

House Price Index

■ June 2014 edition

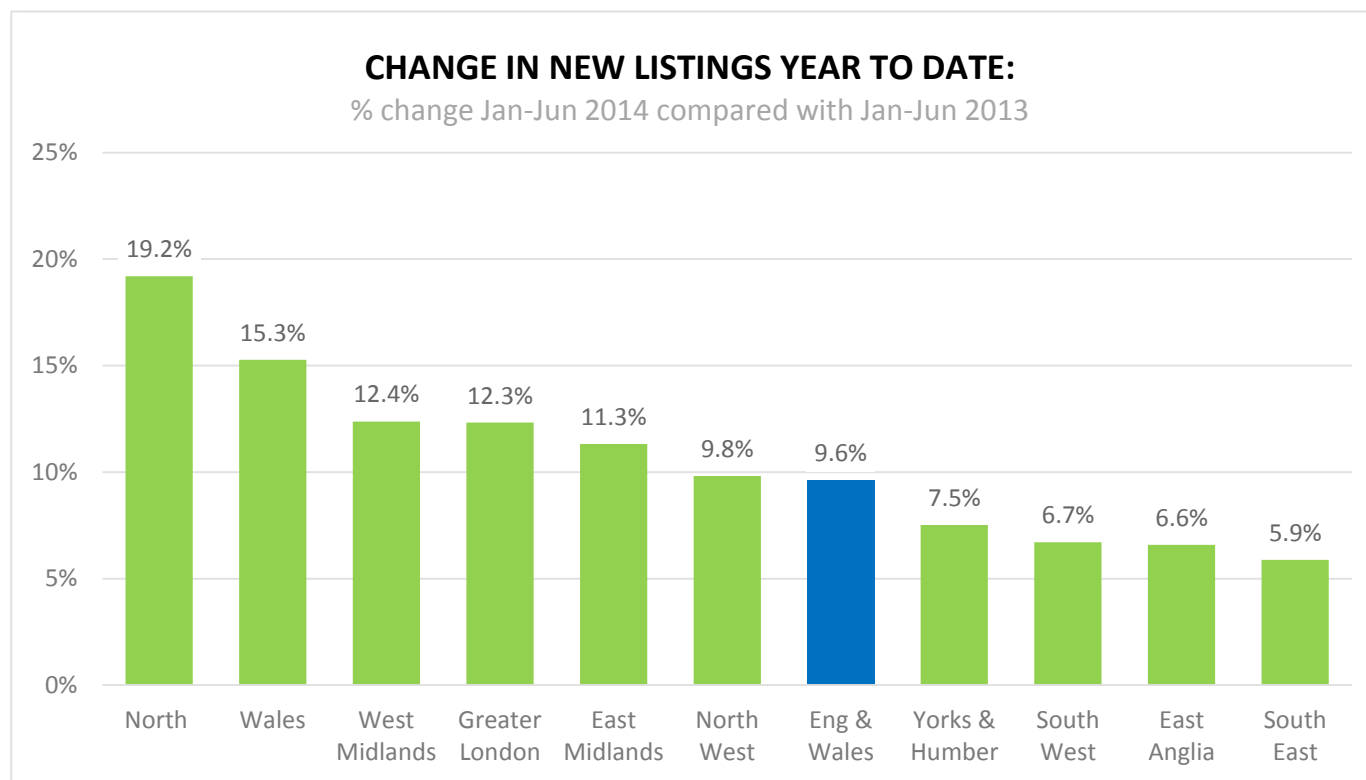
THE LARGEST MONTHLY SAMPLE OF RESIDENTIAL PROPERTY PRICES

Under embargo for 00:01 hours: Monday, 16th June 2014

Prices go off the boil as supply and demand find a better balance

Average property asking price:	
Jun 14	May 14
£272,275	£272,003
% change in month:	
Jun 14	May 14
+0.1%	+3.6%
% change in past year:	
Jun 14	May 14
+7.7%	+8.9%
Monthly index (Jan 2002 = 100)	
Jun 14	May 14
221.5	221.3

- New seller asking prices at virtual standstill, up by just 0.1% (+£272) this month
- More regions fall than rise, with London's 0.5% drop a combination of buyer reluctance and surge of over 20% more sellers rushing to market this month
- Early signs of belated return to balance between supply and demand:
 - New seller numbers up 9.6% year-to-date on 2013
 - Many committed and motivated buyers have already bought, releasing some pent-up demand and contributing to a slowdown in buyer activity
 - Prices in some areas especially in London may have hit an affordability cap
 - 'Clumsy' implementation of Mortgage Market Review (MMR) is a factor in the drop in mortgage approvals, causing 'headache and heartache'
- Relief for the Bank of England as market shows signs of cooling



