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## Rightmove 2016 forecast: Inner London standstill, Outer London up 6%

- Rightmove forecasts a 3% overall increase for London with Inner London 0% and Outer London up 6%
- Lowest December dip (-0.5%) in the price of property coming to market since 2008 pushes 2015 annual rate up from 8.1% to 9.9%
- Outer London (-0.2% on the month, and +10.6% annual rate) continues to out-perform Inner London (-0.9% on the month, and +9.1% annual rate) and we expect that trend to be more marked next year
- As London's cost of housing remains prohibitive for many, highly-skilled workers may choose to leave London for buoyant 'city-regions' further north and west

| London average asking prices            |               |               |                |               |
|-----------------------------------------|---------------|---------------|----------------|---------------|
| Area                                    | December 2015 | November 2015 | Monthly change | Annual change |
| Greater London                          | £616,548      | £619,866      | -0.5%          | 9.9%          |
| Inner London                            | £805,295      | £812,696      | -0.9%          | 9.1%          |
| Outer London                            | £490,044      | £491,231      | -0.2%          | 10.6%         |
| Average asking prices by market sector: |               |               |                |               |
| Sector                                  | December 2015 | November 2015 | Monthly change | Annual change |
| First-time buyers                       | £463,012      | £466,089      | -0.7%          | 11.0%         |
| Second-steppers                         | £648,329      | £653,695      | -0.8%          | 10.8%         |
| Top of the ladder                       | £1,511,923    | £1,509,749    | 0.1%           | 5.6%          |

## Overview

The seasonal 0.5% (-£3,318) dip in the price of property coming to market this month is the lowest December fall seen in London since 2008. It gives a final flourish to the capital's 2015 annual rate of increase which rises from 8.1% to 9.9%. There are continued signs of Outer London (-0.2% on the month, and +10.6% annual rate) marginally outperforming Inner London (-0.9% on the month, and +9.1% annual rate), and we forecast that this divergence will be more marked in 2016.

Miles Shippside, Rightmove director and housing market analyst comments: "Whilst a fall is the norm at this time of year, this is December's best price performance in the capital since 2008. Both Inner and Outer London are down but Outer sits at 10.6% year on year providing more of the uplift than Inner London. The most buoyant sector in London overall is the one made up of first-time-buyer type properties (two beds or fewer), up by 11% annually. It's the harbinger of another round of price rises in typically more affordable Outer London next year, which means continued struggles for those whose affordability constraints have ruled them out of the market in 2015."

Rightmove's overall 2016 forecast for London is for new seller asking prices to rise by 3%. With increasingly stretched affordability but continuing high demand, Outer London will markedly out-perform with an annual rise in the region of +6%, while the well-publicised issues of Inner London will result in a 0% price standstill.

Shippside predicts: "Shortage of supply is an inherent factor in the London property market, and there is some help at hand with initiatives such as Help to Buy. Whilst these encourage developers to build more new homes it remains to be seen whether they will be affordable enough for many struggling first-time buyers. Looking further afield



*will remain the only realistic hope for many, hence our prediction of a continuing strong price performance in Outer London. Some may finally give up and look to move even further afield."*

Analysis of Rightmove data by Dr Alasdair Rae, of the University of Sheffield, suggests that we may see an exodus of highly-skilled workers leaving the capital for more affordable yet vibrant cities such as Leeds, Edinburgh, Cardiff and Manchester. This ripple effect won't reach all towns and cities and continued stagnation or price falls are likely in less sought-after areas in the north and west of the country, especially if buy-to-let investor activity tails off. As choosier buyers demand easier access to amenities to satisfy convenience and lifestyle demands, expect to see increased price divergence between the more buoyant large urban markets and smaller urban areas that can't offer the same range of facilities.

Dr Rae predicts: *"2016 may be the year when many young urban professionals finally give up on the London market and consider long-term career moves to the UK's large, buoyant city-regions, such as Manchester, Leeds, Cardiff and Edinburgh. They are already very popular and pricey because of what they offer, but may seem cheap to London émigrés priced out of the capital."*

## Agents' Predictions

Nick Barnes, Chestertons' Head of Research, offers the following predictions for the London residential markets in 2016: *"We're likely to see a flurry of activity before the 3% premium in Stamp Duty in April for second-home buyers and buy-to-let investors, but after that there may be a slump as particularly pensioners and smaller investors are deterred from entering the market and instead look for other investment options. This will hit London the hardest, as around 15% of buyers here are buy-to-let or second-home investors. I think more pensioners and 'empty nesters' will be looking for realistic options to downsize but stay in the capital, while jobs in the booming hi-tech and financial services sectors will continue to make London an attractive option for major multi-nationals, and the expansion of the 'City fringe' will continue unabated. However, some organisations, including the CBI, are warning that the availability and affordability of homes in London, coupled with the uncertainty a Brexit vote will bring, could make some corporates look elsewhere in 2017 and beyond."*

