



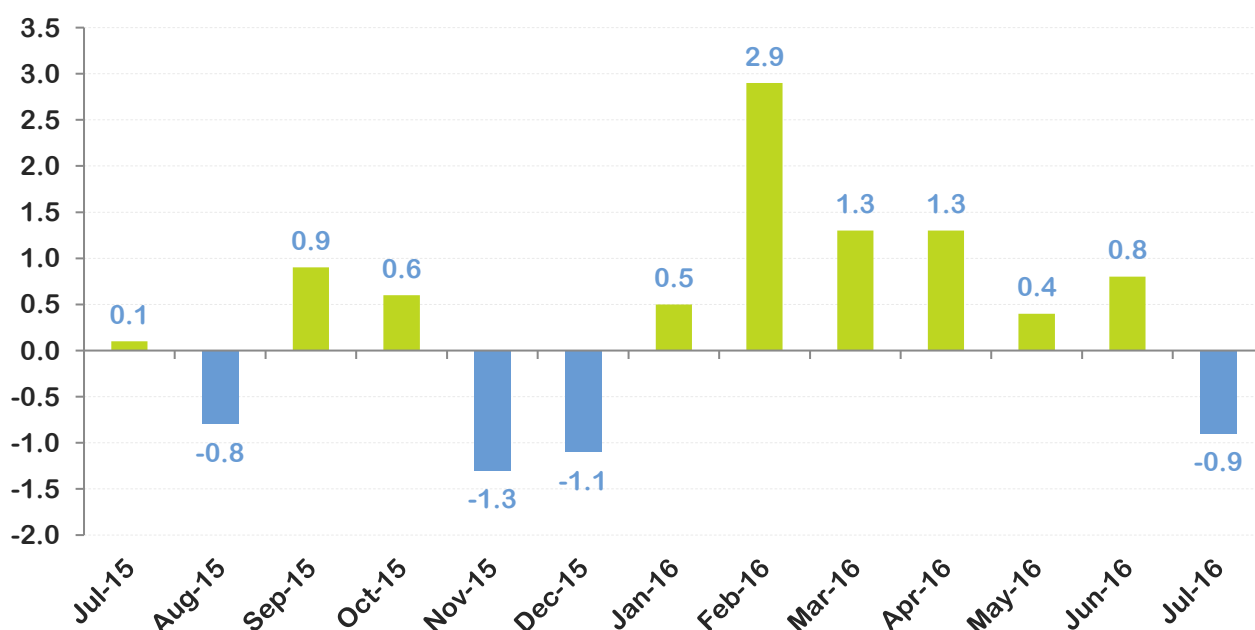
**Under embargo for 00:01 hours, Monday 18<sup>th</sup> July 2016**

## Housing market steady post referendum

- Price of property coming to market falls 0.9% (-£2,647) this month, within usual expectations for the run-up to the summer holiday season
- Buyer demand in the two weeks since the surprise referendum result is consistent with 2014 although down on 2015:
  - Same period in 2015 benefitted substantially from post-election boost so enquiries this year are down 16% compared to that period
  - 2014 was not distorted by the election so is a better basis for comparison, and buyer enquiries are at the same level as the like-for-like two weeks in 2014
- Most agents report market momentum continuing due to shortage of suitable property for sale, buyers fearful of missing out on scarce choice, and affordability and availability of low mortgage rates
- Sellers seem undeterred – compared to the same period last year, the two weeks pre-referendum saw the number of new properties coming to market down by 8%, and the two weeks post-referendum saw them up by 6%

National average asking prices				
Month	Avg. asking price	Monthly change	Annual change	Index
July 2016	£307,824	-0.9%	+4.5%	253.4
June 2016	£310,471	+0.8%	+5.5%	255.6
National average asking prices by market sector (excluding Inner London)				
Sector	July 2016	June 2016	Monthly change	Annual change
First-time buyers	£189,183	£189,604	-0.2%	+8.2%
Second-steppers	£258,511	£261,661	-1.2%	+5.9%
Top of the ladder	£554,678	£560,762	-1.1%	+3.4%

## % monthly change in average asking prices





## Overview

Rightmove's latest figures covering the last four weeks (two weeks pre and two weeks post-referendum) give an early but reassuring view into the short-term effect of the political turmoil straddling the 23<sup>rd</sup> of June. Though many estate agents report that business is now returning to the previous norm following the surprise result, it is in our opinion too early to draw any medium or long-term conclusions. The immediate picture shows the price of property coming to market down by 0.9% (-£2,647) this month, although a holiday seasonal slowdown is not unusual at this time of year. Since 2010 the month of July has recorded average price falls of 0.4%.