Rightmove measured 126,541 asking prices – circa 90% of the UK market. The properties were put on sale by estate agents from 11th May 2014 to 8th June 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

Following substantial increases in the price of property coming to market over the first five months of 2014, this month sees a marked change with prices at a virtual standstill. The average rise in new seller asking prices is just 0.1% (+£272), and while demand usually cools over the summer months, this marginal increase is below June's 0.6% average over the last ten years. More regions see falls than rises this month and all the fallers are in the north, with the notable exception of London, which records a drop of 0.5%. Though all regions have seen an increase in supply as more people decide to try to sell, the capital has seen a rush of new sellers. With the ebb in demand and the flow of extra property choice for buyers coinciding with the somewhat chaotic implementation of the new Mortgage Market Review (MMR) and its tighter lending criteria, the net result is that some of the momentum has been taken out of the market.

Miles Shipside, Rightmove director and housing market analyst comments: *"The London market powers the rest of the UK but is starting to run out of steam. While the legacy of rises in central London continues to ripple out to its better-value commuter-belt, fuelling price increases in all southern regions, London itself is now marking time. It's an example to the rest of the country of what happens when affordability and common sense get stretched too far. Through luck or judgement it appears that the timing of the Mortgage Market Review, more property for sale in all regions, and a tail-off in pent-up buyer demand are alleviating some of the upwards price pressure. This will come as a relief to the Governor of the Bank of England and the Financial Policy Committee, who have cited an over-heating housing market as a serious threat to economic recovery and have further powers to use should it get out of hand."*

There are early signs of upwards price pressure being reduced by a better, albeit belated, balance between supply and demand. Those buyers who are the first to react to an upturn often have nothing to sell, and there is a time-lag before existing home-owners are ready or able to commit to trade up, down or out in the marketplace. Better selling conditions in the first half of this year and increased confidence to take on the commitment of moving have finally unlocked more supply with new seller numbers up by an average of 9.6% year-to-date compared with 2013. All regions have also recorded a month-on-month increase in properties coming to market, with the capital seeing the largest jump in new sellers, up by 23.2%.

Shipside observes: *"More supply means more choice for buyers and strengthens their negotiating hand, whilst it reduces the pricing power of sellers. As well as building more homes in the right places to satisfy demand, more churn of existing homes also helps, and that now seems to be happening, especially in London. Some sellers will be looking to cash in and possibly get a lot more house for their money further out, but they may have missed the peak in the rush to realise their gains as parts of London appear to have hit the upper limit price buffer. This rise in the number of sellers has also been seen in the north, and when combined with this month's price falls in five out of six northern regions, should put paid to some of the ill-informed national 'bubble' talk. While the jump in property supply is welcome and much needed it should be noted that average stock levels per estate agency branch are still well below those of last year, with shortages still pushing up prices in popular locations."*

Combined with the increase in supply, there are early indications of a slowdown in demand. The summer months traditionally see a drop-off in buyers, and this year it seems that the initial rush of pent-up buyer demand has started to slowdown, as many motivated and committed buyers have now completed their transactions.

Shipside notes: *"Many serious buyers who were waiting in the wings have now bought and moved in, taking a slug out of the pent-up demand for a few years to come, and the consequent chatter on the street is that quality buyers are now thinner on the ground. The next wave of buyers may have less motivation or ability to buy and sellers are going to have to be sensitive to their local market and not pitch their asking prices too high as choosy buyers will not arrange to come and visit."*

The tighter lending criteria introduced under MMR have also dampened demand, though it remains to be seen whether its clumsy implementation will result in only a temporary lull in mortgage approvals rather than a substantial permanent downturn. The most recent Bank of England mortgage approval figures for April were 17% lower than those in January, and

when combined with this month's price standstill it would seem unlikely that the Financial Policy Committee (FPC) will rush in extra measures on top of those already implemented by lenders in April under the MMR. Whilst it remains to be seen how many potential buyers will fail to get the mortgage of their choice, at present lenders are still struggling with the extra paperwork and new requirements for consistency in underwriting standards. Estate agents are reporting an initial 'knee-jerk' reaction by some lenders, turning down mortgages previously agreed in principle leading to house sales falling through. The last-minute and apparent over-zealous implementation of MMR by some lenders and current delays in the mortgage application process make it hard to assess whether it will result in a long-term downturn in buyer demand.

Shipside says: "The Bank of England has now reported three consecutive months of falling mortgage approvals and a major factor in this is the clumsy and apparent over-zealous implementation of MMR. It is certainly causing a major headache for some estate agents with U-turns by lenders meaning sales falling through and heartache for buyers and sellers who thought they had a deal agreed. The MMR deadline has occurred at the busiest time of the home-buying year, without a co-ordinated consumer communication plan, and some ill-prepared lenders are struggling with new underwriting rules, shortages of appropriately qualified staff, and the work involved in processing the additional paperwork. When they do all get to grips with it, there is the possibility that this will turn out to be more of a temporary lull rather than a major reduction in demand. However, at present it offers the FPC a reason to delay more stringent measures and hope that the balance between demand and supply is heading to a level where the more rampant price increases are being controlled."

