing is boxed in by restrictive lending criteria put in place to ration mortgages given the lack of funds available to lenders"

The average drop equates to £5,102. Those marketing in the summer holiday season tend to be more aggressive with their pricing as they usually have a strong reason to market when most people are contemplating their annual break from the stresses of the year. Indeed, this month's fall virtually mirrors the 2.3% drop of August last year. It fits more with a traditional seasonal pattern, rather than an early signal of a return to further falls as predicted by the proponents of a double dip scenario. Nonetheless it is still the largest fall seen this year, which had previously recorded rises in 5 out of 7 months. The annual rate of increase remains unchanged, still registering a year-on-year fall of 3.1%, tying in with our forecast that average asking prices are unlikely to see further upward movement in 2009.

Future price and transaction growth is now controlled by the bottleneck of mortgage availability. This is unlikely to change for years to come, with the Centre for Economics and Business Research (CEBR) forecasting that mortgage application levels will recover slowly and remain well below the levels seen in the early part of this decade as far ahead as 2013. Even in 2013 the CEBR state that numbers will still be 24% below 2006 levels. This may well reflect a paradigm shift in access to mortgage lending. While HSBC is the only major lender to have taken a more proactive stance and increased its market share, its reported average loan-to-value of circa 50% on new mortgage lending is a perfect illustration of the new era of both caution and cherry picking.

Shippside adds: "Lenders are looking to remove as much risk as possible from their mortgage book. While the government's left-hand is waving them on to lend to more home movers and small businesses, the right-hand is effectively flagging them down again by urging lenders to re-build balance sheets and improve capital adequacy".

Borrowers will hope the additional funds made available for quantitative easing by the Bank of England will assist some lifting of the current mortgage cap. Ironically the batch of existing mortgage holders about to come off their 2 year fixed-rate deals, given current base rates, could see their monthly mortgage payments reduce. However, their opportunity to take a further-fixed rate is denied by house price falls reducing their equity below lender's new thresholds. Should this happen, and they are forced to revert to their current lenders' standard variable rate, they become exposed to any future inflationary pressures forcing up base rates. This is a tranche of possible involuntary future sellers should they get into financial stress, though more likely they will stay put as they are unable to borrow more from their existing or new lenders to fund a move. This will exacerbate the dearth of new sellers coming to market.

Shippside comments: "Former equity releasers or those who bought in the last few years with high loan-to-value ratios used to have the choice of a range of mortgage products, giving them the option of re-financing and possibly moving up the housing ladder. Many are now trapped on standard variable rates and are beholden to the MPC and the policies of the state backed institutions that hold many of the outstanding mortgages. With the second anniversary of the credit crunch, there is still little sign of a speedy recovery, meaning it is only the creditworthy that are insulated from the mortgage famine".

When debating a housing market recovery there are three distinct groups to consider:

- The 'Creditworthy', who once they have cleared the mortgage hurdles of substantial deposit, credit score and income multiples are rewarded by historically attractive interest rates. This group will be more heavily concentrated in London and the South, where the new stock shortages tend to most severe.
- The 'Marginals', looking to borrow 75% loan-to-value and above, who have to be squeaky clean on credit history and earning ratios. Lenders now get increasingly nervous with this group as their needs rise into the 80% to 90% loan-to-value bands.

- The 'Minimalists', an unfortunate casualty of the credit crunch. Those with more minimal means, previously welcomed and encouraged by lenders to borrow to fund house purchase, promoting unsound foundations beneath the upwards price spiral. These are now effectively excluded from the market and many may never be able to return, having long term consequences for transaction and new seller numbers

Shipside comments: "The activity of the Marginals group is the one to watch, as they include the vital first-time buyers whose shift to creditworthy status will herald the return to greater transaction volumes and enable more sustainable house price growth. Price growth is also required to enable owner-occupier Marginals to re-build their equity and come into play as 'trader uppers' and future sellers".

