

## Prime London property for sale and rent continues to break all records, while the prime country market shows only modest growth.

### Headlines for October 2006:

- A record breaking month for **prime London property for sale**, with average sales prices exceeding the £1 million mark for the first time.
- The stock of available **prime London property for sale** plunges to the lowest level we've ever recorded, down 20% on last year, with prime houses for sale, in particular, down nearly 30% annually.
- The market for **prime country property for sale** continues to show modest growth, with average sales prices increasing by just 1.4% on last year, due to a 24% increase in available stock over the same period.
- However, in areas where available stock of **prime country property for sale** is more limited, such as Central and Eastern England, average sales prices have outperformed the wider marketplace.
- Average prices of **prime London property to rent** have risen aggressively to reach record levels, up 9.3%. This has been primarily driven by the central London rental market, which has witnessed average rental prices jump 10% on last year.

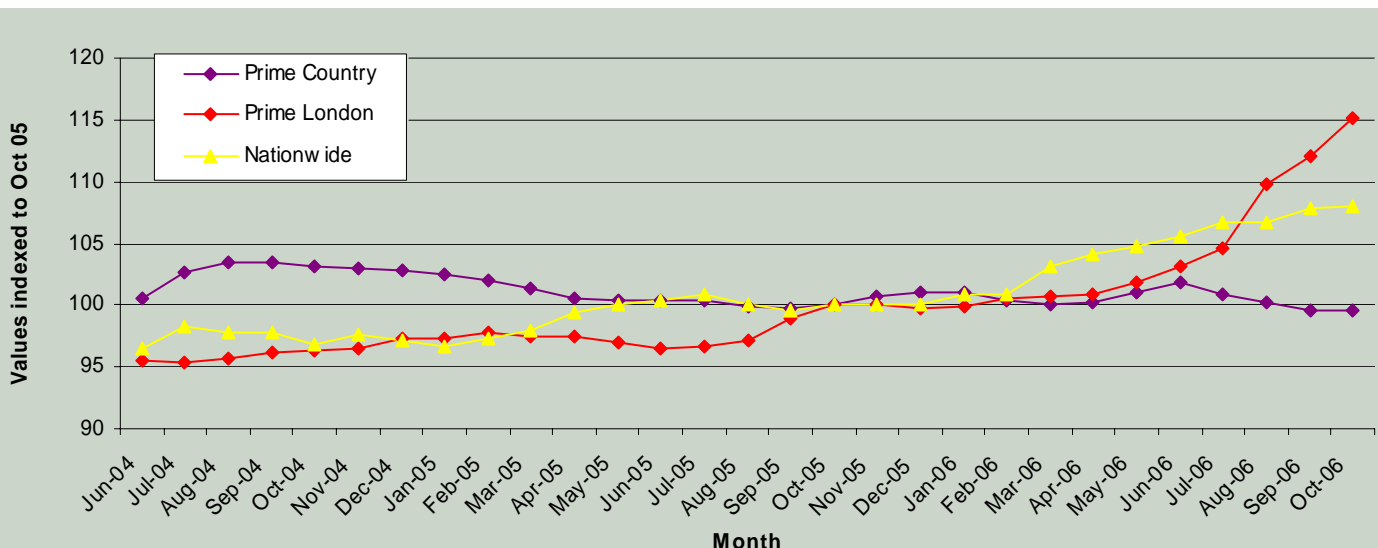
### Primelocation's Chief Executive, Ian Springett, comments:

"Records continue to be broken in the prime London sales market, with unprecedented average sales prices and the lowest level of available stock since the Index began back in January 2004. Given the poor performance of the London market in comparison to the rest of the UK between 2002 and 2005, the prime London sales market has bounced back with a vengeance, with average prices topping the landmark £1 million for the first time. Confidence in the market will be further enhanced by recent announcement from the City of another record round of City bonuses to come in the New Year, fuelling the argument for longer term sustainability in the marketplace.

"In contrast, the prime country market has produced only minimal growth over the last year, largely due to an increase in stock levels. But the very top-end of the market continues to be highly competitive, with the very best properties being snapped up faster than ever. One agent recently reported that the average marketing time of a prime country property has been reduced on average by two weeks compared to last year.

"The prime London rental market is also breaking records, with average rental values higher than ever before after significant annual growth. The corporate lettings market remains fiercely competitive, with intense private national and international demand. Landlords in key prime areas, particularly Central London, are in a strong position as demand remains intense and stocks limited".

