

The Rightmove House Price Index

The largest monthly sample of residential property prices

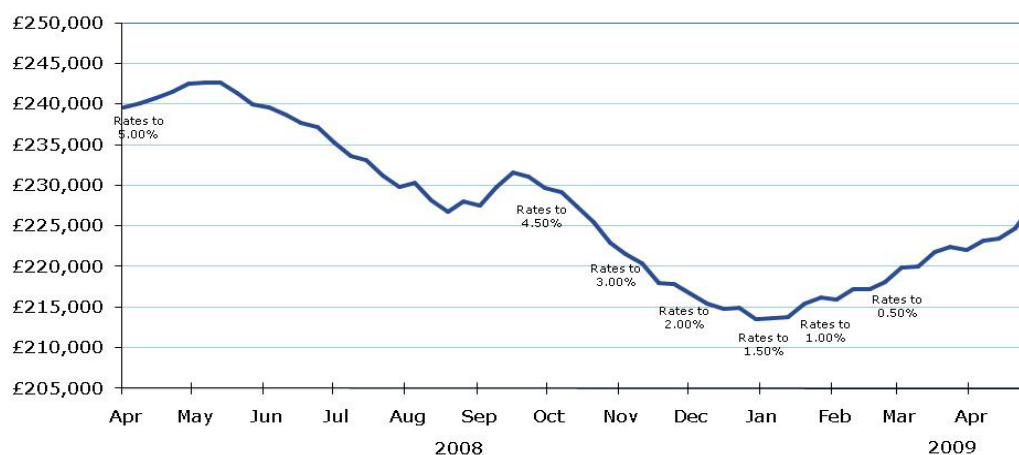
Under embargo for 0001 hours: Monday 18th May 2009

Lack of new sellers pushes up average prices

	May	April
Average Property Asking Price	£227,441	£222,077
% Change in Month	2.4%	1.8%
% Change in Past Year	-6.2%	-7.3%
Monthly Index (Jan 2002=100)	185.1	180.7

- New sellers push up asking prices by 2.4%, driven by a mixture of ambition, optimism and necessity
- Lowest level of property coming to market in May for six years as falling values erode sellers' critical loan-to-value ratios. Likely victims of 'equity immobility' include:
 - 'equity releasers' who habitually withdrew cash during the 2001-2008 re-mortgage spree
 - 'recent buyers' with no or low deposit, now facing the risk of negative equity
 - 'equity losers' with up to 25% equity but needing more to trade up
- Prospective buyers with nothing to sell are increasingly active, encouraged by 59,072 properties reducing asking prices by 2% or more in the last 4 weeks, with an average reduction of 6.8%

Rightmove Monthly Asking Price Trend



Rightmove measured 60,928 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 12th April 2009 to 9th May 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 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.

Released 18th May 2009

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For media enquiries and interviews please contact:

Mei-Kuen Tsui on 0845 456 8439 or press@rightmove.co.uk

Overview

This month sees a jump in new sellers' average asking prices more reminiscent of a boom market. This is the largest May rise Rightmove has measured since 2003, when property was seeing annual rises in excess of 15%. However, sellers may be pricing at this level because they fear that their equity could be eroded to danger levels where they can't find an affordable mortgage deal on their new purchase due to lenders' stricter loan-to-value ratios. Even more disturbing for a recovery in volumes is that with just 61,000 new sellers this month compared to 135,000 in May last year, a substantial proportion are not willing or able to come to market at all. This is the lowest number of new properties coming to market that we have seen in May since 2003, when Rightmove advertised around 35% of homes rather than the 90% we advertise today. Many prospective sellers have become effectively immobile due to insufficient equity to fund their move.

