

The FindaProperty.com HOUSE PRICES & AFFORDABILITY INDEX

SEPTEMBER 2009

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Two Tier Market: First Time Buyer Properties Get More Affordable But Upmarket Homes Are Resilient

NATIONAL ASKING PRICES RISE

- National asking prices follow gradual upward trend in September and rise 0.2% - the sixth consecutive month of property price rises
- This monthly rise creates the first annual rise in property prices since January '09 – up 0.2% year-on-year

PRICES DRIVEN BY TOP END OF MARKET

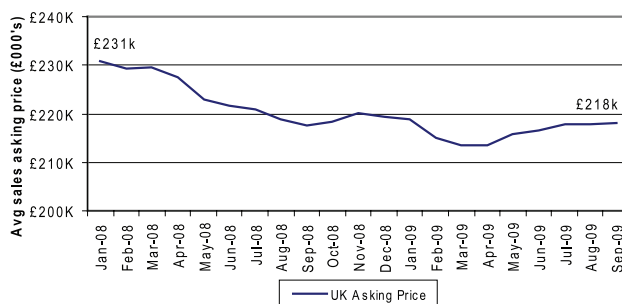
- Despite a monthly drop of 0.2%, larger properties have risen a healthy 6.6% annually. But, First Time Buyer prices continue to stagnate. Despite a monthly rise of 0.3% they are down significantly year on year (-4.6%)
- Houses do better than flats (+1.1% vs -2.2% annually)
- Larger properties outperform smaller ones: 3+ bed flats, 4 and 5+ bed houses all show positive monthly trend

FIRST TIME BUYER AFFORDABILITY IMPROVES

- First Time Buyer affordability improves significantly: average deposit required (Affordability Gap) of £55,700 or 1.74 times gross household annual income, down from £71,000 or 2.26 times income in January 2008
- Affordability varies significantly between regions: Affordability Gap is £130,700 (3.47 times income) in London, but only £11,000 or 0.34 times income in North East

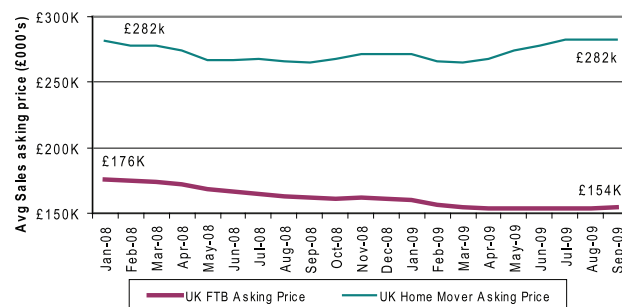
Property Asking Price Data

	Sep-09	Aug-09
Av. Property Price	£218,134	£217,737
% Monthly Change	0.2%	0.0%
% Annual Change	0.2%	-0.5%

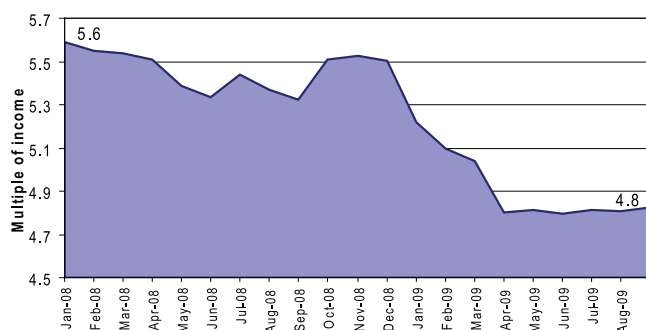


Average Property Prices

	Sep-09	Aug-09
Av. FTB Property Price	£154,205	£153,719
% Monthly Change	0.3%	-0.2%
% Annual Change	-4.6%	-5.8%
Av. Home Mover Price	£282,348	£282,781
% Monthly Change	-0.2%	0.2%
% Annual Change	6.6%	6.4%



First Time Buyer Property Price / Income Ratio



Media Enquiries:

James Craig | The Wriglesworth Consultancy | Tel: 020 7427 1405 | Email: j.craig@wriglesworth.com

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Overview & Commentary: The National Picture

National Property Prices

National asking prices continued a generally upward trend, with the sixth month of stable or rising prices. In September 2009 average asking prices were £218,134, up 0.2% on August. As further evidence of the gradual strengthening of the market, prices have now recovered to above the level seen 12 months ago (£217,622). The annual change was +0.2%, the first time asking prices have risen year-on-year since the beginning of 2009. However, these increases remain quite modest which would suggest the recovery continues to be gradual and potentially fragile.

Flats Versus Houses

Similarly, there is a marked contrast between price trends for houses and flats.

Average house prices at £239,379 are now 1.1% higher than they were one year ago, and 0.03% up on August. Flats, in contrast, with an average asking price of £174,318, are 2.2% lower than in September 2008.

This also reflects the relative strength of the upper end of the market compared with more budget accommodation, with first time buyers particularly hit by the credit crunch and the restricted employment market.

