

The Rightmove House Price Index

The largest monthly sample of residential property prices

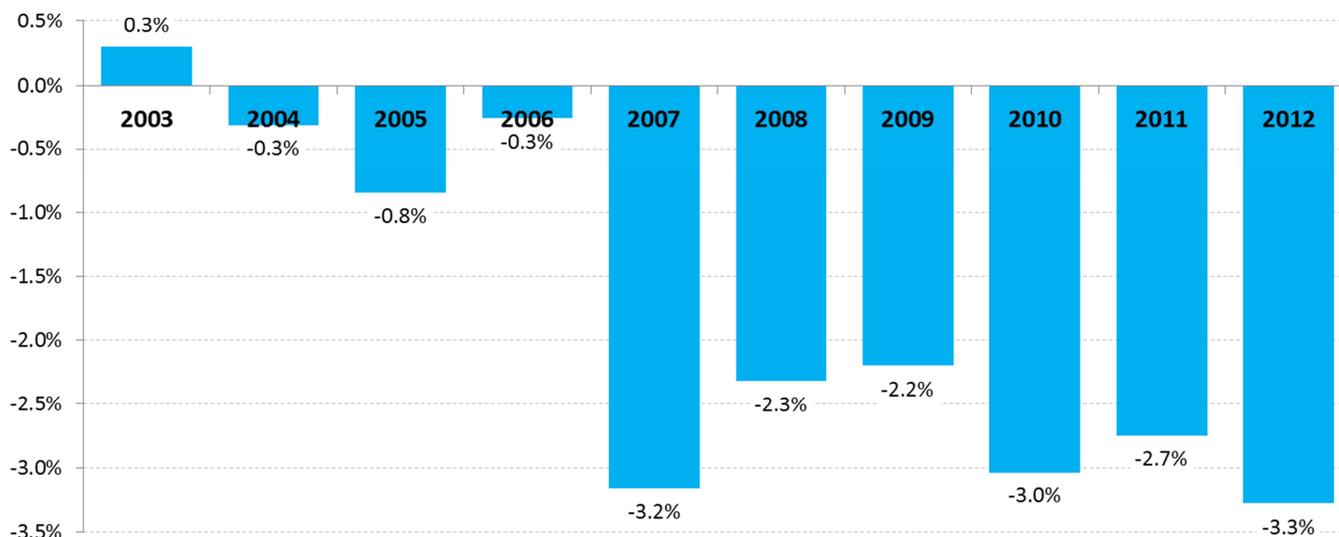
Under embargo for 00:01 hours: Monday 17th December 2012

Rightmove forecasts 2% rise in 2013, in spite of largest ever monthly fall

	December	November
Average Property Asking Price	£228,989	£236,761
% Change in Month	-3.3%	-2.6%
% Change in Past Year	+1.4%	+2.0%
Monthly Index (Jan 2002=100)	186.3	192.6

- New sellers take heed of winter slowdown and chop their asking prices by an average of £7,772(-3.3%)
- In spite of the largest monthly fall ever recorded, new seller asking prices are still up by 1.4% in 2012 – and Rightmove predicts the slow recovery will continue through 2013:
 - Rightmove forecasts a national 2% rise in 2013 assisted by greater competition among lenders to lend. However, with inflation running at more than 2%, housing is becoming cheaper in real terms
 - New seller shortage will continue to underpin prices, with no significant increase to the circa 1.2 million new listings seen in each of the last three years
 - Signs of slight improvement in the market, with average gap between final asking price and sold price narrowing to 3.7% in 2012 compared to 4.9% in 2009, 2010 and 2011

% Monthly Change in Average Asking Prices in December 2003-2012



Rightmove measured 71,930 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 11th November 2012 to 8th December 2012 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 December 2012

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

0845 456 8439 or press@rightmove.co.uk

Overview

New sellers have chopped an average of £7,772 (-3.3%) off asking prices this month. While this is the largest monthly decrease ever reported by Rightmove, it follows an established pattern of December drops over the previous eight years.

