

# The Rightmove House Price Index

The largest monthly sample of residential property prices

*Under embargo for 00:01 hours: Monday 14<sup>th</sup> December*

## Location and landlords the winners in 2010

	December	November
Average Property Asking Price	£221,463	£226,440
% Change in Month	-2.2%	-1.6%
% Change in Past Year	+1.7%	+1.6%
Monthly Index (Jan 2002=100)	180.2	184.2

- Traditional negative winter quarter continues with 2.2% (-£4,977) fall
- Rightmove forecasts for 2010:
  - New Year burst followed by post-election uncertainty, leaving prices on average static at 0% by year end
  - Shortage of new sellers and price rises in better locations to continue, though more forced sellers and price falls in recession hit areas post-election
  - Recession-induced structural changes encourage landlords to expand their portfolio
  - 2010 transactions to exceed 2009, but still predicted a third down on historic norms

## Rightmove Monthly Asking Price Trend



*Rightmove measured 73,205 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 8<sup>th</sup> November 2009 to 5<sup>th</sup> December 2009 and advertised on Rightmove.co.uk.*

Rightmove.co.uk is the UK's largest property web site, advertising around 90% of all homes for sale via estate agents across the UK. The site attracts over 40 million visits from home movers each month who view in excess of 400 million pages. Each month Rightmove uses asking price data of up to 200,000 properties coming onto the market to produce this House Price Index - the largest, most accurate and up-to-date monthly index.

Released 14<sup>th</sup> December 2009

Page 1 of 11

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For media enquiries and interviews please contact:

Tom McGuigan on 0845 456 8439 or [press@rightmove.co.uk](mailto:press@rightmove.co.uk)

## Overview

### Winter quarter of falls

In spite of the lowest average stock for sale for 21 months, new sellers have dropped their asking prices by 2.2% this month (-£4,977). This follows November's fall of 1.6%. We expect a further drop next month, meaning the final quarter of 2009 will see 3 consecutive monthly price falls as the motivation of winter sellers outweighs the growing lack of choice for potential buyers. Rightmove predicts a burst of activity and asking price gains again in early spring, continuing the heightened level of activity seen during 2009. We forecast that post-election the housing market will enter a more challenging period.

Miles Shipside, commercial director of Rightmove comments: "Those contemplating selling should spend some of the festive break researching their local market before seeking professional opinion very soon after the New Year.

Time may well be of the essence as the election is likely to be a party pooper. 2009 turned out to be a good time to trade up, and we forecast the positive mood will continue into 2010 until the post-election hang-over kicks in".

### Rightmove forecasts 2010 asking price standstill

Rightmove forecasts that the factors leveraging asking prices upwards pre-election will be countered by negative price forces post-election, the net effect being national average asking prices standing still during 2010. This is a slight reverse to 2009 where, with just one more Rightmove index to come, it looks like we will see a year-on-year increase of circa 2%. On one level the current year-on-year percentage change of +1.7% is a sign of ongoing price stability, but it hides some big geographic and socio-economic variations. It also masks the risks and challenges always faced by low volume, or "thin", markets as they struggle to return to more traditional transaction numbers.

Miles Shipside adds: "The old adage of anything will sell at a price was not true in the winter of 2008 as buyers willing to proceed were scarce and those that had to sell saw their prices tumble. At that time few would have predicted a rise in prices. However, sales volumes are still set to remain well down on historic norms, with the consequent thin-market danger of relatively small changes in economic fundamentals having a marked impact on asking prices. We have already seen how some local markets have been adversely affected by over-supply of property and a lack of mortgage ready buyers, and more areas could become similarly blighted if forced sales increase later next year as expected".

The housing market has witnessed some massive changes, but some have perhaps mistaken them for milestones on the way to post-recession normality rather than fundamental structural change. The effects of the paradigm shift in both the wider UK economy and, more specifically, the housing market will not be short-lived. Some of the characteristics of today's recession defined market are likely to remain for years to come, meaning the market has fundamentally changed during the last two years. Potentially, this means a fall in owner-occupation, with fewer first-time buyers, more time between trading up, and greater reliance on the rented sector to satisfy housing demand.