Price Of A Bedroom

FindaProperty.com's Price of a Bedroom data shows clearly that the further upmarket you go, the less the impact of the recessionary environment on the market.

For 2 and 3 bed houses, asking prices are down 3.4% and 2.6% respectively year-on-year; the declines for studio/one bed flats and for two bed flats are 5.6% and 3.9% respectively. On the other hand, 3+ bed flats are up 8.4%, 4 bed houses up 2.3% and 5+ bed houses up a healthy 11.4%.

The upper ends of the UK property market, dominated by people who have been homeowners for some time and generally have built up substantial housing equity, are less affected by the downturn. Properties such as the 5+ bed houses which are in relatively short supply continue to enjoy buoyant prices.

First Time Buyers Versus Home Movers

While overall asking prices are now slightly higher than 12 months ago, there is significant contrast between the performance of first time buyer properties and those suited to home movers.

First Time Buyer prices at £154,205 are 0.3% up on last month, but remain 4.6% lower than a year ago. This means that typical first time buyers need to raise almost £7,500 less than 12 months ago, despite tighter lending criteria.

In contrast, home mover asking prices are rather higher than a year ago - £282,348 compared with £264,836. This may reflect the fact that many home movers still have substantial equity in their existing properties so require lower loan to value mortgages, which are much easier to find in the current tough environment. Home movers, who are more likely to be in stable employment and less financially stretched, also benefit from current historically low borrowing costs.

First Time Buyer Affordability

As First Time Buyer property prices have eased over the past year, there has been a significant improvement in first time buyer affordability - based on the unique FindaProperty.com 'Affordability Gap' calculation. This is the amount of deposit required to buy a typical First Time Buyer home after obtaining mortgage with an average First Time Buyer household income.

First Time Buyer property prices have fallen from 5.6 times average First Time Buyer household income at the beginning of 2008, to 5.3 a year ago and 4.8 times now.

However, the multiple of income that lenders are willing to lend first time buyers has declined over the same time - from an average of 3.33 times at the beginning of 2008 to 3.18 in September 2008 and 3.08 now (Council of Mortgage Lenders average income multiples for First Time Buyers).

The Affordability Gap has fallen from 2.26 times gross annual household income in January 2008 to 1.74 times now - although there are significant regional variations.

In cash terms the national First Time Buyer Affordability Gap equates to an average of £55,700, compared with just over £65,000 in September 2008 and more than £71,000 at the start of last year. This means that the deposit required for the average first time buyer to get on the housing ladder equates to almost 21 months of gross (pre-tax) income.

While lower property prices at the entry level of the market are clearly improving affordability for first time buyers, they remain constrained by the income multiples offered by mortgage lenders. Even borrowing as much as they can based on incomes, first time buyers still need to raise very substantial deposits amounting to more than a third of the value of the home they wish to purchase.

Media Enquiries:

James Craig | The Wriglesworth Consultancy | Tel: 020 7427 1405 | Email: j.craig@wriglesworth.com

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Overview & Commentary: The Regional Picture

Regional Property Prices

Nationally the price trend is marginally positive over the past year (with a particular recovery since March), but there has been some volatility at regional level. (See regional map on page 7.)

As indicated, London prices are 7.9% higher than a year ago, while Wales is up 2.0% and the South West 0.8%. These figures are offset by declines in other regions such as the North West, West and East Midlands.

Regional Affordability

The data reveals the considerable differences in affordability relative to incomes in different parts of the UK.

London is, by a significant margin, the most expensive and the least affordable region, with typical first time buyers needing to raise over five times gross income, or more than £200,000, to afford their first property purchase. Other areas where first time purchase is a particular stretch are Wales (deposit of almost £55,000 or 2.36 times income) and the South East (deposit of £68,000 or 1.87 times income).

At the other end of the spectrum, in the North East the Affordability Gap amounts to just under £11,000 or 0.34 times gross annual household income, while in the West Midlands the Affordability Gap is just over £19,000 or 0.60 times income. This classic north-south divide reflects the differing densities of population seeking homes in the regions.

London Property Prices

In the capital, having averaged just over £400,000 from September last year until spring 2009, asking prices have made some significant gains over the past quarter and are now 7.9% higher than a year ago.

In terms of boroughs the majority of London has witnessed strengthening prices. The biggest monthly price rises have been in Tower Hamlets (3.7%), Harrow (3.3%) and the City of London (2.6%). These general rises have been offset by price drops in Merton, Haringey and Sutton (5.7%, 1.5% and 1% respectively).

Overview & Commentary: Supply

Having risen steadily until September 2008, stocks of properties available for sale have generally declined over the past year. This is the case for all properties and more specifically for First Time Buyer properties. The stock count of all properties is 20% lower now than a year ago, while for First Time Buyer properties it is down by a marginally larger 22%.

A small increase in stock levels this month suggests a modest pick-up in seller activity as they market their properties in order to capitalise on strengthening prices.