Miles Shippide, Director and housing market analyst at Rightmove comments: "December is the most likely month for sellers coming to market to get very real about the price they ask for their home. This year they've gone a bit further than ever before, though in truth it is symptomatic of the 'all or nothing' pattern of 2012. This summer also saw big falls with the distractions of the Jubilee and the Olympics, though prices did rebound in October. It seems that sellers who come to market at times when they know that buyers' attention is focused on other events realise that their prices have to be extra keen in order to compete. Many who put their property up for sale this close to the festive season will have a very good and pressing reason to sell, so Christmas will have come early for those buyers who have been able to bag a bargain.

Rightmove forecasts new sellers' asking prices will increase in 2013 by a national average of 2%

Rightmove predicts a slightly more positive outlook for 2013, though the market will remain patchy. A key factor in 2012 has been the strength of the London market, where average asking prices ended the year 6.8% (+£29,527) higher. Last month Rightmove reported that some of the 'froth' had started to come off the London market, but in 2013 we predict that the effect of lower price growth in the capital will be compensated for by stronger market conditions and price growth in other southern regions. On average, The North will experience a continuation of the slight improvement reported in the latter months of this year, though overall recovery will remain much more challenging than in The South. From a national perspective whilst Rightmove's 2013 forecast is a little more upbeat on the 1.4% rise in new sellers' asking prices seen in 2012, the balance of pricing power between London and other regions will see a significant shift.

"There are several reasons for a slightly more optimistic market next year", comments Shippide. "There is a positive combination of lenders with greater funds to lend and buyers with a five-year itch to move. Many movers have had to put their housing aspirations on hold since the onset of the credit-crunch, but increased competition among lenders and the slow but steady increase in affordability of house prices may help some to finally move on."

Mortgage Lending

Transaction levels will remain muted, though a marginal uplift is likely due to a slight relaxation in mortgage lending criteria as the Funding for Lending Scheme (FLS) increases successful mortgage applications. We foresee greater competition among lenders, fuelled by the FLS and a desire to hit lending targets in the first half of 2013. This will feed through to a slight relaxation in deposit requirements and interest rates for attractive mortgage applicants.

"On top of the small uplift seen in 2012, we anticipate a further marginal but encouraging boost to mortgage lending giving the wider market a generally more positive outlook next year. This will be particularly welcomed by frustrated first-time buyers", notes Shippide.

Demand

Pent-up demand remains high, fuelled by frustrated home-movers whose moving ambitions have been on hold since the start of the credit-crunch in the autumn of 2007. Some of this group will find ways and means to make their move happen in 2013. Some estate agents report that October and November were among their best sales months for five years. Evidence of a recovering market this year can be seen in the narrowing of the average gap between final asking price and sold price. This has shrunk to 3.7% in 2012, compared to 4.9% for each of the three years between 2009 and 2011. The latest national house price data from the Office for National Statistics reports September's average price agreed for mortgage financed transactions was £233,000. Rightmove's average new seller asking price in July was £242,097 and, assuming a three month time lag for deals to be agreed and mortgages to be approved, there is a very strong correlation.

“In the boom market of 2007, sellers were accepting bids only 2.6% below their asking price”, observes Shipperside. “While the gap has not recovered to that extent, the fact that buyers are bidding closer to asking prices is an indication of greater demand. While cash buyers still have the greatest negotiating power, they are more prevalent and wield less power than they used to. It is estimated that around one-third of all transactions are currently cash purchasers, and this ‘wall of cash’ shows no sign of abating despite earlier predictions that it just couldn’t last. This helps to underpin prices in favoured locations and fuel demand for investor properties.”

Supply

The number of new sellers looks set to remain constrained in 2013 with new listings likely to be around the 1.2 million level seen in each of the last three years. At this level, desirable property coming to market will be in short supply in all price sectors. With many potential sellers still unable to raise the necessary equity to trade up, their homes will remain off the market and this is especially true of ‘first-time sellers’. This will create some upwards price pressure on those well-finished examples that do come to market as cash-strapped buyers favour properties that require little or no improvement. Repossession hotspots exert localised downward price pressure, but their overall their number looks set to fall by around 20% to circa 30,000 in 2013.