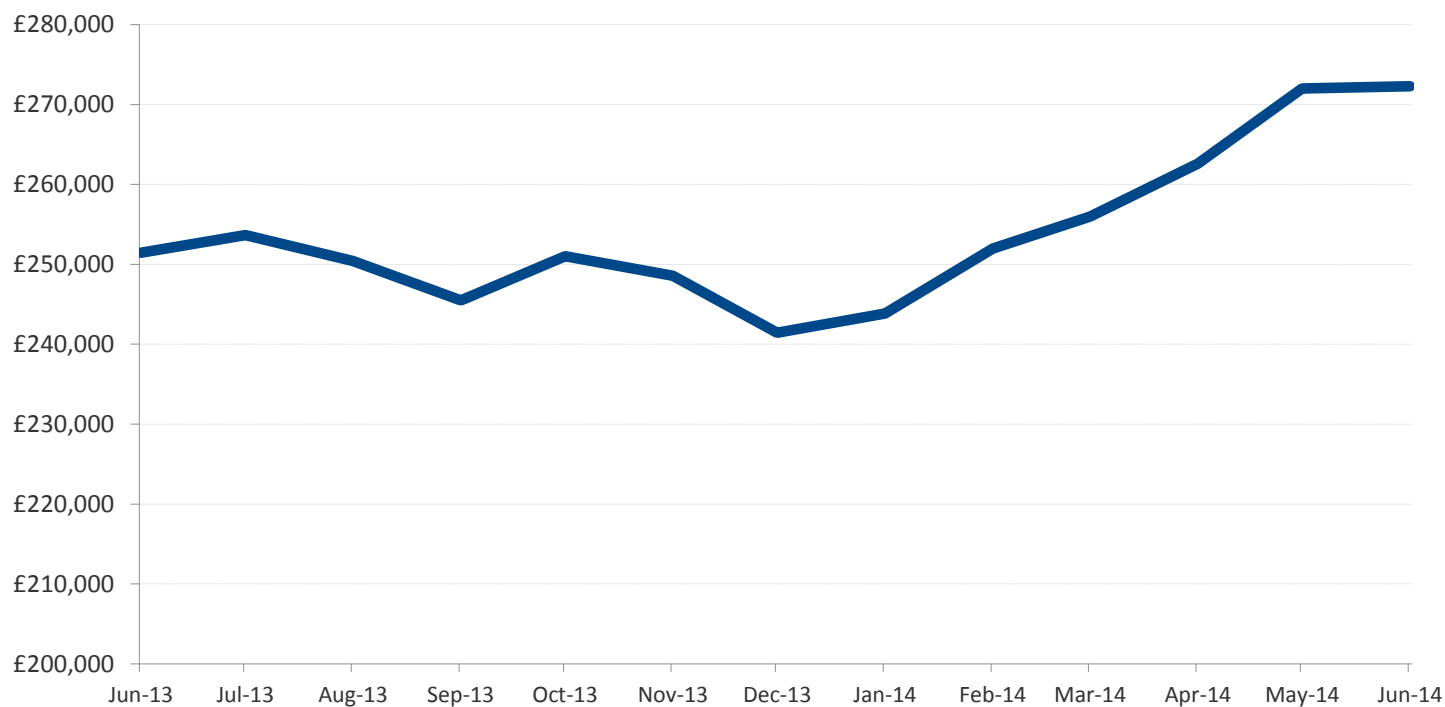
James Bailey of Nicholas Humphreys in Burton-on-Trent in Staffordshire comments on how MMR is affecting their market:

"MMR is having a major impact in the lower value sector of our market where buyers tend to be on lower than average incomes. Over half of the sales we agreed in May to buyers with mortgages previously agreed in principle have now fallen through due to those lenders belatedly applying different criteria. This may be the result of a knee-jerk over-reaction though at present it is hard to say whether this is just a temporary state of extreme risk-aversion until the tighter criteria are fine-tuned."