Nevertheless, many estate agents report shortages of suitable properties for sale with potential sellers discouraged by the near constant negative news-flow during 2009. Recent more positive indicators, including some modest increases in property prices, may engender greater confidence among sellers and lead to growth in stock levels.

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Property Prices (National)

Asking Prices – All

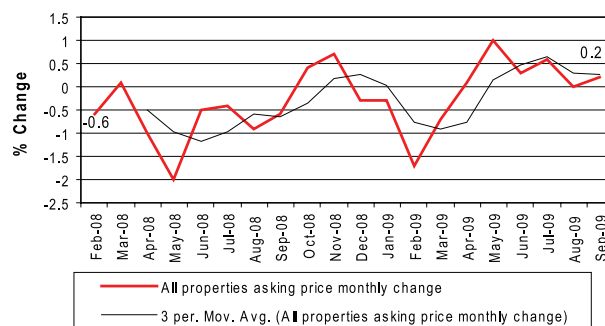
Nationally, property prices are generally on an upward trend, following some declines towards the end of 2008 and early 2009.

Prices rose by 0.2% month-on-month and at £218,134 are now 0.2% higher than 12 months ago.

This is the first annual rise since the beginning of 2009.

Asking Prices (All)

	Sep-09	Aug-09
Average Property Price	£218,134	£217,737
% Monthly Change	0.2%	0.0%
% Annual Change	0.2%	-0.5%



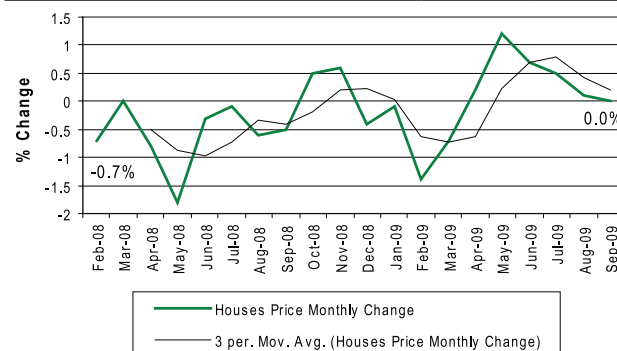
Asking Prices – Houses

Prices for houses have fared better than average, with six consecutive months of price rises - led particularly by the upper end of the market.

Houses are up only slightly on August (+0.03%) to average £239,379. This is 1.1% higher than a year ago.

Asking Prices (Houses)

	Sep-09	Aug-09
Average House Price	£239,379	£239,308
% Monthly Change	0.0%	0.1%
% Annual Change	1.1%	0.6%



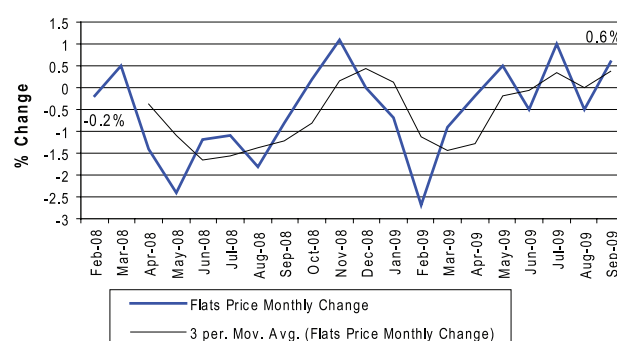
Asking Prices – Flats

Flats have fared less well than houses, with falls in three of the past six months.

However they did register a healthy 0.6% rise between August and September. Even so, at £174,318 the average asking price for a flat is 2.2% lower than a year ago.

Asking Prices (Flats)

	Sep-09	Aug-09
Average Flat Price	£174,318	£173,249
% Monthly Change	0.6%	-0.5%
% Annual Change	-2.2%	-3.6%



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National Bedroom Prices

House – Bedroom Price

Prices for smaller houses with fewer bedrooms have suffered greater falls than those for larger homes.

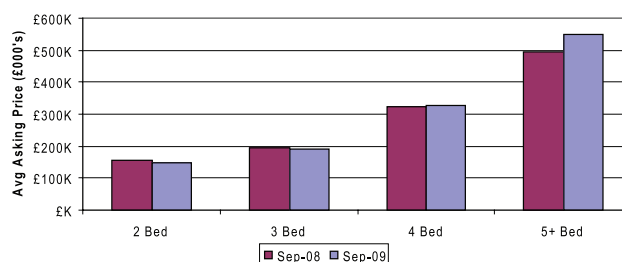
The 2 bed house has fallen 3.4% year-on-year, and the 3 bed 2.6% - while larger 4 and 5+ bed houses are up 2.3% and 11.4% respectively.

This type of larger property is scarcer and tends to appeal particularly to home movers who are less affected by the credit squeeze and in many cases have built up substantial amounts of housing equity.

