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London price fall of 1.4% more severe than national picture

Greater London	
June-08	£399,010
May-08	£404,541
Monthly Change	-1.4%
June-07	£387,898
Annual Change	2.9%

- New sellers in London dropped their average asking prices by £5,500 last month
- Resilience of the capital's property market questioned as 1.4% fall surpasses the national average fall of 1.2%
- 15:1 property to buyer ratio, double the 7:1 of last year – sellers' challenge is to attract buyers in the face of masses of competition
- After 10 years of easier sales, sellers need to work with agents to ensure their property benefits from the best pricing, presentation and promotion.

New to the market sellers' average asking prices fell by £4,531 this month compared to last month. The 1.4% drop is the largest fall we have ever measured in the capital in June; the previous record being -0.7% in 2005.

Miles Shipside, commercial director of Rightmove comments: "This is a belated but in some ways welcome adjustment by sellers to lower their asking prices in the capital. It should go some way to helping buyers whose affordability is being stretched still further by rising inflation and mortgage rates."

The higher priced boroughs have once again proved to be the ones holding their nerve. Both Westminster and Kensington and Chelsea still saw a rise in average asking prices of 0.7% and 0.6% respectively, with average asking prices still over £1 million. Conversely, one of the worst performing areas was lower-priced Greenwich, where the average price is now a comparatively modest £260,404, having dropped an average of nearly £7,000 since last month.

Miles Shipside adds: "Areas with more exclusive homes that are in limited supply tend to resist falls for longer than property types that are in greater supply. When more sellers of similar properties are in competition, they drop their prices to attract buyers to choose theirs over others. It is the less desirable areas with more run of the mill homes that tend to fall first. The middle to top end of the market has seen more hype in their pricing however, so if the market slowdown continues, they could find they have to be even more negotiable in the future."

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After two years of London bucking the national trend, it now appears that the capital is falling in line with the rest of the country. The widening gap between some sellers' asking price aspirations and what buyers are willing or able to pay is one of the factors behind the illiquid property market and low volumes of transactions. Getting serious about attracting buyers through more realistic pricing now appears to be more firmly on sellers agendas, after months of denial.

Further reductions in asking prices will be required for properties in over supply, as buyer affordability is still deteriorating against the wider economic backdrop of the average cost of living outstripping wage rises and the upwards spiral of mortgage rates. The restrictions on mortgage availability give sellers an additional challenge, as the number of readily mortgageable buyers they can target has been severely restricted.

Shipside adds: "Lenders are trying not to lend and are just cherry-picking for profit. With approximately half the mortgages funds available, sellers have to decide whether to try and attract the half of buyers that can still buy. For most sellers, that means whatever they were thinking of asking at the peak of the boom, they need to take at least 10% off."

Evidence of the challenge facing sellers is research from Rightmove showing the doubling of the ratio of properties for sale to successful buyers. Rightmove research shows a ratio of 15 properties for sale for every successful buyer*. Last year saw an average of 7:1.

After a decade of relatively easy selling conditions, motivated sellers and their estate agents need to act together to ensure their property has the power to attract that one buyer away from the other 14 competitor homes. Many estate agents were not in the market in the early 90's downturn and in the meantime, new technology and resources have emerged to fundamentally change successful sales techniques. The transparency and reach of the internet means buyers are much more informed, and with one million properties for sale at the moment, all of which can be easily accessed online, there is no hiding if your home is not properly priced and marketed. With the higher level of competition and given the difficult economic background and low level of transactions, sellers and estate agents need to 'sell their way out' of this downturn by being very pro-active.

Shipside summarises what sellers need to discuss with their estate agent to help them stand out and sell in today's property downturn: "It's now a very transparent marketplace so it is essential your property has the power of attraction over your competition, especially with a seller to buyer ratio of 15:1. Sellers need to discuss the 3 P's of pricing, presentation and promotion with their agent. Pricing of their property has to be below the competition and presentation of their property has to be the most attractive on the street. Having got those two basic elements right, it is crucial to promote the property to really stand out from the rest. Estate agents now have to market like Pros and sellers have to provide them with the right raw material. Once you've sold, this is a great market for trading up; There are opportunities to negotiate a reduction on the property you are buying and moving into a sought after area where there is normally restricted choice."

* Research from Rightmove of total properties for sale in the marketplace and successful sales this year compared to 2007

