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Smallest summer discount since 2007 despite 1.3% seller price drop

- The price of property coming to market in London falls by 1.3% (-£8,289) as summer sellers discount to attract holiday-distracted buyers
- The price drop is less than half as large as in August 2014, and the smallest August fall since the credit crunch
- London's property owners more reluctant to come to market this year than last - the number of newly-marketed properties plunges by 18% on same period in 2014
- Rightmove research¹ establishes London stay-away sellers' top three reasons for not yet putting their move into motion:
 - 1: The costs of moving
 - 2: They cannot find anywhere they want to buy
 - 3: They cannot find a property they can afford

London average asking prices				
Area	August 2015	July 2015	Monthly change	Annual change
Greater London	£606,826	£615,115	-1.3%	9.7%
Inner London	£798,657	£819,513	-2.5%	9.8%
Outer London	£478,375	£478,646	-0.1%	9.3%
Average asking prices by market sector:				
Sector	August 2015	July 2015	Monthly change	Annual change
First-time buyers	£455,624	£449,766	1.3%	11.3%
Second-steppers	£633,211	£642,963	-1.5%	9.1%
Top of the ladder	£1,528,036	£1,628,414	-6.2%	8.2%

Overview

This month's London summer sellers have set their asking prices 1.3% (-£8,289) lower than last month to attract holiday-distracted buyers. However, this is the least generous discount that August sellers have offered to prospective buyers since the onset of the credit crunch in 2007. There has been an eight-year post-credit-crunch trend of large summer holiday price decreases, and this August's fall of 1.3% is well short of the average August price change between 2008 and 2014, which is 2.6%.

Miles Shippside, Rightmove director and housing market analyst comments: "New seller asking prices have been muted by the traditional summer holiday property slowdown, with an average fall of over £8,000. Buyers can normally pick up some bargains in the month of August as sellers who are marketing their homes when they should be holidaying often have a pressing need to sell and mark their prices down pretty aggressively. While the average discount on properties put up for sale this month compared to last is not insubstantial at £8,289, it is under half the £17,697 that was on offer last year, and at 1.3% is the least generous markdown since the onset of the credit crunch in 2007. Perhaps sellers are wary of discounting too much given that affording their next property and paying for the costs of moving appear to be the reasons holding some potential sellers back from marketing their property."

London's property owners are more reluctant to come to market this year than last, with the number of newly marketed properties plunging 18% on the same period in 2014.



Shipside observes: *“There appears to be a reluctance among home-owners to come to market in London, perhaps sensing that achieving a top price is less likely now some of the froth has gone out of the market. In addition if they think the prospects of finding and funding their next move are severely compromised then they may postpone their move. These stay-away sellers who are considering a move but have yet to put things into motion have concerns around finding a suitable property that they can afford - not only the additional purchase price of the next rung up the ladder, but also the costs associated with moving.”*

Rightmove research among London home-owners who are considering a move establishes their top three reasons for not putting it into motion:

1: The costs of moving

With lenders requiring substantial deposits and better mortgage rates available to those who are borrowing a smaller proportion of the purchase price, the costs of moving can eat into buyers' potential deposits meaning some owners may stay put or improve their own home instead. Whether moving or improving, thorough research and getting advice from property professionals to fulfil the maximum potential and value of your property is very important, especially if the next move is trading up to a more expensive property. It is a good selling market in many parts of the country, but the key is selling to the right buyer at the right price, and if buying again tying it in with the right purchase.

Shipside comments: *“Some would-be sellers are reluctant to come to market, but with the right advice and tactics, plus some very attractive fixed rate mortgage offers, these are good moving conditions. It's a big financial decision to move though the changes in stamp duty have reduced the costs of moving for many. With the next step up the ladder often a mighty leap in the capital, the various fees including estate agents, conveyancing, arranging a mortgage, stamp duty and removals all add up and mean that some postpone, refit or extend. When considering selling getting professional advice from your local estate agent is essential, not only on how to prepare your property for sale, but also expertly marketing its benefits to achieve its full value and help cover the costs of moving.”*

2: They cannot find anywhere they want to buy

With some home-owners being reluctant to put their own property on the market speculatively and wait for the right property to become available, some high-demand locations can suffer from property gridlock if too many would-be sellers hesitate to come to market.