The price gap between properties with extra bedrooms increases significantly towards the higher end of the market. Those wishing to upgrade from a 3 to a 4 bedroom house would need to find nearly £138,000 for the additional space. But those wanting a 5+ bedroom house will need more than £220,000 over and above the average asking price of a 4 bed house.

House - Bedroom Price

	2 Bed	3 Bed	4 Bed	5+ Bed
Average Price	£148,015	£190,417	£328,270	£550,176
Price of Extra Bedroom	N/A	£42,402	£137,853	£221,906
Total Price Monthly Change	0.0%	-0.2%	0.0%	0.5%
Total Price Annual Change	-3.4%	-2.6%	2.3%	11.4%



Flat – Bedroom Price

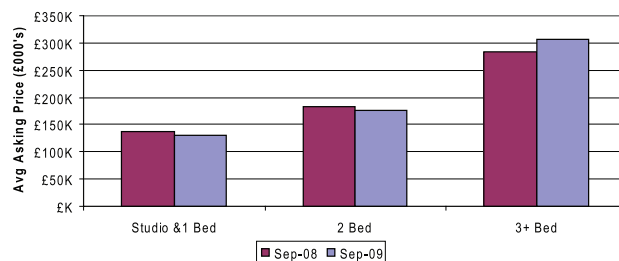
Flats are following a similar trend to houses, with the smaller studio/1 bed flat category falling by 5.6% annually, and the 2 bed by 3.9%. This type of property, most likely to appeal to first time buyers, has seen its value hit by the scarcity of credit and from nervousness among those considering getting on the property ladder.

Among flats, only the larger 3+ bed flat has seen any increase in value over the past year, with a rise of 8.4%.

Similar to houses, the price of an additional bedroom increases significantly at the top of the market. On average 3+ bedroom flats are over £130,000 more expensive than 2 beds making trading up a difficult process.

Flat - Bedroom Price

	Studio & 1 Bed	2 Bed	3+ Bed
Average Price	£129,949	£176,293	£306,750
Price of Extra Bedroom	N/A	£46,344	£130,457
Total Price Monthly Change	1.0%	0.5%	0.6%
Total Price Annual Change	-5.6%	-3.9%	8.4%



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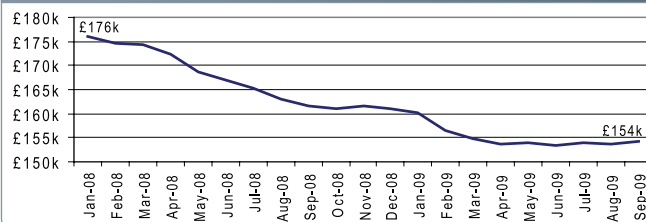
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First Time Buyer Affordability

Asking Prices – First Time Buyer

Asking prices for first time buyers fell steadily from early 2008 until spring this year, but now seem to have largely stabilised at around £154,000 - a decline of 4.6% year-on-year.

Asking Prices (First Time Buyer)

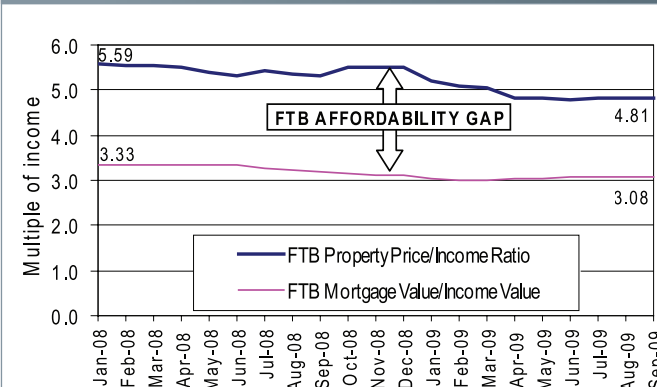


First Time Buyer Affordability Gap Narrows

Chart shows First Time Buyer property prices in relation to average household incomes - and how much borrowers need to raise once they have secured a typical mortgage (based on latest CML income multiples) - the Affordability Gap.

The Affordability Gap is following a favourable trend, as First Time Buyer property prices fall from 5.6 times income in January 2008 to 4.8 times now. This is positive news for first time buyers who are finding entry level homes more affordable, despite the fact that lenders' income multiples have fallen slightly over the same period, from 3.33 to 3.08.

First Time Buyer Affordability Gap Narrows



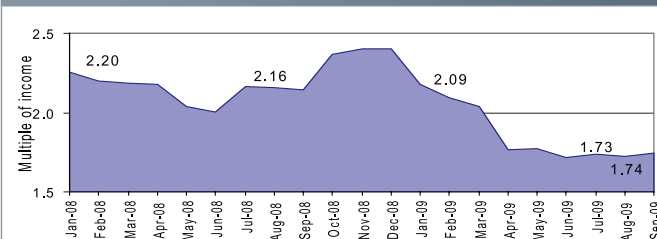
FTB Property Price / Income Ratio vs CML FTB Mortgage Value / Income Ratio (multiple of income which lenders are lending to FTBs)

Affordability Gap As Multiple Of First Time Buyer Gross Annual Household Income

Chart shows the multiple of gross annual household income first time buyers will have to raise once they have secured their mortgage.

