



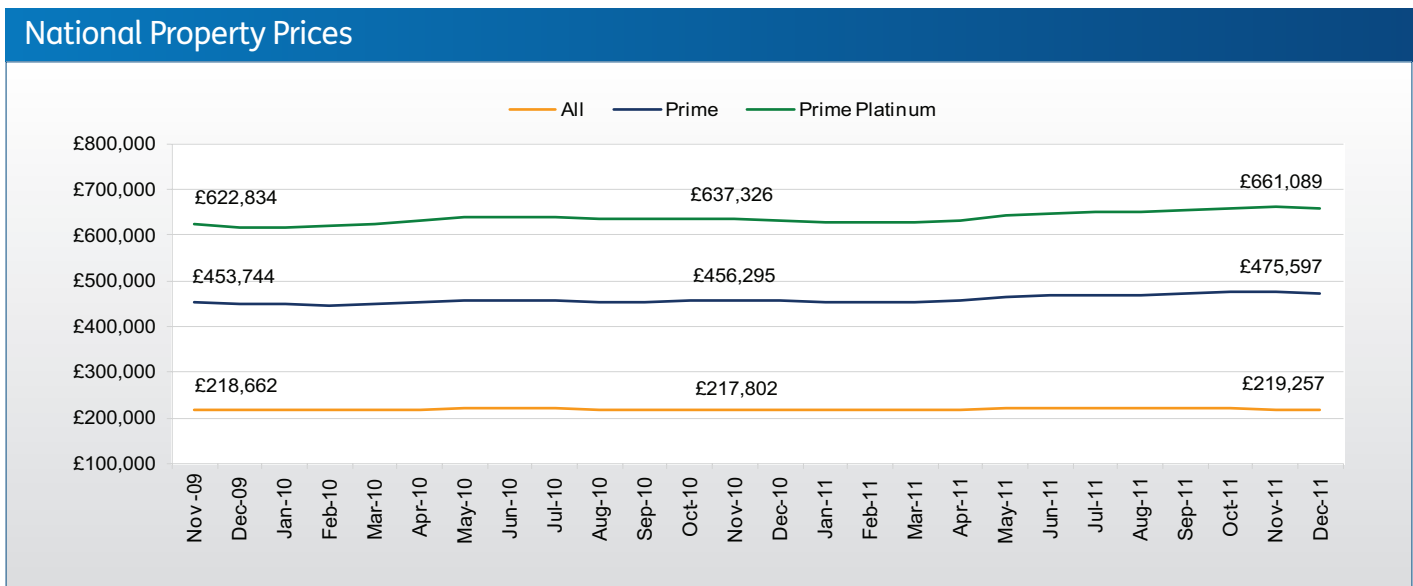
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# Overview

The Primelocation.com Prime Index offers a unique, independent and robust view of the UK's Prime property marketplace. The index reflects the evolving Prime market, and for the first time provides authoritative data for all regions of the country. It segments the upper end of the market as follows:

- **Prime** – incorporating the **top 25%** of all UK property by value
- **Prime Platinum** – incorporating the **top 10%** of all UK property by value



- Following the longest rally in the history of the index, asking prices for prime property fell for the first time in 10 months in December.
- The average price for a UK prime property is now £473,373, 0.5% less than in November.
- Asking prices for prime properties are currently 4% higher than they were in December 2010. The average UK prime property has gained £18,059 in the past year, or £49 per day.
- Prime asking prices fell in eight regions, with the greatest decreases in the West Midlands, where prices fell 1%. Only London and Wales posted monthly price increases in December, with gains of 0.9% and 0.4% respectively.
- Unusually, prime properties underperformed slightly against the general market in December. The average price for all UK properties fell by 0.4%, slightly less than in the general market. However, all bar one of the UK regions saw a decline in prices in the broader market.
- Prime property prices continue to outperform the general market in the long term. Over the past year, the average UK property has seen its price rise by 0.8%, while the average price of a prime property has increased by 4%.
- Trends in the prime platinum market broadly mirrored those in the prime market in December. Asking prices for prime platinum properties were 0.5% lower than in November, though 3.8% higher than December 2010.
- Prime platinum prices fell in eight regions, increasing in London, Wales and the North West.