Both the Creditworthy and Marginal groups appear to be searching long and hard for the best buys. Last month Rightmove's traffic was the best ever recorded, an unusual event to occur in July as it typically signals the start of the summer lull in housing market activity. With less property coming to the market, would-be buyers have to sift through older stock to re-consider its suitability given the dwindling lack of fresh options. The Rightmove website recorded 585 million property pages viewed in July, beating the previous high of 568 million reached 16 months ago. Realistically priced new stock and old stock that has been reduced in price may now fall into the limited affordability range of Marginals, whose price parameters are now closely controlled by lenders.

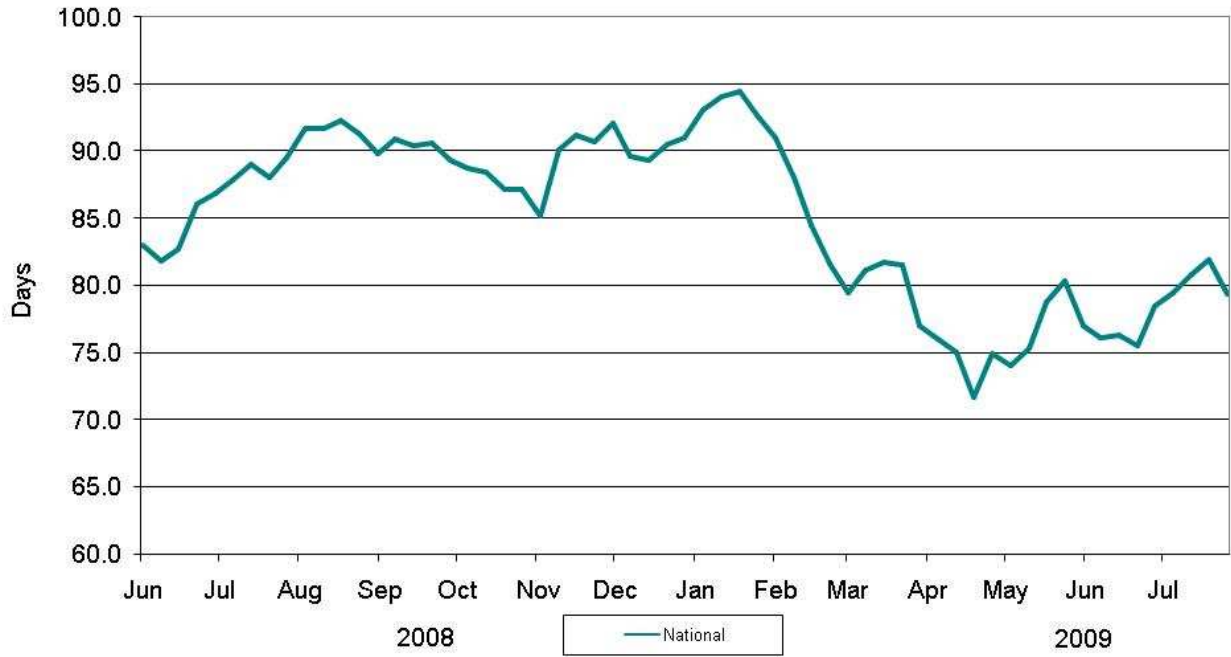
Improving buyer sentiment has also played a major part in increased search activity. The early findings from the latest Rightmove Consumer Confidence Survey, due out next week, show that three-quarters of the 36,000 respondents do not expect prices to fall in the next 12 months. This is a marked contrast to their views in January, when two-thirds expected prices to be lower 12 months out.

The number of new sellers measured this month is 82,700. This is 23% lower than the 106,855 recorded in the depressed falling market of last August, and is dramatically down on the pre-credit crunch seller numbers of 149,000 and 167,000 in 2007 and 2006 respectively. This month's figure represents a 48% reduction on the average of those 2 years, a clear indication of the stock shortage peculiarities of this credit-starved downturn compared to previous recessions.