The Affordability Gap is falling, from 2.20 times income in early 2008 to 1.74 now - although getting onto the housing ladder is still a stretch for first time buyers unless they have financial support from family or other sources.

First Time Buyer Affordability Gap (multiple of First Time Buyer gross annual income)



Amount of Deposit required expressed as multiple of FTB avg household income, sufficient to buy typical FTB home after obtaining mortgage achievable with FTB income

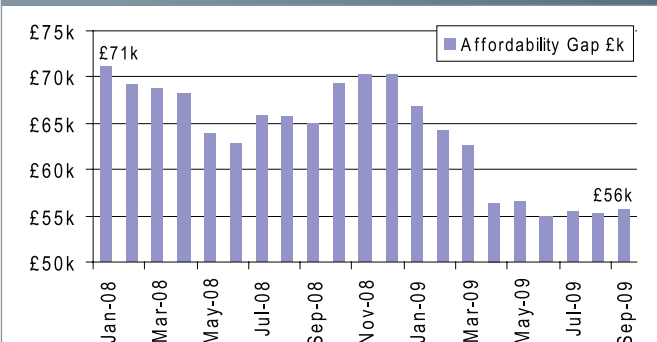
Affordability Gap (£ Deposit Required)

Chart shows the Affordability Gap in cash terms.

First time buyers now have to find an average of £56,000, compared with £69,000 in January 2009.

Affordability is improving but this still represents a major cash outlay.

Affordability Gap (£ deposit required)



Amount of Deposit required sufficient to buy typical FTB home after obtaining mortgage achievable with FTB avg household income

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Regional Property Price Analysis

UK TOTAL	Sep-09	Aug-09
Average property price	£218,134	£217,737
% Monthly Change	0.2%	0.0%
% Annual Change	0.2%	-0.5%

Scotland	Sep-09	Aug-09
Average property price	£149,159	£149,310
% Monthly Change	-0.1%	-0.8%
% Annual Change	0.3%	-0.8%

North East	Sep-09	Aug-09
Average property price	£153,657	£153,836
% Monthly Change	-0.1%	-0.5%
% Annual Change	0.6%	1.9%

North West	Sep-09	Aug-09
Average property price	£160,333	£160,604
% Monthly Change	-0.2%	-0.9%
% Annual Change	-5.3%	-7.9%

Yorkshire & Humber	Sep-09	Aug-09
Average property price	£164,804	£166,076
% Monthly Change	-0.8%	0.3%
% Annual Change	0.1%	0.7%

West Midlands	Sep-09	Aug-09
Average property price	£174,746	£174,067
% Monthly Change	0.4%	1.5%
% Annual Change	-4.6%	-4.8%

East Midlands	Sep-09	Aug-09
Average property price	£171,953	£171,587
% Monthly Change	0.2%	0.1%
% Annual Change	-2.1%	-3.3%

Wales	Sep-09	Aug-09
Average property price	£178,781	£179,227
% Monthly Change	-0.2%	0.0%
% Annual Change	2.0%	2.3%

East of England	Sep-09	Aug-09
Average property price	£215,432	£215,799
% Monthly Change	-0.2%	-0.2%
% Annual Change	-0.2%	0.4%

South West	Sep-09	Aug-09
Average property price	£241,427	£241,389
% Monthly Change	0.0%	0.3%
% Annual Change	0.8%	0.4%

London	Sep-09	Aug-09
Average property price	£432,107	£427,691
% Monthly Change	1.0%	0.0%
% Annual Change	7.9%	6.5%

South East	Sep-09	Aug-09
Average property price	£272,405	£271,571
% Monthly Change	0.3%	-0.1%
% Annual Change	-0.1%	-1.0%

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Regional First Time Buyer Affordability

UK TOTAL	Sep-09	Aug-09
Average FTB price	£154,205	£153,719
FTB Property Price/FTB Income	4.82	4.81
Deposit Required	£55,704	£55,217
Deposit as multiple of FTB income	1.74	1.73

Scotland	Sep-09	Aug-09
Average FTB price	£111,025	£110,879
FTB Property Price/FTB Income	4.18	4.17
Deposit Required	£29,199	£29,053
Deposit as multiple of FTB income	1.10	1.09

North East	Sep-09	Aug-09
Average FTB price	£109,915	£109,953
FTB Property Price/FTB Income	3.42	3.47
Deposit Required	£10,798	£10,836
Deposit as multiple of FTB income	0.34	0.34

North West	Sep-09	Aug-09
Average FTB price	£115,143	£115,251
FTB Property Price/FTB Income	4.31	4.31
Deposit Required	£32,781	£32,889
Deposit as multiple of FTB income	1.23	1.23

