

## Primelocation.com House Price Index : January 2009

### Sales: Prime London Begins To Stabilise

Asking prices in Prime London areas rose by 0.55% (£7,001) in December, the second successive month of rising values, and are now 3.8% higher than in December 2007, according to Primelocation.com's latest House Price Index.

Asking prices in December were strongest in West/South West London (0.69%) and weakest in Islington, City and Docklands (-0.17%). The price rise coincided with a reduction in the volume of available stock on the market. December's stock levels were -3.8% down on the levels recorded in December 2007.

Andrew Smith, Primelocation.com's Head of Insight, comments: "Over the past couple of months prime agents have reported a modest upturn in activity (albeit from a very low base), a trend which can be attributed to the impact of falling prices, lower interest rates and a rise in demand from overseas buyers attracted by the dip in the value of Sterling.\*

"This explains the recent stabilisation in asking prices and provides tentative evidence that we are beginning to approach the bottom of the market. However, it's important to bear in mind that we have a way to go yet, and buyers are still managing to negotiate substantial reductions on asking price.

"With the economic situation worsening and some pundits predicting that unemployment will hit 3 million in 2009, we expect the coming year to be a difficult one for the housing market.

"On the plus side, the weaker pound and falling prices will encourage greater interest from foreign buyers and cash-rich investors and this should lead to a modest improvement in transaction levels.

"But those buyers who do enter the market will be looking for bargains and vendors will remain under pressure to accept lower offers.

"We do not expect prices to begin to recover until well into the second half of 2009, but in the meantime there will be opportunities for those who are willing and able enter the market to make the most of the current situation"

\*Hamptons reported a 12% increase in net sales in London in November. Savills recently noted that prime London properties would now cost 50% less to a new Japanese investor and 40% less to a Hong Kong, Singaporean, Taiwanese, Swiss or Eurozone investor.

### Lettings: Rents Still Under Pressure

In the Prime London lettings market the picture hasn't changed in the past nine months. In December, stock levels were 53% up on the same time last year, and this excess of supply continued to put pressure on rental values, which were down 1% month-on-month and by -4.9% year-on-year.

All the five Prime London regions recorded a fall in weekly rental values with Islington, City and Docklands, the market most directly affected by the recent turbulence in the City, registering the largest fall (-2.3% over the month).

Andrew Smith, adds: "Job losses in the City have hit the lettings market hard, as has the decline in demand from the corporate sector.

"This fall in demand has been exacerbated by a rise in supply as frustrated sellers look to the lettings market as a way to side-step stagnation and price falls on the sales side.

"The rise in the amount of available stock means that there is much more competition in the rentals market and landlords – accidental or professional – will need to price accordingly if they want to reduce the potential for periods void of any income.