Shipside advises: *“If there's very little up for sale it can often put off would-be sellers from deciding to market their own property. Selling subject to contract before you try to buy sounds concerning to many, but with fewer properties for sale you need to have a buyer for your property or you will be treated as a less serious buyer yourself. If you've sold your property subject to contract but cannot find the right home for you, you can delay the deal with your buyer until it comes along. If nothing suitable does come along and you lose your buyer then the worst outcome is that you have to find another buyer or take your property off the market and stay put for now. Be mindful that you could be wasting a buyer's time, so be very open at the outset that you have not yet found a property to buy, and they must not commit to any costs until you have agreed your onward purchase. If you're in an area where suitable stock is tight, then discuss these tactics and their implications with your estate agent.”*

3: They cannot find a property that they can afford

The shortage of property for sale in many popular locations puts upwards pressure on prices, is not good for affordability ratios and typically hits those buying again if they are trading up.

“There's been considerable publicity about tighter lending criteria, and some would-be movers are perhaps assuming that they will not qualify,” comments Shipside. *“With some really tempting mortgage deals around, it seems that lenders have a renewed appetite to lend, so it's worth chatting to a mortgage advisor. Widening your search criteria to include cheaper and potentially up-and-coming areas is often also a rewarding tactic.”*



Agent's View

Alastair Hilton, Manager of Winkworth in Chiswick comments: *"We've seen strong demand and growth in prices in the past few months, especially for one and two bed flats. Compared to last year the summer slowdown has been much more muted, and properties coming on at the right price are selling quickly, especially ones that are either in need of refurbishment or are in perfect condition. Quite a few sellers in Chiswick are looking to trade up and move out of London, and when they're not able to find a suitable property this is having a knock-on effect on the flats they're selling, increasing the demand for the smaller properties further."*