Shipperside adds: “While many are still mortgage prisoners trapped in their own home by the curse of negative equity, recent figures show a reduction of borrowers in arrears. With the Bank of England base rate likely to remain unchanged next year, this should help limit the personal misery and market upset caused by forced sales.”

New Build

Developers are unlikely to significantly increase the number of new homes being built while mortgage availability remains constrained. However, mortgage availability has improved through Government schemes such as FirstBuy and NewBuy which are not available to the resale market. The ability to build and sell a profitable product in the limited markets they have been forced to concentrate on has given them a sound footing, especially now much development is on land purchased at post-credit-crunch prices. As a result, those builders who are publicly listed have seen share price growth that will please their investors.

Shipperside comments: “If the object is to house the nation, new build starts remain at worryingly low levels. There is unlikely to be a return to the volumes built pre-credit-crunch without a major jump in mortgage availability, a tougher challenge in the north of the country than the south.”

Regional Overview

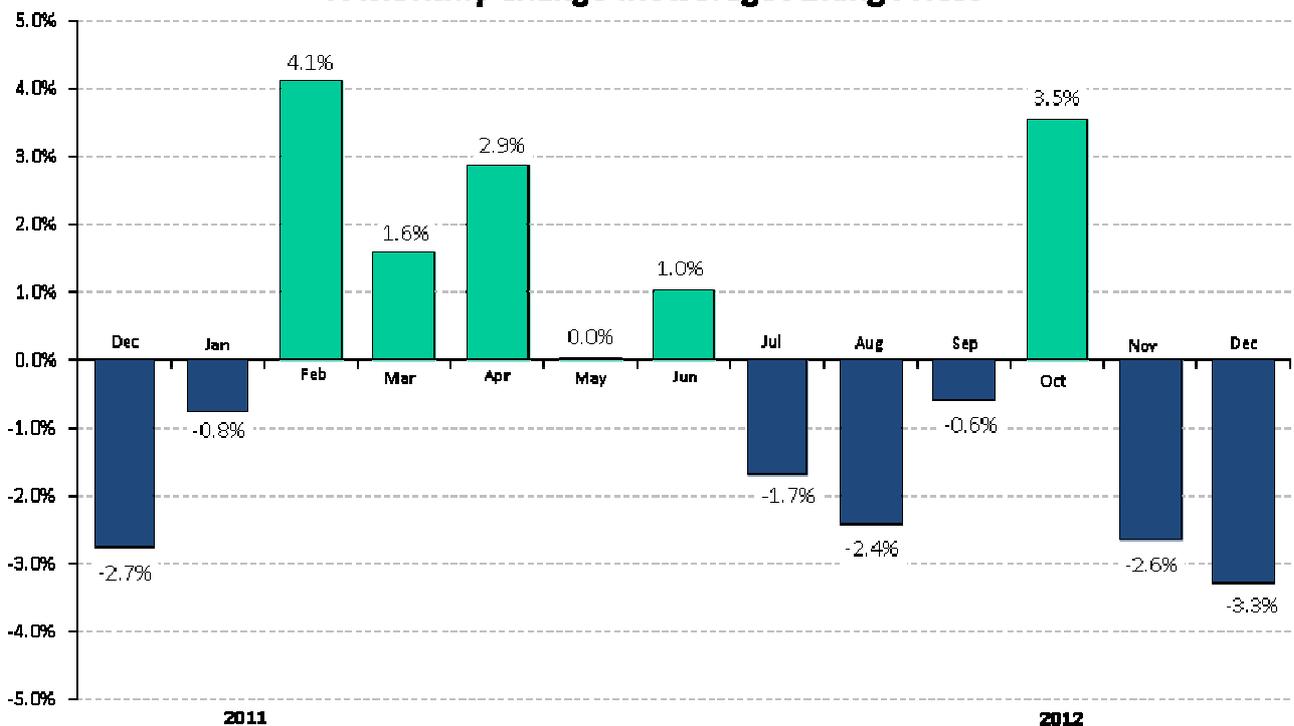
- London’s growth in new seller asking prices will slow to around 3% in 2013, as some of the froth comes of all but the super-prime central market
- The South (South East, South West and East Anglia) will also see new sellers coming to market at prices around 3% higher than in 2012. The average will be buoyed by the South East in particular, which has under-performed in recent years. The ripple effect of higher values in London will mean buyers from the capital will find value in the home counties and will find lenders will be keen to lend.
- The North (East Midlands, West Midlands, Wales, North West, North and Yorkshire & Humberside) will see patchy marginal growth of around 1% in new seller asking prices. Investor activity will underpin prices at the bottom end of the market where investors react to rental yields in excess of 6% of the purchase price.