### Stock shortage to continue, but eased by more forced sellers in some areas

Location will be all important in how well insulated an area is from the negative impacts of structural changes to the housing market. More desirable areas continue to see low levels of property on the market, leading to upwards price pressure. Even in these sought-after locations, there are pockets of potential buyers frozen out of the market. This month sees average stock levels per estate agency branch fall from 69 to 67 properties, the lowest Rightmove has recorded since February 2008. This will give additional impetus to the traditional fresh crop of new year buyers, assisting a buoyant start to 2010 wherever estate agents are stock-starved. These locations tend to attract higher income deposit-

rich purchasers meaning they are best placed to see prices continue to rise next year. More of these locations are concentrated in the south rather than the north of the country.

Shipside observes: "The most recent property to come to the market always creates the most interest and, if priced correctly, has been selling quickly. Smart sellers should do their research on what's selling around them, and take advantage of the pre-election spring window. Be wary of becoming left on the shelf in 2010 because hanging around for the best price could be a long wait post-election."

Compared to nearly 2 million properties coming to market in 2007, Rightmove estimates just over 1 million this year. Post-Election 2010 we could see less forbearance shown by lenders to those with accumulating arrears. The chancellor tells us that 240,000 home buyers have benefitted from unusually prolonged stays of execution. If this does not continue there may be more forced sales in the latter part of 2010, even if we see ongoing low interest rates as analysts predict. Should base rates start to climb more steeply in 2011 and 2012, then further bouts of repossession activity will follow. They still, however, make up a relatively small percentage of property for sale in many areas. Those areas and/or property types worst affected will suffer from depressed pricing until they have worked their way out of the system. These sales are more likely to be concentrated in lower income areas, where demand from first-time buyers has dissipated and property will have to be priced at levels that deliver a suitable rental yield to attract buy-to-let investors.

### **Recession-induced structural changes could mean 2010 is 'the year of the landlord'**

Less desirable areas tend to suffer from higher unemployment and as average disposable income falls, tighter lending criteria increasingly lands a severe blow to peoples' housing aspirations. With the number of proceedable buyers well down on traditional norms, the more likely outcome in recession-hit areas is an over-supply of a type of property exacerbated by the inability of potential buyers to secure the necessary finance. The massive pool of potential buyers made up of younger households has been hit particularly hard by the current economic environment. They increasingly have to look to the rental sector for their housing needs. Rightmove has measured a 15% fall in the number of properties advertised for rent in the last 6 months, and lettings agents report a lack of new landlord instructions, mirroring the shortage of sellers.

The return on investment sought by the buy-to let investor has historically been lower in the south, where landlords perceive there is more opportunity of capital appreciation, than in the north. Landlords tend to require a return of between 3% and 8% before they are tempted the increase the size of their portfolio. Existing landlords will find themselves in an increasingly privileged position in 2010, where competition from new landlords is frozen out by a dearth of buy-to-let mortgages. In addition, tenant demand and landlords rental returns will grow due to demand from those who are unable to buy. The 'bank of mum and dad' and higher average earnings will preclude property in the more affluent areas from this new home valuation formula based on rental returns on capital investment. However, in the more economically blighted areas of the country it will become an economic fact that only when a tempting return on investment is found will property prices find a solid footing.

Shipside adds: "The growth of the buy-to-let sector was an important factor in the housing market recovery of the 1990s, which was also aided by the return of first-time buyers. The structural change in the housing market means we are unlikely to see similar volumes able to finance the purchase of their first home, so the reliance is much greater on landlords being willing and able to soak up property both from repossessions and first-time sellers who are trading up. Rents will have to give the right return so may have to rise, assisted in an upwards trajectory by buoyant demand from tenants dis-enfranchised from buying. It's not a straight-forward transition for landlords to satisfy housing demand however, as finance is restricted to fund the expansion of the rental sector too. For those with access to finance,