Yorkshire & Humber	Sep-09	Aug-09
Average FTB price	£120,331	£120,903
FTB Property Price/FTB Income	4.27	4.29
Deposit Required	£33,500	£34,072
Deposit as multiple of FTB income	1.19	1.21

West Midlands	Sep-09	Aug-09
Average FTB price	£117,656	£117,070
FTB Property Price/FTB Income	3.68	3.66
Deposit Required	£19,189	£18,602
Deposit as multiple of FTB income	0.60	0.58

East Midlands	Sep-09	Aug-09
Average FTB price	£116,162	£116,000
FTB Property Price/FTB Income	3.73	3.72
Deposit Required	£20,167	£20,006
Deposit as multiple of FTB income	0.65	0.64

Wales	Sep-09	Aug-09
Average FTB price	£126,564	£127,053
FTB Property Price/FTB Income	5.44	5.46
Deposit Required	£54,905	£55,394
Deposit as multiple of FTB income	2.36	2.38

East of England	Sep-09	Aug-09
Average FTB price	£140,633	£140,491
FTB Property Price/FTB Income	4.22	4.21
Deposit Required	£37,915	£37,773
Deposit as multiple of FTB income	1.14	1.13

South West	Sep-09	Aug-09
Average FTB price	£159,185	£158,940
FTB Property Price/FTB Income	4.80	4.79
Deposit Required	£56,957	£56,712
Deposit as multiple of FTB income	1.72	1.71

London	Sep-09	Aug-09
Average FTB price	£246,902	£243,322
FTB Property Price/FTB Income	6.55	6.45
Deposit Required	£130,731	£127,151
Deposit as multiple of FTB income	3.47	3.37

South East	Sep-09	Aug-09
Average FTB price	£180,124	£179,654
FTB Property Price/FTB Income	4.95	4.94
Deposit Required	£68,059	£67,588
Deposit as multiple of FTB income	1.87	1.86

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London Boroughs

London Borough House Prices

Rank	Borough	AVG Property Price	% Monthly Change	% Annual Change
	London	£432,107	1.0%	7.9%
1	Kensington & Chelsea	£991,295	0.3%	7.9%
2	City of Westminster	£970,513	-0.7%	20.0%
3	Camden	£673,638	2.2%	9.3%
4	Hammersmith & Fulham	£615,712	1.5%	8.4%
5	City of London	£520,785	2.6%	12.2%
6	Richmond upon Thames	£487,332	1.0%	6.8%
7	Barnet	£475,858	1.4%	7.5%
8	Haringey	£474,447	-1.5%	8.7%
9	Wandsworth	£459,494	0.2%	4.5%
10	Islington	£420,825	-0.1%	1.8%
11	Kingston upon Thames	£385,151	-0.1%	4.2%
12	Ealing	£379,039	0.0%	4.4%
13	Merton	£378,223	-5.7%	-6.0%
14	Lambeth	£350,621	1.8%	4.6%
15	Brent	£345,232	1.0%	-4.9%
16	Tower Hamlets	£343,330	3.7%	-6.3%
17	Harrow	£341,934	3.3%	10.0%
18	Hackney	£337,280	0.9%	4.2%
19	Hounslow	£335,214	2.5%	3.4%
20	Bromley	£332,874	0.6%	1.4%
21	Southwark	£325,677	1.9%	-0.6%
22	Hillingdon	£303,696	1.2%	3.7%
23	Enfield	£299,852	1.6%	1.5%
24	Redbridge	£282,511	0.7%	-3.6%
25	Havering	£273,717	0.9%	-2.3%
26	Lewisham	£271,956	0.0%	-4.6%
27	Sutton	£269,739	-1.0%	0.8%
28	Greenwich	£259,408	1.3%	-3.3%
29	Croydon	£250,040	0.7%	-4.9%
30	Waltham Forest	£228,110	1.2%	-4.7%
31	Bexley	£226,210	2.0%	-2.4%
32	Newham	£215,626	2.0%	-9.5%
33	Barking & Dagenham	£176,283	2.4%	-8.7%

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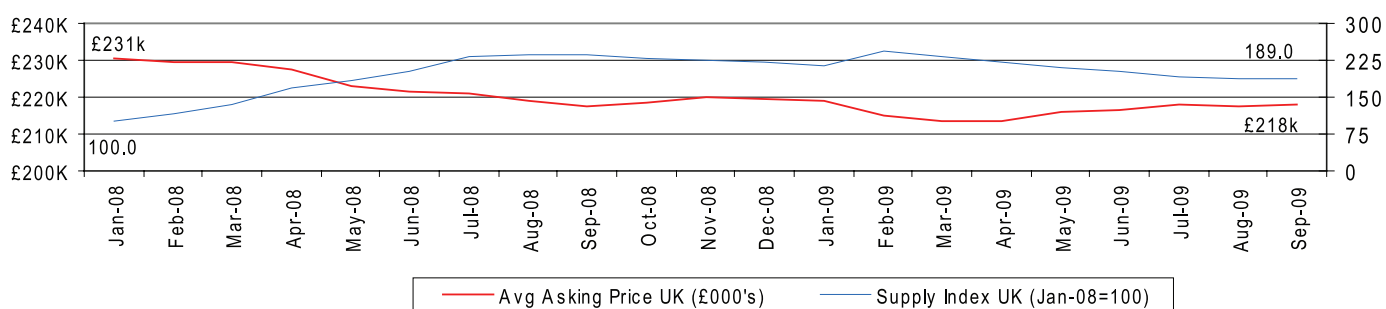
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Supply vs. Asking Price