Shipperside comments: “Average national house prices in 2013 will be less affected by the often distorting impact of London. However, this will be compensated for by a stronger market in other parts of The South and a continuation of the signs of life seen in some parts of The North at the back end of this year. Conditions will remain patchy within regions, with new sellers’ pricing power reflected by local micro-market conditions of supply and demand. Sellers of some property types in less desirable locations will remain blighted by the mortgage famine and travails of the wider economy, and they will have to come to the market at lower asking prices if they wish to sell.”

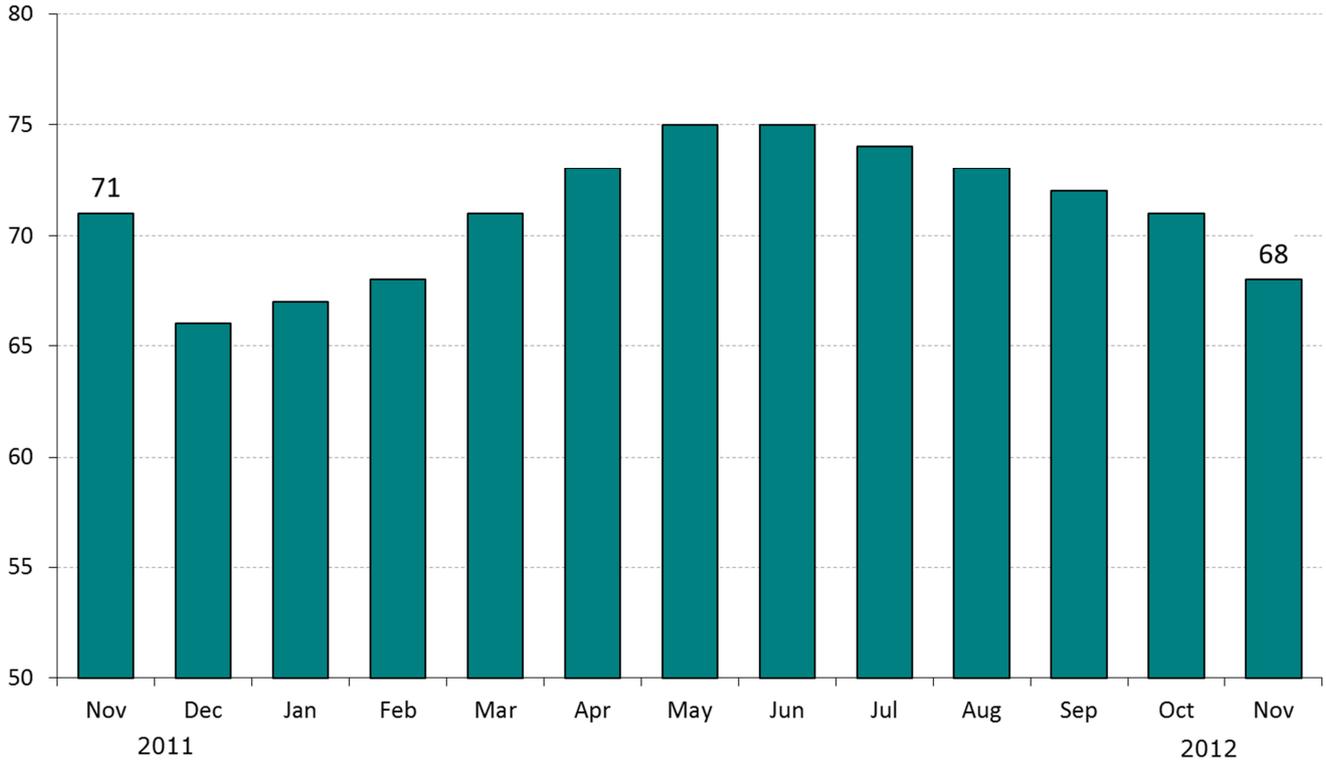
Rightmove Monthly Asking Price Trend



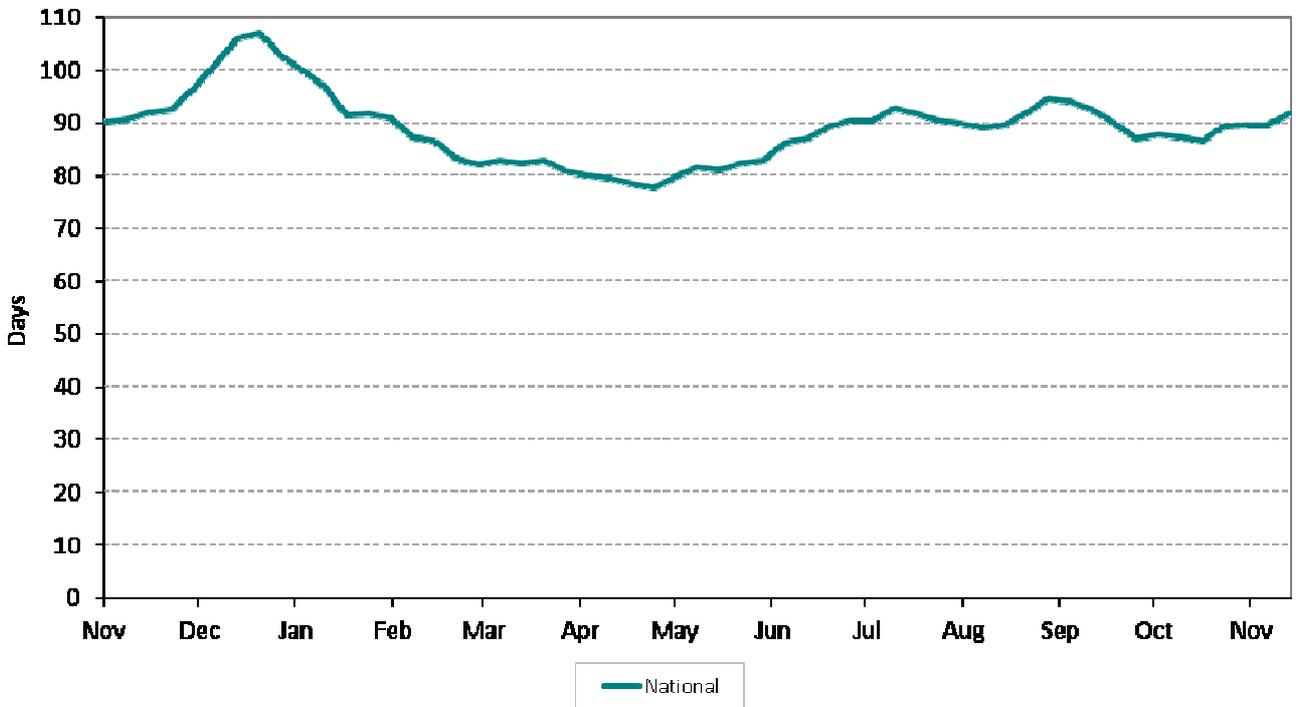
% Monthly Change in Average Asking Prices



