

# House Price Index

■ May 2014 edition

THE LARGEST MONTHLY SAMPLE OF RESIDENTIAL PROPERTY PRICES

*Under embargo for 00:01 hours: Monday, 19th May 2014*

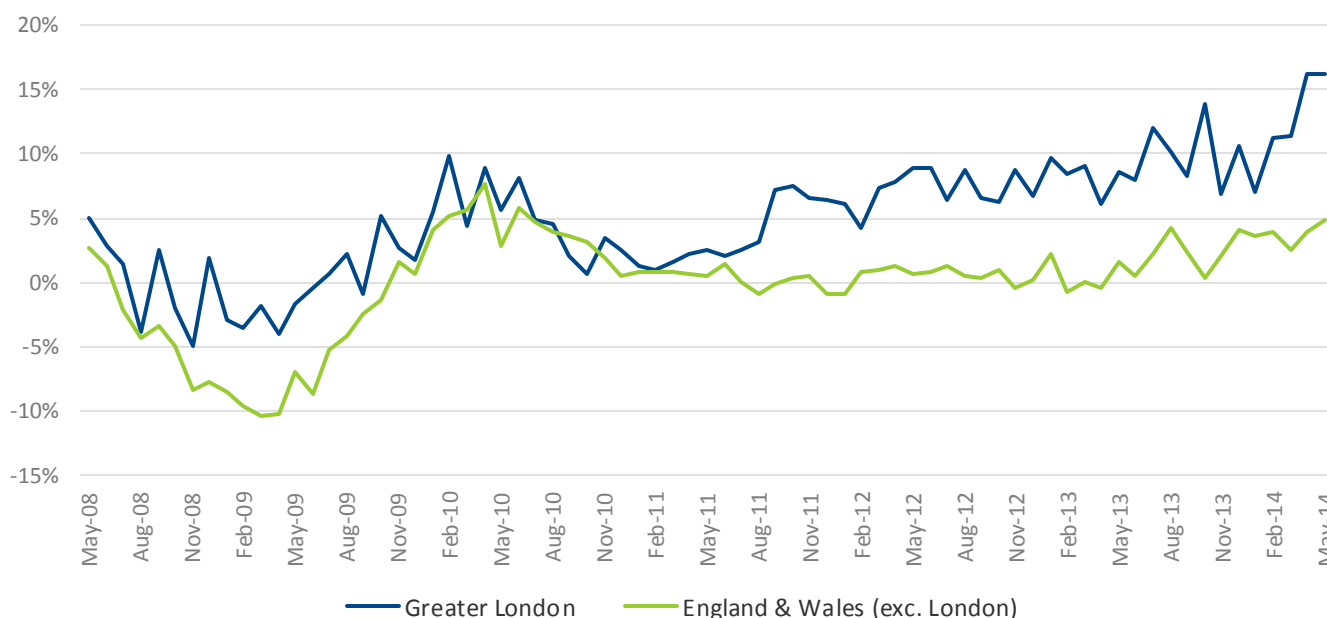
## Largest ever May rise as new sellers ask nearly £10k more

Average property asking price:	
May 14	Apr 14
<b>£272,003</b>	£262,594
% change in month:	
May 14	Apr 14
<b>+3.6%</b>	+2.6%
% change in past year:	
May 14	Apr 14
<b>+8.9%</b>	+7.3%
Monthly index (Jan 2002 = 100)	
May 14	Apr 14
<b>221.3</b>	213.7

- New sellers' asking prices up by an average of 3.6% (+£9,409) in May, the largest ever rise recorded at this time of year and another new all-time high
- The price of property coming to market is now 8.9% higher than a year ago:
  - highest annual rate for over six years, since October 2007 (+10.4%)
  - London up by 'frothy' 16.3% and while the capital's momentum is spreading, the rest of the country is only up by a more modest average of 4.9%, failing to fit the 'bubble' narrative
- The average asking price in London is up by nearly £80,000 so far in 2014 – or £4,500 a week – yet the national average excluding London is £1,500 a week highlighting the disparity between London and the rest of the country
- Mortgage Market Review can help temper the wider market, though London needs major housing supply boost to prevent excessive rises with ten out of 32 boroughs having annual rises of over 20%

### Annual change in average asking price since May 2008

Source: Rightmove House Price Index



Rightmove measured 142,453 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 6<sup>th</sup> April 2014 to 10<sup>th</sup> May 2014 and advertised on Rightmove.co.uk.