Miles Shipside, Rightmove director and housing market analyst comments: *"As far as the price of property coming to market is concerned, the fall of 0.9% is within the range that we have seen at this time of year since 2010. With the onset of the summer holiday season new sellers typically price more conservatively and the average drop in the month of July is 0.4% over the last six years. Perhaps unsurprisingly this July's fall is marginally larger, as political turbulence has a track record of unsettling sentiment. Indeed last year saw a seasonally unusual 0.1% fall in the run up to the May election, and a June and July price surge as a result of the post-election boost. Average new seller asking prices were up by 3.1% over that two-month period."*

The imbalance between housing demand and supply has been well documented. While this remains a long-term problem in many parts of the country, in the run-up to and immediate aftermath of the referendum there was an understandable drop-off in buyer enquiries. In the last two weeks post-referendum, compared to 2015, enquiries to agents from buyers are down by 16%. However, last year's figures were boosted by pent-up demand after the surprise general election result, which saw a 25% uplift in buyer enquiries in June and July compared to the same two month period in 2014. Buyer enquiry levels in the two weeks after the Brexit vote are now consistent with the same period in 2014, which is a more comparable benchmark.

With available property for sale per estate agency branch 16% lower in 2016 compared to 2014, enquiries per property remain remarkably resilient. Market conditions change from year to year, although one commonality between 2014 and 2015 is that transactions ended up virtually identical according to HMRC, a post-credit-crunch record of 1.1 million each year in England and Wales. 2015 saw a quieter first half of the year followed by a very strong second half due to the election effect. The opposite is likely to be true this year, with a very active first five months of 2016 showing HMRC transaction numbers 18.2% ahead of the same period in 2015, assisted by the additional momentum from the Q1 buy-to-let surge.

Shipside observes: *"Housing markets do not like uncertainty, with positive sentiment typically driven by confidence and momentum, supported by low borrowing costs. There seems to be little prospect of an increase in historically low mortgage rates in the short to medium term, with even greater certainty readily available with increasingly competitive five-year or even ten-year fixed rates. Agents in areas where stock shortages were driving momentum before the referendum say activity has recovered quickly, with buyers' fear of losing a scarce property a key factor. They say that very few deals have fallen through as a direct result of post-Brexit jitters. Those areas of the country whose housing markets were struggling or readjusting earlier in the year, such as parts of London, will continue on what is often a fairly lengthy path of price reductions to encourage buyers to return in numbers."*

*"While confidence has been unsettled, the governmental instability in the few days after the referendum now seems to be being addressed far more quickly than was originally imagined. This is not a new credit crunch and the effect on banks and mortgage lending should be limited. As long as lenders keep mortgage deals attractive and available, the underlying demand for home-ownership should overcome most uncertainties."*



In an encouraging sign of a return to business as usual, sellers seem mostly undeterred from coming to market, with new property instruction numbers now slightly ahead of the same weeks in 2015. Compared to the same period last year, the two weeks before the Brexit vote saw the number of properties coming to market down by 8%, though the two weeks afterwards have now seen the levels up by 6%. A welcome by-product of the Brexit vote may well be that a root and branch review of the structural housing deficit is high on the political agenda, leading to a more creative and concerted long-term strategy to build more suitable homes. The abandonment of the 2020 target for eradicating the budgetary deficit may give more funding options than previously existed to make some serious inroads. This combined with a dose of post-Brexit-vote uncertainty would help lessen the upwards price pressure that has increasingly and unhealthily stretched buyer affordability in some areas.