# Overview (cont.)

## Regional Prime Property Values

Region	Prime AVG Price	% Monthly Change	Prime Platinum AVG Price	% Monthly Change
<b>National</b>	<b>£473,373</b>	<b>-0.47%</b>	<b>£658,092</b>	<b>-0.45%</b>
London	£1,232,278	0.87%	£1,854,755	0.84%
South East England	£572,000	-0.76%	£763,811	-0.76%
South West England	£482,508	-1.07%	£653,571	-1.34%
East of England	£450,456	-0.70%	£606,115	-1.04%
Scotland	£392,143	-1.60%	£546,259	-1.75%
West Midlands	£391,413	-0.95%	£549,837	-1.02%
Wales	£366,638	0.37%	£500,411	0.50%
East Midlands	£366,147	-0.37%	£512,885	-0.41%
North West England	£362,902	0.03%	£521,406	0.21%
Yorkshire and the Humber	£349,425	-1.59%	£494,874	-1.76%
North East England	£323,172	-0.47%	£453,171	-0.51%

### Prime market ends longest ever rally

December marked the end of the longest run of price increases on record for the UK prime property market. Until December's figures, asking prices had increased each month since February, and the nine month rally added 4.7% to the typical prime asking price.

Prior to this, the longest period of sustained prime increases was the six month period between January and July 2009. Prices rose faster in this period with increases of 6.6% over the six month period.

In 2009, this run was followed by a six month slump for the prime market. However, this was in response to unsustainably fast price increases. When the previous rally ended in July 2009, prices were 13.8% higher than they had been a year previously. Currently, annual prime asking price increases are significantly more sustainable.

### The winter effect

The property market is highly seasonal, with both a slowdown in activity, and a resulting fall in prices during the winter months. Prime asking prices have fallen during three of the last four Decembers, the only exception being 2008, where the price dip occurred slightly later, in January.

However, this effect is short lived, and in each year recorded by the index, rising prices have returned to the property market by March at the latest. In 2010, asking prices fell in both December and January, before stabilizing in February and then returning to a sustained period of price increases.

Compared with previous years, sellers seemed more willing to remain active in the property market in December. 2011 had the highest number of properties on the market on record, and the fall in properties on the market between September and December was less than in previous years.

# Regional Property Price Analysis

National	Prime	Platinum
Average property price	£473,373	£658,092
% change (month)	-0.5	-0.5
% change (year)	4.0	3.8

Scotland	Prime	Platinum
Average property price	£392,143	£546,259
% change (month)	-1.6	-1.8
% change (year)	1.6	2.6

North East England	Prime	Platinum
Average property price	£323,172	£453,171
% change (month)	-0.5	-0.5
% change (year)	6.1	5.7

North West England	Prime	Platinum
Average property price	£362,902	£521,406
% change (month)	0.0	0.2
% change (year)	8.6	9.0

Yorkshire and the Humber	Prime	Platinum
Average property price	£349,425	£494,874
% change (month)	-1.6	-1.8
% change (year)	0.8	0.2

West Midlands	Prime	Platinum
Average property price	£391,413	£549,837
% change (month)	-1.0	-1.0
% change (year)	4.8	4.2

East Midlands	Prime	Platinum
Average property price	£366,147	£512,885
% change (month)	-0.4	-0.4
% change (year)	3.1	2.1

Wales	Prime	Platinum
Average property price	£366,638	£500,411
% change (month)	0.4	0.5
% change (year)	7.7	7.4

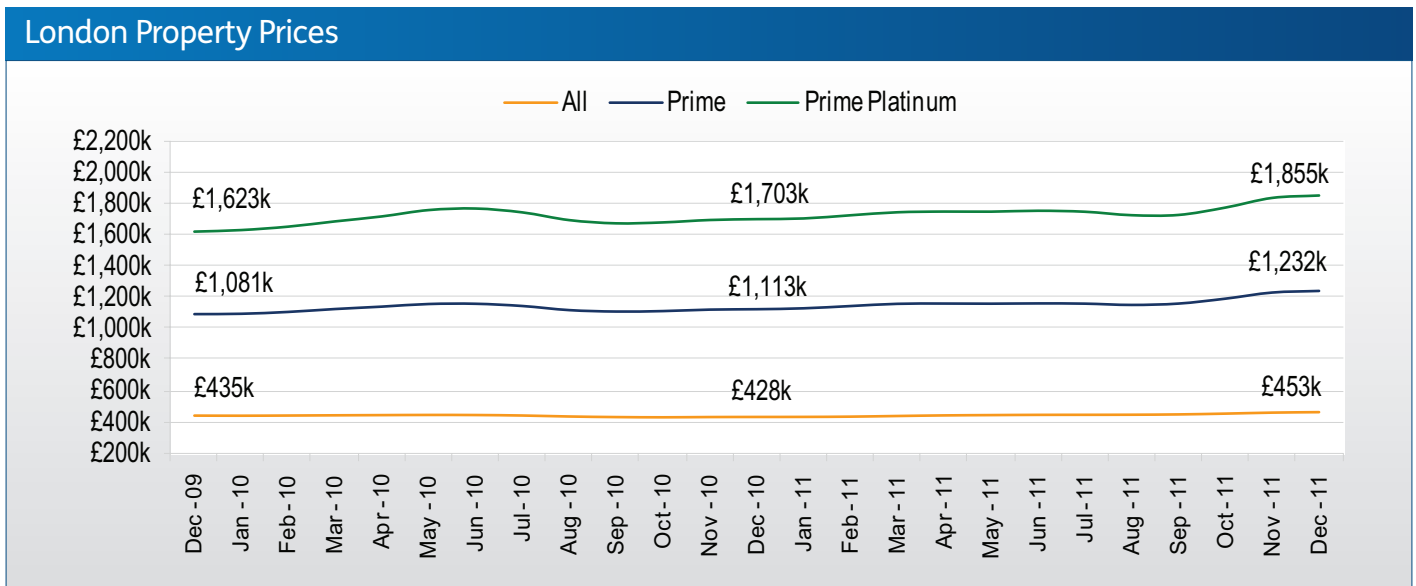
East of England	Prime	Platinum
Average property price	£450,456	£606,115
% change (month)	-0.7	-1.0
% change (year)	1.2	0.1