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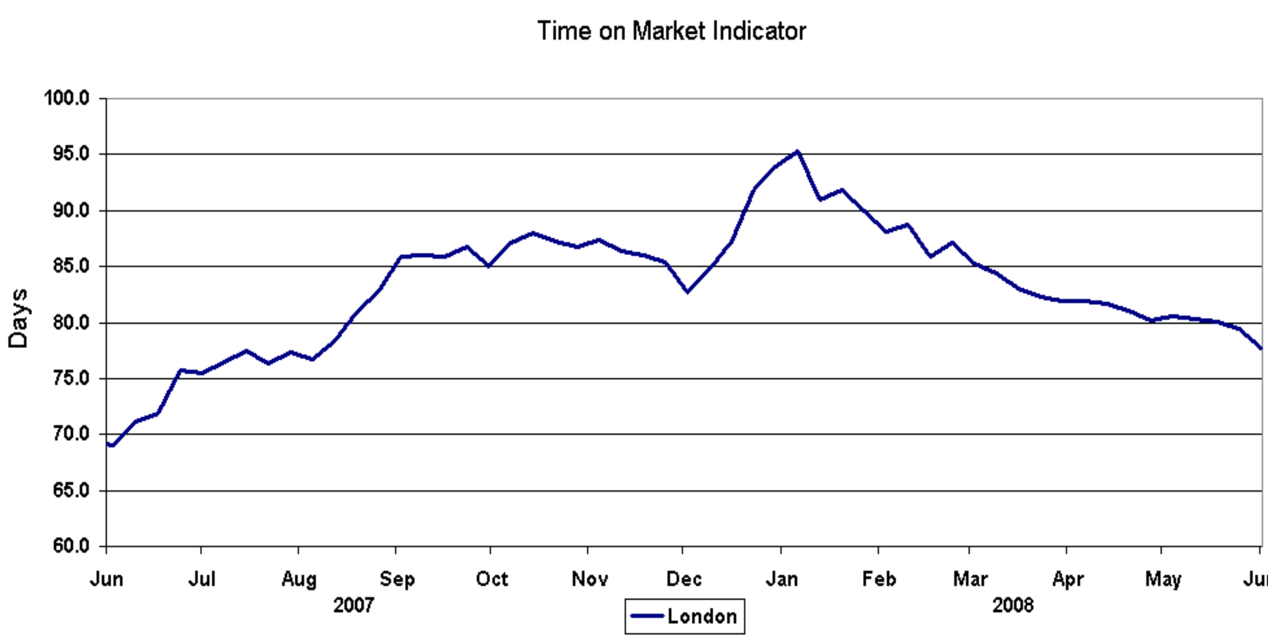
London's Best Performers June 2008

London's Top 5	Avg. Price Jun 08	Avg. Price May 08	Monthly Change
Islington	£557,662	£549,748	1.4%
City of Westminster	£1,037,421	£1,030,435	0.7%
Kensington and Chelsea	£1,476,824	£1,467,660	0.6%
Tower Hamlets	£412,431	£410,115	0.6%
Brent	£533,741	£531,760	0.4%

London's Worst Performers June 2008

London's Bottom 5	Avg. Price Jun 08	Avg. Price May 08	Monthly Change
Hounslow	£425,708	£445,120	-4.4%
Sutton	£322,743	£337,402	-4.3%
Camden	£689,271	£714,948	-3.6%
Ealing	£389,771	£402,091	-3.1%
Greenwich	£260,404	£267,233	-2.6%

London Time on Market



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London Boroughs

Borough	Avg. Price Jun 08	Avg. Price May 08	Monthly Change	Avg. Price Jun 07	Annual Change
Kensington and Chelsea	£1,476,824	£1,467,660	0.6%	£1,422,597	3.8%
City of Westminster	£1,037,421	£1,030,435	0.7%	£861,469	20.4%
Hammersmith and Fulham	£691,226	£691,436	0.0%	£633,827	9.1%
Camden	£689,271	£714,948	-3.6%	£667,630	3.2%
Islington	£557,662	£549,748	1.4%	£500,193	11.5%
Richmond-upon-Thames	£541,514	£546,331	-0.9%	£532,685	1.7%
Brent	£533,741	£531,760	0.4%	£510,248	4.6%
Wandsworth	£525,381	£536,186	-2.0%	£498,954	5.3%
Kingston-upon-Thames	£524,966	£530,594	-1.1%	£502,842	4.4%
Hackney	£477,876	£483,958	-1.3%	£430,098	11.1%
Barnet	£451,205	£455,992	-1.0%	£432,237	4.4%
Hounslow	£425,708	£445,120	-4.4%	£414,738	2.6%
Haringey	£415,564	£423,875	-2.0%	£388,317	7.0%
Tower Hamlets	£412,431	£410,115	0.6%	£422,891	-2.5%
Lambeth	£407,481	£411,036	-0.9%	£380,631	7.1%
Merton	£394,767	£399,136	-1.1%	£393,470	0.3%
Ealing	£389,771	£402,091	-3.1%	£380,993	2.3%
Southwark	£373,655	£379,022	-1.4%	£358,813	4.1%
Hillingdon	£337,212	£342,869	-1.6%	£334,117	0.9%
Lewisham	£332,312	£336,819	-1.3%	£317,057	4.8%
Bromley	£323,459	£329,220	-1.7%	£317,987	1.7%
Sutton	£322,743	£337,402	-4.3%	£335,756	-3.9%
Harrow	£317,578	£324,846	-2.2%	£319,651	-0.6%
Enfield	£310,904	£316,108	-1.6%	£313,958	-1.0%
Waltham Forest	£286,961	£292,839	-2.0%	£294,198	-2.5%
Redbridge	£286,801	£288,375	-0.5%	£288,434	-0.6%
Croydon	£282,474	£288,159	-2.0%	£280,773	0.6%
Greenwich	£260,404	£267,233	-2.6%	£245,307	6.2%
Havering	£253,492	£257,617	-1.6%	£257,139	-1.4%
Newham	£248,653	£253,117	-1.8%	£259,796	-4.3%
Barking and Dagenham	£227,067	£230,246	-1.4%	£227,550	-0.2%
Bexley	£216,337	£220,885	-2.1%	£219,003	-1.2%

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

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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 Rightmove.co.uk's 12,500 estate agency branches. 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.

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 25 million visits every month and is constantly ranked number one property website in the UK (source: Hitwise).