Miles Shipside, commercial director at Rightmove comments: "The long term worry is that the supply side of the housing market is now compromised for several years to come. Developers have shed much of their workforce so could struggle to increase capacity, and we are now seeing the lowest number of new sellers of second hand homes for the month of May since 2003. Many people who might have wanted to take advantage of the spring selling season to trade up will be victims of equity immobility. The choice of when and how to move is now out of their hands. While some of the impetus behind the increase of over £5,000 in average asking prices will be due to ambition or optimism, it will also be out of necessity as new sellers attempt to scrape together enough equity to move."

While new stock is in short supply, the existing inventory of unsold stock remains stubbornly high, dropping from 72 to 71 per estate agency branch. This points to a high level of effectively unsalable stock, and many of these sellers will be stuck in the equity immobility trap and therefore unable to reduce price further without compromising their ability to move. Lenders are short of funds and more sensitive to risk, and therefore denying movers access to their better mortgage deals unless there is a substantial deposit, often 25% plus. As well as first-time buyers, there are three groups of existing property owners who are also affected by this squeeze on credit and thus are unable to sell in order to trade up or down. These are:

- **'Equity releasers'** who habitually withdrew cash during the 2001-2008 re-mortgage spree. Encouraged by cheap and easy credit and rising property values they funded their lifestyles by regular re-mortgaging and equity release. Figures from the Council of Mortgage Lenders show that in the eight years from 2001 to 2008, the total value of remortgages increased by 460% compared with the period from 1993 to 2000. With falling prices, many will now have been left without enough equity to fund a move.
- **'Recent buyers'** with no or low deposit, and now in or close to negative equity, Some would now be prospective trader uppers having outgrown their property, but with falling prices and little initial equity, they face a very difficult task to raise a higher deposit than they did when they last bought.
- **'Equity losers'**, still with up to 25% equity but due to falling prices have lost their substantial equity cushion and are now borderline to get the best mortgage deals should they move. Sums that would have stacked up two years ago are now not so compelling, especially when you take into account the costs of buying and selling.

Shipside adds: "Equity-poor home owners are either not coming to market, or are having to price too high. The scale of the problem is potentially far worse now than in the 1990s downturn, as re-mortgaging activity was then in its infancy having been strictly controlled until the deregulation of mortgage markets in 1986. It took off when in 2001 when lenders seemed to lose all sense of prudence, and there followed eight years of equity abuse that eroded the cushion that a decade of rising house prices had built up. This is one of the factors restricting the volumes in the housing market, and will only be resolved by affordable mortgage products at higher loan-to-value ratios or substantial increases in property values. It is impossible to put a timescale on this"

Sellers who are trying for a higher price should note that Rightmove has published 59,072 price reductions of greater than 2% in the last 4 editions of Property Deal Weekly, its online magazine dedicated to weekly price reductions. Even more pertinently, the average reduction is a substantial 6.8%, representing an average £18,714 cut off the asking price in an attempt to lure a buyer.