Rightmove.co.uk is the UK's largest property website, advertising around 90% of all homes for sale via estate agents across the UK. The site attracts over 80 million visits from home movers each month who view in excess of one billion pages (Rightmove data, Oct 2013). 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.

## Overview

The price of property coming to market this month is up by a national average of nearly £10,000 (+£9,409). This 3.6% rise is the largest ever measured at this time of year and has not been exceeded since April 2002. This pushes the national average to £272,003, a new record high. The market momentum and upwards price pressure continue, and this month have been accelerated by the late Easter condensing the spring home-moving season into the reduced timespan between Easter and the summer holidays. It has been further invigorated by the combination of the Easter and May bank holidays causing a lull in the number of properties coming to market at a time of high demand.

Miles Shipside, Rightmove director and housing market analyst comments: *"May is a traditionally bullish price rise month, though this year's 3.6% jump beats the previous May high of 3.2% set in 2002. A late Easter in the heart of the house-hunting season has not only concentrated the traditional hottest home-moving period by several weeks, but also stagnated seller numbers, further stirring up prices in areas of buoyant demand."*

Demand for housing remains strong with email enquiries to agents on Rightmove up by nearly 20% so far in 2014 compared to the same period last year. However, the supply of new properties to market is still unable to keep pace with demand, and whilst earlier months this year saw an encouraging increase in the number of new sellers, this month has seen the number of properties coming to market fall by 1% compared to April, as the bank holidays affect seller activity.

Shipside adds: *"In spite of every region having average new seller asking prices higher than a year ago and it being the peak time of year to attract buyers, the lure of bank holiday breaks meant that fewer sellers marketed their properties this month compared to last. The lack of fresh choice will frustrate buyers and lessen their negotiating power in popular locations as pent-up demand continues to be released and more buyers have the confidence and ability to act after years of inactivity."*

The annual rate of increase is now 8.9%. This is the highest year-on-year rise since October 2007 when it was 10.4%. While housing market momentum is recovering in all regions, it is London that distorts the national picture and erroneously drives the 'national house price bubble' headlines. The new seller average asking price of a property in the capital is up by 16.3% (+£82,893) year-on-year compared to an average 4.9% (+£11,028) in the rest of England and Wales.

Shipside observes: *"For a bubble to burst you need a sustained drop in demand, yet agents in the capital report a consistently high level of would-be buyers in markets that are not yet out of reach for Londoners. So while you might describe London's annual jump of over 16% as being as a result of a very frothy market, it is underpinned by long-term demand and a genuine shortage of housing supply. The northern regions are still below their previous peaks, and while all four southern regions are at all-time highs, the average annual rise outside London remains below 5%."*

The disparity between London and the other regions is further highlighted by the growth in new seller asking prices so far in 2014. The average asking price in London is up by nearly £80,000 so far in 2014, an average of £4,405 per week. The weekly average of the rest of the country is £1,521.

Shipside comments: *"London prices traditionally pick up earlier than the rest of the country, and whilst it appears to be slowly dragging other regions along in its wake, the difference is still very marked, particularly when the percentage increases are turned into hard cash comparisons."*