South West England	Prime	Platinum
Average property price	£482,508	£653,571
% change (month)	-1.1	-1.3
% change (year)	1.2	-0.1

London	Prime	Platinum
Average property price	£1,232,278	£1,854,755
% change (month)	0.9	0.8
% change (year)	10.7	8.9

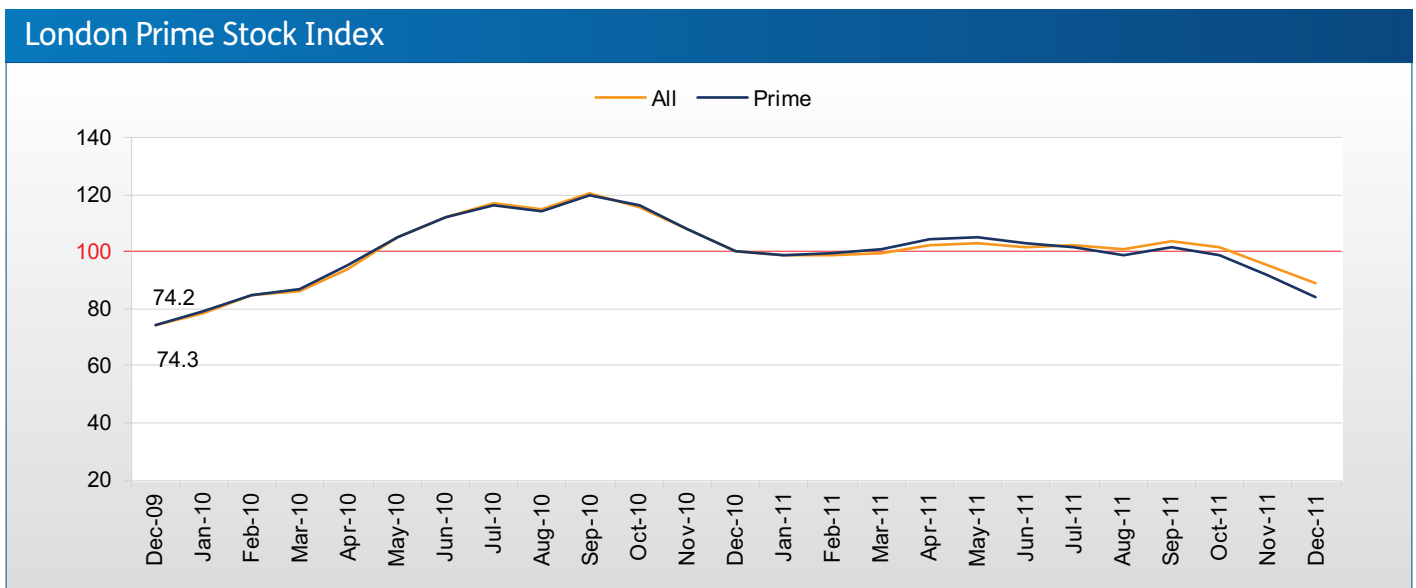
South East England	Prime	Platinum
Average property price	£572,000	£763,811
% change (month)	-0.8	-0.8
% change (year)	2.9	1.7