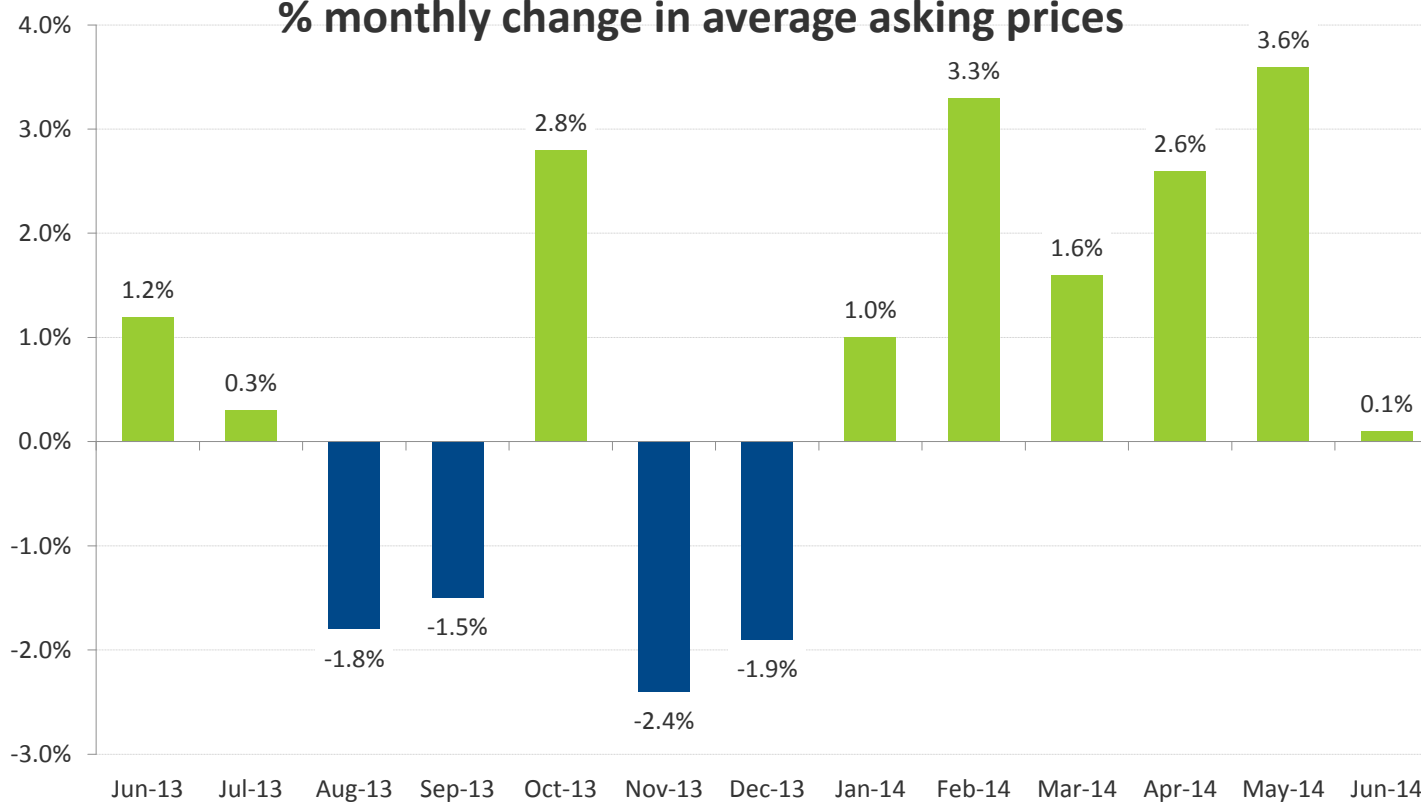
Lucian Cook, Savills UK head of residential research, comments on the London market: *"We've reached a point where the gap between London and the rest of the country is becoming irresistible to London home owners who have for several years put off moving out. The result is more stock on the London market, lower levels of competition from buyers and slightly more realism from sellers when agreeing asking prices. The constraints on additional borrowing, particularly in the wake of the Mortgage Market Review, will be a further prompt to older first-time buyers or those looking to buy a larger home to look beyond London."*

Anthony Payne, Managing Director of Lonres, a London data provider to property professionals, comments on the improving supply and demand in some areas of London: *"A lack of supply combined with rising demand has been a key driver of house prices and a feature of the wider London market for some considerable time now. However the capital's housing market is wide ranging with different areas and price bands behaving quite differently. In prime central London we have seen supply levels rising steadily since the start of the year - by as much as 17% between January and April - suggesting that market conditions are changing. With buyers starting to fall back too there has been talk in recent weeks of calling the top of the market. While this may be a cause of concern for some, for owner occupiers looking for a long term prospect, a home in which to live, an increase in supply and choice, it must come as welcome news."*