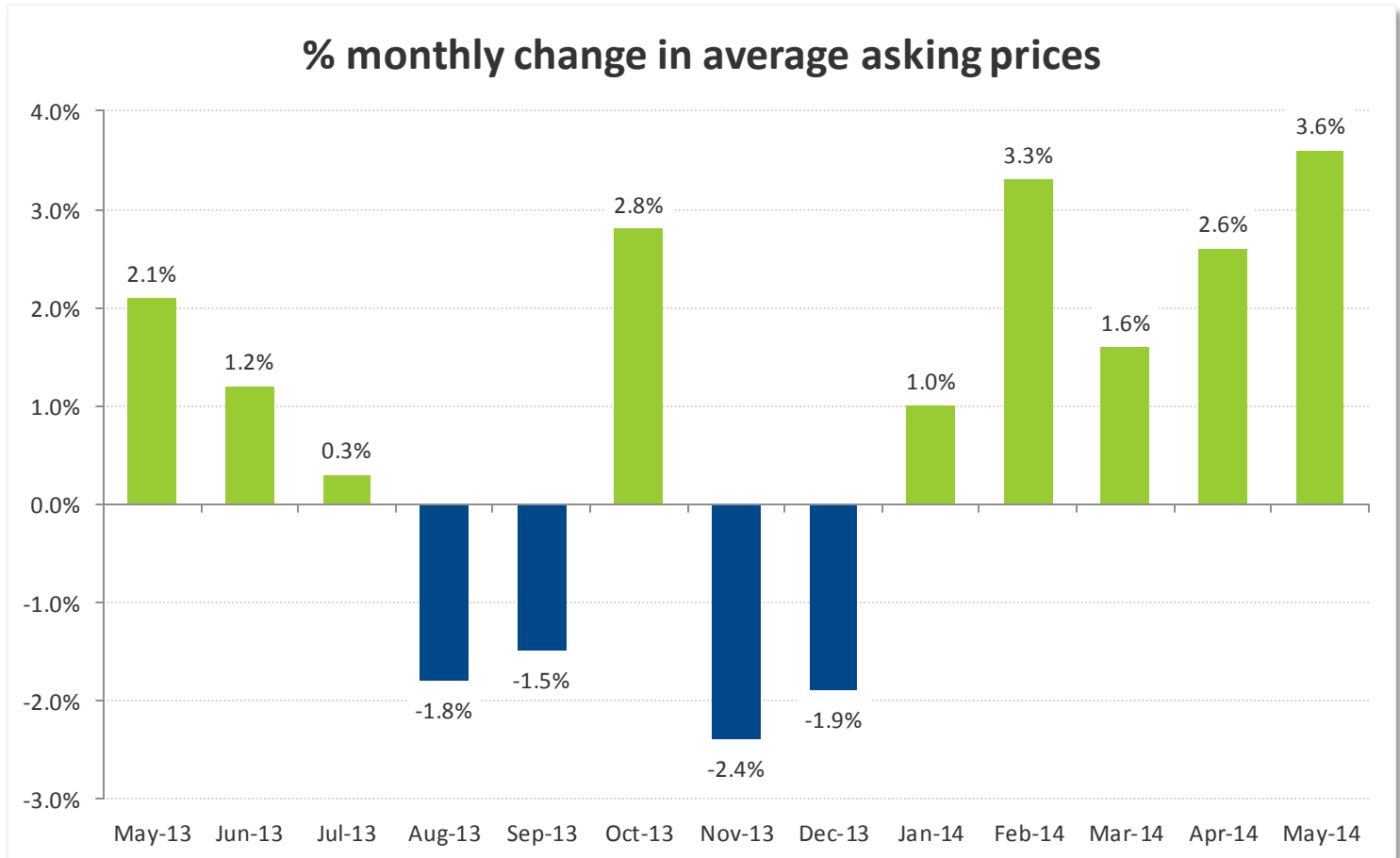
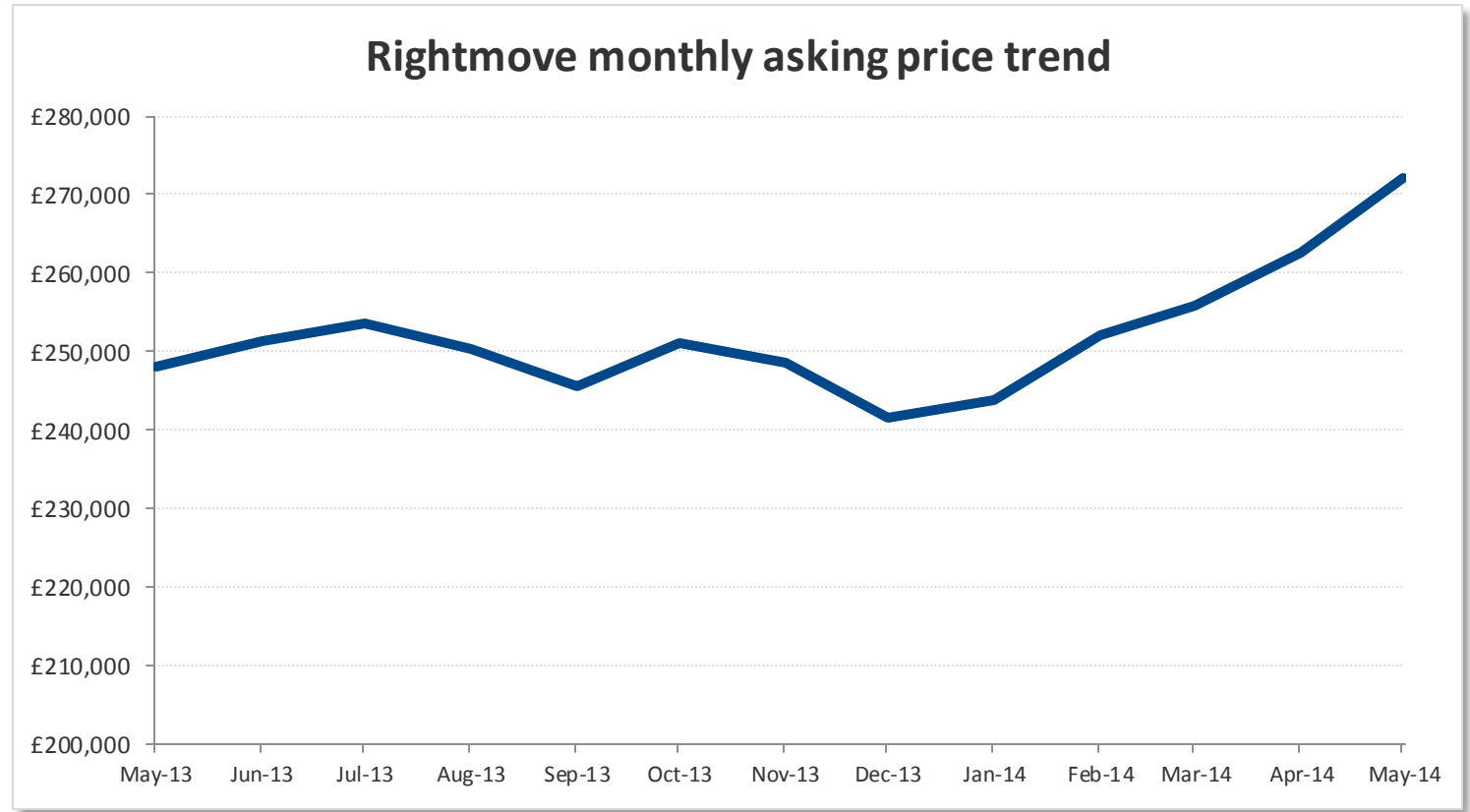
Indeed, outside London and its commuter belt, demand may be better balanced with supply by the more stringent checks and affordability tests under the Mortgage Market Review (MMR) that became mandatory less than a month ago. The main conclusion at present is that the delays in lenders' processing systems are curtailing lending, with it being too early to comment whether mainstream buyer activity will have a significant drop-off from the new controls. Where a major imbalance exists between supply and demand, as in London, the long-term solution has to be to create more housing supply to meet any structural need rather than to artificially hold down demand. London has seen the most sought-after locations jump in price as they have become prized by the world's wealthy, and now level out as supply has increased in this relatively small volume sector. This increase in housing supply is much harder to achieve in the volumes required for the mass London market, where the success of the capital city both as a place to live and a magnet for employment is now resulting in mainstream areas within easy access of the centre seeing massive price increases. Ten out of 32 boroughs have annual rises of over 20%. The 43.1% (+£186,809) annual increase in new seller asking prices in Tower Hamlets is the largest in London and exemplifies the wider problem.