Shipside adds: *"If you're putting your property on the market and are keen to sell, then pitching your asking price too high would be counter-productive in the current environment. Buyer affordability is already stretched and they will be looking for extra reassurance that they're getting the best priced home to suit their needs. Pricing competitively will tempt buyers, some of whom are sitting on their hands. Sellers may be extra-willing to negotiate in some less active parts of the country, so there could be opportunities for a mutually beneficial deal for buyers combined with a speedier sale for sellers."*

Shipside concludes: *"The summary so far based on two weeks of post-Brexit-vote statistics is that the housing market remains steady, underpinned by the same fundamentals that have led to its recovery since the last downturn."*

### Agents' Views

Mark Manning, Director of Manning Stainton in Leeds, Harrogate, Wetherby and Wakefield said: *"The political soap opera that has played out following the historic vote to leave the EU combined with the obvious economic uncertainty should have, for all intents and purposes, spawned a significant alteration in the market. Up North all seems to be well with new listings in June showing a 7% increase on 2015 and a volume of sales which remained broadly similar to those in previous months. The barrage of fall throughs in the wake of our vote never came and instead a healthy number of completions remained which was a welcome relief. The key looking ahead will be the attitudes of the banks to our potential customers. Unlike the credit crunch, mortgage money is available and the rates are as good as I have ever seen them. It also wouldn't be a surprise if more investors returned back to the market as pension pots and the stock market remains an uncertain place to invest. Good old bricks and mortar may well still be the horse to back."*

Stephanie McMahon, Head of Research at Strutt & Parker in London said: *"Following several years of booming conditions the London market has started to slow over the past 12 months. The prime inner London markets in particular have been in slowdown for the past 18 months following a series of brakes including the threat of mansion tax back in 2014, the devolution vote in Scotland, two batches of significant Stamp Duty changes, the General Election in 2015 and most recently Brexit. It is not surprising therefore to see pricing slipping in these markets alongside volume declines. London stays positive overall and the next few months will allow us to see if the weakening of sterling has any significant impact. One of the greatest challenges at the current time remains liquidity and volume of stock."*

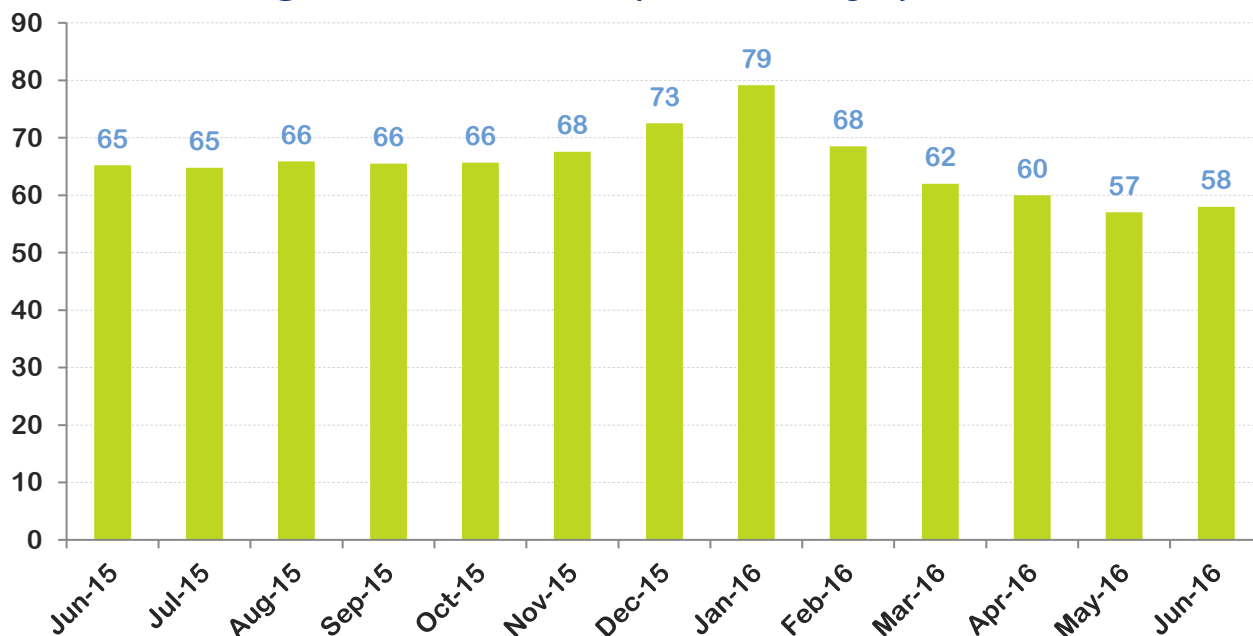
Kevin Shaw, Leaders Estate Agents national sales director, says: *"There has been a lot of noise about Brexit's possible effect on the property market, but in fact nothing dramatic has happened over the last few weeks and it's very much business as usual for anyone looking to buy or sell a property at the moment. We've seen no significant changes across our 120 branch network: the number of sales agreed, exchanges and new instructions are all at similar levels to the previous few months; nor has there been any significant increase in the number of sales falling through as some had*