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 12	£137,108
Avg. Price Nov 12	£142,200
Monthly Change	-3.6%
Avg. Price Dec 11	£141,555
Annual Change	-3.1%

North West	
Avg. Price Dec 12	£151,819
Avg. Price Nov 12	£156,431
Monthly Change	-2.9%
Avg. Price Dec 11	£154,126
Annual Change	-1.5%

Yorkshire & Humberside	
Avg. Price Dec 12	£144,655
Avg. Price Nov 12	£149,226
Monthly Change	-3.1%
Avg. Price Dec 11	£144,767
Annual Change	-0.1%

West Midlands	
Avg. Price Dec 12	£174,098
Avg. Price Nov 12	£183,010
Monthly Change	-4.9%
Avg. Price Dec 11	£176,524
Annual Change	-1.4%

East Midlands	
Avg. Price Dec 12	£158,480
Avg. Price Nov 12	£157,249
Monthly Change	0.8%
Avg. Price Dec 11	£151,825
Annual Change	4.4%

Wales	
Avg. Price Dec 12	£159,216
Avg. Price Nov 12	£162,912
Monthly Change	-2.3%
Avg. Price Dec 11	£162,003
Annual Change	-1.7%

East Anglia	
Avg. Price Dec 12	£218,619
Avg. Price Nov 12	£225,533
Monthly Change	-3.1%
Avg. Price Dec 11	£209,311
Annual Change	4.4%

South West	
Avg. Price Dec 12	£240,438
Avg. Price Nov 12	£254,021
Monthly Change	-5.3%
Avg. Price Dec 11	£247,765
Annual Change	-3.0%

Greater London	
Avg. Price Dec 12	£464,398
Avg. Price Nov 12	£483,709
Monthly Change	-4.0%
Avg. Price Dec 11	£434,871
Annual Change	6.8%

South East	
Avg. Price Dec 12	£287,420
Avg. Price Nov 12	£297,564
Monthly Change	-3.4%
Avg. Price Dec 11	£289,014
Annual Change	-0.6%

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 2011	183.7	-2.7%	£225,766
January 2012	182.3	-0.8%	£224,060
February 2012	189.8	+4.1%	£233,252
March 2012	192.8	+1.6%	£236,939
April 2012	198.3	+2.9%	£243,737
May 2012	198.3	+0.0%	£243,759
June 2012	200.3	+1.0%	£246,235
July 2012	197.0	-1.7%	£242,097
August 2012	192.2	-2.4%	£236,260
September 2012	191.1	-0.6%	£234,858
October 2012	197.8	+3.5%	£243,168
November 2012	192.6	-2.6%	£236,761
December 2012	186.3	-3.3%	£228,989
Annual Change	+2.6	+1.4%	+£3,223

(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 2011	£336,197	£191,040	£173,266	£189,870
January 2012	£332,266	£189,092	£173,474	£193,540
February 2012	£340,711	£195,718	£177,842	£195,308
March 2012	£349,042	£198,350	£182,464	£196,209
April 2012	£359,798	£202,138	£184,920	£195,160
May 2012	£359,441	£202,415	£184,346	£199,564
June 2012	£360,247	£202,219	£185,370	£201,994
July 2012	£357,128	£199,599	£182,407	£198,658
August 2012	£349,561	£196,995	£180,496	£198,012
September 2012	£347,664	£197,600	£178,989	£193,154
October 2012	£349,561	£196,995	£180,496	£198,012
November 2012	£345,138	£197,954	£181,633	£201,735
December 2012	£338,638	£193,365	£175,489	£196,819
Annual Change	+0.7%	+1.2%	+1.3%	+3.7%