Shipside concludes: *"The MMR is best used as a tool to bring higher standards to lending rather than a blunt instrument to tackle chronic shortages of housing supply in one of the ten regions of England and Wales. The capital now needs a programme of mammoth proportions to create a flood of housing supply. More major transport initiatives, satellite new towns, and the release of building land for both the private and social sectors will help to relieve upwards price pressure and give better options for both its inhabitants and its economic success. Lessening upwards price pressure in London would also temper the ripple effect felt by the rest of the country. While the huge annual gain in Tower Hamlets can partly be explained by a significant increase in cash buyers and investors in Canary Wharf and neighbouring areas driving up the borough average, it is symptomatic of the capital's wider housing problems. These are very real issues that cannot be ignored and cannot be solved without carefully targeted initiatives and massive investment."*

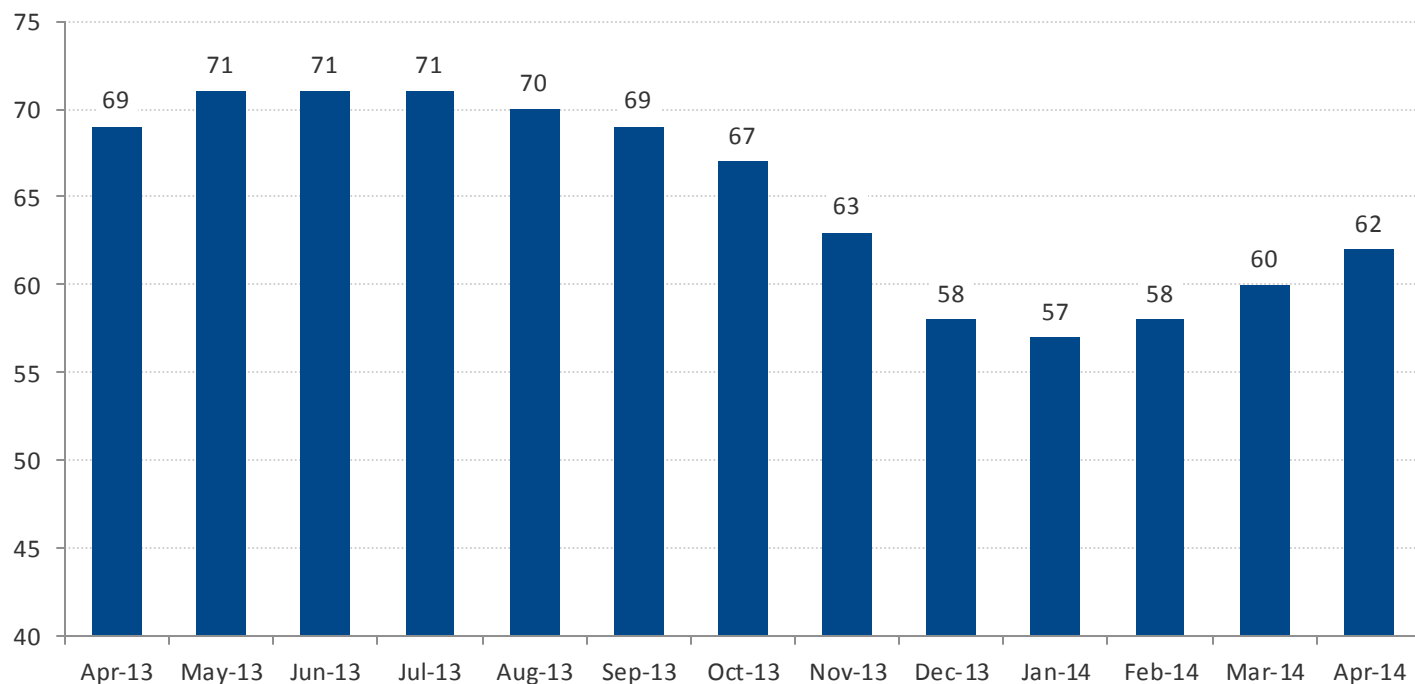
**Ben Butler, Sales Manager of Morgan Randall in Canary Wharf helps explain the 43.1% annual increase in the borough:**

*"A number of areas of Tower Hamlets are investor territory, with a number of cash buyers in the market and accidental landlords who have been sitting on the side-lines since 2008 taking advantage of the buoyant conditions and selling up. Around 65% of the properties we are selling are going to cash buyers, and we haven't sold a property for under asking price since around August 2013. As an example, one property sold in December 2013 for £425,000 and in March of this year an identical property in the same building sold for £575,000 - a £150,000 difference in just a few months."*