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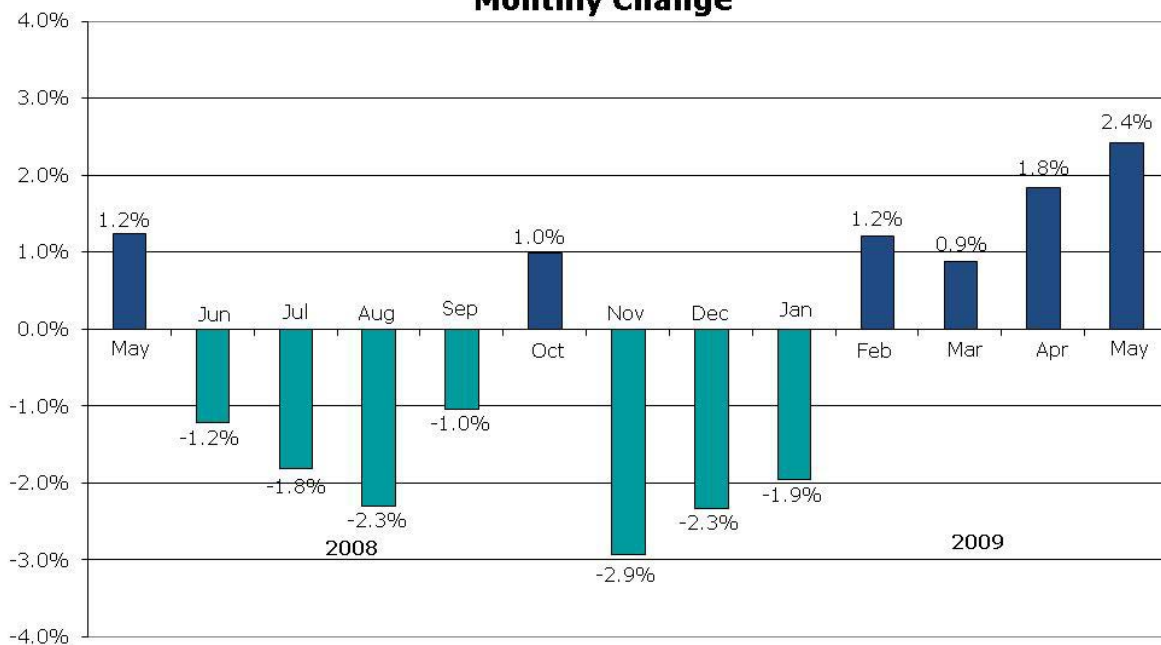
Shipside comments: "While buyer sentiment is improving, with email enquiries to agents via Rightmove so far in 2009 running at 109% ahead of last year, the number who can proceed has been savaged by the mortgage famine. Pricing below your local competition, if you can, is vital in order to achieve a sale. With deals being done at prices 25% below the peak of the 2007 boom, it's not surprising it's taking some sellers a long time and some hefty price slashes to adjust to the new 2009 price floor."

The improvement in buyer sentiment is also evidenced by the recent Rightmove Consumer Confidence Survey, which canvassed the views of over 22,000 potential home movers*. The outlook for house prices has turned positive with six in ten potential home movers now expecting prices to remain the same or increase over the next twelve months. Just three months ago, 69% of respondents were expecting prices to fall further over the next twelve months. This has now turned around dramatically to only 35%.

Shipside comments: "At present it looks like the market is bumping along the bottom in terms of transactions, with limited supply preventing further price falls. This is a welcome element of stability though being on one's knees, whilst stable, is not a desirable position for any length of time."

* Survey carried out 6th – 19th April 2009. A full copy of the report is available upon request.

Monthly Change



Time on Market Indicator



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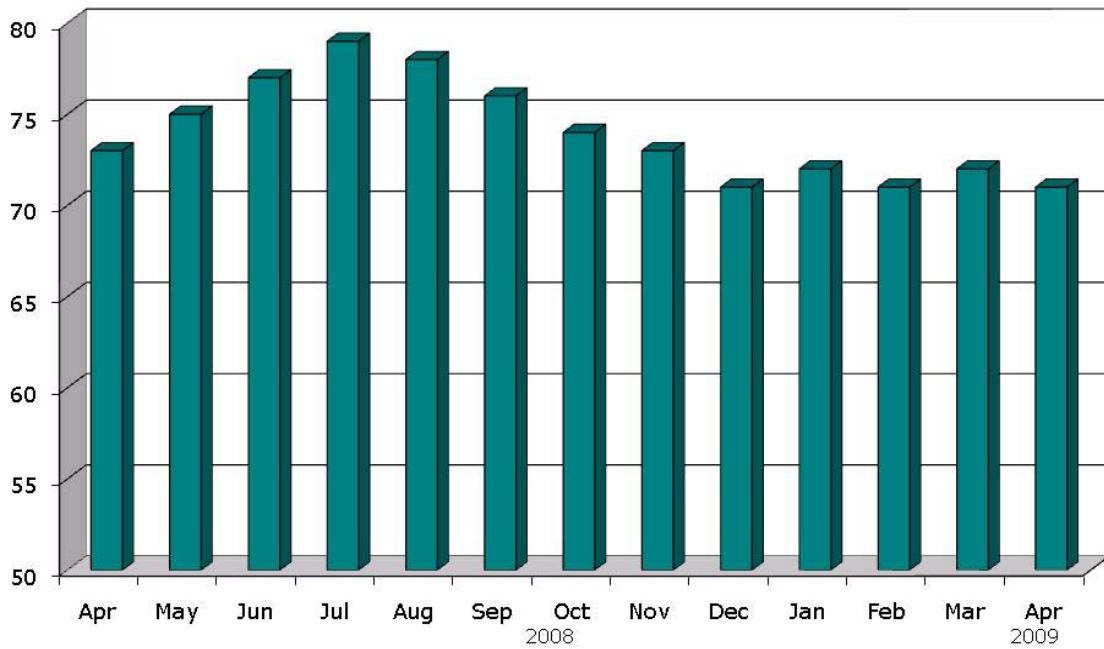
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The UK's number one property website