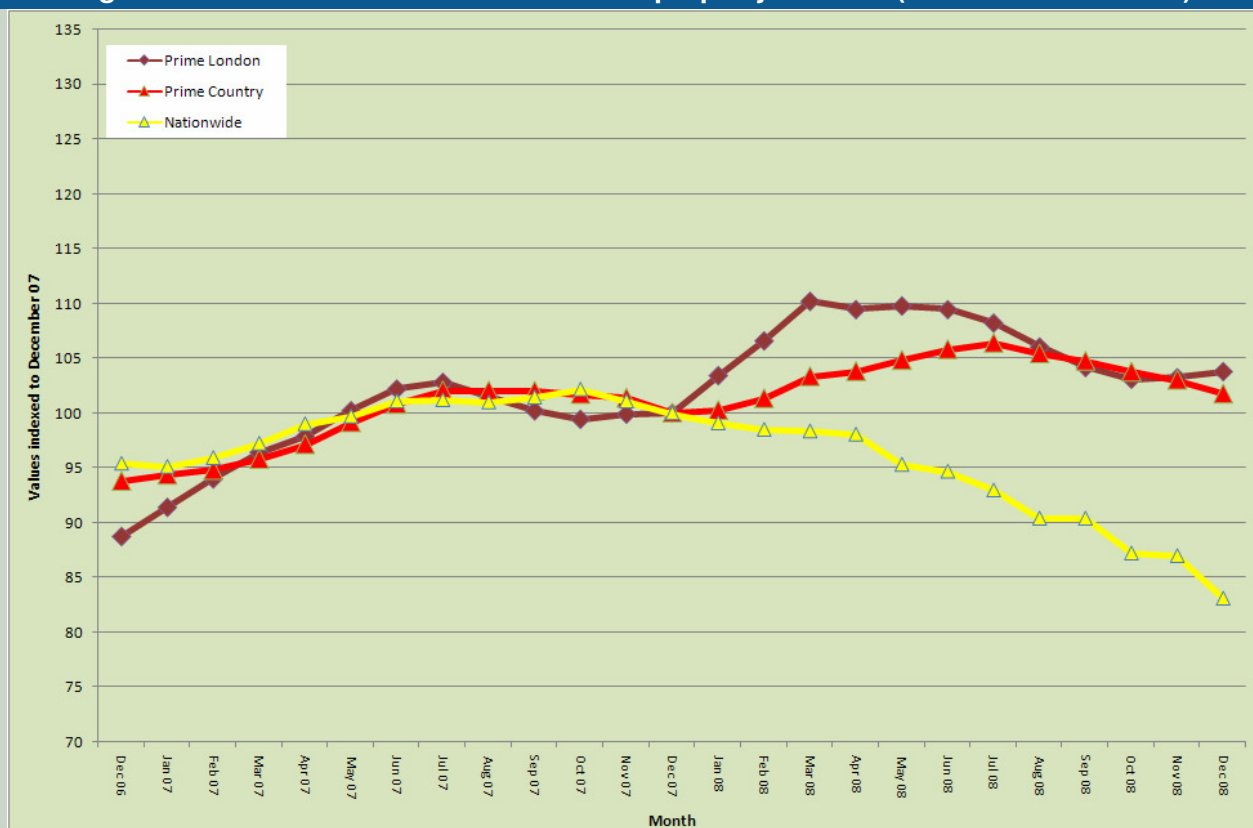
"We would urge frustrated sellers to think carefully before they decide to rent and to check first with letting agents to see if their property is appropriate for the local market and meets tenants' expectations.

"We would also advise them to they seek professional advice if they are unfamiliar with the many rules and regulations now governing the lettings market - energy performance certificates, tenant deposit protection, safety regulations, tax planning, and the like.

### Headlines for December 2008:

- December has seen an increase in **prime London** values, the second month on month increase in over 6 months. In December they increased by over 0.55% since November.
- Annualised growth rate in **London** has increased from November's lowest level for 2 years to 3.8%.
- This price increase has been a result of the further reduction in the volume of **London** stock. December stock levels are now 3.8% lower than this time last year.
- **Prime country** prices have fallen again for the fifth successive month, average asking prices down 1.3% on November 2008.
- **Prime London lettings** stock continues to increase, now 53% greater than this time last year, leading to a further reduction on weekly rental values. Prices fell for the ninth successive month; 4.5% lower than this time last year.