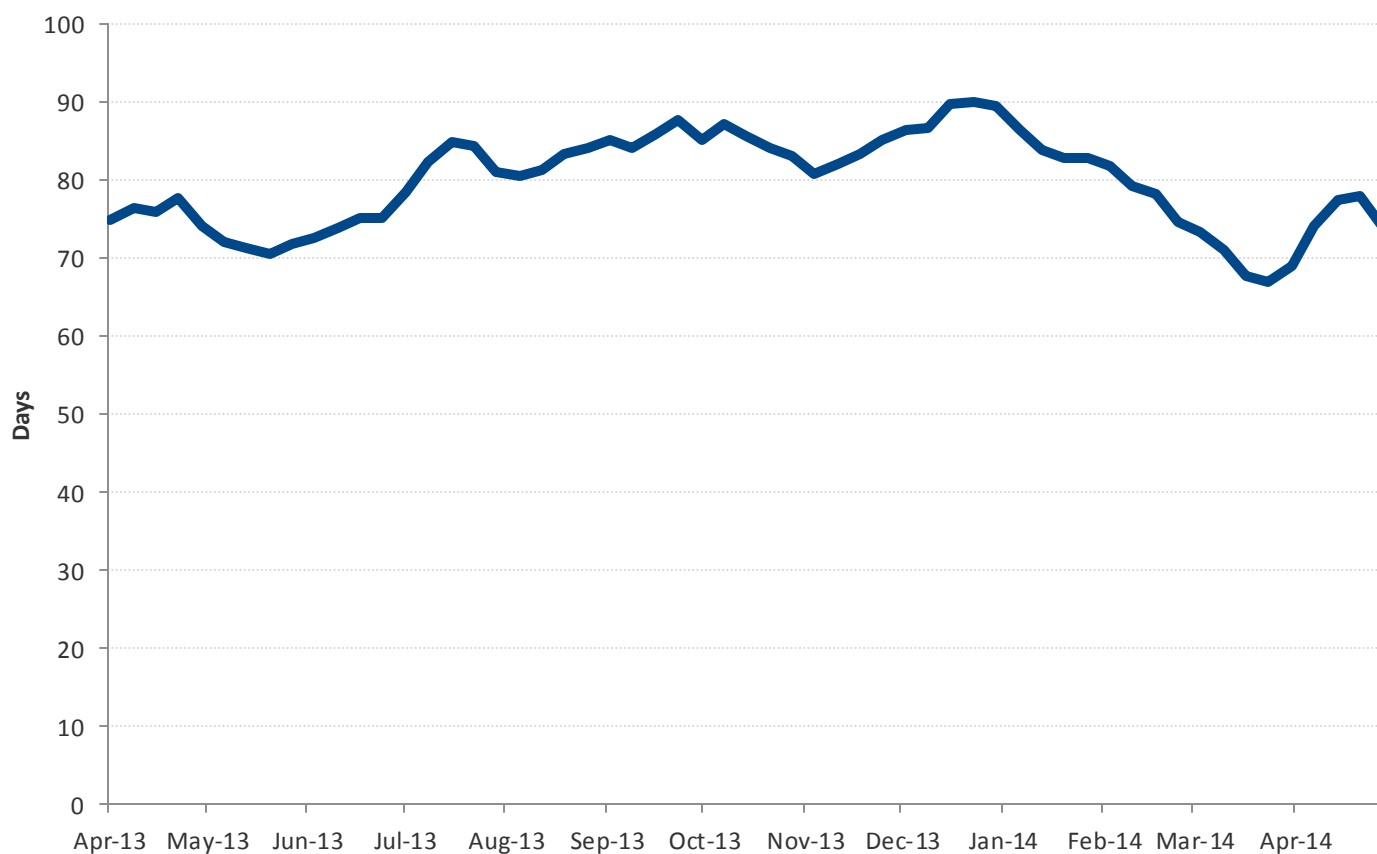
**Paul Wilson of Dacre Son & Hartley in Leeds comments:** *"People who have been sat renting for the past few years are now turning into motivated buyers, which has led to a shortage in supply, especially in the £250,000 to £350,000 price bracket. All the talk of the rising prices in London and a supposed nationwide bubble has created a wave up the country of vendors raising their expectations, and in some cases putting their property on the market for too high an asking price than is realistic in the market here. Those properties that are put on at sensible prices are moving quickly, so we are advising people they need to be realistic with what they expect to get."*