Average properties for sale per Estate Agent



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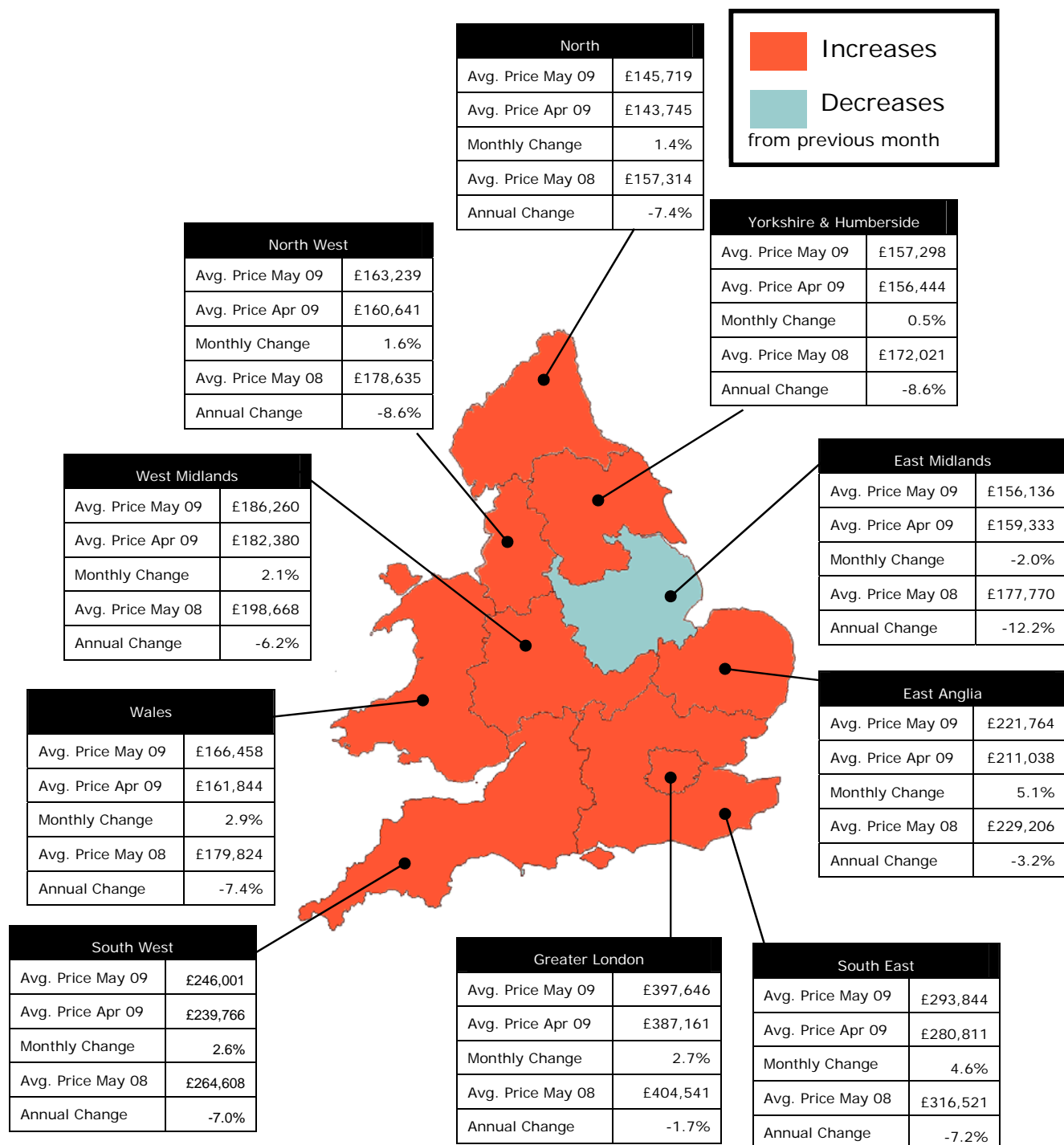
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Regions of England & Wales