### Indexed Average Sales Prices - Prime and mainstream property markets (Base - Oct 05)



Data taken from Nationwide's published non-seasonally adjusted figures

The graph shows the comparative performances of the Primelocation Prime Property sales price indices with that of the Nationwide, indexed to July 2005. Primelocation's research is based on properties currently listed on its website, with a total UK worth of £50bn, representing over 50% of the UK market by value. The graph can often indicate a two-tier market, with the mid market upwards, which is Primelocation's sector, behaving quite differently from the typical mass market, as represented by the Nationwide.

## Prime London Sales

- The average price of prime London property for sale tops £1 million for the first time
- Average sales prices of prime London property rise by 11.9% on last year
- Stock of prime London property hits a record low, down 20% on last year, while available houses are down 30%.

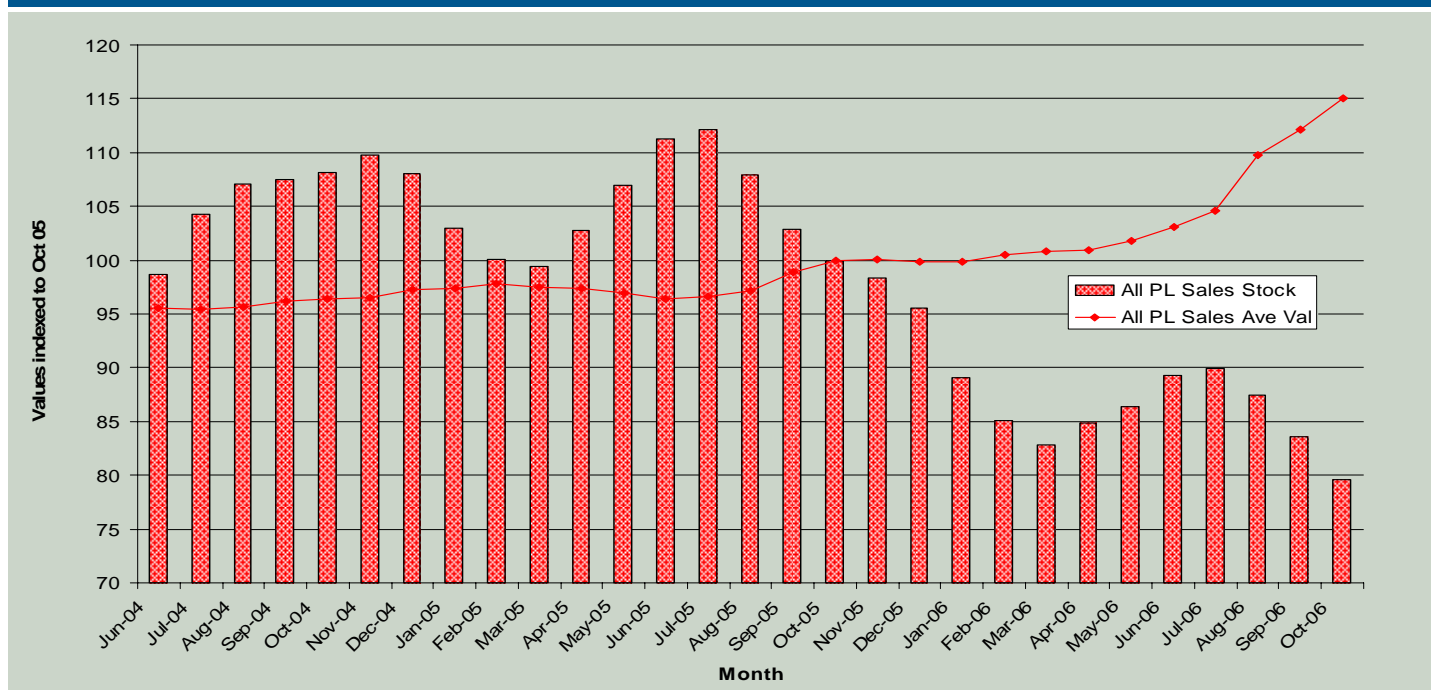
### Average Sales Price\* - Comparison (% Change)

