

The prime London sales market finishes 2006 on a record high, while the prime country market concludes the year with only modest gains.

Headlines for December 2006:

- Average prices of **prime London property for sale** reach record levels, up 18.1% annually, the highest annual rise achieved since the Index began back in 2003.
- Insatiable demand continues for **prime London property for sale**, while stock levels have dropped by 20.7% annually, keeping average sales prices in the region above the £1 million mark.
- The market for **prime country property for sale** produces only modest growth in average sales prices, up 2.2% annually, with a plentiful supply of property stock (up 16%) suppressing more vigorous price growth.
- The South East (up 5.5%), East Anglia and East Midland regions (up 3.2%), drive virtually all of the price growth in the market for **prime country property for sale**, with all other areas remaining relatively flat.
- In the market for **prime London property to rent**, 11.1% annual price growth has been achieved, with average weekly rental values now standing at a record £943. Central London property to rent hits new heights, with a 12.4% increase in average rental values in the last 12 months.

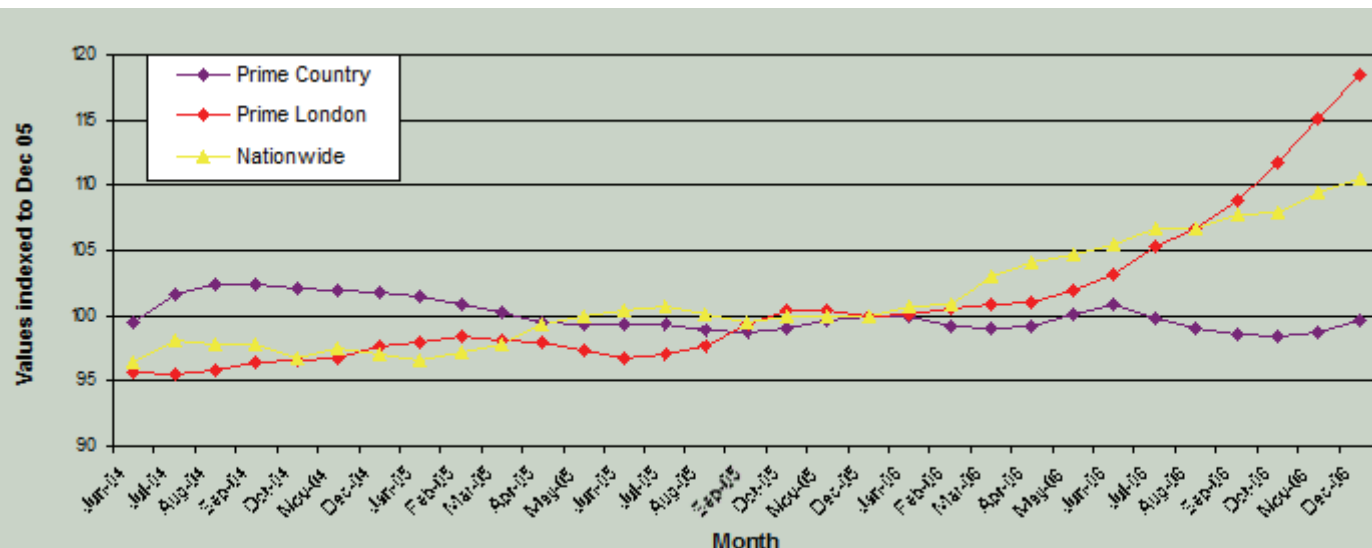
Primelocation's Chief Executive, Ian Springett, comments:

"2006 has been a year of unprecedented growth for the prime London sales market, with record sales values achieved, producing the fastest level of growth in the region since the Index began back in 2003. The most striking feature of the market in 2006 has been the imbalance of supply and demand, which only seemed to intensify as the year progressed, culminating in substantial double-digit growth. In the short-term, this growth is unlikely to relent and we're firmly expecting another year of double-digit growth in 2007, with the first six months producing the most significant increases.