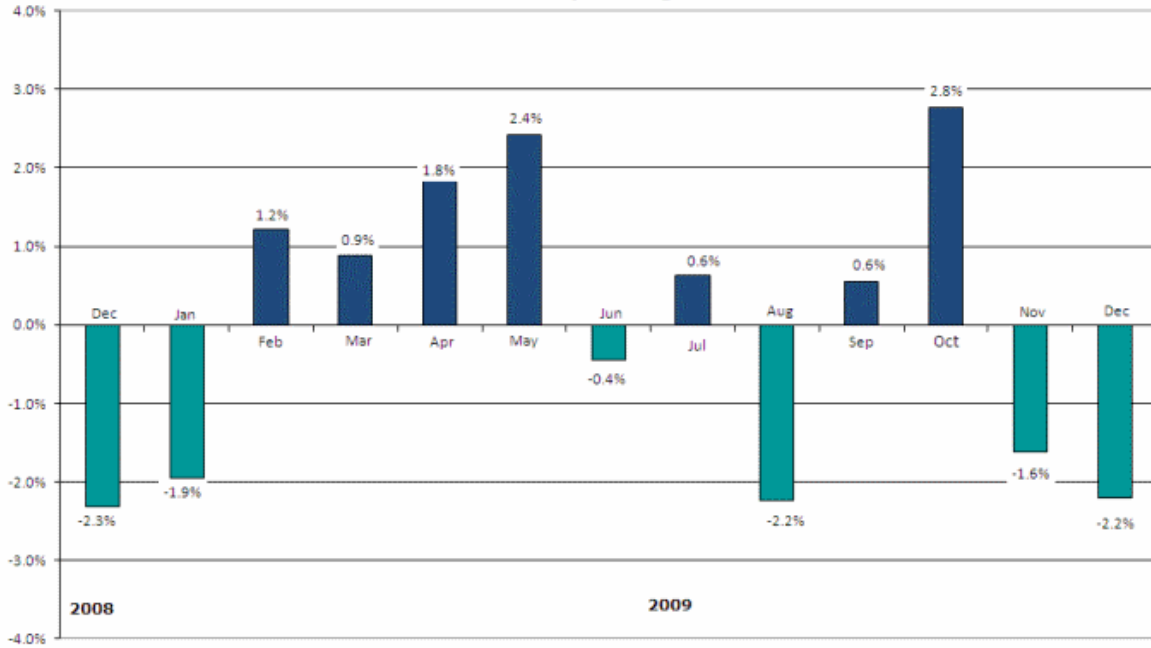
Rightmove predicted 2009 was the 'year of the property deal'. We predict that 2010 may well be the 'year of the landlord'. The over-supply of rental properties from accidental landlords that characterised much of 2009 has either been sold or soaked up, giving professional landlords a clear run of several years of good returns with limited competition".

### **Transaction levels to continue slow improvement**

Land Registry transaction numbers for the first 8 months of 2009 show just 340,684 completions, suggesting about 600,000 completed sales for the full year. This compares to over 1.2 million in 2006 and 2007. This illustrates that the main challenge facing the market is how to find alternatives to satisfy peoples' housing needs or re-create the necessary environment that has historically delivered well over one million transactions a year. The need for a substantial deposit to get the best mortgage rates and many post-2005 buyers experiencing reduced equity, limits the number of existing home-owners who can trade up. They are now effectively trapped in their homes. We can see mortgage lending continuing its snail-paced recovery in 2010, helping transactions to be higher than those projected for 2009. However, with massive consolidation amongst lenders, structural changes to both the level of competition and access to wholesale funding give little prospect of a return to the previous era. Transactions in 2010 will be lucky to achieve two-thirds of historical averages.

Shipside concludes: "Those who are moving now tend to have a jolly good reason, rather than a whim. Sellers motivated by death, divorce and debt are now being supplemented by some discretionary movers as the market improves, but it's hard to see how lenders and regulators will have the appetite for the increased lending required to satisfy the levels of home moving that had become the norm. Maybe there were excessive speculative buyers in the mix, though it all added to the fluidity of the market and upgrading of housing stock. The proportion of owner occupiers will drop, with the notion that 'an Englishman's home is his castle' becoming nothing more than a pipe-dream for many and a reality for a more privileged few".