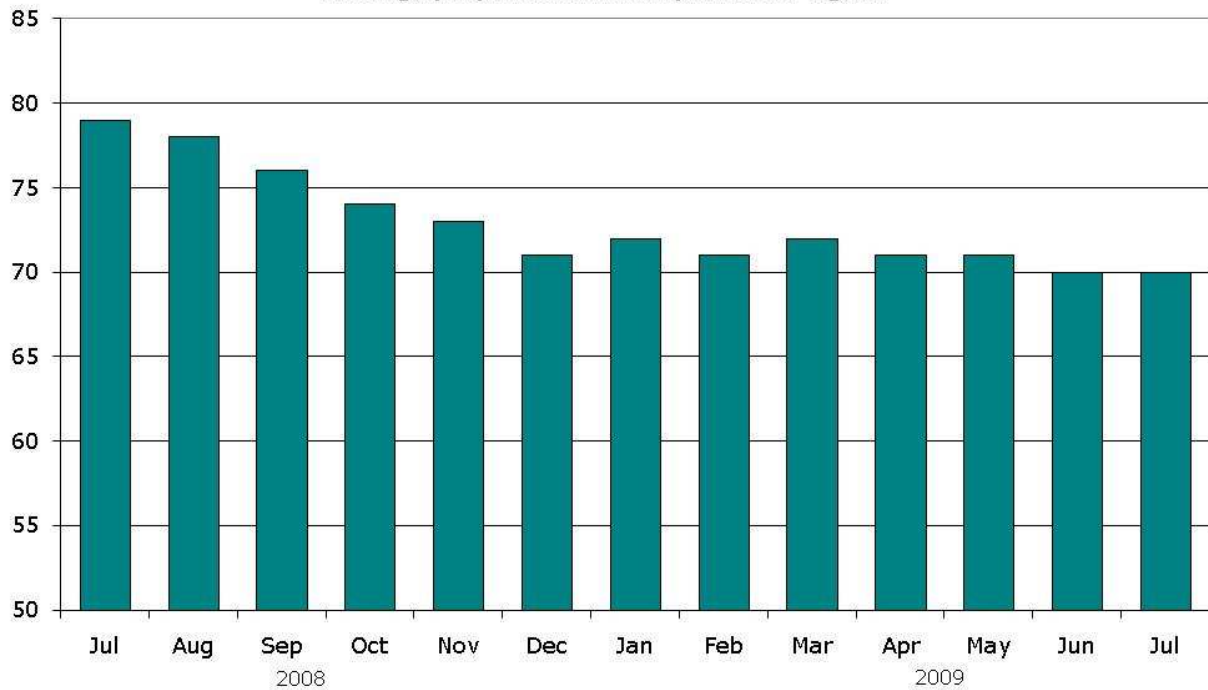
Shipside concludes: "It is highly likely that the historic norm of new sellers coming to market is consigned to the history books. Even with a return of equity, employment and wholesale mortgage funding, these levels of sellers may never be seen again".

Summer selling patterns give rise to some exaggerated regional monthly swings, whereas a quarterly rolling average gives a smoother trend line. East Anglia is a case in point, where this month in isolation sees an 8.3% fall, though over the quarter the region shows overall stability with a 1.1% gain. Representing less than 5% of the new stock coming to market, this monthly distortion has only a marginal influence on the national figures.

Time on Market Indicator



Average properties for sale per Estate Agent



Regions of England & Wales

Increases

Decreases
from previous month

North	
Avg. Price Aug 09	£145,557
Avg. Price Jul 09	£144,431
Monthly Change	0.8%
Avg. Price Aug 08	£151,940
Annual Change	-4.2%

North West	
Avg. Price Aug 09	£166,384
Avg. Price Jul 09	£164,132
Monthly Change	1.4%
Avg. Price Aug 08	£169,944
Annual Change	-2.1%

Yorkshire & Humberside	
Avg. Price Aug 09	£158,700
Avg. Price Jul 09	£161,552
Monthly Change	-1.8%
Avg. Price Aug 08	£167,236
Annual Change	-5.1%

West Midlands	
Avg. Price Aug 09	£181,857
Avg. Price Jul 09	£189,028
Monthly Change	-3.8%
Avg. Price Aug 08	£188,252
Annual Change	-3.4%