"In contrast, the prime country market has been more subdued in 2006, with only modest gains overall. However, we expect the very top-end of the market to remain competitive in 2007, as wealthy buyers increasingly search outside of London to find the very best property, while stocks in the capital remain so low. Agents are already noting an increasing number of overseas buyers in the counties immediately outside London, and we expect overseas buyers to play a more influential role in the prime country market in 2007.

"The most notable feature of the prime London lettings market has been the unusual similarities with the London sales market. Significant growth has been achieved and record weekly rental values achieved across the region in 2006. We expect the prime London lettings market to continue with robust and solid growth throughout 2007."

Indexed Average Sales Prices - Prime and mainstream property markets (Base - Dec 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

- Prime London sales prices produce record price rises, up 18.4% annually.
- Average sales prices in Central London hit new heights, topping £1.4 million in December.
- Prices in North West London pass the £1 million mark for the first time, achieving annual price growth of 20.2%.

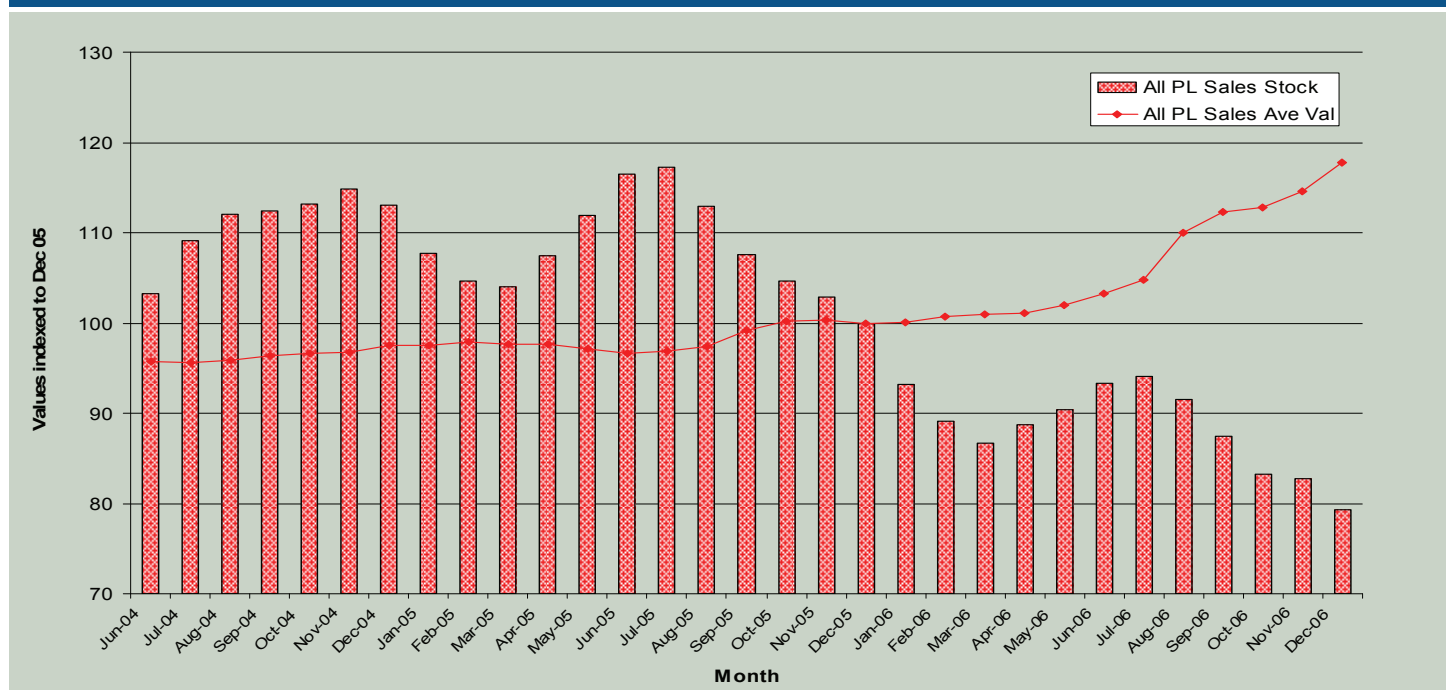
Average Sales Price* - Comparison (% Change)