Region	Oct 06	% Annual Change	% Monthly Change
Central London	£1,358,878	11.0%	1.7%
South West London	£744,719	9.8%	1.3%
North West London	£1,024,010	16.2%	3.2%
Islington, City & Docklands	£530,072	14.1%	2.1%
West & South West	£944,590	11.5%	1.6%
<b>Overall Prime London</b>	<b>£1,015,450</b>	<b>11.9%</b>	<b>2.6%</b>

Once again, the prime London sales market exceeds expectations to produce another record month for average prices. The average prime London property for sale now stands at an imposing £1,015,450, the first month ever to surpass the £1million mark. While it could be argued that the extent of this price growth (11.9% annual price inflation) may not be sustainable, agents continue to feel extremely optimistic as we approach the end of 2006 and look towards 2007. Indeed, the City, a major contributor to the solidity of the market, has recently forecast record bonuses for its employees. According to The Centre for Economics and Business Research, some 4,200 City employees are expected to receive bonuses in excess of £1million this year, up from 3,000 last year. Not surprisingly, this has fuelled increased confidence into an already buzzing market.

Stock levels are at record lows, with supplies diminishing by 20% annually, while the stock of available houses is down 30%. For the first time since the 1990's, there is an increasing divide between the average price of flats and houses, with demand for family houses in the region increasingly aggressive. In Central London, the average price of a flat stands at just over £1 million, while a house in the region commands an average value in excess of £2.7 million. Intense demand from overseas buyers continues and seems unlikely to relent, exerting increasing pressure on an already demand-intense marketplace. Sealed bids are increasingly prevalent, with sellers capitalising on the demand in order to achieve the maximum sale price. In addition, Knight Frank recently reported three times as many immediate sales (offers accepted on the day of marketing) in the first half of 2006, compared to last year. We fully expect the prime London market to continue its double-digit growth in the coming months.

### Indexed Average Sales Price / Stock Levels - Prime London (Base - Oct 05)



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

## Prime Country Sales

- With stock levels of prime country property increasing by 24% on last year, average annual price growth has been limited
- Average prices of prime country property for sale rise by a modest 1.4% annually
- With fewer available properties for sale in the region, Central and Eastern England enjoy the highest price rises.

### Average Sales Price\* - Comparison (% Change)

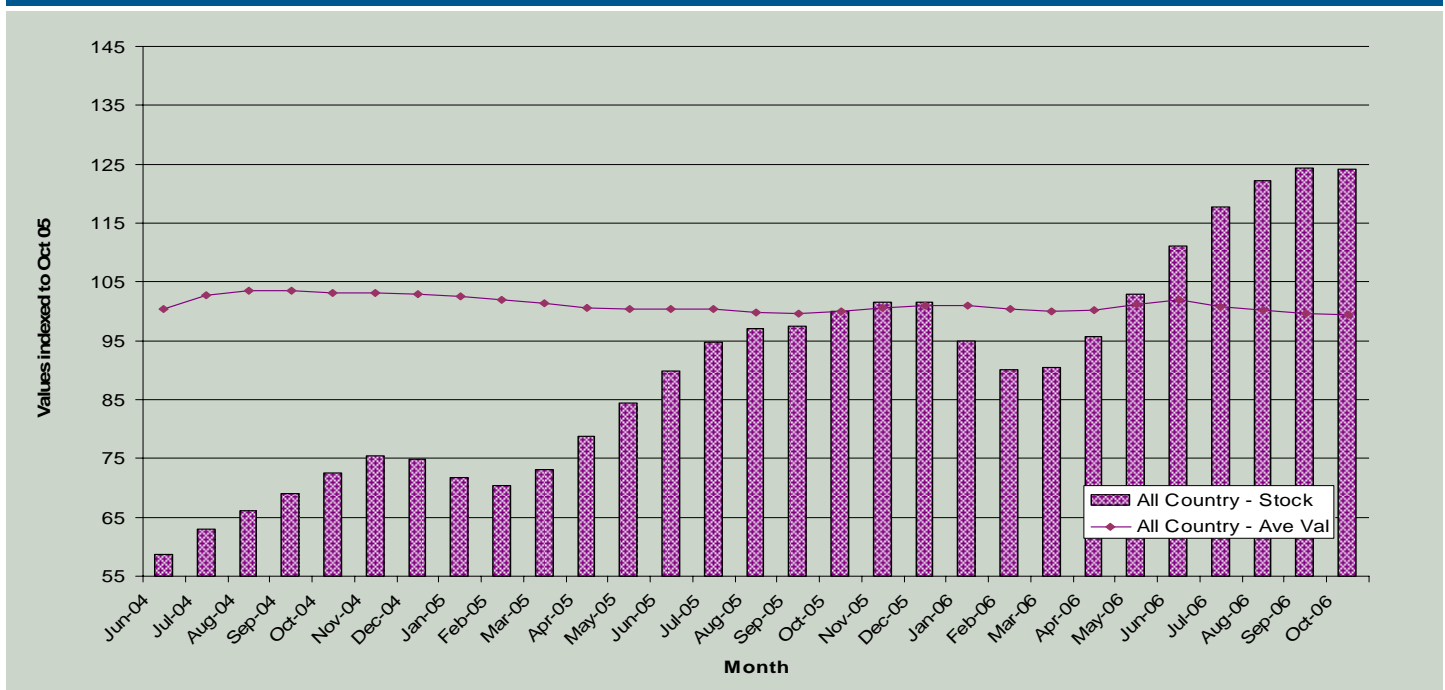
Region	Oct 06	% Annual Change	% Monthly Change
South West	£429,036	-0.7%	-0.3%
South East	£601,042	4.0%	0.6%
East Anglia & East Midlands	£400,942	4.6%	0.1%
West Midlands & Wales	£443,072	1.5%	0.7%
North	£530,100	3.8%	-0.1%
Scotland	£429,829	2.9%	-0.9%
<b>Overall Prime Country</b>	<b>£493,819</b>	<b>1.4%</b>	<b>-0.1%</b>