Stephanie McMahon, Head of Research at Strutt & Parker says: *"Price growth in London is being driven by the Greater London market as changing lifestyle needs and net migration fuel demand. In addition future infrastructure improvements such as Crossrail are being priced in across more peripheral areas such as Southall and Hayes & Harlington to the West and Woolwich to the East. The UK market as a whole is in steady growth mode as the demand side policies such as Help to Buy, alongside cheap borrowing rates and low supply levels create price impetus. The areas with the greatest momentum are those which are readily commutable and/or are benefitting from infrastructure upgrades. Anticipated interest rate movement in the coming 18 months will cause concern for the highly leveraged and has resulted in increasing numbers fixing their mortgage products to ensure consistency of payments."*



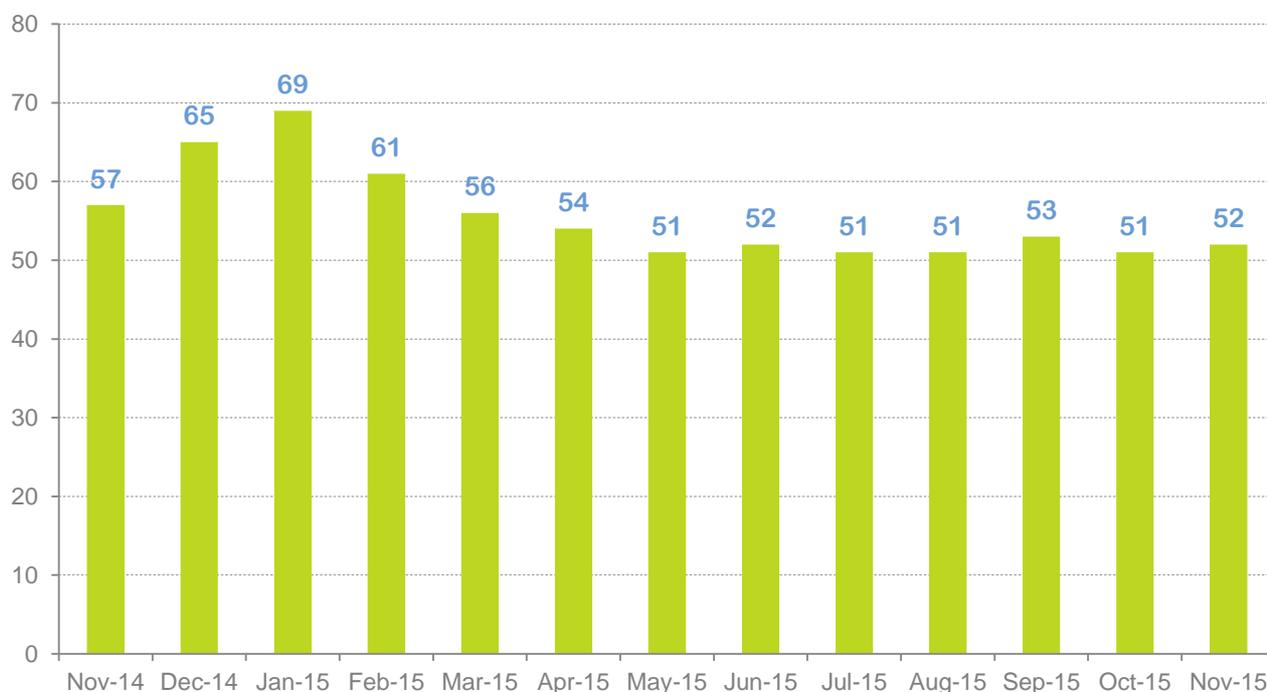
## London's best performers: December 2015

| Borough                | Avg. price Dec 2015 | Avg. price Nov 2015 | Monthly change | Avg. price Dec 2014 | Annual change |
|------------------------|---------------------|---------------------|----------------|---------------------|---------------|
| Camden                 | £1,207,626          | £1,047,597          | 15.3%          | £991,428            | 21.8%         |
| Kensington and Chelsea | £2,497,560          | £2,327,125          | 7.3%           | £2,192,956          | 13.9%         |
| Merton                 | £670,771            | £631,304            | 6.3%           | £516,951            | 29.8%         |
| Richmond upon Thames   | £930,316            | £879,220            | 5.8%           | £858,571            | 8.4%          |
| Newham                 | £396,012            | £377,592            | 4.9%           | £316,671            | 25.1%         |