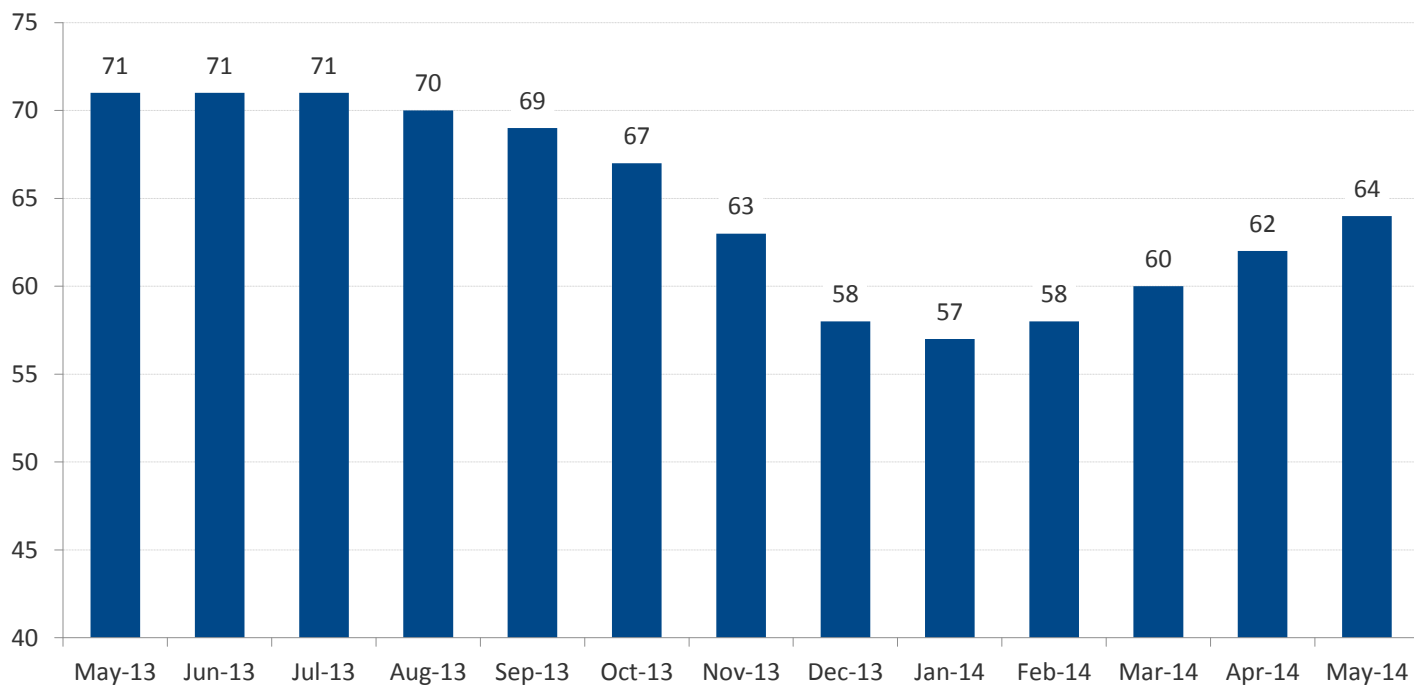
Rightmove monthly asking price trend



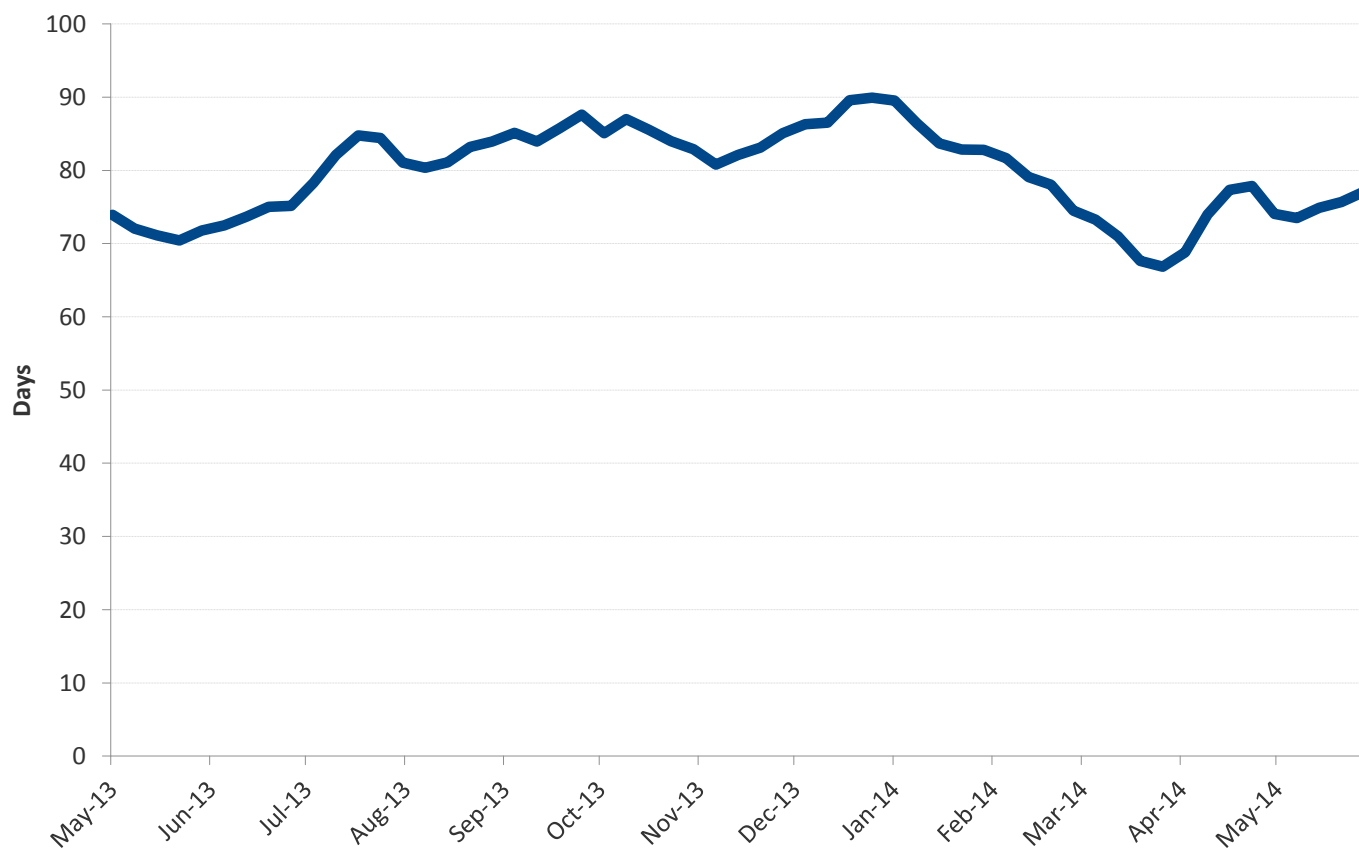
% monthly change in average asking prices