# London Property Price Analysis



- London saw the greatest prime increases of any region in December, with gains of 0.9% for prime properties across the city.
- Prices rose in North London faster than any other area in the capital. The prices for prime properties in North London rose 2% in December, to an average of £977,390.
- South West London was the only area in which prime prices broadly fell, by 0.3%. This is likely to be a short term correction, as prices have rocketed in the area, with asking prices over 15% higher than in December 2010.
- In Central London, home to London's most expensive prime properties, prices rose by 0.9% in December, taking the average to £2,558,329. This is 10.9% higher than in December 2010.
- Of the 16 boroughs monitored, asking prices rose in eight, but also fell in eight. However, the average price increase was 2%, compared with an average fall of 0.3%, meaning asking prices rose overall.
- Haringey had the fastest rising prime prices of any borough in December. Prices in the borough rocketed 6.1% in a single month, pushing prices to £1,086,224.
- Kensington and Chelsea remained the most expensive borough in the capital for prime properties. Prime asking prices gained 1.6%, at an average of £2,738,503.
- Prime platinum prices rose 0.8% across the capital, but gains were more evenly spread, with prices rising in 11 of the 16 monitored boroughs.
- South East London saw a surge in prime platinum asking prices, with the average property gaining 3.2%, taking its price to £952,420.
- Haringey also posted the greatest increases for prime platinum properties. The average price for these properties is £1,761,006, 5.6% higher than in December 2011.

# London Sales Stock Analysis



## London returns to top of the table for long term investors

For the second consecutive month, London has posted the highest annual increases in prime property prices. Surprisingly, these two months have been the first two in which London has been the best performing region in terms of annual property price movements. For the 14 months up to October 2011, the North West had shown the greatest annual price increases, and before that, Scotland.

The price increases in the capital can be attributed to exceptionally strong performance in a number of boroughs, which have resulted in dramatic increases in prices in most areas of the capital.

Prime property prices have increased by more than 10% in seven different boroughs over the past year. Wandsworth was the best performing region of any borough, and unsurprisingly, South West London had the greatest annual increases of any area as a result. However, rapid price increases were not just confined to this area. Annual increases in prime asking prices rose by more than 10% in seven boroughs, spread across North, West, East, Central, South East and South West London.

## East London prime market bounces back

East London saw asking prices for its prime properties increase by an average of 8.6% in 2011. While this was not the fastest increasing area of the capital, it was one of the most remarkable as it starkly contrasted with falls of 16.1% in 2010.

In part, the rebound was due to extremely undervalued property, though the rising prices are likely to have been heavily influenced by the upcoming Olympic Games. The arrival of the games is likely to sharply increase demand in the area, creating an upward force for prices.

Unsurprisingly, the more desirable the properties, the greater the interest in them, and prime platinum properties have been appreciating at an even faster rate in East London. Asking prices for prime platinum properties in the area have increased by 12.7% in the past 12 months, adding £87,600 to the value of the average property.

# London Borough Analysis

## Prime Property Average Prices

Borough	AVG Property Price	% Monthly Change	% Annual Change
<b>Prime London</b>	<b>£1,232,278</b>	<b>0.9%</b>	<b>10.74</b>
Kensington And Chelsea	£2,738,503	1.6%	3.70
City of Westminster	£2,444,684	-0.1%	9.48
Camden	£1,896,602	2.4%	9.65
Hammersmith And Fulham	£1,655,215	-0.5%	15.38
Barnet	£1,385,012	0.0%	19.44
Wandsworth	£1,128,966	-0.2%	29.34
Haringey	£1,086,224	6.1%	11.61
Merton	£1,028,594	-0.8%	6.86
Richmond Upon Thames	£979,989	-0.1%	9.59
Islington	£972,485	0.1%	2.05
Ealing	£874,977	1.6%	11.81
Southwark	£849,344	2.0%	21.08
Hackney	£688,502	-0.1%	15.05
Lambeth	£679,853	-0.2%	5.38
Kingston Upon Thames	£669,699	0.8%	4.93
Tower Hamlets	£637,803	1.5%	8.95

## Prime Platinum Property Average Prices

Borough	AVG Property Price	% Monthly Change	% Annual Change
<b>Prime Platinum London</b>	<b>£1,854,755</b>	<b>0.8%</b>	<b>8.92</b>
Kensington And Chelsea	£3,821,378	1.9%	1.68
City of Westminster	£3,466,134	0.2%	7.12
Camden	£2,891,921	2.1%	6.02
Hammersmith And Fulham	£2,560,537	-1.1%	11.01
Barnet	£2,301,471	-0.5%	15.57
Merton	£1,888,207	-0.8%	5.20
Wandsworth	£1,791,236	0.1%	33.46
Haringey	£1,761,006	5.6%	0.51
Islington	£1,509,249	0.8%	1.84
Richmond Upon Thames	£1,414,776	-1.9%	9.17
Southwark	£1,285,099	2.2%	29.42
Ealing	£1,279,905	2.6%	12.48
Lambeth	£986,098	0.1%	8.69
Tower Hamlets	£937,263	2.3%	14.54
Kingston Upon Thames	£908,136	0.3%	4.14
Hackney	£873,665	-0.5%	13.83