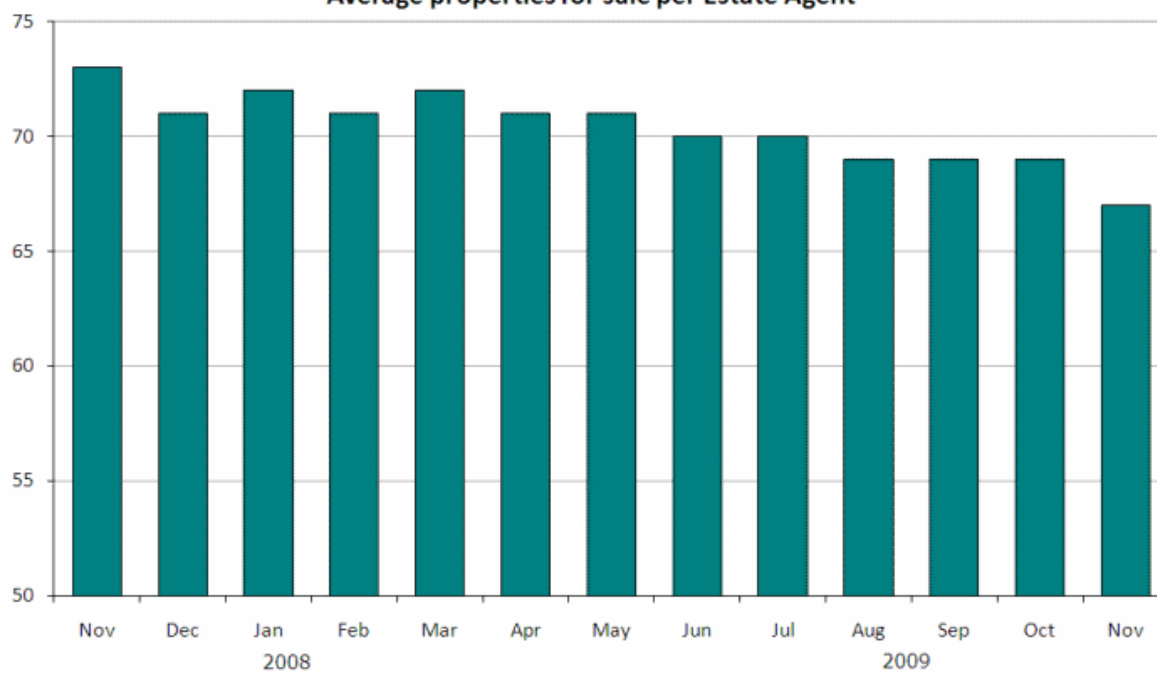
### Monthly Change



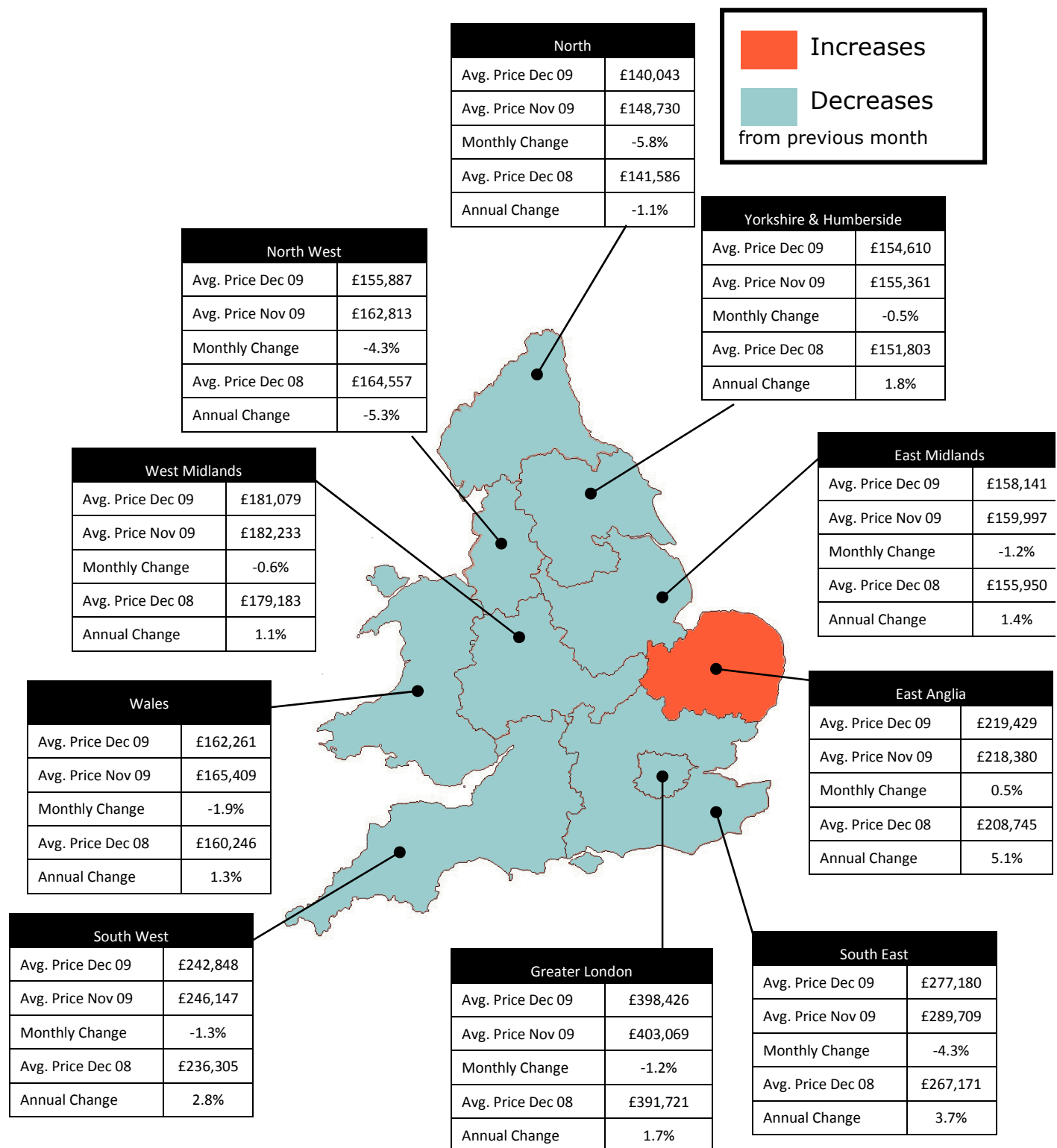
### Time on Market Indicator



Average properties for sale per Estate Agent



## Regions of England & Wales



If you are a journalist and would like a further breakdown on these regional statistics please contact the Press Office on: [press@rightmove.co.uk](mailto:press@rightmove.co.uk) or call 0845 456 8439

## National Asking Price Trend

Month	Index (Jan 2002 = 100)	% Change	Average Price
December 2008	177.2	-2.3%	£217,808
January 2009	173.8	-1.9%	£213,570
February 2009	175.9	+1.2%	£216,163
March 2009	177.4	+0.9%	£218,081
April 2009	180.7	+1.8%	£222,077
May 2009	185.1	+2.4%	£227,441
June 2009	184.2	-0.4%	£226,436
July 2009	185.4	+0.6%	£227,864
August 2009	181.2	-2.2%	£222,762
September 2009	182.2	+0.6%	£223,996
October 2009	187.3	+2.8%	£230,184
November 2009	184.2	-1.6%	£226,440
December 2009	180.2	-2.2%	£221,463
<b>Annual Change</b>	<b>+3.0</b>	<b>+1.7%</b>	<b>+£3,655</b>

(National asking price includes other property types that are not classified below)

