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Inner London fall and Outer London rise forecast for 2017

- London's price weakness continues: while falls in new seller asking prices are the norm at this quieter time of year, this month's 4.3% (-£27,678) drop is the largest in December for six years
- Signs of pick-up in activity however, with sales agreed compared to a year ago only 7.2% down in November compared to 17.6% in October
- Rightmove's 2017 forecast: Inner London prices to fall by a further 5%, Outer London to rise by 3%:
 - Inner London: 13.8% fewer sales agreed this November compared to last year and prices will therefore need to adjust downwards to achieve better equilibrium
 - Outer London: with just 3.4% fewer sales agreed in November supply and demand are better balanced giving cause for upwards price pressure in 2017

London average asking prices				
Area	December 2016	November 2016	Monthly change	Annual change
Greater London	£616,160	£643,838	-4.3%	-0.1%
Inner	£784,620	£834,985	-6.0%	-2.6%
Outer	£503,519	£515,761	-2.4%	+2.7%
Average asking prices by market sector				
Sector	December 2016	November 2016	Monthly change	Annual change
First-time buyers	£468,401	£477,179	-1.8%	+1.2%
Second-steppers	£665,544	£683,085	-2.6%	+2.7%
Top of the ladder	£1,380,358	£1,597,625	-13.6%	-8.7%

Overview

The price of property coming to market in London has fallen this month by 4.3% (-£27,678). Prices have fallen at this time of year for the last six years, with the market in the capital being far more seasonally sensitive than other regions. However, this is the largest drop in that time period, indicating ongoing weakness especially in Inner London and the upper price brackets.

Miles Shipside, Rightmove director and housing market analyst comments: *"Drops in the average price of property coming to market are no surprise at this time of year, especially as owners of larger properties are able to delay putting their property on the market until their holidays are over and buyer activity picks up. The previous largest fall at this time of year was 4.0% in December 2012, so this month's drop of 4.3% is marginally worse. This indicates that alongside the seasonal slowdown, the re-adjustment of prices to match buyers' greater reticence continues, especially in more expensive Inner London. We expect this to continue into 2017 as demand at current price levels lags behind more plentiful supply, though there are signs that the pace of slowdown in sales agreed is being arrested."*

Sales agreed are one of the clearest measures of demand, and in Greater London they are down by 7.2% this November compared to November 2015. On the positive side this is a considerable improvement on the 17.6% decline measured in October. Inner London is still further behind in its recovery than Outer London with sales agreed still down some 13.8% in November compared to the same month in the previous year, whilst Outer

The Rightmove House Price Index

The largest monthly sample of residential property prices



London is just 3.4% behind. We forecast Inner London to remain weak and prices to fall by a further 5% in 2017, as its price bubble continues to deflate, whilst Outer London is predicted to record a similar increase to this year of circa 3%.

Shipside concludes: *"Inner London's higher-end markets require massive funds to secure a property compared to the comparatively modest average prices in Outer London, and now also attract a much larger bill for stamp duty. Buyers are being put off the really big ticket purchases at the moment compared to previous transaction volumes, and while sterling's depreciation has helped to make things more attractive, the pressing need to purchase because of rising prices has disappeared. We therefore predict further price falls. London's desperate need for affordable housing has moved to Outer London, and we forecast that will lead to further modest price growth in 2017."*