## Average properties for sale per estate agent

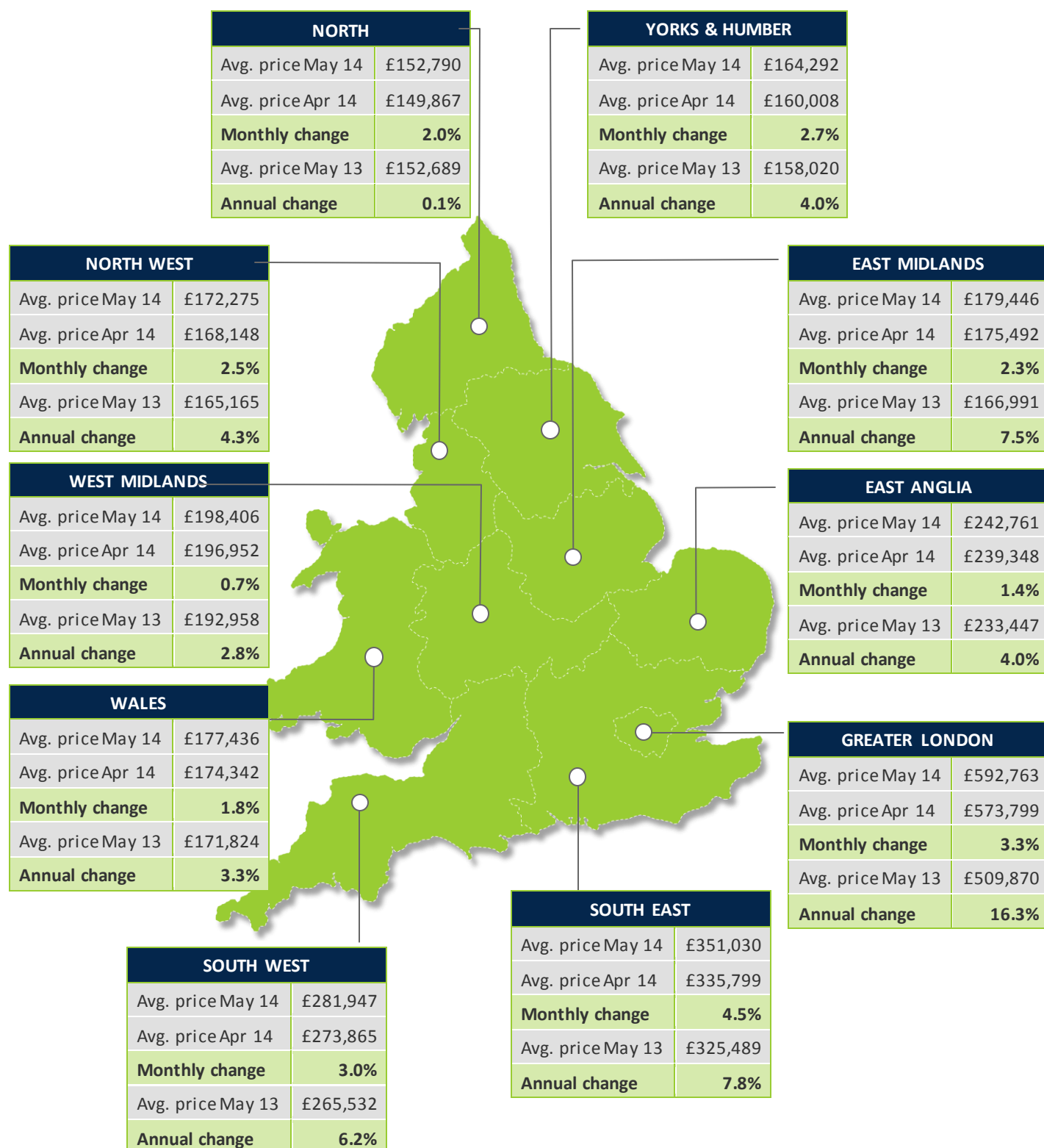


## Time on market indicator - National



## Regions of England and Wales

= increased from previous month  = decreased from previous month



## National asking price trend

Month	Index (Jan 2002 = 100)	% change	Avg. asking price
May 2013	203.3	+2.1%	£249,841
June 2013	205.7	+1.2%	£252,798
July 2013	206.4	+0.3%	£253,658
August 2013	202.8	-1.8%	£249,199
September 2013	199.7	-1.5%	£245,495
October 2013	205.4	+2.8%	£252,418
November 2013	200.3	-2.4%	£246,237
December 2013	196.5	-1.9%	£241,455
January 2014	198.4	+1.0%	£243,861
February 2014	205.0	+3.3%	£251,964
March 2014	208.3	+1.6%	£255,962
April 2014	213.7	+2.6%	£262,594
May 2014	221.3	+3.6%	£272,003
Annual Change	+18.0	+8.9%	+£22,162

## National asking price trend by property type

Month	Detached	Semi-detached	Terraced	Flats/apartments
May 2013	£369,582	£207,039	£191,161	£207,442
June 2013	£373,926	£206,670	£192,638	£208,792
July 2013	£374,370	£206,612	£192,710	£207,844
August 2013	£364,254	£204,392	£188,445	£209,652
September 2013	£359,051	£206,639	£188,777	£205,279
October 2013	£372,274	£207,581	£196,492	£220,539
November 2013	£361,465	£205,971	£193,730	£214,011
December 2013	£357,940	£205,671	£190,844	£213,977
January 2014	£361,672	£206,758	£191,384	£217,406
February 2014	£368,622	£213,021	£200,764	£221,492
March 2014	£373,514	£215,004	£203,064	£227,970
April 2014	£387,478	£217,831	£207,855	£229,755
May 2014	£400,698	£222,988	£212,344	£237,350
Annual Change	+8.4%	+7.7%	+11.1%	+14.4%