## National Asking Price Trend by Property Type

Month	Detached	Semi-Detached	Terraced	Flats/Apartments
December 2008	£317,998	£185,471	£164,512	£175,915
January 2009	£314,282	£181,093	£161,667	£173,613
February 2009	£307,787	£183,208	£166,302	£179,063
March 2009	£312,893	£184,300	£168,828	£184,821
April 2009	£321,827	£187,589	£167,844	£179,693
May 2009	£327,914	£188,271	£169,038	£183,587
June 2009	£325,903	£189,866	£169,149	£184,011
July 2009	£330,574	£193,298	£171,227	£182,800
August 2009	£324,557	£189,181	£170,265	£181,769
September 2009	£328,201	£192,503	£171,060	£179,454
October 2009	£332,201	£193,216	£174,989	£185,200
November 2009	£329,463	£192,872	£172,258	£182,568
December 2009	£324,463	£190,759	£172,222	£182,568
<b>Annual Change</b>	<b>+3.4%</b>	<b>+3.2%</b>	<b>+5.4%</b>	<b>+4.4%</b>

Press enquiries regarding the methodology employed and access to further analysis of the data held by rightmove.co.uk should be directed to the Press Office on [press@rightmove.co.uk](mailto:press@rightmove.co.uk) or call 0845 456 8439.