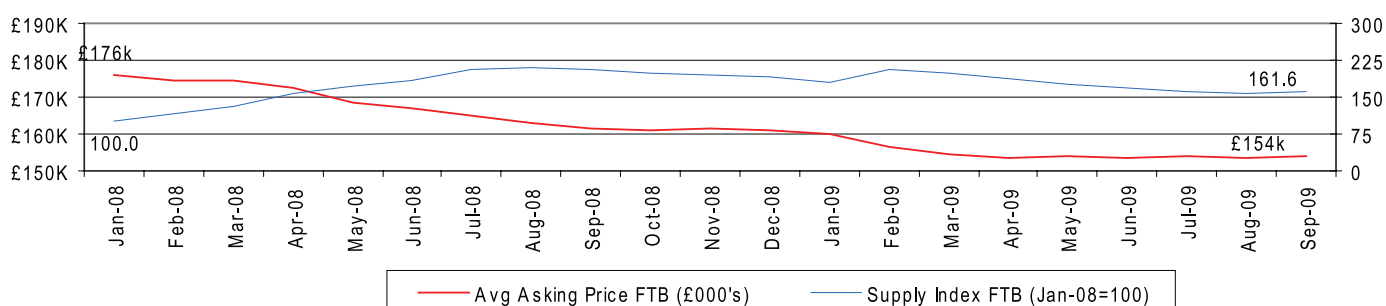
Supply vs Asking Price

Date	UK Average Asking Price (All)	UK Average Asking Price (FTB)	Property Count Index (supply of all stock)	Property Count Index (supply of FTB stock)
Jan-08	£230,714	£175,912	100.0	100.0
Feb-08	£229,410	£174,685	117.2	115.0
Mar-08	£229,648	£174,328	136.6	132.6
Apr-08	£227,438	£172,485	168.6	158.4
May-08	£222,893	£168,736	185.3	170.9
Jun-08	£221,683	£167,021	200.8	182.9
Jul-08	£220,886	£165,166	231.0	205.6
Aug-08	£218,912	£163,143	236.6	208.7
Sep-08	£217,622	£161,644	236.1	206.4
Oct-08	£218,439	£161,160	229.3	197.5
Nov-08	£220,014	£161,564	226.7	194.6
Dec-08	£219,397	£160,985	222.4	189.7
Jan-09	£218,784	£160,174	212.5	181.8
Feb-09	£215,036	£156,385	242.5	206.6
Mar-09	£213,478	£154,684	232.8	198.9
Apr-09	£213,594	£153,643	221.6	187.9
May-09	£215,761	£153,880	210.9	177.9
Jun-09	£216,496	£153,460	200.9	168.8
Jul-09	£217,821	£153,974	189.8	160.4
Aug-09	£217,737	£153,719	187.2	159.1
Sep-09	£218,134	£154,205	189.0	161.6

Supply Vs Asking Price All Properties



Supply Vs Asking Price First Time Buyer



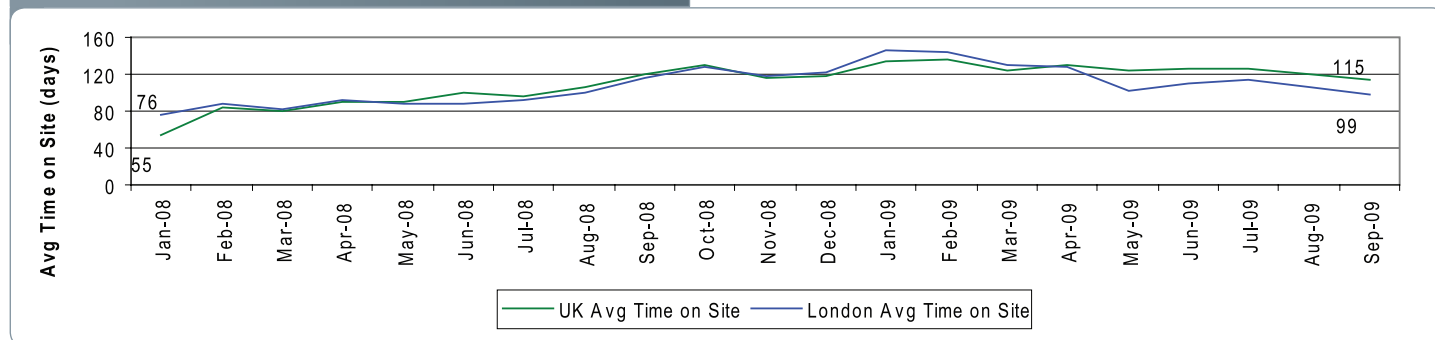
Media Enquiries:

James Craig | The Wriglesworth Consultancy | Tel: 020 7427 1405 | Email: j.craig@wriglesworth.com

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Average Time On Site

UK & London Rental Average Time on Site



Media Enquiries:

James Craig | The Wriglesworth Consultancy | Tel: 020 7427 1405 | Email: j.craig@wriglesworth.com

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About The Methodology

The FindaProperty.com House Prices and Affordability Index is created using a statistical methodology developed by Calnea Analytics, the company who produce the official Land Registry house price index. Calnea also created the methodology behind the FindaProperty.com Rental Index, the only authoritative source of rental values in the UK's housing market.



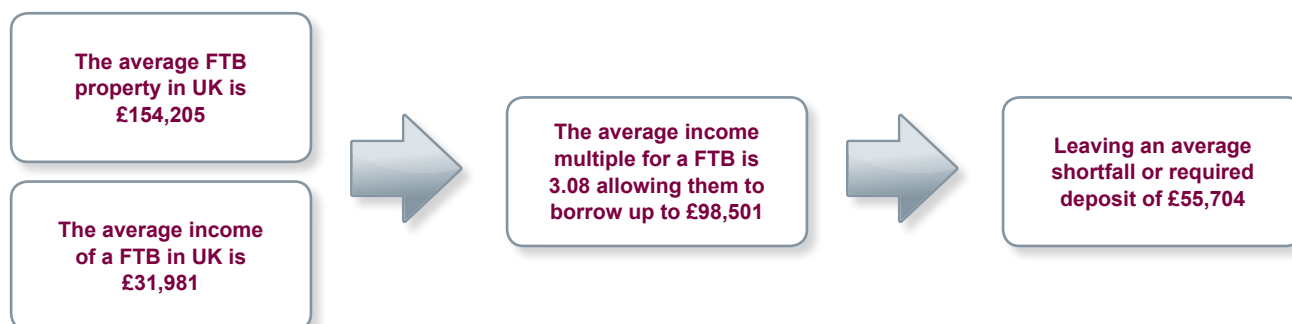
FindaProperty.com chose Calnea in order to ensure that the data was analysed to the highest possible standards by a company with an outstanding track record in the analysis of house price information. Calnea brought to the process a degree of statistical sophistication and methodological rigour which we feel is essential to the creation of a reliable price index.

All data from the FindaProperty.com database is assessed every month; however not all of this data is used in the monthly calculations. A number of exclusions are carried out to ensure that the final figures are not distorted. For example properties tagged as sold, or with invalid postcodes, are not included. Despite this process of exclusion, the index is based on a very large sample of properties – September 2009's index is calculated from a total of over 225,000 sale properties.

The index is calculated using mix-adjusted averages. These are used instead of simple averages to avoid common distortions to the data. For example, if in one month a large number of studio flats were put up for sale, a simple average of prices would look artificially low compared with the previous month. The mix-adjusted method removes the impact of monthly changes in the stock of property that is on the market and therefore reduces distortions in the data. The data is adjusted by location, property type and bedroom numbers.

The FindaProperty.com House Prices and Affordability Index tracks the trends in supply and asking prices at UK, regional, city and London borough levels. To add further context, this index also includes a set of new measures and market segmentations, including:

- Trends in average property prices split by property type (house, flat, bedroom numbers)
- First Time Buyer property market – defined by property type. Outside of London, First Time Buyer property types include studio flats, 1/2 bed flats and 2 bed houses. Given the price differentials within London, First Time Buyer properties are defined as studios and 1 bed flats
- Home Movers are further up the property ladder and are defined as any property with 3 or more bedrooms. In London this definition also includes 2 bed houses and flats
- Affordability measures – given the changes in house prices and availability of finance, affordability is a key issue. Comparing up-to-date average household incomes (from BMRB's TGI survey) and average income multiples (from Council of Mortgage Lenders) with asking prices, this index also tracks what is actually affordable. For example:



- National Bedroom Prices – the cost of moving up the property ladder by showing the cost of an additional bedroom

Using the Index

Please feel free to use the FindaProperty.com House Prices and Affordability Index in your publications. All that we ask is that any online publications retain all links from within the document.

Please credit FindaProperty.com as the information source and link to the 'FindaProperty.com House Prices and Affordability Index' (<http://www.findaproperty.com/house-prices.html>) when publishing online.

Media Enquiries:

James Craig | The Wriglesworth Consultancy | Tel: 020 7427 1405 | Email: j.craig@wriglesworth.com

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