### Indexed Average Sales Prices – Prime and mainstream property markets (Base – December 07)



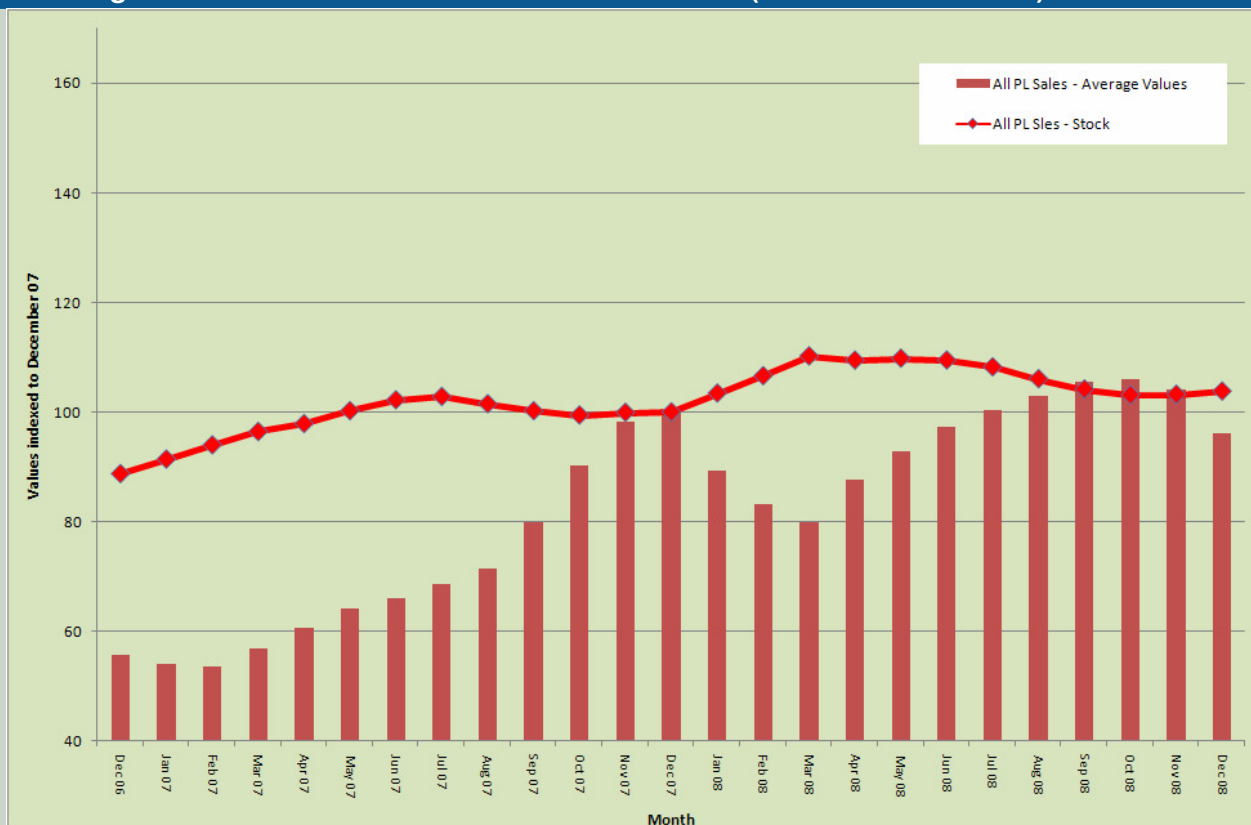
The graph shows the comparative performances of the Primelocation Prime Property sales price indices with that of the Nationwide (based on post survey prices), indexed to December 2007. Primelocation.com's research is based on properties currently listed on its website, which has an average value of £504,193, compared to the average value of property on the Nationwide index of £153,048. The graph can often indicate a two-tier market, with the mid-market upwards, which is Primelocation.com's sector, behaving differently from the typical mass market, as represented by the Nationwide.

## Prime London Sales

- Three of the five regions within **Prime London** have seen a monthly increase in asking prices, which has contributed to the overall **Prime London** upturn of 0.55%.
- However Islington, City and Docklands shows a monthly decline of 0.17%. Docklands being the most under-performing area with a downturn of 1.1%.
- For the second successive month the stock levels have decreased and are 4% lower than December 2007.

Average Sales Price* – Comparison (% Change)			
Region	Dec 08	% Annual Change	% Monthly Change
Central London	£1,944,628	8.25%	-0.08%
Central/South West London	£784,623	-4.07%	0.59%
North West London	£1,413,321	3.50%	0.14%
Islington, City & Docklands	£614,340	-1.15%	-0.17%
West/South West London	£930,313	-2.40%	0.69%
<b>Overall Prime London</b>	<b>£1,279,847</b>	<b>3.80%</b>	<b>0.55%</b>