East Midlands	
Avg. Price Aug 09	£158,564
Avg. Price Jul 09	£156,708
Monthly Change	1.2%
Avg. Price Aug 08	£174,324
Annual Change	-9.0%

Wales	
Avg. Price Jul 09	£167,428
Avg. Price Jun 09	£169,109
Monthly Change	-1.0%
Avg. Price Jul 08	£177,023
Annual Change	-5.4%

East Anglia	
Avg. Price Aug 09	£201,550
Avg. Price Jul 09	£219,828
Monthly Change	-8.3%
Avg. Price Aug 08	£215,753
Annual Change	-6.6%

South West	
Avg. Price Aug 09	£245,911
Avg. Price Jul 09	£248,616
Monthly Change	-1.1%
Avg. Price Aug 08	£253,996
Annual Change	-3.2%

Greater London	
Avg. Price Aug 09	£387,265
Avg. Price Jul 09	£402,761
Monthly Change	-3.8%
Avg. Price Aug 08	£379,162
Annual Change	2.1%

South East	
Avg. Price Aug 09	£281,583
Avg. Price Jul 09	£288,614
Monthly Change	-2.4%
Avg. Price Aug 08	£293,905
Annual Change	-4.2%

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
August 2008	187.0	-2.3%	£229,816
September 2008	185.0	-1.0%	£227,438
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
Annual Change	-5.8	-3.1%	-£7,054

(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
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
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
Annual Change	-1.7%	-4.5%	-2.4%	-4.3%

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 August 2009

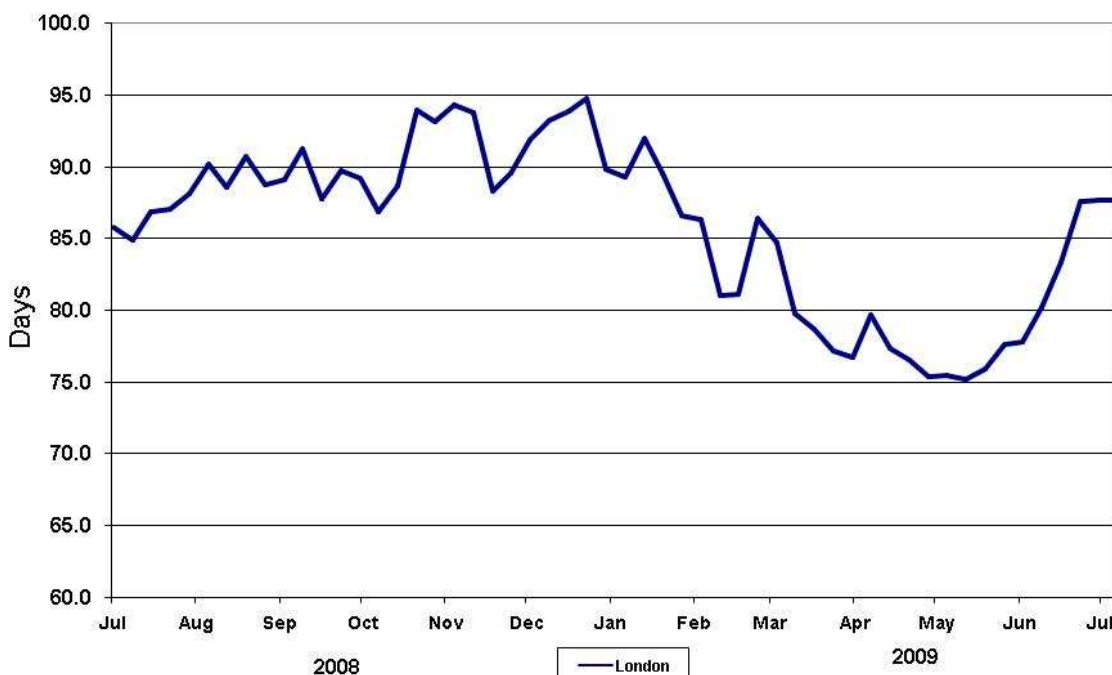
London's Top 5	Avg. Price Aug 09	Avg. Price Jul 09	Monthly Change
Kingston-upon-Thames	£526,186	£527,705	-0.3%
Ealing	£363,979	£366,589	-0.7%
Tower Hamlets	£354,519	£358,236	-1.0%
Sutton	£299,590	£303,214	-1.2%
Barking and Dagenham	£205,569	£208,317	-1.3%