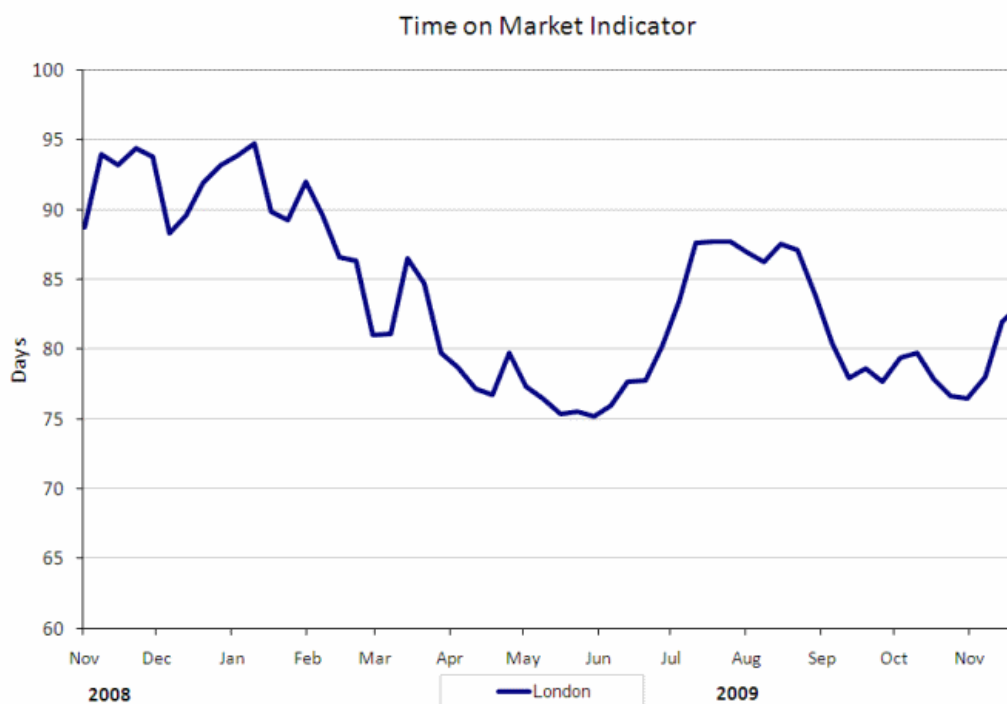
## London's Best Performers December 2009

London's Top 5	Avg. Price Dec 09	Avg. Price Nov 09	Monthly Change
Kingston-upon-Thames	£540,007	£526,520	2.6%
Sutton	£317,748	£312,904	1.5%
Bromley	£322,001	£319,226	0.9%
Newham	£223,868	£222,147	0.8%
Wandsworth	£521,511	£517,795	0.7%

## London's Worst Performers December 2009

London's bottom 5	Avg. Price Dec 09	Avg. Price Nov 09	Monthly Change
Hounslow	£434,250	£462,720	-6.2%
Kensington and Chelsea	£1,869,927	£1,968,950	-5.0%
Harrow	£307,461	£316,830	-3.0%
Croydon	£257,716	£265,549	-2.9%
Camden	£736,036	£756,172	-2.7%