## Indexed Average Sales Prices / Stock Levels – Prime London (Base – December 07)



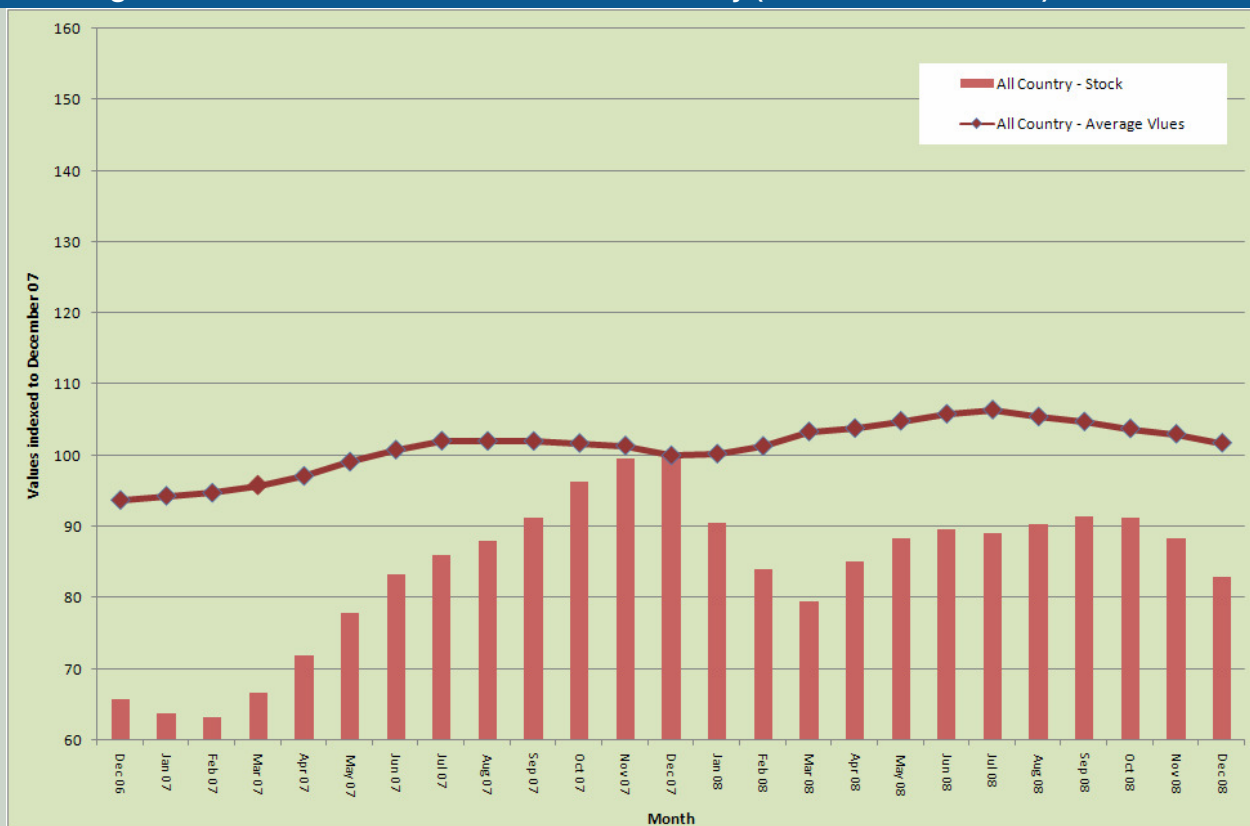
\* Comparable historical values will change each month, due to weighting of property size See Editor's Notes, Appendix II

## Prime Country Sales

- **Prime Country** values have fallen for the fifth successive month. Properties are now only on the market at 1.7% higher than this time last year.
- Whilst the southern regions seem to show the general decrease, West Midlands shows a positive monthly increase in average asking values of 0.18% since November.
- For the fifth successive month, The South West continues to experience the largest decline in prices showing a monthly decrease of 1.57%, with asking prices for properties now 2.67% compared to this time last year.

Average Sales Price* – Comparison (% Change)			
Region	Dec 08	% Annual Change	% Monthly Change
South West	£451,740	-2.67%	-1.57%
South East	£639,665	3.36%	-1.31%
East Anglia & East Midlands	£424,774	-0.80%	-0.68%
West Midlands & Wales	£625,191	15.55%	0.18%
North	£571,399	4.13%	-0.89%
Scotland	£432,232	10.04%	-0.21%
<b>Overall Prime Country</b>	<b>£542,442</b>	<b>1.75%</b>	<b>-1.22%</b>