# Regional Commentary

**Prime asking prices rose in only two regions in December. Eight regions reported falling prices in December, while in the North West, prices remained flat. However, on an annual basis, asking prices increased in every UK mainland region.**

## South East

Prime asking prices in the South East fell by 0.8% in December, moving the average asking price to £572,000. However, prices are 2.9%, or £15,951 higher than in December 2010.

## South West

In the South West, prime asking prices fell 1.1% in December. Prime asking prices in the region have increased by £5,893 over the past year, while the average asking price for all properties in the region fell by 0.3% during the same period.

## Wales

In terms of prime properties, Wales had the best performance of any region outside London. Asking prices in the country rose by 0.4%, consolidating annual price increases of 7.7%. The average price of a prime property in Wales is now £366,638. Wales was also one of three regions to see prime platinum prices increase, up 0.5% to an average of £500,411.

## North West

Prime property prices in the North West moved by less than 0.1% in December. The average property price rose by £103, to £362,902. The North West was one of the best performing regions for prime property in 2011, with typical gains of 8.6%. Prime platinum properties increased in December, up 0.2% to an average of £521,406.

## West Midlands

Prime prices in the West Midlands fell by 1% in December, to an average price of £391,413. Over the past year, prime prices have increased by 4.8%, over double the 2% increases seen in the general West Midlands property market.

## East of England

In the East of England, monthly price falls of 0.7% meant that annual price increases were cut to 1.2%. However, this is significantly better than typical price movements in the region. On average, the price of a property in the East of England fell by 0.4% over the past year.

## East Midlands

Prime asking prices in the East Midlands fell 0.4% in December to an average of £366,147. Prime price falls were more severe than in the general market, where the average price fell 0.2%, but over the long term, prime properties have performed more strongly. Asking prices remain broadly unchanged since December 2010 for the general market, while prime asking prices increased by 3.1%.

## North East

Prime price movements in the North East mirrored the general market, and both reported monthly falls of 0.5%. The average price of a prime property in the region is £323,172, some 6.1% higher than in December 2010.

## Yorkshire and Humber

Yorkshire had the joint worst performing prime market of any UK region in December. Asking prices in the region fell by 1.6%, closing the gap between the prime and broader market, which saw prices fall by 0.7%. However, prime prices have proven more resilient in the long term, with gains of 0.8% since December 2010, compared with a 0.3% fall in the broader property market.

## Scotland

Prime asking prices in Scotland also fell by 1.6% in December. Prices in the region remain higher than in 2010, at an average of £392,143. As with every other region, the prime market has performed better than the general one over the past 12 months, with the typical Scottish prime property on the market for 1.6% more.

# The Methodology

The Prime Index is created using a statistical methodology developed by Calnea Analytics, the company who produce the official Land Registry house price index.

Primelocation.com has partnered with Calnea Analytics to ensure that the data is analysed to the highest possible standards by a company with an outstanding track record in the analysis of house price information. The result is a unique, independent and robust view of the UK's prime property marketplace.

The Prime Index tracks the supply and asking prices of Prime property at UK, regional and London borough levels. PrimeLocation.com believes that there is a relative Prime market in every region and that any definitions of Prime must be flexible enough to react to overall market prices, i.e. the Prime market is always relative to a specific region, the current local property market and asking prices. Given regional price differentials, selecting properties above a set value would bias the sample to London and the South East. Therefore, PrimeLocation.com has defined Prime in a number of ways.

## All regions excluding London

- Prime – the top 25% of properties in terms of value in a specific region
- Prime Platinum – the top 10% of properties in terms of value in a specific region

## London

- To reflect the concentration of prime property within London, only the top 50% of boroughs (in terms of average property prices) are selected for the Prime and Prime Platinum segments



Not all the data from the PrimeLocation.com database 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. Even with these exclusions, the index is based on a substantial sample of Prime properties – over 90,000 Prime properties for sale across the UK.

The index is calculated using mix-adjusted averages. These are used instead of simple averages to avoid common distortions to the data. The mix-adjusted method removes the impact of monthly changes in the stock of property in the Prime market and is adjusted by location, property type and bedroom numbers.