The prime country market has been somewhat overshadowed by the incredible growth of the prime London sales market in 2006. This, of course, is a complete reverse of the picture witnessed between 2002 and 2005, when the country market significantly outperformed London. 2006 has so far produced a fairly static picture across the mainstream market, with the latest data showing growth of just 1.4% over the last 12 months. Stock levels are certainly more buoyant than in London, with available property up 24% on last year and significantly more so in some regions. In areas where stock is in shorter supply, price growth has been more vigorous, such as the South East (up 4.0%) and East Anglia and the East Midlands (both up 4.6%).

At the very top-end of the prime country marketplace, competition for the very best properties remains intense. London purchasers have influenced the prime country market with City money buying second homes, while many faced with a shortage of choice in London are increasingly competing for trophy country residences instead. Knight Frank recently reported a reduction in the time required to achieve a sale, down two weeks on average compared to a year ago.

We believe the very top-end of the country market will continue to show strong growth and intense demand, with more modest activity across the mainstream market.

### Indexed Average Sales Price / Stock Levels - Prime Country (Base - Oct 05)



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

## Prime London Lettings

- The growth in average rental prices continues to build momentum, rising by 9.3% on last year
- A shortage of available prime Central London property to rent forces average prices up 10% in the region
- Prime London rental property is now more expensive than ever, with average rents hitting £923 per week.