## Indexed Average Sales Prices / Stock Levels – Prime Country (Base – December 07)



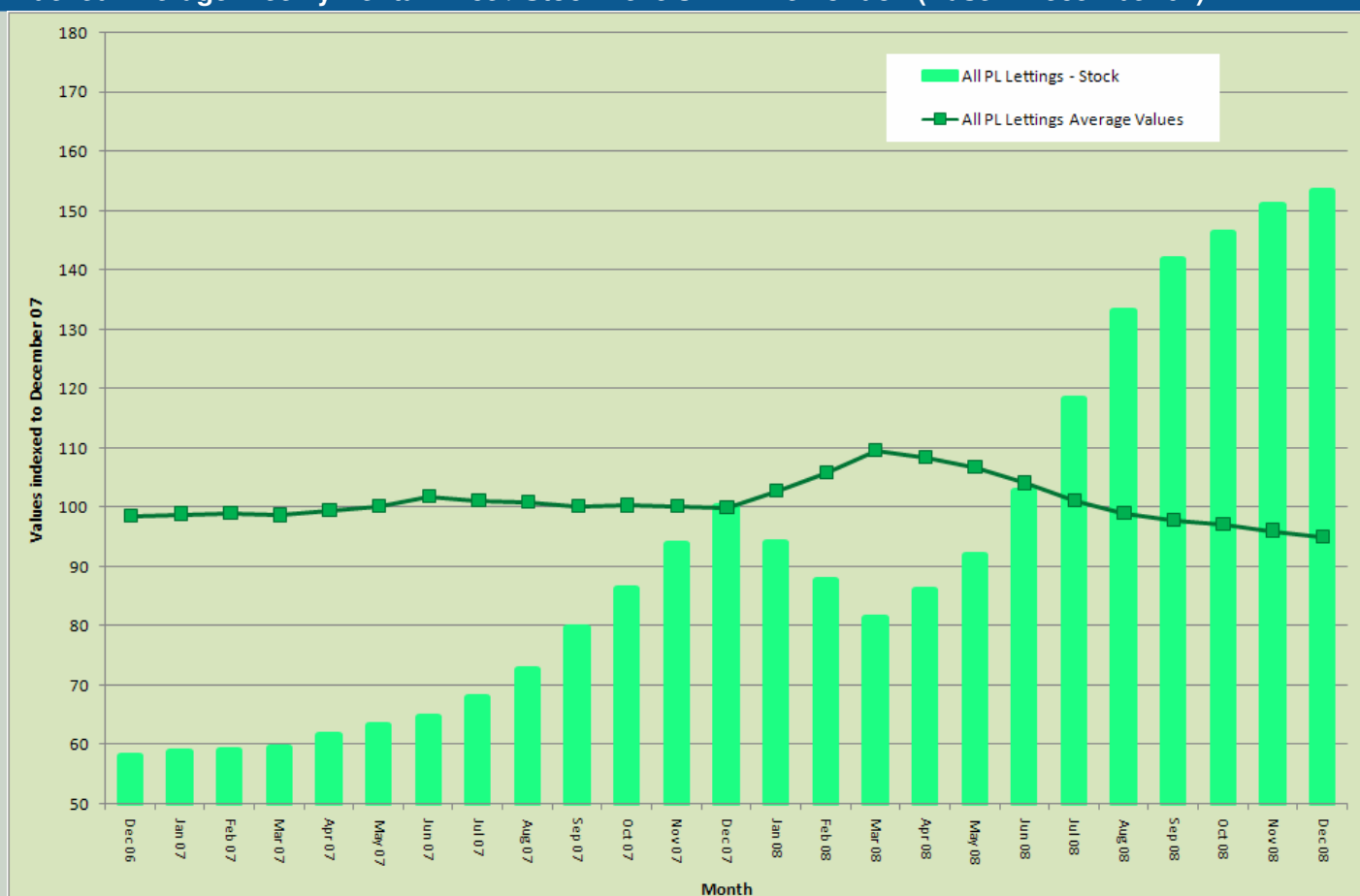
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## Prime London Lettings

- Weekly rental values have dropped for the ninth successive month since March by nearly 1.1% whilst stock continues to remain empty. Landlords must continue to offer reduced rates in order to entice prospective tenants.
- All five prime London regions have seen negative growth, with weekly rents being hardest hit in all other areas of London especially Islington, City and Docklands reducing 2.31% as stock continues to flow onto the London rental market.
- Annualised price changes continue to fall and are now at their lowest since January 2005, with weekly rents nearly 5% lower than December 2007.