Average properties for sale per estate agent



Time on market indicator - National

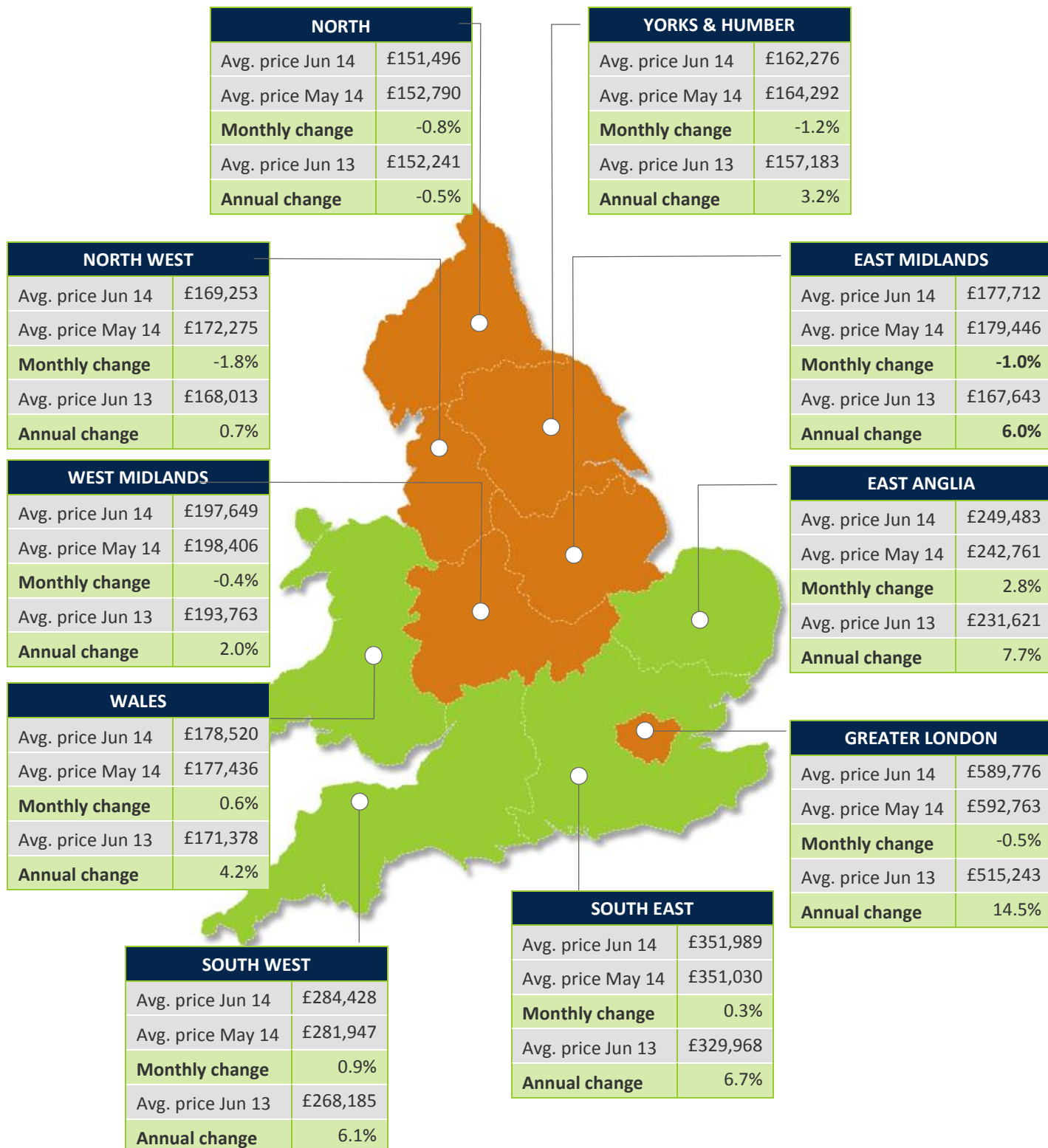


For media enquiries and interviews please contact the Rightmove press office:

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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
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
June 2014	221.5	+0.1%	£272,275
	+15.8	+7.7%	£19,477

National asking price trend by property type

Month	Detached	Semi-detached	Terraced	Flats/apartments
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
June 2014	£400,190	£225,323	£215,548	£237,498
Annual Change	+7.0%	+9.0%	+11.9%	+13.7%