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
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%	£229,691
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
Annual Change	-12.2	-6.2%	£15,059

(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
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
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
Annual Change	-4.9%	-8.8%	-8.0%	-7.8%

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 May 2009

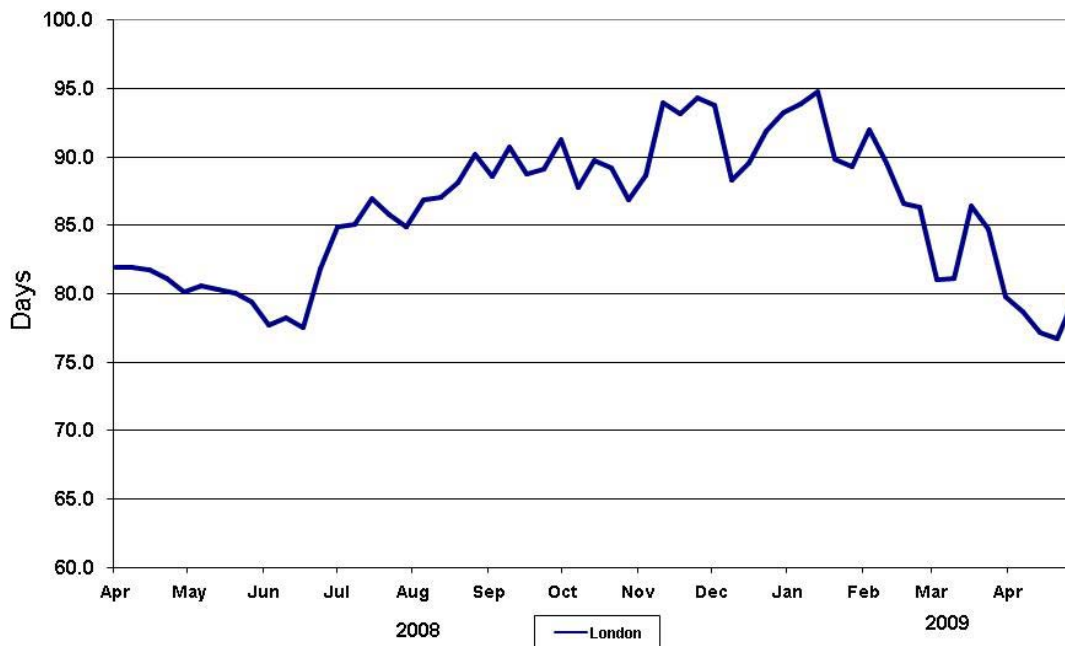
London's Top 5	Avg. Price May 09	Avg. Price Apr 09	Monthly Change
Hackney	£452,553	£427,328	5.9%
Islington	£580,401	£548,677	5.8%
Southwark	£374,280	£355,832	5.2%
Hammersmith and Fulham	£737,039	£703,446	4.8%
Harrow	£314,112	£300,287	4.6%