Region	Dec 06	% Annual Change	% Monthly Change
Central London	£1,428,558	18.2%	3.1%
South West London	£721,244	13.3%	2.7%
North West London	£1,028,799	20.2%	2.0%
Islington, City & Docklands	£546,571	14.9%	2.1%
West & South West	£940,350	15.1%	2.3%
Overall Prime London	£1,037,256	18.4%	2.8%

The real story of 2006 has been the unprecedented bounce-back of the prime London sales market, after years of under-performance. So much so that in 2006, prices of prime London property have risen at their fastest rate since the Index began back in 2003. The final Index of 2006 shows average sales prices rising by a record 18.4% over the last 12 months, with average prices well in excess of the £1 million mark. While all regions have recorded significant double-digit growth over the last year, Central London, and more recently North West London, have produced the most significant gains, with prices in North West London going beyond the £1 million barrier for the first time on the Index. The most exclusive areas of Central London have seen astronomical annual price rises. Mayfair (up 24.4%), Belgravia (up 30.5%) and Chelsea (up 35.5%) have been the biggest winners of 2006, while West Hampstead has contributed to the gains in North West London, with average prices rising by 26% annually.

Demand in 2006 has been fuelled by significant interest from overseas, with wealthy buyers from an ever-expanding range of countries joining the Russians in their pursuit of the capital's very best properties. With record City bonuses forecast to impact on the prime London market in 2007, it is unlikely demand will diminish in the short-term. With the stock of property remaining so low (down 20.7% over the last 12 months), competition remains acute, with sealed bids increasingly common and multiple buyers ready to pay over the odds to seal the deal. We fully expect double-digit price growth in prime London to continue over the next 12 months, with the most significant gains occurring in the first six months of 2007.

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



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

Prime Country Sales

- Prime country sales prices show modest growth, up 2.1% over the last 12 months.
- There is an increasing divergence between the South East and the rest of the country, as the region achieves record average sale prices and price growth of 5.3%.
- Scotland's price boom ends, with average sales prices down 2.2% on last year.

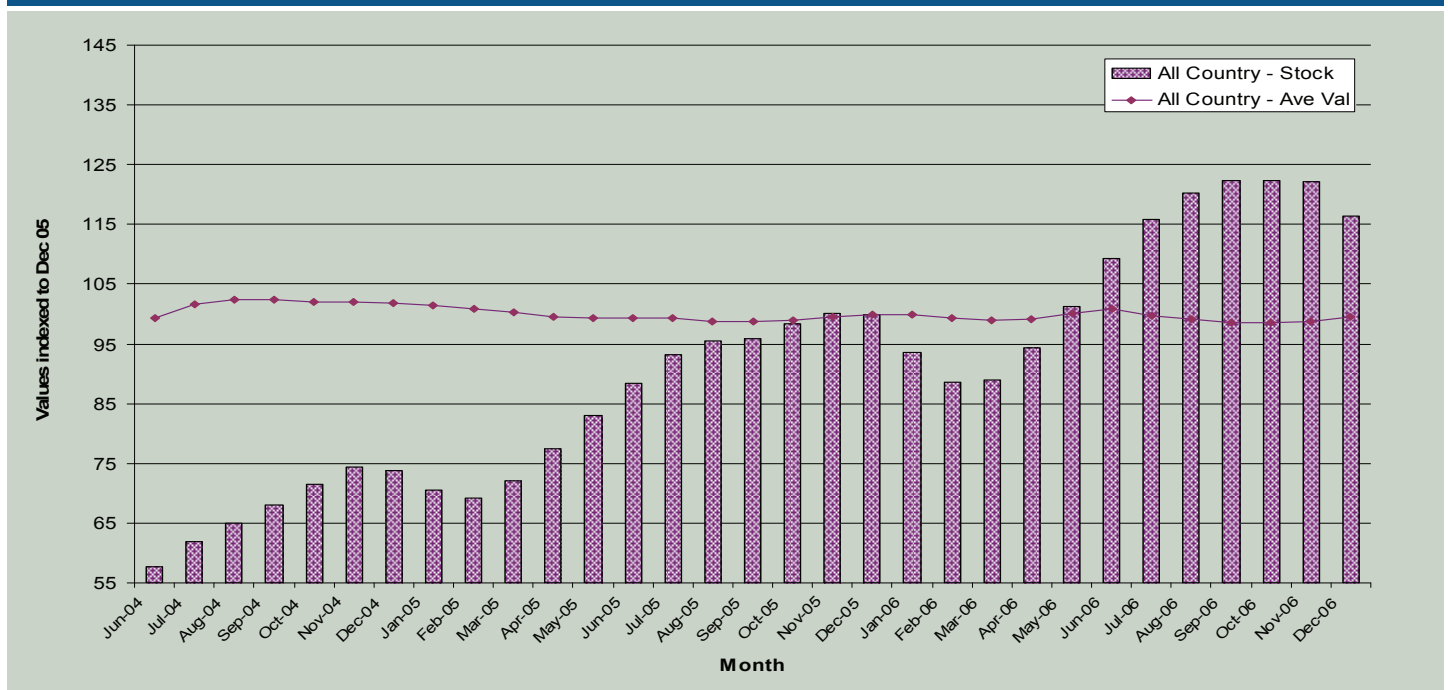
Average Sales Price* - Comparison (% Change)