Average Weekly Rentals* – Comparison (% Change)			
Region	Dec 08	% Annual Change	% Monthly Change
Central London	£1,159.39	-5.13%	-1.46%
Central/South West London	£589.56	-5.73%	-2.06%
North West London	£986.33	-5.30%	-2.08%
Islington, City & Docklands	£499.23	-4.51%	-2.31%
West/South West London	£636.45	-14.35%	-2.00%
<b>Overall Prime Lettings</b>	<b>£903.85</b>	<b>-4.95%</b>	<b>-1.06%</b>

## Indexed Average Weekly Rental Price / Stock Levels – Prime London (Base – December 07)



\* Comparable historical values will change each month, due to weighting of property size See Editor's Notes, Appendix II

## Prime Country Sales, Prime London Sales and Prime London Lettings Area Summaries

### Prime Country Sales Price Index – Area Summary

Region	Areas Covered
South West	Avon, Cornwall, Devon, Dorset, Gloucestershire, Somerset, Wiltshire
South East	Bedfordshire, Berkshire, Buckinghamshire, Essex, Hampshire, Hertfordshire, Kent, Middlesex, Oxfordshire, Surrey, Sussex
East Anglia & East Midlands	Cambridgeshire, Derbyshire & Leicestershire, Lincolnshire, Norfolk, Northamptonshire, Nottinghamshire, Suffolk
West Midlands & Wales	Herefordshire & Worcestershire, Staffordshire & Shropshire, Warwickshire, West Midlands, all counties in Wales
North	Cheshire, Lancashire & The Lakes, Tyne/Tees, Yorkshire
Scotland	All counties in Scotland

### Prime London Sales and Lettings Price Indices – Area Summary

Region	Postcode Area	Postcodes
Central London	Belgravia, Westminster, Pimlico, Mayfair, Marylebone, Fitzrovia, Soho, Covent Garden, Chelsea, Kensington, West Kensington, South Kensington, Knightsbridge, Earls Court, Holland Park, Notting Hill, Bayswater	SW1, SW3, SW5, SW7, SW10, W1, W2, W8, W10, W11, W14, WC2
Central/South West	Fulham, Parsons Green, Battersea, Clapham, Wandsworth, Balham, Tooting	SW4, SW6, SW11, SW12, SW17, SW18
North West London	Hampstead, Belsize Park, St John's Wood, Regent's Park, Highgate, Maida Vale, Little Venice, Hampstead Garden Suburb, Golders Green, West Hampstead, Kentish Town, Camden	NW1, NW3, NW5, NW6, NW8, NW11, N6, W9
Islington, City & Docklands	Islington, Highbury, Bloomsbury, Finsbury, Clerkenwell, Wapping, Isle of Dogs, Borough, Shad Thames, Bermondsey, Rotherhithe	N1, N5, WC1, EC1, EC2, E1, E14, SE1, SE16
West/South West	Barnes, East Sheen, Putney, Wimbledon, Hammersmith, Chiswick, Richmond	SW13, SW14, SW15, SW19, SW20, W4, W6, W12, TW9, TW10

**i. Background:**

- Primelocation.com is the property portal of choice of the leading estate agency firms across the UK, including the major national agencies Savills, Knight Frank, Hamptons International, Chesterton, Strutt & Parker Lane Fox, Cluttons, Carter Jonas, Humberts, Jackson-Stops & Staff as well as many other leading London and regional firms (full agent list available on request from TTA). All of these firms list all of their properties on Primelocation.com.
- There are currently over 4,000 agent firms listing their properties on Primelocation.com, representing some 8,500 offices both in the UK and abroad and advertising over 400,000 properties in one online location.

**ii. Prime Country and Prime London Indices:**

- Primelocation's Prime Country and Prime London Price Indices are unique housing market indicators, based on the properties listed on the [www.primelocation.com](http://www.primelocation.com) website.
- The Indices monitor the stock levels and asking prices of properties in different regions over a minimum of a twelve month period.
- Using a core base of over 2,000 agent firms which have appeared on the site over that time, fluctuations in property types, including the ratio of houses to flats and the size of the properties, are taken into account to ensure that the Indices are a true representation of what is happening in the prime property sector.
- A robust filtering process is also employed to ensure that any property which is listed on [www.primelocation.com](http://www.primelocation.com) by more than one agent is only counted once. An average over three months ensures that the length of the sales process is also factored in.

**iii. International Positioning:**

- Primelocation.com has the largest collection of international property of any UKbased property portal with over 100,000 homes in France, Spain, Portugal, Italy, South Africa and over 60 other countries. A search index is also available for International Property (see <http://www.primelocation.com/international-property/search-index>).

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