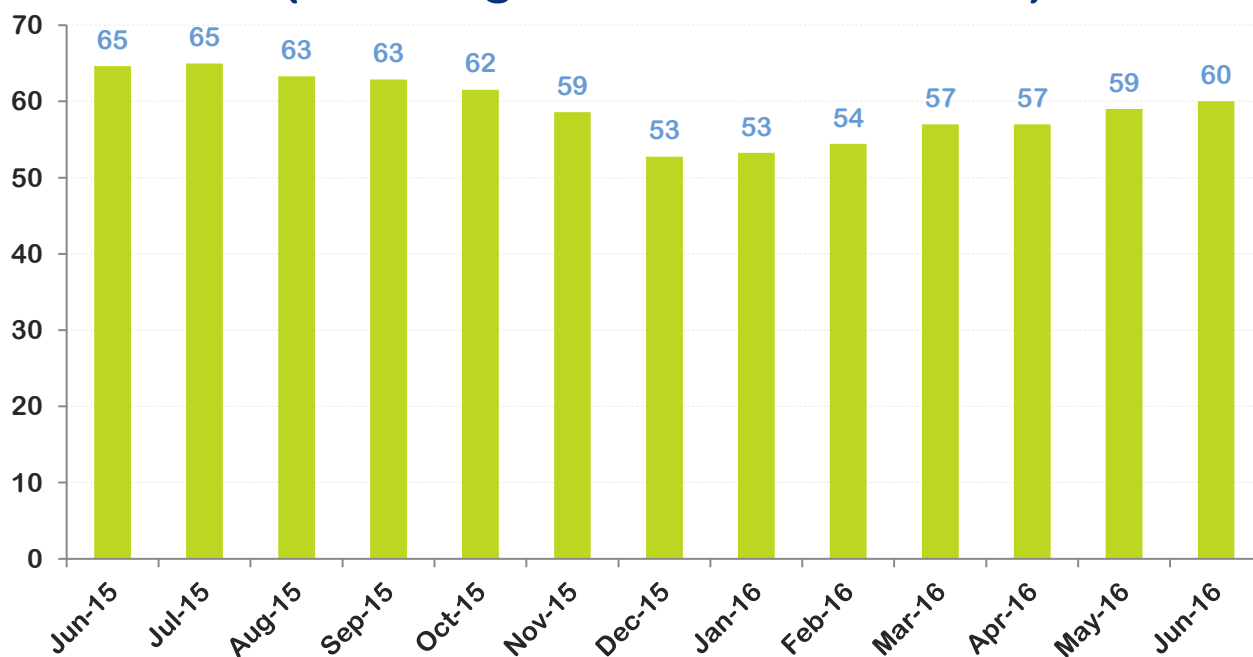
*predicted. While we have seen a small number of buyers attempt to renegotiate the price they are paying for a property, these requests have almost all been rejected and the sale has progressed as planned, showing that Brexit has had little impact on buyers and sellers, and their desire to move. The fundamentals of the property market remain the same, with demand hugely outweighing supply, and this is stabilising prices. We expect demand to remain strong and the market to remain resilient.”*