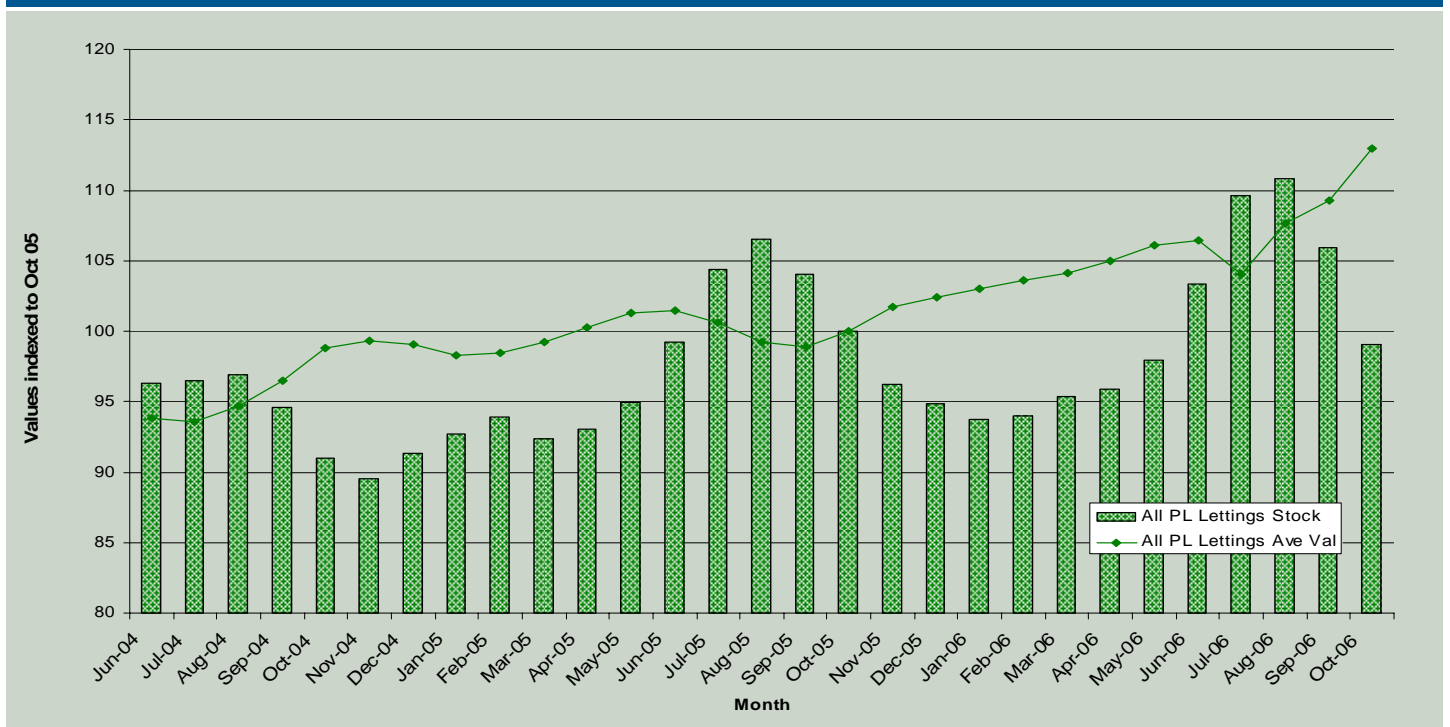
### Average Weekly Rents\* - Comparison (% Change)

Region	Oct 06	% Annual Change	% Monthly Change
Central London	£1,150	10.0%	3.1%
South West London	£533	8.3%	3.5%
North West London	£935	8.0%	0.9%
Islington, City & Docklands	£489	3.3%	2.2%
West & South West	£582	6.6%	1.5%
<b>Overall Prime London</b>	<b>£923</b>	<b>9.3%</b>	<b>3.4%</b>

As with the prime London sales market, average prime London rental prices are enjoying robust growth, rising by 9.3%, the largest annual increase witnessed for two years. In fact, prime London property to rent has never been more expensive, with average weekly rents at £923 per week. In the short-term, a reduction in available prime stock (down 6.5% on last month) has fuelled a jump in rental prices. The corporate lettings market continues to be a key driver, with London the target for business development and growth, particularly by the finance and banking sectors, where sizeable relocation programmes are taking place. Bidding wars continue within the corporate sector, with businesses keen to obtain the very best rental properties for their employees.

Strong private demand for prime rental property continues from both the overseas and domestic markets. However, with diminishing stocks, competition remains intense and landlords are increasingly holding out for the very best offers, further increasing prices. Currently, and not surprisingly, Central London is achieving the highest prices rises, with rental values increasing by 10%, with prime houses to rent in the region commanding average weekly rental values of nearly £2,000 per week. Given the shortage of housing stock in Central London, these properties will continue to command a premium price. The prime London rental market is expected to produce robust growth over the coming months.

### Indexed Average Weekly Rental Price / Stock Levels - Prime London (Base - Oct 05)



\*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
South West London	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 and 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, Cluttons, Carter Jonas, Lane Fox, Humberts, Jackson-Stops & Staff as well as many other leading London and regional firms (full agent list available on request from Jago Dean). All of these firms list all of their properties on Primelocation.com.
- There are currently over 2,500 agent firms listing their properties on Primelocation.com, representing some 5,000 offices both in the UK and abroad and advertising approximately 260,000 properties in one online location.

**ii. Prime Country and Price 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 1,500 agent branches 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 UK-based property portal with 65,000 homes in France, Spain, Portugal, Italy, South Africa and over 50 other countries. A search index is also available for International Property (see [www.primelocation.com/international-property/searchindex](http://www.primelocation.com/international-property/searchindex)).

**\*\*\*ENDS\*\*\***

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