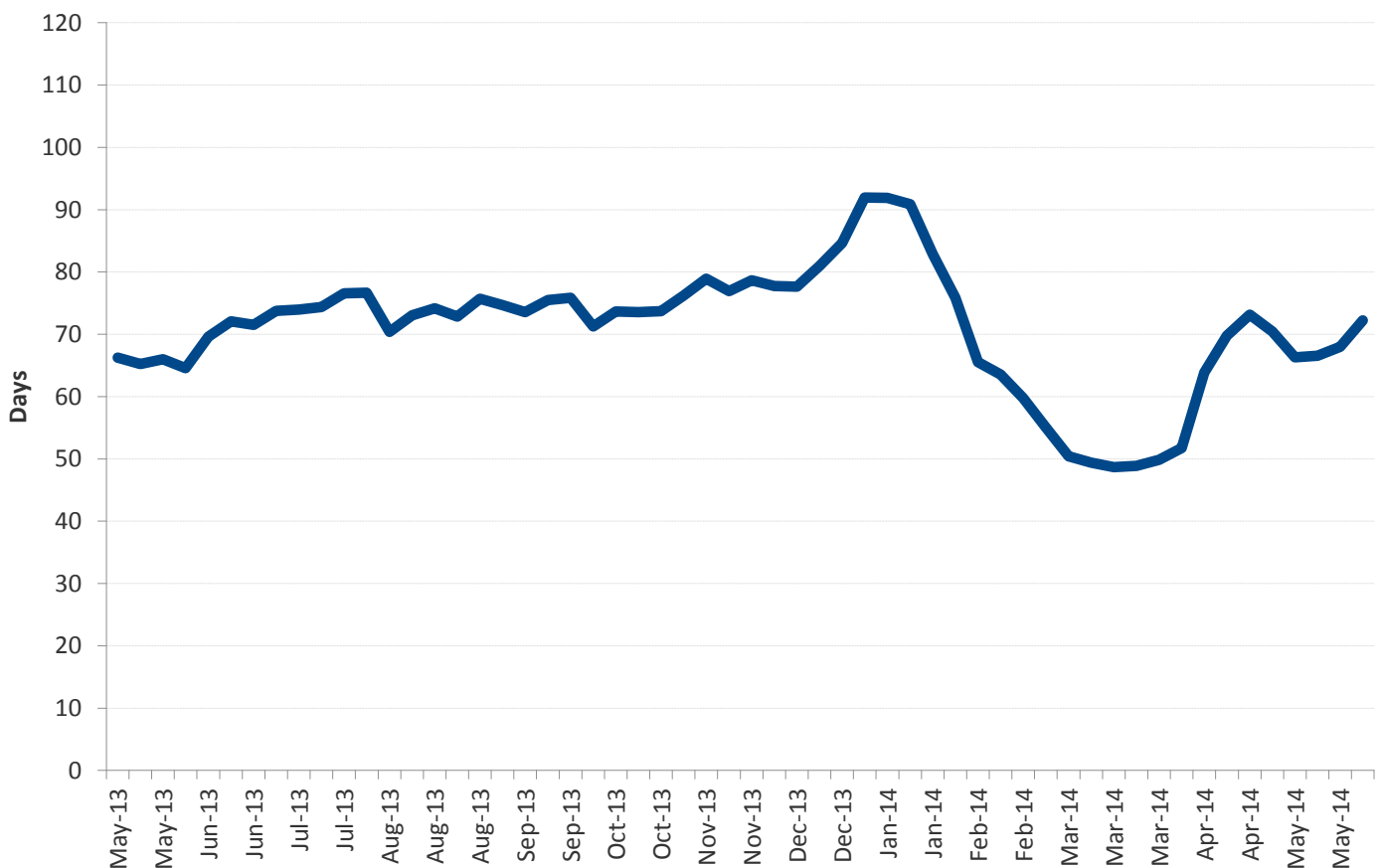
London's best performers: June 2014

London's top 5	Avg. price Jun 14	Avg. price May 14	Monthly change
Westminster	£1,706,823	£1,649,211	3.5%
Brent	£836,449	£810,773	3.2%
Tower Hamlets	£630,760	£620,131	1.7%
Greenwich	£358,002	£352,883	1.5%
Lewisham	£462,171	£455,746	1.4%

London's worst performers: June 2014

London's bottom 5	Avg. price Jun 14	Avg. price May 14	Monthly change
Haringey	£656,512	£689,472	-4.8%
Barnet	£659,870	£684,962	-3.7%
Kingston	£820,449	£851,634	-3.7%
Enfield	£398,424	£409,382	-2.7%
Wandsworth	£891,753	£908,175	-1.8%

Time on market indicator - London



London boroughs

Borough	Avg. price Jun 14	Avg. Price May 14	Monthly change	Avg. price Jun 13	Annual change
Kensington and Chelsea	£2,384,039	£2,391,364	-0.3%	£2,321,666	2.7%
City of Westminster	£1,706,823	£1,649,211	3.5%	£1,687,247	1.2%
Hammersmith and Fulham	£1,144,471	£1,150,357	-0.5%	£970,108	18.0%
Camden	£1,128,139	£1,134,878	-0.6%	£1,103,943	2.2%
Wandsworth	£891,753	£908,175	-1.8%	£712,286	25.2%
Richmond-upon-Thames	£841,017	£848,414	-0.9%	£715,781	17.5%
Brent	£836,449	£810,773	3.2%	£750,249	11.5%
Islington	£821,396	£830,880	-1.1%	£732,327	12.2%
Kingston-upon-Thames	£820,449	£851,634	-3.7%	£665,382	23.3%
Hackney	£734,564	£731,346	0.4%	£605,173	21.4%
Barnet	£659,870	£684,962	-3.7%	£611,065	8.0%
Haringey	£656,512	£689,472	-4.8%	£584,815	12.3%
Hounslow	£644,750	£655,178	-1.6%	£554,252	16.3%