## Average 'time to sell' (no. of days) - National



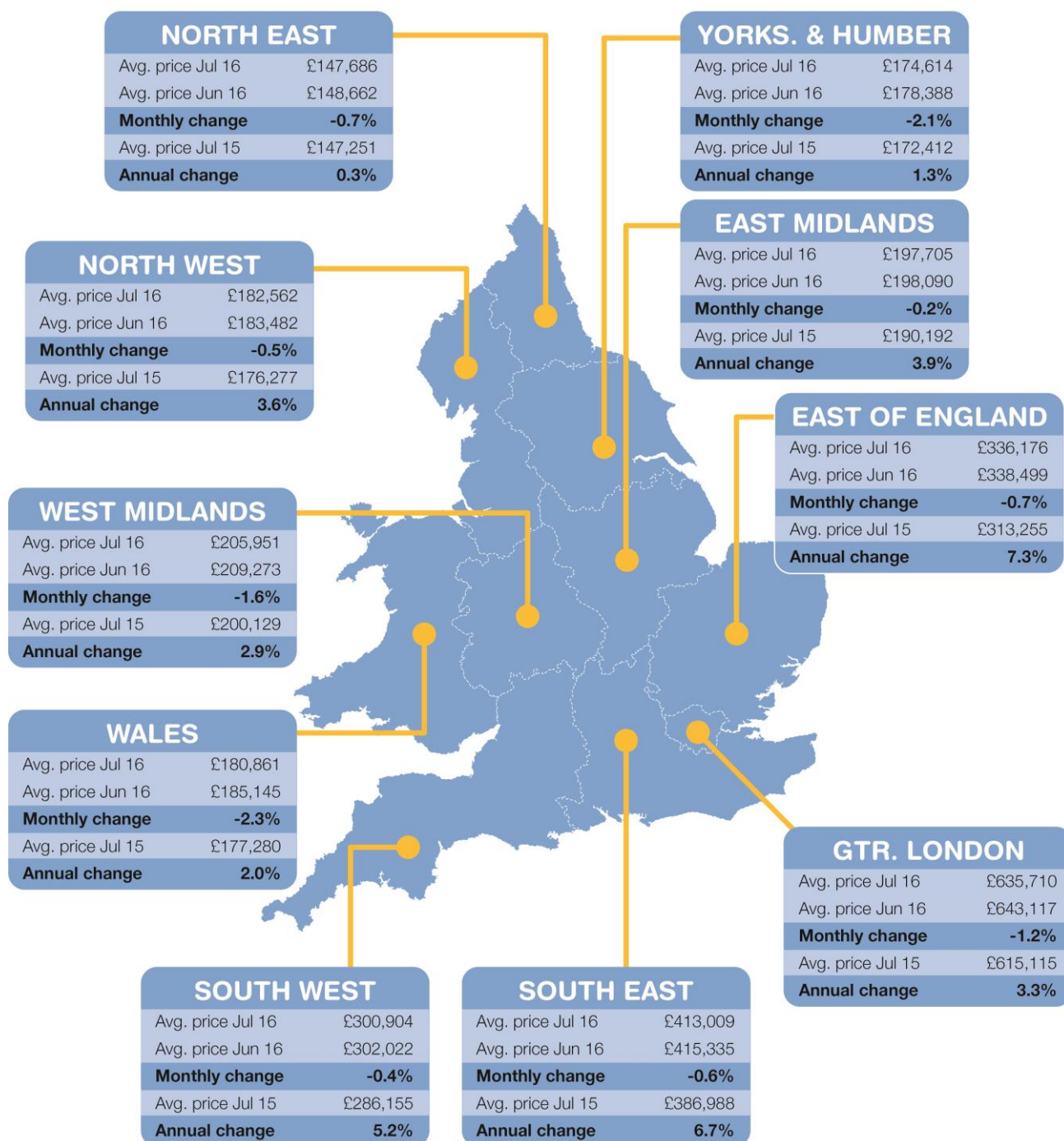
## Average stock per agent (including Under Offer/Sold STC)