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 2012

London's Top 5	Avg. Price Dec 12	Avg. Price Nov 12	Monthly Change
Haringey	£542,244	£537,784	0.8%
Richmond-upon-Thames	£689,330	£688,087	0.2%
Hammersmith and Fulham	£885,954	£887,395	-0.2%
Kingston-upon-Thames	£642,928	£650,004	-1.1%
Bromley	£345,618	£351,080	-1.6%

London's Worst Performers December 2012

London's Bottom 5	Avg. Price Dec 12	Avg. Price Nov 12	Monthly Change
Tower Hamlets	£424,948	£454,413	-6.5%
Hounslow	£530,490	£556,966	-4.8%
Enfield	£335,463	£350,581	-4.3%
Ealing	£462,177	£482,618	-4.2%
Greenwich	£286,559	£298,233	-3.9%

London Time on Market

Time on Market Indicator (London)



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London Boroughs

Borough	Avg. Price Dec 12	Avg. Price Nov 12	Monthly Change	Avg. Price Dec 11	Annual Change
Kensington and Chelsea	£2,153,658	£2,240,199	-3.9%	£1,986,508	8.4%
City of Westminster	£1,405,179	£1,453,711	-3.3%	£1,350,115	4.1%
Camden	£963,421	£998,533	-3.5%	£826,043	16.6%
Hammersmith and Fulham	£885,954	£887,395	-0.2%	£839,094	5.6%
Brent	£703,876	£714,690	-1.5%	£615,352	14.4%
Richmond-upon-Thames	£689,330	£688,087	0.2%	£601,238	14.7%
Wandsworth	£674,911	£686,212	-1.6%	£613,234	10.1%
Islington	£645,764	£663,003	-2.6%	£592,424	9.0%
Kingston-upon-Thames	£642,928	£650,004	-1.1%	£594,682	8.1%
Barnet	£554,341	£567,350	-2.3%	£527,393	5.1%
Haringey	£542,244	£537,784	0.8%	£485,687	11.6%
Hackney	£531,781	£547,627	-2.9%	£492,819	7.9%
Hounslow	£530,490	£556,966	-4.8%	£526,871	0.7%
Ealing	£462,177	£482,618	-4.2%	£435,104	6.2%
Lambeth	£457,058	£474,633	-3.7%	£435,256	5.0%
Merton	£451,964	£464,017	-2.6%	£444,246	1.7%
Tower Hamlets	£424,948	£454,413	-6.5%	£420,922	1.0%
Southwark	£421,900	£438,312	-3.7%	£410,711	2.7%
Hillingdon	£360,903	£370,357	-2.6%	£346,667	4.1%
Lewisham	£353,896	£363,859	-2.7%	£345,396	2.5%
Bromley	£345,618	£351,080	-1.6%	£326,976	5.7%
Harrow	£337,135	£345,887	-2.5%	£325,753	3.5%
Enfield	£335,463	£350,581	-4.3%	£329,580	1.8%
Sutton	£334,740	£346,010	-3.3%	£332,979	0.5%
Redbridge	£286,655	£293,671	-2.4%	£292,510	-2.0%
Greenwich	£286,559	£298,233	-3.9%	£278,503	2.9%
Waltham Forest	£286,324	£297,185	-3.7%	£296,535	-3.4%
Croydon	£279,392	£288,105	-3.0%	£273,628	2.1%
Havering	£249,360	£257,237	-3.1%	£257,809	-3.3%
Newham	£227,791	£236,209	-3.6%	£242,528	-6.1%
Bexley	£216,095	£221,278	-2.3%	£212,022	1.9%
Barking and Dagenham	£208,241	£214,054	-2.7%	£219,840	-5.3%

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

Index Comparison

	Dec 2012		Nov 2012		Oct 2012	
	House Price	Monthly change	House Price	Monthly change	House Price	Monthly change
Rightmove	£228,989	-3.3%	£236,761	-2.6%	£243,168	+3.5%
Halifax	N/A *	N/A *	£160,879	+1.0%	£158,426	-0.7%
Nationwide	N/A *	N/A *	£163,853	0.0%	£164,153	+0.6%

* 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 8,556 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.