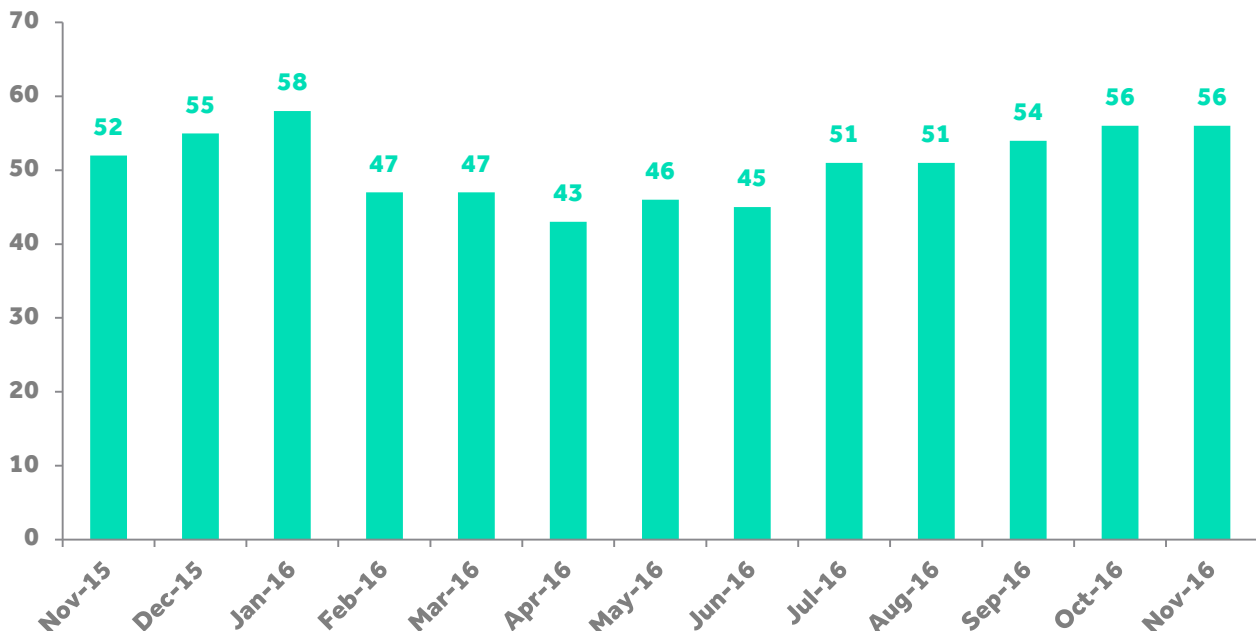
London's best performers: December 2016

Borough	Avg. price Dec 2016	Avg. price Nov 2016	Monthly change	Avg. price Dec 2015	Annual change
Hammersmith and Fulham	£1,028,770	£1,010,439	1.8%	£1,095,788	-6.1%
Sutton	£437,480	£431,753	1.3%	£399,890	9.4%
Redbridge	£459,543	£455,509	0.9%	£445,398	3.2%
Lambeth	£677,373	£676,003	0.2%	£623,310	8.7%
Waltham Forest	£468,924	£468,765	0.0%	£431,917	8.6%

London's worst performers: December 2016

Borough	Avg. price Dec 2016	Avg. price Nov 2016	Monthly change	Avg. price Dec 2015	Annual change
Camden	£994,411	£1,174,095	-15.3%	£1,207,626	-17.7%
Kensington and Chelsea	£2,129,846	£2,349,894	-9.4%	£2,497,560	-14.7%
Islington	£801,593	£859,175	-6.7%	£770,411	4.0%
Newham	£378,748	£405,583	-6.6%	£396,012	-4.4%
Merton	£583,271	£623,088	-6.4%	£670,771	-13.0%

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





London boroughs

Borough	Avg. price Dec 2016	Avg. price Nov 2016	Monthly change	Avg. price Dec 2015	Annual change
Kensington and Chelsea	£2,129,846	£2,349,894	-9.4%	£2,497,560	-14.7%
City of Westminster	£1,917,079	£1,967,858	-2.6%	£1,764,956	8.6%
Hammersmith and Fulham	£1,028,770	£1,010,439	1.8%	£1,095,788	-6.1%
Camden	£994,411	£1,174,095	-15.3%	£1,207,626	-17.7%
Richmond upon Thames	£904,802	£909,598	-0.5%	£930,316	-2.7%
Islington	£801,593	£859,175	-6.7%	£770,411	4.0%
Wandsworth	£756,067	£786,596	-3.9%	£805,834	-6.2%
Barnet	£685,868	£704,213	-2.6%	£681,923	0.6%
Lambeth	£677,373	£676,003	0.2%	£623,310	8.7%
Hackney	£646,350	£649,867	-0.5%	£650,657	-0.7%
Brent	£641,503	£646,509	-0.8%	£619,434	3.6%
Southwark	£617,803	£623,915	-1.0%	£645,101	-4.2%
Tower Hamlets	£614,134	£622,614	-1.4%	£599,095	2.5%
Ealing	£606,334	£630,835	-3.9%	£628,941	-3.6%
Haringey	£601,465	£633,518	-5.1%	£605,403	-0.7%
Kingston upon Thames	£598,373	£618,582	-3.3%	£632,897	-5.5%
Merton	£583,271	£623,088	-6.4%	£670,771	-13.0%
Harrow	£548,826	£559,074	-1.8%	£549,153	-0.1%
Hounslow	£516,028	£543,117	-5.0%	£548,580	-5.9%
Bromley	£509,330	£532,190	-4.3%	£500,570	1.8%
Hillingdon	£478,104	£497,803	-4.0%	£441,482	8.3%
Enfield	£469,958	£491,777	-4.4%	£438,179	7.3%
Waltham Forest	£468,924	£468,765	0.0%	£431,917	8.6%
Lewisham	£461,086	£469,076	-1.7%	£442,528	4.2%
Redbridge	£459,543	£455,509	0.9%	£445,398	3.2%
Sutton	£437,480	£431,753	1.3%	£399,890	9.4%
Greenwich	£435,767	£453,868	-4.0%	£443,377	-1.7%
Croydon	£419,062	£424,554	-1.3%	£393,145	6.6%
Havering	£391,511	£395,660	-1.0%	£351,506	11.4%
Newham	£378,748	£405,583	-6.6%	£396,012	-4.4%
Bexley	£358,281	£358,964	-0.2%	£332,038	7.9%
Barking and Dagenham	£302,994	£303,171	-0.1%	£280,128	8.2%



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.

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).