## Regional trends

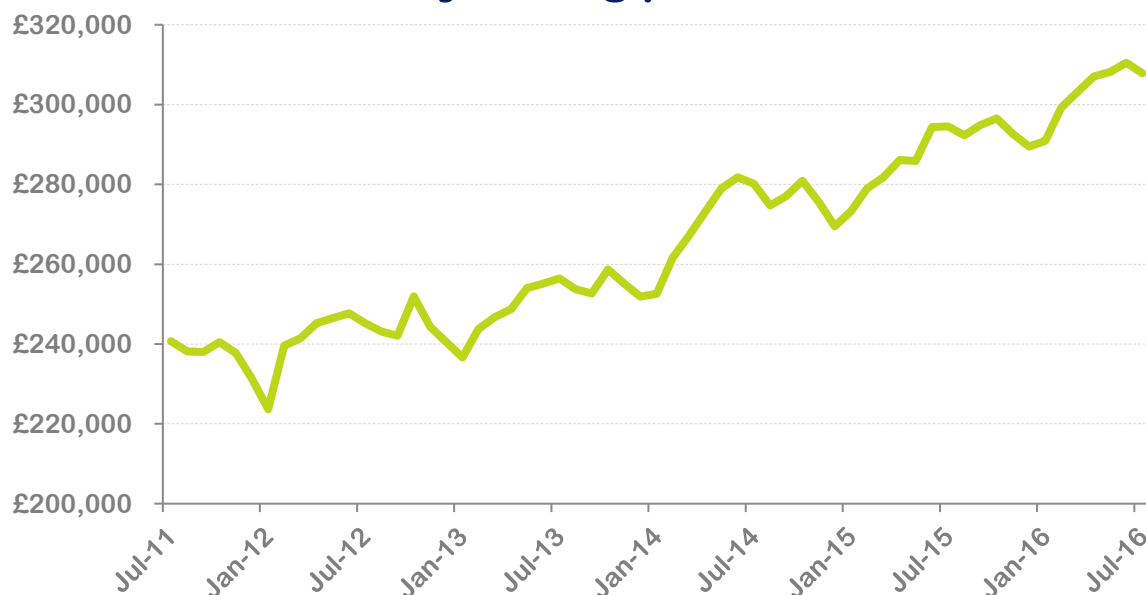
■ Increase from previous month
 ■ Decrease from previous month







## Monthly asking price trend



## London's best performers: July 2016

Borough	Avg. price Jul 2016	Avg. price Jun 2016	Monthly change	Avg. price Jul 2015	Annual change
Kensington and Chelsea	£2,295,878	£2,073,363	10.7%	£2,289,669	0.3%
Richmond upon Thames	£895,183	£833,595	7.4%	£825,497	8.4%
Hammersmith and Fulham	£1,017,820	£972,501	4.7%	£1,029,498	-1.1%
Brent	£644,087	£615,023	4.7%	£600,489	7.3%
Merton	£678,545	£649,002	4.6%	£694,066	-2.2%

## London's worst performers: July 2016

Borough	Avg. price Jul 2016	Avg. price Jun 2016	Monthly change	Avg. price Jul 2015	Annual change
Hounslow	£521,988	£569,003	-8.3%	£540,714	-3.5%
Lambeth	£614,581	£663,340	-7.4%	£661,335	-7.1%
Southwark	£622,580	£666,199	-6.5%	£594,483	4.7%
Camden	£1,082,224	£1,153,801	-6.2%	£1,128,349	-4.1%
Hackney	£644,181	£673,598	-4.4%	£619,377	4.0%