## London Time on Market



Released 14<sup>th</sup> December 2009

Page 9 of 11

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## London Boroughs

Borough	Avg. Price Dec 09	Avg. Price Nov 09	Monthly Change	Avg. Price Dec 08	Annual Change
Kensington and Chelsea	£1,869,927	£1,968,950	-5.0%	£1,650,471	13.3%
City of Westminster	£1,039,664	£1,038,194	0.1%	£1,071,934	-3.0%
Camden	£736,036	£756,172	-2.7%	£742,622	-0.9%
Hammersmith and Fulham	£718,635	£727,672	-1.2%	£721,172	-0.4%
Richmond-upon-Thames	£584,499	£580,639	0.7%	£542,962	7.7%
Islington	£554,440	£567,386	-2.3%	£571,732	-3.0%
Brent	£543,295	£548,625	-1.0%	£503,236	8.0%
Kingston-upon-Thames	£540,007	£526,520	2.6%	£514,550	4.9%
Wandsworth	£521,511	£517,795	0.7%	£511,394	2.0%
Barnet	£466,212	£472,134	-1.3%	£477,951	-2.5%
Hackney	£463,760	£476,022	-2.6%	£467,642	-0.8%
Hounslow	£434,250	£462,720	-6.2%	£441,694	-1.7%
Haringey	£413,010	£421,326	-2.0%	£427,712	-3.4%
Merton	£397,500	£398,567	-0.3%	£398,263	-0.2%
Ealing	£388,573	£396,437	-2.0%	£371,358	4.6%
Lambeth	£381,940	£386,935	-1.3%	£367,093	4.0%
Tower Hamlets	£375,088	£378,758	-1.0%	£437,721	-14.3%
Southwark	£372,812	£377,870	-1.3%	£346,407	7.6%
Lewisham	£330,899	£333,826	-0.9%	£312,864	5.8%
Hillingdon	£327,243	£333,829	-2.0%	£336,360	-2.7%
Bromley	£322,001	£319,226	0.9%	£320,087	0.6%
Sutton	£317,748	£312,904	1.5%	£316,496	0.4%
Enfield	£312,984	£311,395	0.5%	£305,737	2.4%
Harrow	£307,461	£316,830	-3.0%	£309,573	-0.7%
Waltham Forest	£273,280	£277,851	-1.6%	£270,044	1.2%
Redbridge	£273,092	£275,234	-0.8%	£275,868	-1.0%
Croydon	£257,716	£265,549	-2.9%	£263,253	-2.1%
Greenwich	£257,508	£261,627	-1.6%	£241,935	6.4%
Havering	£247,228	£247,235	0.0%	£246,797	0.2%
Newham	£223,868	£222,147	0.8%	£217,791	2.8%
Bexley	£209,203	£211,528	-1.1%	£206,070	1.5%
Barking and Dagenham	£202,548	£207,265	-2.3%	£211,467	-4.2%

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

## Index Comparison

	December 09		November 09		October 09	
	House Price	Monthly change	House Price	Monthly change	House Price	Monthly change
Rightmove	£221,463	-1.7%	£226,440	-1.6%	£230,184	+2.8%
Halifax	N/A *	N/A *	£167,664	+1.4%	£165,528	+1.2%
Nationwide	N/A *	N/A *	£162,764	+0.5%	£162,038	+0.5%

\* Published at the beginning of next month for Halifax and at the end of this month for Nationwide

**Rightmove:** compiled from asking prices of properties as they come on the market via Rightmove's member estate agents over the previous month, covering over 90% the market. Not seasonally adjusted. (Seasonally adjusted figure used for the Halifax from Nov 2003, as no unadjusted figure has been published.)

**Halifax:** based on mortgage approvals of loans agreed by Halifax Bank of Scotland over the previous month, seasonally adjusted.

**Nationwide:** based on mortgage approvals of loans agreed by Nationwide Building Society over the previous month, seasonally adjusted.

Rightmove measures asking prices and does not seasonally adjust its figures, while Nationwide and Halifax both report data based on mortgage offers, seasonally adjusted. The index offered by the CLG (Department of Communities and Local Government) measure prices at completion stage, not seasonally adjusted.

### 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 the c.10,000 estate agency branches listing on Rightmove.co.uk. 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.

This month 19,408 properties have been excluded due to being anomalies.

### **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 30 million visits every month and is consistently ranked number one property website in the UK (source: Experian Hitwise).

For further information on methodology please contact the Press Office on [press@rightmove.co.uk](mailto:press@rightmove.co.uk) or call 0845 456 8439.