Region	Dec 06	% Annual Change	% Monthly Change
South West	£436,366	1.4%	1.0%
South East	£614,455	5.3%	1.2%
East Anglia & East Midlands	£398,062	3.2%	0.4%
West Midlands & Wales	£448,268	2.5%	0.9%
North	£506,174	-0.9%	-0.6%
Scotland	£408,547	-2.2%	-1.2%
Overall Prime Country	£499,459	2.1%	0.9%

In contrast to the prime London sales market, the prime country market has had an unspectacular year, with gains of just 2.2% in average prices over the last 12 months. While stock levels diminished in December by 5%, overall there was 16% more property available in December compared to last year and this has suppressed more vigorous price growth. The South East region, which includes counties such as Surrey, Sussex and Kent, has outperformed the rest of the market in 2006, with rises of 5.3% witnessed over the last 12 months. In fact, average prices in the South East have hit new heights, reaching £614,455 in December, the highest average sales price recorded in the region. This is leading to a divergence between the regions surrounding London and the rest of the country. International demand is becoming an increasingly important factor in the Home Counties, as the stock of available prime property in London remains scarce. Many agents are reporting increasing interest from Russian buyers, in particular, looking to bag that idyllic country residence.

The boom in Scotland witnessed in the first half of 2006 has ended, with average prices declining by 2.2% annually, the first time the Index has recorded a drop in prices in Scotland over the last 12 months. We expect modest, single-digit growth in the prime country market in 2007, with the very top-end continuing to be the most competitive and active segment of the market.

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



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

Prime London Lettings

- The prime London lettings market finishes the year with strong price growth and record average weekly rental values of £943.
- Central London leads the charge with average weekly rental price growth of 12.4% annually.
- North West London also achieves record annual price growth of 12.0%.