## London's worst performers: December 2015

| Borough             | Avg. price Dec 2015 | Avg. price Nov 2015 | Monthly change | Avg. price Dec 2014 | Annual change |
|---------------------|---------------------|---------------------|----------------|---------------------|---------------|
| City of Westminster | £1,764,956          | £1,929,379          | -8.5%          | £1,867,486          | -5.5%         |
| Hillingdon          | £441,482            | £475,420            | -7.1%          | £399,351            | 10.5%         |
| Hackney             | £650,657            | £687,330            | -5.3%          | £568,378            | 14.5%         |
| Haringey            | £605,403            | £637,076            | -5.0%          | £601,889            | 0.6%          |
| Lewisham            | £442,528            | £460,822            | -4.0%          | £397,045            | 11.5%         |

## Average 'time to sell' (days) - London





## London boroughs

| Borough                | Avg. price Dec 2015 | Avg. price Nov 2015 | Monthly change | Avg. price Dec 2014 | Annual change |
|------------------------|---------------------|---------------------|----------------|---------------------|---------------|
| Kensington and Chelsea | £2,497,560          | £2,327,125          | 7.3%           | £2,192,956          | 13.9%         |
| City of Westminster    | £1,764,956          | £1,929,379          | -8.5%          | £1,867,486          | -5.5%         |
| Camden                 | £1,207,626          | £1,047,597          | 15.3%          | £991,428            | 21.8%         |
| Hammersmith and Fulham | £1,095,788          | £1,047,889          | 4.6%           | £919,982            | 19.1%         |
| Richmond upon Thames   | £930,316            | £879,220            | 5.8%           | £858,571            | 8.4%          |
| Wandsworth             | £805,834            | £833,266            | -3.3%          | £779,366            | 3.4%          |
| Islington              | £770,411            | £795,978            | -3.2%          | £663,773            | 16.1%         |
| Barnet                 | £681,923            | £676,424            | 0.8%           | £705,132            | -3.3%         |
| Merton                 | £670,771            | £631,304            | 6.3%           | £516,951            | 29.8%         |
| Hackney                | £650,657            | £687,330            | -5.3%          | £568,378            | 14.5%         |
| Southwark              | £645,101            | £638,666            | 1.0%           | £560,235            | 15.1%         |
| Kingston upon Thames   | £632,897            | £611,145            | 3.6%           | £551,231            | 14.8%         |
| Ealing                 | £628,941            | £626,216            | 0.4%           | £594,282            | 5.8%          |
| Lambeth                | £623,310            | £631,566            | -1.3%          | £601,264            | 3.7%          |
| Brent                  | £619,434            | £622,145            | -0.4%          | £545,010            | 13.7%         |
| Haringey               | £605,403            | £637,076            | -5.0%          | £601,889            | 0.6%          |
| Tower Hamlets          | £599,095            | £587,752            | 1.9%           | £552,946            | 8.3%          |
| Harrow                 | £549,153            | £537,883            | 2.1%           | £477,812            | 14.9%         |
| Hounslow               | £548,580            | £546,413            | 0.4%           | £503,798            | 8.9%          |
| Bromley                | £500,570            | £510,107            | -1.9%          | £451,562            | 10.9%         |
| Redbridge              | £445,398            | £433,413            | 2.8%           | £370,152            | 20.3%         |
| Greenwich              | £443,377            | £449,776            | -1.4%          | £389,024            | 14.0%         |
| Lewisham               | £442,528            | £460,822            | -4.0%          | £397,045            | 11.5%         |
| Hillingdon             | £441,482            | £475,420            | -7.1%          | £399,351            | 10.5%         |
| Enfield                | £438,179            | £455,389            | -3.8%          | £395,511            | 10.8%         |
| Waltham Forest         | £431,917            | £433,466            | -0.4%          | £370,775            | 16.5%         |
| Sutton                 | £399,890            | £392,045            | 2.0%           | £369,359            | 8.3%          |
| Newham                 | £396,012            | £377,592            | 4.9%           | £316,671            | 25.1%         |
| Croydon                | £393,145            | £395,467            | -0.6%          | £349,703            | 12.4%         |
| Havering               | £351,506            | £361,441            | -2.7%          | £312,502            | 12.5%         |
| Bexley                 | £332,038            | £331,197            | 0.3%           | £290,239            | 14.4%         |
| Barking and Dagenham   | £280,128            | £274,957            | 1.9%           | £236,161            | 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.

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).