## London's best performers: May 2014

London's top 5	Avg. price May 14	Avg. price Apr 14	Monthly change
Haringey	£689,472	£645,721	6.8%
Ken'ton & C'sea	£2,391,364	£2,247,899	6.4%
Merton	£591,671	£558,786	5.9%
Westminster	£1,649,211	£1,565,793	5.3%
Croydon	£384,900	£366,663	5.0%

## London's worst performers: May 2014

London's bottom 5	Avg. price May 14	Avg. price Apr 14	Monthly change
Greenwich	£352,883	£350,783	0.6%
Sutton	£397,975	£393,757	1.1%
Brent	£810,773	£801,254	1.2%
Barnet	£684,962	£674,187	1.6%
Newham	£305,193	£299,585	1.9%

Time on market indicator - London





## London boroughs

Borough	Avg. price May 14	Avg. Price Apr 14	Monthly change	Avg. price May 13	Annual change
Kensington and Chelsea	£2,391,364	£2,247,899	6.4%	£2,371,633	0.8%
City of Westminster	£1,649,211	£1,565,793	5.3%	£1,669,590	-1.2%
Hammersmith and Fulham	£1,150,357	£1,102,110	4.4%	£985,112	16.8%
Camden	£1,134,878	£1,091,648	4.0%	£1,052,183	7.9%
Wandsworth	£908,175	£866,020	4.9%	£718,460	26.4%
Kingston-upon-Thames	£851,634	£814,260	4.6%	£676,912	25.8%
Richmond-upon-Thames	£848,414	£822,529	3.1%	£717,812	18.2%
Islington	£830,880	£800,745	3.8%	£720,120	15.4%
Brent	£810,773	£801,254	1.2%	£732,587	10.7%
Hackney	£731,346	£702,834	4.1%	£601,539	21.6%
Haringey	£689,472	£645,721	6.8%	£601,067	14.7%
Barnet	£684,962	£674,187	1.6%	£617,296	11.0%
Hounslow	£655,178	£627,002	4.5%	£539,807	21.4%
Lambeth	£635,505	£611,630	3.9%	£529,328	20.1%
Tower Hamlets	£620,131	£596,957	3.9%	£433,322	43.1%
Ealing	£604,316	£577,917	4.6%	£497,146	21.6%
Merton	£591,671	£558,786	5.9%	£481,096	23.0%
Southwark	£571,993	£548,666	4.3%	£493,145	16.0%
Lewisham	£455,746	£441,217	3.3%	£384,340	18.6%
Bromley	£426,146	£416,744	2.3%	£363,563	17.2%
Hillingdon	£415,546	£407,360	2.0%	£375,906	10.5%
Enfield	£409,382	£391,533	4.6%	£360,496	13.6%
Harrow	£401,850	£393,482	2.1%	£359,435	11.8%
Sutton	£397,975	£393,757	1.1%	£359,954	10.6%
Croydon	£384,900	£366,663	5.0%	£304,542	26.4%
Waltham Forest	£372,015	£364,042	2.2%	£318,773	16.7%
Redbridge	£355,360	£345,306	2.9%	£307,572	15.5%
Greenwich	£352,883	£350,783	0.6%	£309,490	14.0%
Newham	£305,193	£299,585	1.9%	£247,240	23.4%
Havering	£292,326	£285,282	2.5%	£267,095	9.4%
Bexley	£272,019	£266,735	2.0%	£227,776	19.4%
Barking and Dagenham	£253,293	£247,659	2.3%	£222,840	13.7%

## Index comparison

	House price	Monthly change
<b>APR 2014</b>		
Rightmove	£272,003	+3.6%
Halifax	N/A*	N/A*
Nationwide	N/A*	N/A*
<b>FEB 2014</b>		
Rightmove	£262,594	+2.6%
Halifax	£177,648	-0.2%
Nationwide	£183,577	+1.2%
<b>MAR 2014</b>		
Rightmove	£255,962	+1.6%
Halifax	£178,249	-1.1%
Nationwide	£180,264	+0.4%

\*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. Figure quoted for monthly change is 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.

### 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 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. All eight corporate estate agents (those with 100 or more branches) list their properties on the site. The Rightmove.co.uk site attracts over 80 million visits from home movers each month who view in excess of one billion pages (Rightmove data, October 2013).

For further information on methodology please contact the Press Office on **T** | 020 7087 0605 **M** | 07894 255295 or **E** | [amy.funston@rightmove.co.uk](mailto:amy.funston@rightmove.co.uk).