Lambeth	£634,081	£635,505	-0.2%	£534,760	18.6%
Tower Hamlets	£630,760	£620,131	1.7%	£444,291	42.0%
Ealing	£606,016	£604,316	0.3%	£508,781	19.1%
Merton	£590,750	£591,671	-0.2%	£476,806	23.9%
Southwark	£566,829	£571,993	-0.9%	£501,049	13.1%
Lewisham	£462,171	£455,746	1.4%	£386,417	19.6%
Bromley	£424,099	£426,146	-0.5%	£371,774	14.1%
Hillingdon	£414,507	£415,546	-0.2%	£371,589	11.5%
Harrow	£401,477	£401,850	-0.1%	£356,609	12.6%
Sutton	£399,440	£397,975	0.4%	£371,268	7.6%
Enfield	£398,424	£409,382	-2.7%	£364,241	9.4%
Croydon	£388,875	£384,900	1.0%	£307,023	26.7%
Waltham Forest	£372,071	£372,015	0.0%	£322,987	15.2%
Greenwich	£358,002	£352,883	1.5%	£318,873	12.3%
Redbridge	£354,288	£355,360	-0.3%	£307,977	15.0%
Newham	£307,573	£305,193	0.8%	£245,179	25.4%
Havering	£290,040	£292,326	-0.8%	£263,892	9.9%
Bexley	£273,481	£272,019	0.5%	£225,794	21.1%
Barking and Dagenham	£251,770	£253,293	-0.6%	£219,942	14.5%

Index comparison

	House price	Monthly change
JUN 2014		
Rightmove	£272,275	+0.1%
Halifax	N/A*	N/A*
Nationwide	N/A*	N/A*
MAY 2014		
Rightmove	£272,003	+3.6%
Halifax	£184,464	+3.9%
Nationwide	£186,512	+0.7%
APR 2014		
Rightmove	£262,594	+2.6%
Halifax	£177,524	-0.3%
Nationwide	£183,577	+1.2%

*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).

This month 9,879 properties have been excluded due to being anomalies.

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.