London's Worst Performers August 2009

London's bottom 5	Avg. Price Aug 09	Avg. Price Jul 09	Monthly Change
Haringey	£427,461	£462,742	-7.6%
Merton	£372,958	£398,484	-6.4%
Islington	£545,975	£581,540	-6.1%
Lambeth	£374,913	£398,999	-6.0%
Kensington and Chelsea	£1,653,579	£1,756,367	-5.9%

London Time on Market

Time on Market Indicator



London Boroughs

Borough	Avg. Price Aug 09	Avg. Price Jul 09	Monthly Change	Avg. Price Aug 08	Annual Change
Kensington and Chelsea	£1,653,579	£1,756,367	-5.9%	£1,416,578	16.7%
City of Westminster	£1,169,047	£1,226,794	-4.7%	£1,005,043	16.3%
Camden	£779,285	£821,570	-5.1%	£649,150	20.0%
Hammersmith and Fulham	£665,768	£697,132	-4.5%	£661,380	0.7%
Richmond-upon-Thames	£577,254	£592,973	-2.7%	£513,035	12.5%
Brent	£551,530	£561,099	-1.7%	£503,690	9.5%
Islington	£545,975	£581,540	-6.1%	£542,935	0.6%
Kingston-upon-Thames	£526,186	£527,705	-0.3%	£477,563	10.2%
Wandsworth	£488,231	£512,795	-4.8%	£480,555	1.6%
Barnet	£459,253	£485,845	-5.5%	£436,701	5.2%
Hackney	£443,829	£465,234	-4.6%	£473,936	-6.4%
Haringey	£427,461	£462,742	-7.6%	£396,575	7.8%
Hounslow	£425,294	£437,464	-2.8%	£412,023	3.2%
Lambeth	£374,913	£398,999	-6.0%	£378,025	-0.8%
Merton	£372,958	£398,484	-6.4%	£368,268	1.3%
Ealing	£363,979	£366,589	-0.7%	£377,897	-3.7%
Southwark	£358,345	£375,975	-4.7%	£362,664	-1.2%
Tower Hamlets	£354,519	£358,236	-1.0%	£411,635	-13.9%
Hillingdon	£319,190	£335,872	-5.0%	£321,796	-0.8%
Lewisham	£311,802	£323,461	-3.6%	£316,062	-1.3%
Harrow	£301,561	£318,572	-5.3%	£306,374	-1.6%
Bromley	£300,131	£317,898	-5.6%	£314,764	-4.6%
Sutton	£299,590	£303,214	-1.2%	£306,405	-2.2%
Enfield	£298,077	£309,516	-3.7%	£300,239	-0.7%
Waltham Forest	£267,740	£277,413	-3.5%	£274,026	-2.3%
Redbridge	£260,921	£268,715	-2.9%	£270,156	-3.4%
Croydon	£255,865	£260,386	-1.7%	£264,205	-3.2%
Greenwich	£253,868	£259,401	-2.1%	£242,736	4.6%
Havering	£243,628	£251,943	-3.3%	£243,799	-0.1%
Newham	£213,935	£219,316	-2.5%	£240,457	-11.0%
Barking and Dagenham	£205,569	£208,317	-1.3%	£214,112	-4.0%
Bexley	£200,009	£205,761	-2.8%	£210,818	-5.1%

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

Index Comparison

	August 09		July 09		June 09	
	House Price	Monthly change	House Price	Monthly change	House Price	Monthly change
Rightmove	£222,580	-2.3%	£227,864	+0.6%	£226,436	-0.4%
Halifax	N/A *	N/A *	£159,623	+1.1%	£157,713	-0.5%
Nationwide	N/A *	N/A *	£158,871	+1.3%	£156,442	+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 9,111 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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