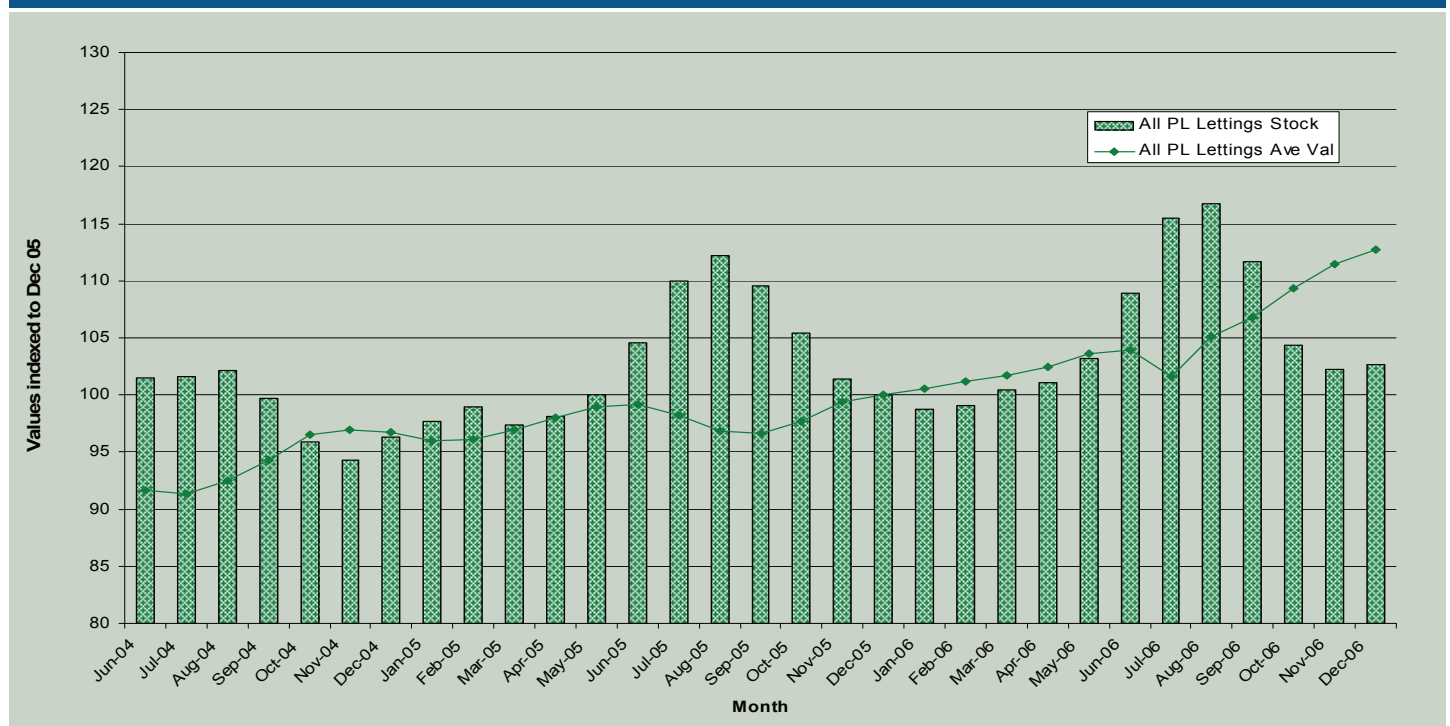
Average Weekly Rents* - Comparison (% Change)

Region	Dec 06	% Annual Change	% Monthly Change
Central London	£1,167	12.4%	2.2%
South West London	£547	7.5%	-0.1%
North West London	£977	12.0%	1.8%
Islington, City & Docklands	£501	7.9%	1.6%
West & South West	£629	10.3%	0.5%
Overall Prime London	£943	11.1%	1.1%

In the prime lettings market, 2006 produced unusual similarities with the prime London sales market, with both achieving record rises and robust, consistent growth. The average weekly rental value of a prime London property has risen to record levels, now £943, with growth of 11.1% over the last 12 months. A strong corporate lettings market has underpinned much of the solidity in recent months, with bidding wars increasingly commonplace for the very best properties to rent in the region. But with a shortage of quality rental properties in some areas, prices have been pushed upwards. Landlords are increasingly seeking rental returns that are in line with the current sale value of their property, with some holding out for the highest possible offers from prospective tenants.

While Central London has been the strongest performer in 2006, North West London has also produced record price rises with annual price growth up 12.0%. The availability factor has been a key driver of this growth, with the number of properties to rent down 24% on last year. Demand for rental property will continue to be driven by the shortage of stock in the prime London sales market, with many sellers choosing to rent until a suitable property to buy emerges. We expect another successful year for the lettings market, with solid and consistent price growth in 2007.

Indexed Average Weekly Rental Price / Stock Levels - Prime London (Base - Dec 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 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 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 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 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).

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