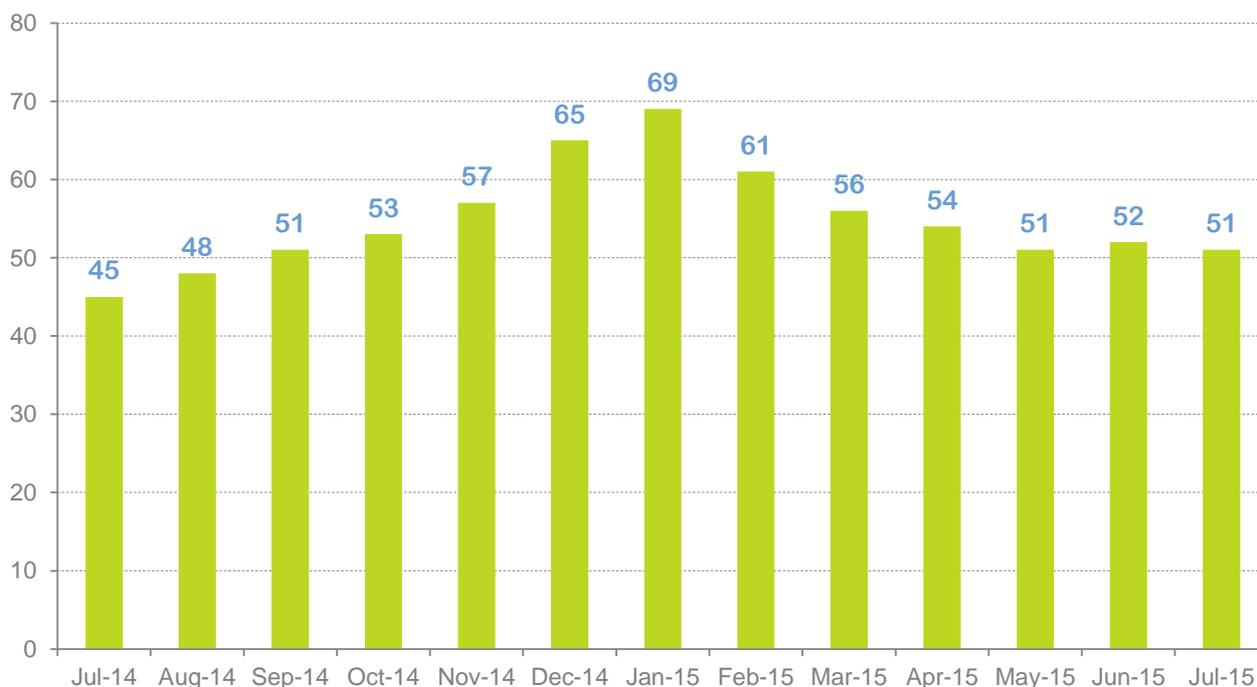
London's best performers: August 2015

Borough	Avg. price Aug 2015	Avg. price July 2015	Monthly change	Avg. price Aug 2014	Annual change
Barnet	£717,397	£669,799	7.1%	£625,518	14.7%
Brent	£639,774	£600,489	6.5%	£561,190	14.0%
City of Westminster	£2,146,526	£2,053,876	4.5%	£1,976,924	8.6%
Wandsworth	£830,025	£800,212	3.7%	£767,326	8.2%
Tower Hamlets	£592,850	£572,140	3.6%	£507,906	16.7%

London's worst performers: August 2015

Borough	Avg. price Aug 2015	Avg. price July 2015	Monthly change	Avg. price Aug 2014	Annual change
Merton	£607,873	£694,066	-12.4%	£569,751	6.7%
Hounslow	£497,710	£540,714	-8.0%	£452,472	10.0%
Kensington and Chelsea	£2,147,264	£2,289,669	-6.2%	£2,072,120	3.6%
Lambeth	£629,626	£661,335	-4.8%	£582,436	8.1%
Hillingdon	£428,013	£444,266	-3.7%	£386,604	10.7%

Average 'time to sell' (days) - London





London boroughs

Borough	Avg. price Aug 2015	Avg. price July 2015	Monthly change	Avg. price Aug 2014	Annual change
Kensington and Chelsea	£2,147,264	£2,289,669	-6.2%	£2,072,120	3.6%
City of Westminster	£2,146,526	£2,053,876	4.5%	£1,976,924	8.6%
Camden	£1,106,312	£1,128,349	-2.0%	£1,028,619	7.6%
Hammersmith and Fulham	£992,487	£1,029,498	-3.6%	£945,284	5.0%
Richmond upon Thames	£849,946	£825,497	3.0%	£792,777	7.2%
Wandsworth	£830,025	£800,212	3.7%	£767,326	8.2%
Islington	£732,879	£732,625	0.0%	£641,491	14.2%
Barnet	£717,397	£669,799	7.1%	£625,518	14.7%
Brent	£639,774	£600,489	6.5%	£561,190	14.0%
Lambeth	£629,626	£661,335	-4.8%	£582,436	8.1%
Hackney	£627,302	£619,377	1.3%	£582,647	7.7%
Kingston upon Thames	£614,355	£621,152	-1.1%	£558,729	10.0%
Ealing	£609,219	£608,433	0.1%	£586,555	3.9%
Merton	£607,873	£694,066	-12.4%	£569,751	6.7%
Tower Hamlets	£592,850	£572,140	3.6%	£507,906	16.7%
Haringey	£586,997	£596,826	-1.6%	£553,418	6.1%
Southwark	£580,809	£594,483	-2.3%	£568,616	2.1%
Harrow	£526,547	£530,864	-0.8%	£485,678	8.4%
Hounslow	£497,710	£540,714	-8.0%	£452,472	10.0%
Bromley	£495,903	£493,869	0.4%	£461,052	7.6%
Enfield	£432,281	£426,396	1.4%	£399,555	8.2%
Lewisham	£432,067	£440,580	-1.9%	£399,574	8.1%
Redbridge	£430,528	£417,825	3.0%	£373,116	15.4%
Hillingdon	£428,013	£444,266	-3.7%	£386,604	10.7%
Greenwich	£427,078	£427,976	-0.2%	£362,931	17.7%
Waltham Forest	£416,476	£413,392	0.7%	£378,254	10.1%
Sutton	£394,956	£388,615	1.6%	£354,376	11.5%
Croydon	£379,279	£377,114	0.6%	£342,730	10.7%
Newham	£371,915	£361,697	2.8%	£313,668	18.6%
Havering	£342,661	£339,631	0.9%	£309,036	10.9%
Bexley	£317,893	£321,933	-1.3%	£292,679	8.6%
Barking and Dagenham	£262,292	£257,180	2.0%	£231,451	13.3%



Editors' notes

1 Results taken from Rightmove home-owner survey of 34,698 respondents, carried out between 28th July and 12th August 2015. Top three reasons from people in London who are seriously considering moving but are yet to put it into motion.

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 90 million visits from home movers each month who view in excess of one billion pages (Rightmove data, October 2014).