## London boroughs

Borough	Avg. price Jul 2016	Avg. price Jun 2016	Monthly change	Avg. price Jul 2015	Annual change
Kensington and Chelsea	£2,295,878	£2,073,363	10.7%	£2,289,669	0.3%
City of Westminster	£1,906,098	£1,851,636	2.9%	£2,053,876	-7.2%
Camden	£1,082,224	£1,153,801	-6.2%	£1,128,349	-4.1%
Hammersmith and Fulham	£1,017,820	£972,501	4.7%	£1,029,498	-1.1%
Richmond upon Thames	£895,183	£833,595	7.4%	£825,497	8.4%
Wandsworth	£802,576	£806,118	-0.4%	£800,212	0.3%
Islington	£801,165	£780,970	2.6%	£732,625	9.4%
Barnet	£685,679	£665,378	3.1%	£669,799	2.4%
Merton	£678,545	£649,002	4.6%	£694,066	-2.2%
Hackney	£644,181	£673,598	-4.4%	£619,377	4.0%
Brent	£644,087	£615,023	4.7%	£600,489	7.3%
Kingston upon Thames	£629,184	£642,770	-2.1%	£621,152	1.3%
Ealing	£628,236	£617,060	1.8%	£608,433	3.3%
Southwark	£622,580	£666,199	-6.5%	£594,483	4.7%
Lambeth	£614,581	£663,340	-7.4%	£661,335	-7.1%
Haringey	£613,476	£627,767	-2.3%	£596,826	2.8%
Tower Hamlets	£597,114	£612,339	-2.5%	£572,140	4.4%
Harrow	£557,357	£563,941	-1.2%	£530,864	5.0%
Bromley	£540,648	£542,418	-0.3%	£493,869	9.5%
Hounslow	£521,988	£569,003	-8.3%	£540,714	-3.5%
Hillingdon	£473,764	£471,790	0.4%	£444,266	6.6%
Enfield	£471,210	£472,435	-0.3%	£426,396	10.5%
Waltham Forest	£465,682	£478,780	-2.7%	£413,392	12.6%
Lewisham	£459,859	£473,319	-2.8%	£440,580	4.4%
Redbridge	£456,376	£465,013	-1.9%	£417,825	9.2%
Greenwich	£443,611	£446,748	-0.7%	£427,976	3.7%
Sutton	£438,134	£434,218	0.9%	£388,615	12.7%
Croydon	£423,105	£427,734	-1.1%	£377,114	12.2%
Havering	£394,640	£394,123	0.1%	£339,631	16.2%
Newham	£392,005	£408,269	-4.0%	£361,697	8.4%
Bexley	£356,804	£361,737	-1.4%	£321,933	10.8%
Barking and Dagenham	£305,117	£299,534	1.9%	£257,180	18.6%





### Editors' notes

#### About the Index:

The Rightmove House Price Index methodology has been refined as of January 2015. The Index now uses new mapping technology to define regions at a postcode rather than postcode district or area level, and the mix adjustment has been updated to reflect the current proportion of stock by property type in each area, to provide even more accurate data. All regional breakdowns are now reported in line with ONS regions. For the purpose of historical comparisons, the historical figures have been restated based on the new methodology.

The Index can now include further breakdowns in the housing market to offer trends at three different sectors of the market: first-time buyer, second-stepper and top of the ladder. Inner London prices have been excluded from this categorisation as the normal housing ladder is not really applicable.

Advertising property for over 90% of all UK estate agents, Rightmove is in a unique position to identify any immediate changes in the market. Rightmove's House Price Index is compiled from the asking prices of properties coming onto the market via over 13,000 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 asking 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, whilst 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 in the housing market.

Rightmove measured 113,663 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 12<sup>th</sup> June 2016 to 9<sup>th</sup> July 2016 and advertised on Rightmove.co.uk. This month 5,573 properties have been excluded due to being anomalies.

#### Market sectors explained:

**First-time buyer:** This figure represents the typical property a first-time buyer would purchase, covering all two bed properties and smaller that come to market (houses and flats).

**Second-stepper:** This figure represents the typical property of a person moving from their first home, covering all three and four bed properties that come to market (houses and flats) excluding four bed detached houses.

**Top of the ladder:** This figure represents asking prices at the top end of the market, covering all five bed properties and above (houses and flats), as well as four bed detached houses.

#### 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 is consistently ranked the number one property website in the UK (source: Experian Hitwise). 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. The Rightmove.co.uk site attracts over 110 million visits from home movers each month who view in excess of 1.5 billion pages (Rightmove data, 2015).