London's Worst Performers May 2009

London's bottom 5	Avg. Price May 09	Avg. Price Apr 09	Monthly Change
Kensington and Chelsea	£1,868,681	£1,928,947	-3.1%
City of Westminster	£1,136,757	£1,132,228	0.4%
Croydon	£251,123	£250,012	0.4%
Hounslow	£411,562	£409,623	0.5%
Redbridge	£263,310	£261,754	0.6%

London Time on Market

Time on Market Indicator



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London Boroughs

Borough	Avg. Price May 09	Avg. Price Apr 09	Monthly Change	Avg. Price May 08	Annual Change
Kensington and Chelsea	£1,868,681	£1,928,947	-3.1%	£1,467,660	27.3%
City of Westminster	£1,136,757	£1,132,228	0.4%	£1,030,435	10.3%
Camden	£770,217	£748,539	2.9%	£714,948	7.7%
Hammersmith and Fulham	£737,039	£703,446	4.8%	£691,436	6.6%
Islington	£580,401	£548,677	5.8%	£549,748	5.6%
Brent	£565,601	£548,724	3.1%	£531,760	6.4%
Richmond-upon-Thames	£551,499	£545,970	1.0%	£546,331	0.9%
Wandsworth	£529,267	£523,690	1.1%	£536,186	-1.3%
Kingston-upon-Thames	£505,677	£490,020	3.2%	£530,594	-4.7%
Barnet	£489,315	£473,762	3.3%	£455,992	7.3%
Haringey	£456,858	£437,143	4.5%	£423,875	7.8%
Hackney	£452,553	£427,328	5.9%	£483,958	-6.5%
Hounslow	£411,562	£409,623	0.5%	£445,120	-7.5%
Merton	£406,834	£389,023	4.6%	£399,136	1.9%
Lambeth	£402,378	£387,652	3.8%	£411,036	-2.1%
Tower Hamlets	£385,134	£370,844	3.9%	£410,115	-6.1%
Southwark	£374,280	£355,832	5.2%	£379,022	-1.3%
Ealing	£356,093	£346,871	2.7%	£402,091	-11.4%
Hillingdon	£330,725	£319,997	3.4%	£342,869	-3.5%
Bromley	£320,004	£307,811	4.0%	£329,220	-2.8%
Harrow	£314,112	£300,287	4.6%	£324,846	-3.3%
Lewisham	£313,491	£310,763	0.9%	£336,819	-6.9%
Sutton	£306,106	£296,570	3.2%	£337,402	-9.3%
Enfield	£305,284	£300,017	1.8%	£316,108	-3.4%
Waltham Forest	£265,714	£256,378	3.6%	£292,839	-9.3%
Redbridge	£263,310	£261,754	0.6%	£288,375	-8.7%
Croydon	£251,123	£250,012	0.4%	£288,159	-12.9%
Greenwich	£251,059	£244,176	2.8%	£267,233	-6.1%
Havering	£249,500	£247,307	0.9%	£257,617	-3.2%
Newham	£214,065	£208,246	2.8%	£253,117	-15.4%
Barking and Dagenham	£211,136	£206,951	2.0%	£230,246	-8.3%
Bexley	£205,945	£203,311	1.3%	£220,885	-6.8%

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

Index Comparison

	May-09		Apr-09		Mar-09	
	House price	Monthly change	House price	Monthly change	House price	Monthly change
Rightmove	£227,441	2.40%	£222,077	1.80%	£218,081	0.90%
Halifax	N/A *	N/A *	£154,716	-1.70%	£157,326	-1.90%
Nationwide	N/A *	N/A *	£151,861	-0.40%	£150,946	0.90%

* 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 8,810 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 40 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